

# **REPORT OF PROCEEDINGS OF THE HOUSE OF KEYS (LEGISLATION AND OTHER MATTERS)**

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**Douglas, Tuesday, 15th April 2003  
at 10.39 a.m.**

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Present:

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

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*The Chaplain took the prayers.*

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## **Items Considered**

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### **Leave of Absence Granted**

**The Speaker:** Hon. members, I have granted leave of absence to the hon. member for Rushen, Mr Rimington and I have granted leave of absence from later on this afternoon to the hon. member for Onchan, Mr Earnshaw. The hon. member for Douglas South, Mr Duggan, has advised that he is unwell and unable to attend the House today.

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### **Procedural**

**The Speaker:** Hon. members, can I just advise you, so that you are aware, that items 4, 6 and 7 will not be moved today during our proceedings.

*Questions were taken at this point and concluded at 10.38 a.m. They are published separately.*

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### **Legislative Council Election – Neither Candidate Elected**

**The Speaker:** We now move on to item 2 on the order paper.

Hon. members, item 2 on our order paper today is to elect one person to the Legislative Council to serve as a member for a period expiring on 28th February 2003. In accordance with the statutory requirements in section 2 of the Isle of Man Constitution (Elections to Council) Act 1971, I called for nominations on 1st April 2003 to be made by 5 p.m. on 4th April, and those on your order paper resulted. All nominations were accompanied by the required statements of qualifications and reasons in support and were circulated to hon. members by the Secretary of the House as also required by the Act. I confirm that the sitting of the House today takes place no sooner than 10 days after the close of nominations.

Before we proceed, I would remind hon. members of the House of the advice I gave in the House on 4th March 2003 in relation to the text of standing order 209, which applies to this election, and I confirm that the same procedure is to apply today. I have therefore asked the Secretary of the House to prepare ballot papers showing simply the names of the only candidates upon whom the House may now vote. As hon. members are aware, the House is required, under the Act, to elect a person to the Legislative Council when there is a vacancy, and a successful candidate requires, under the Act, to receive not less than 13 votes in his favour. If it happens that a candidate obtains a majority of the votes of members present and voting but the total is not at least 13 votes, then standing order 209(1)(l) allows a second round of voting. However, if a candidate receives less than a majority of the votes of members present and voting, then they are deleted from the election. In the second round, a total of 13 votes is still needed for the candidate to be elected, just as in the first round.

Failing a candidate obtaining 13 votes in the second round of voting, then I will call for fresh nominations to be made by 5 p.m. on Thursday, 24th April. There will then be a further ballot at the sitting of the House to be held at 10 a.m. on Tuesday, 6th May. I would advise that the procedure for hon. members voting is covered under standing order 209(g).

Finally, for the avoidance of doubt, I would also advise that standing order 209(a) provides that only the proposer and the seconder shall speak to a nomination. I intend to invite each candidate to be nominated in the order that they appear on the order paper.

Hon. members, I now call upon the hon. member for Douglas East, Mr Braidwood, to speak to his nomination of Mr Thomas St John Neville Bates. Hon. member.

**Mr Braidwood:** Thank you, Mr Speaker – déjà vu again. Mr Speaker, hon. members, it was always my intention to propose Professor St John Bates for the two-year term of office in the Legislative Council, and hon. members are already in receipt of that correspondence which also includes the qualifications and experience of Professor St John Bates which I feel make him eminently suitable to be a member of Council. I do not intend to refer to all those attributes; they are already well-known to the majority of the members of this hon. House. However, Professor Bates is recognised as one of the foremost experts in the field of constitutional law and acknowledged as an experienced international consultant on a broad range of parliamentary and legislative issues. Recently, the Council of Europe has appointed Professor Bates as an expert to provide technical assistance to the Albanian Government in the preparation of a manual on drafting legislation. Technical aspects of the exercise include that the national legislation complies with international obligations and the European Convention on Human Rights. I believe he would be an asset not only to the Legislative Council but also to Tynwald. The scrutinising of legislation is one of the primary rôles of Council, and St John Bates' knowledge and experience would be invaluable.

Professor Bates cares passionately for the Island's well-being and its people. St John Bates believes in our constitutional position as an economic asset and that it should be nurtured, and there is room for somebody to look at those issues, particularly with the perceived threats of the OECD, EU and also UK pressure.

Mr Speaker, I have no hesitation in proposing the nomination of Thomas St John Neville Bates as a candidate for election to the Legislation Council.

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

**Mr Henderson:** Gura mie eu, Vainstyr Loayreyder. I have pleasure in seconding this nomination once again and I would just say to this hon. House that this is a very genuine and sincere nomination. It is from a man of great experience who is willing to *serve* the Island – and I use that word very

carefully – and Tynwald and to work hard and give something back to the community. I am also aware that Professor Bates has been in positive contact with the Clerk of Tynwald's office, which is also well in his favour, and I would ask hon. members to make careful consideration in their voting options.

**The Speaker:** Hon. members, I now call upon the hon. member for Douglas West, Mr Shimmin, to speak to his nomination of Mr John Raymond Kniveton. Hon. member.

**Mr Shimmin:** Thank you, Mr Speaker. The hon. House has heard me speak a number of times regarding Ray Kniveton, a man known to us all. He is an honourable man who sees it as an honour to serve the people of the Isle of Man. He would be proud and delighted to continue the work he has done for the Island for a term of a further two years. All hon. members know Ray as being a quiet but hardworking member of the House; certainly, any governmental responsibilities he does willingly, with energy and enjoyment. He has expressed to me that he has only stood on this occasion because of the good wishes from people, both inside this House and elsewhere, that they believe he still has a contribution to make to the workings of Tynwald. I would urge hon. members to seriously consider utilising their votes. We have had a number of opportunities for new candidates to come forward, and certainly I believe that Ray has proven, both as an MHK and MLC, albeit a quiet man, that he is a man who has served honourably for the purposes of the people of the Island, sir.

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

**Mr Quayle:** Thank you, Mr Speaker. It is a very great privilege and honour for me to second the nomination of Mr John Raymond Kniveton for election to the Legislative Council. Having discussed the situation with Mr Gill, the hon. member for Rushen, who had previously seconded Mr Kniveton, I am pleased that he has allowed me to have this opportunity to publicly offer my support to what I consider is a very strong candidate.

I am sure that we are all experiencing a feeling of *déjà vu* – or, presumably, in Manx, 'Been here, done this, yessir' (*Laughter*) but I do think that we have really come not so far to a result to elect a member of Legislative Council for two years, and I think it has been very disappointing that that has been the case. For those who did not cast their vote last time, I do urge everybody to use their vote this time. Certainly, with the four members last time who did not use their vote, they have had ample opportunity of putting forward another candidate if they so wished. They have not exercised that wish, and I can only conclude that I would hope that the four members who did not vote last time will now exercise their vote this time. I am aware that previously, under different procedures, the House of Keys would have been obliged to cast their

votes in order to elect a member to fill the vacancy, and maybe this is something that needs to be addressed for the future.

Ray Kniveton, let us not forget, has been returned by the people of Onchan as a commissioner twice and has been returned as a Member of the House of Keys in two elections and then elevated to the Legislative Council by the House of Keys in 1998. He might not, as we all know, have been the most vociferous member of Tynwald, but he has been a conscientious and dedicated member, with a logical and pragmatic approach. He has had an outstanding business career before entering political life and, as a practical man, he has worked tirelessly and with great enthusiasm for his department and the Isle of Man, earning genuine respect. During his time in the Legislative Council, he has successfully handled several Bills, including the Road Transport and Road Traffic Bill, an area in which he is obviously very greatly experienced. He is currently serving on the Department of Transport, and I believe Ray provides wise and experienced counsel and advice to the department, which, as we all know, has had a new minister and members since the general election.

I am well aware that Mr Kniveton would indeed be honoured and proud if this hon. House should elect him for this shorter period of just two years. The Legislative Council would indeed be strengthened by his re-election. As we all know, the recent elections of the hon. new members to the Legislative Council include Mr Gelling, Mr Singer and Mrs Crowe, and, of course, we are expecting a new Lord Bishop. I think it is very important, at this stage, to have some more continuity provided by an experienced member with a consistent mandate over the years from the general public and, indeed, this House.

Mr Speaker, I beg to second the nomination of Mr John Raymond Kniveton for election to the Legislative Council.

**The Speaker:** Hon. members, I will ask the Secretary of the House to have ballot papers distributed, please.

Hon. members, the names before you are Thomas St John Neville Bates and John Raymond Kniveton and you are required to vote for one member.

I call on the hon. member for Peel and the hon. member for Michael to act as tellers, please.

*A first ballot took place.*

**The Speaker:** Hon. members, the result of the ballot is as follows: Mr Thomas St John Neville Bates, 7 votes; Mr John Raymond Kniveton, 11 votes; and there were two spoilt papers. As Mr Kniveton has received 11 votes, he has a majority of those present and voting, and we will therefore ballot on his name again. Ballot papers to be issued, please and Mr Bates is deleted from the election.

Hon. members, the only name upon which you can vote is that of John Raymond Kniveton.

The hon. member for Michael and the hon. member for Peel to be tellers, please.

*A second ballot took place.*

**The Speaker:** Hon. members, the result of the ballot is that Mr Kniveton received 11 votes; there were 9 spoilt votes.

Hon. members, the House has not elected a member to the Legislative Council in accordance with the statutory requirements in section 2 of the Isle of Man Constitution (Elections to Council) Act 1971, and I must therefore call for fresh nominations to be made, in the terms the Act requires, to the Secretary of the House by 5 p.m. on Thursday, 24th April 2003. The nomination or nominations must be made by a member of the House in writing and be supported by a statement of the candidate's qualifications and experience and the reasons why the proposer considers that the candidate would be suitable to be elected to the Legislative Council. A person nominated need not be a member of the House. The election following those nominations must take place not less than 10 days later. Therefore, the election for the vacancy to the Legislative Council will be held at the sitting of the House to be held at 10 a.m. on Tuesday, 6th May 2003.

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### **Amendments Bill 2002 – Leave to Withdraw Granted**

Item 3. The hon. member for Onchan (Mr Corkill) to move:

*That leave of the House be given to withdraw the Amendments Bill 2002.*

**The Speaker:** Hon. members, we now move on to the next item on our order paper, and I call on the hon. member for Onchan, the Chief Minister, Mr Corkill, to move.

**Mr Corkill:** Thank you, Mr Speaker. I have just a few words to say about this motion. Hon. members will recall that there is an Amendments Bill before this hon. House. A lot of time has gone by since any discussion took place over that Bill within the House because I have not brought forward the next reading of the Bill. There were certain concerns from hon. members at that point. I wish to make it clear today that the Council of Ministers has decided to introduce a new Bill with a number of changes. It was seen as the best way forward. I have taken legal advice with regard to how to progress the matter. The simplest thing is, for the sake of clarity, to make it clear to hon. members that the Amendments Bill 2002 be withdrawn and that I do not intend to bring it back to this hon. House in its present form, so it would just float there. This motion gives clarity, under standing order 60, that I seek leave of the House to withdraw the Bill before us.

**The Speaker:** Is that agreed, hon. members? (*Interjection*) Sorry, hon. member, I do not think we need to second it. Agreed? (**Members:** Agreed.) Thank you, hon. members. Can I just clarify that that was covered under standing order 60, just so hon. members are aware.

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### **Local Government (Miscellaneous Provisions) Bill – Second Reading Approved**

**The Speaker:** We now go on to item 5 on the order paper, the Local Government (Miscellaneous Provisions) Bill, and I call on the hon. member for Onchan, Mr Earnshaw.

**Mr Earnshaw:** Thank you, Mr Speaker. I am pleased to be able to promote this progressive piece of legislation on behalf of the Department of Local Government and the Environment. The main provisions of the Bill relate to local elections, which, if adopted, will mean all members of the Island's 24 local authorities would be elected on the same day every four years. These elections will be held in April on a day to be determined by the department. The department is of the firm belief that a single, high-profile election every four years will significantly raise the interest in and status of the local election process by attracting more voters to the polling booths on election day.

It may be helpful if I could point out to hon. members that the change to a single local election day was one of the main recommendations of a working group set up by the department following concerns over recent low numbers of candidates and voters. As well as representatives from the department, this working party also included several local authority clerks, acting in their personal capacity, who have considerable experience of the election procedures.

The department's hope is that the new legislative proposals will help focus public attention on local elections, stimulate renewed interest in local government issues and hopefully encourage greater electorate turnout at the polls, as I am sure that, at the moment, many people throughout the Island would have difficulty in knowing the time when their own local elections are next scheduled and how many vacancies there will be to fill. If I could remind members that at the moment there are elections for one third of town and village authority members every year and for all parish authority members every three years, with elections being held on a variety of dates.

During consultation on the Bill, the department has received considerable feedback from many local authorities and has taken careful account of the various views received. For this reason, the department has been prepared to modify its stance with regard to the length of term of election. The department's initial preference was for local elections every five years so as to match the House of Keys and Board of Education elections, but this has now been modified to four years.

In addition to this, the department also took the opportunity to acquaint the Tynwald select committee charged with looking at the House of Keys elections, whose report we debated last week in Tynwald, with its proposals.

Other provisions in the Bill will require all local authorities to make standing orders with regard to their proceedings and business, instead of merely allowing them the option of introducing them. At the moment, local authorities are only obliged to make standing orders with regard to tenders and contracts for the supply of goods or the execution of works. With this in mind, the department recently produced draft standing orders that have already been made available to all local authorities.

Hon. members, the remaining provisions of the Bill will simply correct a faulty cross-reference in section 2(3)(a) Local Government (Miscellaneous Provisions) Act 1984, which deals with the procedure for the removal and disposal of abandoned vehicles. Hon. members may wish to note that secondary legislation will be placed before them shortly, which will hopefully provide additional enhancements to the local authority elections process. Having outlined the broad principles of the Bill, I hope that members will now give it their full support. Mr Speaker, I beg to move that the Local Government (Miscellaneous Provisions) Bill 2003 be read for a second time.

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

**Mr Houghton:** Thank you, Mr Speaker. I am very happy to second the hon. mover with this. I do feel that local authorities, as far as elections are concerned, do require a thorough clean, if not a spring clean. However, I am not happy with the period of office that has been moved in the Bill. I would be more supportive of the term being amended to a five-year term. One of those reasons is that I feel – it will, in fact, if it goes through as the Bill is printed – that the elections, in the future, will go out of kilter with the House of Keys, and of course then the public will not know who they are voting for and in what elections – you know what it is like. For that reason alone, I would be very supportive of a five-year period, but I think a five-year term would be appropriate. It was, I know, one of the points that was strongly researched in the Department of Local Government and the Environment in the putting together of this Bill, and I am aware that an amendment to that may well be coming forward at the clauses stage, sir. Thank you.

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

**Mr Quayle:** Thank you, Mr Speaker. I rise to give support to this Bill but, in doing so, I feel that, as has already just been pointed out by the hon. member for North Douglas, the period of office should be for five years. At the clauses stage, I am giving notice now that I will be moving an amendment (**Mr Houghton:** Hear,

hear.) for it to be changed from four years to five-year terms of office, and I feel that this would be beneficial. I will explain more so in the clauses stage, but I am aware, for example, that the majority of the local authorities, when they were consulted, certainly felt that the five-year term was more appropriate than the three-year term. I think a four-year term has probably come about as a compromise, but I do feel, for a lot of further reasons I will expand upon at another time, that a five-year term would be appropriate. It would give a bit more stability to those standing for office and learning the rôle and tasks employed within being a local authority member, and I feel that this would be beneficial to democracy and local authorities in their stability and continuity.

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

**Mr Corkill:** Thank you, Mr Speaker. I just want to make it clear to hon. members that the Council of Ministers, when considering this Bill in draft form as it came from the department of local government, were very grateful for the presentation that the hon. mover of the Bill and the department put to us with regard to the work that they had done, the extensive consultation that has gone on with local authorities, and I would like to put it up as an example of how government should go out to consultation. (**Mr Houghton:** Hear, hear.) I think the process has been a very thorough one, and I know the mover of the Bill has spent a lot of time actually dealing with local authorities, of whom we know there are a number with different points of view all around the Island. I think he has done very well to get a large measure of consensus with regard to the proposals in this Bill from those local authorities, and it is born out of this very meaningful consultation process.

There was discussion within the Council of Ministers, and the hon. member for Middle, Mr Quayle, has used the word ‘compromise’ with regard to the four-year issue. Yes, the hon. member is right; that figure has been born out of compromise. Obviously, when we get to the clauses stage, there may be views from hon. members about that period of time. The government view has been to support four years. I think it continues to support the four-year period because there is a balance to be struck here. We are trying to encourage the viability of local authorities in the electoral process with this type of legislation, and we all know that we have people within our community whom we seek to encourage; they are servants of the community, they put themselves forward as public service-orientated people, and there is a balance to be struck with regard to that type of commitment. We want people to come forward for the right reasons and give them a reasonable period of tenure if they are successful at the polls. In differing views, you can either have that period of tenure as too long or too short. I know the hon. member from the department, Mr Houghton, has said that these issues may well go out of sync with House of Keys general

elections, and there is that issue to be understood, but I do know that the hon. mover of the Bill has thought these issues through and will most likely have the answers for the mechanics of it.

At the end of the day, we want more participation, and we had a debate in another place not very long ago about encouraging people to vote. Although this piece of legislation is short, I think it is quite important for the future viability of local authorities that we get the balance right. There is a large measure of concurrence from local authorities for this Bill; there have been some debating points. Once again, I would like to thank the hon. mover of the Bill for the work that he has done on behalf of government, on behalf of us all, in terms of the consultation with local authorities, which is a very time-consuming process. It takes a lot of effort to engage with everybody, so I would thank the hon. member for that.

**The Speaker:** Just before I call on the next hon. member, could I just say that I do not think it is appropriate for conversations to go between a member of the House and a person outside the House. Hon. member for Douglas West, Mr Downie.

**Mr Downie:** Thank you, Mr Speaker. I rise to support the Bill in principle. I think it is the right way forward, but I am brought to my feet because one or two members have suggested that they would support a five-year period for someone going into a local authority. My own particular view on this is that if you want to encourage the local community to actively take part in elections and to give democracy a proper airing, I would suggest to you that five years between elections is really a long time. If I could quote some of the problems that have existed in my own local authority, where sadly we have people who were elected to office and have not attended for months. In some cases, a member was actually removed from the local council because of his poor attendance. There are other instances where people do tend to lose interest, and I think what we have got to do is make sure that we are not putting ourselves in a position where there are not proper checks and balances in the system. When somebody is not perhaps performing as they should do or attending their meetings in a proper way, there should be a process that can be initiated by the Department of Local Government and the Environment and a by-election can be brought to bear in a particular area. If you go along with this five-year régime – and I take it that is going to be all out – you may find, in some of the local authorities, that there will not be sufficient people available to fill the vacant seats at the five-year period, and then I think we are storing up problems for ourselves for the future. There has always been a very good argument in local authorities that there should be continuity and although I am prepared to support the main content of the Bill, I think the three-year cycle was good, where different people dropped off, and in the bigger authorities like Douglas, where there was a ward system, they may be better off having a local review and having four wards

instead of the six that exist at the moment. That would provide for a much more easy-to-understand system but one in which there is a regular turnover and a regular opportunity for people to go out to the polls. But I do get concerned when I start to hear people thinking about a five-year term. I know it is five years for Keys, five years for the Board of Education and five years for the local authorities, but it is a long time, and I just ask members to bear that in mind when we come to the clauses stage of the Bill.

**The Speaker:** Hon. member for Rushen, Mr Gill.

**Mr Gill:** Thank you, Mr Speaker. I am sure none of us who have ever watched ‘Yes Minister’ will be unaware of the natural tension that exists between officers and elected members; we will all have no doubt experienced it ourselves directly. And further to that, if I could just pick up on a point that the hon. mover made when he described the local authority clerks who have considerable experience of the electoral procedures; they had engaged in the consultation process in what he described as ‘acting in their personal capacity’. I am perhaps looking for a bit of clarification as to what that actually means. What rôle were they fulfilling? What was the invitation offered to them? Was it to be a representative as clerks, as a corporate group, or as clerks to individual authorities? There is a tension there, and I will read from a letter, which will reinforce that, in due course. Further to that, I would also like the balance of how many elected members were involved in the same focus groups to the same level.

I think none of us will be unaware – certainly those of us who have served on local authorities – that it is a great personal voluntary commitment to serve on an authority. One of the reservations I have about this Bill is that it will potentially disengage a number of people who are unable to make a commitment of five years. They might be able to make a commitment of three years, but five years will be beyond them, particularly if they are going into local politics for the first time, where there is an uncertainty. Three years is a commitment people do make, and I just wonder if five years, or even four years, might be just asking too much. I am sure that there are very laudable aims of this Bill to engage a wide variety of the community, but I fear that there is a potential to actually have the opposite effect.

I am also conscious that there seems to be some disagreement even within the department moving this Bill when the seconder stands up and says he disagrees with the amount of years in question in clause 1. (*Interjection by Mr Cannan.*) It is a pity that such internal disagreements could not have been resolved before coming to this House, but I appreciate the candour of the seconder in raising that immediately and clearly. Nonetheless, it flags up that this is not a straightforward matter, it is not just an administrative matter; there are implications which even the department have not been able to resolve. So, perhaps

again the mover might like to comment on that in his summing-up, if he would.

The downside of fixed-term tenure, of course, is that an election cannot be called, as we see happen in the UK, to reflect a contemporary groundswell of opinion. That is not the practice that we have in the Isle of Man; we have fixed terms, and I think that is entirely appropriate. However, the rotational retirement process that local authorities currently employ does at least achieve the best of both worlds, in my opinion. I would say that we have the fixed-term tenure, so individual elected members know what the terms of their mandate are, but regular elections also allow the electorate a regular opportunity to engage in the democratic process. If you have them every four or even five years, you are diluting the democratic process. It is irrefutable that you are diluting it in terms of opportunity for the electorate to have their say, so I think that would all add up that the rotational process we currently use actually is working. It is not broken. There might be a lack of engagement with the electorate, but that is a separate matter. I am not convinced that changing it to a fixed term where everybody votes on the same day is going to help.

If I could just go back to the letter that I referred to earlier and say that the Clerk to Port Erin Commissioners, who is a highly respected and highly experienced officer, was in one of the focus groups – that was confirmed at the very good presentation that Mr Earnshaw, the mover, provided for members – but the impression was that he was representing Port Erin Commissioners, that that was the view of Port Erin Commissioners. I have shared with Mr Earnshaw a letter that I have received just recently from them. If I could just read one short paragraph, it says, ‘Members are more than satisfied with the present three-year rotational retirement of members and are concerned at the possible loss of continuity should all members retire at once.’ And that is a theme that the previous speaker, Mr Downie, alluded to and I would concur with wholeheartedly. There is no system which is perfect, but one imperfection, as is perceived by DoLGE, in this Bill is that we should not have too many elections. I would wholeheartedly, as a matter of principle, disagree with that. More elections are better than one election every four or five years, and I hope that the hon. mover will take that on board. I fully acknowledge that Mr Earnshaw is acting out of nothing but laudable and honest intent in moving this Bill, and I would conclude by saying that three out of four is a pretty good hit rate. It is just clause 1 which presents the difficulties. The other three clauses are extremely welcome, and I applaud them. Without clause 1, I would have no hesitation in supporting this Bill, but with clause 1 as it is proposed, I would have every difficulty unless I had some reassurance on the points I have raised, sir. Thank you.

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

**Mr Karran:** Vainstyr Loayreyder, I shall be happy to give the Bill a vote for a second reading, but only to give the opportunity for us to be able to put some amendments to the Bill and maybe get some relevance to what really needs to be addressed. I am amazed in this House at how we have deluded ourselves that the mechanisms of the election are the reasons why we have the problems with elections in local government. I just despair at times in this hon. House that that is the reason why people feel that local government is falling apart in some sections of the Island. I am absolutely shocked. I believe that this Bill tinkering with the election function is nonsense. I believe there are things that this Bill could be used as a vehicle to sort out. The issue as far as people outside and local government are concerned, I believe, is that the man on the street and an awful lot of commissioners just wonder what relevance they really have, because they do not have the powers that they once had. We have taken all the powers away from them. We make excuses for them, we use them as a whipping boy – or the likes of the police – for the litter problem and then we do not put responsibilities on them in order to do things like employ litter officers, and especially with the direct effect that the likes of the refuse policy is going to have as far as spot-tipping around the place is concerned.

I had a constituent on this morning about the rubbish that has been left in Lakeside which was found this morning and the fact of complaints about dogs, and I have to be honest with you: we should not be dealing with that in this House. We should not have to deal with that, and that is why I believe we get so many things so wrong, not just because of the lack of transparency and the lack of accountability, but because we are so busy doing the local authority’s job. There are only so many hours in the day, and because of the ‘jelly factor’, no-one can be pinned down. It keeps everybody happy. We all have a badge when it suits; and we all do not have a badge when it does not suit. And that is what really needs to be done as far as local government is concerned: local government should be given the responsibilities to do the job.

