

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

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**Douglas, Tuesday, 28th January 2003  
at 10.08 a.m.**

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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); 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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**Gas Prices – Increase –  
Government Position –  
Question by Mr Henderson**

**The Speaker:** Hon. members, the first item on our order paper is questions for oral answer.

Question 1. The hon. member for Douglas North (Mr Henderson) to ask the Chief Minister:

- (1) *Will you make a statement regarding your government's position in relation to the continuing gas price hikes the Manx consumer is having to suffer, including what short-term proposals you have in mind to ease this unacceptable situation until the natural gas pipeline is functional; and*
- (2) *when is this likely to be?*

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

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

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

**Mr Corkill:** Thank you, Mr Speaker. The hon. Chairman of the Office of Fair Trading answered two questions at the October sitting of Tynwald concerning gas prices and submitted a further memorandum to hon. members at the December sitting of Tynwald. That memorandum explained that the office monitors the price of all home heating fuels every month and also receives management information, including feedstock costs, from Manx Gas. This enables the office to compare tariff movements against the movements applying in the energy commodity markets. From the information currently held by the office, it is clear that gas feedstock costs have continued to rise and currently stand at levels not seen since the year 2000, when the three surcharges were applied to the tariff.

Mr Speaker, given these circumstances, it is understandable that a tariff increase has been applied by the company and, in view of the current situation in the Middle East and other factors that do affect the oil industry, I cannot say that price levels will reduce in the very near future. There is no short-term answer to the current difficulties, as the hon. member well knows, and whilst the introduction of natural gas may provide us with a more consistently priced fuel, I understand that Manx Gas has already stated that it is unlikely there will be any significant difference between the price of natural gas and the average price charged by Manx Gas in recent years. And can I say,

Mr Speaker, that the gas pipeline is anticipated to be functional in April 2003.

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

**Mr Henderson:** Thank you, Mr Speaker. Will the Chief Minister agree with me that he has dodged the issue that I am asking about this morning, and would he agree, or is he aware, that, in the Channel Islands, the same company has only charged a gas price hike of 7 per cent, which is lower than the Isle of Man? Would he further agree with me, or is he aware, that gas heating is piped into nearly 60 per cent of the Island's homes, and would he agree that, under those circumstances, it is time for an emergency meeting of the Council of Ministers to seek a way forward for certainly the less well-off in our community, to see how best we can cushion the blow to those who cannot afford these gas price hikes?

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

**Mr Corkill:** Yes, Mr Speaker, I am fully in line with the concerns that the hon. member is expressing in relation to this issue. I thank him for the information with regard to changes that have occurred in Jersey, and certainly I will make sure that the Office of Fair Trading has that information in relation to price rises there.

The situation, of course, is that we do have legislation. That legislation has been amended in recent times, which does allow for investigations into prices such as gas, but I think we have to be careful in how we go about that, because one of the problems of conducting a survey when prices are rising like they are at the moment is that it is a bit like trying to shoot a moving target. There is an argument that if you are going to do a review on the fairness of gas prices, you should do it during a period of more constant prices. What I would like to say - and I think this is important for hon. members to note - is that when natural gas does come on line, the MEA, who are responsible for bringing that gas to the Island, will be negotiating annual price contracts, and that will create consistency of price, whereas at the moment we are in a situation where prices are volatile, depending on what the world markets are doing in LPG.

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

**Mr Duggan:** Thank you, Mr Speaker. Could I ask the Chief Minister: the MEA has had a difference in its charges over the years of 30 per cent less - it has gone down - and the gas company, during the same time, has gone up about 35 per cent, so there is a differential of 65 per cent overall. Could the Chief Minister investigate this differential?

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

**Mr Corkill:** Yes, I think the hon. member raises an interesting point. Because of the Manx Electricity Authority investment in infrastructure and their strategy of laying a cable to the United Kingdom and, of course, the awaited natural gas, which will drive our power station in Douglas, they have that diversity of energy supply: the cable, oil and also, soon, natural gas. That strategy has been paying dividends, because electricity tariffs, as we all know, have come down quite considerably - off the top of my head, somewhere in the region of 25 per cent in real terms, maybe more. At the same time, of course, the gas situation is such that the company involved is locked into LPG at the moment, and that is where the volatility is with regard to the market prices.

I would caution against an inquiry at this time in as much as these things do cost money, and we do know that the situation is evolving as natural gas comes on stream. It would be, perhaps, fruitless to conduct an inquiry into LPG, at a cost, which might come up with recommendations - it might come up with things that need to be addressed - but the situation is changing and therefore that review would be a waste of money.

We have to be aware, though, also that when natural gas does become available as a main supply to domestic suppliers, there are parts of the Island that will not be benefiting from that and which will still be dependent on LPG, and that is certainly an issue that concerns me, because we could end up with a major price differential across the Island. I think that is something that the Office of Fair Trading needs to be, and I know are actually, aware of. I am also aware that the Office of Fair Trading is monitoring the situation weekly at the moment, and of course this recent price rise is on top of another price rise not very long ago. I think from a financial, perhaps accounting, point of view, we ought to, as a government, be aware of what the impact of those two quite close price rises really means in terms of profitability to the company.

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

**Mr Henderson:** Thank you, Mr Speaker. Would the Chief Minister agree with me that the current investigative mechanisms that can be implemented on price hikes are woefully inadequate and retrospective, and that what we really require is some sort of regulatory régime, such as an ombudsman scheme or energy regulator, which is a proactive system, rather than the other way round? And would he further agree with me that of the 60 per cent of Manx homes which have got some sort of gas appliance, many of the new home owners have absolutely no choice about what energy source they have because it is fitted already when they come to buy the house? The radiators are in and the gas boilers put in, and therefore not only is

Manx Gas an energy monopoly at the minute, they are ensuring that they maintain their monopoly status. Would he agree that this is totally unsatisfactory? Again, I call for the Council of Ministers, if the Chief Minister will agree, to have an inquiry into this, which is not expensive, and to meet with Manx Gas to see how best the company can absorb the costs and how best his government can provide a cushion for the less well-off folk of this Island?

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

**Mr Corkill:** I would draw the hon. member's attention to the fact that we recently, as a House, amended the fair trading legislation. There are aspects within that legislation to allow for investigation of prices. I would also draw the hon. member's attention to the fact that I understand what he is saying about consumer choice, but there are other energy sources - electricity was mentioned before. Consumers do have a choice, but where, of course, they have opted for gas, then there is that situation of monopoly. So, I would say yes, the company has a monopoly on gas, but not a monopoly on all energy. Of course, we know that the policy of the Department of Trade and Industry is to make natural gas available in a competitive environment so that customers do receive value for money with what will be becoming available.

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

**Mr Henderson:** Thank you, Mr Speaker. Will the Chief Minister agree that he has lost the plot on this issue and that, in fact, when new estates are built, including a first-time buyer house I bought, there is no choice about the energy source? The heating system was in, the boiler was put in and I, like many others, had no choice but to use gas as an energy source for the heating of my house. Many other house-buyers are in the same situation, and would he agree that they have no choice whatsoever and that to try and change to another energy source would be so expensive that it would be too expensive, certainly for young house buyers?

