

REPORT OF PROCEEDINGS OF THE HOUSE OF KEYS (QUESTIONS)

**Douglas, Tuesday, 4th February 2003
at 10.05 a.m.**

Present:

The Speaker (the Hon. J A Brown) (Castletown); Mr D M Anderson (Glenfaba); Hon. A R Bell and Mr L I Singer (Ramsey); Mr R E Quine OBE (Ayre); 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 and Mr A C Duggan (Douglas South); Hon. R P Braidwood and Mrs B J Cannell (Douglas East); Hon. A F Downie and Hon. J P Shimmin (Douglas West); Capt. A C Douglas (Malew and Santon); Hon. J Rimington, Mr Q B Gill and Hon. P M Crowe (Rushen); with Mr M Cornwell-Kelly, Secretary of the House.

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**Waste Disposal – Proposed Charge –
Financial Implications for Government –
Question by Mrs Cannell**

Question 1. The hon. member for Douglas East (Mrs Cannell) to ask the Chief Minister:

What are the financial implications of revenue and capital for government departments and divisions as a consequence of the proposed charge for waste disposal of £100 per tonne for landfill?

The Speaker: We now go on to our first item on the order paper, questions for oral answer, and I call on the hon. member for Douglas East, Mrs Cannell.

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

The Speaker: I call on the hon. member for Onchan, the Chief Minister, Mr Corkill.

Mr Corkill: Thank you, Mr Speaker. This is a question which I have found particularly difficult to answer, in that there are presumptions in the question that local authorities have already indicated the method by which they intend to pass on the charge and that the imposition of the charge will not affect the means by which government departments dispose of their waste. For example, it is not clear yet whether, for instance, a police house which is also a police station will be treated as producing domestic or commercial waste. Currently, each local authority uses different methods for charging for the collection of non-domestic waste, and it is not clear yet whether or not, where charges are already made, they intend to continue with their existing methodology. However, I would like to state a definition of 'house waste', because under section 77 subparagraph (ii) of the Public Health Act of 1990, household waste 'consists of waste from private dwelling or residential home or from premises forming part of a college or school or other educational establishment or forming part of a hospital or nursing home.'

Additionally, the policy agreed by Tynwald of implementing the increased charge has already begun to have a substantial effect on the way in which departments of government treat their waste as they each seek to minimise the effect increased charges will have on their budgets. It could be said, therefore, that the policy of increasing charges is already proving a success, in that it is focusing attention on waste separation; I would say that this is action and not just words. Government departments have not previously had to weigh the waste they produce, and therefore, in many instances, the figures which have been provided can be said, at this stage, to be no more than a best guess.

Bearing all this in mind, I can inform hon. members that the estimated cost of the proposed increased charges for waste disposal is £2 million for revenue costs. Increased capital costs have not been able to be identified separately within existing contracts within the timescale provided. However, the largest generator of waste from capital contracts, that is the Department of Transport, uses private licensed tips for its inert waste. As no price increases have yet been introduced by the private sector - in fact, I have seen indications of a reduction in price - no increase has been estimated. Other departments have indicated increases in capital costs of an annualised basis included in the loan charges of £55,000. Mr Speaker, I must again stress that these are very rough guesstimates, because departments are still seeking ways in which to minimise costs and work with local authorities, the private sector, contractors and private licensed tip operators to identify and minimise costs.

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

Mrs Cannell: Thank you, Mr Speaker. I thank the hon. Chief Minister for at least being frank with us in terms of the cost of revenue being estimated at £2 million, but is he aware that government departments and also utilities, statutory boards et cetera, when they are providing trenches for the laying of pipes or the laying of connections to people's properties, either with a telephone or electricity or gas or water or anything else that one might consider, under legislation those utilities and divisions of government cannot put back in the spoil that they take out? In fact, they have to put back in fresh spoil. Is he aware of that, and is he also aware that there is a strategic infrastructure group made up of all of the utilities and certain government departments who are now having to face consideration of this particular issue?

The Speaker: Chief Minister to reply.

Mr Corkill: I think there are two points there, Mr Speaker. I am aware, in terms of reinstatement, particularly on the highways where trenches are dug, that, in fact, good quality infill material is required, otherwise the repair is not substantial and needs further attention and becomes a burden on the taxpayer, through the Department of Transport, which has the duty of maintaining our roads. I know the Department of Transport is most keen that utilities such as the Water Authority do, in fact, repair the trenches correctly to a proper standard after they have moved on, but that does not mean to say that the inert waste - the subsoil and the concrete and the stones that are dug out of these trenches - has to go to the government landfill site, the main purpose of which, of course, is to deal with household putrescible waste. The whole idea of this waste separation is to ensure that that waste that

comes out of trenches in fact goes to a licensed inert site.

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

Mrs Cannell: Thank you, Mr Speaker. Bearing in mind that all government divisions will accumulate all manner of different types of waste or materials which have to be dealt with, would the Chief Minister agree with me that it would be incumbent upon the Department of Local Government and the Environment to provide a joint facility for use by all government divisions, departments and statutory boards, rather than have to go about it piecemeal and try to go through the process of acquiring a licence and possibly seeking planning permission to be able to deal with this particular waste in an area?

The Speaker: Chief Minister to reply.

Mr Corkill: I can see, Mr Speaker, the attraction of having utilities in particular co-ordinated so that their inert waste is dealt with on one particular site. Having said that, one of the things that is in my mind in terms of the way waste is disposed of on this Island is transport as well, and it would not necessarily seem sensible to transport inert waste from one end of the Island to the other if, in fact, there is a licensed inert waste disposal site available and closer to hand. So, there are practical issues here, but certainly I know the Department of Local Government and the Environment is keen to help businesses as well as departments co-ordinate, and they will give advice to anyone who has inert waste on a regular basis that they wish to dispose of and dispose of properly and safely in a site that is engineered for that purpose as opposed to the situation that we have had where our landfill site has been filled, in my opinion, unnecessarily by inert waste. And of course that is a burden on the taxpayer.

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

Mrs Cannell: Thank you, Mr Speaker. Will the Chief Minister not agree with me that wherever a facility is provided to deal with inert waste sorting and separating et cetera, it would have an impact on that particular area and that it would be more favourable to have a joint area where all utilities and divisions of government could use it, rather than them spread about all over the Island, impacting on all of the Island? And further, Mr Speaker, my last supplementary to the Chief Minister: in terms of the revenue implications of £2 million, where is that going to come from, given that there are no new moneys for the next five years, and when will the Chief Minister be in a position to advise hon. members in this House what the capital implications are in terms of this charge on waste disposal?

The Speaker: Chief Minister to reply.

Mr Corkill: Mr Speaker, I will fight shy of going into financial situations which impinge on the budget, which will be debated in another place in the not-too-distant future. With regard to revenue estimates the departments have submitted for the next financial year, I think it would be inappropriate for me to go down that road too much, and it would be premature. Can I say, though, on the point of a centralised location for sorting this mixed waste that utilities may have, that I would think, from a planning perspective and from an impact perspective, that to have all of that centralised in one place would certainly be a large impact. And, of course, it assumes that the inert waste arisings are all going to be coming from the same place all of the time, and of course that is not the case, particularly with regard to utilities, whose work covers the whole Island and will be in different places at different times. They will have to, I would suggest, make provision, in the location of where they are working, to use the most appropriate and the closest, I would suggest, licensed inert site.

**Waste Disposal Charges –
DoLGE Letter to Local Authorities –
Question by Mrs Cannell**

Question 2. The hon. member for Douglas East (Mrs Cannell) to ask the Chief Minister:

Do you concur with the contents of a letter sent to all local authorities by the Department of Local Government and the Environment, dated 22nd January 2003, with information on waste disposal charges?

The Speaker: I call on the hon. member for Douglas East, Mrs Cannell.

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

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

Mr Corkill: Mr Speaker, the answer to the hon. member's question is 'Yes'. I have been aware of the issues surrounding waste disposal charging and have been kept informed of proposals by the hon. member for Rushen, Mrs Crowe, and, indeed, the member designate of the chairman of the proposed waste management board, Mr Lowey. They have kept me appraised of a number of issues at various times. This is in part the reason why I sought to table an amendment in my name to item 28 on 21st January in another place, and that was to give clarification to the issue and to ensure it was given full and frank debate without delaying the beneficial moratorium suggested by the

Department of Local Government and the Environment. That amendment was, as you are aware, Mr Speaker, agreed by the hon. members and in no way detracts from the positive and constructive content of the letter.

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

Mrs Cannell: Thank you, Mr Speaker. Would the hon. Chief Minister agree with him that it would have been more prudent to have had the letter dated after Tynwald had debated and reached the decision in respect of this? Would he agree with me that had Tynwald, who were due to debate it the following day after the letter had been issued, supported one or more amendments of a different nature to that of the hon. Chief Minister's, then that would have clearly put a rick on the situation for at least a 12-month period?

The Speaker: Chief Minister to reply.

Mr Corkill: Mr Speaker, hindsight is a wonderful thing but, if I remember correctly, there was an item on the agenda in the name of the hon. member for Peel, Mrs Hannan, which was seeking explanation on waste management issues, and that is, in fact, the debate that we had. I saw fit, during that debate, to move the amendment regarding the three-month moratorium because I was fully aware that that was the issue that the department had been talking to local authorities about, and the feedback I had had from local authorities directly and in the margins was that they were thankful for that type of moratorium, and I was also thankful that the majority of hon. members in the Court of Tynwald supported that motion. So, in a way, the issues were running in parallel, they were complementary to each other, and I do not believe they were in conflict.

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

Mrs Hannan: Thank you, Vainstyr Loayreyder. Would the Chief Minister not agree with me that it seems that the whole issue of this introduction of charge is rushed and ill thought-out? Really, it is not even policy on the hoof; it is policy changing, policy changing, policy changing all the way along the line. Nobody seems to know where it is going. One minute we are charging the whole amount; the next minute there is a rebate; the next minute there is something else. And would the Chief Minister not agree that this particular letter going out to local authorities was rushed, as everything else has been with regard to this charging for refuse, ill thought-out and intemperate, when it was to come before Tynwald the very next day? Would the Chief Minister also not agree that it is not necessarily his problem of rushing it but the department rushing it – 'We have made a decision; we

have got to get it out to the local authorities; they must know as soon as possible' - and is that not a contempt of Tynwald?

The Speaker: Chief Minister to reply.