Many people will not go into local government because they know, as the likes of the member for Douglas West said, that you have got members who have been councillors and have said, ‘There is not much point turning up at the meetings.’ The way it has been left, the staff control everything because of the way they have allowed the power to decimate away from the elected people in local government. That is the issue that I feel that this Bill should be looking at, in my opinion. Give the teeth back to local government. Give local government some relevance. And I understand what some members say about them not wanting the teeth half the time, but that is because they have got a nice little number and they do not want to rock the boat. It is not a local authority: it is a social club. (**A Member:** Hear, hear.) That is what we have got with lots of these local authorities; it is more of a social club than it is an elected body trying to get what

is best for its parishioners or constituents, and that is the issue that needs to be addressed.

The other issues I feel need to be addressed have to be the likes of giving the local authorities the legislative packages. We have a situation at the moment with this local government where we penalise my constituents in Onchan, like the hon. member for Peel's constituents or Douglas's constituents over bye-laws. It is an outrage. I have tried for years to stop us having the double talk by penalising local authorities that are responsible and should get on with the job. The likes of the Treasury minister's constituency, Ramsey, did away with it because they thought that they were idiots. They were being penalised by government for doing the responsible thing as local government and employing the officers, when across the road in Lezayre, Maughold, Bride and Andreas, they were getting the services free from government. We have got to stop the double talk. If we want local authorities to be effective, then we need to do more than tinker with this piece of legislation.

The only other thing that I want to say is that I will be wanting to look at putting amendments to this Local Government (Miscellaneous Provisions) Bill. When local government does its job to look after its local authority against the likes of central government, I find it outrageous that we have a situation where you have got the likes of the hon. member for Ayre's constituency with 300 souls who have, apart from very poor taste in who to vote for (*Laughter*), the problem of having to fight the likes of central government over a tip on a consistent basis –

**The Speaker:** Hon. member, could I just ask you, please, to come a bit closer to the Bill? The Bill is quite specific, and whilst, I am sure, there are lots of views about how local government in the Isle of Man should be structured and operated, I do think you are extending it a little bit broad. If you decide, if this Bill gets a second reading, to move amendments, you will be able to expand on those amendments on that occasion, but I think you have made the point without continuing to expand on your views.

**Mr Karran:** Okay, Vainstyr Loayreyder. I will be happy to sit down now (**A Member:** Hooray!) as I know that most in this hon. House do not want to hear what people outside this hon. House really think about local government. But the issue is that they are the sorts of things that will make this Bill relevant, and that is the only reason why I am prepared to give it a second reading. The elections are not the issue that needs to be addressed as far as local government in this Island, local government reform and getting people to vote in local government are concerned. I believe that we are deluding ourselves if that is the case, and I actually agree with the member for Rushen in that this tinkering with the elections is nonsense.

**The Speaker:** May I just remind hon. members that the Bill before the House is a Bill that has been put by a member and it is quite specific. I think I have

been generous in the leeway I have given so far to members, and I just ask members not to go too far when debating issues before them. Hon. member for Peel, Mrs Hannan.

**Mrs Hannan:** Thank you, Vainstyr Loayreyder. In our notes regarding this legislation, I note that the study started due to the poor turnout at local authority elections in April 2001. There has been a committee of Tynwald that has looked at turnout, and I think a number of the issues there are quite relevant to the issue that was being looked at, but if you cannot legislate for members standing for local authority elections going out canvassing, that cannot be . . . Elections took place in my own area recently. Nomination came and there were only two members put in papers, so there has been no election, but I would suggest too that those candidates have probably not gone out and canvassed, they do not know what the people think and, except for being stopped in the street about various issues that worry people – and whether they answer them or not, that is debatable . . . And I am not sure that four years is the sort of timescale that we should be looking at. I think, with regard to the number of comments made by members both for five and for three years, my feeling is to continue with the three years. It has not been proved that three years is either an obstacle or an attraction for people to stand. I know that in some of the local authorities it is all out and members are returned five at a time. In those instances, quite often there is not an election; there is interest, enough interest maybe for the members to go and encourage somebody else to stand. And so there are five members returned, maybe a change in personnel from time to time, but that is it. The electorate do not have a vote, and there is nothing in this that says there has to be a vote. Members would be standing for four years, should this Bill go through.

A number of areas have looked at trying to increase interest. Onchan tried to increase interest by the district going in with Onchan. Michael tried to do the same with bringing the parish into the village. Laxey has also reduced the numbers to try to encourage more interest. So, there are local authorities out there that are trying to address the interest part, from both the candidates and from the electorate, to try to build that up.

On other issues, I think members have suggested that powers have been taken away from local authorities. I quite regularly go to local authority meetings, and I must admit I have not been to many this year because the local authority has changed from a board meeting to committee meetings. The local authority does have a meeting in committee but with the public there, and it has not, in actual fact, proved to be any more interesting doing it that way. But on many of the issues, when something is raised, it should be government that is doing it; not, 'Let us look at how we can do it' but 'How can we get government' – and that is the Department of Local Government and the Environment, the Department of Transport or any other department of government that is round about –

'to do it so the local authority does not have to do it?' Instead of the local authority saying, 'Well, let us be proactive and let us try and do something about this', let us try and take the issue that was raised before: litter. The local authority, while they might have the responsibility passed on to them, still do not take that responsibility seriously as far as I am concerned.

So, there are many things that maybe this House could do to improve the lot of local authorities, and I do not necessarily say passing over some of the responsibilities that have been suggested. One of the things that we can do is pass legislation. This is what this is about, but, as I say, we cannot insist that to get elected local authority candidates have to canvass. I think that is one of the biggest impediments, really, for getting people out to vote. If the candidates are not concerned enough to go out and canvass . . . They know when elections are coming up. The elections are in April for the candidates. They could canvass well ahead of that. They could be going out to find out what people want; they could then be looking at legislation to see how that could be progressed. They could then be putting their name and a manifesto forward, knowing exactly what they can do within their responsibilities. And maybe, instead of changing the legislation saying that people should be elected all at the one time every four years, we should actually be encouraging local authorities to have public meetings, especially with the new waste responsibilities that they have, to work with the people to try and get some of the information that they have gleaned and how things are going to work, how they can get that information over to the people that they represent along with the people that we represent. There is a lot that can happen, but I feel that unless local authorities are actively encouraged to go out and seek the opinions of local people, this legislation is not going to change it.

With regard to one of the aspects in this legislation, the removal of vehicles, this is a responsibility where I believe local authorities could be much more proactive. It is certainly something in my area on which people want them to be, and when a discussion took place at a recent local authority meeting, one of the officers said that they did not actually know where these cars were that had been advertised, they would have to go back to the car parks and find out exactly where they were and mark them down and they had not got the time to do that. And this is what we are up against: they have these responsibilities, but they are actually not taking them on. How we actually get them to do this is very difficult through this sort of legislation, but it is the only way I believe that we can, because we have no other responsibilities. Thank you, Vainstyr Loayreyder.

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

**Mr Quine:** Thank you, Mr Speaker. I agree with a comment made by a couple of members already, and that is that, of course, the 'problem' – if that is the right word – with local authorities primarily is not the

election issue. We are here today with the Bill, and by virtue of that we are discussing the matters which are essentially those incorporated in the Bill. So, I start with a somewhat jaundiced view about what will be achieved by this Bill, because it is a little akin to rearranging the slates on the house when we have got very shaky walls. I am not really sure whether we have got this in the right sequence but, as I say, let us stay with what we have got in the Bill.

But the real question on what is in the Bill, from my point of view, is whether the five years, as has been suggested in the debate here today, and also four years, as is in the Bill, would be a plus or a minus, and I really have a big question mark over that. Would it encourage or would it discourage participation in local authorities? I think that is one measure, one indicator, that we could draw on, a question we could pose. And the second is whether it would enhance efficiency in the discharge of the duties and responsibilities of local authorities. First of all, if we just look at the question of whether it would encourage participation, it seems to me that if we had a better picture about what the fallout rate is within local authorities, that might help us: the number of members of local authorities that last the present three years and the number of members of local authorities who, having lasted the three years, determine to go forward and seek a further three years, and whether they do that on the basis of a contested or uncontested election. We all know the sorts of unwritten agreements that take place: 'You stand and I will have a rest.' So, I think if we had some idea of the extent to which members currently respond and measure up to the period we have in the legislation, we would be in a better position to judge the proposed period or the one that has been mooted here of five years, but at the moment I do not think we have the data, and perhaps the mover of this Bill will be able to help us with that data. And of course the second question is whether, by extending the period, it would enhance the efficiency of local authorities in discharging their duties and responsibilities. That, of course, is another big question, because I have this belief myself that unless and until we have policies, duties and responsibilities that are really meaningful to the people in the local authority area, I do not think there is going to be a great deal of scope to change their response in terms of efficiency and the effective way in which they discharge their duties. But that is bringing us into the rôle, which is not part of this Bill.

I think one further consideration, in looking at this matter of the period of time that it is appropriate for a member of the local authority to serve, is this: the longer the period that they serve, the less politically accountable these people become, because if you are in for five years and you are not going to be subject to testing of your performance in political terms, then I cannot see that having a longer period of time is going to strengthen that position. If anything, it is going to weaken that position, because they are going to have less reason to take account of the prospect that they are going to be before the public again for re-election if they so choose to stand.

Assuredly, I will be very interested to hear what the mover of this Bill has to say but, at this point in time, I certainly have a big question mark in my own mind as to whether an increase to four years or an increase to five years would be a plus or a minus if you take all these considerations into account. But more specifically, what I would ask the hon. mover is: I assume there must be data upon which the decision was taken to extend the present three years: what research was done into that and what are the data? I have just given one or two ideas of matters which would help me come to a conclusion on this matter. Thank you, Mr Speaker.

**The Speaker:** Mr Earnshaw to reply to the debate.

**Mr Earnshaw:** Thank you, Mr Speaker. I think the starting point here is to emphasise that there has been wide consultation on this – it could not have been wider, really – and I think what we have heard today is the reason why we had such wide consultation. We have had a wide selection of views here – everybody has got a view on this, and quite a lot of them are different – but what we have tried to do is listen to what the authorities have said. Having asked the question on consultation, it does not make much sense if we do not listen to the answer that is coming back, so we have tried to listen, and I think that is important to remember.

First of all I want to thank the seconder, Mr Houghton, for his support. He has obviously started something here by saying that he is not terribly happy with the four-year term.

I want to deal with the other speakers, probably in reverse order, and I would like to start with the hon. member for Ayre, Mr Quine. I am pleased that he, in common with Mrs Hannan and Mr Karran, recognised that there is a need for change in the way we do things in local authorities. I do not think there is any doubt in this hon. House that that is needed. He wants to know whether a three, four or five-year term will encourage or discourage. I think there is a simple answer to that: it will encourage some and it will discourage others, and until we try the process and test it – and it is up to this hon. House what we decide on ultimately – we will not know, so we have got to wait and see on that one. But we have carefully – and I want to reassure him on this – and at length considered the views that have come back from the local authorities. As far as data for change is concerned, I will introduce a little bit of information to flesh things out in a few moments' time.

Mrs Hannan referred to greater effort from local authority members at election time. I have been a local authority member, in common with quite a few people in this hon. House, and I agree with her. If we want to make the process really work, a lot depends on the efforts that are put in by the local authority members. You have got to get out and canvass; it is no use putting your name forward and then either just throwing out a little bit of A4 paper or not bothering at all with a manifesto, as I have seen happen in recent

years. I think it is offensive to the public, in my view, to put your name forward for an election and then not make a worthwhile effort. If you are going to do it, do it properly. (**Mr Corkill:** Hear, hear.)

Mr Karran referred to the responsibilities for local authorities. Once again, I have got to refer to my own experiences. I think the fun of doing any job in public life is making decisions. That is where the challenge comes from; that is where the excitement can come from, I hope it is not too exciting, but that is where the challenge lies, and I fully favour passing on more responsibilities to local authorities. As a member of the department, that is a path that I am already working on, and I hope it comes to pass. One of the difficulties we have got to recognise at the moment is that with quite a number of small authorities around the Island, it is not very easy for them to take on some of the responsibilities you might be able to give to Ramsey Commissioners or Douglas Corporation or Onchan Commissioners. We are dealing with a very different selection of authorities around the Island. I think some may find Mr Karran's reference to a 'social club' offensive around the Island. I think a lot of local authority members are genuine people who put in a lot of hard work, and I think they do their very best.

Mr Gill, hon. member for Rushen: now I have to say that when I flesh this out a little bit more, a lot of the negative feedback we received from consultation came from his constituency (*Laughter*), from Arbory, Rushen and Port Erin. That is not to say that they are wrong, but that is just a comment that I have to make here. The focus group was drawn from by the department to represent a cross-section of clerks around the Island who represent authorities of different sizes. Many of them were returning officers, and that was why they were asked to form the focus group. The department did not ask elected members, but once recommendations had been discussed and provided by the focus group – and it was their experience that was drawn on – consultation took place in a very fulsome fashion.

I think, at this point, that I will explain and flesh a few items out. There are 24 local authorities around the Island. We received responses from 19 to the consultation exercise. So, 19 out of 24 replied. We had one response from another authority which replied to a different set of questions we had asked, so we had 18 substantive replies. They were a mixed bag, and we cannot please everybody on what we are trying to do here, so we have considered this carefully and evaluated the replies as carefully as we possibly can. I have got to tell members that the five-year timescale was an idea introduced at department level; that was not part of the original consultation process, but we do not operate consensus government in the Isle of Man, and I feel that, as a department, we are perfectly entitled to use our own experiences and introduce something that we feel might be helpful, so that was introduced by the department at that stage. We received resistance to the five years; this seems to be the main bone of contention. We received resistance from seven authorities to the five-year term. I have

already referred to Arbory, Rushen and Port Erin, who raised strong objections, as did Lezayre, but Lezayre were not one of the ones who responded to the original consultation process, so it was a little bit of a strange one to get a response from them at the second stage when the draft Bill had been produced. We did receive resistance in a lesser fashion from Malew, Laxey and Ramsey. So, there were seven authorities who objected; four had what I would describe as a strong resistance and three to a lesser extent i.e. they would prefer a lesser term. We could presume from this that if we deduct the seven from the 18 who responded, 11 are quite content with five years. Perhaps we have listened too much to the vociferous minority and ignored the majority, because I know Braddan Commissioners responded and said they were very happy with the five-year term and everything we had suggested, and I know verbally from others that they also are happy. So, there is a mixed bag there and, at the end of the day, I shall be in the hands of hon. members, and I will be quite happy and content to settle for four years or five or three. It is up to this House to decide what they want to do, and that will come at the clauses stage, as long as the hon. members today accept the second reading. So –

**Mr Cannan:** Vote.

**Mr Earnshaw:** Yes, I think we are nearly there. Just to tidy up, the hon. member for Middle, Mr Quayle, has announced that he is going to produce an amendment, at the clauses stage, for a five-year term. We will have another discussion, hopefully, at the next House of Keys sitting, to discuss that.

Finally, I would like to end up with my colleague for Onchan, the hon. Chief Minister, Mr Corkill. I am grateful for the time the Council of Ministers gave us for allowing us to bring this to them for their views. I think it was helpful to receive their views. Not everybody felt the same way in the Council of Ministers, I must add, but the consensus that came out of the discussion with the Council of Ministers was four years. So, I do reiterate: we are in the hands of hon. members, and I shall be content with four years, five years or three years, whatever comes up at the end of the day. Mr Speaker, I beg to move.

**The Speaker:** Hon. members, the motion before the House is that the Local Government (Miscellaneous Provisions) Bill now be read a second time. All those in favour say aye; against, no. The ayes have it. The ayes have it.

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### **Income Tax Bill – Consideration of Clauses Commenced**

**The Speaker:** Now, hon. members, we move on to the next item on our order paper, and that is the item standing at item 8, which is a Bill for consideration of clauses, and that is the Income Tax Bill. I call on the

hon. member for Ramsey, Mr Bell, to take clause 1, sir.

**Mr Bell:** Thank you, Mr Speaker. Clause 1 provides for personal allowance credit payments to be made through the income tax system to certain Manx-resident individuals with low incomes. The credit is under the care and management of the Treasury and will usually be granted on receipt of a claim for it being made in the correct manner. I beg to move clause 1.

**The Speaker:** Hon. member for Douglas West, Mr Shimmin.

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

**The Speaker:** Hon. members, the motion before the House is that clause 1 do stand part of the Bill. All those in favour say aye; against, no. The ayes have it. The ayes have it.

Hon. member for Ramsey, clause 2, sir.

**Mr Bell:** Clause 2, Mr Speaker, sets out the qualifications for credit for individual taxpayers. The individual must have been resident in the Island for the whole of the year of assessment in respect of which the claim is made, and the individual must have been aged at least 18 at the commencement of that year. I beg to move clause 2.

**The Speaker:** Hon. member for Douglas West, Mr Shimmin. I beg to second and reserve my remarks.

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

**Mr Karran:** Vainstyr Loayreyder, this tax credit scheme might only be a fig leaf for this administration to help those on low incomes, but I want to see this fig leaf grow. Because of the lack of a rate rebate scheme and other schemes to help the low paid, these policies have recently been brought in. I want to see it grow from the laughable state it is in at the present time to figures that are more realistic, and I do not want the excuse that the Treasury comes up with at a later date that one of the reasons is it will not just only help the general people on low incomes in our community but it would help those who arrange their tax affairs with good accountants to claim the tax credits. I do not think anyone in this hon. House wants that, and I think that the figure of £25,000 is a more than generous figure. I am sure that this figure can be changed by regulation by the Treasury at a later date if it is thought to be too generous or not generous enough. I feel, however, hon. members, that there is a glaring anomaly within this system that needs to be sorted out about the capital that someone can have. Just for clarification, this does not include the homes with regard to this clause, so there is no ambiguity as far as this clause is concerned. I hope hon. members will

support this. I believe we need to know if there are real reasons why such an amendment should not be put into primary law. I beg to move:

*Page 2: After line 8 insert new subsection –*

*‘(2) Notwithstanding subsection (1), an individual is not qualified to claim credit under this Part if that individual’s capital exceeds £25,000.’*

*and renumber subsequent subscription.*

**The Speaker:** Member for Douglas East, Mrs Cannell.

**Mrs Cannell:** Mr Speaker, I beg to second to at least have the issue fully addressed and debated on the floor of this place.

**The Speaker:** Hon. member for Douglas East, Mr Braidwood.

**Mr Braidwood:** Thank you, Mr Speaker. When initially the Treasury minister moved this in his budget speech on the personal credit, it was a simple way of introducing this credit: no bureaucracy, a very simple way. If we introduce this amendment, then we would . . . On the tax form, you do not put down what capital you have. Every individual would have to be examined. This would cause a great amount of work in Treasury. I think this is an initial step. It is a very simple way of giving money back to individuals who do not have a large amount of money coming in. Simple, easy to manage. Putting this amendment in will make it extremely complicated, bureaucratic and also expensive to administer. I will be voting against, Mr Speaker.

**The Speaker:** Member for Peel, Mrs Hannan.

**Mrs Hannan:** Thank you, Vainstyr Loayreyder. I just rise to my feet because of the comments made by the previous speaker, because it would seem that capital is not going to be taken into account. So, someone could be a millionaire but have very little money coming in every week because they would not need to be doing anything else (*Interjection*) and because they were not getting very much coming in, they could be getting this credit. This is my understanding of the comments made by the member for Douglas East, who has just resumed his seat, with regard to this. It might be bureaucratic, but I am sure that Treasury do . . . Whether they look at everybody’s total income or not, I am not sure, but certainly they do contact people from time to time to say they have not put all their information down on their tax returns. So, they must look, from time to time, at what people’s actual financial situation is, and therefore I wonder why it cannot be possible that we would only go into these sorts of credits when a person’s capital does not exceed the £25,000.

So, I can understand the member saying that it could be bureaucratic, but if we are doing this already, I wonder why it cannot be done in this case. As the member for Onchan, moving this amendment, has suggested, if you have got a very good accountant who can manipulate various things . . . With regard to the individual who is resident in the Island, who knows what ‘residence’ actually means? Maybe the mover can clarify exactly what ‘residence’ means. It could mean that somebody is living here but is going on holiday every second month or something. Is that residence? I know this is only a small amount at the moment, but the thing is that this small amount could, in the future, creep up, as we have seen with various other areas. This is the first time this is going to be introduced, and I think that clarification of how, in actual fact, this is going to work would be very helpful to us all when making a decision on how to vote on this particular clause.

**The Speaker:** Hon. member for Ayre, Mr Quine.

**Mr Quine:** Yes, I can understand the position from which the minister is coming, and that is, of course, that this is a new development, it makes sense to deal with modest figures and it makes sense to keep a mechanism that is simple to administer. I can follow that quite easily, and I can certainly, as matters now stand, as the hon. member for Peel has said, see that there is not a great deal of incentive, dealing with the sums we are talking about, to rearrange your financial affairs to gain the benefits which would come through this sort of allowance, because quite frankly it just would not be worth your while. That may not be the position five years on; I understand that as well.

I think that, more importantly, it is an opportunity, by having this amendment moved, for us to put a marker down on this broader issue of benefits and the universality principle when we apply benefits. At the end of the day, the amount of money that is available for welfare programmes or whatever government programme of expenditure we may be talking about is limited. It may be more limited in the future or we may be better off in the future, but it is limited, and we are here to manage that with a degree of prudence and a degree of sensibility. Therefore, although this is really not the platform for it, I think we do need to put a marker down and say there is a point beyond which this general concept of universality – it is simple, everybody is included, nobody is excluded – does not make sense, where that does not represent the best management of public funds, and it is in relation to that broad principle that I would be more interested today in hearing what the minister has to say. It is directly related to this clause. Although, as I say, I am quite happy to take this clause as it stands, having regard to the position we are in at this point in time, the broader principle is still brought into play, even though it comes into play in a very small way through this particular clause.

**The Speaker:** Hon. member for Onchan, Mr Karran, to reply to his amendment.

**Mr Karran:** Vainstyr Loayreyder, I think the hon. member for Ayre is quite right: it would be extreme cases. But my concern is the fact that I believe that this will be used as one of the excuses for not making this tax credit scheme effective. It will be used, and it will come back to haunt this hon. House, you mark my words.

I am absolutely appalled at the hon. member for Douglas East's outburst as far as this issue is concerned. He knows quite well that the fact is that, quite easily, there are two things you could do. One is that you can get them to sign a disclaimer that they do not have capital of more than £25,000 in their name. There is no big bureaucratic nonsense. We have heard that for years when we are talking about social legislation. Whenever you want to do something to help the people at the bottom, there are always excuses, and people outside get tired of listening to those excuses. The fact is that there are three ways it can be done without the bureaucracy: one is a simple disclaimer by the individual claiming the tax credit; the second thing is there will be the issue of whether there is any benefits entitlement from the DHSS; and the third issue is the actual tax form itself. It will show what sort of income could be coming in and what sources it could be coming in from, when somebody has, maybe, taken an amount out of unit trusts.

I am glad that the hon. member for Peel and my seconder, Mrs Cannell, wanted to have this issue debated, because I think it is important. Vainstyr Loayreyder, I believe that this is a glaring anomaly within this legislation. If the hon. mover of the clause can tell me that it will not be used at a later date, that the reasons why we are not going to get these farcical amounts up is because of the fact that we have not got the right mechanism to make sure it gets to those generally on low income in our society, fair enough, but he cannot give that assurance. All we are doing is saying . . . And the only bureaucracy that would be involved would be the individual that would have to say, 'I do not have £25,000 or more in capital to my name', and that is all that happens. I believe that if this House runs away from this amendment, you will find at a later date that either this administration or a later administration will turn around and say, 'Oh, we would like to put up the increases. We would like to make the tax credit scheme more relevant', but the problem is you will get people who are worth millions who have arranged their affairs. I have heard it for 18 years. I thought we were trying to make sure that we were providing sensible legislation, and that is why I have put this amendment down, because I actually think that it should be down as far as this is concerned. I beg to move.

**The Speaker:** Hon. member for Ramsey, Mr Bell, to reply to the clause.

**Mr Bell:** Thank you, Mr Speaker. I have been in this hon. chamber now for nearly 19 years, which means 19 budgets, and at virtually every single budget the cry has gone up – and I have been leading them as much as anyone else – that, for all the benefits which are generated at budget time, there is always a body of people who regularly miss out: those people who are just below the tax threshold and those who are just above the benefit line. Since I have taken over at Treasury, I have given an absolute commitment to hon. members that we will address that issue, and Treasury officers have worked very hard over the last 12 months to identify a mechanism for getting assistance down to the low-paid. It is the first time this has ever happened, and I have to say that I think it is extremely churlish of the hon. member for Onchan, who at least has not got the good grace to recognise the work that has been done by Treasury officers to establish this mechanism in the first place. It is a major step forward from where we have been in the past. He calls the new scheme laughable and me a fig leaf; that might be his interpretation of things. I believe Treasury at last have found a mechanism to help the very people that I used to think the hon. member used to support himself.

