

**REPORT OF PROCEEDINGS OF
TYNWALD COURT
(DEBATES AND OTHER MATTERS)**

**Douglas, Tuesday, 9th July 2002
at 10.30 a.m.**

Present:

The President of Tynwald (the Hon N Q Cringle). In the Council: The Attorney-General (Mr W J H Corlett QC), Hon Mrs C M Christian, Messrs E A Crowe, D F K Delaney, J R Kniveton, E G Lowey, Dr E J Mann, Messrs J N Radcliffe and G H Waft, with Mrs M Cullen, Clerk of the Council.

In the Keys: The Speaker (the Hon J A Brown) (Castletown); Mr D M Anderson (Glenfaba); Hon A R Bell and Mr L I Singer (Ramsey); Mr R E Quine OBE (Ayre); 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); Mr D J Gelling (Malew and Santon); Hon J Rimington, Mr Q B Gill and Hon Mrs P M Crowe (Rushen); with Mr M Cornwell-Kelly, Clerk of Tynwald.

The President took the prayers.

Apologies for Absence

The President: Hon. members, we have apologies for absence from the hon. member for Michael, Mr Cannan, who is away from the Island for family reasons. He may join us late this afternoon or tomorrow if we are still sitting.

As I already indicated, the Bishop has leave to attend synod, and hon. members will be pleased to know that our Chaplain at the House of Keys, Dennis Baggaley, has returned to the Isle of Man late last evening. (**Members:** Hear, hear.) He is in very good spirits and very good health but, having had a long travelling day yesterday, it was decided best not to attend today, although he gives members all his regards and will be back with us shortly.

Tynwald Day – Expression of Thanks to Members and Staff

The President: Hon. members, I would just like at this stage to say a personal thanks to all hon. members for the support which they gave over this last weekend. I would like to thank, particularly, the staff of our office, (**Members:** Hear, hear.) the police and all the government manual workers who worked so hard to make the occasion of our Tynwald ceremony and the surrounding events such an undoubted success. (**Two Members:** Hear, hear.)

Bill for Signature

The President: We have the one Bill for signature, hon. members, and if you are agreeable we will continue with our business whilst it is being signed.

Members: Agreed.

Papers Laid before the Court

The President: I call upon the Clerk to lay papers.

The Clerk: Mr President, I lay before the Court:

Road Traffic Act 1985 -

Public Passenger Vehicles (Ongoing Fitness) (Appeals) (Fees) Regulations 2002
[SD No 85/02]

Fees and Duties Act 1989 -
Road Transport (Fees) Order 2002 *[SD No 370/02]*

European Communities (Isle of Man) Act 1973 -
European Communities (Money Laundering Directive) (Application) Order 2002

Social Security Act 2000 -
Social Security Contributions and Benefits Act 1992 (Application) (Amendment) (No. 2) Order 2002 *[SD No 372/02]*
Social Security Administration Act 1992 (Application) (Amendment) (No. 2) Order 2002 *[SD No 373/02]*
Social Security Legislation (Application) (No. 8) Order 2002 *[SD No 374/02]*
Social Security Legislation (Application) (No. 9) Order 2002 *[SD No 375/02]*

Social Security Contributions and Benefits Act 1992 -
Family Income Supplement (General) (Amendment) (No. 2) Regulations 2002 *[SD No 376/02]*
Income Support (General) (Isle of Man) (Amendment) (No. 3) Regulations 2002 *[SD No 377/02]*

Social Security Act 1989 -
Isle of Man War Pensions Committee Regulations 2002 *[SD No 378/02]*

Retirement Pension (Premium) Scheme 2002 -
Retirement Pension (Premium) Scheme 2002 *[GC No 25/02]*

Criminal Justice Act 1990 -
Criminal Justice Act 1990 (Designated Countries and Territories) (Amendment) Order 2002 *[SD No 367/02]*

Drug Trafficking Act 1996 -
Drug Trafficking (Designated Countries and Territories) (Amendment) Order 2002 *[SD No 368/02]*

Water Act 1991 -
Water Supply Byelaws 2002 *[SD No 222/02]*

Income Tax Act 1970 -
Income Tax (Capital Relief) (Commercial Buildings Allowance) (Peel) Order 2002 *[SD No 379/02]*

Investment Business Acts 1991 to 1993 -
Investment Business Order (Amendment) (No. 2) Order 2002 *[SD No 344/02]*

Customs and Excise Act 1993 -
Dual-Use Items (Export Control) (Application) (Amendment) Order 2002 *[SD No 380/02]*

Cereals Intervention and Area Payments (Amendment) Scheme 2002 -
Cereals Intervention and Area Payments (Amendment) Scheme 2002 *[GC No 22/02]*

Provision of Lime Scheme 2002 -
Provision of Lime Scheme 2002 *[GC No 20/02]*

House Purchase Assistance Scheme 2002 -
House Purchase Assistance Scheme 2002 *[GC No 23/02]*

Reports -
Department of Local Government and the Environment: Housing Policy Review Progress Report, July 2002.

Department of Local Government and the Environment: Private Sector Rent Assistance Scheme Report, July 2002.

Report of the Select Committee of Tynwald on Membership of the Committee on Expenditure and Public Accounts and its Implications.

Report by the Council of Ministers of the Housing Task Force on the Evaluation of Fiscal and other Measures to Influence the Early Development of Land Zoned for Housing, June 2002.

The following items were not the subject of motions on the order paper:

Bank Holidays Act 1989 -

Bank Holidays (2003) Order 2002 [SD No 355/02]

Value Added Tax Act 1996 -

Value Added Tax (Special Provisions) (Amendment) Order 2002 [SD No 301/02]

Alcoholic Liquor Duties Act 1986 -

Beer and Excise Warehousing (Amendment) Regulations 2002 [SD No 300/02]

Air Navigation (No. 2) Order 1995 -

Air Navigation (Restriction of Flying) (Exhibition of Flying) (No. 2) Regulations 2002 [SD No 381/02]

Air Navigation (Restriction of Flying) (Exhibition of Flying) (No. 3) Regulations 2002 [SD No 382/02]

Post Office Act 1993 -

Post Office (Inland Post) (Amendment) Scheme 2002 [SD No 350/02]

Post Office (Overseas Letter Post) (Amendment) Scheme 2002 [SD No 351/02]

European Communities -

European Communities (Terrorism Measures) Order 2002 [GC No 26/02]

European Communities Secondary Legislation June 2002 [GC No 27/02]

Reports -

Seventeenth Annual Report and Statement of Accounts of the Public Lottery Trust for the year ended 31st January 2002.

Annual Report for the year ended June 2002 of the Standing Committee of Tynwald on Economic Initiatives.

Chief Constable's Annual Report 2001-2002.

Department of Health and Social Security Annual Report to Tynwald on Hospital Activity.

Department of Tourism and Leisure: Isle of Man Sport and Recreation Strategy 2002-2012.

Accounts -

Isle of Man Government Accounts for the year ended 31st March 2002.

Questions were taken at this point and concluded at 3.55 p.m. They are published separately.

Young People in Care Establishments – Statement by Chief Minister

The President: Hon. members, before turning to our order paper, I have given permission for the Chief Minister to make a statement. I call on the Chief Minister.

Mr Corkill: Thank you, Mr President, and I am grateful to you for allowing me this opportunity to make this statement to the Court about young people with challenging behaviour absenting themselves from care.

In March of this year, Tynwald resolved that it was of the opinion that the Council of Ministers' Children and Young Persons Strategy Committee should identify the options for addressing the problem of young persons with challenging behaviour absenting themselves from care establishments and report back with recommendations on those options to Tynwald not later than July 2002. The Children and Young Persons Strategy Committee has worked under some pressure to try and meet the July 2002 deadline. However, I am afraid that the recommendations of the committee have not been finalised and I am not in a position today to report back to the Court as we had intended. Unfortunately, the Tynwald recess will now mean that we will not be able to report until October, and that is the revised deadline. However, I do anticipate being able to report back very positively in October on the options and on what has been done since March. The rate of absenteeism has fallen significantly and there will be new facilities and enhanced co-operation on which we will be able to report.

Mr President, I regret that we are not in a position to report as we would have wished, but we have not let the grass grow under our feet on this issue and, notwithstanding that the report is incomplete, I can say that the situation, which was causing all of us concern a few months ago, is improving.

The President: Hon. member Mr Houghton.

Mr Houghton: Thank you, Mr President. May I seek your indulgence to read out a very small extract from the Chief Constable's report -

The President: You can ask a question, sir, and that is all you can do.

Mr Houghton: May I ask the hon. Chief Minister, sir: has he read the introduction to the Chief Constable's annual report? If he has, the final paragraph of that report states that the situation has not improved; it has got worse. Can the hon. Chief Minister assure this Court that as soon as these recommendations - if indeed there are any - are known, they can be implemented immediately and not wait more months until October?

The President: Chief Minister.

Mr Corkill: Mr President, I apologise to the hon. member for Douglas North for the delay in coming back with the report. The strategy committee which I chair, of course, is doing a lot of ongoing work anyway to create the overall strategy which will come to this hon. Court, and this item, of course, was added to the workload. So, I am sorry that we have been unable to meet the deadline, and that is the purpose of this statement. Yes, I have read the report of the Chief Constable and yes, I have taken on board the comments he has made with regard to this issue, but I am also aware of the statistics relating to young people absenting themselves from care and, as I have said, I stand by what I said in the statement. That situation at the moment - and I say 'at the moment' - is improving. I will have full particulars in October, I am cognisant of the fact that the recess has come at an inopportune moment with regard to the hon. member's deep interest in this subject, and I apologise for not having the answers for him sooner rather than later.

The President: Hon. member for Peel.

Mrs Hannan: Thank you, Eaghtyrane. The Chief Minister said that this report was on young people absenting themselves from care homes. My understanding was that it was a much wider remit than that and that it was looking at the problems that children and young people have and not just the very narrow part. Surely we do not want young people to go into care while the government has a responsibility to families if they have problems? I would have thought, in relation to the comments made by the member for Douglas North, that he and the Chief Constable would be aware of some of the difficulties that these children have. Is the Chief Minister aware of some of the difficulties that these young people have and of the scurrilous way that this was put into the Chief Constable's report?

The President: Chief Minister.

Mr Corkill: I do not intend to comment further, Mr President, regarding the Chief Constable's report. Yes, I would accept the hon. member for Peel's comments that this is a wide issue, and that is why my predecessor, Mr Gelling, in fact, set up the Children and Young Persons Strategic Committee, which has made great progress. The problem we have had as a committee is that we have had this motion from Tynwald to deal with as well, which is a bit more specific, and it said that Tynwald resolved that it was of the opinion that the Council of Ministers' Children and Young Persons Strategy Committee should identify the options for addressing the problem of young persons with challenging behaviour absenting themselves from care establishments and report back. That is what we have failed to do and I apologise, but I understand the comments that the hon. member for Peel is making: that this is a broad issue and that it is not just about children in care and them absenting themselves. It is a bigger issue; I think all hon. members appreciate that. My statement today is relevant to the particular motion that I had to respond to, sir.

The President: Mr Houghton.

Mr Houghton: Thank you, Mr President. May I further press the hon. Chief Minister on the fact that I asked him to give me details and assurance that the action plan - if indeed they do have one - can be implemented with immediate effect and not wait until the October Tynwald so that if these recommendations come to order before that time - let us hope as soon as possible - indeed they are put into effect and also that members of Tynwald, in the absence of this hon. Court, are indeed informed of those proposals or recommendations before the October sitting of Tynwald. So, can he assure me of an action plan as soon as possible, please, sir?

The President: Chief Minister.

Mr Corkill: First of all, Mr President, I would like to thank the hon. member for Douglas North for taking time to come to the committee on more than one occasion and time with officers in putting forward his points, but then the hon. member gives me a dilemma in as much as he wants me to inform members of this Court properly, as I would hope to do in October, and yet also deliver the action plan before that, and that is an enigma that I cannot unravel. Therefore, I think we will have to wait until October, and I know the hon. member will be frustrated by that answer, but I am afraid that is the way it is.

Select Committee of Tynwald on Elections to the House of Keys – Statement by Mr Cretney

The President: We turn, then, to item number 3 on the order paper, which is a statement by the chairman of the committee, Mr Cretney, on the Select Committee of Tynwald on Elections.

Mr Cretney: Yes, thank you, Mr President. The committee has held eight meetings under my chairmanship since it was established by Tynwald Court on 11th December 2001. The committee has gathered a considerable amount of evidence concerning both the rTMle of the media in the 2001 general election and the issue of low turnout. Invitations were sent to all members of Tynwald to submit evidence and 13 members did so. In addition, as a result of advertisements placed in the local press, 79 responses were received from members of the public, local commissioners, returning officers and some other public bodies. Initial analysis of this evidence was undertaken by the Research Officer. The committee also commissioned a MORI poll to examine the reasons for low turnout in the general election. A thousand Manx voters were questioned in April 2002 and a comprehensive report has been produced by MORI. The results of the MORI poll will be made public once the committee's work has been completed.

