

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

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**Douglas, Tuesday, 19th November 2002  
at 10.30 a.m.**

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Present:

The President of Tynwald (the Hon. N Q Cringle).

**In the Council:** The Lord Bishop (the Rt Rev Noël Debroy Jones), Hon. C M Christian, Mr D F K Delaney, Mr D J Gelling CBE, Mr J R Kniveton, Mr E G Lowey, Dr E J Mann and Mr G H Waft, with Mrs M Cullen, Clerk of the Council.

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

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*The Lord Bishop took the prayers.*

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### **Apologies for Absence – Leave of Absence Granted**

**The President:** Hon. members, we have apologies for absence from the hon. member for Douglas South, Mr Duggan, and from the hon. member of the Council, Mr Crowe. I am sure, hon. members, that you will join me in wishing them both a speedy recovery. (**Members:** Hear, hear.) I have also received apologies from the Attorney-General, who is off the Island on government business.

Hon. members, I have also given permission for the hon. members for Ramsey, Mr Singer, and the hon. member for Douglas West, Mr Shimmin, to be absent on Thursday – that is, providing we are still sitting on Thursday.

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### **Procedural**

**The President:** For your diary, it is my intention and with your concurrence, hon. members, to continue to sit possibly until half past eight or nine o'clock this evening, to finish early tomorrow evening and then sit on Thursday, to try to clear the agenda.

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### **Welcome to the New Member for Malew and Santon, Capt. A C Douglas**

**The President:** Now, hon. members, we welcome to Tynwald the new member for Malew and Santon, Mr Andrew Douglas (**Members:** Hear, hear.) We congratulate you, sir, on your recent election, and we are confident that you will make a very valuable contribution during your years here in this Court. Personally, I have greatly appreciated your work for the Tynwald Day Enhancement Subcommittee (**A Member:** Hear, hear.) where your enthusiasm to tackle new tasks certainly added to the overall success of that day and may I, together with your new colleagues here, wish you all success as you embark on a new tide in your parliamentary career.

**Members:** Hear, hear.

**Capt. Douglas:** Thank you, Mr President.

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### **Papers Laid before the Court**

**The President:** Hon. members, I call on the Clerk to lay papers.

**The Clerk:** I lay before the Court:

Road Traffic Regulation Act 1985 -  
Fixed Penalty Order 2002 [*SD No 676/02*]

Fees and Duties Act 1989 -  
Licensing Fees and Duties Order 2002 [*SD No 533/02*]  
Music and Dancing Fees and Duties Order 2002 [*SD No 534/02*]  
Motor Bicycles (Approved Training Courses for Drivers) (Fees) Order 2002 [*SD No 716/02*]

Cinematograph Act 1977 -  
Cinematograph (Licence Fees) Order 2002 [*SD No 535/02*]

National Health Service (Isle of Man) Act 1948 -  
National Health Service (Charges for Drugs and Appliances) Regulations 2002 [*SD No 696/02*]  
National Health Service (Scheduled Drugs) Regulations 2002 [*SD No 553/02*]

European Communities (Isle of Man) Act 1973 -  
European Communities (Air Carrier Liability in respect of the Carriage of Passengers and their Baggage by Air) (Application) Order 2002  
European Communities (Al-Qaida and Taliban Sanctions) (Application) Order 2002 [*SD No 444/02*]

Litter Act 1972 -  
Litter (Fixed Penalty) Order 2002 [*SD No 688/02*]  
Litter (Fixed Penalty Notice) Regulations 2002 [*SD No 689/02*]

Road Traffic Act 1985 -  
Road Vehicles (Maintenance and Use) Regulations 2002 [*SD No 673/02*]  
Road Vehicles (Construction, Equipment and Weights) Regulations 2002 [*SD No 674/02*]  
Road Vehicles Lighting (Application) (Amendment) Regulations 2002 [*SD No 675/02*]  
Goods Vehicles (Plating without Examination of Vehicles) Regulations 2002 [*SD No 710/02*]  
Goods Vehicles (Plating without Examination of Vehicles) (Fees) Regulations 2002 [*SD No 711/02*]  
Goods Vehicles (Plating) (Fees) Regulations 2002 [*SD No 712/02*]

Motor Bicycles (Approved Training Courses for Drivers) Regulations 2002 [SD No 665/02]

Driving Licences and Tests (Amendment) Regulations 2002 [SD No 666/02]

Moped and Learner Motor Cycle (Definitions) Regulations 2002 [SD No 667/02]

Licensing and Registration of Vehicles Act 1985 -

Licensing and Registration of Vehicles Regulations 2002 [SD No 707/02]

Licensing and Registration of Vehicles (Fees for Reviews) Regulations 2002 [SD No 708/02]  
Vehicle Duty (Amendment) Order 2002 [SD No 709/02]

Customs and Excise Act 1993 -

Export of Goods (Control) (Amendment) (Application) Order 2002 [SD No 622/02]

Animal Health Act 1996 -

Animal Health (By-Products) Order 2002 [SD No 641/02]  
Brucellosis (Testing and Control) Order 2002 [SD No 642/02]

Dairy Cow Financial Assistance (Amendment) Scheme 2002 -

Dairy Cow Financial Assistance (Amendment) Scheme 2002 [GC 37/02]

Social Security Act 2000 -

Social Security Act 2000 (Amendment) Order 2002 [SD No 692/02]

Social Security Legislation (Application) (No. 13) Order 2002 [SD No 693/02]

Social Security Legislation (Application) (No. 14) Order 2002 [SD No 694/02]

Employment Act 1991 -

Employment (Recoupment of Benefit) (Amendment) Regulations 2002 [SD No 695/02]

Superannuation Act 1984 -

Judicial Pension (Amendment) (No. 2) Scheme 2002 [SD No 605/02]

Reports -

Standing Committee on Expenditure and Public Accounts Report on Consultancy Services.

Isle of Man Government third progress report on the Isle of Man 5 Year Drug Strategy.

Darwin Strategy Consulting Limited and Oliver and Ohlbaum Associates Limited Report on the Future Role, Structure and Funding of Manx Radio.

Finance Act 1993 -

Lottery Duty (Instant Chances) Regulations 2002 [SD No 621/02]

Customs and Excise Management Act 1986 -

Customs and Excise Management Act 1986 (Enforcement Authorities) Order 2002 [SD No 586/02]

European Communities -

European Communities Secondary Legislation September/October 2002 [GC No 40/02]

United Nations -

Somalia (United Nations Sanctions) (Isle of Man) Order 2002 [SI 2002 No 2630]

Reports -

Manx Electricity Authority: Annual Report 2001-2002.

Isle of Man Post Office: Report and Financial Statements to the 27th March 2002.

*Questions were taken at this point and concluded at 1.24 p.m. when the Court adjourned. They are published separately. The Court resumed at 2.30 p.m.*

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### **Ecclesiastical Committee – Member Elected**

Item 3. To elect one member to serve during the life of the House of Keys in the place of Mr Gelling.

**The President:** Hon. members, having finished item 2 on our order paper this morning, we have reached item 3, and we turn to items 3 to 8 on the order paper. Following the election of Mr Gelling to the Legislative Council, his membership, as a member of the House of Keys, of committees of Tynwald has ceased. Therefore, we are required to fill the vacancies on several committees. Your order paper is indicating for which committees Mr Gelling is eligible to be elected. (**A Member:** Hear, hear.) So we will now

proceed, hon. members, with item 3 on the order paper. Mr Gelling.

**Mr Gelling:** Yes, Mr President. I am very conscious of the fact that how my election came about was by being a member of the Keys at that time, and therefore, with that on my mind, I would very much like to propose the hon. new member for Santon and Malew, Mr Andrew Douglas – I nearly said Donald Gelling (*Laughter*) – to that position, as I think he is very well qualified to be a member of the Ecclesiastical Committee, sir.

**Mr Delaney:** I would like to rise to second the fact that the good captain will be leading the ship of state in the right direction. I second that.

**Two Members:** Hear, hear.

**Mr Singer:** We have no choice.

**The President:** No other nomination, hon. members? I put to you the motion that Mr Andrew Douglas, member for Malew and Santon, be elected to the Ecclesiastical Committee. All those in favour please say aye; against, no. The ayes have it. The ayes have it.

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### Tynwald Honours Committee – Member Elected

Item 4. To elect one member to serve during the life of the House of Keys in the place of Mr Gelling.

**Mr Downie:** I would like to move Mr Houghton, please.

**Mr Corkill:** I beg to second, Mr President.

**Mr Quayle:** I propose Mr Gelling, Mr President.

**Mr Anderson:** I rise to second that.

**Mr Henderson:** I propose Mr Rimington.

**Mr Quine:** I am pleased to second Mr Rimington's nomination.

**Mrs Crowe:** Absolutely.

**A Member:** There is an honour.

**Mrs Crowe:** There is an honour.

**Mr Delaney:** You do him a great honour.

**The President:** Hon. members, on this occasion, therefore, we will need to have an election. The Clerk will read the names, but we have three. hon. members,

when you all have your ballot papers, the Clerk will read out the names of those. We are voting for one position.

**Mrs Hannan:** I do not think I can vote. I was not in.

**A Member:** Can Mrs Hannan vote?

**Mrs Hannan:** Could I have guidance, Eaghtyrane? I was not in when the motion was put.

**The President:** Yes, you can still ballot, because the ballot papers have not yet been distributed and we are not in the position of actually calling the ballot. Mr Houghton, I would deem, can also vote.

**The Clerk:** Mr President, the members nominated for election to the Tynwald Honours Committee are Mr Gelling, Mr Houghton and Mr Rimington.

*A first ballot took place.*

**The President:** I invite Mrs Christian to act as our teller for Council. Mr Speaker.

**The Speaker:** Hon. member for Malew and Santon to act as teller, please.

**The President:** Hon. members, the result of that ballot: Mr Gelling, 11 votes; Mr Houghton, 11 votes; Mr Rimington, 7 votes. In this instance, hon. members, nobody has shown to have the clear majority. We will drop Mr Rimington off the bottom and vote between Mr Gelling and Mr Houghton. hon. members, you will have your ballot papers distributed again, and it will be a straight vote between Mr Gelling and Mr Houghton. The same tellers continue, please. Mrs Cannell does not have a paper, please.

*A second ballot took place.*

**The President:** Hon. members, the result of that ballot: Mr Gelling, 14 votes; Mr Houghton, 15 votes. I declare that Mr Houghton is elected.

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### Standing Committee of Tynwald on Constitutional Matters – Member Elected

Item 5. To elect one member to serve during the life of the House of Keys in the place of Mr Gelling.

**The President:** Mr Gelling.

**Mr Gelling:** Yes, Mr President. I would like to propose the hon. member for Middle, Mr Quayle, (**A Member:** Hear, hear.) for this particular committee. He is a young man who has just come into the House,

and I think it would be a committee that he would be well worth serving upon.

**Mr Delaney:** I beg to second and reserve my remarks. (*Laughter*) I know him too well.

**Mr Shimmin:** I propose Mrs Hannan, sir, member for Peel.

**Mrs Cannell:** I beg to second, Mr President.

**The President:** Hon. members, we will ballot between Mr Quayle and Mrs Hannan, the hon. member for Peel. Yes, hon. members, two names.

**The Clerk:** Mr President, for the Standing Committee of Tynwald on Constitutional Matters there are two nominees, Mrs Hannan and Mr Quayle.

**The President:** Thank you. Mr Kniveton, act as teller, please.

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

*A ballot took place.*

**The President:** Hon. members, the result of that ballot: Mrs Hannan, 16 votes; Mr Quayle, 14 votes. I declare that Mrs Hannan has been elected.

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### **Standing Committee of Tynwald on Expenditure and Public Accounts – Member Elected**

Item 6. To elect the vice-chairman to serve during the life of the House of Keys in the place of Mr Gelling.

**The President:** I call on Mr Lowey.

**Mr Lowey:** Thank you, Mr President. Could I move the hon. member of Council, Mr Gelling? I think this is a very important position, and I think his experience would stand us in good stead.

**The President:** Mr Henderson.

**Mr Henderson:** I will second that, Mr President.

**The President:** Mrs Cannell.

**Mrs Cannell:** Mr President, I would like to propose the hon. member for Michael, Mr Cannan, (**Mr Cannan:** No.) who has an in-depth knowledge of financial matters which, I think, would be very useful on this committee.

**Mr Cannan:** No, no.

**Mr Houghton:** As was proved this morning.

**Mr Quine:** I am pleased to second that nomination.

**Mr Cannan:** No. (*Laughter*)

**The President:** Hon. members, when you have your ballot paper, I will ask the Clerk to call out the two names.

**Mrs Hannan:** Excuse me, Eaghtyrane. We have got a Keys ballot paper, not a Tynwald ballot paper. Is it possible to have a Tynwald ballot -

**The President:** Hon. members, is that the case? Has everybody got a Keys one instead of a Tynwald one? (*Interjections*) Let us just get this right, hon. members. If those members who have got a Keys paper will indicate to the messengers, they will make sure that you have them swapped for a Tynwald one. hon. members, are you all content that you have the relevant ballot paper?

**Mr Cannan:** We are all right here.

**The President:** In that case, the Clerk will read out the names.

**The Clerk:** Mr President, the members nominated as vice-chairman of the Public Accounts Committee are Mr Gelling and Mr Cannan.

**The President:** I ask Mr Kniveton to act as teller again, please.

**The Speaker:** Hon. member for Onchan, Mr Earnshaw, to act as teller, please.

*A ballot took place.*

**The President:** Hon. members, the result of the ballot: Mr Cannan, 6 votes; Mr Gelling, 23 votes. I declare that Mr Gelling is elected.

**Mr Cannan:** Hear, hear. Well done.

**A Member:** Hear, hear.

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### **Standing Committee of Tynwald on Economic Initiatives – Member Elected**

Item 7. To elect one member to serve during the life of the House of Keys in the place of Mr Gelling.