Mr Corkill: I am in danger, Mr Speaker, of a waste management debate, (*Interjection by Mrs Hannan*) but can I remind hon. members that the energy-from-waste plant is coming on-stream in the not-too-distant future. It is a long-standing policy of Tynwald to make sure that we minimise our waste, that we separate our waste and that, in fact, we have a duty to make the incinerator - as I do not have a problem calling it the incinerator, because that is what it is - function. The issues in terms of how the waste stream arrives at the incinerator should be no surprise to anybody, and the policy which Tynwald has agreed of introducing a charge for this waste, as difficult as it has been for the department - and I acknowledge it is difficult for local authorities to implement it, particularly the smaller local authorities that have very little in the way of administration - is, at long last, focusing minds on the issue, which is to minimise waste, and improve our attempts at recycling. And we have a duty to make this incinerator function from day one. Maybe some of these things should have been done some time ago, but with an administration that is only just over a year old, we have had to pick up certain tasks, and we have run hard with them. If that is rushing it, well, I apologise to the hon. member. I do not believe it is rushing it; I believe that, at long last, it is action and not just words.

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

Mrs Cannell: Thank you, Mr Speaker. Turning, in essence, to the original question, how can the Chief Minister agree or concur with the contents of the letter dated 22nd January when, in that letter, it states 'For the period of 1st April 2003 to 30th June 2003, the charge for disposal of all waste types at Wright's Pit landfill will remain at £10 per tonne?' How can he concur with that when, at present, no waste that emanates from a domestic source qualifies for any charge for landfill? At present, there is no charge for that on domestic waste, so how can he concur with that? And further, could he explain, in essence, what it now means, the contents of his amendment moved and supported in Tynwald, in comparison with this letter? Which one, as a local authority, do they take cognisance of - the Chief Minister's amendment or this letter - because they are in conflict with each other?

The Speaker: Chief Minister to reply.

Mr Corkill: Mr Speaker, I do not accept, as I said in a previous supplementary, that they are in conflict. I would expect local authorities, as indeed departments

of government, to abide by decisions of Tynwald, and that is what has happened. Can I perhaps refer the hon. member back not just to the most recent debate on waste management in Tynwald Court but, in fact, a debate towards the end of last year, which, I think, underlined initially this principle of charging for waste. The department has a job to do, a job to get on with, and there is a lot of pressure there. I think the three-month moratorium has put more pressure on the department to deliver the policies that Tynwald wants.

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

Mrs Hannan: Could I ask the Chief Minister if he is concerned that the policy that is Tynwald policy to be carried out by government is not in place? And is he concerned that it will be in place and form part of the waste management without giving the local authorities time to come forward with suggestions, policies and the like? Is he satisfied that three months will give the local authorities time to organise this, when government does not seem to be doing anything in regard to this particular policy, other than setting up a waste management board?

The Speaker: Chief Minister to reply.

Mr Corkill: Mr Speaker, a motion in the name of the hon. member for Peel was amended in Tynwald. As far as I am concerned, that motion stands true. There is an obligation on the Department of Local Government to come back to Tynwald Court with a lot of the answers that hon. members are asking about at this stage. With regard to local authorities, I know in the case of my own particular local authority, Onchan District Commissioners, that they are spending a lot of time and effort with regard to implementing the new charges in the new policy, and from what I am led to believe they are making good progress in the time that is available. For those who are finding it harder than that, the Department of Local Government's Waste Management Unit is available to help.

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

Mr Quayle: Thank you, Mr Speaker. In connection with the waste management board and referring to the fact that the hon. Minister for Local Government and the Environment has been somewhat critical of local authorities for not being proactive enough to do with waste management, could I ask the Chief Minister if the waste management board, which has been deferred from 1st April 2002 to 1st April 2003, is, in fact, on schedule to be activated at that date, sir?

The Speaker: Chief Minister to reply.

Mr Corkill: If only things in life were that certain, Mr Speaker. It had been my hope, at the beginning of this administration, to actually form the waste management board and to have a chairman of that board and to have a framework up and running straightaway, but it soon became apparent that that was not possible, that insufficient preparation in regard to the waste management strategy had . . . Well, there had not been enough progress in that area for whatever reason - and a lot of those reasons are political - but, having said that, we looked long and hard at setting up that waste management board, and we were very, very reluctant in the way that we had to defer it. So, I certainly am very hopeful that we do not have to defer it a second time.

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

Mr Duggan: Thank you, Mr Speaker. Could I ask the Chief Minister: does he not realise that his policy or the policy of the Department of Local Government and Environment, which I totally disagree with, is only going to lead to fly-tipping? These charges will only spoil indirectly the countryside of the Isle of Man.

The Speaker: Chief Minister to reply.

Mr Corkill: I think we have an unacceptable amount of fly-tipping now, Mr Speaker, (*Interjection*) and I think the whole issue with regard to the way that the Island deals with its waste - and, I would say, the whole way that we look at the tidiness of our Island - needs to be sharply improved. (**A Member:** Hear, hear.) Whether it is litter or whether it is fly-tipping, I think we should have more enforcement in that area, (**A Member:** Hear, hear.) and there is a resource implication in saying that; I think that is important. But at the end of the day, Mr Speaker, are we going to carry on abusing our landfill site, which is a highly valuable commodity, highly engineered as these things have to be today, for the disposal of waste which can be safely and easily disposed of in an alternative fashion? It is a matter of value for money for the taxpayer in terms of how we use our resources, and we all know that the landfill site in the north of the Island is coming to the end of its life because it has been filled far too quickly.

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

Mr Karran: Vainstyr Loayreyder, would the Ard-shirveishagh not agree that in one of his previous answers he blamed the fact that this administration is only a year old? But does he not also agree that it is very difficult for people outside to have that credible argument when the vast majority of the members of the Council of Ministers were in the last administration, (**Mrs Hannan:** Hear, hear.) and would he not agree that the reason we have got the problems with the

policy being made up as we go along and the waste management policy is because of our need to review our government system about trying to separate the functions of parliament holding the executive to account instead of finding out that we are put into a corner and getting the bum's rush again in this hon. House?

The Speaker: Before I call on the Chief Minister, could I just say to the hon. member I do not think that the use of a term that he used at the end is parliamentary, and it should not be used in this chamber. (**Several Members:** Hear, hear.) Chief Minister to reply.

Mr Karran: It is the truth, isn't it?

The Speaker: I do not . . . Chief Minister, could you just . . . Hon. member, whether it is the truth or not, I do think the use of language in this House should be appropriate to the work of the House. I have made my rule –

Mr Karran: A point of order, Mr Speaker. I have used that term many times –

The Speaker: Not since I have been Speaker.

Mr Karran: - as I say, in this hon. House, and I do not like the idea of being censored, censoring a democratically elected member of this hon. House.

The Speaker: Before I call on the Chief Minister, hon. member, you have not used that term or any other term like that since I have been Speaker and, as Speaker, I will not allow those terms to be used in this House. It is not the right or appropriate term to use in the House. Chief Minister to reply.

Mr Corkill: In attempting to answer the question, Mr Speaker, the hon. member said that I have 'blamed'. I have not blamed anyone. What I am saying is that this new administration, which is not so new now - we have been going for more than a year - had a number of issues to pick up and run with: one was housing and one was waste management. They are both within the Department of Local Government, and the minister, Mrs Crowe, has worked very hard at exposing some of the issues to create decisions to make Tynwald, local authorities and the whole public of the Isle of Man wake up to the fact that we have a waste management strategy that needs implementation and not just to be talked about. It is painful when we have to charge our community an amount of money with regard to that implementation, but I am quite sure in my mind that the incentives are now in the right order, from the top down if you want to put it that way, and that we will have more focus on separating and recycling our waste. It is all very well saying that people should recycle and separate their waste, but we

all know that when there is a financial incentive to do that, it is more likely to happen, and that is human nature.

The Speaker: Hon. member for Rushen, Mrs Crowe.

Mrs Crowe: Thank you, Mr Speaker. Would the hon. Chief Minister agree that all chairmen and their clerks were present at a presentation in February 1999 when the policy was clearly laid out on waste management for the Isle of Man? The only thing that has changed in that time is the cost differential over the four years, which has gone (*Interjections*) –

The Speaker: Hon. members!

Mrs Crowe: I have circulated copies of the presentation; you have all seen that. So, I would just ask the Chief Minister to agree that the policy has not been made up on the hoof, nor has it been rushed. It was clearly identified in February 1991.

Mr Duggan: That is the local authorities.

The Speaker: Could I just remind the hon. member for Rushen that a question is fine; a statement is not. Chief Minister to reply.

Mr Corkill: I would hope to round off, Mr Speaker, by saying that I know that there is meaningful dialogue going on with local authorities, that there are questions being asked, and that there are still some answers to be found, but I think the atmosphere and the environment of that dialogue is a very healthy one. Yes, there are differences of opinion in certain areas, and that is only to be expected, but I do not believe that this is being done in an atmosphere of hostility in any way. The debate in Tynwald and in this hon. House is a lively one, and it is sometimes confrontational. I accept that that is part of the job that we do, but I do not find that difference of opinion as strong outside of this hon. House. The local authority people that I am speaking to are being constructive and trying to make things work. Maybe more effort could have been put in some time ago, maybe that was done and it was not successful at that time, but the energy-from-waste plant, we can well see, is right on the horizon now. Whatever one thinks of that particular plant, we have to manage our waste into the stream that goes into that machine, and we have to start putting things in place now. And I am very, very encouraged by the response from local authorities, who are on a strict timescale, perhaps working to a tighter timetable than they are used to in other issues, but most of them, I would say, are getting on with it, and I would thank them for their co-operation.

The Speaker: Right, hon. members, I have got four members who have indicated they wish to ask

questions. I am going to draw the line at that, because I think we have had plenty of questions on this. I call on the hon. member for Douglas East, Mrs Cannell.

Mrs Cannell: Thank you, Mr Speaker. Turning back to the original letter that was in the question to the hon. Chief Minister, dated 22nd January this year, can the Chief Minister confirm that, as of 1st April this year, local authorities will be charged £10 per tonne for all waste types delivered to the landfill facility? And further, would he agree with me that it is perhaps time that his Minister for Local Government and the Environment changed her script in terms of the meeting which she alludes to? And would he agree with me that that meeting all those years ago never gave an indication to local authority members of when the likely introduction (**A Member:** Hear, hear.) was to take place (*Interjection*) and over what period of time they could make their adjustments (**A Member:** Hear, hear.) and financial provisions?

The Speaker: Chief Minister to reply.

Mr Corkill: A very short reply, Mr Speaker, in as much as it is all about timetables, and the three month moratorium that was my amendment, which was successfully received in Tynwald - and I thank hon. members for supporting that amendment - will, I think, clarify and rationalise all those timetables, and hon. members will have that before them in June.