**Mr Karran:** I do.

**Mr Bell:** The hon. member says he does, and yet he again brings out these arguments about us bringing out excuses for no social legislation, no social support. This is exactly what we are doing and, as I say, it is a shame that the hon. member does not recognise that.

One or two members have mentioned the possible anomalies in this system and have said or alleged that clever accountants could arrange their affairs in such a way as to claim this credit. I would suggest to hon. members that they know very little about accountants if they think that accountants will restructure people's finances to enable them to claim a maximum of £200 benefit; it would cost them vastly more than that to pay the accountant's fees. So, I think it is an absolute nonsense to come out with comments like that. I said it at budget time and I have said it in a number of forums: the scheme itself is not perfect. There may well be anomalies that do get thrown up during the course of this particular exercise, but we believe that it is something that is worthwhile absorbing to ensure that the scheme itself is kept as simple as it possibly can be to enable us to swiftly distribute these personal allowances. If we were to sit down and work out every possible anomaly, every possible payment which may go to someone who vaguely may or may not be qualified, we would never get the payments out to the very people who really need it. That was the whole rationale behind this, and I have explained this to hon. members before. We have tried to reduce, as far as we possibly can, the level of bureaucracy which, inevitably, certainly in the terms of benefits, gets drawn in to this situation. Again, I would have hoped – and I still hope – that the majority of members will recognise the rationale behind what we are trying to do

and support Treasury in our aims to try and get help as quickly as possible to people in this particular bracket.

The hon. member for Onchan again has raised this issue of capital. There is no provision, and there never has been a provision, in income tax because we do not get tax capital for any declaration of this nature to be included at any level. And we also, of course, need to recognise what capital is. Are we talking about £25,000 in the bank? Are we talking about a house? Are we talking about a brand new car? What is capital? I would suggest that if members go with this particular amendment, it is going to generate a huge amount of bureaucracy for the income tax department, it is going to slow down the distribution of funds and it is going to introduce a whole new concept into tax, in that we are now actually starting to look at the capital ownership that has never been there before.

I would also just like to reiterate that this proposal that is included in this Bill is not a benefit. This is quite separate from the benefits system and has been looked at separately from the benefits system. It is related strictly to the personal allowances that are available for everybody at the same level through the income tax system. So, this is no more than these people are fully entitled to as a result of the development of the personal allowances over the years; we must not forget that. In that sense, I try to reply to the hon. member for Ayre, Mr Quine's point about universality of payments versus more targeted benefits. This is not a benefit; this is a universal allowance for everybody who pays tax, and in this case now we are extending it to those who do not pay tax.

I would urge hon. members, please, to reject this amendment to clause 2. It will unnecessarily complicate the situation. It will delay the payments to the very needy people who we want to get this money to as quickly as possible, and I believe it is a total red herring to suggest that people from now on are going to start to restructure their financial affairs simply to be able to claim this credit. I would ask hon. members to recognise this as it exists in the real world. This so-called manipulation of the system, I believe, is extremely unlikely to happen. There may well be one or two anomalies that do get thrown up; we fully accept that, and I have said that already. But, in the main, I believe, Mr Speaker, that this is a great step forward for this government. It will bring help where it is most needed, and I urge hon. members to support it.

**The Speaker:** Hon. members, the motion before the House is that clause 2 stand part of the Bill. To that we have an amendment in the name of the hon. member for Onchan, Mr Karran.

All those in favour of the amendment say aye; against, no. The noes have it.

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

*For: Mrs Cannell, Mrs Hannan and Mr Karran – 3*

*Against: Mr Anderson, Mr Cannan, Mr Quine, Mr Rodan, Mr Quayle, Mr Gill, Mr Houghton, Mr Henderson, Mr Braidwood, Mr Downie, Mr Shimmin, Mr Bell, Mr Corkill, Mr Earnshaw, Capt. Douglas and the Speaker – 16*

**The Speaker:** Hon. members, the amendment fails to carry, with 3 votes in favour and 16 votes against.

I now put that clause 2 stand part of the Bill. All those in favour say aye; against, no. The ayes have it. The noes have it.

Hon. member for Ramsey, Mr Bell, clause 3, sir.

**Mr Bell:** Clause 3, Mr Speaker, sets out the qualification for credit in the case of married couples, who are jointly assessed under section 64 of the Income Tax 1970. In their case, one of the parties to the marriage must have been resident in the Island for the whole of the year of assessment in respect of which the claim is made. One of the parties must also have been at least 18 at the commencement of that year. Mr Speaker, I beg to move clause 3.

**Mr Downie:** I beg to second.

**The Speaker:** Hon. member for Douglas West, Mr Downie, seconded. Hon. member for Onchan, Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, there is no point in moving this amendment.

**The Speaker:** Hon. members, the motion before the House is that clause 3 do stand part of the Bill. All those in favour say aye; against no. The ayes have it. The noes have it.

Hon. member for Ramsey, Mr Bell, clause 4, sir.

**Mr Bell:** Clause 4, Mr Speaker, brings in special rules to address the situation where a claimant dies or where a claimant or claimants marry during the year of assessment or separate during the year of assessment. In the case of the taxpayer who dies, that fact will not deny the taxpayer or his estate of the benefit of a claim to which he would have been entitled had he survived and remained resident for the whole of the year. The rules for couples marrying or separating during the tax year will be specified in regulations in addition to the change in clause 25. The intention is that the two parties to the marriage will be treated as individual taxpayers for the year of marriage and the year of separation, but the regulations will permit the transfer of unutilised personal allowances in the year of marriage. Mr Speaker, I beg to move clause 4.

**The Speaker:** Hon. member for Douglas West, Mr Downie.

**Mr Downie:** I beg to second.

**The Speaker:** Hon. members, the motion before the House is that clause 4 do stand part of the Bill. All those in favour say aye; against, no. The ayes have it. The ayes have it.

Hon. member for Ramsey, Mr Bell, clause 5, sir.

**Mr Bell:** Clause 5, Mr Speaker, incorporates the calculation of the tax credit for an individual. The low income point is set at £6,000 and the upper income point is set at £8,000. If the individual's gross income is £6,000 or less, the credit will be £200. For income between £6,000 and £8,000, there will be a reduction of the credit by £1 for every £10 of gross income in excess of the £6,000 low income point. Mr Speaker, I beg to move clause 5.

**The Speaker:** Hon. member for Douglas West, Mr Shimmin.

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

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

**Mr Karran:** Vainstyr Loayreyder, hon. members, I hope that I will again at least get a seconder so that the Treasury minister can explain why it is only £200 for an income of £6,000 or less. Let us look at the £6,000 figure: we are talking about a figure of less than £120 a week, less than the minimum wage. We should be ashamed of ourselves if we have people working or trying to survive on these amounts of money, and we are talking about offering £200 maximum credit – that is less than £4 a week. The refuse charge will eat up all that in the first year, never mind anything else. Let us be honest, hon. members: unless they inherited a house or they are in a council house, they will be on the street on that income, and even with council houses going up by 5 per cent over benefits, that is another backdoor taxation on the low-paid. Are we going to allow this to go on and nod it through without issue?

It seems that this piece of legislation . . . The only reason why I am not voting against it clause by clause is that at least it is a fig leaf of something that is being done generally for low-income individuals in our society. We have created the problems with refuse charges, with increasing council rents over the inflation and benefit levels for the likes of pensioners. Let us be fair, hon. members: we have hon. members in this House that have claimed more in petrol allowance than these people are supposed to be living on to keep body and soul together. And I would not be moving these amendments today if I could have got some sense out of government and the Minister for Health and Social Security about a proper rebate scheme that would have been talking about helping this section of the community. We are talking about increasing the benefit from £200 a year to £500 a year; from £4 a week to £10 a week for an income of £6,000 or less. When we talk about an income of £6,000 a

year, we are talking about £120 a week, and what my amendment will be doing is increasing that to £150 a week. Hon. members, please at least make the Treasury minister justify why he has brought in these levels of income that, even with my amendments, would be at £155 per week. We really do need a better explanation, especially given the arrogance of the Council of Ministers and the fact that the hon. member is not prepared to put his head above the block, above the kerb, by talking to my amendment, so I have no doubt that the usual rubbish that comes out will be blindly followed by the press as far as that is concerned.

I believe that if we really are committed to real decency, we should be putting a working scheme together to help our people, and I believe that if people are running a household on less on £8,000 a year – never mind the £6,000 a year that is in my amendment – they should be having the job of Treasury minister, in my opinion, because anybody who can run a household on less than £8,000 a year, I believe, is a financial whizz-kid, never mind the £6,000 that is in the original Bill as it stands.

I hope, hon. members, that you will support my amendment. Let us show that we do care and we do base our success in our society by the weakest members of our societies, not the fat cats that have done well, who have been in the right place at the right time. I hope somebody will support my amendment in order that at least we get the Council of Ministers to justify the figures. Let us hope, hon. members, that we do not have the usual platitudes that we have had, and if my colleague here, the Chief Minister, has got any problems in trying to find the money for my amendments as far as this amendment stands, I am happy to do it for him, because I believe that you want to look at these figures. These figures are an absolute disgrace, and it might be a wonderful spin/PR job of what we are doing, but in reality you are talking about £4 a week for an income of £6,000 or less. At least my amendments are trying to put some sort of reasonable figures, and even my amendments are a compromise at £10 a week for £8,000. I hope, hon. members, you will support my proposal. Let us have tax credits, but let us not have them as a window job; let us have some reality back into this House, hon. members. I beg to move the following amendment:

*Clause 5, page 3:*

*line 3 for “£6,000” substitute “£8,000”.*

*line 4 for “£200” substitute “£500”.*

*line 6 for “£8,000” substitute “£10,000”.*

*line 8 for “£10” substitute “£4”.*

*line 16 for “10” substitute “4”.*

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

**Mr Henderson:** Gura mie eu, Vainstyr Loayreyder. I would just like to say that the leaves of the Willaston privet hedges have parted, and I will certainly be supporting this amendment. I think the hon. member for Onchan has got some very good points on this, and I think it is worthy of support and certainly for hon. members in this House to take consideration of. When we consider the point that has been made that we are looking to actually try and think that people can survive on £120 a week, it is ridiculous, and I think that some of the social legislation that has gone through this House and in other places, although I have supported it all and in principle I will be supporting this Bill, does need to be looked at. I feel that we definitely need to be doing more for the folk at the bottom end of the scale, which seems to be an ever increasing number, to my mind. But no matter, I will be supporting the amendment.

**The Speaker:** I presume, hon. member, you are seconding the amendment.

**Mr Henderson:** Yes, I am seconding.

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

**Mr Houghton:** Thank you, Mr Speaker. I echo what my hon. colleague says and also the support for this amendment. However, the only point I would make is the way that the hon. mover of the amendment presents his case. We are moving forward, the Treasury is moving forward, and they are to be congratulated for moving in the direction that most members, I am sure, in this House want. I would ask the hon. member for Onchan to present this case in perhaps a bit more of a favourable way, but I do support his amendment.

**The Speaker:** Hon. member for Douglas East, Mr Braidwood.

**Mr Braidwood:** Thank you, Mr Speaker. I will put my head above the parapet and be realistic, because these figures seem to have just been plucked out of the air. The £8,000, I presume, is because it is an individual person's tax allowance, and if we move this amendment and we are substituting £200 for £500, what about the person . . . In actual fact, that £500 is worth £5,000, you could say, because of the 10 per cent income tax. So, an individual who earns £13,000 would have to pay tax of £500 over, so he would pay tax of £500 on £13,000 because the allowance is £8,000. But if we follow on Mr Karran's amendment, in actual fact, anybody earning above £8,000 but less than £10,000 will receive £500, so the person who is earning more money is going to be less well-off tax-wise than the other individual. I cannot follow the reasoning; the figures have just been plucked out of the air. It sounds very nice, but let us be realistic. It is an embryonic credit at the present time. The Treasury are moving forward; they are using the individual tax

allowance. Let us put this clause in the Bill and, in future years, yes, we will look at it, the Treasury minister has already said he will look at it, and I will leave it in his hands.

**The Speaker:** Hon. member for Rushen, Mr Gill.

**Mr Gill:** Thank you, Mr Speaker. Just briefly, if I may, I have a great deal of sympathy with the points that the hon. member moving the amendment has made, and I note the figures that he has suggested. It would have been more helpful had we had the opportunity to have had a briefing from the hon. member about these figures, because we did have that from Treasury; they explained the rationale behind the figures they put forward and they explained that it would be, as the previous speaker who has just resumed his seat has said, a first step and it would be reviewed. So, we have that. I fully accept that the hon. member for Onchan, in moving his amendment, has come to us with figures which he has put to us, but he has not given us any background information about that, which is perhaps a pity if he has some substance to support them. I have a great deal of sympathy, and nobody could doubt and nobody would be in disagreement with his sentiment that we should support the people at the lower end of the financial scale in the Island. We have seen a priority in the have and have-nots in this Island, and that is to be regretted by everybody. So, I simply make that point that nobody doubts the hon. member's integrity in coming forward with this, but really there is a responsibility that attends to that, which is to come forward and advise members in advance of the floor of this House of the reasons and the arguments that support his amendment. So, I hope he will take that on board as a constructive criticism, and perhaps the hon. member for Treasury, when he responds, could give us some information about that and how the figures that have been put forward would affect his strategy. Thank you, Mr Speaker.

**The Speaker:** Whilst the hon. member for Rushen, Mr Gill, may feel that it would be a constructive way forward, of course it is entirely up to the member how they present their case, and of course their case is presented here in an open forum. Hon. member for Douglas West, Mr Shimmin.

**Mr Shimmin:** Thank you, Mr Speaker. I would just like to ask the mover of the amendment: we do not know the implications of the amendment that he is moving. That is my only concern, the actual finances involved and where that money would be found from. I do not think anybody who is supporting the principle of what he is talking about has sufficient understanding of how much that would actually mean per year, as such. Where is that money going to come from? I think what is lacking in his argument are the implications as to how much that would be and in order to say where it would come, because it would be new money and therefore it would be coming from existing budgets,

and that is uncertain in what he has actually said today. The sentiment he makes everybody can agree with. I think the implications are where we should be cautious about supporting an amendment without the full knowledge of the implications.

**The Speaker:** Hon. member for Glenfaba, Mr Anderson.

**Mr Anderson:** Thank you, Mr Speaker. When the Treasury minister responds to the amendment, could he give us some confirmation of the estimation of the cost to Treasury of the figures that he and Treasury have put forward?

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

**Mr Earnshaw:** Thank you, Mr Speaker. This Bill is primarily focused on those who are less well off and, speaking to the amendment, I would like to ask the mover of the amendment: would he agree with me that just about every student in the Isle of Man, if his amendment was successful, will receive £500 each year? If you were the daughter of a millionaire who decided to travel around Europe in the summer holidays and do no work at all, this person would receive £500, and both he and I and everybody else in this House would be contributing to that amount that the student would get.

**The Speaker:** I call on the hon. member for Onchan, Mr Karran, to reply to his amendment.

**Mr Karran:** Vainstyr Loayreyder, I think some members in this hon. House need to get off the fence. My colleague here, who is now concerned about students, did not want to have any controls over the capital; this hon. member wanted to be responsible. This hon. member wanted to make sure that there was a simple system, so I think the hon. member cannot have it both ways, and he will go far in this ministerial system on that basis, like my colleague over the other side in Rushen.

The issue is that the hon. member for West Douglas is concerned. I am led to believe it would cost somewhere in the region of £2.5 million, my proposal. But let us be honest about it: we are talking about a scheme for £150 a week instead of £120. It is not generous, and we are talking about £4 instead of £10. Let us be honest about it: it is not something that we are going to . . . We should be ashamed of ourselves that we have got people in our society, especially if they have a household, having to live on that. It is an indictment on me, as a member of this House as well as you, hon. members. (*Laughter and interjections*) An indictment. And he is going to go far, my friend over there. This has been discussed with the Treasury. I talked to the Treasury; it must be a month and a half ago. This has been on this paper for weeks. What we want is the situation that the one-party state, with all their resources, can do all their presentations for all

their back work, and the rest of us, who are not prepared just to be nodding dogs . . . We saw it this morning; the walkway is coming back to haunt us, just like the sewage over the IRIS will come back to haunt us. It is all right members laughing, but it is going to be a serious issue for the next generation to fund.

**Mr Downie:** Might need to watch the pennies.

**Mr Karran:** Well, that is one thing you have not done as Minister for Trade and Industry. (*Interjections*) So –

**The Speaker:** Hon. member for Douglas West, the member for Onchan, Mr Karran, has the floor.

**Mr Cannan:** Hear, hear.

**Mr Karran:** I am afraid that my good friend over in Rushen has got to decide whether he is going to stay on the fence or get off it, and if he wants to hide behind the Treasury minister, then fair enough, but that is going to be the situation. But do not give us the nonsense that you have not had enough time; this has been on least one, two, maybe even three agendas, to be perfectly honest with you. This is the excuse for having to get down off the fence one way or the other, but do not pretend that somehow we did not have enough . . . Do not try and shoot the messenger because this hon. member is not prepared just to nod things through. Again, it is a shame that the Treasury minister declines to talk to the amendment in order that I can then argue on an equal basis, but then that is what I have come to expect in this hon. House. That maybe will answer the question to the hon. member for Glenfaba over, hopefully, his concerns. I could come back as far as that is concerned.

What this House has got to decide here today is: do we want a tax level of £6,000? Members of this hon. House have spent more on petrol allowance than they are supposed to live body and soul on outside this hon. House. (*Interjections*) Hon. members, I am just saying what it is. Or are we going to put it at a more realistic level of £8,000? This hon. House will have to make a decision on which way it wants; does it believe that a credible tax credit scheme should start out at people who earn £6,000 or less, or does it believe that a tax credit scheme should start at £8,000 or less? That is all we need to decide on that. And do we, as hon. members in this hon. House, believe it should be at £200, or £4 per week, or do we believe it should be at £500 a year, or £10 per week? That is what this House has got to decide, but make a decision and tell the people outside this hon. House where you stand as far as that is concerned, that people who earn more than £6,000 but less than £8,000 do not deserve this credit because we think they are earning enough. That is fair enough, if that is what hon. members want, but please do not make excuses, because people outside this hon. House are tired of excuses.

I think the point that the hon. member for West Douglas made is a very valid point, as far as

Mr Shimmin is concerned, about the costings. I am led to believe it would be somewhere in the region of £2.5 million, my amendment, but I think that is £2.5 million well spent, because I cannot honestly believe . . . I am mortified that we have people who could earn those sorts of derogatory amounts in our society at the present time, especially those who have a household. We have just allowed the open door of putting the rents in local authority houses over the costs, we have just allowed the situation where we have got a refuse charge, and I have had people complaining to me about Waverley Court, where they are talking about putting the rents up an extra £9 or £12 per week, which will gobble it all up and put them further back. This is one way we can be constructive, hon. members. I will leave it to this hon. House to decide whether it wants to bring some realism into these figures or not.

**The Speaker:** Hon. member for Ramsey, Mr Bell, to reply to the clause.

**Mr Bell:** Mr Speaker, I hate to think what reaction I would have got if I had refused to bring forward a scheme to help the low-paid. Considering the amount of effort that has gone into identifying this particular route, it is very disappointing, I have to say, to hear the turn and tone of language which is used to describe what is a genuine attempt to help those on low pay and to find a different way to direct assistance to them. I would simply reiterate what I said earlier and what I have said at budget time: this is not a benefit. This is quite a separate approach to trying to help this particular section. It brings the people in this particular bracket in line with those who pay tax and get this level of personal allowances. This is what it is brought in for; it is not a benefit. It is not to replace something else, and it is certainly not an assistance in the sense that it is there to offset the cost of rent increases or refuse. If the hon. member is interested in that side of things, certainly a rent and rebate scheme may be the way to look at it, more of a benefit scheme, and that has to be pursued through a different route, certainly not through this one. Mr Karran is well known for his florid use of the English language, but to describe elements of this as an absolute disgrace and say that what we are doing is disgraceful I think is just very sad. I really do. This is a genuine attempt to try and help those who have been missing out on this particular advantage.

The estimated cost of this scheme as it is structured at the moment is £2 million or thereabouts, and that is what we have made allowance for in the budget. That was the figure I announced at budget time; members should be aware of that. If the hon. member's amendment goes through in relation to this particular exercise, it will cost the best part of another £3 million. There is no money of that amount budgeted for; we would have to find £3 million of new money from within existing budgets. As one or two of the members have said, if the hon. member could identify where he thinks that £3 million can come from, that is fine. (*Interjection by Mr Karran*) But it is not the issue

of the size of the expenditure that is at fault here; I have said that, in fact, the Bill allows for flexibility on this in the future. The scheme is not writ in stone, and there can be future amendments as and when we can afford it. What I am trying to do today is get the scheme established, get the framework in place and get the initial payments out to those in that bracket as quickly as possible. The credits are based, as I have said before, on the 10 per cent tax rate, and that is why it has come in: 10 per cent of £2,000 in that bracket is £200.

The hon. member is again trying to give the impression, I think, as usual that he is the only person that cares for those on a low income. I would just remind the hon. member that I have said on numerous occasions, and again at budget time, that I do not believe we can consider the economic success of the Island over the last few years as being a success unless we can ensure that every aspect, every element, of our society benefits from it. I have given a commitment to Tynwald, to all hon. members, that I will be doing my best, as Treasury minister, to ensure that that just does happen. This is a first stage towards that end and, as I say, it is disappointing to see that the reaction from the hon. member is so negative about the whole approach. The scheme is flexible, and at some time in the future, once this gets underway, once we have got the structure in place, the whole scheme will be reviewed to identify any flaws in the process and to see how best we can amend it to be more effective in the future.

The hon. member for North Douglas: 'We need to look at social legislation' – fine, yes, I have supported strongly changes to social legislation over the years, and I like to think I have been in the vanguard of those changes, but that is a separate issue to what we are talking about here. This is simply related to personal allowances, which every taxpayer gets and which this section actually has been denied.

Mr Houghton, the hon. member for North Douglas, also supports the amendment. As I say, this is going to cost another £3 million if it was put through today and, as the hon. member for East Douglas, Mr Braidwood, has said, it is going to distort the tax structure if it comes in in this particular manner. If there are changes, it needs to be properly thought through and properly structured, and in particular properly costed.

The hon. member for Rushen, Mr Gill, I think was referring to the mover of the amendment when he said a briefing would have been helpful, because certainly Treasury has given members a detailed briefing of exactly how this Bill works and in particular how this particular scheme works. Again, I make the offer to members that if, hopefully, this Bill does go through in its present form, and if members are still unsure of how it is going to work, please come along to Treasury and we will take you through it and explain it so that you are quite clear as to what the position is.

Mr Shimmin, the member for West Douglas, and indeed Mr Anderson both referred to the cost of the proposal itself and the cost of the amendment. As I say, it is £2 million as it is costed at the moment; it will

be £5 million – an extra £3 million – if the amendment is attached to it.

The member for Onchan, Mr Earnshaw, refers to students. This scheme applies to all those over 18. The settling at this particular age was as a result of consultations taking place between Treasury and the DHSS, and this was the age that was agreed was most appropriate. It fitted in with many of the benefits as well, so that is the reason why that has been arrived at. There may well be students who will benefit from this but, as I say, if we try to iron out everything that people think is slightly anomalous, we will really restrict considerably the benefit that this Bill is going to bring and the benefit that it is going to bring to those in need.

The hon. member Mr Karran, in summing up on his amendment, says, ‘We should stop making excuses.’ I am not making excuses; I am quite pleased that we have been able to find this particular route. It is something I am going to be quite proud of, that we have actually got this under way and that we will, for the first time, be able to do something quite tangible to help these people on low pay.

Once again, whilst recognising the sentiment behind the amendment and the inclination of some members to support a higher figure at this stage, I would urge hon. members: please, give this scheme time to settle in and give us time to see how it works. We are putting £2 million directly into that particular bracket, those who are in the low-paid bracket. We do not have the money budgeted for a £5 million payout at this time, and if this amendment were to go through, we would have to seriously look at government expenditure in other areas to be able to fund it. Mr Speaker, I urge hon. members to please reject the amendment as put forward and support the Bill as printed.

**The Speaker:** Hon. members, the motion before the House is that clause 5 do stand part of the Bill. To that we have an amendment in the name of the hon. member for Onchan, Mr Karran.

All those in favour of the amendment say aye; against, no. The noes have it.

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

*For: Mr Cannan, Mr Houghton, Mr Henderson, Mrs Cannell and Mr Karran – 5*

*Against: Mr Anderson, Mr Quine, Mr Rodan, Mr Quayle, Mr Gill, Mr Braidwood, Mr Downie, Mr Shimmin, Mrs Hannan, Mr Bell, Mr Corkill, Mr Earnshaw, Capt. Douglas and the Speaker – 14*

**The Speaker:** Hon. members, the amendment fails to carry, with 5 votes for and 14 votes against.

I now put that clause 5 stand part of the Bill. All those in favour please say aye; against, no. The ayes have it. The ayes have it.