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

**Mr Corkill:** I would say, Mr Speaker, that there is an element of choice, but not sufficient choice. I would not say that the situation is as black and white as the hon. member makes out -

**Mr Henderson:** It is.

**Mr Corkill:** - but I do understand the restrictive position that a number of householders are in. As a government, we *are* concerned about the price of gas at the moment, but we are also aware of the reasons for that, and I think I would refer the hon. member to the

issue, really, of energy strategy for the whole Island. We are, and have been for many years, very, very vulnerable to the market price for oil, and LPG is part of that market - it comes from oil refinery business. Whether it was for generating electricity or heating homes directly, our energy strategy, over many years, has been a very vulnerable one, and world markets have had an impact. The situation at the moment is much better, with the electricity cable to the UK, with natural gas coming along and also with the gas supply as well. So, I understand the concerns of the hon. member, and I do appreciate that people's gas bills have risen. I do know that the Office of Fair Trading is carefully monitoring whether those price hikes are justified or whether the company involved is making excess profits. That issue is being looked at.

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**Air Services –  
Government Intervention etc. –  
Question by Mr Henderson**

Question 2. The hon. member for Douglas North (Mr Henderson) to ask the Chief Minister:

- (1) *Will you make a statement on your government's intervention over what is regarded by some as the continuing poor service to the Island by British Airways; and*
- (2) *can you confirm or otherwise that there had been a recent chance for the Isle of Man Government to buy a controlling stake in Manx Airlines before they were bought out?*

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

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

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

**Mr Corkill:** Mr Speaker, as hon. members will be aware, the Ministers for Transport and for Tourism, and indeed myself on occasion, have held meetings with the management of British Airways CitiExpress, and we intend to hold further meetings in the future. Such meetings serve several purposes, including seeking to build a good working relationship with the new company, also, of course, being able to raise matters of concern, with them and exploring ways in which their services to the Island might be improved for the mutual benefit of the airline and, of course, the Island.

The hon. member for Douglas North refers to 'the continuing poor service' provided by British Airways. I am obviously very well aware, as I am sure many

members are, that local newspapers and, indeed, our own postbags contain regular complaints. We do get letters from constituents. However, in response to recent questions raised in this House, it was demonstrated that the actual service provided by British Airways CitiExpress is - and I qualify this - by and large no different in its reliability and standards from that formerly provided by Manx Airlines Limited.

British Airways CitiExpress is a different company from what we are used to, and they have different strategies for selling tickets. They have different types of fares, and they have different rules for things like refunds and transferability of tickets. In all, these matters, their strategies and policies, are exactly the same as British Airways as a whole and probably similar in many respects to those of other airlines. Mr Speaker, British Airways as a whole is a successful airline, and it competes for business very successfully in the worldwide market. Some of their strategies and policies suit the Isle of Man - and I can give one example, such as the £50 add-on fares for through flights to international destinations - whereas other policies are not well suited to a relatively small Island community, and of course we can all describe this as poor service if it does not suit particular customers. However, Mr Speaker, I do believe we have to be realistic and ask ourselves if a major airline is really going to alter its worldwide policies and strategies in order to accommodate some of our particular needs.

We will, of course, continue to seek whatever improvements the airline is able to accommodate, where they are to our mutual benefit. It is inevitable that our constituents will complain when what they have been used to has been taken away and replaced by something that is unfamiliar and has different advantages and disadvantages, but I think we should not confuse differences with poor service, because if we do, then we will alienate the airline and make unreasonable demands on them regarding matters that they are not able to change. Mr Speaker, we want to retain British Airways. We want to maintain and continue the good access that they provide through major airports and onwards to international destinations, and so I will continue to seek to work with British Airways with that aim in mind.

In answer to part (2) of the question, Mr Speaker, Manx Airlines Limited was a subsidiary company of British Regional Airlines Holdings plc, which was quoted on the London Stock Exchange. The shareholders included Sir Michael Bishop and the former Managing Director of Manx Airlines Limited and British Regional Airlines Limited, Mr Terry Liddiard British Airways plc made an offer to all the shareholders of British Regional Airlines Holdings plc; and that offer was accepted, and the holding company and its subsidiaries became a wholly-owned part of British Airways. The subsidiary companies were subsequently absorbed into a new BA subsidiary

company called British Airways CitiExpress Limited, and in turn the Manx-based part of their operation became British Airways CitiExpress (Isle of Man) Limited. At no point did anyone offer to sell Manx Airlines Limited or part of it to the Isle of Man Government, and indeed there was never any indication that the Manx Airlines Limited part of British Regional Airlines Holdings was for sale as a separate entity.

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

**Mr Henderson:** Thank you, Mr Speaker. Would the Chief Minister agree with me that his government has been totally negligent in this particular area of transport links to and from the Isle of Man and that, further to that, the complaints I have been receiving are from the finance and business sector itself, not just the odd letter in a postbag? Would he agree that it is high time he and his senior officials actually met with the senior officials of BA at a confirmed date, not waiting around and dithering, to negotiate with them an Isle of Man agreement on what we require for our community? And would he agree that there is no reason why these kinds of talks could not take place, even though BA are one of the largest airlines in the world? Could he answer why it would not be appropriate for us to enter into those kinds of talks?

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

**Mr Corkill:** I think the situation is that we have moved on, Mr Speaker. Certainly, when the transfer of ownership occurred, service went downhill rapidly, and I think that has been acknowledged by the management of British Airways CitiExpress, but I think our own government data shows that that service has come back up. There are issues with regard to fare structures and there are issues with regard to slots and access to our destinations that are continually broached with British Airways by, in particular, the Department of Transport, but by government as a whole. I would repudiate totally that government has been negligent in this. I myself was in contact with the Chairman of British Airways, as was highly publicised in the papers at the time, when the service was rock bottom, and I know, from the reaction from the management of British Airways CitiExpress, that they took that seriously. There is ongoing dialogue. There is a meeting planned very shortly - this month, I believe, or maybe early next month - with the management again to carry on the pressure, so I think the hon. member is wrong in his assumption that nothing is being done. That is not the case, but I would also point out to the hon. member that the clear policy of the government is to have an 'open skies' policy at our airport, and anyone, any company, can fly to this Island from any airport within the UK. So, I do not know that we can actually do more; the hon. member is pressing, but I

am not sure that we can actually do more than what we are doing at the moment.

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

**Mr Singer:** Thank you, Mr Speaker. Whilst accepting that, as a government, we perhaps will not be able to influence the major policies of the British Airways board, in his discussions with the Chairman of BA, has the hon. Chief Minister discussed with him what we would consider to be poor service to the Isle of Man - that is deliberate overbooking, the cancellation of services and the delays that are now due to the reduced number of aircraft operating from this Island? Being realistic, does the Chief Minister believe that in discussions on these subjects with whoever, whether it is the chairman or the local people in charge here, he is able to influence a policy of this major international conglomerate to ensure that the poor service that the Island is getting will be improved?