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

Mr Anderson: Thank you, Mr Speaker. Would the Chief Minister agree with me that the meeting that took place in 1999 flagged up charges that would be incurred as a result of the incinerator coming on-line and, as the incinerator has not yet come on-line, those charges should not come into place?

The Speaker: Chief Minister to reply.

Mr Corkill: I think, Mr Speaker, that is quite a reasonable comment to make. Certainly, the debate that I was aware of at that time was that it was acknowledged that the new process incurred extra costs and that this would be one way of satisfying that extra cost but, as we all know, landfill, even in its present circumstance, is an expensive process. We are trying to maximise the void that is left within the landfill in the north of the Island, and so, to some extent, the same argument applies. Whether it is premature because the incinerator is not on-stream I guess is a matter of opinion, and I note the hon. member's comments in this regard, but it is not that far away in any event.

Mrs Crowe: Absolutely.

The Speaker: A final supplementary. I turn to the hon. member for Ayre, Mr Quine.

Mr Quine: The present focus is on disposal through landfill, the cost of that, who pays the cost of that and how that is shared. Can the Chief Minister advise us what arrangements have been made in relation to charging and costs for reuse and recycling, which, in some instances, in respect of some commodities, is higher than £100 a tonne when all the processing is taken into account? To what extent have they been addressed, and where is the burden going to fall for recycling in respect of those items? If we are having this furore now over the disposal to landfill, it would seem that we need to pull together all the avenues relating to disposal and have charges and arrangements in place appropriate to all these commodities.

The Speaker: Chief Minister to reply.

Mr Corkill: Well, I am certainly aware that there is a cost to recycling, Mr Speaker, or the export of things like derelict vehicles which have to be dealt with. This is all about separating our wastes into manageable streams of waste. They are all dealt with in different ways, and there is a different level of cost to each waste stream. Whether it is regarded as a waste stream or a recycling stream, at the end of the day it is materials that have been discarded by business or by the public. Certainly, it is government policy to have capital and to make revenue available from the centre of government, from the Department of Local Government, to make sure that we have our civic amenity sites geographically distributed around the Island and to encourage people to use those. And, of course, there is a cost then of onward shipment of the materials that they deposit, and the Department of Local Government and the Environment has to make an assessment as to the value of those materials and the energy equation. I would certainly say, Mr Speaker, that I look very closely, as a member, as an individual, at the energy equation when we recycle products, because if we are using hydrocarbon fuels, which are a non-renewable source of energy, in order to recycle something of low value, which of course can be produced cheaply with less energy, then we are wasting our time. Of course, I would say that the export of glass is a classic; you can actually produce glass very cheaply with less energy than by recycling it back through the glass factory. Therefore, glass is not exported; it is recycled cheaply within the Island and disposed of in an inert way. So, it is a very complicated question that the hon. member for Ayre puts forward, but certainly I continue to see central government having quite a considerable burden in terms of promoting recycling and reuse. I cannot see that that can disappear overnight.

**Old Castletown Road –
Reclosure – Delays – Costs –
Question by Mr Henderson**

Question 3. The hon. member for Douglas North (Mr Henderson) to ask the Minister for Transport:

- (1) *Will you make a statement with regard to the latest situation with the closing of the old Castletown road again and the position with the IRIS scheme and why it all has to be dug up again at the Ellenbrook sector;*
- (2) *how long are the current delays over and beyond the original finishing date; and*
- (3) *have there been any additional costs incurred to the department as a result of what are seen as unsatisfactory works and expected time delays?*

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

Mr Henderson: Gura mie eu, Vainstyr Loayreyder. I beg leave to ask the question standing in my name.

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

Mr Shimmin: Thank you, Mr Speaker. Before a section of transmission main can be taken over by the department, it must successfully pass a pressure test. A failed test indicates a fault in the pipe. If a leak is identified, the main has to be drained down, the fault located and repaired, and then the main is refilled and retested. The contractors for the section of sewage mains from White Hoe to the railway crossing at Oakhill are Farrans Construction Limited, and their subcontractor is Done (Isle of Man) Limited. On each occasion the contractor has pressure tested this section of the main, faults have been identified. The old Castletown road had to be closed on an emergency order on 23rd January 2003 because a fault was identified at Ellenbrook, requiring sections of the Road to be dug up to access the pipeline. Although the emergency closure order allowed the road to be closed until 6th February, the necessary repairs were completed, enabling it to be reopened to traffic on Saturday 1st February.

In answer to part (2), as advised in my answer to a similar question in November last year, the original contract was due to be completed by 22nd January 2002. The contractors were given a six-month extension to 5th July 2002 for a number of associated legitimate reasons. The delay from July to date is due to the poor workmanship of the contractors.

(**A Member:** Hear, hear.) The contract has overrun its agreed completion date by a further seven months.

In answer to question (3), the department has not incurred any additional costs as a result of these delays. The contractors, Farrans, or their subcontractors are liable for all the costs of repairing the faulty pipeline, and the department has an agreed signed final account with the main contractor, Farrans, sir.

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

Mr Henderson: I thank the hon. minister for his reply and his genuine intent with that information. I am pleased to note that the government is not going to incur the costs, but would he agree with me that this particular sad state of affairs is a shambles, and will he give an undertaking that there will be additional supervision to ensure this stretch of the scheme gets finished as quickly as possible? And what can he do for the residents of the area by way of temporary measures to ease their plight and that of commuters who use the same route?

The Speaker: Minister for Transport to reply.

Mr Shimmin: Mr Speaker, the whole main from Loch Promenade through to the sewage treatment works is still due to be brought on-line towards the end of 2003, and it is extremely regrettable to all concerned, importantly the people in the area, that this part of the contract has been such a problematic area. In general, the department has been very pleased with the IRIS works completed to date, and it is extremely disappointing that such an important scheme for the department and government should be tarnished by one element of the works. (**A Member:** Hear, hear.) Clearly, the performance of the contractor on the section of main from White Hoe to Oakhill is unacceptable. (**A Member:** Hear, hear.) It is unacceptable to the department, to the residents who are so evidentially affected, and to the engineer responsible for the contract. In answer to a question further on in the paper, I will be discussing certain aspects towards the people in the area. The department, through political representation, through this House and through the officers of the department, is working many hours to try and ensure that any of these problems can be rectified as quickly as possible so we can begin the reinstatement of the road. However, the difficulty is that these pipes which are causing the problem were buried up to a year or more ago, and therefore we will not accept the pipeline until it is satisfactory, (**A Member:** Hear, hear.) approved by the contractors and the engineers on site. However, the faults are not being caused now; they are faults that were put in place by poor workmanship many months ago, sir.

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

Mr Singer: A couple of points, Mr Speaker. Could I ask the hon. minister why the pressure test does not take place before the pipes are actually covered, to make sure that there are no leaks? And secondly, is it expected that the current delays in the IRIS works will have a knock-on effect on further stages of IRIS? In consequence, when do you expect, and can you give me an approximate date when, the IRIS scheme is going to commence in Ramsey and the North?

The Speaker: Minister for Transport to reply.

Mr Shimmin: In reverse order, if I can take those questions, sir. As I have outlined in the original answer, there is no further cost to government, and therefore there is no anticipated further delay for the works involved. That will therefore not have any direct effect on any future progress of the IRIS scheme. I would point out, Mr Speaker, that the section from Douglas to Meary Veg comprises of five contracts. Four of those contracts carried out in the normal process have not caused any problem. It is this one section, which represents 1.5 kilometres out of the 28.5 kilometres that have been laid. Just for the record, I would say that from Loch Promenade to Leigh Terrace, the work was undertaken by Charles Brand with the engineer Arup; from Leigh Terrace to the Nunnery gates, the work was undertaken by engineering works for the DoT, again with Arup; from the Nunnery gates to White Hoe, the work was undertaken by engineering works for the DoT, and the engineer was Arup; and from the Oatlands road to the sewage treatment plant, the work was undertaken by Island Drainage and Groundworks with the engineer Arup. On all of these areas, there was no problem. The pipes were laid adequately and properly tested, and there was no evidence of any poor workmanship. We are being regrettably brought down with the whole value of the IRIS scheme on one small section, (**A Member:** Hear, hear.) which has an identifiable reason for it. The practices which have been carried out here are no different to elsewhere, but unfortunately the change is the quality of the workmanship.

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

Mr Quayle: Thank you, Mr Speaker. In referring to the hon. minister's reply, he indicated that the department would not suffer any financial disadvantage because of the delay in the scheme, and he referred to poor workmanship. Could I ask him: in relation to the poor workmanship, could that have been overcome by better supervision and, if the supervision has been lacking, who has been responsible for this? And further, is there provision within the contract for compensation to be paid to the department and, in turn, hopefully to the residents in the area for the unacceptable delays and inconvenience caused,

particularly in respect of the wear and tear on their vehicles?

A Member: Hear, hear.

The Speaker: Minister for Transport to reply.

Mr Shimmin: I am aware that the hon. member for Middle and other members – indeed, the current member of the department for Malew and Santon and his predecessor - have expressed similar concerns about the people affected in this area. It is an area that is unsatisfactory for myself. We have entered into a contract with these people, and the ability of individual property and landowners for processing any claims against the contractor must be laid at the contractor. The department has endeavoured to work with the people affected to ensure that works can be remedied in those areas affected. However, the more significant problem is the ongoing inconvenience and the state of the road in that area. I have looked, and continue to look, at the issue of compensation. However, there is no identifiable means by which my department can make such payments. We are continuing to look to see if there is anything we can do to reduce the level of problems in that area – indeed, the final failure is due to be repaired, we hope, within two weeks - but this is scant guarantee for the people in the area. We will then be beginning to relay the surface of the road, and this sorry affair will come to an end. However, the issues I answered in November of last year indicate that liability for this is clearly with the contractors, and any claims should be made to the contractors.

The Speaker: Hon. members, there is a danger members are drifting into question 4 on these supplementaries. However, I will call on the hon. member for Ramsey, Mr Singer.

Mr Singer: Thank you, Mr Speaker, for allowing me just to come back on one point which, I think, the minister inadvertently overlooked on my supplementary question. I did ask him: could he give me some approximate date when the IRIS scheme was due to start in Ramsey and the North?

The Speaker: Minister for Transport to reply.

Mr Shimmin: Mr Speaker, I do not have that detailed information available. There are issues regarding the budget which will come forward at the end of this month, and that is a more appropriate time, sir.

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

Mr Houghton: Thank you, Mr Speaker. In view of the hon. minister's forthright answer, which he is to be commended for this morning, can he confirm that this

rogue contractor which has let us down seriously will not be offered any further government work, sir?

A Member: Hear, hear.

The Speaker: Minister for Transport to reply.