**The President:** Member for Glenfaba.

**Mr Anderson:** Mr President, I would like to propose that Mr Gelling continue in that capacity.

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

**Mr Braidwood:** Mr President, I would like to propose Mr Earnshaw.

**Mr Downie:** I would like to second, Mr President.

**Mr Lowey:** I propose Mr Gill.

**Mr Quine:** Yes, I am pleased to second Mr Gill, Mr President.

**The President:** Hon. members, ballot papers will be distributed. Once you all have your ballot papers, I will call on the Clerk to read the names.

**The Clerk:** Mr President, the members nominated for the Standing Committee on Economic Initiatives are Mr Gelling, Mr Earnshaw and Mr Gill.

**The President:** The Lord Bishop to act as teller, please.

**The Speaker:** Hon. member for Douglas East, Mrs Cannell, to act as teller, please.

*A first ballot took place.*

**The President:** Hon. members, the result of the ballot: Mr Earnshaw, 10 votes; Mr Gelling, 12 votes; Mr Gill, 8 votes. No member has received a majority, hon. members. Mr Gill will be dropped off the bottom and it will be now a straight ballot between Mr Earnshaw and Mr Gelling. As soon as you have your ballot papers, hon. members, with, I think, on this occasion, the exception of Mr Karran . . . Same tellers, please, hon. members.

*A second ballot took place.*

**The President:** Hon. members, the result of the ballot: Mr Earnshaw, 15 votes; Mr Gelling, 16 votes. Mr Gelling is elected.

**Mrs Crowe:** Hurray!

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### **Standing Orders Committee of Tynwald – Member Elected**

Item 8. To elect one member of the House of Keys to serve during the life of the House of Keys in the place of Mr Gelling.

**The President:** Mr Lowey.

**Mr Lowey:** Could I propose the hon. member for Middle, Mr Martin Quayle, sir?

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

**Mr Quine:** If I could propose the hon. member for Michael, Mr Cannan.

**Mrs Cannell:** I beg to second, Mr President.

**Mr Corkill:** Could I propose the member for North Douglas, Mr Houghton?

**Mr Earnshaw:** I would like to second that, Mr President.

**Mr Henderson:** I propose Mrs Cannell, member for Douglas East.

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

**The President:** Hon. members, on this occasion we will distribute the House of Keys ballot paper, as the only person who can be elected must be a Member of the House of Keys. (*Interjection*) You have done the normal ones? Okay. No, it does not matter. If you have put out the Tynwald ones, you have done the Tynwald ones. Right. (*Interjections*) It does not matter; you have got all the Keys on the Tynwald one as well. The Clerk will read out the names of the four who have been nominated, hon. members.

**Mr Corkill:** I have not got a ballot paper yet, Mr President.

**The President:** I ask the Clerk to read the names, please.

**The Clerk:** Mr President, the members nominated for the Standing Orders Committee of Tynwald are Mr Cannan, Mrs Cannell, Mr Houghton and Mr Quayle.

**Mr Earnshaw:** Point of order, Mr President. Is Mr Cannan not already a member of this?

**Mr Cannan:** No, sir.

**The Speaker:** No, that is the Keys committee.

**The President:** Mr Delaney will act as teller for the Council.

**The Speaker:** Hon. member for Douglas West, Mr Shimmin to act as teller, please.

*A first ballot took place.*

**The President:** Hon. members, the result of that ballot: Mr Cannan, 6 votes; Mrs Cannell, 6 votes; Mr Houghton, 8; Mr Quayle, 10 votes. Now, hon. members, with your concurrence, I propose to drop off both Mr Cannan and Mrs Cannell and have a direct ballot between Mr Houghton and Mr Quayle. Would you be content, hon. members?

**Members:** Agreed.

**Mr Karran:** No.

**The President:** In that case, hon. members, it will be a straight ballot to fill the one place, between Mr Houghton and Mr Quayle. Same tellers continue please.

*A second ballot took place.*

**The President:** Hon. members, the result of the ballot: Mr Houghton, 13 votes; Mr Quayle, 16 votes. I declare that Mr Quayle is elected.

**A Member:** Hurray!

**A Member:** Congratulations.

**The President:** Hon. members, having concluded all our committee filling by ballot, we then turn to item 9 on the order paper.

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**National Insurance Contributions –  
Increase to Provide Additional Health  
Service Funding – Preparation of Order –  
Amended Motion Carried**

Item 9. The Minister for Health and Social Security to move:

*That, in consideration of announcements in the United Kingdom budget on 17th April 2002, the Department of Health and Social Security prepares an order to provide that additional funding, raised by increasing by 1 per cent class 1 and class 4 national insurance contributions payable by employers and by the self-employed from 6th April 2003, is allocated to the Island's health service in order to meet the cost of committed developments.*

**The President:** I call on the Minister for Health and Social Security to move.

**Mrs Christian:** Mr President, this motion proposes that the department prepares an order to increase by 1 per cent the rate of national insurance contributions payable by employers in respect of the earnings paid to any of their employees falling above the earnings threshold and the self-employed in respect of their net profits which fall between the lower and upper profits limits for the purpose of raising revenue to finance committed developments within the Island's health service. The purpose of the motion is to facilitate debate on this important issue before the department seeks the approval of the Court to legislation to implement government's preferred position on this matter.

An increase in the national insurance contributions was announced in the United Kingdom budget on 17th

April this year. That budget report stated that the government is raising national insurance contributions from April 2003 and freezing the personal allowance for those aged under 65 in 2003-4 so that it can deliver, over five years, the 7.4 per cent annual real growth in spending planned for the NHS. In the United Kingdom, with effect from 6th April next year, firstly there will be a 1 per cent increase in class 1 national insurance contributions payable by employees under pensionable age on any earnings they have falling between the earnings threshold and the upper earnings limit. The earnings threshold is currently £89 a week and will remain so for the year 2003-4. Normally, the threshold would rise in line with inflation. The upper earnings limit is currently £585 a week and is expected to increase to £595, in line with inflation, from 6th April 2003. Secondly, whereas no contributions currently fall to be deducted from employees in respect of any earnings they have above the upper earnings limit, with effect from 6th April next year, contributions will be paid in respect of those earnings in the United Kingdom at a rate of 1 per cent. Thirdly, from the same date, the rate of employers' national insurance contributions will increase by 1 per cent in respect of the earnings of any of their employees falling above the earnings threshold. And fourthly, with regard to class 4 contributions payable by the self-employed under pensionable age on their net profits between the lower and upper annual limits, the rate of contribution will be increased in the United Kingdom by 1 per cent, from the current rate of 7 per cent to 8 per cent, from 6th April next year. The lower profit limits for the year, currently £4,615, will remain at that level for next year, and the upper limit will rise in line with inflation, from £30,420 to an expected £30,940 next year. This corresponds to the way in which the earnings threshold and the upper earnings limit for employees have been fixed for 2003-4. Finally, whereas no class 4 contributions are currently payable by the self-employed on any profits they have above the upper profits limit, with effect from 6th April 2003 in the United Kingdom contributions will be payable in respect of those amounts at a rate of 1 per cent.

Hon. members, if the increases announced in the United Kingdom were to be applied in the Isle of Man in total, it is estimated that it would result in an increase of revenue of just over £10 million per year. However, neither my department nor the Treasury considers that this method of raising revenue as regards employees is either fair or equitable, because it would impose an additional burden only on the Island's workforce and their employers and not on the general income-earning population. But additional funding is nevertheless required if the health service is to maintain, and indeed develop, its services over the coming years. In particular, new contracts for general dental services and general medical services are currently being negotiated, and there will be additional expenditure once the new hospital is in operation. It is estimated that these service areas alone will cost in the

region of an extra £4.7 million during the next financial year. This additional cost cannot be borne from general revenue within the existing rates of revenue collection. Furthermore, it is inevitable that increased health service spending in the United Kingdom will eventually impact on costs in the Isle of Man, particularly with respect to pay levels.

Government therefore considers that some form of increase in national insurance contributions, with effect from 6th April 2003, is appropriate for the sole purpose of raising additional revenue for the health service. However, government believes that an increase in contributions for employees at this time would not be acceptable, especially given the impact on employees with low to modest earnings and, in particular, on those employees whose earnings are considered to be sufficiently low to exclude them from paying income tax. Instead, it is proposed that only the additional 1 per cent contribution charge be imposed on employers in the Island. This would provide an estimated increase in gross revenue for the health service of £5.6 million. Government also feels that the freezing of the earnings threshold and the lower profit limits for next year, rather than lifting them in line with inflation, is appropriate. There will be a small increase in revenue generated by doing so, a proportion of which will be allocated to the health service. In any event, it is necessary to implement this element of the UK package, because not to do so would cause considerable complications in the arrangements made under the reciprocal agreement with the United Kingdom on social security.

Turning to the self-employed, the United Kingdom policy will result in class 4 contributions being increased from 7 per cent to 8 per cent on profits as I outlined them earlier, and the imposition of a new 1 per cent contribution on profits above the upper limit. However, having regard to the need to maintain the relationship between overall contributions to the health service in respect of employed and self-employed earners, government believes that class 4 contributions should also be increased on the Island from 7 per cent to 8 per cent between the two profits limits, but that the additional 1 per cent charge on profits above the upper limit should *not* be applied in the Isle of Man. The increase proposed, from 7 per cent to 8 per cent, would yield an estimated £0.3 million, which would be payable not in the next income tax year, but in the one after that. It should, of course, be noted that, in the Island, class 4 contributions rank for income tax relief, whereas they do not in the United Kingdom. This makes the total national insurance contributions payable by the self-employed on the Island particularly advantageous in relation to the benefits which they receive. The total additional revenue for the health services in 2003-4 would therefore be £5.6 million, increasing in 2004-5, at next year's prices, to £5.9 million when the new class 4 contributions begin to be collected.

It has been discussed and agreed with the United Kingdom's Inland Revenue that the additional primary

percentage of 1 per cent, payable by employees earning in excess of the upper earnings limit and by the self-employed with profits in excess of the upper profits limit, may be viewed as outside the terms of the reciprocal agreement. There is, therefore, no compulsion to impose that new contribution on Isle of Man contributors under the terms of our agreement. The UK have taken this view because they accept that their policy in the matter is driven solely by the question of health service funding and does not impact on benefits or funding for benefits in any way.

Government has also decided that the precedent set in this instance should not be seen as a way to raise revenue for general government spending in the future, possibly outside social security and health services. The department very strongly supports this view, as it opposes any undermining of the contributory principle upon which national insurance is based. I would ask hon. members to note that the Treasury is proposing to review future revenue generation during the coming year. The increase in national insurance contributions which is hereby proposed will be a factor within that review.

Mr President, in summary this resolution seeks to provide the department with the authority to prepare the necessary order to present to Tynwald to increase employers' class 1 contributions from 11.8 per cent to 12.8 per cent from 6th April 2003, to increase class 4 contributions for the self-employed from 7 per cent to 8 per cent, also from that date, to freeze the 2003-4 earnings threshold for employees and the lower profit limits for the self-employed at their present levels, and to allocate the whole of the additional revenue generated to the Island's health service. This additional funding would be utilised to support the increasing demands associated with the delivery of high-quality healthcare to the people of the Isle of Man. In addition to the issues of new primary care contracts and the new Noble's Hospital which I have outlined, a number of service developments will have funding implications and will be at risk if the proposed uplift in the allocation for national insurance contributions is not approved. For example, the opening of the new hospital will provide us with an opportunity to introduce new diagnostic services, such as magnetic resonance imaging, avoiding the need for patients to travel to the United Kingdom for this purpose, and indeed the department is hoping to expand service provision in such areas as orthopaedic surgery, ENT surgery, ophthalmics, care of the elderly and mental health, all of which are dependent upon a substantial increase in national health service funding. I beg to move, Mr President.

**The President:** Hon. member for Onchan.

**Mr Earnshaw:** Thank you, Mr President. I beg to second the motion and reserve my remarks.

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

**Mr Singer:** Thank you, Mr President. There is an amendment to be circulated to members, if that could be done, please. Mr President, I wish to amend the motion as follows:

*That the following words be deleted –*

*‘in order to meet the cost of committed developments.’*

The first question is ‘why we are adding this 1 per cent to the employer’s national insurance contribution, and the reason is, as has been said, that whilst there is no compulsion to follow the UK, it is a good time to raise an extra £5 million from the employers in the shadow of the United Kingdom decision. The words at the commencement of the resolution say – and I quote – ‘That, in consideration of announcements in the United Kingdom Budget on 17th April 2002’, and it is totally misleading to link our proposed increase as a consequence of the proposed UK policy, which it appears to be by the wording of this resolution. I doubt that this government would have attempted such a money-raising exercise if the UK Government had not made that first politically motivated move, but do not kid the people that there was no other option. The minister was almost, in her speech, telling us how good she was that she was not actually adding 1 per cent to the employees and we were actually letting the employees off and we were only going to penalise the employer.

Because of the ever-increasing costs of healthcare, the department does need further funding, but that argument is also relevant to other departments of government which are finding it more and more difficult to provide the services demanded of them, and I have particularly in mind the Department of Transport. Should they or any other department be receiving part of this windfall? Is this raising of extra income by penalising the employer setting a precedent for the DHSS or any other department to raise extra cash by using the national insurance system? I sincerely hope not, and the minister says ‘No’ in her speech, but that is no guarantee that it is not going to be a precedent for some time in the future, and every department is expected to remain within its budget, as mentioned by the Minister for Local Government and the Environment this morning. I certainly consider that this extra cash injection must not be used to prop up present services, which seems to be the intention when reading the last line of the motion: ‘in order to meet the cost of committed developments’, and that is why I am moving this amendment to delete those words. The justification for supporting this way of increasing income should be to see the expansion of current services and the bringing forward of new initiatives that would not have been possible under the present budget. So, I would ask the hon. minister if she could go into a little bit more detail, in summing up, about some of the ideas where this money will be used in a positive way and for which new services, as it appears

to me that the minister intends to spend the greater part of the £5 million to release the pressure on the present department budget. The wording of the motion seems deliberately to imply such things as subsidising overspends, perhaps on the new hospital or in other sections of the health service.