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

**Mr Corkill:** The hon. member has referred to poor service again, and I hope I have made it quite clear that the standard of service is comparable to what Manx Airlines were providing and, in answer to a previous question, I think in this hon. House, was acceptable in terms of the industry standard. I do not want that comment of mine to sound complacent; the fact is that I want to report the facts. I am no great fan of British Airways any more than any other airline, but what I would say is that I am increasingly getting comments from the travelling public that, particularly from a fare structure point of view, some people are gaining. How often have people been travelling to London in recent years for £65 or £99 or whatever it is? For years, we had a lot of criticism about Manx Airlines, who were charging £300 return to Heathrow for everybody, and that is certainly not the case now. I understand that the figures for people travelling to London are in excess of any figures in previous years, even when we had the Heathrow slot. So, there are some winners and there are some losers in this equation, and I think it will take a little while yet before the community adapts to the new fare structure. With regard to the cancellations that the hon. member has referred to, yes, I can well understand the disappointment and the upset to people when that happens - I have been caught up in some of these myself - but the figures, the data that the airport collects, show that those are no worse than they were before.

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

**Mr Henderson:** Thank you, Mr Speaker. Will the Chief Minister agree with me that cosy chats with the British Airways officials are not what the Manx community wants to hear - the Manx community and the travelling public and business people of this Island want to hear something more robust - and that the Chief Minister should be entering into negotiations, not just talks? If needs be, is he prepared to talk to Westminster to ensure that we keep the maximum amount of pressure on and that, in fact, the air routes to the Island operated by British Airways and their schedules meet our community needs properly? And would he agree with me that, in fact, the services that have been on offer lately, and some of the dismal operations that have unfolded, are worse than Manx Airlines?

**The Speaker:** Before I call on the Chief Minister to reply, could I remind the hon. member that questions are questions, not opportunities to make statements? I would also ask hon. members to endeavour to keep their questions as concise as possible, not lengthy questions containing lots of questions and statements. Chief Minister to reply.

**Mr Corkill:** The hon. member is disagreeing with some of the things I have said. Can I just say that these chats are not cosy; they are businesslike and they are very much with the interests of the Isle of Man public and business at heart. I believe that the BA CitiExpress management are understanding those arguments. I also believe that they are trying to respond to them. I would also wish to remind the hon. questioner that BA CitiExpress is a valuable employer on this Island of some 600 staff (**Mr Cannan:** Hear, hear.) and that they are fully committed to expanding the engineering operation at our airport. Yes, we have some issues with them with regard to the service that they have been providing, but I can only say once again that the data that we are collecting at the airport shows a marked improvement from where we were at the takeover time of Manx Airlines. There is more to be achieved, and there is constructive dialogue engaged with British Airways CitiExpress by this government to make that happen.

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

**Mr Earnshaw:** Thank you, Mr Speaker. Would the Chief Minister agree with me that although there have been some shortcomings, BA are working their way through a desperately tricky period worldwide and that if we keep nagging hard enough we may just succeed in driving them away from operating to (*Interjections*) and from the Isle of Man? And would he also agree that if this should happen, many of our residents would be rather disappointed to lose such a major and prestigious operator and employer?

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

**Mr Corkill:** Yes, Mr Speaker, I understand what the hon. questioner has said. I would not want hon. members to get any impression that that is something that is on the agenda; it is not. BA are hopefully operating profitable routes to and from the Isle of Man, and the sooner that BA worldwide, bearing in mind September 11th and the whole impact on the aviation industry, return back to a profitable situation - because companies have to make profit; it is not a dirty word; they have to make profit to do what they do - the better, because we will all benefit from a strong, healthy BA.

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### **Gas Prices – Powers to Control – Question by Mr Singer**

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

*In view of the ability of Manx Gas to greatly increase the price of gas to the consumer, do you agree that it is now essential to introduce powers to prevent unjustified price rises imposed by monopolistic utility providers?*

**The Speaker:** I call on the hon. member for Ramsey, Mr Singer.

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

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

**Mr Corkill:** Mr Speaker, I would first of all like to make it quite clear that I - and I am sure this is true of all members of this House - would never seek 'to defend what the hon. member describes as unjustified price rises' by 'monopolistic utility providers'. However, as I have tried to explain on a number of occasions recently in reply to questions about gas prices, powers already exist, under the Fair Trading Act 1996, for the Office of Fair Trading to carry out investigations into prices and to report to the Council of Ministers on their findings. These powers were substantially extended by the introduction of the Fair Trading (Amendment) Act 2001. Can I say, Mr Speaker, that those extended powers have not yet been tested, and I do not believe it would be correct to consider further bureaucratic controls, with the incumbent cost to the taxpayer, until those powers have been found inadequate for our purposes. From information received from the Office of Fair Trading, all hon. members will be aware that gas feedstock costs are regularly submitted to the office, together with other management information. From this information, the office is able to monitor feedstock

price movements against the tariffs, and whilst it is not able to prohibit tariff increases, it is certainly able to put pressure on Manx Gas to hold back or limit such increases. I am confident, Mr Speaker, that if the office believed the current prices being charged for gas were excessive, taking into account those feedstock costs, they would submit a request to the Council of Ministers to conduct an investigation into gas prices, as they did in the year 2000. In these circumstances, Mr Speaker, I do not agree that further legislation is required.

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

**Mr Singer:** I thank the Chief Minister for his reply. I am quite aware of the Fair Trading Act and what it said but, under that present legislation, is it not a fact that the period of time can be considerable in which the Office of Fair Trading first of all considers whether the price increase is justified, then refers it to the Council of Ministers, who then decide whether to take action? Would the Chief Minister not appreciate that the wording in this question says 'to prevent unjustified price rises' and that the intention of the question is to say to the Chief Minister: 'do you not think that before the prices are increased they should be justified, otherwise the consumer may well have to pay once, twice or three times increases before the Council of Ministers would have the time to consider it? By that time, the consumer is considerably out of pocket, whether the price is considered to be justified or unjustified.

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

**Mr Corkill:** Yes, I can understand the point the hon. member raises about ensuring that the 'mark-up' on gas, as it were, that the company charges is reasonable from day one and that we are not looking at the situation in retrospect, but can I say that, on the basis that this information that I have just read out in the answer is available to the Office of Fair Trading on an ongoing basis, as soon as that mark-up or profit is seen as unreasonable, they will raise the issue with the Council of Ministers - and yes, it would take a little time to produce a report. But I would urge hon. members to be careful not to launch investigations into situations where you are only looking at a snapshot of the whole situation. It would only be fair to the company to monitor prices over a period of time, to take out some of the rises and falls in what I have already described as a very volatile marketplace. The answer to this volatility is certainly, I believe, in the supply of natural gas, where prices will be negotiated for a period or a fixed term, and that will add certainty to the situation. So, I understand the sensitivity of this issue, Mr Speaker. I know hon. members are concerned - in fact, government is concerned - that gas

prices have risen, but we have to understand the reasons behind it.