Mr Shimmin: No, Mr Speaker. Prior to any appointment, a company tendering for government work is evaluated by the capital projects team to make sure that they have the satisfactory skills and finance to actually carry that work out. That was done on this occasion. At the end of any debrief on any part of the capital programme, the design team will look at the operation of it, identify where the failings have been and ensure that lessons are learned from it. Certainly, the capital projects team, who are responsible for all major projects in government, are fully aware of the difficulties we have encountered. However, these companies involved have continued to work on the Island in a satisfactory manner, and this one was extremely unfortunate.

**Old Castletown Road –
Reclosure – Duration of IRIS Works –
Question Mr Quayle**

Question 4. The hon. member for Middle (Mr Quayle) to ask the Minister for Transport:

In view of the latest problems relating to the IRIS scheme and its impact upon the old Castletown road and the disruption to residents in the South Braddan area concerning their business, social and daily lives:

What assurance can you give that the IRIS scheme in this area can be competently brought to a satisfactory and speedy conclusion?

The Speaker: I call on the hon. member for Middle, Mr Quayle.

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

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

Mr Shimmin: Mr Speaker, as I have alluded to before, the IRIS scheme is a multi-million pound project, the majority of which has been completed competently, on time and within budget. The problem with the one contract on the old Castletown road section should not be allowed to detract from this fact. While accepting there have been delays to this section, it is not envisaged that they will delay the overall scheme. The whole main from Loch Promenade to Meary Veg is still expected to come on-line towards

the end of 2003. Given the history of this individual contract, I hesitate to give any assurances. What I can say is that the matter is checked and completion is pressed for by my officers on a daily basis, including weekends. The department cannot take over the main until the contract is completed to the satisfaction of the consulting engineer, because that would not be in the best interests of the people of the Isle of Man. In my answer in November, I alluded to a completion date for the works to overlay this road of approximately May of this year. As people will obviously be aware, we have now lost a further six weeks, and I would have hoped that we would have this overlay done in time for TT 2003, but it is now anticipated that completion is more likely to be in July or August 2003. We are endeavouring to get access to parts of the road so that we can proceed with this as soon as possible. However, we must ensure that we protect the integrity of the contract with the contractors.

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

Mr Quayle: Thank you, Mr Speaker. Could I firstly thank the minister for the reply and fully sympathise with him and the department in the problems that they are having to address in this area, understanding the frustration that they must feel, as indeed I and the residents in South Braddan actually feel, about the whole process. Could I ask if the minister is aware that, due to the distress caused to residents living in South Braddan and the fact that some have lost confidence in the department to satisfactorily complete the scheme, many people have actually moved out of the area or are contemplating doing so? And could I ask him to confirm: the completion of the scheme originally was May; am I now to understand it is July or August?

The Speaker: Minister for Transport to reply.

Mr Shimmin: Mr Speaker, I am aware graphically of the problems brought to my attention via hon. members and by the public directly about the distress and stress caused to the people in this area. I regret if certain people are deciding that they are dissatisfied and have lost confidence in the Department of Transport. We are endeavouring, aware of that fact, to try and improve the standing in the area. People move house for many reasons; indeed, those of us representing Douglas constituencies hear the same argument about traffic problems, and I am sure that is not unique to Douglas. So, people will move for whatever reason. I would hope that my department will attempt to be able to restore some credibility in this area and, as much as we will complete this as soon as possible, I am saying to the hon. member at the moment that the latest advice I have is that the completion is more likely to be July or August. Any advance on that

would be a bonus, but I know we have let them down so many times in the past.

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

Mr Karran: Vainstyr Loayreyder, would the shirveishagh not agree that, in reality, he cannot give any assurances for a satisfactory and speedy conclusion for the residents without abandoning this absurd IRIS scheme? And will he announce an independent investigation into the engineering nonsense of the IRIS scheme before more taxpayers' money is wasted?

The Speaker: Minister for Transport to reply.

Mr Shimmin: Mr Speaker, like the hon. member for Onchan, I am not a qualified engineer. This scheme has been policy of Tynwald for many years, and indeed we are moving towards a situation where those sections initially brought into the IRIS scheme will no longer be pumping raw sewage out to sea. I know that the hon. member has concerns; certainly, as minister, I have concerns. I am going to be the one who is going to be in charge when the scheme is opened. However, a lot more intelligent engineers have put a lot of work into this, and it is not rocket science; this sort of operation takes place elsewhere in the world. We have a priority to try and reduce and remove the amount of sewage being pumped out to sea. That is a priority; the department is well advanced. The taxpayers have spent tens of millions of pounds getting to this stage, and it would be absurd to try and remove ourselves from that at this point. There is a meeting on site for a number of members tomorrow, where we will see for ourselves the progress being made. I would congratulate many, many people involved in IRIS for getting to this stage. The hon. member's views are his own; we know them. I honestly believe the people of the Island expect IRIS to work and are looking forward to the day we can switch on, sir.

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

A Member: They might have a long wait.

Mr Duggan: Mr Speaker, could I ask the minister: surely there is not a clerk of the works there to oversee these jobs so we do not have so many problems?

The Speaker: Minister for Transport to reply.

Mr Shimmin: Mr Speaker, the Department of Transport has the most experience of any government department on building capital projects for the people of the Island. We have, on this scheme alone, four out of five totally successful, on time, on budget

operations. The work involved in this is delegated to recognised contractors who then are responsible for the subcontractors on site. We have an engineer who oversees the work. However, as alluded to before, once the pipes are buried in the ground, it is only by pressure testing that we can confirm the validity, viability and integrity of those pipes. We are doing that. We will not accept poor workmanship. That is why we are having these delays, but we are committed to ensuring that we have a quality service for the people, and that means that the engineers on site will not adopt the responsibility until such time as it has satisfied the pressure test.

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

Mr Henderson: Can the minister answer why he keeps giving excuses? This is fine, and I accept his apologies, but what can he tell the residents of the area between now and July that his department can undertake to make their situation easier, albeit on a temporary basis, and also for the commuter traffic? We have not heard an action plan for the immediate short term, and I think we have got every right to hear some sort of idea for that. Plus, would the minister be willing to hold a public meeting at some suitable community centre within the parish to advise the residents and commuters of the progress so far?

The Speaker: Minister for Transport to reply.

Mr Shimmin: We have authorised road sweepers to be in the area to try and move some of the most recently excavated materials that are on the site of where the closure was at Ellenbrook. We have had a difficulty with production of bitmac on Thursday and Friday of last week and Monday of this week, so there is still an unacceptable lip over the works that have been done at Ellenbrook. That will be remedied, we hope, today provided the bitmac production can take place. Regarding the other areas of the road, we are within a matter of days, or certainly no longer than a couple of weeks, from hopefully getting on site and beginning the remediation. This work will also involve significant improvements to the drainage problems along that area, some which have been caused by the contractors and they will be responsible, other works which we are putting into place to try and ensure that there is less potential flooding in this area than they have previously witnessed. As to the issue of a public consultation, certainly the department are aware that the people in the area do not believe the words of a minister, however genuinely said, if I try and give them guarantees. We are due to be circulating to the people in the area as soon as the pressure testing is completed, and also we have an IRIS newsletter coming out some time in March. That will give a lot of information. If there is a further request after that newsletter for a

public meeting then yes, certainly, I am prepared to attend, sir.

The Speaker: Finally, I return on this question to the original questioner, the hon. member for Middle, Mr Quayle.

Mr Quayle: Thank you, Mr Speaker, and I am grateful to the hon. member for North Douglas, Mr Henderson, for raising that question which I was just about to ask previously about the public meeting, and it is really to follow on from that: is the minister aware that the people living in the area who have lived there for a considerable time and are familiar with the drainage and the landowners, obviously, who have this experience . . . Could I ask if he could really ensure that, because of the widespread concern expressed by members of the public, my constituents and members of Tynwald, he organises this public meeting, which could make sure that the department learn from the residents in the area by working together with them, so that their concerns could be satisfactorily addressed?

The Speaker: Minister for Transport to reply.

Mr Shimmin: Mr Speaker, we seek and get a great deal of opinion from the people in this area. Indeed, I requested last week that a member who has been quite vocal in the criticism of this be brought on to a working party for that purpose. The drainage works have been subject to a thorough examination since before Christmas, and works now have been identified which will attempt to improve the situation in that area. The hon. member has been in regular contact with the department, as have some of his constituents. The information that we have we believe is satisfactory. I have already said that after the IRIS newsletter comes out, I am quite satisfied to come to the area to discuss with the people. The light is at the end of the tunnel. This is one final leap that we have at the moment. That should be completed within two weeks. The reinstatements will then begin, unless, and this is the bottom line, there is any further problem when the pressure testing is increased again after the works have been done. Certainly we listen to the local representatives in the area. We listen to the individuals in the area affected. We believe we have got improvements that will be coming on the drainage side. If the hon. member has got individuals who feel they are not being listened to, then I would certainly welcome that conversation.

**Meary Veg Access Road –
Extent and Cost of Damage –
Question by Mr Quayle**

Question 5. The hon. member for Middle (Mr Quayle) to ask the Minister for Transport:

In connection with the damage caused to the concrete access road leading to the Meary Veg Sewage Treatment Plant –

- (1) will you make a statement as to how the damage has been caused and by whom;*
- (2) what is the extent of the damage and the overall costs of remedial works required; and*
- (3) who will bear the cost?*

The Speaker: I call on the hon. member for Middle, Mr Quayle.

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

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

Mr Shimmin: Mr Speaker, the damage to the Meary Veg access road was caused when a very substantial crane was driven along the road without permission. The department has been advised of who is believed to have driven the crane, but has not been able to obtain evidence to prove this. The company who are believed to have been responsible for causing the damage has recently gone into liquidation and therefore has no assets.

In answer to part (2), whilst there are areas of the road which will require repairs, in proportion to the whole road these areas are quite small. Some of the damage is cosmetic and not of a structural nature. The repairs will be carried out to secure a long-term life for the road, but it will not necessitate a full reconstruction. I am advised that such a reconstruction would cost in the order of £150,000, however, to carry out only the necessary repairs will be significantly less.

In answer to part (3), since the probable culprit is in liquidation, even though this issue is still under review by the Attorney-General, the department, and therefore the taxpayer, may have to bear the costs.

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

Mr Quayle: Thank you, Mr Speaker. Would the minister confirm if he has inspected this road himself, because I certainly could not agree with him that minor damage has been caused? (**A Member:** Hear, hear.) When you drive along that road there are hairline cracks throughout that road, it appears. There are pieces that are crumbling. I would say - I am no engineer - but I would imagine that it will be very difficult to actually repair the concrete road, and in the light of the figures that he has given, would he confirm whether or not the contract is structured in such a way as to recompense the department for the great expense that will occur?