Given the sheer volume of the data collected and the great importance of the issue, the committee resolved to employ an academic to further analyse the data and provide the

committee with guidance in its further deliberations. Professor David Denver of the University of Lancaster was appointed in May 2002 and has met with the committee. He is now undertaking detailed analysis of the evidence, and the committee anticipates receiving a report with recommendations from him by the end of July 2002.

Mr President, I confirm that the committee's report will be placed before the hon. Court in the new session.

Select Committee of Tynwald on Complaints of Maladministration by Mrs A E S Pilling – Statement by Mr Singer

The President: Item 4, hon. members, and I call upon the Chairman of the Select Committee of Tynwald on Complaints of Maladministration by Mrs A E S Pilling. Hon. member for Ramsey, Mr Singer.

Mr Singer: Thank you, Mr President. This statement is to keep hon. members informed about the progress of a long-running investigation into the complaints of maladministration made in a petition for redress of grievance by Mrs A E S J Pilling. The petition concerned, firstly, failures by the General Registry in relation to the recording of a hearing in the High Court, and secondly, it raised a wider question of how the government's standardised complaints procedure was being applied. Hon. members will know that that procedure was introduced in 1991 and was designed to operate in the absence of a parliamentary ombudsman for the Isle of Man.

Mrs Pilling's petition was presented on 5 July 2000 and has already been the subject of an interim report by the select committee which was set up to investigate it in October 2000. I have been chairing that committee. The interim report was made to this Court in July 2001 and it dealt with the failure to record the High Court hearing.

In January this year, the Court elected the hon. member for Peel, Mrs Hannan, to replace Sir Miles Walker on the committee, which, of course, had not met since August 2001 on account of the general election. Since then the committee, now constituted by myself, Mr Radcliffe and Mrs Hannan, has had five meetings. The canvas for this second stage of the investigation has been considerably wider than that for the first stage, but I had nevertheless intended that the committee's final report should have been before hon. members on the anniversary of the interim report, that is to say at this sitting. I think that deadline could have been achieved had the department principally concerned in relation to the standardised complaints procedure, the Department of Local Government and the Environment, been willing to answer the committee's questions as put to it. In the event, we were obliged to send for all the relevant files of the department, which were finally delivered on 19th April. There are two extremely large boxes of them, and the clerk of the committee has been examining them in detail and has not yet completed the task. Hon. members, it would have been an easy course to take to rush the report and to skimp the examination of DoLGE's files, but we have not taken that course. This hon. Court and, indeed, the petitioner herself are entitled to the most thorough work that can be done and for the matter to be definitely resolved. Moreover, we think it right that officials who may be criticised should have the opportunity of checking the factual basis on which that criticism is based before it becomes public. I am confident, however, hon. members, that the process will be complete in time to allow us to report to the Court early in the next session. Thank you, Mr President.

Bill for Signature – Requisite Signatures Obtained

The President: Now, hon. members, I can announce that the Barclays Private Clients International Act 2002, which was circulated this morning, was signed by members in both branches and has been forwarded for Royal Assent.

Public Passenger Vehicles (Ongoing Fitness) (Appeals) (Fees) Regulations 2002 – Approved

Item 5. The Minister for Transport to move:

That the Public Passenger Vehicles (Ongoing Fitness) (Appeals) (Fees) Regulations 2002 [SD No 85/02] be approved.

The President: We turn, then, to item 5 on our order paper, dealing with the Road Traffic Act 1985. I call on the Minister for Transport to move.

Mr Shimmin: Mr President, these regulations prescribe a refundable fee of £52 as the fee to be charged by the Department of Transport to an operator of a public passenger vehicle who appeals to the department against a determination or notice issued by a vehicle examiner at the vehicle testing centre. This will be under section 38 of the Road Transport Act 2001.

Any appeal would arise if the operator of the PPV disputed the examiner's determination that, because of its condition, the vehicle was not fit to be used as a PPV. An appeal would follow an ad hoc examination of a PPV under the Public Passenger Vehicles (Ongoing Fitness) Regulations 2002. Such an ad hoc examination would occur where the vehicle had been significantly altered or because an examiner, on behalf of the Road Transport Licensing Committee, was concerned that the vehicle did not comply with the requirements of construction, equipment or condition of a PPV.

The fee of £52 is the same as for an appeal in the event of a vehicle's failure of the annual examination, which PPVs and other vehicles have to pass before the annual vehicle licence can be taken out and which is carried out under the Licensing and Registration of Vehicles Regulations 1989 as amended. The fee is a deposit. If the appeal is upheld, the deposit is given back to the operator and the department bears the full cost of the appeal. The ongoing fitness regulations require that a refund be given in whole or in part where it appears to the Department of Transport that the operator had substantial grounds for contesting the whole or part of the determination or notice against which the appeal was made. The appeal examination against a decision of a vehicle examiner would be carried out by an appeal officer who would have appropriate vehicle engineering qualifications but would not be an officer employed at the vehicle testing centre. Mr President, I beg to move.

The President: Hon. member for Ayre.

Mr Quine: I beg to second and reserve my remarks, sir.

The President: Hon. member for Ramsey, Mr Singer.

Mr Singer: Mr President, could I ask the hon. minister about the appeal officer, who, he says, would not be an officer employed at the vehicle testing centre: does he not think it would be wise to appoint somebody who is not within government at all as the appeal officer?

The President: Minister to reply.

Mr Shimmin: Indeed, Mr President, where possible that would be our intention.

The President: The motion I put to you, then, hon. members, is printed at 5 on the order paper. Those in favour please say aye; against, no. The ayes have it. The ayes have it.

Road Transport (Fees) Order 2002 – Approved

Item 6. The Minister for the Treasury to move:

That the Road Transport (Fees) Order 2002 [SD No 370/02] be approved.

The President: Item 6. The Minister for the Treasury to move.

Mr Bell: Mr President, although this order has been made by Treasury under the Fees and Duties Act 1989, as required by the Road Transport Act 2001, it has been drafted and promoted

by the Department of Transport as statutory administrator of those procedural provisions of the Road Transport Act which are outside the powers and duties of the Road Transport Licensing Committee itself.

The tariff of fees replaces, for the whole Island, the nine diverse tariffs of fees which were charged until 1st April 2002 by the eight local hackney authorities and the former Road Traffic Commissioners. I am aware that the Department of Transport has sought to balance revenue requirements for the RTLCs to fund their statutory duties with the requirements of a level playing-field as regards fees charged mainly to taxis and private hire vehicle operators and with the fees previously charged by such as Douglas Corporation and the Road Traffic Commissioners as benchmarks. This means that, in the absence of all-Island PPV licences and in the absence of registration and licensing of operators of HGVs, government will be helping fund the RTLC for a few years in its policing duties of enforcing the provisions of the Road Transport Act and regulations made under it. Mr President, I beg to move the resolution standing in my name.

The President: Mr Radcliffe.

Mr Radcliffe: I beg to second.

The President: Mr Henderson.

Mr Henderson: Thank you, Mr President. I have a few questions with regard to this fees order that the Treasury minister may be able to answer for me, or perhaps the Minister for Transport may be able to contribute to the debate. We have got a presentation here this afternoon that gives us a fee structure and tells us what the various itemised elements are going to cost out at. What I would like to know is: what is the difference between what we are being asked to approve this afternoon and in forthcoming years as opposed to what is in already? So, in other words, what is the difference to a PPV operator, such as a taxi driver or private hire vehicle, to what they are currently paying in all the different various combinations of fees now and what effect it will have on them in the future and in what looks to be regular yearly or three-yearly payments down the line? I think that needs to be made clear for the public record, Mr President, and I would like to hear some clarification of that.

The President: Minister for Transport, Mr Shimmin.

Mr Shimmin: Thank you, Mr President. Firstly, I would like to thank the Minister for the Treasury for moving this order, which has been perpetrated by my department but which it has been his duty to make because of the statutory provisions.

The order prescribes the fees to be charged by the RTLC for its services under that Act. These are in relation to the operation of PPVs, which are buses, minibuses, taxis and private hire cars. My department has been preparing the order for several months, in which time we have carried out two exercises of consultation with organisations representing the hackney trade and various operators not represented by those organisations. The consultation revealed a desire from representatives of the hackney trade, claiming to represent operators from both outside and within Douglas, that there should be a level playing-field between the various districts of the Island right from the start. Therefore, the department did not proceed with its initial suggestion to consultees that, during a five-year transitional period and until all-Island licences may be introduced subsequently, there should be higher rates for operating in some areas and lower rates of fees for others.

The department had proposed £70 per annum for taxis licensed for Douglas or Malew - that includes the airport - and £30 for all other taxis and private hire cars, with £50 for minibuses. That original suggestion reflected the different rates of fees for taxi and private hire licences that had been charged by the various local authorities and by the airport as a taxi parking fee. As a consequence of the consultation in which an annual flat fee of £58 for taxis in all districts had

been suggested by the Manx Taxi Federation, the department brought the private hire vehicles into the calculation as well. This enabled us to set a standard fee of just £55 for them all, which is £10 more than the fee charged by Peel Commissioners but £10 less than the fee charged by Douglas Corporation. We still bore in mind, however, that even a fee of £55 would represent a steep rise in fees in one go for most of the out-of-town operators. This is because most of the local hackney authorities had charged operators only between 4 per cent and 14 per cent of the fee charged by Douglas Corporation. This was presumably because they did not provide and fund a regulatory and enforcement infrastructure which the corporation maintained.

Since the taxi trade themselves have proposed a common fee for all districts of nearly £60 to ensure that a reasonable annual revenue is available to the RTLC, we felt able to introduce the flat rate of £55, but we thought it would be only fair to phase it in so that it does not come into force until 1st October 2003. In the meantime, until 30th September 2003, the fee for a 12-month operator disc for a private hire car or minibus or for a single-district ply-for-hire plate for a taxi will be £35. However, existing holders of a former local authority hackney carriage licence or a PSV licence will pay no fees in this first year to convert their old licences to the new PPV system on a like-for-like basis, provided, that is, that their applications are received before 1st October this year. With regard to PPV driver licences, the three-year licences will mainly be issued against a fee of £15. However, for the first driver licence issued by the RTLC for a ply-for-hire taxi driver, the fee is £30, to take account of the knowledge of the Island test and monitoring that is required under the Act for ply-for-hire taxi drivers.

Mr President, the whole issue of taxis and the regulation is one where many members are aware of the issues, if not the detail. I have a substantial amount of paperwork in front of me, which I do not intend to go through today. However, it is fair to say that the consultation which is taking place has, indeed, satisfied the vast majority of the aspirations of those bodies which have been regularly in contact with the Department of Transport initially and the RTLC secondly. Indeed, the original intention of £70 for the Douglas area corresponded to an existing fee of £65 in Douglas, with additional fees of £6 for Onchan and £9 for Laxey, meaning that, in areas of the Douglas district, they were used to paying a fee of £80. That has now, for the first year, been reduced to £35 and subsequently £55. Therefore, there is a substantial coming together of the fees charged in the Douglas area with those out of town. One of the comparators that you need to understand in order to realise the difficulties we have been up against is that whereas in Douglas the fee was £65, I can report that in Castletown the fee was only £5; Port Erin, £3; Port St Mary, £2.50; and Ramsey, £3. Peel was the only other substantive figure, which was £45. That shows the disparity that we are trying to bring together. We had intended to do this on a phased basis in order to produce the level playing-field, but I genuinely believe that, with the consultation which has taken place with the operators of taxis, we are now able to achieve our aspirations earlier and, by phasing it in, not disadvantage severely those who for years have paid a very low fee.

For the rest of it, I would urge hon. members to liaise with myself and my department if they have further clarification points, but I hope that does go some way to acknowledge to the member for North Douglas that the consultation was genuine, we did take notice and these proposals do take that into account, sir.

The President: Minister, do you wish to add to that?

Mr Bell: No, Mr President. I think I would like to thank the hon. minister for his comprehensive reply and simply point the hon. member for North Douglas to page 5, the annex on the explanatory memorandum which has been circulated, which I think explains in some detail the points that he has raised.

The President: Hon. members, the motion I put to you, then, is that printed at 6 on your order paper: that the Road Transport (Fees) Order 2002 be approved. Those in favour please say aye; against, no. The ayes have it. The ayes have it.

Hon. members, I think it is an appropriate time at which to take a break for tea. The Court will resume at 4.45 p.m. I wish to make it clear at this stage, hon. members - so that you can make arrangements if you so wish - that it is my intention this evening to adjourn the Court at seven o'clock or at a suitable time as near to there as is practical.