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### **Policing – Study of 'Zero Tolerance' Method – Question by Mr Singer**

Question 4. The hon. member for Ramsey (Mr Singer) to ask the Minister for Home Affairs:

*Has your department –*

- (1) studied the success or otherwise of 'zero tolerance' policing in other parts of the world; and*
- (2) drawn any conclusions as to the positive effect the introduction of such a policy may have in the Isle of Man?*

**The Speaker:** I call on the hon. member for Ramsey, Mr Singer.

**Mr Singer:** 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 East, Mr Braidwood, Minister for Home Affairs.

**Mr Braidwood:** Thank you, Mr Speaker. The concept of 'zero tolerance' policing was first introduced in the United States of America more than a decade ago. In simple terms, it seeks to ensure that even the most minor breach of the law is dealt with by prompt and robust police action leading to prosecutions of all offenders. However, the concept of 'zero tolerance' policing essentially removes all discretion from police officers.

The greatest success with this style of policing was achieved in the city of New York; there a considerable reduction in violent crime and street robbery has been achieved, brought about by an increased police presence on the street. Officers operate on the principle that if you tackle minor offences, then more serious offences can be prevented. (**Two Members:** Hear, hear.) A number of factors have contributed to this reduction, including a large increase in police resources - the city of New York has twice the per capita number of officers as London, which has the lowest per capita number of officers of any European Union capital; a significant investment in information technology; investment to reduce bureaucracy; and, crucially, changes in sentencing policy by the courts.

The Isle of Man Constabulary is constantly seeking to identify best practice in policing. It has examined the New York model. The Chief Constable and the department agree that the concept of 'zero tolerance' policing would not be appropriate in the Isle

of Man. The main reasons for this are the cost involved in providing the significant increase in police resources that would be required, and the removal from police officers of any element of individual discretion. This would lead to a serious decline in police/public relations. As things stand, the force is generally well regarded for its firm but fair enforcement of the law. It can only achieve this with the support and consent of the public. The proper response in our environment to anti-social behaviour and crime is for the whole community to play its part, not just the police. Then we can identify and tackle the root causes. The Chief Minister's drug and alcohol strategy and the developing children and young persons strategy are prime examples of this type of response. In the Isle of Man, sentencing policy is a matter solely for the courts. The Isle of Man Constabulary, however, on occasions, in certain geographic areas or in relation to certain types of offending, uses a 'zero tolerance' initiative. A current example is that of Clagh Vane, where the concept is being put into practice. Thank you, Mr Speaker.

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

**Mr Singer:** Can I just thank the hon. minister for a clear answer. I appreciate the clear answer and his explanation, and I am happy to accept that.

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

**Mr Gill:** Thank you, Vainstyr Loayreyder. Does the minister agree with me that tolerance and understanding are marks of a civilised society and that tolerance and understanding are not the same as excusing or accepting?

**The Speaker:** Minister for Home Affairs to reply.

**Mr Braidwood:** I totally agree with those sentiments, Mr Speaker.

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

**Mr Quine:** Does the minister accept that 'zero tolerance' does not have to apply across the board as, of course, was the basis of the New York experiment? It can relate to specific offences, so for example, in the context of the Island, 'zero tolerance' could be applied to offences involving serious crimes, but perhaps more particularly to offences involving abuse of alcohol and use of drugs.

**The Speaker:** Minister for Home Affairs to reply.

**Mr Braidwood:** Mr Speaker, I think the Isle of Man Constabulary is already concentrating on those points which the hon. member for Ayre, Mr Quine, has raised, particularly with alcohol abuse and drug abuse,

with the Chief Minister's strategy in trying to combat those problems.

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

**Mr Houghton:** Thank you, Mr Speaker. Is it simply not a case that the Isle of Man Constabulary is unable to operate a 'zero tolerance' policy because they have no officers in order to action it, sir?

**The Speaker:** Minister for Home Affairs to reply.

**Mr Braidwood:** Mr Speaker, the Isle of Man Constabulary utilises the best resources it has available in trying to reduce the amount of crime in the Isle of Man.

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

**Mrs Hannan:** Thank you, Vainstyr Loayreyder. Could the minister describe the discretion that the police have with regard to applying the law?

**The Speaker:** Minister for Home Affairs to reply.

**Mr Braidwood:** Mr Speaker, that will be up to individual officers. I cannot say what points of discretion they will be able to use myself, because I am not a police officer, but I presume it would be when they see people in the street, in alcohol, where there is prevention of alcohol being drunk, and therefore, as the hon. member for Peel knows, a police officer will warn a person who is carrying alcohol and will then arrest him if he sees him carrying alcohol on another occasion.

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

**Mr Earnshaw:** Thank you, Mr Speaker. Would the minister consider that a policy of 'zero tolerance' with meaningful sentencing - and I think this is the key to the matter, because 'zero tolerance' on its own is not enough - would create a climate where potential wrongdoers would be encouraged to behave in such a way that significant additional police resources would not be necessary?

**The Speaker:** Minister for Home Affairs to reply.

**Mr Braidwood:** Mr Speaker, sentencing is up to the courts, not the Isle of Man Constabulary.

**New Prison – Anticipated Staffing Ratio –  
Question by Mr Quayle**

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

*In connection with the proposed new prison –*

- (1) what is the anticipated staffing ratio to number of inmates; and*
- (2) how does this compare with other prison establishments or custodial establishments, particularly Category B prisons, in the United Kingdom?*

**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 East, Mr Braidwood, Minister for Home Affairs.

**Mr Braidwood:** Thank you, Mr Speaker. Final determination of the staffing at the new prison has not yet been made. Numbers of staff will be influenced by various factors, some of which are the subject of ongoing consideration by my department and its professional advisers.

With regard to the second part of the question, it should be noted that prisons are not staffed on a per ratio basis. The number of prison staff relative to inmates will depend on the size of the prison and whether it has any specialist facilities, and variations are likely to occur, even among prisons of the same category. It should be borne in mind that because of the particular circumstances in the Isle of Man, where both remand and convicted prisoners, young offenders and females, all have to be taken account of, these circumstances can affect both staffing numbers and, from a broader perspective, design requirements and hence costs.

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

**Mr Quayle:** Thank you, Mr Speaker. Relating to the anticipated staffing and costs and so on and accepting the need for a new prison to be provided as a matter of urgency, would the minister agree with me that we need to ensure that the prison should be kept to a realistic cost and that we do not require a ‘Rolls-Royce’ solution that may be envisaged by his department?