The Speaker: Minister for Transport to reply.

Mr Shimmin: I think that, Mr Speaker, the hon. member has alluded to the answer himself: neither he nor I are engineers in this area. I take advice from people who are. Indeed, tomorrow morning he will join me along with other members on Meary Veg, and I look forward to seeing the works for myself. I know that the people in the area have brought it to his attention. I am advised that there are remedial works which are quite capable of being done for a significantly lower figure than £150,000. The issue involved in dealing with the actual contractor is an ongoing subject of dialogue between the Attorney-General's, and I do not wish to get into that, sir.

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

Mr Houghton: Thank you, Mr Speaker. Surely we should be looking at the constructor of the road, not the person who used it and damaged it. That road was put in specifically to carry heavy goods along it. Should the hon. minister not be looking towards whoever constructed the road and whether they are in some way responsible for those collapses, and the fact that there have been weak foundations put in that road in the first place, sir?

The Speaker: Minister for Transport to reply.

Mr Shimmin: No, Mr Speaker, there is a misunderstanding in what actually took place. The road is constructed to a satisfactory level for the purpose for which it was designed. Cranes and heavy gear that have inevitably had to go onto the site are transported into the site on trailers before then being operated on the site. What happened on this occasion is a very substantial crane which was not designed to actually go on the concrete surface went along and dug up and cracked certain areas. That is because of the type of wheels, for want of a better word, on the crane rather than the weight of it. That is why much of the damage is superficial rather than substantial breaks in the foundations. That is the area that we can look at and discuss tomorrow on site, and if there is any further information I will make it available to the hon. member in the course of time.

The Speaker: Hon. members, that concludes questions as permitted under our standing orders for oral questions. Hon. member for Michael, Mr Cannan.

Mr Cannan: I beg to move suspension of standing orders so that oral questions may continue, Mr Speaker.

The Speaker: Standing order 47 is the standing order that would require to be suspended.

Mr Corkill: I beg to second, Mr Speaker.

The Speaker: Seconded by the Chief Minister. Hon. members, the motion before the House is that standing order 47 be suspended to enable the remaining questions for oral answer to be taken at this sitting. All those in favour say aye; against, no. The ayes have it. The ayes have it.

New Homes – Numbers Completed – Question by Mr Karran

Question 6. The hon. member for Onchan (Mr Karran) to ask the Minister for Local Government and the Environment:

Will you say -

- (1) how many newly completed local authority houses, and how many replacement local authority houses have been completed in the past six months;*
- (2) how many first-time buyers homes have been completed in the past six months; and*
- (3) what is the price of first-time buyers' homes?*

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

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

The Speaker: I call on the hon. member for Rushen, Mrs Crowe, Minister for Local Government and the Environment.

Mrs Crowe: Thank you, Mr Speaker. The programme for delivery of public sector and first-time buyer homes is ongoing, with many projects in various stages of progression. It would be helpful in answering the hon. member's question if I provide the figures over the 12-month period which give a clearer indication of how these programmes are progressing. In the first six months of 2002, there were 50 public sector completions, and in the second six months, 46. At the end of December 2002, 43 were under construction - a total of 139 public sector units completed or very nearing completion, of which only 42 were replacements. Figures provided by Building Control show that there were 527 private sector completions during the year, with a further 357 under construction at the end of December. Included in those figures are 23 first-time buyer completions during the past six months, but with a further 101 nearing completion at this

present time, and 114 applicants have benefited from the housing assistance scheme.

Regarding part (3), the range of prices for the new homes: two-bedroomed apartments at £102,500; two-bedroomed houses at £120,000; and 3-bedroomed houses at £128,000. The House Purchase Assistance Scheme 2002, which was approved by Tynwald in July last year, is now providing top-up loans of 30 per cent of the cost, plus an additional grant to those on lower incomes to ensure that these homes are affordable to first-time buyers. I would also like to advise the hon. member that planning applications are due to be submitted this month for over 200 affordable homes which will qualify for our assistance on the government schemes.

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

Mr Karran: Vainstyr Loayreyder, could the shirveishagh firstly inform this hon. House if she now recognises that £128,000 is a first-time buyer's house? Those that cannot manage to get onto the government schemes - what sort of wages would an ordinary working person have to have in order to get a mortgage, as far as that is concerned? Does the shirveishagh not agree that there is still the little light at the end of the tunnel, as regards the need for first-time buyers houses or council houses as a result of her and the Council of Ministers' lack of policies on this vital issue? Will she, in light of that, support the reintroduction of my Private Member's Bill which would use government land, such as Johnny Wattersons Lane, to ease the housing crisis? If that Bill had been successful we would have had houses there –

The Speaker: Hon. member, you cannot make a statement: you know that only too well. I am sorry, you are drifting into a statement now about a decision made by the House previously. By all means ask a question, but please try to avoid making a statement.

Mr Karran: Vainstyr Loayreyder, would the shirveishagh finally not agree that if that had been supported we would have a situation where we would have had houses built there now to ease this social cancer we have got?

The Speaker: Minister for Local Government and the Environment to reply.

Mrs Crowe: I can remember the scheme brought forward by the hon. member, and there were portions of that scheme that I did not agree with, but I would certainly agree that land in government ownership should be progressed as speedily as possible for the progression of first-time buyer housing.

Now, with regard to the pricing structure that was mentioned, I would point out that with the very generous grant scheme and a 30 per cent top-up loan,

if a purchase price of a property was £100,000 it would actually mean that the purchaser need only take a mortgage of somewhere around £75,000. So it is, indeed, a very generous scheme to help people into affordable homes and, indeed, that is what we are endeavouring to do.

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

Mr Gill: Thank you, Vainstyr Loayreyder. Given the widespread concerns about the minimal specifications of some of the properties to be built at Port Erin - properties which fall outside the house purchase assistance scheme - what comfort can the minister offer to our constituents and others who are unable to access the housing market?

The Speaker: Minister for Local Government and the Environment to reply.

Mrs Crowe: Thank you, Mr Speaker. At Erin Way, the government did not own the land. The government cannot dictate to developers in what way they develop the land or, indeed, the size of houses in any particular development. However, when I was appointed minister I did meet with all developers and ask them to work with us in the progression of affordable housing. Indeed, I gave the keys out only yesterday to first-time buyers in a Lonan development where 14 of the homes on the site have been developed to our spacious standards and in line with our scheme, and that J D Kelly development is a delightful development. Regarding Erin Way, I was concerned, naturally, when I saw the plans come through, and so I spoke with the developer last week and I am very pleased to say, after an early morning meeting this morning, that there will be between 14 and 17 units, that is, three-bedroomed houses, two-bedroomed houses and two-bedroom apartments on that site, if planning permission is approved.

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

Mr Singer: Thank you, Mr Speaker. Could I ask the minister if she could remind me of those numbers of houses that have been completed and are about to be completed, other than replacements - she gave some figures? And could she tell me how these are distributed around the north, south, east and west of the Island? Does she have that information?

The Speaker: Minister for Local Government and the Environment to reply.

Mrs Crowe: I do not have the information about the distribution of the properties. There are 50 public sector completions in the first six months, 46 in the second and 43 under construction and nearing completion. I could not tell you at the present time

where these are, but I do know that the department is progressing a very large scheme in the north of the Island in the replacement of public sector housing.

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

Mr Karran: Vainstyr Loayreyder, would the shirveishagh not agree, in her reply regarding Erin Way and the size of the houses, that that is only part of the concern that many outside have? The issue that they were taking deposits and advertising it as being there in reality before the planning had been decided does undermine the confidence as far as planning is concerned, and I do hope that she will look into the inquiry about that. Would the shirveishagh also not agree that the reflection in her previous reply as regards the levels of assistance for first-time buyers houses and council houses is not addressing the real numbers of people who are suffering at the present time and being forced into the hands of the Rackmans on this Island? Will she also review the levels of the support for first-time buyers houses, and also the criteria which have been pushed down to cut the waiting lists for council houses, so we can have a true reflection of this social cancer that is within our society, namely the housing crisis?

The Speaker: Minister for Local Government and the Environment to reply.

Mrs Crowe: Oh dear, the emotive terms! I am sorry, we *are* doing our best to address what is a problem at the present time. In regard to the common criteria for acceptance on a public sector housing waiting-list, if a person has an income that disqualifies them from that waiting list they are then qualified to be on the private sector house purchase assistance scheme, and we have made those two areas so that they dovetail. So if a person is refused acceptance because their income level is above that required for the common criteria, then there is the possibility of house purchase on the very generous house purchase assistance scheme.

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

Mr Karran: Vainstyr Loayreyder, would the shirveishagh not agree that she really is not explaining to this House what the reality of the situation is on both counts, as far as first-time buyers and council houses are concerned, in the fact that you have doubled the time that you have to be in Onchan from five years to 10 years to cut more people off the waiting-list. You have people who cannot get local authority houses, cannot get a first-time buyers house, even if they existed, and does she not really agree that it is not emotive talk; it is the reality of what is happening at the moment - we are hiding the real social problem

which is going to have a long-term social effect on our society?

The Speaker: Minister for Local Government and the Environment to reply.

Mrs Crowe: Thank you, Mr Speaker. I would like to say to the hon. member for Onchan that, I am not hiding anything. I can tell you exactly how many people are on the public sector waiting lists around this Island at the present time, and that is in excess of 1,300 people, all of whom have qualified to be on the public sector waiting list. I can tell you also that I have in excess of 998 – no, that is the exact figure - on the first-time buyer waiting list at the present time. We are doing what we can to address the problem that has been inherited, and indeed we have made tremendous efforts. We are hoping that this year we will be doubling the amount of houses available, affordable houses that are designed to the spacious standard that fit our house purchase assistance scheme. Now I think that that is most commendable and I could not have done it without the help of many departments, particularly Treasury, with the most generous grant of £20 million to address this problem. We are doing whatever we can to address the problem.

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

Mr Quine: Would the minister just make it clear: the houses that are coming on stream during the time that she has been in office, these completions, have nothing to do with her administration; she knows very well the lead time goes back for two years. What she should be telling us is how many houses she is going to bring on stream over the next two years and then she can stop crowing about what has happened this year (*Laughter*) and tell us what is going to be produced in reality in the next two years.

Mr Karran: Hear, hear.

The Speaker: Minister for Local Government and the Environment to reply.

Mrs Crowe: I am sorry, that is not true, and in fact a number of the schemes are schemes that have been instigated in the time that I have been minister. There was –

Mr Quine: You would never build a house in 12 months.