In the briefing to hon. members, the hon. minister said that the department had decided to only place the burden on the employer. I have often heard it said that the public would not mind paying a small increase in tax to fund a better health service, and I am concerned, therefore, that the employer should be contributing the full amount. (**Mr Houghton:** Hear, hear.) There will be an effect on the profitability of the small businesses, remembering that 80 per cent of Isle of Man businesses are in the small business category. (**Mr Houghton:** Hear, hear.) There is also the strong rumour that the United Kingdom will not be averse to raising the national insurance contribution again in the near future. So, if this government then follows the same course, it will be the employer who again funds the increase – or will it be just the employee next time? To keep the options open, I would have preferred to see the increase split between employer and employee, that is each paying a 0.5 per cent on the national insurance contribution. This would have then had much less effect on business, and a person earning the minimum to pay NI – that is £89 weekly – would pay less than 1 pence a week, and a person earning £160 weekly would have paid probably about 50 pence. This would then ease the situation if national insurance is raised again and this government wishes to follow under the shadow of a politically motivated UK decision.

Mr President, returning to the amendment, the main point I reiterate is that my amendment is moved because I believe that such a windfall should be used to bring expanded and new services to the public and not be there as a crutch to the national health service, and I therefore seek hon. members’ support.

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

**Mr Cannan:** I am brought to my feet because I felt that perhaps the amendment was not going to be supported, so I will second it. I will support the main motion, because I realise the health service needs more money. We have had debates in this Court and we have had questions in this Court, and only last month the hon. minister will recall that members – two, three, maybe four members – complained about the serious lack of primary healthcare. The hon. member of Council, Mr Gelling, complained at the lack of facilities for doctors’ surgeries in Ballasalla. The hon. member Mrs Cannell complained also, and I have consistently complained about the deteriorating to almost non-existent availability of primary healthcare in Kirk Michael to serve that area between Peel and Ramsey.

The minister is well aware; the minister has said in the past, 'Well, I have got all these commitments and so on, and we are looking at it.' Her department and her officials are always looking at the problem – never actually doing a great deal – but here is the opportunity, with the extra money, to assist where there is not a service now and where there is a desperate, urgent need for a service. And that is where the money goes, because otherwise, if you allow it to go into the general pot, it becomes dissipated, as we all know; but if it is set aside for something new, something will happen, because that money will have to be accounted for. And that is very, very, important, because I say again and again: it is no use building large housing estates and then people come and live there and say 'Where is the nearest doctor's surgery?' and there is not one. If they are large housing estates, you will require for education, school improvements, and I have noticed that the Department of Education is very good on that matter. In Kirk Michael. It is building at the Dhoon. It is building at Ramsey. It services what is needed by the public and so I say that the health services, if they are getting this windfall, must put it to where the need is, to provide the new service that the people expect – demand, perhaps – because they feel they are paying the money and there will be more money now going into this national health service and therefore there is little or no reason whatsoever that it can be designated for the improved services. One of those improved services – and I speak not for myself, but for other members, because we brought it up last month – is an improvement in primary healthcare.

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

**Mr Quine:** Yes, thank you, Mr President. I do feel it is wrong in principle to increase NI contributions to raise money which very properly should fall as a charge to tax. In saying that, I realise that we have not consciously done that; we are responding to a situation which has developed across the water, and this is a decision that rides on the back of that. I also realise, of course, that, in doing what the minister proposes to do, we would not be establishing a precedent by taking that action because, from the inception of the National Health Service, there has been provision for a percentage of money from NI contributions to go towards health, so there is no new principle involved there. Indeed, more recently, and perhaps more controversially, we had a situation where we diverted moneys from the national insurance fund – which ties in with this, of course – for the new hospital development. So, we are not creating a new principle, and it is not an initiative on our part to raise money by this means in lieu of tax; we are just reacting, if you wish, to a situation that has been created across the water.

But I do feel there is a point worth making, which is embodied in the amendment, and I think it is borne

on this: I feel there is, or should be, an assumption that the present commitments we have for the health service should be met on the basis of conventional funding, plus the element that I have already referred to. I think there is that assumption that, when we entered into those commitments, we intended that they should be carried forward and that their costs should be met in the conventional manner. I think one of the things that has changed, of course – and I am putting aside for the moment the aspirations for medical treatments et cetera which can be done now that could not be done before – is dramatic increase in population, which must have placed a very heavy additional burden on the health service in respect of what could be classified as an existing commitment. So, by saying, or by *not* saying – I think this is the point – by taking out of the motion the reference to 'in order to meet the cost of committed developments', I think this amendment makes a point, and I do not think that by taking it out we would be running contrary to what the minister has intimated she would wish to use these moneys for. The minister gave us, by way of example, of course, that she would envisage these moneys being used for – and I think I have got her words here – 'new services consequent upon the opening of the new hospital'. Well, I sit quite comfortably with that, because those are *new* services, and if we have these moneys which are unexpected but available and we can use them for *new* services, then I am much more comfortable with that situation. But the idea that we should endorse a motion today which, in the body of it, effectively says that it is acceptable to use moneys raised through NI contributions for the ongoing cost of services – for committed services, in other words – I think is a different matter, and that is the matter with which I am not particularly happy at all. So, I would be in favour of the amendment, which simply leaves the motion without that qualification, without that statement, because once it is in that motion, it will be there for ever and a day. I would rather have it left open, without specific detailing of what these moneys are going to be used for.

One final point is – and it does tie in – that the minister said that one of the reasons why we are doing it this way, why we are going to use these moneys for the health service, is that there would be complications in respect of our arrangements with the UK if we did not do so. I can see the administrative problems that could arise if we were to try to have variations of our arrangements, but I think we should put a marker down here, because I agree with what one hon. member has said already: if we are to follow on from what the UK is doing, I have a very strong feeling that this is not going to be the last time that the UK Government uses the NI fund contribution to raise money in lieu of tax. We do not need to get into the detailed financial matters of the UK; we just need to take note of some of the political pronouncements, and I think it is quite apparent that the hole is in the middle. It is quite probable that that hole will be met by further exercises of this nature, where we will have NI contributions

increased to raise money which, very properly, should have been moneys that came from conventional tax régimes. So, perhaps we can ride with the necessity at this point in time to avoid these complications of trying to introduce a variation in arrangements. Whether we could stay with that in the light of further movement by the UK Government to raise money in this fashion is a matter, I think, that Tynwald would need to keep a very close watch on, and it is a matter that would warrant much more debate should that happen.

**The President:** Hon. member of Council, Dr Mann.

**Dr Mann:** Thank you, Mr President. A very short contribution. This resolution I fully support; what I do not support are the politics that have gone with both the increase in the UK and the subsequent increase here. The UK Government is, of course, committed not to increase taxation, and this is an ideal way of raising money without increasing taxation, but also the population recognises the need to have a large injection of additional capital in the United Kingdom, and most people are prepared to pay their extra contribution to achieve that end. Here we have a different situation, and I congratulate the minister on the ingenious way. Presumably she has been working closely with the Treasury as to how one could raise this money within our arrangements with the UK and yet achieve something that would be acceptable.

The one thing I want to get clear – and I think it actually follows what most people have said so far – is that the people outside this Court hearing about this will naturally assume that we are somehow going to achieve some wonderful increase in health service provision. And although I have not got the document with me at the moment, I am absolutely sure that in their explanatory note, right at the very end, it says that, of course, the contribution, the allocation of funds from the Treasury to the health service, will be reduced by the same amount as is being raised by the increase in national insurance contributions. I have not got that document in front of me, but I am sure that somewhere in that document it did say that the allocated funds would be reduced by the amount raised by the increase in national insurance contributions. If that is the case – and it is easy to argue what is committed and what is not committed – we are talking here, of course, about expanded services next financial year, for which the budget has not yet come before this Court. So individual members do not know that, presumably, these services were going to be provided or called upon to be provided when the new hospital came on-stream in any case. And so we are talking words. We are talking an amendment that talks about sums of money that are allocated to committed developments. We *are* talking about committed developments. We are talking about developments that the health department has already identified as being necessary when the health service comes on-stream. So we must not

mislead the people outside. We are funding in a different way – let us put it politely – the services that were going to be increased in any case next year.

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

**Mr Henderson:** Thank you, Mr President. I just want to throw in a few short words on this debate. As everyone here is well aware, I have been asking questions about this issue since the beginning of the year when the UK Government announced what they were going to do, and I have been continually concerned about what we were going to do. I was disappointed initially with the flat responses I got that said we were just looking at things basically and we were still assessing and so on and so forth, and it has only recently transpired now what it is that we are actually going to be doing. But as one of the other contributors has said, this has been carefully planned and worked up over quite some time, I would say, and I think it would have been polite on the part of the DHSS/the Treasury perhaps to have actually answered earlier on in the year that yes, there may very well be changes, instead of leaving things almost until the last minute as it were. I feel uncomfortable with how this has been done at the minute, and I feel uncomfortable with the whole issue, because it smacks of a stealth tax in some ways. I understand that things have to be funded, and I understand moneys have to be raised from somewhere but, having said that, I think there are ways of doing it and ways of doing it.

I am not sure how I am voting yet, Mr President, although I certainly warm towards Mr Singer's amendment because it does seem to put some sort of balance back in the picture of what we are trying to achieve here, but I will be guided by other contributors to the debate, I think. But just to put my market down, Mr President, I feel very uncomfortable with this type of situation.

**The President:** Mr Speaker.

**The Speaker:** Yes, thank you, Mr President. Just a couple of points I wish to make on this, Mr President, and seek maybe some clarification from the minister as to some of the wording. I will come back to that in relation to the amendment.

I would like to make the point that whilst I generally welcome the proposals that are here, I think there is a misunderstanding, on occasions, of the reality of the world outside in terms of the self-employed. I would make the point that the Isle of Man is continuing to progress to the destruction of the self-employed and small businesses in the Isle of Man, and the reason for that is because, of course, we have many large businesses in the Isle of Man which are now multinationals, which is great – it provides choice – but many of those are not under pressure to enable themselves to pay their way, if that is the best term to use, because they are collectively joined into what

their north-west area does, and therefore whether or not the business located in the Isle of Man is profitable is, to some degree, irrelevant to them. They want to be in the marketplace. But what we do then do by implementing some of the changes and such changes that there are in here is, in fact, put extra pressures on Manx local businesses and the local self-employed, because we are here suggesting that we increase the class 4 for the self-employed from 7 per cent to 8 per cent. The minister got up and said in her introduction – and it is in the note – that, of course, in the Isle of Man they can get tax relief, so that is different to the UK, but that has been the case for some years. The point is – and I have said this on many occasions, Mr President – we should be actually looking to reduce the class 4, which is an additional tax burden on the self-employed. We should be looking to reduce that to help encourage more people to remain self-employed and to go into self-employment, because there are many benefits for that to happen, for them, for their families and for the Isle of Man. We are in danger, by a number of the other initiatives that are being taken, of making it virtually impossible, or certainly unattractive, for many people to become self-employed, (**Mr Delaney:** Hear, hear.) and that can be seen by the figures that are produced on a quarterly basis by government, where the number of self-employed are reducing and the number of local businesses are also generally reducing. So, I do think government needs to keep that in mind, and I am not a great fan, and the one area where I do have a concern is this increase in the class 4 for the self-employed, because I am not really sure that that is absolutely necessary. It is attractive to stand up and say we are only making the employers pay and not the employees, but I think the point I am making is that it is often the self-employed who struggle, whereas there are many, if not the vast majority, of those who are employed who actually have good incomes, reasonable incomes, and other benefits that they get that the self-employed do not. So, I think we should be looking to be more realistic towards whether we want, within the Isle of Man market, an effective self-employed market and also whether we want to sustain many of the small businesses that we have in the Isle of Man to be businesses that are operated by our own people and are developed by our own people. I do believe these are areas that there needs to be a serious look at or you will end up one day turning round and finding that your towns, especially outside of Douglas, have very little if any small businesses left in their areas. I do believe that is a serious danger we should be conscious of, and this, of course, contributes to that, because it is going to increase the burden on the self-employed, which many of these are. So, I make that point because I do think it is important.

I would make the other point, Mr President, that I do not have a problem *per se* with regard to part of this increase going to the health service; in fact, when I was Minister for Health and Social Security in 1986-9, we reduced the contribution that was collected out of the NI contributions which were paid over to the health

service because the Isle of Man Government was of the view that our taxation receipts were adequate and we could afford to reduce that money and leave the money in the national insurance fund to develop for the future, and I think that the principle of that is still a valid principle. There are many people who work in the Isle of Man and who pay national insurance contributions but do not stay within the Isle of Man and therefore, you could say, are contributing towards our health service if you have a percentage of the national insurance contribution going into the health service. As I say, I think it was something like 4.5 per cent of national insurance contributions that were paid over to the then DHSS for health service services. So, I do not have a problem with that principle, and I think if it is necessary, that is a good way of doing it.

I would say that the hon. member of Council, Dr Mann, raised the issue of the future of the money and a reduction in the actual contribution, in other words taking some money out of NI to go towards health but then reducing the tax burden. The wording in the memo that we have, at 3.14, states – and I quote – ‘It should be noted that the Treasury is proposing to review future revenue generation during the coming year. The increase in national insurance contributions which is hereby proposed will be a factor within that review.’ I have to say that, like the hon. member of Council, Dr Mann, I am not in great favour of that, because we are then being asked to say ‘Well, instead of it being through taxation that way, it is through taxation this way.’ My view is that if we are going to do this, it should be because we are able to actually benefit and improve the health services over and above what we can afford to do through the taxation system, and I hope that that is kept very much in mind by the Treasury minister. I am sure that the DHSS would be in favour of that, because that has to be a benefit to them where we know the Minister for Health and Social Security has a large list of improved services that the department is having trouble to meet because of the considerable amount we already put into health services to meet the requirements of the Island.