**The Speaker:** Minister to reply.

**Mr Braidwood:** Mr Speaker, a ‘Rolls-Royce’ situation is not envisaged for the new prison. Yesterday, the HMIP report was released. The prison, at the present time, has no facilities for education or rehabilitation. Those will be incorporated in the new prison. (**A Member:** Hear, hear.) It is essential for those facilities to be incorporated as well as recreational facilities, and there is no way that the Department of Home Affairs will have a ‘Rolls-Royce’ facility for prisoners at the new prison.

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

**Mr Quayle:** Thank you, Mr Speaker. Could I thank the hon. minister for that reply, but could I further ask him, then: is he relying on advice from within his department and their aspirations for the scale, size and staffing of the proposed new prison, and would his department not benefit from seeking advice elsewhere, in order to provide a prison at a realistic cost, accepting the points that he has previously made?

**The Speaker:** Minister to reply.

**Mr Braidwood:** Mr Speaker, we already have consultants who have designed the concept of the new prison. In relation to the staffing and revenue costs, a blueprint was formulated by the prison governor and was updated in February of last year. This blueprint is going to be sent to HMIP for them to have a look at to see if the staffing requirements are essential.

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

**Mr Singer:** Thank you. Could I ask the hon. minister: what is the anticipated increase in the number of prison officers at the new prison compared to the present?

**The Speaker:** Minister for Home Affairs to reply.

**Mr Braidwood:** Mr Speaker, I cannot give an answer to that question. All I can say is that there will be an increase of staff. There is already an increase in staff which will come into operation in September of this year to alleviate the problem of slopping out at the Victoria Road prison, but when you take into consideration the fact that there are educational facilities and that there will have to be rehabilitation of offenders, there will be an increase of staff over that of Victoria Road.

**Water – Replacement of Filtration Plant –  
Question by Mr Earnshaw**

Question 6. The hon. member for Onchan (Mr Earnshaw) to ask the Chairman of the Isle of Man Water Authority:

*If, as we are led to believe, the elderly water filtration plant at Greenfield Road, Douglas, is now working well beyond the capacity for which it was designed, will you –*

- (1) provide an update on the planning application in respect of its proposed replacement;*
- (2) advise details of what other water filtration facilities exist around the Island; and*
- (3) indicate the contingency plans in place in the event of operational problems or failure of the existing Greenfield Road plant?*

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

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

**The Speaker:** I call on the hon. member for Douglas East, Mrs Cannell, Chairman of the Isle of Man Water Authority.

**Mrs Cannell:** Thank you, Mr Speaker. I thank the hon. member for his question relating to the existing filtration plant at Greenfield Road. Before I answer his question, I would like to clarify the situation regarding the capacity of the Glencrutchery works at Greenfield Road. These works were constructed during 1933 to 1935 and were constructed due to several outbreaks of water-borne disease in the United Kingdom. The works were constructed to ensure the efficient removal of harmful bacteria, something they continue to do today. The removal of mineral contaminants such as iron and manganese was a secondary consideration, if it was considered at all. The formation of compounds such as tri-methanes, THNs, which concerns us so much today, was completely beyond the comprehension of the water engineers of previous times. The works have been updated on two occasions, firstly just after the war, when a further four pressure filters were added, and the second was in 1978 by the installation of two further large horizontal pressure filters with the capacity to treat an additional two million litres of water per day.

The works are what the Water Authority call single-stage works and, as such, they are not able to fully remove all the soluble salts of manganese, iron and aluminium, such salts occurring naturally in the

soils and rocks of the catchment areas of the reservoirs which supply the works with the raw water. Although coagulants are added to the water at the inlet to aid the removal of impurities and bacteria, the facility has little effect in removing manganese. However, it is reasonable at removing the colour and some of the aluminium and, as has been previously indicated, it performs well in removing bacteria. At the end of the process, the pH is raised to counter the adverse effect of the plumbisolvency. Unfortunately, this has the effect of precipitating out the manganese over a period of time within the water mains. It is this aspect which can lead to complaints of discoloured water. A single-stage process can never consistently attain the standards laid down by the EU directive on water quality, which sets the standards for drinking water quality and is accepted by the Isle of Man Water Authority as best practice.

The current maximum throughput of the works is 17 million litres per day. This throughput cannot meet peak demand during the summer months, resulting in the imposition of a daytime hosepipe restriction from April to September in order to reduce the stress on the treatment works and preserve supplies. Clearly, we need to build new multi-stage works to serve Douglas, new works which will have all the facilities for removing these soluble salts and which are fully automated and have all the latest monitoring equipment and the capacity to meet anticipated demands in the future.

Mr Speaker, with reference to the first part of the hon. member's question, the authority submitted an application for planning approval in principle for the new works at Sulby and Douglas early in 1999. No objections were made to these applications and they were approved in March 1999. Detailed applications were submitted in 2001 and, whilst detailed planning approval has been given for the new works at Sulby, the application for Douglas was refused by the Planning Committee in December 2001, and this was restated at a review hearing in August 2002. The authority appealed against the decision, and a hearing was held by the planning appeals inspector on 20th November 2002. We understand at the Water Authority that the inspector has now completed his report and that the Minister for Local Government and the Environment has been given a copy of that report so that she may consider the matter.

Turning to the second part of the hon. member's question, Mr Speaker, the authority operates four other works, each being of the same single-stage principle as the Glencrutchery works and hence subject to the same limitations in terms of producing water to modern-day quality standards. Ballagawne, one of those such works, are pressure-filter works; they are situated in Colby Glen and produce 4.5 million litres per day. They supply water to Castletown, Port St Mary and Port Erin and the villages in the south of the Island. Each summer, they require water from the Glencrutchery works to enable them to meet local

demand. Ballure works are rapid-gravity works, their position above Ramsey giving sufficient head to make the expense of pressure filtration unnecessary. They produce 3.7 million litres per day and supply an area covering the town itself and part of the east coast down as far as Laxey. Ballure works have had significant capital investment in the last year to improve water quality. However, the fundamental barrier of the single-stage process remains. Glen Maye works are situated within the village of Glen Maye and produce 2.7 million litres per day. They supply Peel and an area to the south and west of the town. In a similar way to Ballagawne works, Glen Maye needs water from Glencrutchery or Sulby to meet summer demand. Sulby water treatment works are the second largest of the authority's works. They are situated at the foot of Sulby Glen and produce seven million litres per day. They supply an extensive area of the west coast and much of the north of the Island. Unfortunately, the quality of the raw water means that, for parts of the year, the water leaving the works is discoloured and high in manganese, which subsequently deposits in the water mains. These deposits are a direct consequence of the limited capabilities of the current filtration system. Deposits will continue to contribute to discolouration events until the new treatment works are commissioned and the distribution system cleaned by systematic flushing. Mr Speaker, I want to take the opportunity, on behalf of the board of the Isle of Man Water Authority, to make a public apology to customers for this event and assure them that we will continue to seek whatever improvement we realistically can from the existing assets prior to the introduction and commissioning of the new works.