Mrs Crowe: - a small handover from the Harcroft development and that is all, and in fact, if the two major schemes that we are progressing to planning go ahead, that will be in excess of 200 affordable homes in this administration, plus the other developments that I have previously mentioned.

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

Mr Karran: Vainstyr Loayreyder, would the shirveishagh not agree that the issue is that the likes of the local authority waiting lists have been drastically cut simply by your new criteria to hide the problem, and would she also not agree that the reality is that she did inherit a mess, but unfortunately we are not getting to resolve this social cancer quickly enough because we are not addressing the core issues by trying to hide the real numbers who need decent, affordable housing on this Island?

The Speaker: Minister for Local Government and the Environment to reply.

Mrs Crowe: Well, I find it very difficult for anyone to accuse me of hiding the real numbers. I have just quoted the numbers to you. They are 1,300 persons at this time on the housing waiting list – *(Interjection)*

The Speaker: Hon. members, please! Minister.

Mrs Crowe: Thank you, and in fact the number has increased since the inclusion of single persons to the waiting list, but it is absolutely true. The numbers on public sector waiting lists have increased and not decreased (**Mr Karran:** Gerrymandering.) since the introduction of the common criteria and the common criteria - the acceptance goes from between £24,000 per annum income to £30,000 per annum. So we take into account children, housing circumstances. We have been as fair as we possibly can in identifying that those most in need are now being offered accommodation.

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

Mr Cannan: Will the minister agree that part of the problem is the severe bureaucracy in her department in getting the construction of houses moving forward speedily, and will she confirm, for instance in Jurby, houses announced by Mr Quine in Tynwald in October 2000 have not yet even started? Not a turf has been cut, two-and-a-half years later down the line. And finally, will she agree that to praise the generosity of the Treasury in allowing her money is a mis-statement, as the money in the Treasury is the people's money and is there for the benefit of the people of the Isle of Man?

The Speaker: Minister for Local Government and the Environment to reply.

Mrs Crowe: Well, in answer to the second question, perhaps I praise the generosity of the allocation of the people's money -

Mr Cannan: Thank you.

Mrs Crowe: - of the Isle of Man, and I am sure the people of the Isle of Man would wish to see their money addressing the problem that we now have with affordable housing. (**Mr Cannan:** Absolutely.) I quite agree about the delays regarding the hon. member's constituency in Jurby; I think it has been appalling, but I cannot do anything other. We know we need advice about drainage in that area. It has not been an easy scheme to come ahead. Hopefully at the present time, as the hon. member knows, there is a full working party which is looking at addressing Jurby, I hope in a most imaginative manner for the future, but of course the infrastructure needs to be in place. I hope that answers the hon. member's query.

As regards the planning process, I do hope that there will be an announcement of a new planning process very shortly.

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

Mr Cannan: One final question. The minister said that she looked to the future development of Jurby. May I ask her, how long is the future? One year, two years, ten years? Perhaps she could tell me how speedily her department will move, perhaps a little more motivatedly in the future than it is presently?

The Speaker: Minister for Local Government and the Environment.

Mrs Crowe: Thank you, Mr Speaker. It is not for lack of motivation from my department that there is no development taking place in the North. I am afraid it is interlinked with all the infrastructure such as water, drainage and the rest that goes in place. If I could build houses in Jurby at the present time I would be doing it now, and as for your question on the future, the future starts now.

European Tax Initiatives – Impact on Finance Sector Question by Mr Karran

Question 7. The hon. member for Douglas North (Mr Henderson) to ask the Minister for the Treasury:

- (1) *Will you make a statement on the recent speech you made to Tynwald in respect of the latest European tax initiatives assessment and the possible impact to Island finance business, and that this statement is to include an up to date position report and possible scenario of what the likely impacts are going to be; and*

(2) *what feedback you have had from the finance industry itself?*

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

Mr Henderson: Gura mie eu, Vainstyr Loayreyder. I beg leave to ask the question standing in my name.

The Speaker: I call on the hon. member for Ramsey, Mr Bell, Minister for the Treasury.

Mr Bell: Mr Speaker, the measures to which the hon. member refers are still only in draft and we have to await the outcome of the Ecofin meeting in March before the final version of the savings directive is known. We must therefore approach the subject with some caution to avoid any imprudent or ill-informed judgements. It may, however, help hon. members if I outline the actions which have been taken so far, and in so doing, cover all the issues raised by the hon. member.

Firstly, the Treasury has kept the finance industry informed on all developments to date. This process has been in place for some time and long before the Ecofin announcement of January 2003. This is being achieved through the Treasury's own consultation network. Meetings continue to be held with the members of the licensed deposit-takers, the professional associations and the Chamber of Commerce.

Secondly, a meeting has been arranged at officer level with officials from the UK Inland Revenue to seek clarification on a range of points; for example, if there are to be bilateral agreements what will the timetable and process be for negotiations? There is also the issue of the technical detail about the administrative procedures which both the finance industry and government will need to put into place, assuming that the Island complies with the initiative. This information will enable a considered view to be taken on the overall cost of complying and the likely timetable. It will also enable Treasury to determine the most appropriate time for a ministerial meeting.

Thirdly, more detailed work is being carried out in conjunction with the deposit-takers to try and identify with more accuracy the breakdown of deposits. This will provide a more informed analysis of the amounts attributable to individuals living in the EU countries. This is not an easy exercise because the tax residence of individuals is not a requirement of the 'know your customer' principles. We also need to have a high regard to the commercial sensitivities surrounding such information.

Fourthly, we continue to consult with our colleagues in the other dependent and associated territories about their approach to the EU tax initiatives. This process also includes informed professionals outside the Island with whom the Treasury and its officers remain in contact.

Finally, when all the information has been gathered together and the local companies have themselves formed a view as to the best way forward for them, the Treasury will be in a better position to determine the appropriate response to the EU tax package and, in particular, the proposed savings directive.

As to the likely impact, this will also depend on the information being gathered. However, hon. members may well draw comfort from the report put out last week by Standard and Poor's, one of the leading credit rating agencies, that awarded the Island an AAA credit rating.

This latest report covers not only the Isle of Man, but also Liechtenstein and Switzerland. According to the report just published, should the directive come into effect on 1st January 2004 Standard and Poor's do not expect it to negatively impact the credit rating of the Isle of Man. They consider that the financial sector of the Isle of Man is diversified, flexible and competitive, and its competitive advantage is not solely based on an advantageous tax régime and/or banking secrecy. This should enable the Isle of Man to cope with the potential adverse effects of the EU. Furthermore, sudden large-scale capital outflows as a result of the implementation of the directive are improbable due to its limited scope as well as to the fact that the directive requires the main financial centres to comply, providing for a relatively level playing field.

The report goes on to point out that, even if tax amnesties are declared by EU countries such as that currently contemplated in Germany and the one recently concluded in Italy, capital outflows may put some strain on individual banks but not on the financial systems as a whole. The financial systems in the Isle of Man are characterised by adequate regulation and supervision, mature deposit insurance systems and sound prudential indicators. Mr Speaker, a full copy of the report by Standard and Poor's has been circulated to all members for their information.

On the issue of feedback, I refer to the extensive consultation process that I outlined earlier. The Association of Licensed Banks has put out a press statement that reflects the need to take time to review the initiative and, as stated, it will work closely with government and industry colleagues to ensure that the best long-term interests and opportunities for the finance industry are considered. In due course they will forward their comments to Treasury.

The savings directive and the code of conduct is still an evolving process and will remain so at least until the tax package has been finally signed off by all EU member countries. This is expected to be at the March meeting of the European Council at the very earliest. It is my intention, Mr Speaker, to ensure that hon. members are kept informed of any future significant developments.

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

Mr Henderson: I thank the minister for his positive reply, but could he indicate, is he giving us a cautious confident note on this? If he could clarify that point? Also, could he clarify that his professionals in the Treasury must be able to determine a guesstimate on the impact of these directives? Would he accept that it is not really appropriate to be giving out bland statements in this regard, and would he come back to me now with what is seen by his Treasury professionals as possible impacts or possible scenarios so this House and the people of the Island and the industry may have a clearer picture or start to understand what is happening?

The Speaker: Minister for the Treasury to reply.

Mr Bell: Mr Speaker, I have tried to outline the delicacy of the situation we are in at the moment while these two initiatives are being worked up. Although there has been a political agreement to the savings directive and the code of conduct issues, the technical detail is still being worked on and is changing almost as we speak. This will not be finalised until the Ecofin meeting in March at the earliest; it could even be beyond that. So it would be very unwise for me at the moment to make any statement one way or the other until we can be absolutely clear what the outcome is. If I start making speculative assessments at this point before the full impact of the two initiatives is known – and, as I said in my answer, we hope to get a further clarification on a number of issues later this week when my officers meet with UK Treasury officials to go through some of the finer detail – at that point we may be able to start to form a firmer conclusion as to what the possible outcome is, but making speculative assessments at this point, Mr Speaker, which may ultimately turn out to be false, would be more damaging, I believe, to the industry and the confidence in the Island than the statement I have made at the moment.

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

Mr Earnshaw: Thank you, Mr Speaker. I am pleased the minister has indicated that careful consideration needs to be given to this matter, because any sort of knee-jerk reaction would certainly send out the wrong sort of signals in my opinion. Would he agree with me that in this instance change is opportunity, and also that at this moment in time a question must be: what benefits will adoption of the strategy achieve for the Isle of Man, or the UK for that matter, if funds are simply transferred to other low tax areas overseas, to the likes of Canada, Hong Kong, New Zealand, Singapore, et cetera?

The Speaker: Minister for the Treasury to reply.

Mr Bell: Thank you, Mr Speaker, and I thank the hon. member for those two helpful observations. Certainly this is a very challenging period for the Isle of Man; there is no question about that. Indeed, it is probably one of the most challenging situations the Isle of Man has found itself in for a great many decades, and again I highlight the importance, Mr Speaker, of calm, careful consideration of the options presented to us under these two initiatives to ensure that the Isle of Man comes out of it in the best possible position, but I do agree with the hon. member: although there are some potential difficulties for our financial services industry, change is also an opportunity, and out of that agreement, when it is finally shaped, we need to look very carefully to see where the Isle of Man now can capitalise on new opportunities to work and move swiftly to be able to replenish the Isle of Man financial services industry of any business which is may lose through other means. Treasury will be working, and in fact is now working, very closely with the deposit-takers to just that end, and I hope, should further support from this hon. chamber, in particular by way of support for new legislation perhaps, be identified to enable us to capitalise on those opportunities, hon. members will give their full support.