The Court adjourned at 4.22 p.m. and resumed its sitting at 4.45 p.m.

Department of Education – Payment of Excess Expenditure – Approved

Item 7. The Minister for Education to move:

That Tynwald authorises the Treasury to apply from the general revenue in respect of the year ended 31st March 2002 -

- (a) Surplus receipts totalling £154,608 of the Department of Education in payment of excess expenditure;*
- (b) the sum of £1,060,708 in payment of excess expenditure of the Department of Education.*

The President: Let us see if we can make good progress, now, for the rest of this evening. We have reached item 7, and I call on the Minister for Education to move.

Mr Rodan: Mr President, this motion seeks the approval of Tynwald Court, firstly, authorising Treasury to apply surplus receipts in payment of excess expenditure and secondly, authorising Treasury to apply payment of the resultant net excess expenditure from general revenue. The net department budget for the 2001-02 financial year approved by Tynwald at the 2001 budget was £63,703,000. During the year, supplementary votes totalling £3,928,000 in respect of pay awards, threshold payments for teachers and the review of leadership group salaries were approved by Treasury, resulting in a final approved budget of £67,631,000. The outturn for the 2001-02 financial year was actually £68,691,708, exceeding the revised budget by £1,060,708, which represents an excess over budget of 1.6 per cent.

Mr President, I make no apology for coming to this hon. Court today to seek approval for the extra funding necessary. I hope it is very clear from the explanatory memorandum that the overspend is almost entirely due to demand-led services. The growing needs of pupils and the growing numbers of pupils require the department to take immediate action. Whilst the department does exercise budgetary forecasting, monitoring and control - and I accept there will always be room for improvement in this regard - the Department of Education does not believe that the rising costs of what are demand-led services should be primarily met by cuts in expenditure on other service areas. This would ultimately hit pupils and staff, and I do not believe that that would be acceptable to the general public. This Court has always shown willingness to resource our education service properly and, in return, the department and I as minister have an obligation to assure this Court and the taxpayer that such funds are used effectively and as efficiently as possible, and I repeat that assurance today.

Mr President, turning to the categories of overspend, about 10 per cent of the department's total budget, just under £7 million, is central budgetary provision for primary and secondary schools and the college. These funds are for central support services that are not part of delegated financial management, and it is in this area that approximately half of the total overspend has occurred. The main overspends are in three particular areas of this central budget: firstly, supplying staff cover for long-term sickness - that is absences of six days or more - and maternity leave; secondly, staff recruitment costs - such items as advertising, interview

and relocation expenses and the use of recruiting agencies; and thirdly, housing assistance - temporary support for staff housing costs as a consequence of off-Island recruitment.

The biggest single overspending budget was on special educational needs. This was mainly as a result of the department agreeing to a further 35 full-time equivalent staff being appointed on fixed-term contracts from the beginning of the autumn term 2001. This was added to the full-year cost of 30 staff similarly engaged the previous year and the full cost of staff engaged in 1999 on a supply basis. We are talking here, Mr President, about classroom assistants, learning support assistants and staff attached to special units, as well as temporary teacher and educational psychologist appointments. I have no qualms about asking for this funding. There has been a dramatic rise in pupils identified with special educational needs: as one can see from the explanatory memorandum, from about 1,400 in 1999 to 1,970 in 2001, some 40 per cent increase. Those children whose needs are the greatest, stages 4 and above, and those with severe and profound difficulties in special units have shown even greater increases. The department believes that the main reason for this is that the policy is actually working. We are getting better at identifying needs, but if those needs are to be fully met, they need resourcing and they need action, which means extra staffing, often in a one-to-one situation, and often that staffing deployment has to take place immediately and not wait for the run-up to next year's budget to get the funding in place.

The biggest single problem, in common with other service-led departments of government, that the Department of Education has is getting around the personnel control mechanism of the overall government staff cap. We get round this staff cap by the use of short-term contracts, which is not ideal employment practice, but there is no alternative and I am hopeful that with next year's budget staff allocation, some of these contracts can be put on a permanent establishment basis.

Emotional and behavioural difficulties are also part of the special needs picture, and the three-year extension of the contract with Include, who deal potentially with 30 such youngsters at a time, has also contributed to the net deficit within special needs. As a result of continued rising numbers in special needs, the demand for transport, and thereby escorts, to mainstream schools, special units and the Glen, the primary EBD support unit, has led to an excess over budget under 'conveyance of pupils'.

The other category of overspend, finally, Mr President, which I would wish to comment upon is capital project development and the increased use of Island-based multi-disciplinary consultants to get best value for money for our building programme. Last month, I circulated to hon. members details of the extensive capital programme of classroom extensions and new school buildings. A full re-appraisal of the cost base for each scheme has been undertaken in close consultation with Treasury, but of course the costs of these particular reviews have to be met separately, and that is the reason for that increase. Mr President, I will be happy to expand further if required, and I beg to move.

The President: Dr Mann.

Dr Mann: I second and reserve my remarks.

The President: The motion, hon. members, that I put is printed at 7 on the order paper. Those in favour please say aye; against, no. The ayes have it. The ayes have it.

Peel Police Station – Refurbishment – Expenditure Approved

Item 8. The Minister for Home Affairs to move:

That Tynwald approves the expenditure of a sum not exceeding £248,500 for the refurbishment works at Peel Police Station.

The President: The Minister for Home Affairs to move item 8, please.

Mr Braidwood: Thank you, Mr President. This motion seeks approval to proceed with the capital scheme for the redevelopment and refurbishment of Peel Police Station. The primary purpose of the project is to make better use of the available space throughout the building, thus improving working conditions and the service provision to the local community. An important aspect of the project is that it will address health and safety and public access considerations in a building constructed at the end of the 19th century.

Peel Police Station was originally designed and built as a courthouse around 1896. It ceased being used as a court several years ago and is now occupied solely by the Isle of Man Constabulary. The building does not currently lend itself to modern policing requirements, with a significant area, namely the courtroom, being unusable space. In the proposed refurbishment scheme, the courtroom will, however, be substantively retained and be used for a variety of purposes, but predominantly for training and briefing.

The total cost of the scheme has now been assessed at £288,500, of which a sum of £40,000 has been voted previously for feasibility study design fees, leaving a sum of £248,500, the figure stated in the motion to be voted for the refurbishment works. The scheme has received planning approval and the contract process has been progressed to the stage where an acceptable tender has been received. It is anticipated that the scheme will take six months to complete, with works phased in such a manner that the station will remain fully operational.

This scheme is part of the ongoing commitment by my department to develop and refurbish police stations throughout the Island and, on completion, will give the people of Peel a facility from which the Isle of Man Constabulary can operate effectively to meet the public's increasing expectations. The refurbishment of the building will resolve the current accommodation difficulties for the foreseeable future. Mr President, I beg to move the motion standing in my name.

The President: Hon. member for Douglas North, Mr Houghton.

Mr Houghton: Thank you, Mr President. I am very happy to second this motion today, sir. Having worked in the Special Constabulary for many years, I also served time in Peel Police Station - (*Laughter and interjections*) Not the custody suite! It does have a custody suite below the courtroom there, sir, but it is a thoroughly Dickensian building, it was cramped and it should have been done up many, many, years ago. I do feel that this will be well worthy of a look around by hon. members once the work has actually been done, and I congratulate the minister for moving forward with this.

The President: Hon. member for Peel.

Mrs Hannan: Thank you, Eaghtyrane. Could I ask the minister - he spoke about public access - whether the access does save the integrity of the building? Obviously there will have to be disabled access to the building. How will that happen? I have not looked at the plans; other plans have been approved, so I can assume it all fits within the conservation of a building of this sort of standing. I welcome it, but I would just look for some sort of confirmation that it is being protected.

The President: Hon. member for Douglas West, Mr Downie.

Mr Downie: Thank you, Mr President. I did not get a chance to view the drawings of the proposed works, but I would just like to ask the Minister for Home Affairs: are there any plans to put the original railings back? If you see pictures of the old building, it was very, very attractive with the railings round it. I understand they were possibly removed during the war to be melted down for scrap metal, and it would be nice if, at some stage, that could be looked at and the building could once again be restored to its former glory.

The President: Minister to reply.

Mr Braidwood: Thank you, Mr President. Although the building is not registered, it is essential that its external appearance remains unaltered as all aspects are original. The building has been discussed with the building conservation officer. Externally, the only alteration is the formation of a ramp to the existing doorway on the east elevation, together with a metal handrail, which will provide proper access for the disabled. The existing steps up to the main entrance are to be retained and the doors sealed.

In answer to the hon. member for West Douglas, as I was not born during the war (*Laughter and interjections*) I do not know what happened to the railings, but I am sure we will have a look and, if it is possible, I will try to have a copy of the originals.

Mr Downie: They used to hang the heads on them.

The President: The motion I put, hon. members, is printed at 8 on the order paper. Those in favour please say aye; against, no. The ayes have it.

Hon. members, it has been pointed out to me that some of you are feeling rather warm. You have permission to take your jackets off if you so wish.

Housing – Clagh Vane, Ballasalla – Construction of New Apartments – Expenditure Approved

Item 9. The Minister for Local Government and the Environment to move:

That Tynwald authorises the Department of Local Government and the Environment to undertake works for the construction of eight new apartments on the site of Nos. 29-35 Clagh Vane, Ballasalla, for a sum not exceeding £620,000.

The President: Minister for Local Government and the Environment, Mrs Crowe, to move.

Mrs Crowe: Thank you, Mr President. Hon. members will be familiar with my department's list of housing projects which appear in the housing policy review report and the capital estimates in this year's budget. This project is included in that list and proposes the construction of eight two-bedroomed apartments for public sector rental, which will replace the four houses demolished at the beginning of this year because of severe structural defects. Whilst the construction of these housing units will assist in meeting the department's objectives for the delivery of new public sector housing, the scheme will also benefit the Clagh Vane Estate, assisting the department in providing appropriate housing for local residents, because the housing managers have identified a need for small self-contained units on this estate, where there are a number of households of one or two people in family-sized homes. My department has therefore been able to take advantage of the opportunity presented by the structurally defective properties, in providing accommodation to meet an identified local need. Whilst the housing on the Clagh Vane Estate is some 50 years old and it will be subject to planned improvement works in the coming years, the structural condition of the remaining houses is not expected to require complete replacement.

My department demonstrated in the 1990s, with the development of six units at Kinnish Terrace on a vacant site of similar design to those of this scheme, that a small development of apartments with a private garden area and nearby car parking can prove popular and provide improvements to the immediate environment. I would therefore request that the hon. members support this motion and assist my department in meeting its objective for the development of much needed social housing. Mr President, I beg to move.

The President: Hon. member for Douglas North, Mr Henderson.

Mr Henderson: Thank you, Mr President. I beg to second, sir, and reserve my remarks.

The President: Hon. member for Council, Mr Lowey.

Mr Lowey: The hon. minister will not be surprised that I view this development with a bittersweet taste, really, because she knows where I am coming from. While I welcome the development of the site, can I just say to the department, when they are designing what I would call the first key part of that estate since the Nissen huts - and I can remember the first houses being built - that the design of this particular block of flats, to put it at its very best, is plain in the extreme and it does nothing to enhance the ambiance of the estate? I believe that when we are rebuilding or starting to rebuild an estate we ought to enhance it, and I am afraid the design of these leaves nothing to the imagination. It is a plain, unadulterated building. I hope the insides are better than the exterior drawings I have seen. All I can say is that we in Ballasalla will welcome this because we do know the need for houses, and small units in particular.

The President: Hon. member for Malew and Santon.

Mr Gelling: Yes, thank you, Mr President. I, too, obviously welcome this particular motion on the agenda paper today, and what I would say to the hon. minister is that we have had great difficulty rehousing the people who were in these four houses, who had to be rehoused before the houses could be demolished. This gave us a terrible problem with trying to house people who were actually looking for a house, so obviously we welcome the fact that we are getting eight apartments instead of four houses, but the plea I would make, as well as supporting my hon. colleague, is to say: please send round the whole of the estate some kind of invitation to the people who already live there, to give them an opportunity to perhaps move. I think that will be a great feather in the cap. At least then they are not being told to go (**A Member:** Hear, hear.) and live there; they are being given the option, and I think that will go a long way, sir.

The President: Hon. member for Onchan, Mr Karran.

Mr Karran: Eaghtyrane, obviously any improvement in cutting down our lists for housing is important, but I was interested to hear from the member of Council. When you work out that these units are costing nearly £80,000 for a flat - which does not sound bad until you realise that the land has already been thrown in free - it does concern me if it is not to the highest quality of design, and I do hope that the minister will be looking at this issue that we do not have the situation where they see government as a soft touch as far as not getting value for money is concerned. I think the issue of the land being free is the biggest aspect of anybody's development of homes at the present time. The building of houses is relatively cheap compared to the aspect of land, and it does concern me if it has not been done to the highest levels of design. The levels of design are just as important in a local authority estate as in the private sector.