Mr Speaker, turning to the final part of the hon. member's question, the operational problems that could occur at the existing Glencrutchery works at Greenfield Road can be separated into two distinct categories: a failure of the pipework and filters or a water quality incident. Dealing with a failure of the assets first, the pipework and filters within these works were, as I am sure hon. members will appreciate, constructed in 1933. After 70 years of continuous use, the cast iron pipework has deteriorated and it is therefore more susceptible to failure. Because such pipes are now obsolete, all repairs will be more difficult and time-consuming to effect. There was a study carried out in 1998 indicating that a single major pipework failure within the works which affected the whole plant could result in all supplies in Douglas, Onchan and parts of the south of the Island being lost within the first 20 to 30 hours. The authority has taken steps to protect and support the pipework to try to reduce the chance of such an event occurring, but when dealing with 70-year-old assets, Mr Speaker, one cannot guarantee their continuing to operate indefinitely. The second type of event would be one which resulted in water which was unfit for consumption leaving the treatment works, either as a result of gross pollution of the sources or simply a

failure of the process at Glencrutchery treatment works. The authority continually monitors water quality, but the performance of the old works cannot be guaranteed. The authority has contingency plans for if and when such an event were to take place. Instructions are provided to customers, advising them to boil all water for drinking purposes prior to its use in order to kill any bacteria that may be present. Hon. members may recall the Laxey incident which occurred in 2001, resulting in the residents of Laxey being subjected to such restrictions for several days. If we had an incident such as we had in Laxey here in Douglas, the plant would actually become dysfunctional and the authority would have no alternative but to provide, as they did for the people of Laxey, bowsers and/or bottles of water for drinking purposes. They could not, however, provide water for any other domestic purpose such as bathing, laundry et cetera. The authority maintains contingency plans to try to minimise the impact of such events on customers, but the best solution, Mr Speaker, must be to replace the ageing assets with new water treatment works which will reliably deliver high quality supplies. Thank you, Mr Speaker.

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

**Mr Earnshaw:** Thank you, Mr Speaker. It must have been a good question; it is a pretty good answer. (*Laughter and interjections*) I would like to thank the Chairman of the Water Board for her fulsome answer. In the circumstances described, would the Chairman of the Water Authority agree with me that early replacement of the vintage water treatment plant in Greenfield Road is a matter of national concern? At the heart of my question is part (3) and, in this respect, if planning permission for the new filtration plant on the site presently proposed is not forthcoming, would she inform the House what studies have been carried out to identify alternative sites for the new treatment works?

**The Speaker:** Chairman of the Isle of Man Water Authority to reply.

**Mrs Cannell:** Thank you, Mr Speaker. Any failure to secure planning approval to construct the new works on the preferred site at Glencrutchery could put the construction programme back by another three to five years, and there will doubtlessly be additional costs associated with building cost inflation. Hon. members might be interested to know that the delays and additional costs associated with the planning appeal thus far have already led to increases in the overall cost of the two works of somewhere in the region of £580,000. (*Interjection*) Detailed studies have been, and continue to be, carried out, Mr Speaker, in terms of identifying possible alternative sites for the new water treatment works, and in 1997, prior to the

selection of this particular site for Douglas, in order to identify . . . And also the board was very concerned at that time that they wanted to pursue all opportunities, but nevertheless the criteria used in that process had to take into account such issues as the proximity to the existing Glencrutchery works and service reservoir. A hydraulic analysis would also require to be carried out to identify acceptable sites. This is because the cost of laying mains to each site would have a significant impact on overall costs and also because the elevation of the chosen sites could result in additional pumping costs. In addition to this, the design team considered other engineering issues, such as the drainage, the geology, topography and proximity to a suitable road system. I think hon. members have to remember that this is a huge engineering exercise, and the closer the site is to existing pipework, mains et cetera, then the more beneficial it will be for those who are going to be supplied with, hopefully, crystal clear drinking water in the future.

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

**Mr Henderson:** Thank you, Vainstyr Loayreyder. Could the chairman of the water authority confirm that water delivered to the Douglas and Onchan areas is predominantly crystal clear, as is my own, and the treatment plant handles this very well at the minute, and in areas outwith Douglas and Onchan, sometimes when it is discoloured it is due to the pipe infrastructure?

**The Speaker:** Chairman of the Isle of Man Water Authority to reply.

**Mrs Cannell:** Mr Speaker, I wish it was as simple as that; in fact, there are quite a number of complaints that come in fairly regularly from the area which is supplied by the Glencrutchery works. This supply from Glencrutchery actually extends from Baldrine in the north to Onchan and Douglas, south as far as Santon and to the west as far as St John's. Under normal circumstances, the works provide water to 39,000 customers and, under exceptional circumstances, the area receiving water from this particular plant can be extended to include Kirk Michael in the west or as far south as Cregneash and the Sound. I cannot, Mr Speaker, say that it is merely just pipework. Clearly, once the new treatment works are in place, then pipework has to be renewed, a new infrastructure put into the ground, but it is not just the pipes. Yes, there is a build-up from time to time, but people do complain fairly regularly about discolouration - it seems to be the most common complaint - and it affects all of the people in the Isle of Man. I think the essential component here is the fact that the Glencrutchery works provide more water to more customers and are also the fall-back position for when the other plants are providing insufficient to meet

supply, and so therefore we are heavily reliant upon this particular plant, which is 70 years old and coming to the end of its life.

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

**Mr Quayle:** Thank you, Mr Speaker. I feel sure that the hon. chair of the water authority will agree with me that it is a basic human requirement to provide an adequate supply of good quality water. Would she not agree with me that the updating of the water filtration facilities at Greenfield Road should have been considered necessary in the national interest and that the planning application could have been handled differently by the government to achieve the aim of modernising the facilities at the earliest possible opportunity and avoiding the vast increase in costs that we have heard here today with some shock?

**The Speaker:** Chairman of the Isle of Man Water Authority to reply.

**Mrs Cannell:** Thank you, Mr Speaker. I could not agree with the hon. member more. In my opinion the previous board, through their chair, ought to have requested that the Council of Ministers actually called this particular planning application in so that you would have had a public inquiry up front so that all views and submissions could be considered, and perhaps we may have had an earlier deliberation on that particular scheme. Unfortunately, for whatever reason, that was not done, the normal planning procedure was proceeded with and clearly we now have this position where we have planning permission to crack on with the Sulby treatment plant and that is going well, but we are clearly held up with the Douglas plant and all of the problems associated with that. It seems unfair, Mr Speaker, that, because of the democratic process in considering planning issues and applications, perhaps a handful of members of the public are holding up what is in the national interest. I agree.

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

**Mrs Hannan:** Thank you, Vainstyr Loayreyder. Could I ask the chair of the water authority if she agrees with the chair of the Planning Committee that this plant is not needed and does she know that it was the chair of the Planning Committee -

**Mr Henderson:** A point of order, Mr Speaker.

**Mrs Hannan:** - that actually heard the application and refused it?

**The Speaker:** Chairman of the Isle of Man Water Authority to reply.

**Mrs Cannell:** Mr Speaker, we desperately need to renew and replace our aging water infrastructure. As has come up during questions today, Mr Speaker - and I would add to that that man, woman and child cannot live without drinking water - it is essential that this plant is replaced for all of the reasons I outlined in the answer to the original question. No, I would not agree with the chair of planning that this plant is not required. Rather this plant is urgently required.