I share the hon. member for Onchan's concern about the potential flight of capital from the European Union and its associated territories and Crown dependencies to other jurisdictions. I have said previously, though, that in this whole exercise, although no doubt in somebody's mind many years ago there was a rational concept in the adoption of this approach, there is no fairness or logic in some of the possible outcomes which we would be confronted with. We believe, though, that certainly if we look at what are considered to be our main competitors, there is a semblance of a level playing field being achieved, and if that level playing field ultimately is implemented it is unlikely that there will be huge outflows of capital to other jurisdictions which in effect will face that capital with the same sort of limitations as they may find here.

Tax Credits for Low Paid – Question by Mr Karran

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

Could you provide up-to-date information regarding the promised tax credits for the low paid?

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

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

The Speaker: I call on the hon. member for Ramsey, Mr Bell, Minister for Treasury.

Mr Bell: Thank you, Mr Speaker. I thank the hon. member for the opportunity to update this House on the progress being made introducing a tax credit for the low paid. In my last budget I promised that measures would be introduced for the income tax year 2003-4 for those individuals unable to take advantage of our generous income tax personal allowances. That promise is about to be fulfilled in that an income tax Bill providing for such measures will be introduced into this House within the next few weeks. Full details, Mr Speaker, will be available to hon. members as soon as that Bill is published.

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

Mr Earnshaw: Thank you, Mr Speaker. Would the Treasury minister agree with me that, although tax credits in their various guises are the flavour of the month, certainly in the UK, their very title causes a degree of confusion amongst potential beneficiaries? Would he also agree that one of the major pluses of the Manx taxation system over the years has been its comparative simplicity and transparency, which I believe we should work hard to maintain?

The Speaker: Minister for Treasury to reply.

Mr Bell: Yes, I agree with the hon. member. I would point out that the understanding of a tax credit scheme in the United Kingdom is not, in fact, an income tax-based benefit scheme, it is part of the benefit system. The proposal which I intend to bring forward is and, indeed, will be titled the 'personal allowance credit,' which is based totally on an income tax-based allowance linked to the individual's personal allowances.

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

Mr Karran: Vainstyr Loayreyder, would the shirveishagh not agree that we do not need any hon. members in this House making excuses for not helping the low paid? And would the shirveishagh also not agree that what we want is a caring and prosperous society and that it would look very bad if this hon. House were not to allow a situation where the people who are low paid do not benefit, just as the rich are going to benefit, from the new tax strategy?

The Speaker: Minister for Treasury to reply.

Mr Bell: Mr Speaker, I cannot understand where the hon. member is coming from when he refers to letting down the low paid. *(Interjection by Mr Karran)* I have only been in office for 12 months. I gave an absolute assurance to members at budget time last year that a form of tax credit would be brought in in due course to enable us to help the low paid, those that I

think every member in this House at one time or another have expressed concerns about because they fall below the tax threshold and therefore do not benefit from the tax reductions and other benefits which have accrued over the last few years. Mr Speaker, after a lot of very hard work by my officers in Treasury we have found a mechanism now by which we will be able to help those people and so I will be fulfilling the promise I gave hon. members 12 months ago that this assistance will be brought in very shortly.

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

Mr Karran: Vainstyr Loayreyder, I thank the hon. member for his commitment, but would he not agree that we must not allow elements within this House and outside to use the excuse of easiness as far as the tax system to cut back on our commitment to making sure that the low paid get a fair crack of the whip as far as the prosperity is concerned within this society?

The Speaker: Minister for Treasury to reply.

Mr Bell: Mr President, I have said until I am blue in the face, I think, over the years not only in my time in Treasury but also in my other ministerial rôles that I believe the success of the Isle of Man's economy, and particularly its new economy, will be judged only on the basis of that benefit reaching all levels of Manx society. I have argued that on many occasions; I have fought tooth and nail to achieve that over the years, and I believe I will be delivering the promise I gave 12 months ago to hon. members that in this particular mechanism, which is related to the personal allowances within the tax system, this will be delivered very shortly to that section of the low paid which I believe deserves our support. It will be a fair system, it will be one, I think, which is recognised as such but it will only, Mr Speaker, be one part of, I am sure, government's broad approach to supporting the low paid on the Isle of Man.

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

Mr Quayle: Thank you, Mr Speaker. I asked the hon. Minister for Treasury some months ago about the introduction of a tax credit scheme and was very pleased indeed to hear from him then that he was considering one to be brought in in 2003, so I am delighted today to hear confirmation of that. Could I ask if, because of the refuse disposal charges, which will have more of an effect on those members of society if they are unable to pay sufficiently, he will take that into account when drawing up this scheme and implementing it in January?

The Speaker: Minister for Treasury to reply.

Mr Bell: No, Mr Speaker, I will not at this particular point, because we are still unclear as to exactly what the impact is likely to be. I gave an undertaking that a personal allowances scheme, a tax credit scheme, would be brought in as soon as technically possible. My staff have been working very hard, as I have said, over these last few months to identify a mechanism now to bring in this support. What I shall be endeavouring to do as soon as possible is to bring in that mechanism, and I would hope hon. members will support the legislation enabling that when it comes before this House in the not-too-distant future. The main aim of Treasury at this point is to get the framework in place. We can argue about the level of support, how it can be used, perhaps, in other ways for the future, but at this stage it is most important to recognise, I think, that this is a very radical departure for the Isle of Man Government; it is a new support level being brought in which has not been achieved before, and we should look on that as being a major success in itself. Then the other issues, I fully concur with the hon. member, are of concern; we do need to find a way to assist low paid if in fact the full weight of the refuse charges and any other charges are felt, but I think that is an argument for another day. The drive in Treasury has been to identify a workable structure to enable these personal allowance credits to be brought in, and I believe we have achieved that.

Legislative Buildings – Details of Relocation – Question by Mr Karran

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

Will you say what are the full details regarding the arrangements and costs involved for the relocation of the Clerk of Tynwald's Office and the Legislative Buildings?

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

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

The Speaker: I call on the hon. member for Ramsey, Mr Bell, Minister for Treasury.

Mr Bell: If I may, Mr Speaker, I feel that this question should have been directed to the Department of Local Government and the Environment rather than the Treasury. However, in relation to costs I can confirm that that department has a 21-year lease on the ground floor of St George's Chambers which commenced on 1st January 2002. The department does, however, by giving 12 months' notice, have the option to break the lease on 1st July 2005. The cost of

the lease is £61,420 per annum with an annual service charge payable of £14,490, giving a total annual cost of £75,910. This cost is currently absorbed within the Department of Local Government and the Environment's revenue budget.

In relation to fitting out and reinstatement costs, these are estimated to be in the region of £163,000 to £183,000. These costs will be incorporated within the capital cost of the refurbishment of the old government offices scheme.

I am also able to confirm that it is the intention of the Department of Local Government and the Environment to seek, at the February 2003 sitting of Tynwald, approval to expenditure in relation to the redevelopment and refurbishment of the old government offices. The expenditure will include rental, service charge, fitting out and reinstatement costs.

Finally, Mr Speaker, it is hoped that the St George's Court premises will be available for occupation at the end of the 2003 summer recess.

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

Mr Quayle: Thank you, Mr Speaker. In acknowledging the reply that has just been given by the Minister for Treasury, could I ask if consideration was given fully to occupying, by arrangement with Douglas Town Council, the premises that they occupy, as I believe it would have been a better cost-effective solution than the one that he proposes?

The Speaker: Minister for Treasury to reply.

Mr Bell: Mr Speaker, I was not in any way involved with that proposal, but I do understand that that was an option which was considered. For whatever reasons the committee which was investigating it decided against using Douglas Corporation chamber. I have to say I agree with the hon. member for Middle: it would seem to have been an eminently sensible way ahead, but it was decided at that time that that was not the way to go and therefore we are faced with the situation that we have today.

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

Mr Karran: Vainstyr Loayreyder, would the shirveishagh not agree that there are many in executive government who are expressing concerns about the costs involved in this project, and would he not agree that it would have been much wiser for the members of the Council of Ministers to have supported me, at least one of them, in Tynwald Court of 16th May 2000, and it is a little bit late now for members to be concerned about the costs of this project?

The Speaker: Minister for Treasury to reply.

Mr Bell: I really do not know what the hon. member is referring to, Mr Speaker –

Mr Karran: The fact that I was the only one that voted against the thing.

Mr Bell: - but I am absolutely sure that the costs and the implications of this particular development will be of great concern to every single member of this chamber; that is what we are elected for, and I understand an appropriate resolution is to be brought to Tynwald next month. At that point hon. members will have the time themselves to assess the benefit or disbenefit of the level of investment that is being considered.

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

Mr Karran: Vainstyr Loayreyder, can the minister confirm, as far as the Treasury is concerned, that they support the intention of the seating for the Legislative Council to be at the same level as the Keys in the Tynwald chamber and that it is going to cost something in the region of £65,000? Is this not another case of vanity over sanity at very expensive cost to the taxpayer for doing this superficial piece of work?

The Speaker: Minister for Treasury to reply.

Mr Bell: Mr Speaker, as I have said, it may have been more appropriate if this question had been asked of the Minister of Local Government and the Environment because I do not have a breakdown of all the details of this particular scheme. I am sure all members, ministers included, as I have said, have their own views as to the appropriateness and the cost of this particular development and indeed the way it has been worked up, but that is an issue, Mr Speaker, which needs to be debated fully on the floor of another place in the not-too-distant future.

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

Mrs Hannan: Thank you, Vainstyr Loayreyder. Would the Minister for Treasury not agree that we all have a responsibility to provide a satisfactory workplace for the officers who service all the chambers of this parliament? And would the minister also not agree that in other places providing parliaments for their people it costs extremely more – I cannot really describe it – but nowhere near the sort of money that we are talking about here today? We are a parliament in our own right, would he not agree, and should have and provide work places for our people without having to necessarily go to a local authority when the local authority were not very happy in accepting us?

The Speaker: Minister for Treasury to reply.

Mr Bell: I am sure all members, Mr Speaker, would support the hon. member's contention that we need to provide good working conditions for all our staff at whatever level. I think the question then arises, though, at what level is the quality of office space appropriate for the Isle of Man. I am sure that the department will argue its case adequately when the issue does come to debate, but I think it would be quite wrong to compare this particular scheme or the level of support that the Isle of Man Government - and that is the taxpayer - should give to providing officers with other jurisdictions. One only has to look at the shambles which has developed in Scotland and the huge cost to the Scottish taxpayer. That could hardly be considered to be value for money for the taxpayers, or indeed for democracy, in Scotland and therefore I would hope that in pursuance I think, of the message I have been trying to spread over the last 12 months, in future schemes which are developed with the best intention, certainly for various aspects of the Isle of Man's infrastructure, are based on a far more pragmatic consideration and we no longer pursue Rolls Royce dreams.