There is a point I would like to ask the minister about because it is quite fundamental to myself in terms of the motion before us and the amendment. I do not have a problem with the motion as such, but I would like a clarification on what is the definition of, in that motion, ‘committed developments’. If what the minister is saying in the motion is that the sum that is being used for the health service is for the health service across the board, then you can say that that last line as included in the amendment is irrelevant, but if it is that that money is only going to go to committed developments, i.e. a new surgery in Castletown, say, or a new surgery in Kirk Michael or, for example, the new hospital, I can understand it to some degree, but it does mean that the department is being tied down by Tynwald, because Tynwald will have resolved it is only for committed developments, and I would have thought we should just be saying, ‘It is for health services.’ We then rely on the minister and the

government to ensure that it is used where it is best needed within the health service overall, and that is why I would like to seek, Mr President, clarification on that issue, because I do not want to tie the minister down too tightly by a wording that may have been thought to be beneficial, trying to make a statement, but I fact is Tynwald Court, if it approves it, actually saying, 'And that is the only place you are going to be able to use this extra financial resource'? I think that is illogical, but I do look forward to the minister's clarification on what the government sees as the definition of the committed development, because if it is tying the minister down too much, I have to say I would wish to slacken that in terms of saying it is for the health service, and then the responsibility for determining where within the health service clearly falls on the minister and her department and she is answerable for those decisions. Thank you.

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

**Mr Bell:** Thank you, Mr President. I am drawn to my feet really just to comment on one or two points which have been raised and perhaps to put Treasury's involvement in this into some perspective as well.

I think it is fair to say – and I think the hon. minister, in moving this, made the point – that this is not the ideal way of raising revenues for the health service and, in an ideal world, we would not be pursuing this particular course of action. There are two things, though, that we need to bear in mind in this. First of all, whether we like it or not, the opportunity has come along because of the policy decision taken in the United Kingdom, and again, as the hon. minister has said, there will almost certainly be implications in the policies which are being developed in the United Kingdom health service which will wash back on the Isle of Man, particularly through an increase in salaries, which we will hopefully wish to match if we want to continue to recruit the quality of staff that we need for the Isle of Man health service. So, there is an indirect linkage straight off between what goes on in the United Kingdom and what we are proposing to do here. It is also fair to say, Mr President, I think, that, given its head, health could absorb every penny we generate in the budget (**A Member:** Hear, hear.) and still be coming back for more. There really is a total black hole as far as expenditure is concerned, all for the best possible reasons. We know, with the advances of science these days, of technology and just of growing demands generally on the service, that we could go on and on and on and every bit of extra revenue which is generated from within the economy will be absorbed by the health service to the detriment of every other department, so we have, at some juncture, to step back and look a bit more creatively, say, at how we can raise revenue to assist the health services at the moment.

It is also fair, I think, Mr President, to point out – and it is an issue I have raised once or twice, or tried to

highlight once or twice – that although the Isle of Man has been extremely fortunate, the economy is still buoyant, we still have full employment and things are still looking reasonably sound, the actual rate of growth on the Island is slowing down, and has slowed down quite dramatically from what it was two or three years ago, and that inevitably is going to feed through in a reduction in the rate of growth of government revenues over the next two or three years, and we cannot deny that fact. Treasury's ambition, alongside the DHSS as well, is basically threefold in this. It is recognising the circumstances which are surrounding us at the moment, both internally on the Island and externally in the United Kingdom, but our desire is essentially to improve and maintain the quality of health provision that we have in the Isle of Man – that goes without saying, I think. We also have to be very conscious – and the hon. member Mr Speaker is quite right to raise the concerns – about the self-employed. It is not only the self-employed, though; I think the Isle of Man has to be very conscious of the burden of costs which are put on employers generally on the Island over the next few years. We have to remain competitive. The Island is doing well at the moment. I think there is an awakening out on the street and a realisation that we have to go out and work for a living again and generate new business and revenue for the Isle of Man. Government can assist in that by avoiding, as far as possible, putting undue burdens on the employer at this particular time – and that is whether it is a self-employed person or a larger employer or a multinational.

I would just remind members that we have been working towards a tax strategy over the last few years and only last month committed ourselves to continue that, and that has led in recent times to fairly substantial tax reductions for employers and, indeed, the self-employed – not just incorporated business, but also the self-employed – so we have worked very hard to contain the costs on employers. If, as I hope we will be able to in three or four years' time, we are able to deliver the zero tax option, which, as I say, you all agreed to last month – or most of you – that in itself will be a major support for the employer over the time ahead. So, the relatively small increase we are talking about today will be far more than offset by the ultimate changes in the taxation structure over the next few years. I would, almost as aside, Mr President, just remind members that this tax strategy is not based simply on an exercise of reducing tax and of making the Island more competitive; it is also a necessary response to the pressures we are under from the European Union. We do not have this option of 'shall we go for it or shall we not?'; we are under severe external pressure to deliver on the code of conduct requirements, and the Island, I think, will benefit considerably by being able to do that. Whilst accepting entirely the comments which have been made by hon. members, Mr President, about the self-employed, it was something which concerned us, I have to say, at the time, and it was very much at the forefront of our

minds when we were considering the imposition and how we can structure it. I do believe that, certainly in the short term, we will be able to have balanced out the burden on that section.

The third element, though, Mr President, which we were concerned about – and I think it is a concern which has been shared by every member in this hon. chamber – is the need to avoid, as far as possible, adding any further burden on the low paid on the Island. That is a frequent comment which is made, particularly at budget time, but indeed all throughout the rest of the year: ‘How can we help the low paid? What assistance can we give them?’ I have said on many occasions, Mr President, that I believe the only way we can justify the way we are structuring the economy these days is to ensure that every single person in our community benefits from it, that it permeates right down to the bottom of the earning scale and that everybody feels included in what we have achieved. This is partially a contribution to that end, Mr President. I believe strongly that, considering the other costs which are being discussed at the moment – with waste and with sewage perhaps, the water rates going up and there is talk about local authority rents going up – if we were to add still further the cost of NI contributions as well, on that lower end of the scale, I think ultimately we are going to get a strong reaction against the whole of the strategy that we are putting together, and it is an unfair burden that we are putting upon them. The way this proposal has been constructed, Mr President, I believe – whilst everybody may not be entirely comfortable with it – gives us the best of pretty well all worlds; we remove any possible burden on the low paid, we have also assisted considerably the employers with tax reductions and we have provided a fairly substantial sum for the health services to enable them to meet their commitments.

I have to say, from a personal point of view, Mr President, that the amendment actually does not give me a great deal of problems at all; it does not say anything, actually. I would obviously defer to the hon. . minister in moving that, but it would seem to me that if those words were removed, it would not make the slightest bit of difference, because it still leaves the department the same options, only a slightly more flexible position, and I do not think there is any great disagreement between one or the other approaches to that. As the hon. . minister has said, though, we do need to recognise that the new hospital will be coming on-stream next year and, within that hospital, it is not simply a like-for-like replacement. There will be new services provided and better quality services provided, and they obviously come at a price – and a very substantial price – and unless we can find some form of alternative funding for these facilities coming on, it will mean that the extra money that the health services get this year will be entirely swallowed up by the hospital and there will be nothing left for the rest of the services, so it is something that I think we should be very conscious of. As the hon. minister

again has said, we are in negotiation at the moment on new dental contracts and new GP contracts. I am sure no-one in here would want in any way to skimp on those services. We have seen what reaction we have had already from our constituents on the dental service; the last thing we want is a similar reaction because of some restriction on GP services. These are two, you could say, continuing committed developments for the health service, but they are also taking us into a new area at the same time, so I do not think it is unreasonable to ask that this extra funding should be applied to certainly those areas, and I am sure that there are a hundred other areas the health service could find that money for as well.

The only other point I would touch on very briefly, Mr President, is – I cannot exactly remember the words the hon. member of Council, Dr Mann, used – that the figure that will go into the health services will be a net figure, net of the contributions made other government departments. That is how that is going to work. I am sure the hon. . minister will explain it; that is how the figure will be made up.

In general, Mr President, I think members, like ourselves, are slightly uncomfortable about this course of action. It is certainly not one which Treasury would encourage for the future, and I would suspect that the Minister for Health and Social Security will feel exactly the same way. It is not something we want to fall back on whenever we have got a shortfall in general government revenue, but this, I think, should be looked on as a one-off opportunity to give the health service on the Island a boost at just the time that it needs that extra boost, bearing in mind all the various circumstances around the economy at the moment, and this, we believe, is the least disruptive way of doing it. I would urge hon. members to give it their full support.

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

**Mrs Hannan:** Thank you, Eaghtyrane. Really, I just wanted to speak about the committed developments, and that is the area where the member for Ramsey has moved the amendment. I am not sure why the committed developments should cause a concern. Obviously, there are political members in the department who recognise that there are new initiatives that are needed and need to be developed within the service, as I think every member would find within their department, because that is what politicians do – they look for areas where things can be improved. So, there are political members with the minister who look at what is needed within the health service. This is not a way that I would want more money for the health service, I have to say that, but I just want to clarify that the minister did make the point that this was a high quality of healthcare for people in the Isle of Man, the issues regarding new primary care contracts – that is dental and GPs – the new Noble’s Hospital, a number of service developments will have funding

implications and they will be at risk if the proposed uplift in the allocation from national insurance contributions is not approved, simply because we are not able to get the money from anywhere else, and the opening of the new hospital, which does bring committed developments. It brings the committed developments of MRI scanners, so it will be offset to a certain extent by patients not having to travel to the UK, but I would put it to this Court that that is only small cost of running an MRI scanner. The department is also hoping to expand service provision in areas such as: orthopaedic surgery – this is an area where members are forever asking about waiting-lists and initiatives and trying to improve things for our constituents who want treatment; ENT – this is one area where we have one consultant who is under pressure from time to time, and this is an area which we want to provide a better service for our people; surgery; and ophthalmics. Care of the elderly and mental health are two issues which do require more support, because we are moving more people into the community and, with the new hospital, we would be envisaging not having people in hospital that long, or for shorter times, and therefore they would need support in the community. These are all developments that we are looking for, within the budget of the NHS trying to provide these sort of services. All I am trying to say is, Eaghtyrane, that these are issues which the minister covered in her speech, when she was proposing this as the motion, and I know that when members have asked on diabetes or whatever it is, the minister has always said, ‘There is a wish list.’ So, these are committed developments, something which political members within the department would like to see being developed as part of the new hospital or part of the service. There is obviously a lot more that we would want, but I do not think members should see that this is money that is there that members can come for because it is not something that is needed at this particular time because it is needed to go into the budget for next year. I just hope members can understand that: that it is money that is needed to provide a service under the committed schemes that we have.

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

**Mr Delaney:** Thank you. In brief, Mr President, I did congratulate the minister at the presentation, and I would also like to put on record my thanks to George Hull and his team (**Mr Houghton:** Hear, hear.) because that was a very short, to the point particular item and had clarity of purpose. I have no doubt in supporting the resolution, but I have two points on this one. One came from Mr Speaker’s input. Very recently, I have had meetings with small builders, and the Isle of Man always been very proud of the fact that most Manxmen can develop their own business and survive and, if necessary, change their business to survive in the environment. I was aware of problems

coming up, and I met some small builders and others in Ramsey recently, where I had the pleasure of meeting the member Mr Singer. I spent a very pleasant day in Ramsey, but I was concerned by the commitments now being put onto small builders by the amount of insurance policies they have to pay, for public liability and employer’s liability, which a lot of members may not be aware is a big putdown (**A Member:** Hear, hear.) on them for their future, and there is concern being shown by those people about whether they are going to be in business (**Mr Houghton:** Hear, hear). I am also aware that a lot of these insurances are committed to other sections of the employed society of the Manx people, that they themselves are competing already with the multiples and they are going to find themselves in some problems, as we witnessed in Ramsey. If you go round it – I am sure the members would agree with me – another couple of shops there are in some problems, and I would like to ask the minister if, with a colleague from the Treasury, they could look at some way of maybe supporting, as we have done in the past, even on employment legislation in the past, to be limited to the five key persons employed when it came to redundancy et cetera. I think we should do a bit more for them, the small employers, where we can, and I think it is a matter for the government, the Treasury and others to do something.

The next thing I would like to raise at this juncture is in support of the resolution. I am conscious of the committed development and, of course, the biggest committed development we have got is the hospital. During the time some of us were in support and some were not of the £44,000,000 that was taken out of the pension fund, and I am not going back over that, but it was invested to pay for the development of the hospital. I would like to ask the minister at this juncture: could she tell us now how it has been affected by the fall in the stock exchange and whether there are still adequate funds available, with the investments we have got, to finish the committed development of the hospital without any other draw on any other incomes from the Treasury or other commitments? Could she let me know that answer, please?

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

**Mr Houghton:** Thank you, Mr President. I have no problem whatsoever in supporting the National Health Service and the increased revenue that the department needs for doing that, but I attended the presentation, and it was extremely interesting and informative, but it did not alter my view as to how we wish to pass this form of taxation on to our people. I am strongly and firmly against it just being levied on employers; we are biting the hand that feeds us. In addition to that, of course, regarding those people in self-employment as well, Mr Singer made it quite clear that 80 per cent of them are the small businesses whose

margins are already being squeezed. This is biting the hand that feeds us and the Island, hon. members. I feel that an additional, if you like, half a per cent, either across the board or placed on employees rather than employers is the way forward in this particular issue.

Mr Delaney made an extremely valid point there; in addition to all the usual increases in running businesses these days, insurance premiums now are beginning to go through the roof, simply because a lot of those insurance companies are tied in with larger insurance companies which were seriously affected after 11th September. It is becoming less and less attractive now than ever before to run a business. (**Two Members:** Hear, hear.) I can tell you all that, and some of you have been involved and some of you are still involved. I am still in touch with many small businesses and basically now, with all the responsibilities across the board, small businesses are not worth running any more, and that is the serious issue that we have here. Yes, I make it quite clear that we need the money for health, but we are hammering the people who are trying to provide the much-needed employment and wealth to the Island, because if more and more of those people who generate the wealth close down in the way that they are doing – they are getting squeezed out everywhere, as we know – then we are going to have to look to somewhere else to collect the money from anyway.