**Mr Henderson:** Point of order, Mr Speaker.

**The Speaker:** Hon. members, before I let this carry on, this is not a debate about the water authority. I have two more supplementary questions and I will then finish Question Time. I will however, allow the hon. member for Douglas North, Mr Henderson, to seek clarification, but I would advise the hon. member that he is not here in his capacity as the chairman of the Planning Committee. (**Members:** Hear, hear.) Hon. member.

**Mr Henderson:** I accept that fully, Mr Speaker, but just a point of clarification to inform the House and the public of the Island that the Isle of Man Planning Committee, as far as I am aware, fully endorses a new treatment works.

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

**Mr Bell:** Thank you, Mr Speaker. In view of the now extended delays which are likely to take place on the Greenfield Road plant, could the hon. chairman of the Water Board give an assurance that the works proposed for Sulby, which in particular will impact on the Ramsey area, will be brought forward with some urgency to alleviate what is an extremely serious problem in the general Ramsey area?

**The Speaker:** Chairman of the Isle of Man Water Authority to reply.

**Mrs Cannell:** Thank you, Mr Speaker. I wish to reassure the hon. member for Ramsey, Mr Bell, and his colleague, Mr Singer, and all hon. members in the House that the board are pushing with some urgency to have the Sulby plant developed rather sooner than later. In fact, the hon. member in his capacity as Minister for Treasury will be aware that Treasury concurrence has been received. I can inform the House that contractors are about to be appointed and that everything is going with full speed and due haste, and if we can construct and commission this particular plant sooner, then we will do. We are working very hard to try and achieve that and want to keep the people in the North happy with nice clean water.

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

**Mr Corkill:** Can I ask the hon. chairman of the water authority to acknowledge that the minister with responsibility in this area has absented herself from this hon. House whilst this question is being put?

**The Speaker:** Chairman of the Isle of Man Water Authority to reply.

**Mrs Cannell:** Thank you, Mr Speaker, I will acknowledge that.

**The Speaker:** I can just clarify that the minister requested leave of absence during this question and I granted that. A final supplementary - I go back to the original questioner, the hon. member for Onchan, Mr Earnshaw.

**Mr Earnshaw:** Thank you, Mr Speaker. I think we have got a picture of the likely consequences if we do not do something soon for the replacement of the Greenfield Road water filtration plant, but I am still not quite clear what contingencies the chairman has or what contingencies the water authority have considered in the event that this planning permission is not forthcoming and, unless I have missed something, I wonder if she can perhaps restate what those contingencies might be?

**The Speaker:** Chairman of the Isle of Man Water Authority to reply.

**Mrs Cannell:** Thank you, Mr Speaker. The contingency is that we do our utmost to ensure that such a failure is not going to occur, so there is a great deal of attention paid to this aging old works to ensure she keeps ticking but, in addition to that, I did outline in my original answer, Mr Speaker, (*Interjection*) that we would have to react as we did when there was an incident in Laxey in 2001 where customers were without water for several days. Bowsers had to be supplied; bottled water for drinking purposes had to be supplied. I cannot, though, imagine what would happen during the summer months if we had drought and if the other plants were still running but failing to meet supply, and we suddenly drew on Glencrutchery to back those systems up and we had a problem with that. We would have severe shortages of drinking water and we would be in a very sorry state, as I advised previously, Mr Speaker.

Other sites were considered and continue to be considered. Three other sites we have been looking at but, again, they are not in the ownership of the Isle of Man Water Authority, they are in private ownership and two already have planning permission. But again the engineers and the consultants have ruled them out of order because of where they are situated: they are not near to mains; they are not near to any infrastructure that we currently have. That would mean that we would have to go back to the drawing board, Mr Speaker, and we would have to come up with a

totally new site that would be more expensive, take longer to provide and the people being served by the Glencrutchery works would continue to suffer. Those would be the consequences. It is in the national interest that we are able to go ahead, Mr Speaker.

**The Speaker:** Hon. members, that concludes questions for oral answer. We move on to questions for written answer. There are five questions, which I understand have been circulated to hon. members.

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**Island Studios Limited –  
Planning Application –  
Question by Mr Karran  
for Written Answer**

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

*With regard to the application by Island Studios Ltd for planning approval for the erection of a film studio, workshops, toilet block and MEA substation (PA00/02206) are you aware that:*

- (1) the Director of Planning and Building Control has advised me by letter (of 6th December 2002) that when construction started on site in September 2001, it was noted that the office and workshop block was not sited in accordance with the approved plan;*
- (2) whereas the Planning Committee resolved to require a new application and that the applicant should be advised of this and requested to submit this within 28 days (September 2001), due to ‘an administrative error’ the applicant was not advised of this at the time;*
- (3) following a site visit by the director of planning and the enforcement officer, the director of planning wrote to Mr Westacott of Island Studios Ltd on 3rd September 2002 setting out the outstanding matters and what needed to be addressed by the submission of an application to ‘regularise’ the works undertaken to date;*
- (4) I was advised on 6th December 2002 that this application would be made within the next two weeks, and that I would be advised when any application was received (but to date have not been so advised), can you tell me what is the current position; and*
- (5) do you agree that up to 6th December 2002 the building in question at the film studio site*

*had been constructed without the benefit of prior planning approval?*

**Answer**

I can advise the hon. member for Onchan that I have now been made aware of the matters to which he refers in parts (1), (2) and (3) of the question. In view of the considerable time and trouble taken by the Director of Planning and Building Control to provide comprehensive and helpful information to the hon. member, I must say I am surprised to see this question tabled today.

In seeking to answer the hon. member’s question, I see that the Director of Planning and Building Control advised the hon. member on the 6th December that a regularising application was expected to be submitted within the next two weeks, and that he would advise the hon. member when any such application was received.

I understand that this application has now been received. I also understand that the Director of Planning and Building Control has written to the hon. member to inform him that the application will be advertised in the local newspapers shortly.

Planning approval *has* been granted for a workshop building of the same form and size as that which has been erected. However, the building has not been sited in accordance with the approved plan and there are other discrepancies in the site works. Whilst it is regrettable that there have been departures from the approved plans, it is not true to state that the building has been constructed without the benefit of planning approval. Mr Speaker, hon. members should be aware that the Director of Planning and Building Control has offered to meet with, and to explain these matters to the hon. member for Onchan. I must say I am extremely disappointed that the hon. member has elected to use the time of this House rather than take up the helpful offer from the department.