The Speaker: Hon. members, that concludes questions for oral answer. Item 2 on our order paper is questions for written answer. There have been six questions which have been circulated to hon. members in compliance with standing orders.

Real Estate Purchases by Government – Tynwald Approval – Question by Mr Cannan for Written Answer

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

Will you, in the interests of transparency and integrity of government, institute with immediate effect a policy that purchases of real estate costing in excess of £250,000 by government departments are to receive Tynwald approval before contracts are signed?

Answer

Purchases of real estate, for whatever price, are the subject of commercially sensitive negotiations with private individuals or companies who have a right to have their privacy respected.

The suggestion that government departments receive Tynwald approval before contracts are signed would move government backwards to the situation which appertained under the old board system where sometimes, when Tynwald was in recess, purchases had to be put on hold for up to four months. That

system may have worked then, but nowadays, when government is competing to buy land with the private sector, when potential sellers need to have confidence that departments can conclude deals on the negotiated terms agreed, such a system cannot be acceptable.

All purchases of land intended to form part of executive government's capital schemes are funded from the land acquisition fund. In the year 2002-3, £5.9 million was provided for this purpose. Tynwald approved this sum as part of the 2002-3 budget.

The land acquisition reserve fund was set up to provide funding for unforeseen or unplanned acquisitions, the need for which is identified after the annual budget. Tynwald also approved the establishment of this fund as part of the budget process.

I cannot see therefore that the suggestion by the hon. member would improve the transparency and integrity of government and I will not issue the policy he suggests.

Before reaching the above conclusion I consulted with several departments who would be affected by the proposed policy. They were all of the opinion that the hon. member's proposal would be a retrograde step for a mature government. I am therefore not willing to introduce the proposed policy because I wish to see private individuals and companies respected by government as well as ensuring that they are prepared to negotiate with government in a climate of trust.

**Public Expenditure – Scrutiny by Keys
Members – Question by Mr Cannan
for Written Answer**

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

Do you agree that a duty of members of the House of Keys is:

- (1) to scrutinise public expenditure; and*
- (2) to scrutinise intended public expenditure; and, if so will you direct government departments to assist members of the House of Keys in that scrutiny when requested?*

Answer

I agree that it is a duty of members of the House of Keys and indeed all members of Tynwald to scrutinise public expenditure and intended public expenditure.

That is why the budget is brought before Tynwald Court for approval and why capital schemes are considered separately.

However, in pragmatic terms, being totally open in advance of commercial dealings can put the government at a disadvantage with regard to negotiating best value for money on the taxpayers' behalf. It was for this reason that money was specifically set aside, and approved by Tynwald in, for example, the land acquisition reserve fund.

I believe it is a primary duty of government to obtain best value for money on the taxpayers' behalf and that therefore, it is necessary, in some instances, for negotiations to be held on a confidential basis and the results of such negotiations to be open to scrutiny on a retrospective basis thereafter.

I believe all government departments will and do assist hon. members, wherever it is possible without jeopardising negotiations or commercial sensitivity, and I can therefore see no necessity to issue the direction requested.

**Equity Shares – Government Purchase –
Question by Mr Cannan
for Written Answer**

Question 3. The hon. member for Michael (Mr Cannan) to ask the Minister for the Treasury:

In respect of the Manx national insurance account; the reserve fund; public service employees' pension reserve:

- (1) what was the reason for Treasury purchasing £117.7 million worth of equity shares during the period of a falling equity market 1st April 2002 to 31st December 2002;*
- (2) are equity shares continuing to be purchased;*
- (3) what is the current Treasury investment policy; and*
- (4) what are the current investment guidelines given to the fund managers?*

Answer

- (1) The professional fund managers, who actively manage the above funds, both purchased and sold equities during the period in question. These transactions were carried out in order to either increase or decrease the funds' exposure to equity sectors and individual companies as part of their investment strategies.
- (2) Equities continue to be purchased and sold by the fund managers as part of their investment strategies.

- (3) Current Treasury investment policy continues to be that the long-term objectives of the funds are best served through the appointment of professional fund managers to invest the funds within set guidelines.
- (4) A summary of the main current investment guidelines is shown on the attached schedule.

(See KQ 153 for Table 1)

Social Security Benefits – Numbers of Claimants – Question by Mr Henderson for Written Answer

Question 4. The hon. member for Douglas North (Mr Henderson) to ask the member for the Department of Health and Social Security:

- (1) Can you give the exact or even approximate numbers of people/families who are claiming:
 - (a) *jobseekers allowance*;
 - (b) *income supplement*;
 - (c) *family income support*;
 - (d) *any other benefits*;
- (2) *relating to any people who have been living on the Island for less than:*
 - (a) *6 months*;
 - (b) *12 months*;
 - (c) *2 years*;
 - (d) *5 years*; and
- (3) *what are the criteria for new claimants who have recently arrived on the Island in order to receive benefits from your department; and*
- (4) *is there a time limit for them to be living here before they can claim?*

Answer

The information requested at part (2) cannot be provided in relation to the persons referred to at (1) as it is not held for social security purposes in that format, and in certain cases is not held at all.

In relation to part (3), new claimants for benefit, whether recently arrived in the Island or otherwise, will qualify for benefit if they satisfy the conditions

prescribed in legislation (the relevant benefit legislation comprising 12 volumes).

In relation to part (4), in order to qualify for a benefit, a claimant will normally have to be present on the Island. In addition there are different minimum residency conditions for certain universal non-contributory benefits; residency in countries in respect of which the Island has a reciprocal agreement may count towards Isle of Man residency for this purpose. Also in addition, entitlement to income related benefits is normally dependent upon the claimant satisfying one of certain of the requirements for being classed as an Isle of Man worker for the purposes of the Control of Employment Act 1975.

Old Castletown Road/Port Soderick – Measures to Help Residents – Question by Mr Henderson for Written Answer

Question 5. The hon. member for Douglas North (Mr Henderson) to ask the Minister for Transport:

- (1) *What have you done by way of temporary measures to ease the plight of the beleaguered residents of the old Castletown road and Port Soderick with respect to the unfair conditions they have had to put up with for two years now, which include continual road works, IRIS pipes having to be dug up everywhere, and the state of the roads and damage to people's cars and to field drains; and*
- (2) *to keep the community informed?*

Answer

- (1) It is appreciated that delays to this scheme have caused great inconvenience to the local residents.

Due to the unsatisfactory amount of time taken to rectify faults on this one section of the scheme, the department is placing a great deal of pressure on the engineer, Arup, and the contractor, Farrans, to complete the works.

It is very difficult to mitigate against the impact of these continuing delays, particularly since the contractors have continually advised officers of the department that work is nearly complete.

Once the department takes over this section of IRIS mains the road will be resurfaced. These works do not constitute a full highway drainage and reconstruction scheme but will provide an improvement to the road drainage and to the riding quality of

the road surface to a level above that which existed prior to the scheme's commencement.

- (2) To date the department has not been in a position to pass reliable information on to the public since as previously stated we have not been provided with reliable information by the contractors. The most recent emergency closure order was notified to residents by means of a letter drop from the sub-contractor.

We will shortly be in a position to update the residents of the next stage of the operation by letter drop and it is our intention to do an IRIS newsletter in March or April of this year.

Student Loan Scheme – Criteria for Access to – Question by Mr Henderson for Written Answer

Question 6. The hon. member for Douglas North (Mr Henderson) to ask the Minister for Education:

- (1) *What is the criterion for a pupil to access the student loan scheme and are there any criteria set for how long that student has lived on the Island; and, if not*
- (2) *how many students who have lived here for:*
- (a) *6 months;*
- (b) *12 months;*
- (c) *2 years; and*
- (d) *5 years?*

Answer

It is assumed that the hon. member for Douglas North (Mr Henderson) means the 'student award scheme' not 'student loan scheme', which is a scheme of the English government.

- (1) Student awards are available on a mandatory or discretionary basis.

MANDATORY AWARDS are available for full time courses at the Isle of Man College, HND/Diploma in Higher Education/1st Degree Courses or the equivalent at a recognised public institution in the British Isles (England, Scotland, Wales, Northern Ireland, Channel Islands or Isle of Man).

Criteria for mandatory awards are:

- (a) Ordinarily resident in British Isles for three years prior to the start of the course.
- (b) Ordinarily resident in the Isle of Man on the qualifying date for the 1st year of the course e.g. 30 June for September/October start.
- (c) Under 40 years of age at the start of the course.
- (d) 18 or over at the start of the course at the Isle of Man College.
- (e) Have not already taken a course of the same or higher academic level.

DISCRETIONARY AWARDS are available for postgraduate courses, non-advanced vocational courses at institutes off the Isle of Man, courses at private institutions or outside of the British Isles.

Discretionary Awards may be available for anyone who does not meet the criteria for a mandatory award, but they should meet the following criteria:

- (a) Ordinary resident in the Isle of Man for at least three years prior to the start of the course.
- (b) under 40 years of age at start of course.
- (2) Criteria are in fact in place as to how long a person has been resident on the Island in order to be eligible for a student award.

Length of residence for supported students is not readily accessible from the student grants computer system. This information is contained on their application forms and checked on receipt. To gain any further information on residency would require manually checking all student paper files for details. This could take two members of the awards section between one and two days for first year applicants only as they number approximately 650.

In general, the majority of applicants receive mandatory awards and have been resident on the Island for at least three years.

Table 1

EXTERNALLY MANAGED FUNDS – SUMMARY OF THE INVESTMENT GUIDELINES OF THE FUNDS

Investment Mandate Restrictions	General Development Reserve Fund	Hospital Estate Development Fund	National Insurance Investment Account	Notes Issued Fund	Public Service Employees Pension Reserve	Reserve Fund
The maximum amount of real assets allowed as a percentage of the market value of the total assets of the portfolio.	0%	40%	90%	40%	90%	90%
The maximum amount of monetary assets allowed as a percentage of the market value of the total assets of the portfolio.	No limit	No limit	35%	No limit	35%	35%
The maximum amount of non-Sterling assets allowed as a percentage of the market value of the total assets of the portfolio.	10%	40%	40%	40%	40%	No limit
No dealing in local shares without prior Treasury consent.	✓	✓	✓	✓	✓	✓
The maximum amount of unquoted securities allowed as a percentage of the market value of the total assets of the portfolio.	2%	2%	2%	2%	2%	2%
The maximum amount of cash allowed to be held with the fund managers parent bank as a percentage of the market value of the total assets of the portfolio.	3%	3%	3%	3%	3%	3%
No funds to be placed with the parent bank of a co-manager	No restriction	✓	✓	✓	✓	✓