The President: Minister to reply to the debate.

Mrs Crowe: Thank you, Mr President. I think I must explain that the hon. member of Council first saw the design of these properties on a newsletter that we sent to all residents on the Clagh Vane Estate. It was actually a stylised design and it did look plain, and it is unfortunate that that is the case. I have, since that time, seen the design of these properties. It is totally in keeping with the area and, of course, looks much better when one can see the planting and the lawns and the gardens, which were not shown on the stylised design on the front of the newsletter. I do agree that they have been designed to the highest standards and, answering the hon. member for Onchan, Mr Karran's, point: indeed, because we use the highest standards of design and equipment in public sector homes, they are expensive to build.

The hon. member for Malew and Santon has highlighted a problem that is current at this present time, and that is the problem of having to demolish estates whilst we have a need for housing. It is very difficult for us to rehouse tenants to do what we wish to do on many estates, because at the present time we have not got houses available to put people in before moving them back into dwellings that have been reconstructed, but we are working towards that.

Regarding his other comments about the publicity for the new units, we will be hoping to hold an open day so that many people can come and see just how attractive these flats are to live in. Thank you, Mr President.

The President: The motion, hon. members, is printed at 9 on the order paper. Those in favour please say aye; against, no. The ayes have it. The ayes have it.

Housing – Leodest Road, Andreas – Construction of Elderly Persons Housing – Expenditure Approved

Item 10. The Minister for Local Government and the Environment to move:

That Tynwald authorises the Department of Local Government and the Environment to undertake works for the construction of 20 bungalows and community facilities, together with associated external works, at Leodest Road, Andreas, for a sum not exceeding £1,966,000.

The President: We move on to item 10, and again I call on the Minister for Local Government and the Environment to move.

Mrs Crowe: Mr President, my department has received much praise for the development of retirement bungalows at Magher Vay in St John's, which was a worthy demonstration project for the sensitive provision of retirement housing in an existing small village community. In preparing the scheme in Andreas which is the subject of this resolution, my officers have again sought to follow the principles for local community retirement housing provision, and therefore, along with the proposal of 20 bungalows, the project includes a community room and ancillary accommodation, all provided in a very semi-private layout. I am grateful for the support which has been given by the Andreas Parish Commissioners for this scheme, and I must again highlight to the hon. Court that this project represents a further contribution to the provision of much-needed public sector housing, which will assist the department in meeting its recently revised objective of providing over 120 public sector housing units each year for the next five years. Mr President, I am sure hon. members will give this motion their wholehearted support. I beg to move.

The President: Mr Henderson.

Mr Henderson: Thank you, Mr President. I beg to second, sir, and reserve my remarks.

The President: Hon. member for Ayre.

Mr Quine: Thank you, Mr President. Naturally I am pleased to support this motion, which is going to provide very well designed bungalows for the elderly in Andreas. So far as the northern parishes are concerned, there is no dedicated provision for elderly persons' houses outside of Ramsey at this time, so this meets a pressing need. I think the site itself is ideal, being some 200 yards at the most from the centre of the village. It has got, of course, within the village a general provisions store, post office, hairdresser and butcher - all the essential facilities are there within the village - and, of course, it is immediately onto the main road, which is going to give them access for public transport, so I do not think we could have selected a better site for it. Equally important, of course, is the fact that it is going to release a number of units at Larivane and Crellins Grove for families, because there are a number of family units at the moment with just one person living in them. So, I am pleased to support it and I would like to refute the rumour that I had made an application for one of them. *(Laughter and interjections)*

The President: Minister to reply.

Mrs Crowe: It must have been a different Quine on the application forms. *(Laughter and interjections)* I am very pleased to have the support of the hon. member for Ayre in this project.

The President: The motion, hon. members, is printed at 10 on the order paper. Those in favour please say aye; against, no. The ayes have it. The ayes have it.

Energy-from-Waste Facility – Additional Expenditure Approved

Item 11. The Minister for Local Government and the Environment to move:

That Tynwald -

- (1) approves the Department of Local Government and the Environment incurring additional expenditure not exceeding £1,610,000 on the development of the energy-from-waste facility, Richmond Hill, Braddan;*
- (2) authorises the Treasury to expend out of the capital transactions account during the financial year ending 31st March 2003 a sum not exceeding £1,610,000; and*
- (3) approves of and sanctions borrowing not exceeding £1,610,000 being made by government, such borrowings to be repaid within a period of 30 years.*

The President: So, we will move on to item 11. The Minister for Local Government and the Environment to move.

Mrs Crowe: Mr President, when the contract strategy for the energy-from-waste plant at Richmond Hill had been agreed and the design, build and operate system was decided upon, it was recognised that it would be necessary to make provision for cost escalation for the period from the execution of the contract time up to when construction work would commence, because the design process would be taking place after the contract had been signed. This is the usual process.

The figure approved by this hon. Court was 3 per cent of the contract sum. This estimate has proved to be inadequate for two reasons: firstly, the actual rate of inflation measured in the industry-specific indices, necessary with a project of this nature, has been ahead of that expected at the time of tender; and secondly, the period required to achieve a start on site proved to be three months longer than the year originally anticipated. The actual rate of inflation measured against the indices was nearer 6 per cent over 15 months than 3 per cent over 12 months as originally anticipated. I am sure hon. members will recognise the difficulties there are in trying to forecast future financial trends and events. Also, during the design and planning phases of the contracts, matters have arisen which a traditionally procured contract would have identified before tender and hence incorporated into the project vote. My department now seeks to make financial provision for such matters, which have included a design study related to an animal waste disposal unit, specific costs associated with planning delay and costs in association with remediation of the site adjacent to the old landfill and pulverisation plant. Provision is also being made to deal with a claim from the contractor, which my department is presently resisting. The department also has a duty to make provision, but I believe it will be the case that the department will be successful in resisting the claim and these funds will not be called upon.

I trust, hon. members, that I can rely on your support in furthering the progress of this project, vital to the Island's future waste management. Mr President, I beg to move.

The President: Hon. member for Douglas North, Mr Houghton.

Mr Houghton: I beg to second, sir.

The President: Hon. member for Douglas South, Mr Duggan.

Mr Duggan: Thank you, Mr President. Could the minister give us the total costs entirely, sir?

The President: Hon. member for Douglas East, Mrs Cannell.

Mrs Cannell: Thank you, Mr President. I, for one, Mr President, as a member of this hon. place, would not support (**A Member:** Hear, hear.) an application for such a huge increase in expenditure without further explanation and a full breakdown of itemised costs. (**A Member:**

Hear, hear.) The hon. minister has referred to three or four areas which they would now like to evaluate et cetera, et cetera and also that they may be able to fend off a claim from a contractor. I think members in this hon. Court need more explanation on these issues - a full explanation, in fact, on these issues - before they are asked to consider whether or not to approve this. It is quite easy - and we have proved it thus far - for ministers to come here and say, 'Well, we have spent this and we have overspent that.' Small amounts are fine, but we are considering millions here, (**Mr Duggan:** Hear, hear.) millions of extra expenditure which has not been foreseen. So, something clearly is wrong in the estimation of these projects. To actually consider a provision of 3 per cent inflation when, in fact, we are hearing now that, because of the particular industry involved with this type of plant, we should have been looking at 6 per cent. . . I for one, Mr President, am not going to swallow this just like that. The minister should explain and I hope when she sums up she will, in fact, give us a lot more detail than she has so far before asking us to expend such a huge amount of taxpayers' money.

A Member: Hear, hear.

The President: Hon. member of Council, Mr Waft.

Mr Waft: Thank you, Mr President. I would just like to point out perhaps, with regard to this capital expenditure and the inflationary costs, the inflationary cost that will be happening with the site of the new prison unless somebody gets something done quite quickly.

Mr Houghton: Hear, hear.

Mrs Crowe: Yes, exactly.

Mr Waft: Thank you, Mr President.

The President: Mr Karran, hon. member for Onchan.

Mr Karran: Eaghtyrane, is this not just another example of the fact on which, hopefully, we are still waiting for a report back from the Treasury: the more they spend, the more they get as far as any government contract is concerned and as far as the design process is concerned? That is the real issue that I think we need to be concerned about today: we do need to know what we are supposed to be voting for as far as this large sum of money is concerned. We should not allow ourselves just to allow this to be nodded through; we have a parliamentary rTMle to scrutinise this sort of situation. It does seem rather strange to me, Eaghtyrane, when I am led to believe there is a lull in the incinerator industry, that we are having to face such higher than normal inflation. I know that I am not a great fan of the incinerator, and we will see whether this is just another one of the white elephants that will be put into our collection for future generations or not, but I am concerned that we should know the breakdown of what these are. I believe that Babock - I am just looking for the papers, Eaghtyrane - which is the company that provides the burners, has gone bankrupt, which deals with part of the planning submission order of 1998, subsection 1.13 and 1.14. I would be interested to know whether we are going to have another rabbit pulled out of the hat and we once again have to then say, 'Oh, at a later date there is an extra cost as far as this is concerned.' I cannot see us getting the sort of breakdown that the hon. member for East Douglas wants in this parliamentary assembly. I am concerned that if we cannot find out what sort of commitment this department has given as far as the running of this plant, is concerned which I am led to believe is a long-term economic commitment, I cannot see how we are going to get the breakdown that the hon. member for East Douglas has requested.

The other thing I would like to ask about, Eaghtyrane - and we have seen how it was brushed over before and that is why I asked for assurances as far as the Archallagan plantation is concerned - is: as a former member for this constituency, I remember when they made boreholes in this site and I remember that I had the Middle River that was virtually the Pully National Glen when I was a child, and the real fairy bridge, and the situation was that for years it

was destroyed and it came back and then we allowed them to drill holes into this site and that river was destroyed again for a generation. I am concerned with the activity on this site and I do hope that this will not be allowed to happen once again in this beautiful part of the Island, down along from Kewaique. I do hope that it has been taken into account, because I do think that any activities on that site could well give a repeat of history that we have already seen once, when activity was done down there.

Eaghtyrane, it does concern me that we are voting this through - 'It is only £1.6 million'. It does matter and I do think that we do need to be more cautious about where these costs are, especially when I see the crazy situation we have seen over the design of the new power station. It seems to have been a situation where the more they spend, the more they get, and this is just another example, in my opinion, where we must make sure that this does not happen. People outside this House are complaining about public works and the lack of control as far as costs are concerned.

The President: Hon. member for Ayre.

Mr Quine: Thank you, sir. I think there are just three points that I would make in relation to this, and I am supportive of the motion.

Of course, this incinerator has been procured on the basis that it is going to be designed, built and operated by the one entity, and there is good reason for that. The tie-in between the three elements is designed to ensure that we get responsibility properly vested in those who not only are going to be designing it but those who are going to be building it and those who are going to be operating it, so the operator cannot turn round, put his hands up and say, 'This thing doesn't work.' They have been tied in in that way, and that was part of the initial debate: that we would take this secure route and try to counter, so far as one can possibly counter, any question of sub-standard operation. So, that is the route that was adopted, as opposed to what is referred to here as the 'traditional procurement route'.

Because that method of procurement was adopted, it was quite obvious that we could not have an arrangement where a sum was built in, or if we did, any contractor would build in such a substantial sum that the price would be greatly inflated, so, in common with elements of other contracts, there were indices identified relating to construction, from which a percentage would be taken. At the time the project came to Tynwald, those indices were running at 3 per cent, hence 3 per cent is what was built into the figure, but it was made quite clear that they were indices. Now, of course, and for reasons which I think all of us can understand, having regard to the heat that is the construction industry here on the Island, that 3 per cent is no longer relevant. There is nothing unanticipated about that. There is nothing particular to this contract about that. So, I do not have any problem with that.

The other point that I would make here is, of course, that I am pleased to see that work is underway, that things are now moving and that we are seeking at last to provide a viable solution for the treatment of our waste, but what we do not need now, and what will most certainly impact upon the cost, is continuing procrastination, not least when you have reached this stage in proceeding with the project. So, there is nothing unforecast here; this is all as anticipated. The indices were not fixed indices; they were variable indices, so I do not see what the concern is. If it has been suggested that we should have taken a pig in a poke's approach to this and said, 'Right, we will design an incinerator; you can build the incinerator and you can operate the incinerator', the risks attached to that are, I would think, very transparent and very great, and to avoid that, a particular route was agreed after taking the best of advice, and that is the route that we have provided for here to produce this incinerator. Part and parcel of that was that we would carry the risk in relation to an index, an index that is used not just for this project but for various projects. That is part and parcel of the proposition. So, I am perfectly happy with the motion and I am pleased to support it.