Hon. member for Ramsey, Mr Bell, clause 6, sir.

**Mr Bell:** Mr Speaker, clause 6 details the calculation for married couples who are jointly assessed. The credit for a married couple is twice that for an individual, that is £400. The low-income point of £12,000 and the upper income point of £16,000 are also twice the figure for an individual. The rate of reduction for income between the low-income point and the upper income point remains £1 for every £10 of gross income in excess of the low-income point. I beg to move clause 6, Mr Speaker.

**The Speaker:** Member for Douglas West, Mr Shimmin.

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

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

**Mr Karran:** Vainstyr Loayreyder, there seems little point in moving this amendment if the other one failed, but what I would like to say, talking to this amendment, is that I think –

**The Speaker:** Hang on, hon. member. Either you are moving the amendment or you are not.

**Mr Karran:** I am not moving the amendment, Vainstyr Loayreyder.

**The Speaker:** Right, so you can talk to the clause.

**Mr Karran:** – but I am speaking to the clause. I have to say that I think that this is an appallingly small amount, because this is even more relevant. There is no way that the likes of my colleague on the Onchan benches here can use the spurious excuses of students, as these are going to be people who are married couples and who are going to have to have a home. And I have to be perfectly honest with you: if they are keeping a home on an income of less than £12,000 a year, they are doing exceedingly well. I personally think that this is a section of the community where we should be ashamed of ourselves if we are only giving them £400. These are the people who are going to be paying in the region of at least £3,000 if they are in a local authority house. These are the people who are going to face it if we do not check the new services. It was bad enough, as the chairman of the Water Authority, having to charge a realistic rate for water infrastructure, but this new policy of charging for services for sewage and the incinerator is going to be another situation where there is going to be, if the sewage comes online for rates, another £1,000 per household within the next couple of years. Every household in the Island will be paying that much in rates, and here we have a situation where we are going to have a tax credit scheme of £12,000, and £400 we will give them back. If a working couple earn less than

£12,000, we will give them £400 per week. I think this is appalling, and I think it is a reflection on this House how we, as a society, have not addressed the people at the bottom. And these are the lucky ones I am talking about; if they are out in the private sector, I do not know what they are going to be living on. It is all right ministers having smirks on their faces, but they want to deal with these people, they want to deal with people who are in dire situations on a daily basis. The fact is that you cannot find decent accommodation under about £600 a month anywhere around in the Douglas/Onchan area, and that is being very generous.

I am saddened that whilst I have supported the Treasury minister as far as bringing this forward . . . Do not think that somehow we have achieved some momentous thing today; what we have only achieved is that we have managed to get the door slightly ajar as far as this section of the community is concerned. And do not think that you have done some wonders, because you have not. The fact is that we should have made sure that we got them at more realistic levels, because the fact is that we have not got them at realistic levels. I will support this because this is all that is on the table, but, Vainstyr Loayreyder, for this House to talk about a caring and prosperous society. It should hang its head in shame.

**The Speaker:** Hon. member for Douglas East, Mrs Cannell.

**Mrs Cannell:** Thank you, Mr Speaker. I want to put on record my support and appreciation for the Treasury minister in bringing forward this initiative, and I also want to have it put on record that, at the moment, it is not perfect. We have heard the Treasury minister say to us, during the consideration of other clauses, 'Let us put it in place and let us see how it goes, let us see how it runs. There are bound to be anomalies, and we may have to correct and nudge it into better shape for the future', and I can agree with that. It is something new. I would like to see increases put in so that we really do catch more people, but I appreciate that because it is costing somewhere in the region of £2 million – and I take it that is for the first year and that there is budgetary provision for that – that is going to see it put in place for a year and we can possibly review it at the end of that 12 months. But I think what might help in putting some clarity into the debate . . . On the other hand, I also can agree with a lot of what the hon. member for Onchan is saying in his own way – and we have all become accustomed to the way in which each individual member wishes to present him or herself, and I include myself in that.

I do not want to be critical of anybody who has contributed to the debate today in terms of this piece of legislation; what I would ask, though, to put some clarity and perhaps some sensibility into the debate, would be to ask the Treasury minister: can he guide us, when he replies, in terms of how easy could this legislation, which is subject to appointed day order, be changed to accommodate changes in economic climates? How adaptable can it be in the future? I

always feel a little awkward at times. When we are looking at putting into place primary legislation, it feels uncomfortable at times when I consider that we are actually putting prices in there, if you like, figures, monetary figures, in primary law, particularly when regulations are going to need to be required which can, from time to time, change the amounts, but then if the amount is printed in primary law, I would have thought that might be a little bit more difficult. But I would ask the hon. Treasury minister, when he responds to this particular clause, to perhaps advise us: how easily could it be changed? Under what sort of circumstances would he consider presenting a change to hon. members? What sort of anomalies or grey areas have Treasury considered when they were looking at the impact of this and the research that was required in order to put this legislation together? And when and how often does Treasury plan to review the provisions contained within it? Equally, would there ever be a time – would he envisage a time and is this the reason why everything is pitched so low in monetary terms? – sometime in the future, where we will be thankful that it has been pitched so low because the coffers are coming in to a lesser degree than perhaps we first anticipated? Is this the underlying reason why the Treasury minister has been advised, through his legal advisors and monetary advisors at Treasury, to pitch things low to start with? I would assume that, by pitching it low, it is done for the medium- to long-term benefit of the legislation and not just a short-term win and Brownie point to say, 'I did it.' It has to be meaningful and it has to be sustainable, and is that why it is pitched low? And also, in consideration of that, is it not also pitched low so that we will initially have less take-up? Obviously, by broadening the figures, we could assume a larger take-up; that is why it would cost more than £2 million, would it not? And could he further re-enlighten us as to the approximate amount of members of the population that will benefit from this scheme when it comes in?

We are only at the clauses stage, and I appreciate there are the rest of the clauses to go through, amendments to consider, the third reading, and then it goes on to another place, but in an ideal world, when would the Treasury minister like to think the appointed day order will come forward to actually make it effective so that, in practice, people then will be able to look forward to some kind of financial assistance? Thank you.

**The Speaker:** Hon. members, the House will now stand adjourned until 2.30 p.m. this afternoon.

*The House adjourned at 1.00 p.m. and resumed its sitting at 2.30 p.m.*

**Income Tax Bill –  
Consideration of Clauses Concluded**

**The Speaker:** Please be seated, hon. members. We resume our consideration of clause 6. Hon. member for Douglas East, Mr Braidwood.

**Mr Braidwood:** Thank you, Mr Speaker. Many individuals consider tax matters are complicated; even I have to employ an accountant – may I say not for the £200 which may be available. But what I would like to do is congratulate again the Treasury for making this personal tax credit very simple. If you look at clauses 5 and 6 and how the credit is worked out – and it has been mentioned by other members, ‘Are those amounts adjustable?’ – and if you look at clause 14, by regulation those amounts can be adjusted. As I said, this is embryonic, this is a start, and the Treasury minister said that when circumstances alter, he can come back. Those regulations could be altered; those amounts can be altered and the amount increased. So, once again, congratulations to the Treasury for making this credit simple and easy to administer. Thank you, Mr Speaker.

**The Speaker:** Member for Ramsey, Mr Bell, to reply to the clause.

**Mr Bell:** Thank you, Mr Speaker. Could I perhaps start by commenting on the contribution from the member for East Douglas, Mrs Cannell. I thank her for a lot of the points that she has raised, because these are getting to the nub of the problem in many respects and are legitimate questions. She mentions that the scheme is not perfect and, as I say, I have, right from the very outset, said that we are more concerned about getting financial benefit down to those who are in the low-paid bracket than having every ‘i’ dotted and every ‘t’ crossed. There will be anomalies thrown up, and I am sure each and every one of you, over the next 12 months will have examples which will be quoted to Treasury as to where it has gone wrong. My view of that is that as long as the vast majority of people who should benefit do benefit, then I think it has been a very successful exercise, and I will not be distracted by one or two anomalies that get thrown up.

But the hon. member raises the point: how easily can it be changed in the future and what would we do about it? There is provision in the Income Tax Act as well as the regulations today. Section 119 of the 1970 Income Tax Act will allow for amendments and changes to take place, and it simply needs an approval of Tynwald. It does not need to go back to primary legislation or anything like that. So, the figures which are in the Bill today really are a very flexible feast; they can change as and when circumstances will permit or if there is a political will to do it. So, we are not locked into something which, in effect, is set in stone and we can do nothing further about.

Again, I had said prior to this and I will reiterate again today that it is our intention, certainly within the first full year of operation of this particular scheme, to

review it completely, root and branch, to identify ways where we can improve the situation. If there are problems with it, then that will be the time for us to deal with it, but if hon. members want to wait until we have studied our navels so much that every ‘i’ is dotted and every ‘t’ is crossed and we are absolutely certain of what we are doing, then the period of time of getting this financial support out to these people is going to be delayed by a very considerable period. So, it is most important that we try to push on with this.

The interesting issue that she does raise, though, is: can we afford it in the future? At the moment, the Isle of Man is very buoyant, the economy is still strong, but clearly there are warning signals out in the big wide world with changes in the world economy, the collapse of the stock markets and also, of course, the pressures from Europe in particular and our need to respond, through the code of conduct, to those pressures. That, as hon. members know – because you voted for it – brought about the zero rate option in the new tax strategy for corporate entities. That, I hope, in the long term, is going to secure the revenue streams for future Treasuries and for future public expenditure, but certainly over the next couple of years, while these policies develop, we need to be cautious, we need to be careful, because we are moving into new territory altogether as far as the Manx economy is concerned, and I cannot stress that highly enough. This is not doom-mongering from me; it is trying to instill a dose of realism. We are in a very changing world at the moment, and we have got to be clear that what commitments we make are commitments we can manage and maintain in the medium to long term. The worst thing that would possibly happen, Mr Speaker, would be for me today, for argument’s sake, to be bounced into agreeing to a much larger figure and then find, in a couple of year’s time, that we cannot sustain it. It is very difficult then to claw it back off people who have become used to receiving it. So, my view is that we would be wiser to go cautiously at this stage, accept the framework that we are establishing, accept the initial payment we are putting forward and let us see how it goes in the time ahead.

The numbers to benefit are only rough figures at the moment, so they may not be accurate, but in terms of people receiving the full credit the figures I have been given are 5,540 people at the full rate – that is the full £200 – and for the married couples 897, and then there is a considerable number also with partial credits. So, there will be certainly over 6,000 people who will benefit from this measure, once it is brought through, to the full extent of £200.

The hon. member also makes a point about the appointed day order and when we can get this measure brought in. The intention is that the measure will be brought in as soon as possible. As soon as we get Royal Assent to the legislation, as soon as we can move ahead with it, it will be brought in. It is due to be paid for the last tax year 2002-3 and the quicker we can get the legislation through, the quicker we can get the paperwork done to get it out, but I would be disappointed if we were not in a position, assuming the

legislation goes through in its normal way, to have the payments starting to go out by mid to late summer. Do not hold me to that, but that certainly is the sort of timeframe. We will not be waiting until the end of this financial year before the money goes out. As soon as the framework is in place, then the payments will go out. Later on, you will see that there is a reference to a facility that the Assessor of Income Tax can actually authorise payments to all those people who historically have never reached this sort of level of income. So, they do not need to send an income tax form in; they will automatically get it anyway. That is another attempt to speed up the system, to get money out quickly. As your colleague, in fact, in East Douglas, Mr Braidwood, has said, the whole aim of this is to cut out bureaucracy as far as we possibly can to make it very simple, easily understood, easily administered and to give those people who need financial support easy access to that, and that has been the theme of the whole exercise.

One other point, I guess, is: what problems will it cause if we pay the enhanced figure that has been spoken about? As I have tried to stress all the way through this, this is not a benefit we are talking about; it is strictly a personal allowance credit. It is directly related to the personal allowances that everybody gets who pays income tax every year. If you start treating it as a benefit, then conceivably that individual will get drawn into actually paying tax, and we will be in a bizarre situation of possibly having to hand out money on the one hand as a tax credit and draw in money back again because they then qualify for having to pay income tax. So, in that sense it is quite complicated. We have been trying to get a fine balance on this. And then, of course, if those below a certain figure start to get greater allowances than those above it, you are starting to throw up another series of anomalies altogether there as well. So, there is a lot to bear in mind in all this, and we need to treat it very carefully. I hope I have answered most of the hon. members questions. As I say, I appreciate the questions because they have helped me, perhaps, to expand a little bit further on one or two of the issues which have been considered.

I thank Mr Braidwood for his support. Having been in Treasury, I think he knows what some of the difficulties are in actually trying to develop a structure like this.

Finally, the only comment worth referring to from the hon. member for Onchan, who attacks me for not knowing how to deal with people in a dire situation: I would just tell the hon. member that I have been in here for 19 years now, and I know every bit as much about having to deal with people in difficult situations. I have spent my political career doing that. I do not need to be lectured by the hon. member for Onchan. He does not have a monopoly of care and concern for people in our community, and those sorts of comments I just treat with contempt.

Mr Speaker, on that basis I would like to move clause 6, please.

**The Speaker:** Hon. members, the motion before the House is that clause 6 do stand part of the Bill. All those in favour say aye; against, no. The ayes have it. The ayes have it.

Hon. member for Ramsey, clause 7, and I can advise the House that the hon. member for Onchan will not be moving the amendment to clause 7.

**Mr Bell:** Thank you, Mr Speaker. Clause 7 is intended to avoid the imposition of the administrative burden on the claims process on that group of taxpayers, which we believe are round about 2,500 claimants, where the assessor is satisfied that the individual or the couple is unlikely to have income in excess of their lower income point and has confirmed in writing that he will not require the submission of a formal income tax return under section 62 of the Income Tax Act of 1970. In these cases, the assessor will make an automatic payment of £200 to an individual or £400 to a married couple, and this is the point I referred to with the hon. member for East Douglas previously, Mr Speaker. I beg to move clause 7.

**The Speaker:** Hon. member for Douglas West, Mr Shimmin.

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

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

**Mr Karran:** Vainstyr Loayreyder, thank you for that, as my amendments were consequential on previous amendments. I would just like to say: would the Minister for the Treasury just inform this House what numbers he actually believes would be affected as far as these very low amounts are concerned? Is he saying that over 2,000 people should be affected because of single people earning less than £12,000 a year? It does not seem that we are being very successful with that element which the hon. member is talking about.

**The Speaker:** Hon. member for Ramsey, Mr Bell, to reply to the clause.

**Mr Bell:** The figure referred to in this particular clause, Mr Speaker, again is only a rough figure, because the figures change from year to year, but our best estimate in the Income Tax Division is that there will be some 2,500 claimants who will automatically get this payment made to them in full without the necessity of a formal submission of an income tax form. This is because these people have a history of having low income, for whatever reason. It does not mean that they are necessarily working for that low wage; it means that this is their income tax level, their total income from whatever source. So, yes, 2,500 is the figure we have.

**The Speaker:** Hon. members, the motion before the House is that clause 7 do stand part of the Bill. All those in favour say aye; against, no. The ayes have it. The ayes have it.

Hon. member for Ramsey, Mr Bell, clause 8, sir.

**Mr Bell:** Clause 8 enables the assessor to issue a revised tax credit notice or to give notice that a claimant is not entitled to receive a credit if he becomes aware that the amount of a credit already calculated is wrong or that a person who has claimed a credit is not qualified to receive it. In this situation, any overpayment will be recoverable by the assessor, and any underpayment will be paid to the claimant as soon as practicable. I beg to move clause 8, Mr Speaker.

**The Speaker:** Hon. member for Douglas West, Mr Shimmin.

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

**The Speaker:** Hon. members, the motion before the House is that clause 8 do stand part of the Bill. All those in favour say aye; against, no. The ayes have it. The ayes have it.

Clause 9, hon. member for Ramsey, Mr Bell.

**Mr Bell:** Clause 9, Mr Speaker, sets out the form of the claim for credit. The claim for credit must include the information which will enable the assessor to calculate the entitlement to credit and, if necessary, the assessor may consult the Department of Health and Social Security in relation to a claimant's entitlement to social security benefits. The clause also opens a gateway to the DHSS to disclose this information to the assessor. I beg to move clause 9, Mr Speaker.

**The Speaker:** Hon. member for Douglas West, Mr Shimmin.

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

**The Speaker:** Hon. members, the motion before the House is that clause 9 do stand part of the Bill. All those in favour say aye; against, no. The ayes have it. The ayes have it.

Clauses 10 and 11, sir, if that is acceptable to you.

**Mr Bell:** Mr Speaker, clause 10 provides for the assessor to issue a notice to a claimant confirming either that a claim is admitted – and, in that case, incorporating a quantification of a credit to be paid – or indicating that the assessor is satisfied that the claimant is not entitled to the payment. A claimant who is dissatisfied with the assessor's decision may contest that decision using the normal appeal process.

Clause 11 requires Treasury to make arrangements for the payment of the credit as soon as practicable after the issue of the tax credit notice. In any case in which there is a significant delay of a claim being

finalised, the payment will be increased by a supplement, which will be the same interest rate as prescribed for a repayment supplement. So, Mr Speaker, I beg to move clauses 10 and 11.

**The Speaker:** Hon. member for Douglas West, Mr Shimmin.

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

**The Speaker:** Hon. members, the motion before the House is that clauses 10 and 11 do stand part of the Bill. All those in favour say aye; against, no. The ayes have it. The ayes have it.

Clauses 12 and 13, hon. member.

**Mr Bell:** Clause 12, Mr Speaker, ensures that the receipt of a personal allowance credit will not have an adverse effect on that person's position in relation either to income tax or to any other statutory purpose, including the calculation of DHSS benefits.

Clause 13 ensures that if a claimant has any other debt to Treasury in respect of income tax or class 4 contributions, the personal allowance credit payment may be set off against that debt. Mr Speaker, I beg to move that clauses 12 and 13 stand part of the Bill.

**The Speaker:** Hon. member for Douglas West, Mr Shimmin.

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

**The Speaker:** Hon. members, the motion before the House is that clauses 12 and 13 do stand part of the Bill. All those in favour say aye; against, no. The ayes have it. The ayes have it.

Clause 14, hon. member for Ramsey, Mr Bell. Can I advise the House that the amendment in the name of Mr Karran, the hon. member for Onchan, will not be moved, as that was also consequential. Hon. member for Ramsey.

**Mr Bell:** Clause 14, Mr Speaker, enables Treasury to make such regulations as are necessary to bring the personal allowance credit into effect and to amend thresholds, rates and definitions. These regulations are to be laid before Tynwald. I beg to move clause 14, Mr Speaker.

**The Speaker;** Hon. member for Douglas West, Mr Shimmin.

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

**The Speaker:** Hon. members, the motion before the House is that clause 14 do stand part of the Bill. All those in favour say aye; against, no. The ayes have it. The ayes have it.

Hon. member for Ramsey, Mr Bell, clause 15, sir.

**Mr Bell:** Clause 15 sets out the interpretation of certain terms in relation to the personal allowance credit. The gross income to be brought into the calculation of the personal allowance credit includes all income, whether or not it is treated as income for the purposes of the Income Tax Acts and whether or not it is subject to income tax under the Income Tax Acts, benefits in kind and similar benefits, all social security benefits other than attendance allowance and disability allowance, and all payments of similar benefits paid under the law of a third party jurisdiction. The amount of that gross income is not reduced by any tax exemption relief or allowances or any other income tax deductions. Mr Speaker, I beg to move that clause 15 stand part of the Bill.

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

**The Speaker:** Hon. member for Douglas West, Mr Shimmin. Hon. members, the motion before the House is that clause 15 do stand part of the Bill. All those in favour say aye; against, no. The ayes have it. The ayes have it.

Clause 16, hon. member for Ramsey.

**Mr Bell:** Clause 16, Mr Speaker, makes the personal allowance credit effective from the year of assessment commencing on 6th April 2003, and the first payment of the credit will be based on the claimant's income for the tax year commencing 6th April 2002. I beg to move that clause 16 stand part of the Bill.

**The Speaker:** Hon. member for Douglas West, Mr Shimmin.

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

**The Speaker:** Hon. members, the motion before the House is that clause 16 do stand part of the Bill. All those in favour say aye; against, no. The ayes have it. The ayes have it.

Clauses 17 and 18, hon. member for Ramsey, Mr Bell.

**Mr Bell:** Clause 17, Mr Speaker, introduces a new clause to replace the original section 106. It imposes a duty of confidentiality on every person having an official duty under, or in respect of, the Income Tax Acts. It sets out the precise circumstances in which documents and information can be disclosed. Any disclosure outside the defined terms constitutes an offence against the Act. The assessor and his officers may disclose documents and information to: the Attorney-General or any officer authorised by him; the Chief Financial Officer; the assessor; any person engaged in the assessment or collection of income tax; any person who, under the direction of the assessor, is undertaking or assisting in the assessment or collection of income tax; the judgements officer or a coroner or

lockman; a person authorised to audit the accounts of the general revenue under section 4 of the Finance Act 1958, who shall be entitled to examine the same for the purpose of such audit; or a duly authorised officer of the Treasury pursuant to section 8(2) of the Treasury Act of 1985.

Documents and information may also be disclosed: for the purpose of an objection or an appeal before the commissioners or the staff of Government Division; for the purpose of proceedings connected with a matter in relation to which the Treasury, the Chief Financial Officer or the assessor performs duties; if required or authorised to do so by order of a court in the Island; for the purpose of enabling or assisting the Treasury to discharge its functions in respect of *bona vacantia*; and if required or authorised to do so by any statutory provision. Every person who incites or counsels or attempts to procure another person to commit any of the offences aforesaid shall be guilty of an offence. References in the section to documents and information which are held on behalf of another include references to documents and information which: (a) are held by a person who provides services to the other; and (b) are held by that person in connection with the provision of those services.

Clause 18, Mr Speaker, introduces new provisions which will become new sections 106C, 106D, 106E and 106F of the Income Tax 1970. New section 106C defines the gateway for the disclosure of information by the assessor to the DHSS. This clause brings a gateway into income tax legislation which was previously only in DHSS legislation. This section applies to information obtained before as well as after its coming into operation. Information obtained by the DHSS pursuant to subsection (1) shall not be disclosed to any person other than: (a) the department; (b) any officer authorised by the department to receive such information; and (c) for the purpose of any proceedings connected with a matter in relation to which the department performs its duties. If the department or any other person authorised by it fails to comply with that requirement, they shall be guilty of an offence. Information obtained by means of a disclosure authorised by this section is not to be further disclosed except with the consent of the assessor.

New section 106D defines the gateway for the disclosure of information by the assessor to the Financial Supervision Commission, the Insurance and Pensions Authority and the enforcing authorities defined in section 106F. No disclosure of information to which this section applies is to be made unless the person by whom the disclosure is made is satisfied that the making of the disclosure is proportionate to what is sought to be achieved by him. Information to which this section applies is not to be disclosed by virtue of this section except with the consent of the assessor. Information obtained by means of disclosure is not to be further disclosed except with the consent of the assessor. The assessor's consent for the purposes of these subsections may be given either in relation to a particular disclosure or in relation to disclosures made

in such circumstances as may be specified or described in the consent. Nothing in the section authorises the making of any disclosure which is prohibited by any provision of the Data Protection Act 2002. References in the section to information which is held on behalf of the holders include references to information which: (a) is held by a person who provides services to any of the holders; and (b) is held by that person in connection with the provision of those services. Nothing in the section shall be taken to prejudice any power to disclose information which exists apart from this section.

New section 106E addresses the opening of gateways from specified authorities to the Treasury and to the assessor. The section applies to any information which is held by, or on behalf of, an enforcing authority as defined in section 106F or the Manx Electricity Authority. No restriction on the disclosure of information imposed by statute prevents the disclosure to Treasury or the assessor of information or documents if the disclosure is made for the purpose of enabling or assisting the Treasury or the assessor to discharge their respective functions under the Income Tax Acts or in respect of income tax.

Information obtained by means of a disclosure authorised by subsection (2) shall not be disclosed except: (a) for the purpose mentioned in that subsection; and (b) with the consent of the relevant enforcing authority. A consent for the purposes of subsection (3) may be given either in relation to a particular disclosure or in relation to disclosures made in such circumstances as may be specified or described in the consent. Nothing in this section authorises the making of any disclosure which is prohibited by any provision of the Data Protection Act 2002. References in this section to information which is held on behalf of the holders include references to information which: (a) is held by the person who provides services to the particular holder; and (b) is held by that person in connection with the provision of those services. Nothing in the section shall be taken to prejudice any power to disclose information or documents which exist apart from this section.

Finally in this part, Mr Speaker, new section 106F incorporates supplementary matters. It defines those enforcing authorities in respect of which the gateways for the flow of information have been opened. It also ensures that the appropriate gateway is opened in the Financial Supervision Act 1988 for the flow of information from the FSC to the Assessor of Income Tax. Mr Speaker, I beg to move that clauses 17 and 18 stand part of the Bill.