When you really think about the principle of the employer's side of national insurance contributions, when it was brought in, in principle, I think that it was out of order where there was a taxation on the employer. National insurance contributions are just another, if you like, direct or indirect way of taxation; it is as simple as that and, by loading this on in this way, I feel that is very much the wrong way forward. We understand, with the situation with the Treasury's taxation strategy, that we need to look indirectly for funds all for that and, as I say, I would support the weighting being spread either across both employers and employees or just on employees rather than just hitting the employers and the self-employed. Thank you, Mr President.

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

**Mr Anderson:** Thank you, Mr President. I rise in support of this item on the order paper. There is no doubt that, in order to have the standards that the general public of the Island expects – and rightly so – our service provisions are at least the same as the levels in the UK. Our health service does have the finance to deliver to the public expectations. It is clear that Treasury are not willing – or maybe it is fairer to say they are not in the position – to allocate more revenue to the department, and I am supporting this, not because I think it is the ideal way to raise money, as the last speaker has just said, but it is in light of the present developments in changes to contracts with GPs and GPs, as the minister has already highlighted, and these things will have major financial implications

for the department in years to come. So, it is not just service developments but ensuring that our people have services that we have come to take for granted, and I am sure that everybody will agree that there are many other areas that are bound to impact on the health service budget in years to come as well. An example of this is where junior doctors are now going to be restricted in the number of hours they will be able to work and therefore, in future, many more positions will be required. This is something that is completely outside of health service control. We in the health service will require substantially more money just to maintain the current service level, therefore I have no problem with this amendment if it means that the department can allocate the extra revenue in the best way for the population, rather than restricting it to new areas. There will continue to be disappointment, in some of the public's eyes, in the things that the health service is developing, because we have had to cut our cloth to measure as well. This extra revenue will help us address some of these areas, especially the ones that have already been highlighted, but it will not be the panacea for all.

Mr President, I am one of the small employers who will suffer through this way of increasing revenue. We hear of companies paying less or no tax in the future, and therefore this will, in some way, offset their extra costs, but if, like my company, you are paying no tax and do not see that you will be paying tax for some years to come, you are going to be a net loser in this situation. But I do realise this is a very important part of the population's expectations, and sometimes we have to make sacrifices. Mr President, I am naturally not comfortable with the way this revenue is being raised, but it is essential that our health service is funded adequately, and I ask that members think very seriously of the implications of actually voting against this motion.

**The President:** Hon. member of Council, Mr Lowey.

**Mr Lowey:** Thank you, Mr President. I think, first of all, that I would like to congratulate the Court on the serious way in which it is addressing this. This is one of the big decisions that we will be taking in this session. The minister did ask us to comment so that she could listen to what the Court has to say, and I welcome that too. Can I just say that I think we have got to be real, and I think most contributors this afternoon are being realistic and dealing with the real problems.

The history of the DHSS and the demands made on it is a continuous one; as the finance minister said, I do not think there will ever be a time where we can all say that we are satisfied with the amount of money that we give to the DHSS. The department has, I think, for the last few years, overspent virtually every year on its budget – (**Mrs Christian:** No.) No? I stand corrected, minister. But if it was, let me say that I would be even more delighted to get up and propose or second the

overspend, because it is almost an impossible job we set you, in budgetary terms, to cut the cloth according to the needs. We do not know how many people are going to be sick. We do not know the extent of the sickness. We do not know the extent of the drugs, the technology or the advances. I could go on forever – all legitimate. I believe we have a service that we can be proud of; if we never have to use the health service, then we should be on our knees and saying thank you very much and be prepared to pay it. I tell the minister quite clearly that if she had come today and said that one per cent was going to be applied to the employees as well as the employers, I would have been voting for that as well. I will be quite blunt with you. I understand our political developments, tax strategy and helping the low paid, and I have been involved in all of that and I can see where the government is coming from on that. Again, there are no easy options, and if there is one thing that I have learnt over the years, it is that there is no easy option. We have got to pay for it.

I want improved primary care. The minister has mentioned the doctors and the dentists. Let us get real; we know they are about to happen and we have got to compete. As the Minister for the Treasury said, a lot of the pressures from away and this double amount of money that will be going into the health service *will* fuel wages – there are no ifs and buts about that – which will then reflect on here, and that is if we already had a really good position. I think attracting high-quality staff to the Isle of Man has been extremely difficult, and I think the department, over the years, is to be congratulated on attempting to combat our geographical position and our position within the medical world. That is real, and I think they have done a tremendous job, so I am in no difficulty at all. And I do accept that a lot of the low paid, and especially, as my hon. friend said, the small builders, are finding difficulty; I too have spoken to small builders and I know that.

I think that is a budgetary matter which can be addressed at budgetary time in the appropriate way. I am sure they will be making their representations, and it will be a matter for the Treasury to wrestle with come budget, but on this one I believe that the money will be right. I have no difficulty with the amendment if the minister finds it okay, because I am quite happy to leave it to the department to dispose of it on the priorities that they know about because they are dealing with it on a day-to-day basis. They are professionals, so I have no difficulty with that at all. In answer to the principle, I think we know that the National Health Service needs a lot of resourcing, and I believe, whatever political reason has been applied elsewhere, as the Minister for the Treasury has said, we can take this opportunity. We are dealing with it in what I would call a pragmatic way, the Isle of Man way; it is a political way. I happen to support it on this occasion, but I would tell the minister that if she had been here today saying that the employees should pay, I would have been supporting her on that as well.

**The President:** Hon. member for Garff, Mr Rodan.

**Mr Rodan:** Mr President, I have said this before and I have often wondered at how it is that the Isle of Man somehow historically manages to combine a number of contradictory aspects to the running of its economy. (*Laughter*) On the one hand we have, have had, and continue to have high levels of public spending on essential services. We have a benign taxation régime, so benign that we are now talking about headline rates of zero taxation for the business sector. We have no public borrowing whatsoever, no external debt to repay. We have no grant assistance from Europe, never mind the UK. We manage to increase reserves year on year. We have a statutory requirement to balance the books at budget time and today, I think, we are subconsciously wondering how we manage to do all that and still meet the requirement for resources going into the health service. I detect no sign whatsoever that the public is actually reducing its expectation in what it wants out of the health service or the education service or other social services; on the contrary, there is every sign that the demand is expanding not just to keep pace with the numbers game which we have heard about, but actually a requirement to improve the quality of the services. You tell me how we can achieve that without raising the money from somewhere. We all voted, nearly all of us, for the new tax régime, which I am quite certain is in the long-term interests of this Island – no question about that – but the implications in the short and medium term are that we are going to have to come up with more imaginative ways of keeping the level of spending that we all want to see for the people here at the same level – and our room for manoeuvre is so limited – without actually disturbing this careful balance that we have achieved.

So, that is the background to this debate, and I would certainly have to agree with those who would prefer that this measure is not in the context of the UK political agenda. I think we do recognise what has been said, that Chancellor Brown, for his own purposes, has chosen to put up employers' and employees' contributions as a device to fund the UK health service without obliging him to raise income tax. That is the UK political agenda. I am sure we would prefer not to be increasing the tax burden or the burden on employers or the self-employed, certainly not on the self-employed who, for years, have had the privilege of paying contributions for which they get no benefit whatsoever, or far less benefit than if they were employees. And yet there is still this obligation on them, and again here we are today and it is perceived that we are going for them. One would have thought how much worse the public reaction would have been if we had gone for employees as well but, in fact, there has been an argument advanced that it would have been more logical to have been all or nothing, to share the burden, to share the pain, and I accept that. It just shows that we are in a total no-win situation here;

whatever had been done would have attracted criticism. I think the wonder is that we have been able to actually take advantage of this particular opportunity that has come along to do anything at all, and I think the department and Treasury are to be commended for the imaginative way in which they have actually looked at this. I think we would accept, as a principle, that we should be setting our own tax rates at the level and timing of our own choosing and not someone else's – of course we should – but we also live in the real world, and so long as the demand for health services, whether it be in the west or the north or wherever across the board, is at the level that it is at, we really have very little choice in the matter, so we must support it, Mr President.

**The President:** Mr Downie, hon. member for Douglas West.

**Mr Downie:** Thank you, Mr President. As Minister for Trade and Industry, I view this as a straightforward tax on business. (**A Member:** Hear, hear.) I feel that however we dress it up, my view is that we have really no option; we have to stay in line with what is happening in the UK, because if we do not, there will be all sorts –

**Mr Delaney:** No, we do not.

**Mr Downie:** Well, my view is that we have to stay with this. If we do not, we will not have an opportunity to provide this additional funding. This money is being raised to go directly into the health services, and we have all got our markers down: we want more dental surgeries, we want more doctors. We have been told today that the working hours for doctors are to be cut considerably, and there will be no more of these housemen and registrars working for 70 and 80 hours a week; that is a thing of the past, and we have got to bite the bullet and come up with the funding for that. As the minister said in her opening remarks, there are going to be a lot of other calls on health within the next 12 to 18 months. So, I think we have to accept that it is a tax and that there are small businesses out there which are going to have to tighten the belt, but this is the route that it has been decided and suggested today that we go down.

One or two members have brought me to my feet because a couple of people alluded to the difficulties in obtaining insurance. Mr Delaney is busily engaged in a conversation there, and I am going to try –

**Mr Delaney:** I am just questioning your statement about having to do anything –

**The President:** Hon. member.

**Mr Downie:** I am going to try and advise him. It is a problem. It is not an Isle of Man problem in particular; it is a UK problem, it is nationwide. Some people, when they have applied for their employer's

liability insurance, have been quoted premiums as high as an additional 90 per cent. (**Mr Houghton:** Hear, hear.) What has happened is that we have actually taken an initiative at a local level. There have been a number of meetings set up with the Employers' Federation, people within the construction industry themselves, and we have actually set up a working group and we are talking to the major insurance companies in the Isle of Man to see if there is a way in which we can come up with a formula for an Isle of Man premium – bear in mind that we do not have steeplejacks in the Isle of Man and we do not have high-rise buildings. A lot of the problems in the UK have been caused by a lack of adherence to the health and safety codes and, in fact, in the last week in September there were eight deaths in the construction industry in the UK, so you can understand why insurance companies are very reluctant about a number of issues, but I can assure hon. members that the issue is being addressed locally and that there is a lot of dialogue going on with the construction industry themselves, particularly those who are in high-risk areas like roofers and scaffolders. It is an area that Mr Delaney takes an interest in, so I thought it would be good to advise the Court that this ongoing dialogue is taking place and we hope to be able to assist the construction industry in this quest for a more affordable type of employer's liability and other types of insurance. Thank you.

**The President:** Minister to reply.

**Mrs Christian:** Thank you, Mr President. Can I thank all hon. members for their contributions. It has been valuable, I think, both to myself and, I am sure, to the Treasury in having members express a view on this before we come forward with the legislation, because if it had not met with the Court's approval, it clearly would have created a hiatus if the forthcoming legislation did not meet with general approval, and it does at least give some indication to the community at large of what I hope will, in due course, be accepted by the hon. Court. Indeed, it will allow business to make some plans in advance of any change which the Court may, I hope, endorse when we bring the legislation forward.

It has been said that, in an ideal world, my department and the Treasury would not particularly seek to go down this route if, in fact, general revenue would allow us to deliver the same services without so doing, but we do have to live in the real world, we are pressured by external forces which drive other elements of our fiscal policy and so, at this time, in discussion with Treasury, it is felt that this is the appropriate way forward. By and large, I think members have spoken in support of the proposals, with one or two exceptions, and I value those contributions from members who have said that they would have preferred that perhaps the burden be spread over employer and employee, or indeed that it would not apply to the self employed and so on, but we will test

the general view on the overall package when it comes to the vote.

The hon. member for Ramsey, Mr Singer, has proposed an amendment to the resolution, which I am very happy to accept. I think that, if I understand his wording rightly, I am accepting it perhaps not for the reasons for which he has proposed it, but because indeed it does leave the department with the freedom to commit these funds in whichever way it considers its priorities. The hon. member was concerned, I think, that we might be spending what he would regard as money that should be devoted simply to new services from this source, and other members have asked for an explanation of what are 'committed developments'. I would thank my hon. colleague, the member for Peel, for expanding on what we would regard as committed developments; they not only include the existing services, but new services which we hope to provide by way of these additional consultants and so on that have been outlined both in my remarks and hers. It would be restrictive if all this new money had to be spent only on new developments, and here we come to definitions and concerns about definitions. Is it a new development if, in developing a new negotiated agreement with general practitioners, we need more funding and more general practitioners perhaps because of a change in terms of service? I would not describe that as a new development; I would describe it as a change in existing primary care requirements, and therefore I would not wish to be constrained to the extent that the new moneys would have to go to entirely new services, but there again we are down to semantics and what we mean by those words. I would point out, just for confirmation, that this funding will be for *revenue* purposes. Some suggestion was, I think, made by the hon. member for Ramsey that this might be used for capital purposes; I would confirm that, as far as I am aware, this is for revenue purposes only.

The other point that has been raised is whether or not our general allocation from general revenue is to be impinged upon. Indeed it will, and I think the hon. member of Council, Dr Mann, alluded to this. Perhaps our paper in the Tynwald papers does not quite clarify the issue, although I think we did clear it at the presentation. The situation is, hon. members, that the funds which are raised by this mechanism will be allocated to the department, ring-fenced for health purposes. However, we have to recognise that every other department of government will have increased expenditure on its national insurance contributions as a result of this move, which will deplete their general revenue allocation, and for that reason my understanding is that what we were hitherto going to be allocated from general revenue for our overall departmental purposes, impacting on our other divisions, is going to be reduced by the amount that the other departments need to pay their new NI levels, so that there will be a readjustment of the other sources of funding for the department. I hope that clarifies that issue. I think there may be some difficulty there; for example, the hon. member for Ayre, Mr Quine, did

believe that present commitments should be met by conventional funding. I am afraid that I think that is going to go out of the window, because I cannot see the Treasury or other departments being willing to give us the same proportion of general revenue as well as this extra NI funding as we move forward. However, ring-fencing this amount will be of benefit to the health services.