The President: Minister to reply.

Mrs Crowe: Thank you, Mr President. I am most grateful to the hon. member for Ayre for his support. (**Mr Houghton:** Hear, hear.) He was instrumental in moving the provision of what I feel will be one of the most valuable utilities for the Isle of Man. Whilst he was in the department, I know how much effort he put into that work and I know he knows a great deal about the whole of this project. And, of course, his workings towards this utility will mean that we will no longer need putrescible landfill on our Island.

However, I have some other questions to answer, and the hon. member for East Douglas was probably instrumental in delaying this project as, indeed, with the hospital, (**Mrs Cannell:** Hardly.) and the fact is that delays cost money. The cost of the hospital escalated because of the delays, and delays are always at a cost to the taxpayer. However, I will break down the indices which she requested, and the sum I am seeking is not millions, by the way; it is £1,600,000 out of a £40 million project. The indices that require to be addressed on the day of contract signing are: the DTR index, which means the price adjustment formulae for contracts produced by the United Kingdom Government and the Department of Environment, Transport and the Regions, which is published in the stationery office and can be viewed at any time; the DTR labour index, which means an index comprising an equal proportion following the elements of indices: the special engineering formula, the mechanical labour formula, the civil engineering formula, the labour and supervision of civil engineering and also the building formula appendix 1 and the building labour skilled formula; and the DTR index material indices, which comprise respective proportions of the following elements of DTR indices: that is the building formula - concrete, the building formula - steelworks, and the building formula - boilers, pumps and radiators. All of these indices are what have to be addressed at the time of the contract. In fact, it is very difficult to foretell these indices in advance, and anyone just has to make an estimate.

Now, the hon. member for Onchan did mention that, in fact, there has been a problem with one of the firms that have been appointed for the boilers. We do not believe that this will have any effect on the indices at all, because, of course, another firm will be supplying those or it will be someone in that same firm taking them over.

So, as I say, I am most grateful for the reasoned argument from the hon. member for Ayre, Mr Quine, and I do hope hon. members can support this motion and agree to progress this project and not procrastinate.

Mr Duggan: Mr President, I asked for the total cost. She has not answered it.

Mrs Crowe: £40 million.

The President: I think the hon. minister did say £40 million. The motion which I put to you, hon. members, is that printed at 11 on the order paper: Energy-from-Waste Facility - Additional Expenditure. Those in favour please say aye; against, no. The ayes have it.

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

In the Keys:

For: Messrs Quine, Rodan, Quayle, Gill, Mrs Crowe, Messrs Houghton, Henderson, Braidwood, Downie, Shimmin, Bell, Singer, Corkill, Earnshaw, Gelling and the Speaker - 16

Against: Messrs Anderson, Rimington, Cretney, Duggan, Mrs Cannell and Mr Karran - 6

The Speaker: Mr President, the motion standing at item 11 is passed by the House of Keys, with 16 votes for and 6 votes against.

In the Council:

For: Messrs Lowey, Waft, Dr Mann, Messrs Kniveton, Radcliffe, Mrs Christian, Messrs Delaney and Crowe - 8

Against: None

The President: With 8 members of the Council voting for, hon. members, the motion printed at 11 therefore carries.

Department of Transport – Payment of Excess Expenditure – Approved

Item 12. The Minister for Transport to move:

That Tynwald authorises the Treasury to apply from general revenue in respect of the year ended 31st March 2002 -

- (a) surplus receipts totalling £753,108 of the Department of Transport in payment of excess expenditure; and*
- (b) the sum of £501,546 in payment of excess expenditure of the Department of Transport.*

The President: We turn, then, to item 12: revenue accounts. Minister for Transport to move, please.

Mr Shimmin: Thank you, Mr President. With regard to the year ended 31st March 2001, this motion seeks Tynwald approval for the department to fund the expenditure that exceeded the vote for the year from general revenue. The excess expenditure is in two parts: firstly, surplus receipts totalling £753,108, which can be broken down primarily into the works budget, which had a surplus receipt of £577,000, due in the main part to the buoyancy of the construction industry, where far greater quantities of stone were sold by the quarry to the private sector; and secondly, within that heading there was a figure of £273,000 in the Highways Division, which is primarily due to the increased licences and duty paid.

The second part of the motion refers to the sum of £501,546 in payment of excess expenditure, which primarily is due to the foot-and-mouth requirements, which incurred from the department expenditure of £400,000. In addition to the above, the department also incurred expenditure which is not covered by the approved votes amounting to nearly £168,000 at the airport to respond to the events of 11th September, and a staggering £778,000 in highways emergency and storm damage. These were funded by rescheduling other projects and priorities within the department, but this does give a scale of those projects which we cannot advance when there is such a call on our budgets, sir. I beg to move.

The President: Mr Kniveton.

Mr Kniveton: I beg to second, sir.

The President: The motion, hon. members, is printed at 12 on the order paper. Those in favour please say aye; against, no. The ayes have it. The ayes have it.

House Purchase Assistance Scheme 2002 and Related Expenditure – Approved

Item 13. The Minister for Local Government and the Environment to move:

That Tynwald -

- (1) approves the House Purchase Assistance Scheme 2002 [GC No. 23/02];*
- (2) approves the Department of Local Government and the Environment incurring expenditure not exceeding £3,000,000 as grant and top-up loan support;*
- (3) authorises the Treasury to spend out of the capital transactions account during the financial year ending 31st March 2003 a sum not exceeding £3,000,000;*

- (4) *approves of and sanctions borrowings not exceeding £3,000,000 being made by government, such borrowings to be repaid within a period of 30 years; and*
- (5) *approves the transfer of £3,000,000 from the housing reserve fund to the capital transactions account during the year ending 31st March 2003.*

The President: Item 13. Minister for Local Government and the Environment to move.

Mrs Crowe: Thank you, Mr President. In July 1999, this hon. Court approved the House Purchase Assistance Scheme and in October 2000 approved amendments to that scheme to take account of inflation. Hon. members will recall that the main objective of this scheme was to help eligible first-time buyers get on the property ladder by providing grant assistance to supplement a loan by an approved mortgage provider. The October 2000 amendment increased the maximum level of grant to £16,500, and the ceiling price for properties to £85,000.

The department gave an undertaking to monitor the effectiveness of the scheme and to take whatever steps were necessary to either amend or introduce alternative provision, dependent upon how its objectives were being met. Up to the end of March of this year, the scheme had provided grant assistance of almost £2.9 million, enabling over 200 first-time buyers to get onto the property ladder with an average grant of £13,900. However, hon. members will be well aware that the prices of houses have risen rapidly and all but a few properties are now well beyond that ceiling price and, consequently, out of reach of most people aspiring to purchase their first home.

The current scheme expired at the end of June and it is therefore important that its replacement should be introduced as a matter of priority. Demand remains strong, as confirmed by the recent review of the first-timer buyer register. It currently shows that there are 600 applicants wishing to get on the property ladder, and this number is likely to increase steadily unless a greater number of affordable homes are built. Earnings have not increased at the same rate as house prices, and to simply amend the current scheme in order to chase current house prices by providing substantially larger grants would be an unsustainable quick-fix solution and only add to the inflationary pressures. In effect, such a strategy would be counterproductive in seeking to help our own local purchasers.

I am therefore delighted to present to this hon. Court proposals for an alternative scheme, designed to provide assistance for the purchase of new properties while at the same time attempting to stabilise prices for existing properties at the lower end of the market. The proposal before hon. members today will provide assistance in two distinct ways: one element is grant assistance towards the purchase of existing and new properties, and the second, a new element, is subsidised top-up loans for the purchase of new approved properties, approved properties that are constructed to the spatial and technical standards determined by my department. The grant element, with appropriate increases to take account of inflation, is retained to provide assistance for those with incomes up to £24,000 per annum, but in addition there will now be a low-interest top-up loan available to provide up to 30 per cent of the purchase price of properties, and this scheme will be available to purchasers earning up to £30,000 per annum. For low-income purchasers, these schemes can be combined and this would enable a purchaser with an income of, say, £15,000 per annum to have a grant of £18,000 and a top-up loan of £30,000, enabling them to purchase a home costing £100,000, which would mean that they would only have to obtain funding, either from savings or by way of a mortgage, of £50,000.

People on the first-time buyer register will be able to buy approved properties on the department's own developments or directly from developers. The department has had meetings with the majority of developers to discuss an increase in the delivery of a range of two- and three-bedroomed houses and apartments selling at between £100,000 and £130,000, built to

our spatial and technical standards. The response from the developers has been very positive, and if the proposed scheme is approved by hon. members, an average of at least 120 affordable homes will be built each year - if not more - for the next five years.

This year, £3,000,000 is required from the housing fund for the new House Purchase Assistance Scheme 2002. A commitment to further funding will be required in future years to maintain an ongoing programme in order to satisfy the demand for affordable home ownership. In the medium-to-longer term, much of the financial assistance will eventually be repaid. Homes purchased with the department's own land will produce capital receipts, which should be ploughed back into affordable housing whilst the need remains.

Mr President, my department has made substantial progress towards the delivery of affordable homes for first-time buyers, and I would like to commend the officers of my department and the officers in the Treasury, who have worked tirelessly to establish this scheme, which will be of tremendous benefit to first-time buyers. I now wish to greatly accelerate the delivery of the provision of affordable homes, and the introduction of this revised scheme is a fundamental requirement in achieving this objective. Mr President, I beg to move.

The President: Hon. member Mr Earnshaw.

Mr Earnshaw: I beg to second, Mr President, and reserve my remarks.

The President: Hon. member of Council, Mr Delaney.

Mr Delaney: Mr President, I am sure that all members will support this in the knowledge that it is doing exactly what the policy we were trying to pursue on your election for the Keys and on our joining you on the top bench did, but I have a thing here in my mind which I have raised with the Chief Minister at his seminar recently. I can only describe it by using the words of Mr Rodan, the Minister for Education. We have, because of necessity, a dripping roast, and a lot of people lying below it with their mouths open are taking from it, which is all fine if they only take a little bit, but recently, like members of the House of Keys and others, I have had a number of young people who are on this list and are looking forward to getting their own homes, talking about the charges that are going to be levelled against them, first of all by the legal profession and secondly by the estate agents, should they go through the estate agents.

Now, I listened with some reticence this morning to a member of the estate agency body - a very fine man he is as well, a long-term member of that profession - talking about how much housing we should build on the Isle of Man, which frightened me, to be honest with you, because we will have nothing else to attract people here at all, to listen to what was being said. And then I was worried by the fact that, in the same speech, he praised Caesar - the minister - in such an elaborate way that I wondered exactly where this was taking us, because I would like to see, Mr President, something which was used when I was privileged to be the minister - and I have raised it with her and the Chief Minister: other people besides us - we have the job to do - assisting us to help our own. I believe some people have, in a small way, assisted on fees and expenses, but I mean seeing the legal profession and those people who are below the dripping roast prepared to take less from our people when they come to get on the housing ladder in the knowledge that they will continue to be their customers in the future. Once they get on the ladder, they will become second- and third-time buyers. But I do not see a lot of movement there; I see a lot of crying because they do not have this year's model of a Mercedes. I see this but I do not see any positive action coming to help us to help our own. I managed to achieve it with the help of members, particularly on the top bench here, when I was a minister. I would like to see the same thing done so that we are all in this together.

It is our people who are the backbone of this Island, and they should be the people we are helping to support. They cannot do it if all their incomes are going to be taken up with paying back, even on these £100,000 houses, large fees going out to these people who do not need

them. They are making enough from the rest of the private sector. They like to have it - I do not blame them for that - but they do not need it, and I hope the minister will give me some encouragement by saying she will call them in, as we did some 14 or 15 years ago, and ask them to take cognisance of what I am saying so that this £3,000,000 which the Treasury has transferred will not be paid out to these people who are just really part of a body of giving and taking in the housing industry. I believe they are prepared to play ball as they did years ago, but it would certainly help the young people to get on the ladder, and that is the aim of all of us. Thank you, Mr President.

The President: Hon. member for Onchan, Mr Karran.

Mr Karran: Eaghtyrane, the only thing on which I would agree with the previous speaker is the fact that we have all got to support this proposal in front of us today simply because we are in such a hole that we have no choice other than to throw money at the situation and give our people more and more debts and cause more and more pressures. Instead of the situation where one went out to work, both have got to go out to work just to be able to provide the fundamental cornerstone of society, the home. And I think it is a sad day when we have had to recognise the situation. I think it is wrong for the member of Council to blame the lawyers and the estate agents; the problem has been in this hon. House.

Do not think that just because we have done this the problem is going to disappear. In fact, I would like to ask the minister - and I am very impressed with her PR and the spin on this issue as well from the government - how many people of those 200 actually went from first-time buyers' houses that were subsidised to start off with, with the land thrown in. I think it is important we do know that, because then we can start looking at the real reflection of the real market.