**The Speaker:** Hon. member for Douglas West, Mr Shimmin.

**Mr Shimmin:** I am pleased to second and reserve my remarks, Mr Speaker.

**The Speaker:** Hon. member for Douglas East, Mrs Cannell.

**Mrs Cannell:** Thank you, Mr Speaker. Can I ask: under 106E on page 11, under the disclosure of information to Treasury and the assessor by certain authorities, why it is that the Manx Electricity Authority have been singled out as one body, if you like? Clearly 106E is to do with this, because it does say 'by certain authorities', but why in particular the MEA? What difference is there in this with respect to, and when comparing with, any other statutory authority, for instance?

**The Speaker:** Hon. member for Ramsey, Mr Bell, to reply.

**Mr Bell:** I must admit I did question this myself because it seems an odd one out in the midst of everything else that we are dealing with in this Bill, but apparently the MEA have long been a source of information as to new residents into the Isle of Man with new links to the electricity supply, and this has helped the assessor to track down new people coming into the Island over the years.

**Mrs Cannell:** What about water? (*Interjection by Mr Karran*)

**Mr Bell:** You have already told us we do not have water, so we do not bother about them. (*Laughter*)

**The Speaker:** Hon. members, the motion before the House is that clauses 17 and 18 do stand part of the Bill. All those in favour say aye; against, no. The ayes have it. The ayes have it.

Clauses 19, 20, 21 and 22, hon. member.

**Mr Bell:** Mr Speaker, clause 19 provides for international information exchange where the Council of Ministers enters into applicable arrangements with the government of any other country. Such an order is subject to approval by Tynwald.

Clause 20 imposes restrictions on the disclosure and use of information received by the Treasury or the assessor from a mutual assistance country specifically to income tax purposes for the facilitation of legal proceedings for failure to observe the income tax law of the Island or to purposes permitted under the arrangements.

Clause 21 imposes restrictions on the disclosure of information by the Treasury or the assessor to a mutual assistance country. Neither the Treasury nor the assessor shall disclose any information unless satisfied that the competent authorities of the other country are bound by, or have undertaken to observe, the rules of confidentiality with respect to the information which are not less strict than those applying to it in the Island. Subject to subsection (3), nothing in the section shall permit the Treasury or the assessor to authorise the use of information disclosed under this Act other than for the purposes of taxes to which the arrangements relate or to facilitate legal proceedings for failure to observe the laws of the other country relating to those taxes. The Treasury and the assessor may decline to disclose

information unless satisfied that information furnished pursuant to the exercise of those powers will not be used in any criminal proceedings against the person furnishing it other than for an offence of perjury or for any like offence.

Clause 22, Mr Speaker, incorporates the necessary interpretation. I beg to move that clauses 19, 20, 21 and 22 stand part of the Bill.

**The Speaker:** Hon. member for Douglas West, Mr Shimmin.

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

**The Speaker:** Hon. members, the motion before the House is that clauses 19, 20, 21 and 22 do stand part of the Bill. All those in favour say aye; against, no. The ayes have it. The ayes have it.

Clauses 23 and 24, hon. member for Ramsey, Mr Bell.

**Mr Bell:** Mr Speaker, clause 23 addresses the rate of income tax to be applied to the trading profits of companies. It incorporates the rate of tax and the thresholds for the 10 per cent and 15 per cent bands applicable for the tax year of 2002-3. Although this section is effective for the income tax year commencing on the 6th April 2003, hon. members will be aware that from 2003-4 the threshold for the 15 per cent band has been increased to £100 million, so that for companies there is now effectively one rate of 10 per cent on all trading profits. It confirms the Income Tax (Temporary Taxation) (Standard Rate of Tax) (Companies) Order of 2002, which was approved by Tynwald at the time of last year's budget. The clause also clarifies the fact that the non-trading income of companies remains liable at the higher rate of 18 per cent. The clause in this form is effective for the year 2003-4 and subsequently.

Clause 24 eliminates an area of potential tax avoidance in relation to the valuation of benefits in kind. Where an asset is transferred to an employee and its realisable value in his hands is more than the cost of the asset to the employer, then the value of the benefit to be taxed is the higher of the two figures. This is effective for the tax year 2003-4 and subsequent years. Mr Speaker, I beg to move that clauses 23 and 24 stand part of the Bill.

**The Speaker:** Hon. member for Douglas West, Mr Shimmin.

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

**The Speaker:** Hon. members, the motion before the House is that clauses 23 and 24 stand part of the Bill. All those in favour say aye; against, no. The ayes have it. The ayes have it.

Hon. members, we have three amendments in the name of the hon. member for Onchan, Mr Karran, for

our purposes identified as [A], [B] and [C]. I will invite the hon. member to present in principle clause [A], and if that is approved, we will then move on to debate the clause in detail. Then we will move to clause [B], debate in principle, and then if that is approved, go into detail, and then go to clause [C] in principle, and if that is approved, we will then go to detail.

So, I invite the hon. member for Onchan, Mr Karran, to move the amendment [A] standing in his name in principle.

**Mr Karran:** Vainstyr Loayreyder, this new clause would give the Treasury the powers to promote conservation and the enhancement of the environment. It is an enabling piece of legislation. I welcome the Treasury minister's views on the encouragement of employers to look towards issues such as biodiesel, altering the tax allowances maybe on company cars with such a facility, not just because we are signatories to the Rio convention but because I believe that we have a clear commitment to try and keep the likes of lines in our own national anthem as far as the quality of our sweet mountain air is concerned, especially for our children growing up in the Douglas area. I believe that this encouragement should be done in order that there will be benefits for the children's health and also for the environment. If we look at this area, this could be a catalyst for new business opportunities on the Island to help diversify the economy. I would also hope to see this as a way of helping to give the flexibility to the Treasury minister in helping to channel the priorities as far as employers are concerned.

The second part of this new clause is an allowance for individuals in respect of environmentally friendly expenditure. Yes, I was disappointed it took us so long to get the likes of the VAT issue on home improvements, but I am proud that we succeeded in the end: another one of these non-achievements that one was proven right to push in the first place, and I believe I will be proven right to push this issue as well. I believe it is the right way forward, that we should be encouraging individuals, through the tax structure, to look at issues of the likes of solar heating.

I think that it is important that this is a way where we can help to make the economy grow as far as looking at the environmental issues is concerned. I believe that by supporting the principle and having this debated, it will not just be an issue of developing the future well-being of the environment and our children's health, but I actually think we should be leading the way as far as our economy is concerned, because it might create new business if it starts off on the Island.

Regarding the safeguards as far as this new clause is concerned: it is an enabling piece of legislation; the Council of Ministers will still be left in the driving seat as far as the allowances of such proposals are concerned. I believe that this issue should be part of the tax structure as far as the Isle of Man is concerned. I believe that we should be more positive about

encouraging businesses to be more environmentally friendly, and I believe that we should be more proactive about encouraging our individual citizens in their homes to do more environmentally friendly projects. I beg to move:

***Powers exercisable in support of environment.***

[A] (1) *After section 31A(2) of the 1970 Act add –*

(3) *The powers conferred by this section may be exercised for the purpose of promoting the conservation or enhancement of the environment.*

(4) *The Treasury shall exercise the powers conferred on it under this section so as to provide for special deductions to be allowed in respect of payments for the purchase of biodiesel for use exclusively in the course of such trades or professions as are prescribed by the order.”*

(5) *In subsection (4), “biodiesel” has the same meaning as in section 2AA of the Hydrocarbon Oils Duties Act 1986 [c. 38] and includes “bioblend” as defined in section 6AB(2) of that Act.’.*

(2) *After section 35B of the 1970 Act insert –*

***‘Allowance for individuals in respect of environment friendly expenditure.***

35C. (1) *Subject to the following provisions of this section, an individual shall be entitled, for the purpose of ascertaining taxable income, to a deduction from his total income if he proves that he has made payments wholly and exclusively in respect of environment friendly works or services.*

(2) *The Treasury shall make such regulations as are necessary to give effect to this section and, but without prejudice to the generality of that power, regulations shall make provision as to –*

(a) *the amount of deductions under this section;*

(b) *the method of calculation of deductions;*

(c) *whether deductions shall be made in the year in which payment is made or in any other year;*

(d) *the conditions and restrictions which are applicable to the making of deductions.*

(3) *In this section, “environment friendly works or services” means works or services that are classified in regulations as promoting the conservation or enhancement of the environment.*

(4) *Regulations under this section shall not come into operation unless they are approved by Tynwald.’.*

(3) *This section shall have effect in respect of the income tax year commencing on 6th April 2004 and subsequent years.*

**The Speaker:** Member for Douglas East, Mrs Cannell.

**Mrs Cannell:** Mr Speaker, I am happy to second the ‘in principle’ aspect of helping us to consider here today and debate the new clause as promoted by the hon. member for Onchan. I am happy to second.

**The Speaker:** Member for Ramsey, Mr Bell.

**Mr Bell:** Mr Speaker, two issues, I guess. First of all, just to put the hon. member for Onchan straight on VAT on home improvements, which I, too, am very pleased we managed to get through: this was nothing to do with pressure, I am afraid, from Tynwald members; it was entirely down to the reluctance of the European Union to relax this particular level. It does look as if we have managed to achieve that now, but VAT changes are not as simple as may be made out. They are very difficult things to achieve so long as we are part of the common customs area.

If I can move on to the new clauses – which we are talking about in principle, I appreciate – although I have a great deal of sympathy with what the hon. member is trying to achieve in terms of encouraging improvements in the environment and providing incentives of some sort, I strongly believe that the income tax system is not the way to do it. We have to look at the situation in a wider context, I think. It would leave the income tax assessor in an extremely invidious position, having to decide what is environmentally friendly and what is not. This is not what the income tax structure is there for, and I would

suggest that, for the time being at least, these clauses be rejected and we have time to look at it from another angle.

For example, if I could just throw in one other point: that the hon. member is trying to encourage the use of biodiesel by traders, and that is a very worthy concern. There is no doubt at all that the business community does heavily pollute the environment from time to time, but if you follow that argument logically, why should just traders be given any benefit? What about the ordinary individual? Should we not be encouraging them to be more environmentally friendly at the same time? So, there are anomalies in this Bill, Mr Speaker. I would express to hon. members, please: I am not trying to rubbish this particular one, because I have a lot of sympathy with what the hon. member is trying to do, but I do not believe the income tax system is the way to do it. What I would say is that if there is a residual feeling that we should look at this, there are likely to be two, and most likely three, more tax Bills before the end of this year which I will have to take through. I would be a lot more comfortable if this clause, at this stage, was rejected, and if the hon. member feels that he has a specific rationale behind this that he would like to take a stage further, he should come to talk to Treasury to see if there are any other angles that we can find to deliver, in a more effective manner, what the hon. member is trying to do in this amending clause, because we strongly believe, in Treasury, that the income tax system is not the way to do it. It would be hugely complicated and will not, I believe, deliver the sort of improvement to the environment the hon. member is trying to achieve. So, as I say, Mr Speaker, while by no means trying to knock the sentiment behind this proposal, we feel it is impractical at the moment and would urge hon. members, please, to reject this and allow us to have a look at it from a different angle.

**The Speaker:** Hon. member Mr Karran to reply to the debate in principle.

**Mr Karran:** I would like to thank my seconder for putting her head above the kerb and doing that. I think she should be congratulated. That is the important thing about this House.

I must take issue with the Treasury minister on his rewrite of history. The issue was that it was raised in Tynwald, and I am sure that if it had not have been raised in Tynwald, there would have been no way that they would have been looking at those areas as far as that is concerned, Vainstyr Loayreyder. That is where most things come from in trying to get these issues addressed. (*Interjection*)

So, the issue is that whilst they would not have the power to do it, it is trying to shame them into action to look at those areas, and this place is littered with those issues. I am somewhat disappointed that he tries to use the issue of 'Why should I give it to the businessmen' – as far as the first part of the clause is concerned – 'and not the individuals?' It is the very reason for his concerns over bureaucracy. That would

mean that every individual would be expected to keep every petrol bill or every biodiesel bill in order to do so, and that is the very reason why we did not put the first part of the amendment for individuals, because it would have created the nightmare scenario that the hon. member has given.

I am disappointed that somehow we have lost the use of this House. These issues should be debated on the merits in this House, and we have seen the actions of some of the newer members in this hon. House, where they will pogo on their heads on these issues to try and get the block vote. I thought an issue should be debated in this House on the rights and wrongs in this House. It should not have to have a situation of when it has ministerial blessing; it is whether it is right. And if it is right, it should be supported, and if it is wrong, it should not be supported but obviously the parliamentary part of our democracy is in sad decline at the present time. I hope that this will be put down again and maybe will concentrate the minds of the Council of Ministers so that maybe we will see some action on this point at a later date from the one-party state that exists at the present time. I beg to move.

**The Speaker:** Hon. members, before I put the motion, I do not think it is helpful, really, to make some of the points the hon. member has made, which, of course, he is able to make because of the freedom of speech in this House. I would just make the point that members are free, within compliance with standing orders, to stand up and say what they wish to say, and nobody that I know of is controlling them.

Hon. members, the motion before the House is that the new clause identified as [A] in principle should be accepted as part of the Bill. All those in favour say aye; against, no. The noes have it.

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

*For: Mr Henderson, Mrs Cannell, Mrs Hannan, Mr Karran and the Speaker – 5*

*Against: Mr Anderson, Mr Cannan, Mr Quine, Mr Rodan, Mr Quayle, Mr Gill, Mr Houghton, Mr Cretney, Mr Braidwood, Mr Downie, Mr Shimmin, Mr Bell, Mr Corkill, Mr Earnshaw and Capt. Douglas – 15*

**The Speaker:** Hon. members, the motion fails, with 5 votes for and 15 votes against.

Now, then, hon. members, we move on to the second of the hon. member for Onchan's new clauses, which is identified on our order paper as [B], and again I invite the hon. member to move this motion in principle.

**Mr Karran:** Vainstyr Loayreyder, hon. members, this clause is not really about money. In fact, the money involved to the Treasury minister and the Treasury would hardly be an amount to argue about. It is about a principle to show that we value the

language. All my life, until recent times, I was told you will not make a penny from the Manx. This clause is about showing that we recognise that we are a mature government, a mature nation, and that we are not ashamed of our linguistic heritage. It is a form, almost, of an apology to the few dedicated people who fought so hard to keep the linguistic heritage of this Island alive whilst this legislature and the government had, for far too long, a linguistic policy of genocide towards the language of this Island. Yes, I am proud to be associated with the issues of the Ard-shirveishagh, Mr Corkill's government on the support they have given to the Manx language, and I believe that they should be given a pat on the back, because I believe that is part of the maturing within this hon. House to the identity that we should have. This is about showing that we are not ashamed to be up front as far as the language is concerned and that we value the language, and that is why I have asked for this proposal, this token amount as far as this proposal is concerned, before. I still believe that this issue should be shown as an act of maturity within the Island.

I hope hon. members will support this proposal to show that we do value our linguistic heritage and value those who go down that line and we do not still have the embers of the fires of when we had the situation of the old saying that 'Cha nel oo geddyn ping voish y Ghaelg.'

I think that we should support this. The monetary terms are farcical; it is the principle that we want to show that we are positive towards the language. We have moved on from the old days of when we used to ridicule everybody and rubbish them. I beg to move:

[B] (1) *After section 35C of the 1970 Act insert –*

*'Allowance for individuals gaining Manx language qualifications.*

35D. *Subject to the following provisions of this section, an individual shall be entitled, for the purpose of ascertaining taxable income, to a deduction of £100 from his total income if he proves that he has passed a General Certificate of Secondary Education examination in Manx language studies or an examination which the Assessor is satisfied is of an equivalent standard.*

(2) *This section shall have effect in respect of the income tax year commencing on 6th April 2004 and subsequent years.'*

**The Speaker:** Hon. member for Rushen, Mr Gill.

**Mr Gill:** Thank you, Mr Speaker. At the risk of attracting criticism for pogoing on my head – whatever that means (*Laughter*) – I will stand up for something

that I believe is correct, and I do support this amendment.

Hon. members might recall that very recently the Chief Minister said that he takes his hat off to those people who have some Manx and pass that language on to others. You may also recall that he declined to respond to my supplementary question – will he pass that same hat around to provide some meaningful support for the Manx language? – by, perhaps quite rightly, saying that he felt that that was moving from the question at issue to a wider budgetary debate. Well, that budgetary debate, in this form, is before us today. This amendment, which I am pleased to support, tests the Chief Minister and his government's commitment to the policy of meaningful and tangible support for our national language. Despite relatively high numbers of individuals who claim to have some Manx, I do not believe the numbers qualified to GCSE level or above would be great, and accordingly the fiscal effect of this amendment would therefore be limited, but if this amendment is successful, it would provide a positive, helpful and welcome addition to the provisions of this Bill. So, on that basis, sir, I am very pleased to second this amendment and hope it will receive not only government support but also support from across the House. I beg to support.

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

**Mr Henderson:** Gura mie eu, Vainstyr Loayreyder. I am quite happy to support the amendment also. I cannot really add anything further than what the hon. member for Rushen has just said, except that I wholeheartedly support the comments made, sir.

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

**Mr Corkill:** Thank you, Mr Speaker – or should I say, 'Gura mie eu, Vainstyr Loayreyder'? Yes, there is a lot of sympathy for the issue at hand, and I am aware that we are debating the principle of this clause. I think also, though, that we have to be careful in terms of how we discriminate within our legislation, and this does instil an element of discrimination. I can see from the hon. mover's passion for the language that he sees that as a positive discrimination, but nonetheless it is discrimination, and so I would urge hon. members to be rather cautious, because I think this is a misplaced support for the language within this type of legislation. And I say it for a number of reasons, because we do live in a free society and there are those within the Island who wish not to pursue the Manx language, some Manx, some not Manx. There are those who do support the Manx language, some non-Manx and many who are Manx; there is a feeling of support for something that is intrinsically a part of our Island. But nonetheless, to introduce an issue such as this into income tax legislation, I do believe, is misplaced and introduces an element of discrimination which I do not

believe, in my own mind, complies with human rights legislation which this hon. House has passed relatively recently. Albeit that that legislation has not had the appointed day order, it is intended that, during this calendar year, in fact, that appointed day order should come into play. So, as much as we have the sympathy in this sort of area, I think we, at a different level, need to be aware of our principles that have been established within this House in the not-too-distant past.

There is also another issue of discrimination in as much as this is an allowance and, of course, to take advantage of an allowance, you have to earn up to a certain level. This will have value to some and not to others, so there is another element introduced which I do not think would be helpful.

Yes, I take on board what the hon. member for Rushen, Mr Gill, has said about passing the hat around. I believe there is tangible support for the Manx language and, yes, we can always look for more budget to support these issues and, yes, I do believe that is the right way forward. If we want the language to improve, to be stronger, then I think it will benefit from subvention in that way rather than this misplaced trust in a piece of income tax legislation. I just think it is the wrong way of going about it and would ask hon. members to be careful about the broader principle of people's rights on a wider scale.

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

**Mrs Hannan:** Thank you, Vainstyr Loayreyder. I do not think this legislation is discriminatory, as suggested by the member for Onchan. What this legislation does is say that if somebody passes an examination at a particular level, they will be treated as this legislation states. This is not discrimination, and I think it is wrong to suggest that it is. If you are looking at it from that point of view, I think you could say that we discriminate all the time. We have heard that we pass on credits to people who do not actually earn enough to be able to pay income tax. My position has always been that if you pay income tax in the Isle of Man, you are reasonably well off. It is discriminatory if we do not get everybody up to that particular level, but nobody has suggested here today that that is against our human rights. What I think the member is suggesting is that if somebody has gone out of their way to take this particular examination, then the parliament – because that is where this suggestion is coming from – actually supports that initiative, and I think it supports the language, it supports that continuation of learning.

We know that a great deal of financial input is put into our education system, but you could say that that is discriminatory as well, because it does not allow some children to take Manx if it is interrupted by another course that they want to take. So, it is actually discriminatory in lots of ways in which we look at the language. If children are in a class and all the children do French, as they do in primary schools, at the same

time, it certainly does not happen with Manx. They have to leave one class to go to another. So, we are being discriminatory, and until we get to equalise all of this so that the language is taught in a similar sort of way, I think this suggestion by the member to give some sort of recognition which the language does not have . . . I do not care what anybody says; it is up to the children and the parents to make that added effort to do Manx, whereas they might be taken out of, in secondary school, history, geography or whatever to do it and therefore I think until we get the Manx language on the same footing as everything else, then I think the Chief Minister can talk about discrimination, but at the moment I would suggest to this hon. House that this legislation should be supported for the simple reason that we are not yet on the level playing field with all other subjects. This will encourage people to go that one step further, pass the General Certificate of Education within the language and I do believe that is an added area and just a small incentive, that is all it is, a small incentive and I would hope that the Minister for the Treasury will support it.

**The Speaker:** Hon. member for Douglas East, Mrs Cannell.

**Mrs Cannell:** Thank you, Mr Speaker. I think it would be fair to say that I welcome the Treasury Minister saying on a previous clause, the one before this, that he would welcome further discussion within his department to consider other forms of tax legislation which he is expecting to come forward this year and I see that as an olive branch, if you like, that has been thrown out to hon. members here today and nobody has picked it up. Well, I have picked it up and I have noted it, but let us look and evaluate why these clauses in principle have been put at this juncture. If this is not the appropriate piece of legislation to carry them, then I would have thought, following on from what the hon. Treasury minister has said, that there is the general view and understanding within this House with the majority of members if not all, that such things ought to be properly considered and put into legislation for the future. I do not think there is any argument, I do not think there is any argument there with hon. members. I think we all support all of these very laudable initiatives that have been put into the arena today by the hon. member for Onchan, Mr Karran, because what we are looking at, what is being suggested to us are initiatives and let us face it, taxation is and can be used to encourage and discourage all sorts of initiatives. We are being asked at the moment whether or not to agree in principle the initiative of the Manx language, of further encouraging the use and the education and the qualification of teachers to be able to teach the Manx language and I stand to my feet, Mr Speaker, not as a Manx person by birth, but one who is referred to often by those I am close to as adopted Manx, having spent more of my life here in the Isle of Man than I have anywhere else. I have spent more of my life here. I do not speak Manx, except for the odd word that Mr Speaker knows fully

about, only he and I together fail on occasion to remember it, but it was a very important one and it was the word goodbye that was used by youngsters at St John's School. Now there is an example of a school that has been built, dedicated and committed to the teaching of the Manx language.

So I think all members who have been involved in previous times in bringing together the use of the Manx language, the revival of it, the use of it, the teaching of it, I think all of you deserve a pat on the back. I was not here in those days. I think it is a credit to the community of the Isle of Man that we use the Manx language. That children are taught the Manx language, that we encourage teachers to be educated and qualified in teaching the Manx language and I think that we ought to be considering properly how we can encourage that further. I regard this particular clause in principle as a tool to encourage those who might be considering testing themselves if you like in terms of getting the relevant qualifications to be able to teach Manx. So the more teachers we have, the more opportunity of teaching Manx to young people and those of us who are still able to learn and the more use within everyday life, the more it is seen in print, the more it is used, the more identity the Island builds up for itself again. Renewing its whole identity is a very good and laudable thing to be doing, but at the same time, I appreciate that this may well not be and the Treasury minister has said throughout, he wants to keep it simple. He wants it on the books, he wants it rolling, he wants people to benefit from the provisions contained within this piece of legislation sooner rather than later and in view of that, I will in principle be supporting the amendment because I think it is important to get on record in this place, the place of the elected people's representatives, that we want something done about these things. We want environmentally friendly initiatives to come forward, whether it be through taxation or road licensing or whatever, to clean up the community and to encourage environmentally friendly practices. We want to encourage the business community to do the same. We want more use of the Manx language and we want reward for those who put themselves to the test and become qualified and I think, to be fair, I think the Treasury minister is picking all this up and is not just rebutting it. I think he has a genuine desire to be able to help and I welcome the olive branch and I welcome him saying that the hon. member for Onchan, Mr Karran, is welcome to the Treasury to discuss how best these things can be catered for and what the appropriate legislation is in order to put it in on the statute books and I would hope that that olive branch also extends to all and every individual member of this elected place, to be able to come and meet with him and his officers to further progress these issues so that we can look forward to something very positive in the future.

**The Speaker:** Hon. member for Malew and Santon.

**Capt. Douglas:** Mr Speaker, one of the great advantages of the Manx character is our ability to laugh at ourselves. It is something I particularly cherish and I remember the first time I ever heard the question 'What is the difference between a Manxman and a coconut?' The answer of course is you can get a drink out of a coconut. Now this is a serious attempt however, sir, for the hon. member from Onchan, to recognise the sterling efforts of the few to retain our language and some of our character. We are trying to be politically correct, we hear about human rights et cetera and perhaps this clause in the Bill is not the correct home for this recognition, but I do applaud the hon. member for Onchan for bringing it forward and I would certainly support this amendment. Thank you.

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

**Mr Bell:** Mr Speaker, my thoughts on this one really are very similar to the previous one: the principle behind it is very laudable and it is something which I have a great deal of support for, but once again my argument is quite simply that this is an Income Tax Bill. There are other vehicles for bringing in support in this level.