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**Manx Gas – Profit Figures –  
Question by Mr Henderson  
for Written Answer**

Question 2. The hon. member for Douglas North (Mr Henderson) to ask the Chairman of the Office of Fair Trading:

- (1) What are the profit figures announced by Manx Gas or their parent company for the last five years; and*
- (2) can you determine what slice of the profit can be attributed to the Isle of Man for those years?*

**Answer**

What are the profit figures announced by Manx Gas or their parent company for the last five years?

**Douglas Gas – Profit before interest, tax and exceptionals**

1995	£1,048,000
1996	£405,000
1997	£1,494,000
1998	£2,002,000
1999	£1,380,000

**Source:** Report of the Investigation of Gas Prices in the Isle of Man

**Calor Manx Gas – Profit before interest, tax and exceptionals**

1995	£276,000
1996	£326,000
1997	£393,000
1998	£459,000
1999	£442,000

**Source:** Report of the Investigation of Gas Prices in the Isle of Man

**International Energy Group – Profit before taxation and interest**

2001	£12,198,000
2000	£14,033,000

**Source:** International Energy Group, Report and Accounts 2001

It has not been possible to identify what proportion of the above profits have accrued from the Manx Gas operation.

**Gas – Homes Supplied – Absorption of Rising Costs – Question by Mr Henderson for Written Answer**

Question 3. The hon. member for Douglas North (Mr Henderson) to ask the Chairman of the Office of Fair Trading:

(1) Can you indicate what percentage of Island homes are serviced by gas;

(2) have you spoken to Manx Gas to see if the company have tried to absorb any of the rising costs, especially the latest price rises; and, if so

(3) what percentage has been absorbed?

**Answer**

Can you indicate what percentage of Island homes are serviced by gas?

**Resident Households by Main Form of heating**

Gas (mains)	12,464
Gas (cylinder/tank)	1,502
Total Isle of Man households	31,528

% with gas as main heating source: 44.30%

**Resident Households indicating gas as a possible source of secondary heating**

Gas (mains)	2,057
Gas (cylinder/tank)	2,786
Total Isle of Man households	31,528

% using gas as a secondary heating source: 15.36%

Total households heated by gas in any way	18,809
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% Isle of Man households heated by gas: 59.66%

**Source:** 2001 Census, Economic Affairs Division, Treasury

**Note:** Figures do not include those households using gas solely for cooking purposes as this was not asked in the 2001 census

Have you spoken to Manx Gas to see if the company have tried to absorb any of the rising costs, especially the latest price rises; and if so, what percentage has been absorbed?

I personally have not spoken to Manx Gas but following the price investigation completed by the Office of Fair Trading in the year 2000, Manx Gas have supplied the office with feedstock prices, purchase volumes and sales volumes on a monthly basis.

Where there are significant price movements (in either direction) my office makes contact with the company to ascertain the impact of these price movements and any proposals for tariff movements (again in either direction).

Since September 2002 when feedstock prices began to rise significantly the office has been in regular contact with Manx Gas and is partly responsible for tariff increases not being made before now. However, it can be argued that had a tariff increase been applied earlier, it may well have been less than the 8 per cent which has now had to be applied. This significant increase is now required not only to cover the ongoing increased costs but also to recoup losses made against their budget figures whilst the company absorbed all the increased costs during one of the heaviest periods of consumption i.e. the early winter and Christmas holidays.

Feedstock prices for January 2003 are more than 10 per cent higher than they were in December 2002 with analysts suggesting that prices will continue to rise.

**Gas – Mains Installations in New Homes –  
Question by Mr Henderson  
for Written Answer**

Question 4. The hon. member for Douglas North (Mr Henderson) to ask the Chairman of the Office of Fair Trading:

*Can you confirm that often on new housing projects gas mains are laid into a site and housing/accommodation free, and that some gas boiler manufacturers offer gas boiler fitting services incentives to fit their product, leaving the house purchaser no choice as to the energy supply they may choose for their home?*

**Answer**

Manx Gas does offer builders and developers incentives where it is thought commercially necessary to secure the business for the company. The company argues that such incentives are due to competition from rival fuels (i.e. oil and electricity) as they believe similar incentives are applied by those suppliers.

Manx Gas informed the OFT that they are not aware of any gas boiler manufacturer offering incentives to fit their products and purchasers of new properties are at liberty to specify whatever form of heating they wish as a condition of purchase.

**Gas –  
Recent Price Increase Statistics –  
Question by Mr Henderson  
for Written Answer**

Question 5. The hon. member for Douglas North (Mr Henderson) to ask the Chairman of the Office of Fair Trading:

- (1) *Can you indicate how many LPG gas price rises the Isle of Man consumers have had to suffer over the past three years;*
- (2) *how much was each rise and of what percentage;*
- (3) *what is the current price with the latest price rise included;*
- (4) *can you show this against relative equivalents of oil and electricity prices; and*
- (5) *can you confirm that gas prices have been consistently showing the highest price rises in the Isle of Man retail prices index for some time?*

**Answer**

- (1) *Can you indicate how many LPG gas price rises the Isle of Man consumers have had to suffer over the past three years:*

In the period January 2000 – January 2003 Manx Gas Limited has imposed surcharges or increased their tariffs on six occasions. In the same period they decreased tariffs on five occasions.

- (2) *how much was each rise and of what percentage;*

Month	Change per kWh sold (pence)	% Change
Feb-00	0.316	10.61%
Mar-00	0.471	14.30%
Oct-00	0.318	8.45%
Feb-01	-0.305	-7.47%
May-01	-0.073	-1.93%
Aug-01	-0.074	-2.00%
Oct-01	-0.042	-1.16%
Jan-02	-0.115	-3.21%
Jul-02	0.103	2.97%
Oct-02	0.304	8.50%
Jan-03	0.310	8.00%

- (3) *what is the current price with the latest price rise included;*

4.19 pence per kWh sold

- (4) *can you show this against equivalents of oil and electricity prices?*

Fuel Type	Cost per Unit Sold (pence)	Heat Content per Unit Sold (kWh)	Cost per kWh
Mains Gas Star Saver Tariff	4.19	1	4.19
Electricity Tariff D	8.03	1	8.03
Domestic Fuel Oil (28 sec)	22.74	10.18	2.23

**Source:** Comparative Heating Schedule published by OFT at the beginning of the month except for January 2003 gas price increase which has been manually calculated.

Due to the timing of the publication of a schedule, a price change announced in one month may not appear in the data until the following month.

Price date relates to Star Saver tariff for former Douglas Gas Limited areas unless specified.

(5) *can you confirm that gas prices have been consistently showing the highest price rise in the Isle of Man retail prices index for some time?*

On no occasion during the 12 months from January 2002 to December 2002 did the published data for the Isle of Man retail prices index show the rise in gas prices over the previous year to have been the highest recorded amongst all 78 published sub-indices. Indeed, nine of those months showed gas prices to have decreased over the previous 12 months. The latest figures are for December 2002 when the yearly rise in gas prices was shown to be 11.8 per cent ranking equal 11th highest amongst the reported items.