I believe that we have no choice but to support this proposal today, but I do not give it with any pride, because I believe that we have lost the fundamental issue, and that is that we, as a government and as a parliament - me trying to put rick on the government - should be trying to make sure that we do not forget the people who want homes for nests, not nest eggs, and I think that is something that we have forgotten. And I think that, to be fair to the minister, she is having, if she can, to claw back the policy to what is in the interests of the common good rather than the few who have done well as far as this whole crisis is concerned.

I feel that today no-one wants to see substandard accommodation; what we have got to try and aim for is accommodation that has no detriment to its quality but has a detriment to its economic viability as far as the investment market is concerned. I find it amazing that we hear this talk about creating ghettos if we go down the road of having certain houses that are built for Isle of Man workers and have a restriction that they cannot, in perpetuity, be rented out for more than the council rent. When I look over my boundary at North Douglas there, at Governor's Hill, and I am led to believe that 60 per cent of those houses that should be owner-occupied are in the rental market and that 10 per cent of those houses are owned by two individuals, we have got it wrong. I believe that we have got it wrong. We have got the imbalance of homes being nothing more than a cheap commodity instead of being the cornerstone of society, and that is why we have the problems we have heard about today from my colleague about Onchan Police Station. We have got the problems with our children or problems where nobody has got time for anybody else because, at the end of the day, the pressure is on; you have got to get your nose to the wheel and you have got to make sure that you can get the £700 or £800 a month for the mortgage, and that is the sort of situation we have allowed. I will support the proposal today, but I want to stop the hogwash of being told that somehow, by doing my suggestions, we would create ghettos - we have got them. In my constituency, I have four or five streets that, even with this latest proposal, are the only ones that will be affected as far as using this scheme is concerned -

Mr Henderson: Point of order, Mr President. Point of order, sir.

The President: Yes, sir.

Mr Henderson: I object to the word 'ghettos' and the reference to North Douglas, (**Mr Houghton:** Hear, hear.) and I would ask that the chair direct that Mr Karran withdraw those comments.

The President: I do not think the two were relevantly put together.

Mr Karran: I was talking about my own constituency, my friend, and I was talking about the fact that what we have is a situation where even this proposal today will not affect 95 per cent of my constituency as far as buying a house is concerned, and that is what I am on about. I am on about an economically mixed community, and all I am saying is that we have got to accept the fact that we have not just got to throw money at it and put more debt around the poorer people in our community; we have to face the fact that we have to look at other ways of creating accommodation and we have got to put those rungs on the ladder. We have got the council ladder there with so many rungs and then people are trying to get into the private sector. One of the proposals I would have liked to have seen with these sorts of schemes is that maybe we should be looking, when we get into part-equity schemes, at actually putting those sorts of restrictions on so that, with houses in streets throughout my constituency and everybody else's constituency, if you get a government loan, there will be a restriction on that property in perpetuity in order to keep it as a home, as a nest, and not an investment or a nest egg like so much of our property.

Secondly, the next thing that I would just like to say is, of course, on the issue of this open-door, doormat mentality, that we have no residency control on this Island. We are going to reap a harvest that is so bitter as far as this Island is concerned on that subject, and I do feel that that also has to be looked at when we are looking at the housing issue, Eaghtyrane.

The President: Hon. member for Ayre.

Mr Quine: Thank you, Mr President. First of all, I would like to associate myself with the remarks made by the minister when she congratulated the officers of her department who are involved with the housing problem. I think they are doing an excellent job, and they are doing it against considerable pressures.

The scheme which we have before us is, indeed, as the minister has described it, an alternative scheme; the new element is, of course, essentially that part of it which deals with trying to tap the private sector, and I will come to that in a moment. It would have been helpful, I think, in trying to evaluate this scheme, if we had had more data by way of the progress report, because the progress report which is laid before, of course, is designed on a different basis than previously; it is designed on the basis of providing specific answers or a specific update to the recommendations that came out of the October 2001 progress report. So, a lot of the data that was very useful in plotting trends is not before us, but I think that is secondary to consideration, obviously, of the scheme that is here.

Again, as the minister indicated, the £22,000 figure in relation to income levels was set some two years ago and, in the absence of the type of data I was referring to, which, of course, was previously provided in the progress report, I must ask the minister: how realistic is this adjustment, which we are now moving, up to £24,000? I feel that the increase, or the movement, in the house prices would be, in percentage terms and indeed in monetary terms, substantially more than that adjustment could take account of. Perhaps if the minister could address that she could provide us with some comfort.

In a somewhat similar vein, we have the ceiling price - £85,000 - that was set two years ago. House price increases over the last period, I would suggest, have far outstripped the

£5,000 adjustment that is now proposed, unless I have read this wrong, but then I am sure she will clarify that for me. I would like to know, for example, just how many houses have been sold over the last 12 months at this ceiling price of £90,000. I know these figures are collated and we normally get them from Economic Services, but if she could again provide some information so we can judge how realistic these two figures are.

Perhaps the novel part of the order is the very worthy attempt that is being made here to tap private sector house production for first-time buyers, and that is very welcome. I think that is something which has been difficult to come to terms with in the past, so if this achieves that, all well and good, but again I am not completely *au fait* with how the mechanics of that is going to work. The minister referred to part of it in her speech, but it is my understanding that the type of mechanic that would be applied in this is that an individual or a couple would find a house at a qualifying price, should we describe it as that, and they would go to the building society and say, 'This is our income; how much mortgage can we raise?' They would be given a figure as to how much mortgage they could raise on the strength of their income and then build on that - because this is what happens at the moment with the present scheme - by saying, 'Right, I can now qualify for a grant of so much', whatever that may be depending upon their income, and at the moment they would then top that up - if that did not come to the price of the house - either with money from the parents or money from their own bank account so that they had the funds necessary to buy the house. Those are essentially the mechanics of the present system. Now, the additional element is - or this is how I read this, and this is why I seek clarification - that, having gone through those three steps, if they are going to the private sector, they will now go for a top-up loan that is subject to an interest rate, a concessionary interest rate admittedly. So, I would ask the minister if she could - very clearly, because at my age I need these things spelt out very carefully for me - spell out for me step by step how the individual is going to work his way through this mortgaging process.

The final point that I was going to ask the minister to comment on is: we had a mortgage scheme, going back a number of years now - I think we abandoned it some time about 1997 or 1998 - (*Interjection*) I know we abandoned it, and the reason was because there was a weakness inherent in it, in the sense that, as interest rates went up, people were overextended, not least, of course, in the position where one of the two earners could not work - perhaps a baby came along or illness or whatever - and they became overloaded and just could not carry that burden. That was one of the reasons why we phased out that scheme and brought in another scheme. Now, I am prepared to see how this top-up approach works - I am not opposing it - but one of my concerns is that if we have a house funded on the basis of a mortgage - probably the largest part of it or half of it is going to be funded on the basis of a mortgage, and a mortgage is going to fluctuate ordinarily unless they can get short-term fixed rates - and if we have a change in the property market, a change in interest rates where these escalate, then the cost of servicing that mortgage is going to increase as it did before, but not only that; this time there is going to be an add-on factor, because they are going to be tied to servicing the top-up loan, and as that is tied to - albeit a minus factor on - the Bank of England base rate, that will be moving in parallel with the other rate, and I can see there is going to be a pinch point here. So, all right, it may be that we have low interest rates - which is what we have got at the moment, and long may they remain so - but if we move two or three years hence into a situation where interest rates move up, they are going to be fully extended by the way that they have made up the monies to purchase their house here, and if we have another situation where one of the earners can no longer earn, against a backdrop of the interest rates increasing, then that is going to pinch, and pinch fairly hard, and I have this worry that we are going to have a reappearance of the problem which eventually was fatal to the earlier scheme. Now, that is a concern I have; it is not a concern on the strength of which we should say, 'Throw out this scheme.' By all means we do not do that, but I think it is something where we need to put a

marker down, because if circumstances change, we will need to react in order to counter that sort of situation.

So, I am happy to support the scheme. I look forward to the minister doing her honest best to give me some further and better information, but I would also like to hear her views on the possible implications of interest rates moving, from the buyer's point of view, in the wrong direction and on his circumstances being adverse over a period of time because of loss of earnings within the household, which is going to take us back to a shadowing of what we had ten years ago or eight years ago and the ultimate failure of the scheme because of those factors. So, I am happy to support it, but I am putting these markers down and would seek some further information on these particular points.

The President: Minister for the Treasury, Mr Bell.

Mr Bell: Thank you, Mr President. There are really just one or two points I would like to put my marker down on, I guess, at this juncture. First of all, I would like to join with the other members who have congratulated the minister and, indeed, her officers on the energetic and creative way they have approached the need to enable as many of our young people as possible to get on the housing ladder and make their first-time purchases. We have struggled for some time, I think, to get an effective enough range of schemes together which are enabling this to happen, and I am very pleased, as I am sure all other members are, to see us in this situation.

I do, though, greatly share the concerns of the previous speaker as to where we are going on all this at the moment. On the one hand, I am sure we all want to see as many young people as possible purchasing their own homes, acquiring home ownership, to give them a stake in the community and, indeed, an investment for the long-term future. We have been very concerned on the Island for several years now, I think, that a housing crisis has been building up, but I would just point out that whilst we tend to get a bit self-absorbed here and are concerned about our own housing crisis, there are, in many parts of the United Kingdom at the moment, similar housing crises, every bit as bad - if not worse in some areas - as we are experiencing here. There have been, in the last two or three weeks, two very major warnings coming out of the United Kingdom about the condition of the housing market: one by the lenders themselves, who are, in fact, surprisingly pleading with the Bank of England to put up interest rates to take the heat out of the house price increase in the United Kingdom; and also warnings just in the last few days that have come out, expressing concern about the extent to which lenders themselves now are prepared to extend mortgages to would-be purchasers. Figures of five and six times salary have been quoted in some instances as now being made available for people to overcome the gap between savings and salary levels and the soaring price of first-time buyer housing. So, we are not in isolation over here in our situation; the situation is almost identical in other parts of the United Kingdom. The upshot of it is - and the hon. member for Ayre has pinpointed it quite effectively, I think - that although we can point the finger on the Isle of Man to immigration being the sole cause of house prices going up, that in fact is only a very small proportion of the cause of house price increases. The main increase at the moment is low interest rates and a change of lifestyle: more people are choosing to live on their own, there are more divorces and more people are pursuing a more solitary way of life, and therefore there is a greater demand for housing. It is not all generated by people coming from outside.

Now, I am sure every one of us can quote examples, but I certainly know a good number of people in my own area who have stretched themselves to the absolute limit to get on the housing ladder at the moment. They have no money left for their social life or for any luxuries in life at all; they are simply hanging on by their fingertips to be able to have a roof over their head. It will take a very small increase in interest rates to push a lot of these people over the edge; they will not be able to maintain the level of mortgage that they are doing at the moment. My plea, really, to the minister and, I suppose, to this hon. Court, is: on the one hand, by all means,

where we are being realistic, let us construct a mortgage scheme - a financial assistance scheme - to encourage those who genuinely can afford to buy a house to enable them to do it, but let us not lose sight of the fact that, regrettably, because of salary levels or lifestyle choices or whatever it might be, there will always be a body of people whom we will never effectively be able to put into the house ownership bracket. And do not lose sight of the house rental market (**A Member:** Hear, hear.); that is absolutely vital, and it is going to be more vital in the next few years. Whether it be council housing - local authority housing - or the private rental market, they both have a vitally important part to play in providing the security for those within our community to give them a roof over their heads and to give them a quality of life more appropriate to what they can afford.

Our young people are doing extremely well at the moment in the sense that we have full employment and they have got choices now which they have never, in the Isle of Man's history, had before in terms of the range of jobs available for them. Therefore it is very easy to become complacent and think this is going to go on forever, and I would put a warning down: we have had the first shot fired across our bows in the last few months with 60 redundancies at HSBC and the start of outsourcing of lower-paid administrative jobs to India. I will put a marker down quite clearly now: this will not be the end of it; there will be other restructuring within the financial services industry over the next three or four years. I hope that our policies will avoid many of those people coming into the labour market, but if we cannot get it right and if it does mean that there is unemployment growing within our economy again, even if it is only for a short period of time, it is going to put unbearable stresses on many families within the Island who will be losing one, or possibly two, wage-earners within the family as a result of that. So, we need to be careful. We must not be complacent and assume that the buoyancy we are enjoying at the moment is going to go forever without some effort on our part, and we must not, for the very best of reasons, generate schemes in here which are going to encourage people to financially stretch themselves to such an extent that if the spectre of unemployment does arise again in the not-too-distant future, they will find themselves either unable to pay the mortgage or, if we do not support the rental market, they will not have a rental property to fall back on and, indeed, we could well find, if there was a wholesale problem at that level, negative equity creeping in at the bottom end of the market, which is going to cause major problems on its own.