Mr Speaker, the member for Onchan has stated in effect that support for this amendment would show that we are now a mature government and a mature nation, no longer ashamed of our language. Now I have to say straight off, Mr Speaker, I do not believe that the virility test of support for the language depends on an amendment to the Income Tax Bill. I think the record, certainly in the last few years of growing government support for the language, speaks for itself. Probably more than most members in this hon. chamber, I have seen just the change which has taken place in the level of support for the Manx language over the years. As far back as the 1960s and early 1970s I worked very closely then with two of the strongest language supporters, Mr Louis Crellin and Jack Irving from Peel, who were two of the founder members of Mec Vannin. In those days, the language was very much an oppressed tongue, so to speak; it had no governmental support at all and was kept alive by a very small band of people, I think almost totally self-taught. They struggled on for years, against overwhelming odds, to keep the language alive, even if it was only a spark, and those two, along with a handful of others, inspired really the changes which we are experiencing today. I am sure the two of them, looking down on us now, would be quite proud at the progress the Isle of Man has made following their rearguard action so many years ago.

So, Mr Speaker, I make no apologies for the point I am making today, because I, in my time over the years, have done my bit to try and keep the language going as well, but I do believe that this is not the vehicle for it. It creates more anomalies than it actually achieves, and I would really, just following on from the member for East Douglas, simply reiterate: if the member is concerned that there needs to be some visible reward to those who have passed their GCSE in

Manx, then come and talk to Treasury and we can see if there is a more practical way of helping on this one. For example, it might be more practical to give some sort of support through the Department of Education rather than through the income tax system if that was felt to be the way ahead, because what we are actually talking about, if hon. members look at the proposal, is for a very tiny contribution to be given. It says that 'the individual shall be entitled to a deduction of £100 from his total income' – not from his income tax, from his total income – which means, on average, most people will get a £10 reward for passing their GCSEs.

I have to ask hon. members: what relevance is that? Surely, if we are going to mark the success of people who are prepared to study for some period of time actually to get the GCSE in Manx, if we intend to reward them, we should do something more than just simply give them £10 off their income tax bill. It just does not seem an appropriate response to what it is we are trying to achieve. There are a large number of people, and younger people especially, who do pass GCSEs or are moving towards that end but who will not be in the income tax bracket anyway. Are we saying that those people do not deserve some recognition too? Those are our future: those are the young people we want to encourage into the language. They are the lifeblood of the language for the future years, so if anything we should be rewarding them more than, perhaps, some of the adults.

Mr Speaker, I in no way wish to denigrate again the sentiments behind this particular proposal, but I do think it has not been properly thought through. The principle is fine. Let us find some way of rewarding the commitment to the Manx language, but I do not believe the most appropriate way is through the Income Tax Bill. It is not really going to be the most beneficial to those very people we are trying to help through this. So, in saying that, Mr Speaker, I again, to quote Mrs Cannell, hope it is not an 'olive branch'; it is a general open invitation to Mr Karran and again, picking up her point, to all members. If there are genuine proposals and thoughts along these lines, please come and talk to Treasury, and we will see if we can find if there is another way to help to deliver the same, or hopefully an even better, provision, but not through the income tax system. It is just illogical, it is not the vehicle for it, and therefore, Mr Speaker, I will be opposing this clause and would urge hon. members, at this point, to do the same.

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

**Mr Rodan:** Mr Speaker, I am afraid I cannot agree that supporting this amendment is a test of government resolve over its commitment to support the Manx language. (**A Member:** Hear, hear.) I believe government has demonstrated very tangibly just how deep and solid that commitment is and how it has been built so solidly over recent years. Hon. members have already given examples of this: reference has been made to the Manx-medium classes at St John's where, for the first time, any parent who

wishes can have the primary education of their child delivered through the medium of Manx by Manx-speaking teachers in Manx-speaking classes. This is a significant achievement; this is real progress. Similarly, when we talk about putting Manx language on the same footing as French or other subjects, I think we seem to have forgotten that, as far as Manx language, culture and history are concerned as a topic, that is now a statutory requirement in education law to be part of the curriculum, and the only other statutory compulsory subjects are PE and RE. French, for example, is not a compulsory subject; it is a matter of policy – and a successful policy, I may add. So, the government certainly, nor the recent actions of this place, need to be put under any doubt in the way that has been suggested.

Mr Speaker, in my view, this amendment is a gimmick; it is gesture politics. I would prefer real, solid achievement, and certainly, as far as the Department of Education is concerned, there is a determination there to make real progress and not in a gimmicky sort of way. I would also add and reiterate what the hon. member for Ramsey, Mr Bell, has said: the notion that somehow only people who have taxable income should receive a financial inducement of some sort I think runs quite counter to the way the hon. member for Onchan has, in the past, projected such notions, and I am very surprised that he should offer it. No, Mr Speaker, the way to encourage individuals to gain Manx language qualifications is to put the facilities in place and provide the opportunities, not a piddling, gimmicky £10 off your tax. That is not going to do it. Thank you, Mr Speaker.

**The Speaker:** Hon. member for Douglas West, Mr Downie.

**Mr Downie:** Thank you, Mr Speaker. I will not be supporting the new clause. I have no hesitation whatsoever in supporting any initiatives which will provide better facilities for the teaching of the Manx language. Over the last many years, I have actively supported the spending of millions of pounds in this place and in another place, actively promoting the Manx language and our heritage, and I am pleased to say that, to date, I feel it has been money very well spent. There is no doubt about that in my mind, and that is why I am quite surprised to see this as a possible new clause appearing in an Income Tax Bill, which, if it becomes an Act, will be circulated worldwide (**A Member:** Yes.) to many investors and people who are interested in developing a relationship or financial links with the Isle of Man. To see we are going to have, as the previous speaker said, a gimmick where we are going to give £10 to someone who gains a qualification in the Manx language, I just do not honestly understand where the hon. member for Onchan, Mr Karran, is coming from. If he is serious about this issue, why not start to put a bursary together? Why not approach organisations like the heritage foundation? I would gladly support a scheme where every person who passes a GCSE in Manx can

access some money. That is the easiest way to do it, but you do not wrap it up in an Income Tax Bill, and if you are really serious, why limit it to people who have passed an exam? Why not go at it from the other angle and say that if you become a teacher qualified in the language, you can access even more funding so there is some sort of an incentive there? But let us not have a Mickey Mouse piece of legislation like this (*Interjection*) which, I think, will just become a laughing stock, hon. member.

In Ireland, up until fairly recently, to get a job in the civil service you had to have a GCE equivalent, their equivalent, in the Irish language. Surprise, surprise, that has actually been dropped and they favour now someone going into the civil service in Ireland to have at least one or possibly two European languages as part of their entry. They do an awful lot over there to promote their language, but it is done in a more aesthetic and more sensible way, and I would like to think, hon. members, that that is the way we are promoting our language. We have seen tremendous progress in the last few years, a tremendous amount of development, and I think it stands us in very great credit. So, I would just urge hon. members: do not support this new clause today. If the hon. member is serious – and I am sure he is – go, by all means, and talk to the Treasury minister, put a motion down in another place that we do look at setting up some sort of a bursary or we do provide funding for people who obtain these qualifications and standards, but let us not roll it into an Income Tax Bill.

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

**Mr Quayle:** Gura mie eu, Vainstyr Loayreyder. I am happy to continue my support for the promotion and usage of the Manx language and our history, heritage and culture. However, I do not think that this is the most appropriate way of affording our support, and I rather think it is discriminatory. I would also like to say that I believe that the use of Manx is developing well without pressure and without cajoling in the way that has been put forward in this particular clause. I certainly would not like us to be drawn along a path as in, for example, parts of Wales, where certain jobs, I think, require people to speak Welsh first and English second. I think that has led to problems and disharmony in that principality. I think we do need, as a nation here in the Isle of Man, to be very careful that we do not end up in a situation whereby people feel entirely at a disadvantage simply because they do not speak Manx. This would, I feel, be against the best interests of the Manx people, whether born here or not.

While congratulating the hon. member for Onchan, Mr Karran, for bringing this clause for us to actually consider, obviously I will not be voting for it, but I congratulate him at least on bringing it here for us to have a debate on the particular clause.

I also would conclude by saying that it does seem to be adding bureaucracy for what is a relatively small amount nowadays – a £10 reward for passing this particular examination. So, I feel that there are other

ways where we could more usefully encourage and promote the gaining of this certificate rather than embroiling it within this Income Tax Bill. Thank you, Mr Speaker.

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

**Mr Cannan:** Mr Speaker, I cannot speak Manx, but my father was a very fluent Manx speaker. I just want to say I fully support Manx and the promotion of the Manx language and, coming from a household where actually my father was a very fluent Manx speaker, I want to say that this clause is not the right thing at all. (**A Member:** Hear, hear.) If we want to reward people for getting an O-level in Manx, then there is an ex gratia payment from the Department of Education and it is in the education system, but what we have got here, if you read this carefully, is that ‘the individual shall be entitled, for the purpose of ascertaining taxable income, to a deduction of £100 from his total income if he proves that he has passed a General Certificate of Secondary Education examination in Manx Language Studies or an examination which the assessor is satisfied is of an equivalent standard. And he gets that £100 deduction and he gets it every year for his lifetime. (**A Member:** Yes.) I do not think hon. members read this properly.

**A Member:** No, I did.

**Mr Cannan:** Oh, you did. I do not think the other members did; they thought they were getting just one £10 relief. (*Interjections*) It is £10 for ever (*Interjections*), and what I want to say is: so if somebody gets an O-level in Manx and then never speaks a word of Manx again (**Mr Downie:** Hear, hear.), is he for the rest of his life –

**Mrs Hannan:** Or her.

**Mr Cannan:** – or her life, to get this allowance for speaking Manx? It does not make sense, and it does not make sense to have it in an Income Tax Bill (**A Member:** Hear, hear.), but if we are going to reward people for speaking Manx and we are going to reward them for passing the examination, then let us have a policy that the Department of Education gives an ex gratia payment, not something that goes on for ever and a day so that for somebody who has passed it and is aged 20 it goes on until they live to 90 when, for the last 70 years of their life, they have never uttered a word in Manx. What benefit to the community is that? What benefit is it to the community somebody who is getting a £100 deduction on his income tax for 70 or 80 years and, for 60 years of those, has never uttered a word of Manx in his life? It does not benefit Manx, it does not benefit the Manx community and it does not benefit the promotion of Manx.

Hon. members, support Manx, agree for an ex gratia payment somewhere in the system from the Board of Education, but this is income tax. This is a serious matter which affects the whole community,

business alike, international investments, all sorts of things. There is a time and a place for everything and, hon. members, this is not the place or the time for this particular new clause. Thank you.

**The Speaker:** Hon. member for Onchan, Mr Karran, to reply to the principle.

**Mr Karran:** Vainstyr Loayreyder, the issue is a matter of a simple principle, and the simple principle is this: that we value Manx, the Manx language. There are many ways that that can be addressed, and if we are talking about nonsense and bureaucracy, the very thing that the member for Michael is saying is the one thing that you would create bureaucracy and nonsense if you were to give them . . . You would have extra civil servants in the education department giving grants out for getting an O-level in Manx. That is nonsense. (*Interjection by Mr Cannan*) This is a way of recognising in our tax structure what we see as priorities within our tax structure, what we think that we want to encourage through fiscal terms. That is the bottom line.

As far as the hon. member for Middle is concerned, I am disappointed that he, like so many in this hon. House, has this idea that somehow this . . . Parliament should be independent of the executive. I should not have to go behind closed doors and come up with a deal with the Treasury minister for any amendment to the income tax in this House. They should be argued on the principles. If they are right, they are right, and if they are wrong, they are wrong. Whether they come from the government, the APG or the Labour members of this hon. House, then the issue is that they should be debated on that issue, and I would hope that he would.

I must congratulate my friend from West Douglas, Mr Downie, for his input because he actually highlighted the very reason why I have gone for the token amount: 'Oh, we could not put that in. We would be a laughing stock.' When I started in this hon. House I would not even have had a seconder in this hon. House, to do this sort of clause at one time. This member had to go and remortgage his house to get a Manx centre up and operating. This hon. member had to organise a charity to pay the first 18 months of the rent for Mooinjer Veggey to get it going, so I do not need any lectures from Mr Downie or anybody else in this hon. House about their commitment to this House. There are some of us who have worked very hard when we used to be openly and totally ridiculed about the Manx language in this hon. House. Today, they would not dare do it, because we have re-educated people not to be ashamed of being Manx.

And I would hope that Mr Downie would reconsider his situation; he should not feel embarrassment that, in a Manx Income Tax Bill, there are Manx solutions to Manx issues that want to be resolved as far as the Isle of Man is concerned. I would not be embarrassed to know that there was an Income Tax Bill that was being read in the BVI or wherever, to know that there is a clause in there that gives a token

amount as far as this is concerned. And if he is talking about piddling amounts and gimmicky, there is nothing more gimmicky than £4 a week tax credit for people on less than £6,000 a year. That is an insult, sir, and we should all be ashamed of ourselves when we are talking about gimmickry in this House. That is nothing. It is an appalling state of affairs as far as that is concerned.

There is nothing wrong with this amendment. This amendment has gone through the procedures and is quite right to be in front of this hon. House. Just because it comes from this member and there seems to be a sort of dilution of what rules are around in this hon. House at times . . . This is a perfectly legitimate amendment put here. The issue is that I would hope that you would find, the hon. member for West Douglas, that that would show that we do have some identity in the Island, not that it is some sort of rehashed Bill of the United Kingdom. The fact that we show our differences is important, in my opinion.

I would go on to Mr Rodan. I do not take anything back. I am proud of what we have done, and we should be proud of what we have done. We have come a long way from the days when one could not get anything done as a Manx language supporter in this House, and that is something that is important, but what I would say to him is that if we do not value it and have sincerity in valuing it, the danger is that it is going to be the first thing that will be hit when there are fiscal cutbacks to be made. That is what worries me, and what I want to get over in this House is that it is not something that we can just put money into when there is plenty of money about; it is something that is a core issue of the identity of this Island.

As far as the hon. member for Ramsey, the Minister for the Treasury, is concerned, the issue is that he might like to try and rewrite history on this point again, on the issue of how these things came about and how we have managed to get the Manx language to be recognised and valued and not sniggered at and rubbished. Remember, hon. members, when we first started talking about Vainstyr Loayreyder and we were having certain members laughing and talking about different types of scent and all sorts of things in this hon. House. That has changed, and that is something that shows a maturity within this House as far as our national identity is concerned. I have put this down simply because I know the amounts are not important, but the principle is important, the principle of 'Cha nel oo geddyn ping voish y Ghaelg' – 'You will never get a penny from the Manx language'. Maybe he wants to give us more of his enlightenment on the – (*Interjection by Mr Downie*)

**The Speaker:** Hon. member for West Douglas, it would be helpful if you did not keep interfering. (**Mr Henderson:** Hear, hear.) If the hon. member for Onchan could sit down a minute, please, while I am speaking.

**Mr Downie:** Point of order, Mr Speaker. I am having a problem interpreting what he is saying. He is coming out with so many Manx quotes and quotations. I am not a fluent Manx speaker, and I would refer the matter to standing orders. (*Interjection by Mrs Hannan*)

**The Speaker:** Can I say to the hon. member for Douglas West: on every point where the hon. member, as far as I can recall, has used the Manx language, he has then given an interpretation straight away. I would also say that the standing orders of this House do not stop anybody using the Manx language. Furthermore, it would be helpful to all of us if we got on with the debate and got it to a conclusion. Hon. member for Onchan.

**Mr Karran:** Vainstyr Loayreyder, that is why I believe in tolerance and that is why I always use them both, because I think it is important, apart from the prime issues. Tolerance works both ways, and I think that is important. But I must say that I am rather disappointed with the hon. member for Ramsey, as an ex-Mec Vanninite from many years ago that may have changed somewhat since those days when we first went around trying to get him elected (*Laughter*). The situation has changed considerably as far as maybe that hon. member is concerned, but the issue is that the parliamentary procedures in this House do not mean that, as a member of this House, I should go to each government department and do some sort of deal behind closed doors in order to get enough patronage to get an amendment. This House should be independent as far as that is concerned (**A Member:** Hear, hear.) and should not be on that basis, and I worry about that. All I would say to the hon. member is that, as he has talked about two people who are high up – maybe in more ways than one (*Laughter*) – in the Manx language, the history of the survival of the linguistic heritage of the Island, he should be supporting this. It is not a matter of fiscal policy; it is a matter of maturity and recognising the issue of the Manx language. That is what it is about, and people like Mr Faragher and company and Mr Jack Irving that were hoping to do a Manx language library in the near future would be proud of the likes of the hon. member to see that he is strong enough, even as a member of this hon. House, and that he can stand up and say, ‘Yes, I do not mind that the British Virgin Islands’ accountants worry about having the clause in as far as the Manx language is concerned.’

I thank the member for East Douglas for her comments, but I would say to my colleague next door that I think it is rather amusing for him to talk about the issue of human rights legislation. I believe that this will be wheeled out when it suits the executive club. He will not be talking about the discrimination against women who work for UK firms and who get all the benefits of maternity for UK firms but do not get the benefits for maternity if they work for Isle of Man firms. If he wants to talk about real discrimination about the people in this Island, let us address the real

issues as far as discrimination is concerned (*Interjection*) and let us get rid of the red herrings. If he is talking about his sadness about the amendment, I am sad that my amendments to the tax credit would have been far better being pushed up instead of being left at this unreasonable level.

I hope hon. members will support this. This is not about gimmickry; it is about the principle of valuing the linguistic heritage of this Island, and I hope hon. members will support this proposal in front of you now.

**The Speaker:** Hon. members, the motion before the House is the item on our order paper identified as [B], which is the principle of Manx language allowance. All those in favour say aye; against, no. The noes have it.

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

*For: Mr Gill, Mr Henderson, Mrs Cannell, Mrs Hannan, Mr Karran and Capt. Douglas – 6*

*Against: Mr Anderson, Mr Cannan, Mr Quine, Mr Rodan, Mr Quayle, Mr Cretney, Mr Braidwood, Mr Downie, Mr Shimmin, Mr Bell, Mr Corkill and the Speaker – 12*

**The Speaker:** Hon. members, the motion fails to carry, with 6 votes for and 12 votes against.

Now, then, hon. members, we move on to the third of the new clauses proposed and debate the principle, and that is the clause identified as [C], deduction of tax from rental payments to non-residents. Hon. member for Onchan, Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, I move this new clause for the deduction of tax from rental payments to non-residents. I find it hard to justify, with the amounts of pain that have been caused by the mismanagement of property as far as the policies are concerned on this Island, the fact that the vast sums of money which have been extorted from our people can leave this Island and cause so much in human terms but be free from tax. This rightly upsets many people greatly, not just myself but many outside this hon. House. The fact that we should know that there are landlords who should own such large amounts of the Island and be able to not pay any income tax on the income they are getting out of these individuals, I think, is very concerning. What upsets me is that if we do not start coming back with some fiscal policies as far as this is concerned, we are going backwards to the Middle Ages, where we have large chunks of land being bought up by the very few at the expense of the rest of the community to be exploited, not just as far as accommodation is concerned but then the insult to injury is that they can do it tax free.

I hope, hon. members, that you will support this proposal, and I hope that somebody will be brave

enough to put their head above the kerb and have the issue debated. I beg to move:

[C]. (1) After section 71 of the 1970 Act insert –

***‘Deduction of tax from rental payments to non-residents.***

71A. (1) *The Assessor shall exercise the powers conferred under section 71 in every case where a taxable payment represents rents of land in the Island.*

(2) *Any notice to be given under section 71(1) in respect of such a payment may, at the discretion of the Assessor, be given by means of a public notice printed in two newspapers published and circulating in the Isle of Man and shall have effect as if delivered personally to each person concerned.”.*

(2) *This section shall have effect in respect of the income tax year commencing on 6th April 2004 and subsequent years.*

**The Speaker:** Hon. member for Rushen, Mr Gill.

**Mr Gill:** Sir, at the risk of putting my head above the kerb – I hope that is not being interpreted that we are lying in the gutter, which seems to be the interpretation the hon. member sometimes alludes to – for the sake of debate, I would rise to second.

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

**Mr Bell:** Mr Speaker, a very emotive speech, all the right buzz words, enough to wind enough people up to think there is some concern here. I would ask hon. members to just step back for a minute and see what it is we are planning here. There is undoubtedly a concern about the rental market on the Island, the level of rents, the concerns of wealthy individuals buying up large numbers of properties for rental, and I share that concern as well, but once again the hon. member for Onchan does not have a monopoly of concern in this area. But for something as important as this, which, from a bureaucratic point of view, has very far-reaching consequences for the Income Tax Division, for the people who are actually renting the properties and the whole structure that needs to put in place to manage this one, surely, hon. members, we need more evidence than simply a throwaway line that vast sums of money are leaving the Island.

There are no evidence and no details whatsoever as to what the hon. member is talking about. He talks about land, but my understanding of the word ‘land’ in the context that it is in his Bill is that it applies to houses, it applies to offices and it applies to all real

estate; it is not just farmland, for example, that we are talking about. So, a large number of people are involved in this particular net.

My understanding, within Treasury, is that they are clearly aware of this position, but my officers believe that the legislation and procedures in place at the moment adequately deal with the problem. Once again, at the risk, I am absolutely sure, of being attacked by the hon. member for Onchan, I would just remind hon. members of the offer I have made to members: if they have identified a problem which they would like us to work on with them to try and find a solution based on actual evidential process, my invitation to come to Treasury is not to encourage members to do deals behind closed doors – that is not my style at all – but my intent is that if there is a problem in whatever area of legislation on the Island that Treasury can help with, we should be working together to try and find what is a practical solution, one that does not layer even more bureaucracy on the system at the moment and quite possibly will not be able to ensnare the very people that the hon. member is looking to trap. Surely, hon. members, it is much better that we sit down, if there is a problem here, and see what the most appropriate form of legislation, if that is required, should be, whether we need to bring in a new Bill or whether, in fact, the powers are already there at the moment to do exactly what the hon. member says.

The hon. member, so far, has really given very little in the way of detail – other than, as I say, a generalisation – to tell us precisely where the area of concern is and what the deficiency in the legislation is to be able to, or not to be able to, counter it. The process, as we understand it, that he is suggesting will be very bureaucratic, not only on the Income Tax Division, where we are trying to streamline processes to be more reactive to situations, but also for the people renting the properties at the moment, whom we all are very anxious to defend.

So, I feel guilty, almost, for opposing every amendment that has come along today, because I know some of them are done with the best of intentions, but what I am trying to develop here in the Income Tax Bill is a series of measures which will bring positive benefit to the Isle of Man and bring solutions to issues which are of a practical nature, which really will work and which will actually hit the target that we are aiming for.

Once again, I can only ask hon. members: please, at this stage, stick with the Bill and do not support this clause today. This is not a secret deal behind closed doors, but if the hon. member has got a specific problem that he would like us to look at with him to explain the current legislation to him, come and talk to us and we will see if we can find a solution to it. But bringing a clause in like this today is not helpful to the situation and may well not actually bring any tangible benefit whatsoever to the very people he is trying to catch in his net. That in no way is a complacent statement that I am not aware of Island-wide concerns. God knows, I have enough of them in my own constituency, having to deal with the serious housing

problems there but, as I say, if we are going to find a solution, it must be a practical one and one which will work. On all the advice I have had, this will not deliver what the hon. member is trying to achieve and, in the process, will deliver another layer of unnecessary bureaucracy.

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

**Mrs Hannan:** I am surprised at the Minister for the Treasury saying 'if there is a problem' –

**Mr Bell:** *Where* there is a problem.

**Mrs Hannan:** You said 'if'. The reason I have got to my feet is because I think all of us should realise that there is a problem, and one of the biggest problems is that people buy up properties and financial advisers are telling people to buy up properties. There is no money anywhere else; there is no money on the stock exchange, there is no money in interest. Everything is flat except if you buy property in the Isle of Man and you are bound to have a profit: (1) on the rents that are charged; and (2) should you sell in the future.

So, there are these issues, they are out there and what they are doing is feeding into people's portfolios, they are buying profits and they are pushing the prices of properties up. And what are they doing for our people? They are also pushing the prices up for them. These people do not care. On one hand, they are faceless; on the other hand, they are the developers, who will actually sell on to their friendly companies and then they make money out of it and they keep the price of the properties buoyant. It could be that the Treasury do not want to see action on this front. It could be that this is one way the Isle of Man can be kept buoyant and in the front of the financial area. Buy property: you will make money out of it, and we do not take anything – or at least very little – from you, especially if you are not resident here.

The Minister for the Treasury said it is possible that there are powers already. If there are powers already, why are they not being used?

**Mr Bell:** How do you know they are not?

**Mrs Hannan:** Well, I would –

**Mr Corkill:** Can I just raise a point of information, Mr Speaker?

**Mrs Hannan:** If they are not being used –

**The Speaker:** Sorry, hon. member for Peel, could I just clarify: there is no basis for any point of information within our standing orders. (*Interjection by Mr Corkill*) I think if it is an explanation, then that would be – (**Mr Corkill:** Clarification.) Well, that may be helpful. I will allow you to start, hon. member.