I thank hon. members for their support, including the hon. member for Michael, Mr Cannan –

**Mr Cannan:** Thank you.

**Mrs Christian:** – who has expressed concern, as we know, about primary care. I did, in my remarks, indicate that we believe that much of this funding will be needed to develop the new primary care contracts which should come into effect next year.

The hon. member for North Douglas, Mr Henderson, implied that we have kept this under wraps for some time. I will assure the hon. member that that is not the case; this is an issue that everyone wanted to get resolved at the earliest opportunity. However, I am sure the hon. member would agree that it would have been remiss of us simply to have followed the UK willy-nilly, without giving consideration as to whether or not we wish to introduce any or all of their measures into the Island. This has been brought to the hon. member's attention at the earliest opportunity, and I would, whilst the hon. member has indicated that he has not yet made up his mind, ask him to give serious consideration to supporting this proposal, because the alternative is that the funding available for health delivery will be much reduced. There is not an alternative source from general revenue this year, and I would ask him, as a former healthcare worker, to support the department in its endeavours to provide good healthcare services in the Island. (*Interjections*)

**Mr Henderson:** That does not cut any mustard, minister. (*Interjection by Mr Downie*)

**Mrs Christian:** The hon. member Mr Speaker, along with one or two other members, has expressed a concern about the self-employed. I do not intend to respond to the issue of the general pressures on the self-employed with regard to insurance premiums and so on; the hon. Minister for Trade and Industry has responded to that particular issue. I understand that the self-employed may be under pressure, but I would respond to the question as to whether or not it is necessary or fair to charge the self-employed in this way by saying that, notwithstanding the remarks of the hon. Mr Speaker, the self-employed do get a better deal from the national insurance fund, within the benefits that they receive from it, than the employed (**Mr Karran:** Hear, hear.) – that is a fact. The basic contribution for the self-employed is £2 a week and, of course, they have to top up on the basis of their profits, and whichever way you analyse that, that is a better

deal in terms of the benefits they receive than those employed people receive from the national insurance fund. One of the reasons why it has been applied to the self-employed as well as to employers is so that every person who is going to benefit from the national insurance fund is being asked to make a contribution through this mechanism in the same way, so that a self-employed person benefits from the fund and an employed person benefits from the fund. The difference is that the self-employed have to make their own contribution, whilst the employed have their employers to do it on their behalf.

The hon. member also referred to part of this going to the NHS. Can I make it quite clear that, in terms of these extras on top of the normal percentages of NI contribution, they are *all* going to the NHS but, within the ordinary NI contributions, we will still have the transfer of an element of NI funding to the National Health Service, as has always been the case.

The hon. member Mr Delaney asked if I could comment on the estates fund for the new hospital to see whether I could give him any figures on that. I currently do not have the up-to-date figures, but in the last figures I looked at, the estates fund was, I believe, not hit quite as hard as some of the other investments of government –

**Mr Delaney:** But it was hit?

**Mrs Christian:** Well, every fund in the world, I would suggest, unless you are a very fortunate and minority investor, has been hit in the current climate. However, what we have to remember is that the fund there is to support the loan charges on the new hospital, and therefore it is invested over a period of time and, as has been said by the hon. Treasury minister, we would hope and expect that, over the longer term, these funds will be restored to a position where they can meet the commitments for which they were first invested.

The hon. Treasury minister has referred to the fact that health would swallow up everything it was given. Indeed, I think our people's demands for healthcare are voracious and we would swallow up every resource we were given if we had that opportunity. Even with this funding, we are not going to be able to deliver everything that we would hope to deliver, and we recognise that, within the economics of the Island, we have to phase in new developments. At the same time, we need resources to keep up with the existing service delivery, both in terms of the changing terms and conditions, as alluded to by my hon. colleague, Mr Anderson, and the competitive situation we have to seek to maintain in terms of pay and salaries. We have a differential at the moment, and I have no doubt at all that we will have to seek to maintain our competitiveness if the picture on salaries in the United Kingdom changes.

I thank the hon. member for Garff for the very positive picture he has painted. He has also illustrated that this is not the ideal mechanism for raising funds

for the health service but, in a real-world situation, it seems to me to be a reasonable approach. We are, as he says, in a no-win situation with determining whether it should apply to employers or employees, but the situation which would be even worse than a no-win situation would be if we did nothing at all. I do recognise the concerns of business, but I would say this: if we can, through the provision of extra resource for healthcare, effectively reduce our waiting times – and that is one of our committed developments – then we will be getting workers back into the workplace more quickly, and that can only help business. I thank hon. members for their valuable contributions and beg to move the resolution standing in my name.

**The President:** Hon. members, the motion I put to you is printed at 9 on the order paper, and to that we have the amendment circulated on a white paper in the name of the hon. member for Ramsey, Mr Singer, which, in effect, deletes the last line from the motion printed on your order paper. Those in favour of the amendment please say aye; against, no. The ayes have it. The ayes have it.

I put therefore the motion, hon. members, as amended. Those in favour please say aye; against, no. The ayes have it. The ayes have it.

Hon. members, I think it is an appropriate time at which to take a break. We will resume our deliberations at twenty-five past five by the Court clock, dealing with item 10.

*The Court adjourned at 5.04 p.m. and resumed its sitting at 5.25 p.m.*

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### **Prison Redevelopment Programme – Expenditure Approved**

Resumption of debate on the following motion moved by Mr Braidwood at the October 2002 sitting:

*That Tynwald approves the expenditure of a sum not exceeding £1,695,000 for design fees (pre-contract) in respect of the proposed scheme to develop a new prison on the preferred site at Jurby.*

**The President:** Hon. members, we continue, then, with the prison redevelopment item on our order paper, and I call on the Minister for Home Affairs.

**Mr Braidwood:** Thank you, Mr President. I did not expect to speak, because actually, when I moved the motion at the last sitting –

**The President:** Quite right, sir. That was me. You may be forgiven, sir, and may sit down again. (*Laughter and Interjections*) Can I remind myself, hon. members, if I may remind myself and the hon. Court, that there are members who have spoken: the hon. member for Douglas North, Mr Houghton,

both seconded it and did not reserve his remarks and continued to speak, and the hon. member Mr Quayle and the hon. member Mr Earnshaw have also spoken to the debate. hon. member for Peel.

**Mrs Hannan:** Thank you, Eaghtyrane. Can I say at the outset that I support a new prison. I think it is long overdue, and I think it is something that we need. We do need to provide decent living accommodation for our prisoners. In fact, I think it is essential that we provide decent living accommodation for our prisoners. I believe that, in the interests of offending, we should have rehabilitation. I think we should bring in a lot more adventurous penalties, and I think that that is not just something that we can do in this hon. Court but in other places as well. I think it is important for prisoners that there is also less crime on release, fewer victims and less recidivism if we do something with prisoners while they are in prison. I also believe that prison conditions for staff must be improved. They should not have to put up with the sort of conditions that are in Victoria Road and have been there for very many years.

But we should not presume that we must lock up all offenders; community sentencing – this is where I was talking about adventurous penalties – looking at other things, weekend prison, tagging, mediation, reparation and relational justice, all must play an important part in sentencing offenders. In the request for more information – and I was not able to get to the briefing, but I have got the briefing papers – and in the request for this money, where is the in-depth consideration of a penal sentencing régime? Where are the future sentencing structures? We have heard recently, in October, with the government plan, that now things are going to change, and I do not really know, and I do not know whether members of the Council of Ministers or even other members know, of the future sentencing structures within this new establishment that is being suggested. So what is government's policy on sentencing, or even the Department of Home Affairs'? What will happen in the prisons? We have not had the thoughts on this; mainly the information that we have been given, Eaghtyrane, is about developing the bricks and the mortar. There is a little bit in, which I shall come to later, about providing facilities and occupation but, as far as I can see, there is nothing in there with regard to prison. It is just carrying on as we have in the past.

This prison should not be seen as solving the problem for today; this could be the prison for the next possibly 100 years. All the same, the document provided was more for Jurby and more for the Jurby public, I believe, than it was for members of Tynwald. I believe this document was to sell Jurby to the people of Jurby, for the prison site, not, I might add, to provide the insight into the needs of penal reform and the requirements for the next 20, 50 or even 100 years. I am not suggesting we do not need a prison, but I do not know what size this prison is going to be or the number of prisoners. I do know, by the documents that

have been provided, that there are going to be seven fewer staff than Ballafletcher. All we are told is 'That there will be significant increase in funds required to operate the new prison, established at whichever site is the preferred option.' We do not know how much is 'significant'. And surely, by the government planning, that should have been made quite clear to us when this motion was being moved. I also believe, Eaghtyrane, that the running cost of this must be known, because we are looking at seven fewer prison officers than Ballafletcher. So there must be some idea of the overall cost of running a prison. We have got the prison now; what is going to be provided in the future? We have also been provided today with what looks like a planning option, with sites and –

**Mr Braidwood:** That was the exhibition.

**Mrs Hannan:** Well, I am just saying that it looks as if it is a planning document, because it is actually addressed on the front of it to the Director of Planning and Building Control, Department of Local Government and the Environment, which we were provided with today.

I would also put it to this hon. Court that locking offenders up together will, I suggest, be deemed, in the near future, not to be in society's best interests – and in the longterm. We have young people, mainly young people, all gathered together. There is bullying and drugs. The minister might say there are going to be no drugs getting into this prison in the future, but that has not been told to us. They are getting in now; we know that they are. There are these issues which I believe need addressing, and they also come out worse than they went in. But these are all sorts of issues which I believe we should be addressing here and now, not to hold this up, but to make sure that what we are doing in the future is in the best interests of society in general and prisoners rehabilitating and in the future having less victims because we have actually worked with these people while they have been inside. However, the document circulated – this is the document from the chief executive, written, I might add, a fortnight after Tynwald had asked for further information – stated 'That the funds required to operate the prison are also to establish a régime whereby it would be in a position to offer prisoners full employment facilities, which will have an impact on the prison wage bill, consumable materials for training courses/workshops, equipment for vocational training courses et cetera. If we have got to wait for a new prison, why can we not do some of these things now without having to wait for a new prison? Put the same amount of effort in now. It really does concern me that all these initiatives will have a major impact on the prison and our custodial requirements, but there is a lot that we could be doing in the meantime, and we are not doing it. We should be doing this already and the costs should be spelt out to us now, Eaghtyrane, and I believe the cost of not doing it is a detriment to our society.'

I am concerned that we are being led by the prison business, and when I say 'business', I mean the people who are interested in having a large project set out, the project team who will, in the documentation, make money out of it, advisers to the prison, to developing a prison, not actually the penal system and that sort of area. We also have the existing prison itself; obviously it wants new accommodation – and who does not want new accommodation for them? – but it is not just the prison, I believe, that we should be looking at. We should be looking at the whole of the sentencing régime, the probation and all of the other aspects, taking people in their valuable leisure time and doing something constructive with them. These are all sorts of initiatives which I believe we should be looking at. I am not sure who it was who mentioned the other day using prisoners for Grouldle Glen. Why not? Why not use them? Put them to some use. I have a constituent who has a family member in and while the person she knows who is in does get up during the day and try to do constructive things to keep active, other prisoners, I am told, virtually stay in their beds all day because there is nothing to do. That is not the way that we should be treating people who we have put into prison; we should be working with them and trying to get an improvement.

What we are being sold by this, Eaghtyrane, is the biggest, grandest prison possible because it makes the public feel safe and politicians that they have provided something that is in line with 'human rights'. If we are locking people up, we should be giving them some dignity and, by doing some of the initiatives suggested in this document, such as working with them and providing employment facilities, training courses, workshops and vocational training courses, then I believe that we will be treating these people within human rights briefs without necessarily getting into a grandiose prison. To spend this sort of money, I believe that we should be building a prison in the right place and we should be providing services that will be good and do good, but this is not so. It seems that the Department of Home Affairs is hanging its hat on this video link. With video link, Jurby is given a new lease of life, and that seems to me to be the only area, other than that the land is in government ownership. Why wasn't other land around Douglas, Onchan, even the Peel area, not looked at? I would, in actual fact, prefer the prison to be in Peel rather than Jurby. It is easier access, except, you might say, from Laxey; I think Laxey is one of the places which takes longest to get to from the Peel area. But Jurby is being given to us as an offer that we cannot refuse, and I think it is the wrong offer, for maybe the right reasons, but the wrong offer. We are looking at the prison that we are to develop, which I believe could be developed anywhere, and we are given this as the one-off option. 'In fact, the journey time is generally less than 30 to 40 minutes' – this is in the chief executive's document from Home Affairs. In a Mercedes-Benz convertible, I would suggest that maybe that is the case –

**Mr Singer:** Prison van?

**Mrs Hannan:** – but what about public transport? From this document, supplied only to us this morning, it has not even been considered. 'Specific benefits which the new prison will bring include opportunities to improve public transport (there will need to be further discussions with operators).' So, we do not know how or when or where the public transport will come from. Will it come from Ramsey, so everybody who travels to the prison has to travel to Ramsey first and then out to Jurby? Will it go over the tops, when maybe you might get there in 50 minutes? But I am concerned that we are proposing that there should be a prison and we are proposing that there should be more talks on public transport. What is the cost per journey? If it is the public transport system that is going to provide the transport for visiting – not necessarily for staff, but for visitors – why has this not been looked at and formed part of the document supplied to us? Government planning has been offered to us as the be-all and end-all to the future of governing, overall and the Isle of Man in particular. Why not with the prison? Public transport is important in enabling families and friends to keep in touch and visit while the offender is serving the sentence. Many families and friends do not have cars. Even when they do and there is visiting every week, as is proposed for the new prison, people will either not visit because of the distances, and therefore relationships will break down, or if they do, the long bus journey will be most dispiriting for all, including any children. Visits and contacts and support by family and friends are an important part of rehabilitation and improving the chances of an offender resettling in the community. A breakdown in relationships could mean the chance of reoffending increases; for that reason alone, I shall vote against this motion. We must not penalise the families for their sons', daughters', husbands', wives', mothers', fathers' et cetera offending behaviour. Nothing said by the minister, in his moving this motion, the Chief Minister or the chief executive even remotely covers this point of concern. I have constituents, as I have said, with relatives in prison. From time to time, they tell me they even, when visiting in Douglas, have not an easy time and how much harder it would be at Jurby.