So, I do not see myself as a prophet of doom, but I do want to put a warning marker down today that whilst we should support this scheme - I support it wholeheartedly myself and I think it is a very positive, creative approach to the exercise - let us not get carried away with the belief that what we are enjoying today will go on forever and that everybody on the Isle of Man will automatically qualify to purchase a first-time buyer property. Let us not forget the rental market and ensure that as much energy, drive and creativity is put into other mechanisms of providing housing for our own people, through local authority rentals, as I said, through the private sector rental market and, indeed, perhaps through shared-equity and other creative schemes - they all have their part to play. So, Mr President, I support the scheme and I will obviously be voting in favour of it, but I would just point the hon. minister to the two very serious warnings which have come out of the United Kingdom in the last week or two, not to disregard that and to recognise that impact also in the context of the Isle of Man.

The President: Hon. member for Middle, Mr Quayle.

Mr Quayle: Thank you, Mr President. I rise to support the motion and to congratulate the hon. minister and her officers in bringing these most important measures before us and for the work done so far. Each of us who stood at the last general election had housing as one of the main priorities, so I am pleased to offer my support but do acknowledge that not everybody is going to be a position, nor should be encouraged, to buy a house when they should be diverted into renting one. So, I do share some of the concerns already raised.

I would, however, also like to seek clarification on a point, and that is to do with the interest. I note that the interest is to be charged at 1 per cent below the Bank of England rate. Some existing government loan schemes have, I understand, across some of the departments of government, been fixed at a rate of 8 per cent. That particular rate was fixed at a time when possibly interest rates were double that and, as I understand it, they are fixed at 8 per cent, and perhaps other fixed rates too, depending on the schemes that were applicable. I simply ask the question: is this new method of calculating interest for loans at 1 per cent below the Bank of England rate to be a new policy for government across all departments? And what will be the effect that this will have upon existing borrowers who have locked into government loans - no matter what department of government that is - which have been fixed, for example, at 8 per cent? Thank you.

The President: Hon. member for Peel.

Mrs Hannan: Thank you, Eaghtyrane. I welcome this scheme. I think we have been waiting for it for rather a long time, and I think it does address some of the issues that we have discussed from time to time in this hon. Court. However, I do support the comments made by the member of Council, Mr Delaney, that we should be aiming at providing for the people in the community who have not, to date, been able to get into the housing market. Now, whether that is local authority housing or whether that is through any of the schemes that we have had in the past, I think it is what I would call 'local' people that we should be aiming to assist and support. After all, our drive to improve the quality of life through the issues of the financial sector and those sorts of issues - was to help raise the standard of living of the people here at the time, and therefore the commitment has got to be, I believe, to the people who have been here and the people we are trying to raise the standard of living for.

I welcome the increase of standards that the minister spoke of, the actual layout of the properties; I welcome that. I fought the planning application on Ballawattleworth because I felt that the housing to be produced by these developers was of a substandard nature and therefore should not be supported. Of course, I did not succeed; it went to appeal and it was approved at appeal by the then minister. I would like to ask what will happen to the houses already built, the ones that are of a smaller, substandard nature. They are extremely small and I dare say that these developers will still be building small properties, which I reckon are only suitable for one person living alone and not even for a couple, let alone a family.

There is a problem - and members have spoken about it today - with local authority housing, and I would urge the department also not just to support through mortgages, because there are people out there who cannot afford mortgages or who are not at an age to be able to take on a mortgage, and these are the people I feel should be supported through local authority housing. Local authority housing lists are long and I would hope that, before long, we will have schemes that come forward to build local authority housing. In my area, some of the waiting-lists are four years plus. I accept that the new points system is a step forward; we are not getting local authorities - or at least I hope that local authorities will stop - just assisting their friends but will also look at need. But I know that some people have spent four years plus on the waiting-list and will not be housed for I do not know how long because there will be other people who come along and will have more points. There is a difficulty; the points system was a way forward, but I feel that, in some instances, people have been on the housing list for four years and they could be on it for another four years without any prospect and living in substandard accommodation.

There is also the issue of rents in the private sector. We have heard comment made about, 'Oh, they should be able to rent in the private sector.' These rents are tremendously high and people in the private sector do not want children and they do not want pets. They do not want them and this is a problem. The member for Douglas North spoke about the Children and Young Persons Strategy, but what we have got to get real is that children are the next part of our

generation and continuation of the Island. It does not matter where . . . And in other places people do not like children, and I think we have got to turn that around.

Maybe the minister, when winding up, could also mention what the interest rate would be. One percent below what? Is it the -

Mrs Crowe: Base rate.

Mrs Hannan: - Bank of England base rate? (*Interjections*) Right, so that will be 3 per cent now then, because it is 4 per cent, is it not? (*Interjections*) Thank you.

I wonder if I could also ask the minister if she will produce a leaflet in plain language (**A Member:** Hear, hear.) for people so that they will be able to understand the issues that are raised and so that it can be progressed as easily as possible.

I was concerned, I must say, by the comments made by the Treasury minister warning people not to overstretch themselves to get on the housing ladder. Everything out there is winding people up to get them on the housing ladder. They cannot get housing anywhere else. What are they expected to do? They can walk down the road today, with the support of government, and they can be in a house in six or eight weeks' time. As I said before, four years on the waiting-list for a local authority house. In some places, people are paying more for renting than they would be if they had a mortgage, (**Mrs Crowe:** Absolutely.) (**A Member:** Hear, hear.) and these are the difficulties that people have today. He also said, 'You need to be careful' and yes, I can see the headlines, 'Warning by minister. (**A Member:** Yes.) Prophet of doom. Everything is going to go down the pan.' And with -

Mr Bell: I did not say that.

Mrs Hannan: - the comments that have been made by the Minister for Treasury today, I reckon that *he* is trying to damage the economy of the Isle of Man, and I would hope that in some part of the sitting today he will actually correct that; it is not going to happen imminently that we are going down the pan and everything is going to suffer because of it.

Mr Bell: I never said that at all.

Mrs Hannan: This is twice in the last week that the minister has said that, and I would have thought that over the years that we have been talking about this, people have been threatening the economy of the Isle of Man for years, but from outside: the threat on the financial sector by the UK Government by sending Edwards in. We have always boosted it up and now, in the last two weeks, we had not only the Chief Minister but now the Treasury minister, twice in the last week -

Mr Corkill: I have not said anything about the economy.

Mr Henderson: Yes, you have.

Mrs Hannan: Yes, you have, so (*Laughter and interjections*) this is something, I think, that we should really try to move away from (*Interjections*). We should be supporting our people, and if we cannot support them through schemes like this, we should be building local authority housing to provide housing for our people. They deserve it. (**A Member:** Hear, hear.) Thank you, Eaghtyrane.

The President: Mr Speaker.

The Speaker: Yes, thank you, Mr President. I will be supporting the scheme because it is an improvement on the existing scheme (**Mr Houghton:** Hear, hear.), but in saying that, I have to say that I am slightly disappointed that there are things I do not believe the scheme covers, and I will cover those as I go along.

I would like to also add to part of what the hon. member for Peel has just said. I have to say I was a little bit taken aback by the comments from the Treasury minister, and I say that because I would have thought Treasury would have had an input into this scheme and therefore the Treasury, in giving concurrence to the scheme, in fact knew what was in there and therefore, if the minister and his department had concerns, would have corrected it. But also I think we have to be realistic; whatever happens in the Isle of Man, will have to house our people. Whatever happens, we will either have to house them in public sector houses or we will have to provide opportunities to purchase, and nothing has changed in all my life except that the Isle of Man has had more money to help its people in a better way than it used to, and we should not lose sight of that.

Now, Mr President, one of the concerns I have about the scheme, which creates great disappointment to me - and I still have this problem with it not being a proper government mortgage scheme as I am not in great favour of being outside and us just supporting the private sector, giving out mortgages and us subsidising them in theory - is that we are still making the same mistake, thinking that first-time buyers are only young people. There are many, many people who would like to be first-time buyers, who are, in fact, over the age of 40-45 when their children have grown up and who now, for the first time in their lives, have a bit of money so that they might be able to get into that market. And this scheme does nothing to help them.

Mrs Crowe: It does.

The Speaker: The minister will say, 'Yes it does', but it does not. I am sorry, it does not. And the reason it does not is because it is with the private sector, and if the private sector says, 'I am sorry, Mr Bloggs, you are 50, and if you want a mortgage you can have it, but it is £1,000 a month' and he says, 'Oh, I cannot afford that', then he cannot get into the housing market.

If we want to help our people in those areas, there is only one way the government can do it, and that is to directly finance, by way of grant and support, and make special provision for those people who are of an age that normally would not have the opportunity to buy. And why should we do it? Simple answer: because it costs £120,000 or 130,000 to build one public sector house; it costs £80,000 to £90,000 to build one public sector bungalow; and it costs £80,000 to build a flat which we already own the land on. And the maximum grant we are giving is £18,000 with a top-up, and even the top-up is based to the UK interest rate. What for? Because when that goes up, it will affect the very people we are trying to help, and what is likely to happen, based on what everyone is saying in the UK, is that it is going to go up. And here we have a scheme which clearly lays out the fact that the interest rate is the Bank of England repo. rate and, in brackets, 'or if the rate ceases to be published' - not if it ceases to be too high, but it ceases to be published - 'such other rate as Treasury may determine'. Now, okay, if things get bad, I understand the minister can come back here with an amended scheme and scrap that bit and we can deal with it, but we wait until there is a problem first before we do that, and I just make the point: these are the bits I am disappointed in with the scheme.

Now, it is a move forward. I accept that, but for goodness' sake, can the government not identify a problem that has been there for a long time and say, 'How are we going to help these people who want to be helped and who want to have the opportunity, many of whom live in public sector houses and would be only too delighted to move out and buy because, for the first time in their lives, they got a bit more income than they had before because their wife has been able to go back to work but their age is against them? For goodness' sake, let us help them. It is a simple mathematical exercise and a commitment to provide support. Put on a condition that they have had to have lived in rented accommodation for 10 years or 5 years or whatever and allow that in the grant, but all you have got to do - and to answer the Treasury minister's concerns - so they are not overstretched is get the sums right. Okay, it is a commitment from us, because we are going to provide funds to help them, but it is still a cheaper commitment than

building more and more public sector houses. It is a balancing act - the whole thing is a balancing act - and this is the one area I believe it is unfortunate we have lost on.

I would endorse the comments made by the hon. member for Peel, and I would ask the minister if she would, as a priority, please ask her department to produce an attractive and proper leaflet to promote the mortgage scheme that is available from government, because when people ask for it, they get a photocopied bit of paper out of the office and, to be honest, apart from the 200 people who seem to have found out about it, most of whom I suspect called in at the office because they were refused an application on a housing list, it is the best kept secret. We all talk to people who say 'I didn't know government had a mortgage scheme', and we need to promote it.

Now, that being said, we still have a big problem, Mr President, and the big problem is that whatever that bit of paper does - and I congratulate the minister for what she has done because it is a step forward, so I have no problem with that - we still have the problem of the speculators. At the moment, the Island has a number of people who are being advised to invest their money in property in the Isle of Man because it earns more than investing it on the stock exchange at the moment and it is more secure in property in the Isle of Man. For example, in my constituency, nearly every time a property comes on the market, within a day or two it is snapped up by one or two individuals (**A Member:** Hear, hear.), and all they are doing then is renting it out for £400 to £600 or £700 a month to people, and the very people who are struggling to pay that are the ones we should be helping to either get into public sector housing or to get into the housing market. (**A Member:** Hear, hear.) And this scheme, unfortunately, while it will help some, does not help all of those because of all the different limitations within the scheme.

I am just trying to explain the problem that I witnessed and that I see going on, and this scheme will help a little bit. But one problem it cannot overcome is the availability of property, because that . . . We can produce all the schemes we like in terms of money, and I know and I recognise, minister - I am trying not to be critical; I am trying to explain the situation - that this is one small component of trying to deal with the housing problem. That is fine, but you still have the problem that if there is no property, the scheme is of no use to you. All I can say is that I have people in my area, where we have had virtually no new houses built for 20 years, certainly to meet the first-time buyer need - 25 years, I think it is. Peach's was not; Peach's was a scheme that was certainly not for first-time buyers, and it was all bought up by a speculator anyway. So, the point is that there are problems, but I think what needs to be said is that what we need to do is to find a way to take that pressure off. I know the minister has now bought land in Castletown, which will, at some stage - and I hope not too long - ease the problem of making at least some provision available for first-time buyers, but we still have the difficulty of people who are using the Isle of Man while it is to their benefit to invest capital in property, rent it out at a high rate and then, at some stage, realise that capital asset. What they are doing is putting extra pressure on the housing market and, in fact, denying many local people the opportunity to buy, so it is something we should certainly be interested in.