**Mr Corkill:** Very briefly, Mr Speaker, if I may say that in section 71 of the Income Tax Act 1970, which is in force, there is a withholding tax of 17 per cent of rents leaving this Island to non-resident landlords, and that has been the case for some time. I would not wish the debate to progress with the feeling that this is a tax-free situation, which is what the mover said in his presentation. There is a withholding tax of income from rents. I would also wish to contribute to the debate, but I thought I should put that information before the House, Mr Speaker.

**The Speaker:** Hon. member for Peel, do you wish to continue?

**Mrs Hannan:** I thank the Chief Minister for his comments on this particular issue. The thing is that while the Chief Minister said this particular piece of legislation is there, he did not clearly state that it was being used. He can maybe clarify that when he puts his points during the debate. The point is that the issue of rents and withholding and buying up properties and renting them for very high figures to the population of the Isle of Man, whether they are locals or whether they are newly resident, is extremely high, it keeps the prices of properties buoyant and, of course, it feeds in to financial advisers to advise their particular clients that this is something they can do.

If they are paying tax already, I would put it to this hon. House that it is very much worth their while, because the money to be made out there is excessive, and we should be doing something about it if we are not doing it already. If we are doing it, we are not doing it enough, and I think we should start taking an interest in our people who wish to purchase properties. After all, that is what we have been encouraging people to do through various schemes within the areas that we have been supporting over the years. The issue is that our people have not been able to purchase properties and we are not producing local authority housing for them to rent, and that is one of the biggest difficulties that we have got at the moment. We are doing refurbishments and we are building for first-time buyers, but even in these areas some of these financial people are buying up these properties as well. I would hope that the Minister for the Treasury will take notice of what is being said during this debate, and if the powers are not there already, will he look at some way of bringing in these powers so that they are used efficiently and effectively?

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

**Mr Quine:** Thank you, Mr Speaker. The line that has been taken by the Treasury minister in respect of [A] and [B] is that there could be some substance in the point that is being made but the Income Tax Bill is not the vehicle to use and 'Come and see me and we will see what can be done.' Of course, he has given us the same approach in relation to this item. But, of course, he knows very well that it is a different situation in regard to this item, because the Council of

Ministers have rejected proposals to apply fiscal measures to property transactions and to land, and we have had a motion, during the lifetime of this House, which again was fought off by the Council of Ministers, which was coming at the same issue. So, I think this particular proposition warrants much more serious consideration, because we are, after all, talking about the matter of principle.

We have a housing market that is grossly overstretched with nowhere near the numbers of houses available to meet demand. The rentals on those houses are exorbitant, and that is accepted. We have a shortage of land, again because of the pressure that is on it, and again propositions have been made to try to bring some discipline into that, from de-zoning that land after a period of finding a tax on transactions of that land, where it is not developed. All these matters have already been raised, so I do not see really that we can, as a defence today, say, 'Well, you know, let us get round the table and have a look at this', because the administration has consciously rejected the proposition and made their position clear that they do not wish to interfere in this market situation, and I do not think that is good enough. The concept of special tax on second properties again has been through the Council of Ministers and it has been onto the floor of another place, and we still have not found an answer to it. So, I believe the hon. member has a point that I can see. I do not want to develop this into a housing debate, and I do not think Mr Speaker would be too happy if I tried to (*Interjection and laughter*) but I do believe that point [C] that is here has a lot of substance, and I will certainly be voting for this as a matter of principle.

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

**Mr Corkill:** Thank you, Mr Speaker, and I apologise for the intervention during the hon. member for Peel's contribution; it was sincerely an attempt to be helpful and to clarify the situation as it is and as it has been for many years.

For the benefit of the deputy assessor here observing the debate on this Income Tax Bill – and I would just remind hon. members, as indeed did the previous speaker, that this is an Income Tax Bill and not a housing debate – inevitably, when we are talking about a principle of a particular clause that the hon. member Mr Karran has put forward, we are going to talk about the issue that he is trying to address, and it is quite straightforward.

I know that when I was in the Treasury this occupied my mind for quite a long time about people who are not resident on the Island and who have an income arising within the Island, and it is not just a matter of rents going to off-Island landlords – and they do pay 17 per cent tax – and that tax is withheld, as far as I understand, before the payments leave the Island – but that same principle also applies to people who may have worked all their lives here on the Island, created a pension entitlement and gone to live in another country, perhaps France. I have a gentleman who

writes to me on a regular basis, who is Manx, who lives in France, who worked all his career here on the Island and who has a pension paid from this Island and also has 17 per cent withheld, and yet he is unable to claim the benefit of tax allowances, because it is a straightforward withholding tax, whereas if he was resident on the Island, he would have sufficient allowances to reduce his tax liability probably quite considerably. So, there are complicated issues here.

I referred in my intervention to section 71 of the Income Tax Act 1970, and it says here that 'the assessor may, by notice in writing, require a person who makes any taxable payment to another person who is resident out of the Isle of Man to pay Manx income tax in respect of that payment for the year in which the payment is made at such rate in the pound as the assessor may determine to be the appropriate rate of tax payable by that other person, and such income tax shall be payable accordingly and shall be a debt due by the person making the payment in all respects as income tax due under the Income Tax Act.' So, in other words, it is debited before it leaves the Island. This forms part of our annual budget; the decision to do that has been automatically applied and has been challenged at times on the basis of the pension example that I have mentioned before, and I know there is ongoing work in that area. So, I would not want it to be thought that investors from off the Island who invest into property on the Island are getting away scot-free.

There is the broader issue about the inflated housing market and yes, the hon. member for Ayre is quite right: the supply of housing is not adequate for the demand that is there and has not been for a little while. That is what has been the major driver, along with low interest rates, for the housing problem that we share with a lot of other jurisdictions, and the hon. member for Ayre is well aware of some of the issues that are there. But he talked about intervention, and there have been reports to another place about the potential impact of intervention, because there is one thing quite clear, hon. members: if we want more supply of housing to deal with the issue, we also need more investment with regard to housing. Our near neighbours to the west did this; they intervened fiscally at the very point when they needed a greater supply of housing and drove all the investment away. We can do the same if we intervene, and that has been included in reports to Tynwald, and the view has been taken that it would be negative to do that.

I am doing the same now as the hon. member for Ayre, which is straying into a housing debate, but my point for rising on this issue was that non-resident landlords do pay tax on their profits, and so they should. There is an argument to say that maybe they should pay more because of the profits that are available, but that is an issue of general taxation, and those rates are set during the budget, they are budget considerations. So, I do believe that this clause in principle is superfluous.

**The Speaker:** Hon. member for Onchan, Mr Karran, to respond to the debate.

**Mr Karran:** Vainstyr Loayreyder, I have to say that I am somewhat surprised, after having had two meetings with the staff in the Treasury department, to find out that this is already happening. I do find it rather surprising that somehow it suddenly comes out as a great revelation, not from the Treasury minister but from the Chief Minister, that somehow this is in place at the present time. Admittedly, the only change between my amendment and the original Income Tax Act of 1970 is that they have the flexibility of 'shall' instead of 'may'. I am led to believe that that is not the case. I am led to believe that actually one of the reasons why I put this down, and to be fair to the Minister for the Treasury, this is one of the ones that I want to see really hammered out because, of course, with the new tax strategy that is coming out, this is going to be an area that needs to be addressed. As far as I am aware, this is not the case; there is certainly some sort of problem, because obviously the legal draftsman and the income tax have looked at this proposal. The issue that I am trying to address is that we should know where this rental income is going to, and I believe that we should know where it should be going to, and I believe that that is not the case. So, I have to admit that the deputy income tax assessor here should know it better than me, and I would understand that, so I am somewhat concerned at that, even though I have gone through the Attorney-General's department and legal draftsman and also I have had two meetings in the income tax department of the Treasury. So, I find it somewhat confusing that they are saying that this is a repetition of the existing legislation.

I would just like to say that the hon. member for Onchan, the Chief Minister, said he is worried about the investment in housing and the dangers. The fundamental issue that has to be addressed is not the issue of purely the investment, it is the investment in nests and not nest eggs, and it is the fiscal policies that his administration have done and his impotency in attacking the speculators and the likes that is the issue that needs to be addressed. So, I have total sympathy with my colleague behind me, the hon. member for Ayre, with his concerns as far as this very important issue is concerned, and I think that the issue needs to be addressed.

I was quite happy with the input from the hon. member for Peel. She is quite right. We have got to try and get the fiscal measures so that we can try and get the right sort of investment and not just investment for the sake of investment as far as the Island is concerned.

The Treasury minister said that he has concerns with the implications of this amendment if it is accepted, and I understand that. What I am concerned about is that there is a loophole of what I believe are large chunks of finance which are leaving this Island in rental income and not being taxed. There is some sort of ambiguity between the Ard-shirveishagh saying that

it is already resolved and the Treasury minister saying that it needs to be investigated, and I think that that is an important factor. I have to say that because of that ambiguity between what I am told from the Income Tax Division and that the legal draftsmen have drawn up, what the Ard-shirveishagh is saying is the law at the present time as far as this amendment is concerned and what the Treasury minister is saying, there is a major problem as far as this clause is concerned, so I have to accept that it has to have more consultation. But what worries me in this House is the simple fact that parliament is separate from the executive, and what I am disappointed with is the 'jelly factor'. I would have liked to have seen, in the Treasury minister's response back to me, something I could have pinned down, more detail of the problems that he sees as far as this amendment is concerned.

Hon. members, I believe that this is an important issue. The reason why I have brought this forward is because I believe that it is going to be even more important with this tax strategy. I was the only member who voted against it, but these are the sorts of implications that have got to be looked at, because we are going to have to find ways of getting the income back up as far as providing the services is concerned or we are going to see our rates demand on the very people who we have been talking most about trying to help at the beginning of this morning, those on a low income, and they are going to suffer even more. I believe that this amendment should go forward, and if there is any ambiguity, then the situation will be resolved at the third reading stage, and there will always be the opportunity for the Legislative Council to move what amendments it does.

But I welcome the opportunity to discuss this issue further with the hon. minister. I must remind him that I actually had about another dozen amendments that I wanted to put to this Bill, and I am quite relieved that I did not, the way it is going on. So, I do hope hon. members will support my new clause as it stands.

**The Speaker:** Hon. members, the motion before the House is identified as [C] on our order paper, the new clause 'Deduction of tax from rental payments to non-residents', and we are voting for it in principle. All those in favour say aye; against, no. The noes have it. The noes have it.

Hon. members, we revert back to the Bill, and could I just advise hon. members that the amendment which is down on our order paper in the name of Mr Anderson will not be moved. The member will exercise his right when that clause is considered, which is now, so I invite the hon. member for Ramsey, Mr Bell, to move clause 25, sir.

**Mr Bell:** Mr Speaker, clause 25 amends the treatment of husband and wife in relation to both assessment and entitlement to allowances in the tax year in which they marry or the tax year in which they separate. It is an amendment which is consequential upon the introduction of the personal allowance credit and provides that, in the year of marriage and the year

of separation, the couple are not jointly assessed, and in each of those years they will be treated as individual taxpayers. In order to ensure that no couple is disadvantaged in the year of marriage, the Assessor of Income Tax will, by concession, pending incorporation and regulations made under clause 14, permit the effective transfer of unutilised personal allowances from one spouse to the other. This change is effective for the tax year 2003-4 and subsequent years. Mr Speaker, I beg to move clause 25.

**The Speaker:** Hon. member for Douglas West, Mr Shimmin.

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

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

**Mr Anderson:** Thank you, Mr Speaker. I have been advised that, rather than putting forward my amendment as on the order paper, it would have been duplication to debate my amendments and then to debate the clause, so, Mr Speaker, I have been brought to my feet, really, to ask for this amendment to be voted against, and I would like to go into the reasons for that. (**Several Members:** Clause.) Clause, sorry, Mr Speaker.

It has been brought to my attention that the Treasury here was, in fact, trying to change the *status quo*. In the Income Tax Act 1970, clause 35, the current position is: 'If a person is married to his wife during the income tax year, then he is entitled to the marriage allowance for that year, and also the wife is entitled to the single person's allowance for the whole of that year.' This means that the allowance available to a couple in the year that they are married will currently be £16,000 marriage allowance to the husband and £8,000 single allowance to the wife. Therefore, you can see that at the current rates of 10 per cent and 18 per cent, there is a potential advantage in people getting married, because they can claim the tax refund of £800 if they are paying for tax at 10 per cent or up to £1,440 if the husband was paying tax at 18 per cent.

In the explanatory notes for clause 25, it says, 'This clause makes changes to the treatment of husband and wife as provided in sections 34 and 64 of the Income Tax Act 1970 in the year which they are married or in the year of separation', and it goes on to say, 'These changes are related to the introduction of the personal allowance credit'. I cannot agree, Mr Speaker, that these are necessarily related to the personal allowance credit at all, and it looks to me as if this is an example of tax being increased by the back door.

Of course, this change would also affect a couple in the year of separation. At the moment, a husband who is quite happily married to his wife gets the marriage allowance for that year, and if, unfortunately, there is a separation or even a divorce, then he gets the marriage allowance for the rest of the year and the wife

gets a single allowance for the year in which she was separated, i.e. as before, total allowances of £24,000. But under the current proposal under section 25, in the year of separation the husband, whereas previously he would have been expecting personal allowances of £16,000, is now reduced to personal allowances of £8,000, and the wife gets her personal allowance of £8,000. As you can see, this could have quite a dramatic effect on the husband, with him having considerably more tax to pay because of the restricted allowances. The assessor has said that there will be a concession that will allow for unutilised allowances to be transferred to whomever is beneficial in the year of marriage, but he has not said whether he will allow the transfer of unutilised allowances in the year of separation. This seems to me to be a change for the worse and not the better. There has been no pre-discussion on this aspect of the Bill with the professionals, as far as I have been able to understand, who I know have been taken by surprise by this aspect of the Bill.

It appears that this is how the tax credit or part of the tax credit is being funded, and I look forward to the minister's confirmation of that. There are, on average, about 400 marriages a year on the Island, and if one assumed that the average benefit that a couple can get from the present Act is about £1,000, it would appear that roughly £400,000 is actually helping fund the tax credit system. Although I support the introduction of the tax credits, I think it is wrong to rob Peter to pay Paul.

Mr Speaker, this might not be the time and place to sing the virtues of encouraging couples to enter marriage; the statistics speak for themselves. We, as a responsible government, should do all we can to encourage marriages as a building block of our society. As I say, statistics prove it is right; it is not on purely moral grounds that I say this. The legislation in front of us will remove the last financial incentive for marriage, and therefore, Mr Speaker, I would encourage other members not to support this clause, clause 25, forming part of the Bill.

**The Speaker:** Hon. member for Ramsey, Mr Bell, to respond to the debate on the clause.

**Mr Bell:** Thank you, Mr Speaker. I can see where the hon. member is coming from on this particular matter, but I am assured that the impact of this is intended simply to prevent a double payment of the personal allowance credit. What I would tell hon. members, though – and, in fact, the hon. member for North Douglas, Mr Houghton, has already been made aware of this – is that this whole issue of relationship support within the tax system, whether they be married couples or couples living together or even same-sex couples, this whole issue of how they are treated under tax law is currently under review as a separate issue altogether. It is a very complex issue, and it is time that the Isle of Man's law was modernised to reflect the state of modern-day relationships. It is my intention – certainly my hope – to have this Bill back in this hon.

chamber before the end of the year. Prior to that, there will be consultation with hon. members and other interested parties to make sure that the new arrangements, however they shape up, will have a good, solid consensus of input and also, I hope, ultimately, support. So, the best answer I can give to the hon. member is that this has been drafted, at this stage, as a temporary measure simply to avoid the double payment in some cases – only a limited number – of the personal allowance credit, and I hope that, very shortly, the whole situation will be rectified in a more formal manner. I beg to move.

**The Speaker:** Hon. members the motion before the House is that clause 25 do stand part of the Bill. All those in favour say aye; against, no. The ayes have it.

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

*For: Mr Cannan, Mr Quine, Mr Rodan, Mr Quayle, Mr Gill, Mr Houghton, Mr Cretney, Mr Braidwood, Mrs Cannell, Mr Downie, Mrs Hannan, Mr Bell, Mr Corkill and the Speaker – 14*

*Against: Mr Anderson, Mr Karran and Capt. Douglas – 3*

**The Speaker:** Hon. members, the motion carries, with 14 votes for and 3 against.

Hon. member for Ramsey, Mr Bell, clauses 26 and 27, please.

**Mr Bell:** Mr Speaker, clause 26 supplements the rules in relation to access of confidential information. If anyone falsely assumes the name, designation or character of the assessor or one of his staff in order to obtain admission to premises or to access information improperly, he may be arrested and shall be guilty of an offence.

Clause 27 addresses bribery and collusion affecting any member of Treasury and also ensures that any person instigating bribery or collusion is guilty of an offence. It inserts a new section 105B in the Income Tax Act of 1970. If any member of the Treasury or the assessor or one of his staff '(a) directly or indirectly asks for or takes in connection with any of his duties any payment or other award whatsoever, whether pecuniary or other, or any promise or security or any such payment or reward, not being a payment for reward which he is lawfully entitled to claim or receive; or (b) enters into or acquiesces in any agreement to do, abstain from doing, permit, conceal or connive at any act or thing whereby the Crown or the General Revenue is or may be defrauded or which is otherwise unlawful relating to any matter under the Income Tax Acts, he shall be guilty of an offence'.

'If any person – (a) directly or indirectly offers or gives to any member of the Treasury, the assessor of any person authorised by the assessor as aforesaid any

payment or other reward whatsoever, whether pecuniary or other, or any promise or security for any such payment or reward; or (b) proposes or enters into any agreement with any such member, assessor or person authorised as aforesaid, in order to induce him to do, abstain from doing, permit, conceal or connive at any act or thing whereby the Crown or the General Revenue is or may be defrauded or which is otherwise unlawful, being an act or thing relating to any matter under the Income Tax Acts, or otherwise to take any course contrary to his duty, he shall be guilty of an offence'.

'Any person committing an offence under this section shall be liable on summary to a fine of £5,000'.

Mr Speaker, I beg to move clauses 26 and 27.

**The Speaker:** Hon. member for Douglas West, Mr Shimmin.

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

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

**Mrs Hannan:** Could I ask the minister: how would someone know that somebody had falsely assumed the name, designation or character of the assessor or a person authorised by the assessor? Is there some identification that somebody uses? If somebody turned up at my door and said, 'I am from the assessor' and they showed me something, I would not know whether it was falsified or not, so maybe the minister could make it clear how someone would know whether someone has assumed or whether they were the *bona fide* people that were trying to gain entrance or gain information or whatever.

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

**Mr Karran:** Vainstyr Loayreyder, the only issue I have – and I suppose so long as there are no fiscal matters as far as it is concerned – is that if a member of the Treasury department had something that they thought was quite wrong and that the likes of hon. members should know about, I would hope that this clause could not be used as a way of stopping them from releasing that information. We saw, in previous clauses, that the Treasury minister asked where my facts and figures were as far as the issues on one of my new clauses were concerned; obviously he knew, and rightly so, that that information should be kept highly confidential and private, but I would hope that these clauses are not going to be used – as we have seen over recent years with individual members of this honourable house becoming more and more impotent in getting what the facts are and getting the information from what government is up to – to try and intimidate staff into not giving information to hon. members. I am sure that is not the case, and I just think it needs be put down on record that this piece of legislation would not be used if information was given

by the staff without any financial reward. What sort of cover is there as far as that is concerned and what would happen to the individuals in the income tax department?

**The Speaker:** The hon. member for Ramsey, Mr Bell, to reply to the clauses.

**Mr Bell:** Thank you, Mr Speaker. I understand my income tax officers have ID and will be expected to identify themselves by that mechanism should they need to come into contact with anyone in the course of their daily routine. I cannot give examples at this stage, but if someone has been identified, through police activity or whatever it might be, as having impersonated the assessor, then clearly prosecution can be brought on that basis. I shudder at the thought of feeding the hon. member for Onchan's paranoia any further, but I can reassure him that clause 27 is not a mechanism to stamp out whistle-blowing in that respect; it is simply, as it says, a clause which addresses bribery and collusion. It does not stop hon. members getting access to the information as they always have done.

**The Speaker:** Hon. members, the motion before the House is that clauses 26 and 27 do stand part of the Bill. All those in favour say aye; against, no. The ayes have it. The ayes have it.

Clause 28, hon. member for Ramsey, Mr. Bell.

**Mr Bell:** Clause 28, Mr Speaker, enables Treasury, at its discretion, to pay awards to informants. I beg to move.

**The Speaker:** Hon. member for Douglas West, Mr Shimmin.

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

**The Speaker:** Hon. members, the motion before the House is that clause 28 do stand part of the Bill. All those in favour say aye; against, no. The ayes have it. The ayes have it.

Hon. member for Ramsey, Mr Bell, clauses 29, 30 and 31.

**Mr Bell:** Clause 29, Mr Speaker, is an interpretative clause, clause 30 makes financial provision in respect of any expenses attributable to the Bill, and clause 31 provides for the short title, construction and commencement. I beg to move, Mr Speaker.

**The Speaker:** Hon. member for Douglas West, Mr Shimmin.

**Mr Shimmin:** Mr Speaker, I beg to second. In doing so, I would like to put on record the appreciation of, I think, all of us for the amount of work done on behalf of this House by the Income Tax Division. At a

time when they have had many onerous tasks to deal with, the advancement of this important piece of legislation should be commended, and I would like to put on record my gratitude to the minister and the staff.

**Members:** Hear, hear.

**The Speaker:** Hon. members, the motion before the House is that clauses 29, 30 and 31 do stand part of the Bill. All those in favour say aye; against no. The ayes have it. The ayes have it.

That concludes the consideration of clauses of the Income Tax Bill 2003.

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### **Primary Healthcare – Provision during Week Nights, Weekends, Bank Holiday Nights and Saturday, Sunday and Bank Holiday Days – Debate Adjourned**

Item 9. The hon. member for Michael (Mr Cannan) to move:

*That this House calls upon the Minister for Health and Social Security to review the provision of primary healthcare to Island residents during the week nights, weekends and bank holiday nights and Saturday, Sunday and bank holiday days.*

**The Speaker:** Hon. members, we now move on to Item 9 on our order paper, and I call on the hon. member for Michael.

**Mr Cannan:** Thank you, Mr Speaker. Hon. members will be aware that, with effect from 1st April last, general practitioners relinquished the 24-hour responsibility for patients, and their normal hours of work have now become 8.00 a.m. until 6.00 p.m. Monday to Friday, excluding weekends and bank holidays. I have no problem with that; they are entitled to their social hours as well as anybody else in the community. During the period when general practitioners do not have responsibility for their patients, the DHSS will provide an emergency doctors' service based at Noble's Hospital. The service will cover the whole Island, and the duty doctor arrangements will be as follows: week nights and weekends and bank holiday nights – 6.00 p.m. until midnight, one doctor with a second doctor on call; midnight until 8.00 a.m., one doctor and a second doctor on call.

There are nearly 80,000 people in this Island, and during the hours from 6.00 p.m. tonight until 8.00 a.m. tomorrow morning, there is one doctor on duty to cover the whole of the Isle of Man from the Point of Ayre to Cregneash and the Sound, and a doctor on call, which means he is at home, maybe watching television, dinner party, gardening, whatever. Is that the service we want? Then, on Saturday, Sunday and bank holiday days, from 8.00 a.m. until noon there will be two doctors, based in Douglas, and from noon until

6.00 p.m. there will be two doctors based in Douglas. Again if, during Saturday morning, you need a doctor at Cregneash and you need a doctor within that same hour at Bride, and then somebody falls ill in Douglas, there are just two doctors for 80,000 people on a Saturday morning or on a Saturday afternoon, when there are all the sports activities going on all over the Island, and there is nothing at Ramsey Cottage Hospital, which has irritated the people of the North to the nth degree. There are petitions in every shop and hall in every part of the north of the Island, signed by not dozens, signed by not hundreds, but signed by thousands of people. There are over 10,000 people living in the north of the Island. One doctor for night times and two doctors for the whole of the Isle of Man on a Saturday, a Sunday or a bank holiday and, to boot, we have boasted for years about the Ramsey Cottage Hospital, what a great credit it is to the community and how much private funds from benefactors have been used to improve the services that it has and the facilities that it has, and suddenly the facility for a doctor being there ceases from six o'clock at night until eight o'clock in the morning. You have got a nurse, and that nurse is on duty until 10 p.m., and after 10 p.m. nothing. So, if an elderly person is walking in a village in the North or in Ramsey, falls on the kerb and hurts themselves, do not worry about a doctor; you get an ambulance. Or if somebody's husband or wife seems to have a stroke or a heart attack, do not rush them to Ramsey Cottage Hospital, because there is only a nurse, after all that money and all those facilities based there. One doctor for the whole of the Isle of Man.