And what about the prisoners going to court? Not even mentioned. Are they never going to leave the prison once incarcerated, be given work within the prison or trained et cetera? Is the court appearance a thing of the past? I accept that we have got video links proposed and in the document it says everybody is happy with it. Well, video links are planned – they are not actually up and running yet – but it will not be a substitute for a court appearance. And how will these prisoners be carried this 30 to 40 minutes? I would hope in a vehicle reasonably suitable for that distance and in line with human rights.

**Mr Henderson:** A nice tanker.

**Mrs Hannan:** A new vehicle must be purchased in line with safety and respect et cetera, as stated by the Chief Inspector of Prisons in the chief executive's report on page 5 of the document. We may not respect offenders – and sometimes they do not deserve our respect – but, in a civilised society, they deserve some consideration by the decision-makers.

Wherever the new prison is built, I hope that it will be part of sustainable development, and lo and behold today I got a document from the Department of Local Government and the Environment which states – and I do not think it really means this – ‘Sustainable development means development that meets the needs of the present without compromising the ability of future generations to meet their own needs.’ I think that is in saving the environment, not in developing it, but within that sustainable development that is talked about, I would suggest, Eaghtyrane, that this prison should be build facing south to get the full use of the sun, should be insulated, should have solar panels so that the requirement is for little heating, and should be properly ventilated in line with sustainability, as mentioned in 1.5 of the Taylor Young report of April 2002. However, sustainability in development does relate to the environment, and I do not see how you can have sustainable development on one hand and protect the environment on the other.

In this document, very little is said about the cost of resettlement of staff, or should I say moving staff from Douglas to Jurby. I think there is a little bit mentioned about it, but we do not know for how long they will be moved. I do know that when staff move from one workplace to another, they are compensated, and that could be for two or three years. This has not been spelt out as part of the running costs of the prison at Jurby, and I wonder why not. Maybe the minister will say we have not had discussions yet, but I would have thought that if –

**Mr Braidwood:** Yes, we have. I will tell you after.

**Mrs Hannan:** You see, this is the problem, Eaghtyrane. Last time we got so little, and now everything can suddenly be answered. This should have been with the documentation that we got – well, we did not get it, but we got it. We should have had it in the first place. But we should have had the running costs, and the cost of removing should also have been included in the costs, which it was not.

Within this document, in relation to electricity requirements, we do not know how much more electricity is required. Presumably the minister will tell us when he is winding up. It says, ‘The elements affecting the costs for the scheme were considered in detail in the Taylor Young final report, May 2002, and generally relate to differentials for the provision of site infrastructure, for example electricity and foul drainage connections, and also to the additional costs which will be incurred in connection with the scheme's fire-fighting strategy.’ And in the other document, we

are looking at having a new fire station or some such nature at Jurby. I am sorry, but I think it is in this document. The minister is pulling his face, but it does say in this document about increased fire requirements for Jurby. I know there is a proposed sprinkler system, Eaghtyrane, within this, but even with that I think that a fire station would need to be nearby, taking into account the sprinkler system. They did not have one in a detention site in the UK, but fire personnel will be required to evacuate prisoners in the event of a fire, and this has not been spelt out within this document. Maybe the minister could tell us about the electricity requirements on the site and about the upgrading of the roads, because in the documentation put forward with the April 2002 Taylor Young report, it mentions upgrading roads, and I wondered what the cost of that will be. Could he also explain where the water will come from in relation to the use of the prison for a start off? Also, for a sprinkler system to work, there has to be water. Is it held on-site as part of the development? Is it just mains water and where does the mains water come from? Where do the fire personnel come from?

The other issue which has not been spelt out by the minister is that we are actually looking at another £1 million for the contract. We are being asked today to support £1.7 million on the design contract. We are told in this document – and I think it is a bit disingenuous to say – ‘Due to the anticipated level of capital funds involved in building the new prison, it has been acknowledged by Treasury, when giving concurrence to the Tynwald motion, that the total level of fees required for the design phase (pre-contract) would actually be £2.7 million. Obviously, this will require the minister to return to Tynwald for approval for the additional £1 million at a future date.’ The Minister for Local Government and the Environment told us before that, when developing Archallagan, she would have to live within the funds that were given to her by Treasury, and presumably the prison falls outside that. But this is a motion of £1.7 million when, in actual fact, we are being told that, ‘Oh, obviously this will require the minister to return to Tynwald for approval for the additional £1 million at a future date.’ Should we be approving this today when we are told that, once we have supported £1.7 million, we will then have to support £1 million to continue to satisfy the design fees pre-contract? I do not know who is leading who here, but I always thought that government came forward to Tynwald, to the parliament, for approval and everything was approved, and I think this is disingenuous to say that for £1.7 million we can do some of the work, but the rest of it is going to cost a million and we have to come back. *(Interjection by Mr Karran)*

So, Eaghtyrane, shall we look at the prison? There is very little going for it in these documents that we have had put before us today. What is here is a document to support Jurby. It is a document which says, ‘This is the prison. Here is Jurby and it is government-owned and we have got video links’, and then we start going into why it should be Jurby: for

economic development; only 30 to 40 minutes from the courts; access to – this is something that Jurby ought to take note of – a sports hall will be considered as the design progresses – there is no guarantee there that Jurby is going to get access to the sports hall; access to potentially shared new facilities – there is no guarantee that Jurby is going to get into these shared facilities; regeneration of Jurby – this is going to be the catalyst; although more expensive than other sites, will provide infrastructure benefits to the community in the longer term. This is not about the prison; this is about Jurby. Balancing ponds would probably not be required – not ‘not be required’, but ‘probably not be required’. Community facilities, possibly in the visitors’ centre, DHSS. Community facilities, possibly a play group et cetera, but only possibly. This is being sold for Jurby. The motion is about Jurby; it is not about a prison. It is most disappointing. It is the department for Jurby, not the Department for Home Affairs or prisons, prisoners’ welfare or human rights et cetera. Video will not be private; you cannot tell me that the video connection will be private. It will not.

**Mr Braidwood:** It is.

**Mrs Hannan:** So it will not satisfy human rights, which state that the prisoners should have access to their advocates whenever they want, not by a video link, which can be accessed by prisoners or the police.

Government land – why no other land? Other departments of government have to go out and look for land or properties or whatever to fulfil their needs – why not this particular department? To make sure that we have a prison that is sustainable, that people can get to, especially families, so that they can keep in touch, why encroach on the airfield? I would like to know from the minister if the prison van has done a run and how long it takes for the prison van to do a run.

**A Member:** It has done a runner!

**Mr Braidwood:** We are getting a new one.

**Mrs Hannan:** And what is the route? I do not care whether you are getting a new one or not.

**Mr Braidwood:** You said we are getting it.

**Mrs Hannan:** You *should* get a new one, but you have an existing meat van, and I am asking how long it takes, Eaghtyrane, to get from the prison to Jurby. The minister should know. That is what is being proposed and the route which it will take, not the route that it takes every time, because I would not want to give the impression that it would take the same route each time. I would also like to know about families visiting.

I think that if we are going to spend this sort of money – and we are looking at quite a considerable sum, even in the budget of £27 million, and by the time we get to develop it, it will cost more than that – maybe the minister can tell us roughly – I am not

holding him to it – if he is going to stick to the £27 million. That is what I would like to know from this, because I believe members should have some idea. The Minister for Local Government and the Environment has told us today, that for her waste disposal, she has to stick within that particular sum. The Minister for Home Affairs should be able to explain to us today whether that same amount is within the budget that he has got.

**Mr Earnshaw:** Yes. How much?

**Mrs Hannan:** The other thing that I think that I would like to know, because I think it is important, is about the recreational activities that are there to keep prisoners active within a prison environment. We do want prisoners who will be kept active so that there are not bullying, drugs and those sorts of things which happen in prison.

I remain extremely unhappy about this motion. I will be voting against it, Eaghtyrane. I believe we have not had the information that we should have had to progress something in the region of £2.7 million. Because that is what we have been told: if you support this, you are supporting another £1 million, because the minister is expected just to come back and it be nodded through. You have already had £1.7 million; we need £2.7 million to complete the design. We have not been given the information from start to finish. We have been expected just to nod this through, and I think it is unacceptable when we are looking at a new prison for the next 50 or 100 years. We have not even been told whether the sentencing is going to change in the future and whether this size of prison can cope with the sort of sentencing policy that the Department of Home Affairs supports at the moment. I hope other members will vote against, with me, in giving the message to the Department of Home Affairs and to the government that it is not something that we should be led into without knowing the full facts. Thank you, Eaghtyrane.

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

**Mr Gill:** Thank you, Eaghtyrane. Of course I am rising to support this motion, not least because I am a Department of Home Affairs member, but also because of my professional background and the concerns that the hon. member for Peel has just eloquently alluded to for the families, the inmates and the staff. That is not to say that I accept her comments, but if I could come onto that. I also support it because I have been party to the assessment process that was initiated by the new minister, Mr Braidwood, and I applaud him for that. I am also conscious of HM Inspector of Prisons’ views on the current facilities and the damning comments laid against them that it will only be a matter of time, unless we grasp the nettle and actually progress a custodian facility, before we will be attracting again, as sure as sure can be. I also suggest that, for what it is

worth, I have a unique position in this Court, in that I have previously worked on a regular basis in Victoria Road prison and experienced the conditions that the staff, visitors and inmates all have to endure. Frankly, they are a disgrace, and I doubt if anybody in this Court would doubt that. (**Mr Karran:** Hear, hear.) So, I am sure that we all agree that the current situation is untenable, and frankly, it attracts some very unwelcome but justified criticisms from the international forum.

I am sure we mostly – probably not all, but mostly – agree that a prison is more than a lock-up-and-release facility. It should be much more than that, and that certainly is one of the intentions of the Department of Home Affairs. Custody is one option in a sentencing tariff, and I of course support it, as a former probation officer, as you would expect me to, perhaps, but I certainly support the comments made by the hon. member for Peel. She has quite properly mentioned that there are policy issues that need to be progressed and determined, but frankly, if we wait for them to be in place before we progress the custodial facility, we will have a long, cold wait, and I doubt that anybody would argue with that. We are here today in 2002 and we still do not have a comprehensive modern penal policy, and I do not doubt that if we wait for that before we actually incorporate a custodial facility, then we will be going down a very bumpy and long road that will lead nowhere fast. So, I think, Eaghtyrane, that the issue in question is a new prison; yes, I think most people would agree that we do need to progress a new prison to meet our international obligations.

The issue that the previous speaker has gone on at some length about is primarily location, and Jurby has scored highest in an independent assessment. Not everybody will be convinced by that – in fact, many, I suspect, do not want to be convinced – but, as I have said, none of the arguments against location that we have heard, video conferencing. . . And frankly if the hon. member sincerely thinks that video conferencing is not secure and is not appropriate, how would she square that with the British Law Society, who are quite happy for those facilities to be in operation in the UK prisons? We have seen from our visits there, and I know from my own experience, not only how successful they are, but how popular they are, I should say, with inmates, who find they are a lot less disruptive to their daily prison routine and therefore they are very much welcomed. So I, frankly, would look for some evidence to support the assertion that video conferencing is anything less than secure (**Mr Houghton:** Hear, hear.) and in full fulfilment of the obligations that the law and the Law Society would place upon it.

The other things we have heard about are public transport, dispirited relatives, professional visits, the types of vehicle that would be necessary to transport prisoners, staff relocation, fire cover loading and the utility infrastructure. I have to say that, from my albeit limited experience in the UK, none of the issues that have been raised, in the manner they have been raised,

would actually attract very great merit or, in fact, support if they were raised in the UK in relation to a prison. I am not saying that we should follow the UK, but at the end of the day we have associated ourselves through HMIP with Britain and if we are going to progress that relationship I think that we could actually, on the basis of consideration of the UK, translocate them to the Isle of Man, and frankly they would have very, very little merit, certainly on the basis that I have heard today.

I disagree with the hon. member for Peel when she said that we should not respect some offenders. That was her comment: ‘We should not respect some offenders.’ I believe that we should. We do not have to like, accept or condone their offending behaviour – and I am sure none of us would accept that – but we do have to treat all prisoners, despite their offences and despite their nature, with respect. This is really one of the underlying principles of the new custodial facility, and I am sure that my minister, Mr Braidwood, would want to speak to that in his conclusions, but part of this respect requires us to provide a rehabilitative custodial facility which brings the Isle of Man into a new millennium. That is where we are at the moment: we have an embarrassing working museum, and frankly, it is a disgrace that we are in the current situation. Something has to be done, and something should be done sooner rather than later. I know some members will support me when I say that, and I also know that some members will not be swayed to support such a facility at Jurby. They will support the facility, but they will not support Jurby. We have heard this today and no doubt will continue to hear it, and that is fine; that is the purpose of this place, and I accept that, but I think that hon. members have been at this juncture before, before I had the privilege to join the House of Keys, and I know it has been very lively and extremely difficult for previous members of Home Affairs when they felt frustrated and let down by some of the votes that have gone against them.

So I would just conclude, Eaghtyrane, by saying that if we vote for this expenditure, we, that is the Department of Home Affairs – not the ‘Department of Jurby’, as we are dismissed by the previous speaker, but the Department of Home Affairs – can get on with progressing a necessary facility that we would all accept is well overdue. If we do not vote for it, then the people who will suffer most are those who we have heard claimed are the ones that we are meant to represent: inmates, their families and the staff. They will be the ones who suffer. Of course, we will also suffer politically, because we will be maintaining a system which we all accept is inappropriate, but that is a matter for hon. members. They can either decide that Jurby is the best option, as independently assessed, or they cannot. If they do not, they accept that responsibility. So, if I could conclude, Eaghtyrane, by urging hon. members to grasp the nettle of this matter and vote for this expenditure and progress a modern, cost-effective, custodial facility. Thank you, Eaghtyrane.