Mr President, as I said, I support the scheme, but I am disappointed that there are other components still not in there, and I would ask the minister to go back and reconsider the points I have made. There is a need, and we can do a lot to help people in the age group of 40, 45, 50 whom this scheme, with respect, while it can help, is unlikely to help, because they are not going to get a mortgage at a repayment rate they can afford.

The President: Hon. member for Douglas South, Mr Cretney.

Mr Cretney: Yes, thank you, Mr President. Before I start, could I express the wish and the hope that sooner rather than later all members of Tynwald start working for the good of the Isle of Man's economy (**A Member:** Hear, hear.) rather than the present bickering which is going on

(Two Members: Hear, hear.) and which is doing none of us any good in my opinion? I will be brief, and I am afraid I am a little bit repetitious, but I need to make my points.

I think, as the hon. member of Council, Mr Delaney, said, that again we are in a similar situation to that when he was the Minister for Local Government, where once again we are playing catch-up. It is unfortunate, but that is a matter of fact, really, and what we want to try to do is learn from those times and try to make sure we do not repeat some of the difficulties which arose at that time.

I would like to repeat also what has been said in relation to people being desperate to obtain housing accommodation and that those persons who are on low incomes may be feeling they are forced into getting involved in a mortgage when really their income would dictate more adequately that they should be assisted in other ways. I know the minister is aware of my feelings, which have just been spoken of by the Speaker in relation to persons who have lived in local authority houses in particular for a long time and whose age mitigates against them getting a traditional mortgage. As soon as we can try and tackle that element and try to assist them, I do believe that that will free up local authority houses for lower-income families, and I think also that the provision of sheltered housing will free up houses for people on lower incomes.

I think we need to avoid the mistake, in my opinion, which was made in the past, whereby the department and certain developers became too closely interwoven, because I do believe that then they provided for us a situation where too many properties were proposed for certain sites and, because government was seen to be involved with the developer, things happened which perhaps should not have done, in my opinion.

One of the things we also need to learn from the past, in my opinion, is to make sure that the lawyers do not act on behalf of both the vendor and the purchaser, because if anything is a recipe for disaster, that is it.

Finally, you will be pleased to hear, Mr President, I think the estate agent who spoke this morning on the radio was being a little simplistic, and I think that those of us who try and think through this housing problem - and it is a complicated equation and there are a number of different strategies which we are going to have to adopt if we are going to really resolve it. . . I do not think just putting masses of houses everywhere (**A Member:** Hear, hear.) is the answer, though we have got to be imaginative and look for a number of solutions. I think one of the reasons the Isle of Man has done well and people have been interested in coming here and investing their funds has been because of the quality of life and because it is a lovely Island, and it is up to us to make sure we do not spoil that.

A Member: Hear, hear.

The President: Hon. member for Rushen, Mr Gill.

Mr Gill: Thank you, Eaghtyrane. Again, like the previous speaker, I will try and be brief. I rise to support the scheme in so far as it goes as, of course, any measure targeted at meeting the need we all acknowledge is to be welcomed, but if I could just raise two points. One, I think, has been raised previously, but if I could just briefly repeat it: I would be obliged if the minister could advise what proposals she has for an ongoing or periodic review and, if necessary, amendment to the scheme as proposed to reflect changes in the market. The second point, which I do not think has been touched on yet, relates to page 77 of the 2001 Policy Review. On that, DoLGE state that one of their specific programmes and projects is, and I quote, 'To bring forward proposals for developing a housing association on the Island'. I would very much welcome and support this, and so I would be very much obliged to the minister if she could advise if it is still a departmental aim to bring forward a housing association or if adoption of this scheme would count against the formation of a housing association, which would, of course, be aimed at

helping Manx people who, through no fault of their own, are finding it impossible to achieve the entirely reasonable aspiration of entering the housing market. So, they are the two points - but specifically the latter one - which I would be obliged if she could address, Eaghtyrane. Thank you.

The President: Hon. member of Council, Mr Waft.

Mr Waft: Thank you, Mr President. Just a couple of things that might be relevant to the people who have the power to change things. *(Laughter)* I did ask a recent purchaser, a first-time buyer, how it all went, and he was happy to have a situation and happy to have the house, but at the same time he thought that maybe they should give a bit of consideration from a governmental point of view, apart from the grant, as to what actually happens when you go for one of these things. First of all, you go and ask for an application form to buy a first-time buyer's house, and that costs you £20. That is before you start. And then he went on to say that the house purchase for an evaluation for the private part of the mortgage was going to cost £200. Now, this is on an estate where every house is exactly the same, so somebody has gone along saying, 'Two hundred, four hundred, six hundred, eight . . .' *(Laughter)* That is before anything else, and just on the side I think you might take into consideration the hoops that these people have to go through.

I have a concern sometimes with surveyors' fees and how much they complain et cetera about the situation. Sometimes you get two, three, four or five couples, or maybe more, trying to buy one old house - that is the only thing they can afford -

Mr Delaney: £400 a time.

Mr Waft: - and then they say, 'Oh, I am sorry. You will have to have a surveyor look at it.' Bearing in mind that only one couple is going to get this house at the end of the day, all those surveyors' fees are. . . And these are the people who tell us that we are doing such wrong things. At the same time, when you go to purchase a house, sometimes it is on a large estate, and the search fee is normally exactly the same for every house. The searcher only needs one search for that field to know who the farmer was who sold it, but every one is indicated as a search fee for that individual. So, those are some of the problems that an individual has to face and I would just like you to bear that in mind. Thank you, sir.

The President: Minister to reply to the debate.

Mrs Crowe: Thank you, Mr President. As so many people have contributed to the debate, I feel that I should reply to all the points that have been raised by them.

The hon. member of Council, Mr Delaney: I am afraid to say I did miss the comments on the radio this morning. I have not yet remembered to take a radio to my office, and I was actually at work when it was on. However, I have had very many positive talks with the legal profession, the mortgage lenders and the estate agents regarding this whole issue that you have highlighted of first-time buyer fees. Similar points were made by Mr Waft, and I will not refer to them separately, but I would point out that on the developments and the scheme that we are proposing, there will be actually no estate agents' fees, so maybe the praise for Caesar will diminish rapidly.

Mr Delaney: What about the legal costs?

Mrs Crowe: No estate agents' fees.

The hon. member for Onchan, Mr Karran, made remarks about the scheme at present. Two hundred and two young couples or single people have benefited from home ownership as part of this scheme. No speculators can be included in this scheme; they are first-time buyers -

Mr Karran: Point of order, Mr President. Can we stop this misrepresentation of myself? I asked the question of the number of first-time buyers' houses that were built by government out of that breakdown of 200 houses, and I wish the minister would stop trying to misrepresent this hon. member like it has become almost a -

The President: Hon. member, please resume your seat because the minister has the floor.

Mr Karran: Can she answer the question?

The President: The minister has the floor and she is replying to the debate, sir.

Mrs Crowe: The hon. member talks about spin, and I think, in a way, that he feels the more often he makes a statement, the more truthful it becomes. Once again, we have the statement about Governor's Hill that we have not been able to substantiate. There are many people renting on Governor's Hill in a market that is needed, so these comments continuously about rented property on Governor's Hill cannot be substantiated. But there was one point that he made during the whole of his debate, and that was the legal restriction on the resale of homes that have got low interest top-up loans, and indeed there will be such a restriction.

Now, the hon. member for Ayre: there has been a little bit of confusion, and I must say it is quite difficult to explain this quite complex scheme. The annual income of someone qualifying for the new scheme can be anything below £30,000 per annum, and within all those qualifications we recognise - and this point was also made by the Treasury minister - that some of the low-earning purchasers will not be able to afford the higher-priced properties, so we have - and this will be part of the explanatory leaflet - actually drawn up a table that will show quite clearly how much you would be able to borrow realistically in your income bracket range and also what our scheme will do to help you to achieve home ownership. But it is all linked to housing from £100,000 to £130,000, so the £90,000 qualification has dropped out altogether, virtually. So, there is a complete table, which I will furnish to hon. members. It was just in the shortness of time and, as I did comment, the officers of Treasury and the housing division in our department have virtually been working on this up until the last minute. Indeed, comments later about the plain English guide will be addressed, but the £24,000 limit for annual earnings is now £30,000, and there are varieties of top-up loan and grant aid that are combined within all of those income figures for houses at different price levels.

I recognise what the hon. Treasury minister said and I thank him for the support of the scheme and his officers, indeed, for their help, but home ownership is a responsibility and we can do no more than point out, as indeed do all mortgage lenders, that interest rates can go up and can go down and the responsibility has to be addressed. People nowadays do have to save perhaps a little if they want to purchase a home, and we have to make anyone who takes advantage of these schemes fully aware of the responsibility that home ownership brings financially, and I would agree with that.

The hon. member for Middle, Mr Quayle: once again, I thank the hon. member for his support, and he did have queries about bank rates fixed to other loan schemes throughout government. This rate is fixed to this scheme alone.

Mr Quayle: That does not answer the question.

Mrs Crowe: The hon. member for Peel: the bank rate is fixed for this scheme and has no interest in any other scheme within government. This scheme is what this bank rate is for.

The hon. member for Peel, of course, mentions once again the local people. There are indeed residency qualifications for inclusion in our scheme. She also refers to houses which we both know we felt perhaps were smaller than we thought. Now, those houses in particular were 600 square metres. The minimum size for our houses will be 730, which is quite an

increase in spatial size. Local authority housing provision is needed. We do need more local authority housing provision, and indeed today you have kindly voted another 28 to help with the 100 or so more that we are expecting to provide this year. And also mention was made about the high cost of private sector rent by the hon. member for Peel, and it is quite correct that when one looks at the formula for our house mortgage assistance scheme, it will indeed be cheaper if they qualify by residency to purchase their own home rather than pay for some of the private sector rents at the present time, so I think this will help a great deal with the people who do not qualify for public sector housing by reason of their annual income. The new criteria fit in exactly with the public sector housing criteria, so if one cannot be qualified because one earns more than the £24,000 per annum qualification on public sector housing, we hope we have made provision for you to be able to purchase your own home.

As regards the explanatory leaflets in plain English, indeed we have worked very hard. The leaflet is not ready for printing, but the moment it is it will be produced to you. It did start out as eight pages and we have really tried to reduce it into a consumer-friendly leaflet that is very easily understandable. And I do take the point about getting photocopied leaflets from the department, about which I was not very happy at all.

Mr Speaker: we have tried our best to address the not-so-young first-time buyer and, in doing so, one would recognise that those persons hopefully have some savings (**The Speaker:** No.) because yes, most of these people who wish to aspire to a privately-owned home have gathered a few savings over the years. Well, even if they have not - (*Interjection*) We are talking about people qualifying for a mortgage of something in the order of £50,000, so if you look at the scheme as we have laid it out, I think you will find that there are not-so-young first-time buyers who will be able to purchase their home for the first time.

The hon. member for South Douglas, Mr Cretney, made some similar points but did mention the fact of being too closely 'interwoven', as he said, with developers. Now, I cannot solve this problem alone. I have to recognise that the developers have to be part of my solution and not what they have been before: part of my problem. So, I have to work with them to produce enough houses to meet the demand, and this I hope we are achieving. Also, as indeed I did have a letter from that member some months ago regarding lawyers acting for both parties, I believe I have written to the Law Society, and I feel certain that they will be looking into this (**Mr Delaney:** Hear, hear.), and hopefully I do find that it has not happened.

The hon. member for Rushen and my colleague, Mr Gill, mentioned the ongoing review of this scheme. Indeed, we will have to keep an ongoing review of the scheme, as we are keeping an ongoing review of the public sector, the housing criteria we have introduced, evaluating whether it has reduced waiting-lists, making sure. . . We have had to readdress it at the present time because we noted that there was an anomaly in it. So, yes indeed, we are bound to find anomalies; every scheme that is introduced will throw up one anomaly or another. Also I know Mr Gill is very keen to see the introduction of a housing association, but we do feel, actually, that this scheme, at the present time, would be more helpful than a housing association in providing home ownership. But we still have housing associations in mind.

I have addressed, I think, the problems that were highlighted by Mr Waft, and I feel certain that this scheme not only will help many, many more people to home ownership but, providing we can provide the houses, will be of great benefit to the problem we have at the present time. Thank you, Mr President.

The President: Hon. members, the motion I put to you is that at 13 on the order paper. Those in favour please say aye; against, no. The ayes have it. The ayes have it.

Hon. members, I think it is an appropriate time at which to adjourn. The Court will adjourn until 10.30 in the morning. Thank you, hon. members.

The Court adjourned at 6.50 p.m.