Members may mutter, but you members, if you look after your constituencies, will be the very first to complain if just one of your constituents, through the lack of a doctor, has a very serious illness or even worse. Do not think it will not affect your constituencies and it is only going to be the North or it might be down in the South. You are only going to have one doctor for the whole of the Isle of Man, or two doctors on Saturdays and Sundays and bank holidays, and this is not good enough!

This motion asks the DHSS to review the cover for weekends and Saturdays and Sundays and bank holidays, because the message has now gone out clearly to every household in the Isle of Man: do not fall sick or have an emergency after six o'clock on a week night or on a Saturday or on a Sunday or on a bank holiday. So, we want review, we want it all reviewed, and the minimum, I believe, that will satisfy the public . . . And remember it is the public that pays for the DHSS; it is their money, and we are the representatives to guide the executive government where it should be spent. Do we want a deteriorating health service or do we want an improving health service? I believe that people want an improving health service, and as far, again, as the people of the North are concerned – and I will not speak for the South, because the representatives of the south of the Island are well able to speak for themselves – they do not see an improving health service; they see a deteriorating

health service. They think of the winter, when it is announced by the Department of Transport that the mountain road is closed, Slieau Lewaigue is closed and cars can not get past the 'Rest And Be Thankful', and the doctor is based in Douglas. Do not say that it does not happen; it happens. We have had a mild winter this year, and I suppose only half-a-dozen times or maybe more have the mountain roads been closed, but they have been closed, and the Douglas to Laxey road has been closed, and there is no doctor. How do you think the elderly people feel? I can assure you that I have had phone calls and letters and people meeting me in the street saying, 'Something has got to be done about it!', and I am quite sure that it is not just me; I am sure the other members for the North . . . I know the member for Garff, representing Maughold, has, because people in Maughold had contacted me and said, 'You have got to do something. we have told Mr Rodan.' I know Mr Quine and Mr Bell have had letters and complaints and serious concern, particularly from the elderly and the mothers with very small children. If a kiddie takes sick in the night, you used to be able, in the North, to get a doctor to you within, say, 20 minutes to half an hour. People did not feel inhibited. Now they have suddenly had a notice: 'If you develop a medical condition outside these hours that is not life-threatening . . .' People say to me; 'We are not doctors. We do not know whether it is life-threatening or not. My husband is pretty ill. My baby is pretty ill. Is it life-threatening? Should I wait until Monday morning, or should I call a doctor?'

Before 1st April people had confidence, in the North, that there was a doctor or you went to the cottage hospital and there was a nurse on duty who got you a doctor and the doctor came and saw you. The elderly person or the baby or anybody else, for that matter, had confidence that the doctor would come and arrive and they would be cared for and get medical attention. (*Interjections and laughter*) People may think it is funny, but I will tell the people out there, maybe, that members laughed at there being a lack of medical attention.

**Mrs Hannan:** No, the lights went out.

**Mr Cannan:** Oh, I can see. (*Interjections and laughter*) They expect, for their taxes and the money that they pay . . . Government tax receipts have never been higher, and it is our duty to indicate to government where we want the money spent. The minimum that government can do is not to have to have one doctor on duty at night but three, one based at Ramsey, one at Douglas and one in the South. That, I believe, is a minimum requirement, and I do not want to hear that we cannot afford it, because nobody else wants to hear that we cannot afford it either. People, the elderly, want to be secure, the young with their babies want to be secure, in the knowledge that they can get medical attention, that they can call upon it, as they have been able to do until 1st April. The doctors have said, 'We want to work social hours.' Okay. The department then have a duty to put in place the doctor

cover in the north, centre and south of the Isle of Man. You cannot isolate the North like this and, as I know, the South will speak for themselves, but the South will howl when the duty doctor is in Andreas and somebody is seriously ill in Port Erin. They will howl.

So, this motion calls upon the department to review the situation and to provide some security and confidence to ordinary people so that they know that they can get a doctor and will not have to wait. A remote farm in Bride: the Ramsey doctors know where the farm is and how to get there. A telephone call to Douglas: lots of explanations of how to get there and the time it takes to get there. Does that give ordinary people confidence? Does that give people confidence in the health service we provide and prefer? I think not. I think my message should be getting over to all of you very clearly, the disappointment I have is that I wrote a letter and invited the health minister to come this afternoon and hear the views of the elected representatives of the people. I am disappointed that she is not present. Mr Speaker, I beg to move.

**The Speaker:** Hon. member for Ayre, Mr Quine.

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

**The Speaker:** Hon. member for Rushen, Mr Gill.

**Mr Gill:** Sir, I rise to support the motion as put down by the hon. member for Michael, Mr Cannan. Yes, I am sure we all share the frustrations that the DHSS do seem to have been very much lacking in keeping people informed about how the negotiations with the doctors have been going. It is not the first time we have had this; we had the same uncertainty with dentists very recently. But let us not mix the two. This in itself is a serious issue. There has been a lack of information until very recently, after the date of the commencement of the new régime. Certainly, in our house, we had five envelopes addressed to all five members of my family; one is aged 13, one is aged 11 and the other is aged 10, and they are getting leaflets that they could not understand and which were of no relevance. So, I appreciate that the DHSS would say that it was a 'belt-and-braces' exercise to make sure that every person who would be affected . . . But really, it does smack, sir, of a last-minute exercise in trying to make good a bad job, and therefore I do recognise the uncertainty and the concern, certainly across my constituency.

Sir, I am sorry it is a hand-written rather than a typed amendment that I would like to add to the motion, but it would simply be to add an additional line to the motion, which is to call on the Minister for Health and Social Security to review the provision but also to make a statement at the next sitting of Tynwald, in May. I think it is all very well having a review, but that is not actually going to give everybody an opportunity to have some of these issues aired, so I hope I will have somebody who will rise to second the amendment that I would like to add to the motion. But

I would echo all of the sentiments of the previous speaker, the member for Ayre, and I would add the concerns – (*Interjection*) I do apologise, sir. He has not spoken in relation to the amendment. I would echo all the comments in relation to the motion from the member for Michael – I do apologise, sir – and hope that my amendment will further add to the issues that he has raised. Sir, I beg to move the amendment standing in my name:

*Delete the final full stop and add –*

*‘,and make a statement to the sitting of Tynwald in May.’*

**The Speaker:** Hon. members, just before we proceed, can I just clarify that as this is a motion and not a Bill, then the standing orders allow an amendment to be put on the floor of the House. Hon. member for Onchan, Mr Corkill.

**Mr Corkill:** Thank you, Mr Speaker. We obviously discussed this motion when we saw it on the agenda paper in the Council of Ministers, and the general thrust of what is in the motion does not cause problems because, obviously, the Department of Health and Social Security is very much aware of the debate that is going on, not just in the north of the Island. I do not believe that these changes to contracts are just a northern issue; they are an all-Island issue, but something that, perhaps, other parts of the Island have been adapting to, and having experience of, particularly in reference to Manndoc, for a few years now. So, it is an evolving situation, and we are very aware of that.

I had actually prepared an amendment which I was going to move, which I see is being circulated now, with regard to how this is worded. The motion is quite clear; it wants a review. What I was going to suggest was that the department *continue* to review. I think it is quite wrong to give the impression that the department has not been involved to a great degree of detail with regard to these changes. It is terminology, but the general thrust of what was in the motion we do not have a problem with.

I was not aware that the hon. member Mr Gill was going to move this amendment, and I too think that I can support that amendment, which adds to the overall –

**The Speaker:** Can I just clarify, hon. member, that the amendment from Mr Gill is not yet before the House, in terms that it has not been seconded.

**Mr Corkill:** I would wish to formally second that motion, Mr Speaker –

**The Speaker:** You then cannot move your amendment.

**Mr Corkill:** I appreciate that, Mr Speaker. As I said, my circulated paper was really to do with

terminology, and I do not really want to get into pedantics about the motion. It is a very serious issue.

The hon. member obviously knows full well that the minister is a member of another place, a Member of the Legislative Council, and so I think the hon. member Mr Gill's amendment, which talks about making a statement in Tynwald, puts this debate into the right place. I know Mr Speaker will tell me that the hon. member for Michael, quite rightly, has the ability to place this motion quite properly on this order paper, and I would defend his right to do that to the end – and he has done that, and I would defend his right to do that – but it is not helpful, obviously, from a government perspective. To debate it when the minister is not here and to say that the hon. mover of the motion has invited her to sit and listen from the gallery and listen to hear what the representatives have got to say is a point to be made, but without the minister having the right to reply, it is not particularly helpful in terms of getting the information that we all need to hear. So, I think that the amendment which talks about the minister making a statement in Tynwald in a very short period of time is very useful, and I would thank the hon. member Mr Gill for intervening with what I regard as a useful amendment, because I think it will help us all get a better understanding of what is happening. Of course, within this hon. House, we have the member with responsibility for health issues here, and I do know that he is well briefed with regard to the issues.

I do think that this whole debate is not helped by misinformation within the media. There have been comments that I think reflect concerns of people, and those concerns are very genuine, but I think they are out of context. I heard a lady on the 'Mannin Line' talking about Ramsey Cottage Hospital closing, which was totally incorrect, and then these sorts of comments build up a level of concern. One comment feeds on another comment and, as politicians, we all know then how these concerns can get out of hand. Changes are afoot, and they are fundamentally driven by the contractual changes of GPs' contracts. We have to live with that, and the department is living with it. I heard the hon. mover, Mr Cannan, say he does not want to hear the comment 'We cannot afford this.' This is not about resources, this is about reorganising primary healthcare because of changes to a professional way of doing things. It is not many years since we had single-handed doctors' practices, and they are a complete anachronism now. The way the medical profession works has changed so much, and this is a management issue of change; we are managing change, and we have to maintain our health service during that change.

I just want to, before I resume my seat, Mr Speaker, make it quite clear, that, as leader of this government, I have made it clear on a number of occasions, particularly in relation to a debate about dentistry, that we are totally 100 per cent committed to fulfilling the obligations of the National Health Service Act, an Act which came in in the 1940s and which laid down some basic principles about the healthcare of each and every citizen within this Island, based on

what was a model in another place, in the adjacent islands. In all of my life, I have been totally committed, and continue to be committed, to the realisation of those principles within the National Health Service Act, and there is no bending from that, regardless of these pressures that come from health professionals because their working lives, their working abilities, are changing. I think there has been dramatic change, dramatic capabilities, changing in dentistry for instance, where, compared to what was possible some years ago, there are so many more things available now. Notwithstanding that, I will not move away from the whole objective of what the National Health Service platform is all about. That is part of my make-up, it is my political philosophy and I encourage members of this House and of another place who are around me to be true to those obligations. I just want to make that clear, Mr Speaker, and I hope I have made it clear.

So, as that platform of the National Health Service we have to then deliver that service to the community. Principles are fine; we are talking about management and we are talking about delivery. And I know that the Department of Health and Social Security is committed to that delivery, that there are these difficulties, there are these issues, and we need to make it happen. And so, yes, we are listening to the voices expressed through the hon. member for Michael, the voices of the public who are concerned about the future service levels. We are very much aware of those, and so, once again, I thank the hon. member for Rushen with his helpful amendment, because it will be much better these words coming from the minister with responsibility in another place, at the appropriate time, to hear what is being done.

**A Member:** Hear, hear.

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

**Mr Rodan:** Thank you, Mr Speaker. I was going to rise to second the hon. member for Rushen, Mr Gill, but –

**The Speaker:** The Chief Minister has seconded that. He indicated that he was not going to move his but would support that moved by Mr Gill.

**Mr Rodan:** Thank you. May I speak briefly in support of the motion and the amendment of Mr Gill. Mr Speaker, I wish just firstly to place on record the concerns that have been expressed to me by constituents in Maughold, who have hitherto, like others in the North, enjoyed high levels of service from Ramsey Cottage Hospital, and the concerns expressed to me of other constituents who have been the beneficiary of a first-class, 24-hour service from the four-member practice based in Laxey, which, of course, is now no longer to be part, under the new terms of the GP contract, the General Medical Service contract. The questions that these people are asking, which are the same questions as have been referred to

by the hon. member for Michael, Mr Cannan, are these: yes, at four in the morning, when you are in pain, you do not really mind which doctor you see, you want to see a doctor. (**Mr Cannan:** Hear, hear.) (**A Member:** Quick.) But questions are being asked. In Laxey, I have had a doctor, one of the four doctors from my practice, who have been able to attend speedily and reliably and know my medical history. Notwithstanding, that these good medical practitioners are to play their part in the overall Island service, so they are not shirking from that responsibility, patients are concerned, and the question being asked is: if a doctor is attending in Port Erin and the doctor on call is attending in Andreas, who is going to attend in Laxey at the time and a speed of response that will give me confidence? I have raised these issues with the health minister, and she has given an assurance relating to the need, under these new arrangements, to review how it progresses, to see what problems develop. I hope that if required, indeed, there will be more than one centre in the Island where on-call doctors will operate from, and it would seem eminently sensible, knowing the geography of the Island and the conditions that do prevail, that indeed there is a doctor based in the North, one in the South and one in Douglas.

It is well understood, Mr Speaker, that these changes are driven by negotiations, not only in the Isle of Man but in the UK, and my understanding, from having made enquiries, is that as a result of this UK-driven contract, there are consequences. For example, vast tracts of the Highlands are now doctorless in terms of out-of-hours provision. God forbid that that situation should be willingly accepted here in the Isle of Man when we do have the wherewithal to do something about it. I accept the assurance of the minister, with whom I have discussed this, that this situation will be closely monitored and reviewed if necessary. Mr Speaker, my purpose in speaking in support of the motion is to add weight, as a constituency representative of patients who are now experiencing a change in the high level of service they have enjoyed up to this point. It is my duty to give them their voice in this place.

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

**Mrs Hannan:** Thank you, Vainstyr Loayreyder. I speak from the position of being on call, for a number of years, at the end of a phone to take messages, from about 1974 onwards, with regard to a practice in England and also a practice here. My husband, when he first came here, was on call every other night, and that meant that I was on call every other night as well – and every night during the holidays and weekends. It was something that was accepted; it is now not accepted by doctors. It is not accepted by other people because of the nature of doctoring, which has changed down the years. People expect so much more from their doctors; they expect an appointment when and wherever they want an appointment. Sometimes they judge that their condition is so serious that they should

be seen immediately, and sometimes they are. Doctors leave the surgery in the middle of a surgery, with patients waiting, and go and see that person during the day and visit at night as well.

The most important thing I think we have to remember is that times have changed. When my husband first applied for a job in the Isle of Man, there were very many people applying for jobs in the Isle of Man. Now it is not the case, and it is not just the Isle of Man; it is other places as well. There are now not the doctors. You only have to think about what is on offer in the National Health Service to know about the development of services. There are very much more activities within hospitals, within other areas, that doctors now choose to go to, which are not on call every other night or every other weekend, and I think we have to change with those times. Later on, after it was one-in-two on call, the issue changed, because the practice got busier and another doctor joined, so then it was one-in-three. Then we got things like mobile phones, so instead of me trying to find my husband when he was out on a call, it was very much easier to contact him via mobile phone. Before, I used to have to phone round all the calls he was going on to try to find him to pass on a message, sometimes an urgent message, but times have changed; we have mobile phones. Within this Manndoc service, the doctors do not drive the car; they have a driver. The car is available. From the time that the doctor goes on duty, they have a driver, the driver goes, and sometimes you see the Manndoc car out and about. Times have changed, but can I remind members that doctors and dentists are independent contractors. So, within all of that, they could choose to do various things, and down the years they have chosen that they do not want to be on call as much as when we started in practice, and so times have changed.

Some of the members here have expressed concern about Manndoc or the out-of-hours call system. When it first started, I think I felt exactly the same. I was concerned that we were losing our doctor from Peel. It did not matter who it was, but we were losing our doctor from Peel, but that did not bode ill like I thought it would. People have accepted it. The doctors have accepted it. The doctors have worked well within the service. There have, on odd occasions, been hiccups, but they are in radio contact when they are out. If they do have difficulty finding somewhere, they can radio in; there is local knowledge.

And so there are issues that, Vainstyr Loayreyder, can and will be overcome. At certain times, there are two doctors that are on call at this out-of-hours call system now. There are two doctors on call during that time to cover these times when it is busy, because they know, from experience, how many calls they get, how many visits they get, and they can work out what exactly is needed to cover those areas. Sometimes there are not many calls at all, and if we have got three doctors, a doctor in Ramsey, a doctor in Douglas and a doctor in the South, are we then going to be saying that the doctor in the South cannot go to help out the doctor in Douglas or the doctor in Ramsey cannot go and help

out the doctor in Douglas? And I take great exception to the fact that it is seen to be all right to have a doctor in Ramsey, a doctor in the South and a doctor in Douglas but the West can go hang. We want it all-singing-and-dancing, as long as it is in our areas. Before the May sitting of Tynwald, if members would like to go round and talk to not only the patients but also the doctors and learn from them – (*Interjection by Mr Quine*) Well, I think you have to remember that the doctors are independent contractors themselves; they chose, in the North – and you cannot blame them, Vainstyr Loayreyder – to withdraw their support from Ramsey Cottage Hospital. They were not told to withdraw their support from Ramsey Cottage Hospital; they chose themselves to withdraw. They were being paid to cover Ramsey Cottage Hospital. They were being paid extra to do that cover. They might not like being withdrawn from that, but they chose to withdraw from that, and if they say otherwise, then they can come back and talk to the department of health about it.

As I said, there were issues that people in my area were concerned about. It has clearly not happened; people are reasonably satisfied. They use the surgery for their everyday needs and, in the exceptions, they can decide to phone up Manndoc and get advice from the doctor that is on call. They can call the doctor out or they can visit the centre. There are options. I do not know, I have not got figures to say what the activity was at Ramsey Cottage Hospital, whether patients all went to Ramsey Cottage Hospital. We do not know that. Maybe the members for the North will explain that when they are speaking on this particular issue. If we want doctors to cover the sort of service that we are looking at, that has been spelt out, I would say that it is possible that we might get even fewer doctors in the future, because we are going to have more doctors doing the out-of-hours service. If the department of health can find doctors from somewhere to do that, maybe that is a possibility, but I know that in the job vacancies that there have been in recent times, it has not been easy to get doctors. I know that I jumped in before my colleague on my left here, but I felt that I had something more to offer to this debate than just being a member of the department. I have experience of answering calls. I have experience of my husband getting out of bed in the middle of the night and then even being up for half the night and then having to get up in the morning and do an ordinary surgery. It is these sorts of issues, I think, that some of the members do not actually understand.

It will settle down. I think that some of the members in the North have been whipping up the issues to make them sound worse than they actually are. There is a 999 service. There is a doctor on call, and sometimes two. There is a facility at Ramsey Cottage Hospital until 10 o'clock. There is an accident and emergency centre at Noble's Hospital. It is there for the public. In lots of areas in England, people would have to travel much further to get to a hospital or to get to a doctor. As we have heard from the member for Garff, in some places they do not have

doctors because, over the years, the doctors that did come here to support our health service are actually getting to retirement age – this is people from India and those sorts of areas of the world that actually came here. Some actually stayed and some went back. We do get European doctors now, but they will be here for experience, and the majority of those doctors will be going back to those places once they have finished their time in hospitals.

There is another issue, too. Over the years, over the last 40 or 50 years, the number of women doctors entering medicine has increased, and that is all to the good of the service that is being offered. Women will not go out doing visits by themselves –

**A Member:** Why not?

**Mrs Hannan:** Not during the night, they will not; with a driver and a car, yes, they will, and that is why there is a need for this sort of facility to be set up. In some places I could respond, Vainstyr Loayreyder, it is not safe for women, even doctors, to be out by themselves in the middle of the night. That is the reason why, and I dare say that is the same in some parts of the Isle of Man, but I cannot speak from experience on that particular issue. But there is certainly resistance, because of what happens in other places, to women coming here without a service such as this. This is why this sort of service has developed over the years.

I would hope that members will support the minister coming back to make a statement in May, but I would suggest to members that May is not necessarily . . . It is only a month off, and I think that we should give it a longer time to bed down before we start saying, 'There must be wholesale changes.' I would hope that members, in the meantime, will talk to doctors and they will talk to their patients –

**A Member:** We have been talking to them.

**Mrs Hannan:** Yes, but you have not listened, that is the problem. (*Interjections*) You have just tried to whip up . . . Vainstyr Loayreyder, they have tried to whip this issue up into some sort of major thing – and it is not just the health services and it is not just Ramsey Cottage; they are trying to attack the minister. Can I say that this particular motion should have been down in Tynwald. The constitution of the Isle of Man says that a minister can be in the Legislative Council, and until you change this, hon. members – through the Chair, Vainstyr Loayreyder – ministers can be in the Legislative Council. A debate such as this should be in Tynwald –

**Mr Cannan:** The minister should be here to listen!

**Mrs Hannan:** The minister should not be here to listen, Vainstyr Loayreyder; the minister's place is in the Legislative Council and in Tynwald, and I think it is in contempt of the House to say that the member

moving this motion has 'summoned' somebody to this House to listen to our debate.

**Mr Cannan:** A point of order, Mr Speaker. I did not 'summon' anybody, Mr Speaker, I wrote a letter, a courtesy letter, saying the motion was on the order paper, and suggested that the minister might care to be in the gallery to hear the debate. That is not a summons, Mr Speaker.

**The Speaker:** Member for Peel.

**Mrs Hannan:** Thank you, Vainstyr Loayreyder. What I am saying is that the constitution of the Isle of Man says that a minister can be in the Legislative Council, and therefore to have this debate and to criticise because the minister is not here I think does a disservice to the House and also our constitution.

I would suggest, though, to the members that there was a statement put out by the Ramsey Group Practice on the 24th of March. In the last paragraph, it says, 'The GPs must follow government policies and keep within the new GP contract.' Maybe the members for Ramsey could actually talk to the doctors in Ramsey about following government policies, when it is quite clear that they withdrew their cover from Ramsey Cottage Hospital. Thank you, Vainstyr Loayreyder.

**The Speaker:** Hon. members, before we proceed any further, we are in the middle of a debate, unlike a Bill – the situation is somewhat different – where a Bill can stop and pick up quite easily. We also have the amendment in front of us which requests, subject to the House determining that the amendment is approved, that a statement be made at the sitting of Tynwald in May. The May sitting of Tynwald, of course, is on the 20th of May, and the next sitting of the House is on the 6th of May. There are options to the House: one is that under standing order 7(2), if our business is to proceed after 5.30, the House determines whether or not it wishes to continue and what the time of that continuance should be. If the House determines that it should not continue, then I will adjourn this debate until 6th May.

**Mr Downie:** I move that the vote be put to continue, Mr Speaker.

**The Speaker:** If you wish to have a continuance, then you shall determine a time.

**Mr Cannan:** I also move that the debate be adjourned to the 6th of May so that there will be no restriction on the debate, Mr Speaker.

**Several Members:** Hear, hear.

**The Speaker:** Well, first, you cannot do that, hon. member, because you have already spoken. The easiest way forward is if the House determines whether or not it wishes to continue. If the House determines that it shall not continue this evening, then the debate is

adjourned until the 6th May. The hon. member for Douglas West proposed that it continue; can I have a time from the hon. member, or does he not wish to put that motion?

**Mr Downie:** I do not wish to put a time on, Mr Speaker.

**The Speaker:** Standing orders require you to put a time on.

**Mr Downie:** Right. Then 6.30, if that is acceptable.

**The Speaker:** The hon. member for Douglas West proposes that we continue the debate until 6.30. It does not stop us reviewing it then, but until 6.30.

**Mr Anderson:** I would like to second that, Mr Speaker.

**The Speaker:** Seconded by the hon. member for Glenfaba. Hon. members, there is no debate on this issue; it is a vote.

**Mrs Cannell:** Mr Speaker, I would like to move that the debate be adjourned until 6th May, in this place.

**Mr Houghton:** I beg to second, sir.

**The Speaker:** Therefore that comes under our standing order which is in relation to an adjournment debate, and that allows members to actually speak. Standing order 85: 'When a motion shall be made for an adjournment debate, the discussion thereupon shall be confined to the matter. Such motion and member in speaking thereto shall speak for no more than five minutes.'

Hon. members, does anyone wish to . . . We have a motion to adjourn; do we have a seconder?

**Mr Houghton:** Yes, I would like to second.

**The Speaker:** Sorry, you did. I apologise. Does anybody wish to speak to the adjournment debate? (**Several Members:** Vote.) Hon. members, I put the motion that this matter be adjourned until the next sitting of the House, on 6th May. All those in favour say aye; against no. The ayes have it. The ayes have it.

Hon. members, that concludes the business before the House this evening. The House will . . . Hon. members, I . . . Hon. member for Michael, Mr Cannan, I have not finished the business of the House yet, sir. (**Mr Cannan:** Sorry.) Hon. members, that completes the business before the House this evening. The House will now stand adjourned until 10 a.m. on Tuesday, 6th May in our own House. Thank you, hon. members.

*The House adjourned at 5.40 p.m.*

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