**A Member:** Hear, hear.

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

**Mr Anderson:** Thank you, Mr President. Although I missed the presentation to hon. members a couple of weeks ago, I did take the opportunity to go down to Jurby to the department's display on a wet and windy evening, with the only ray of sunshine being the hon. member for the area's presence. (**Several Members:** Hear, hear.) (*Laughter and interjections*) He naturally wanted to regenerate the area, and for good reasons, for the good of his constituents, and that is only natural, but, Mr President, I do still have major reservations, having visited the department's display and despite the reassurances that video conferencing is the answer to all transport problems. We have not heard about the proposals on enhancing the public transport system to Jurby, and I would look forward to the Hon. minister, in his reply, saying not what possibly *will* happen, but what will happen if Jurby is selected as the site. I think maybe the minister could also confirm if any of the extra costs for staff are available for the difference in them travelling to their place of work (a) in the short term and (b) in the longer term. Is there a cost implication there?

At the presentation, it was unfortunate that although the prison governor was present, he went on at great length to explain the benefits of relocating a prison to Jurby from Douglas because it was two degrees warmer. I think that the wind-chill factor at Jurby will more than compensate for this, and I also note, in the recommendations that we received, that planting of shelter belts is planned, so this acknowledges the fact that there is a problem with the elements in Jurby, despite it being two degrees warmer.

I would like it also if the minister could explain to us if he is still within the proposed budget in this year's Pink Book. The budgeting figure indicates the new prison is going to cost £28 million, and I would like to know if that figure is still sufficient.

There has been no evidence to show that the clients are happy with the location. There were no clients available when I went down to Jurby, maybe for good reasons, but it is a very important fact that they are the people who will hopefully still be getting visitors, and it would be good to know what they think of the relocation to Jurby. The transport system in the Isle of Man is designed on the population centre of Douglas and Onchan; it is not designed on Jurby. As the hon. member for Peel has pointed out, for people actually to get there by public transport – and we must realise that quite a few of these clients' families do not have their own transport – there will be major implications in trying to reach such a difficult place to get to by public transport. So, I do look forward to the Hon. minister being able to put my mind at rest over that.

I am sad to hear the argument that we do need a new prison and that actually, by voting against Jurby, you are not supporting a new prison. I would not go along with that at all. I realise we do need a new prison. I have got no problem with the prison itself as it was presented at Jurby. I think it is up to modern-day standards, and we have to accept that, but my problem is the location, and I do look forward to the Hon. minister being able to give me some reassurances on the points I have made.

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

**Mr Singer:** Thank you, Mr President. I think that, in what was a long and passionate speech, the member for Peel made some very relevant points. I look at it more, though, from, I should say, a practical view, and I do apologise to the minister that I was not able to attend the presentation. But we are told that we have to push this proposal through due to the conditions at Victoria Road. I think we all accept the fact that the conditions at Victoria Road are unacceptable in this day and age, but we could have had a prison half built already (**Mr Houghton:** Hear, hear.) if the Council of Ministers had not backed down from the original position of supporting the prison at Ballafletcher. We here did not get a chance to vote for it or against it. If we had voted for it, then the criticism that we are told now comes from outside would have disappeared because, as I say, the prison could well have been half built.

But suddenly – (*Interjection*) Are you agreeing with me? (**A Member:** No.) Oh, I am sorry. (*Laughter*)

**Mr Henderson:** No chance of that. (*Laughter*)

**Mr Singer:** But suddenly, Mr President, Jurby appeared to me, appeared like magic, matching all the criteria. In fact, I believe the site was chosen, as was the animal disposal pit, and the criteria decided to match the chosen site. It is nice, flat land; it is what my colleague might say would be a blot on the landscape. (*Laughter*) (**Mr Henderson:** Hear, hear.) One thing that it will have is room for expansion, if that is the idea as well, but government promised real long-term investment for Jurby, and that was promised when we had the discussion on this animal disposal site. Government said real long-term investment for Jurby. With this proposal, as far as I can see, the newsagents may sell a few more newspapers and cigarettes, but it is not a long-term development, as far as I am concerned, for the good of the people of Jurby. We have got a list here in this paper circulated: 'Regeneration benefits for Jurby'. It says it will bring an immediate boost to the local economy; I think it will be a very limited benefit to the residents. 'New local job opportunities' – but how many people want to work in and around a prison? 'New footways and lighting' – well, I do not think prisoners go out for a

walk, and these are only going to be around the actual prison itself, I should imagine. The benefits for Jurby should come from planned housing and expanding economic development, providing good and real jobs for the people.

The present proposal is nowhere near the courts. It is nowhere near the areas from which it takes the majority of its customers. The general expansion of public transport, as far as I am concerned, is pie in the sky. It will end up with a prison bus coming from Douglas or from further afield, travelling through the Island with the families, and that bus will be identified as the prisoners' families going to Jurby as it passes through the Island. Video conferencing is not all it is made out to be, and whatever we hear about the advocates in the United Kingdom, our local advocates have expressed doubts as to its effectiveness. So, the advocates will still travel to Jurby at £300 an hour. What is that going to do to our legal aid budget?

**A Member:** They only go to Victoria Road twice a week.

**Mr Singer:** They will still travel up to Jurby at £300 an hour.

This proposal will destroy the alternative airport facility permanently. It is needed that we may need to expand the runway at Ronaldsway into the sea at a cost of millions of pounds, and yet at no time, if something goes wrong at Ronaldsway, will we have any alternative. And we are also going to destroy and eliminate a large area for recreational facilities for the future.

The right site, of course, Mr President, was Meary Veg, (**Mr Henderson:** Hear, hear.) but then, as previously considered, Ballafletcher. I do not believe Jurby is the best site for the prisoners, for the prison officers, for the prisoners' families, for the police or for the advocates. I think that we can find a site which is much more suitable. I know it is getting late to do so, because we have prevaricated for so long within this Court, but that does not mean that we go and put the prison in a site that is not the right site. Thank you, Mr President.

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

**Mr Karran:** Eaghtyrane, I feel today that unfortunately we have once again, even allowing for the excellent input from the likes of the member for Ramsey and the member for Peel, been put into the position of the bum's rush, which we have taken to become an art form of the way our system works now within the Court. The hon. member for Peel is quite right: what we are being reduced to are nodding dogs.

But the problem is the humanity side of it, and whilst the member for Rushen is expressing the concerns that we all have that, quite frankly, even the most right-wing, opportune member of this hon. Court who would pander to prejudice against prison rights – I

am not talking about the hon. member for North Douglas, (*Laughter and interjections*) we are talking about other members within this hon. Court – would have to find it hard to justify if not the prisoners having to live in these conditions at the present time, then the prison staff. That is where even the most harsh, hardest member in this hon. Court would have to agree with the hon. member for Rushen as far as that is concerned.

The tragedy I see is the fact that we did not do a penal review that some of us pleaded for years ago. When we have the absurdity of having people who actually end up in jail for not filling out a census form or for firing a water pistol – and all right, there are always two sides to a story – it does concern me whether we have got it right as far as our penal policy is concerned. What we should not have is a situation where it is a first resort instead of it being a last resort, because that should be the way that we should be working as far as the prison population is concerned, and I am afraid that is not the way at the present time. There seems to be the consistency of schizophrenia in the way prison sentences are handed out within this Island. I understand the importance of the separation of power between the executive, the parliament and the judiciary, and I obviously cannot argue that point because it is not my function, as a member of this hon. Court, to argue over the issue of judgments, only over the law of the Island.

What does concern me is that here today we are put into a corner, as decent human beings, that if we do not vote for this, even though we have got little or no knowledge about it, we are throwing people to having to live in squalor. All right, with some people we can have the Dutch auction of 'I would hang them twice' and 'I will have them quartered three times', and we have seen that nonsense in the 17 years that I have been a member of this hon. Court; I just put a plea in, and maybe we have got to do something more fundamental in this debate today, and that is our whole system of how parliament holds the executive to account. We lost a golden opportunity over penal review as far as that is concerned. That should have been done before any foundation stones were being laid for a prison, but we have no choice now, because we are in a corner. We have no choice; we have got to see rip-off taxpayer, here you come.

I must say, Eaghtyrane, that I was disappointed before lunch because I did think, with it being broadcast, that we would be better leaving Question Time behind us in the morning, but the point was that I am disappointed that we did not get the replies that I did ask you for to my questions of this morning that could have quite easily circulated this afternoon in order that we could get some clarity on that situation, and I do find it rather annoying that members . . . I admit my workload for the executive has never been lighter in all the years that I have been a member of this Court, but my workload as a member of parliament is and more pressing than it has ever been in 17 years, so this idea that you cannot get to a

presentation. . . The information should be in this Court for members to be able to fully digest for the issue to be debated.

There were some issues that I would have liked the minister to maybe, in his reply, tell us about. Can he please give us a much more detailed breakdown of the £1.69 million associated with the pre-contract design fees for the new prison proposed for the site at Jurby airfield? Who exactly is being paid, and what amounts are being paid, and what was the process of the work being awarded? I hope that the hon. member will reply to us as far as that is concerned when he comes back in his reply, and I would just like to remind some members that if some members had not managed to find that the cat was out of the bag, we would not have known in this hon. Court that they had underestimated on professional fees, and I think that is really the wrong way of doing things as far as that is concerned.

Similarly, can the shirveishagh provide us with more details on the breakdown of the extra £1 million already anticipated? Who exactly is going to be paid? What are the amounts to be paid to the individuals? And by what process was the work going to be awarded as far as that is concerned?

I would also like the shirveishagh to tell us, given the history of the prison project and the moneys that have been wasted on previous design fees, whether there have been any lessons learned about getting outline planning approval and rezoning regarding the proposed site being achieved before the expenditure. And does he not feel that he could be in a similar situation where we could have people saying that we have prejudiced and prejudged the proper planning process by going down this road at the present time?

The other issue that I would like to see in the reply by the shirveishagh is: of the money spent on design fees in relation to the Ballafletcher/Ballaogates prison site, who has received those amounts? How much of the previous design work has been incorporated into the Jurby proposal in order to see that we are not getting charged twice, generally at a very, very exorbitant price as far as that is concerned? The final one I would like to ask, Eaghtyrane, is: the anticipated pre-contract design fee of £1.65 million has already leaped up to £2.7 million – can the minister assure us that we will not see yet a further rise as far as this is concerned? We have already been told in this hon. Court by the back door, through the cat being let out of the bag, that we are led to believe that we have got extra tens of millions on the waste management procedures at the present time for the incinerator. I do hope that the minister will have the respect for this hon. Court and the institutions of parliament and tell us how it really is, not the spin that he wants to give to this hon. Court as far as these issues are concerned. We do not only have to have the bum's rush once, but then we have to have it twice, because we are then three quarters of the way down the procedure and we are then told we have got this hidden amount of expense that has to be found.

Eaghtyrane, I believe today that what we are having to do, out of moral duty, is allow ourselves the position of having to take second best once again because we have got flawed procedures for how we have gone about this in the first place, and I think that is a great own goal to us all, Eaghtyrane.

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

**Mr Quine:** Thank you, Mr President. I fully understand the difficult position we are in in relation to bringing about a new prison, and maybe today this hon. Court will take a decision that will advance that, but I do feel that the selection of Jurby does not represent a logical or sensible placement for the new prison. It is the third preferred site –

**Mrs Hannan:** It is.

**Mr Quine:** – and my own view has not changed. I said at the outset that my preferred location was Meary Veg, and I have not changed my view. With a little foresight and a little bit of what we now refer to as corporate or 'joined-up' government, we could quite comfortably have placed a new prison and the sewage treatment plant on the land we have at Meary Veg. (**A Member:** Hear, hear.) And we would have reduced significantly the infrastructure costs, because we have had to provide a large sum of money for them anyway for the sewage treatment plant. No doubt I will be told that that is water under the bridge, and maybe so, but it does not alter the fact that I am as convinced now as I have been all along that this is not the right location. It is not founded on objective criteria; it is founded more on political expediency, and that is no basis for a decision of such import as this. I think that what is regrettable, Mr President, is that we should and could have had a debate a long time ago on the matter of the site selection. We have done that previously in relation to major facilities. We have had a debate on the appropriate site, we have had a preferred site put forward and volleyed into a motion, we have debated that, other suggestions have been raised and we have thrashed it out, and that is the way that, at that very early stage, we got an endorsement for a preferred site. But when you come at it this way, where you do not do that, you skip that or you push that to one side and you come forward and say, 'We will now have two debates in one. This is our preferred site, i.e. Jurby, and we want the best part of £2 million to progress it', then I think that is another matter entirely, and that is not the way to progress these matters because, ultimately, it delays the project. It does not advance the project.

If I could just turn to cost, because I think we do need the minister to give us a very clear statement as to cost. I know it is a moving feast, and I know there will be matters which he may not have to hand, but as I understand it today, we are talking of a Pink Book figure of £28 million – he will correct me if I am wrong. What I want to be sure of is that that is an all-

inclusive figure, or if it is not, then that should be made clear here today. I am talking about upgrading of electricity, water, roads and sewerage. There has been reference made to public transport. There is a world of difference between the real cost of this prison and imaginary shared cost. In other words, yes, these other matters would cost £10 million, but we are not going to include them, because they will be available for all these other developments in Jurby.

That is less than frank, and that is not what we need here today. We want to know, to the best of the minister's ability, what is the totality of these costs.

I would also like to know, and perhaps the Minister for Tourism . . . If someone would kindly shake him? (*Laughter*) Could you just shake him? Thank you, David; I am glad you are with us (*Laughter*). Perhaps the Minister for Tourism could help me with this one. How does this sit alongside proposals to develop sporting and recreation facilities on the airfield? There have been numerous propositions made, for example moving into a professional race circuit in that area, which would be very prudent insurance in relation to what could happen *vis-à-vis* our road racing. There is the matter of airfield events; there is a whole list of things which could, and presently some do, take place on the airfield. They have this considerable potential for more to take place there, and I am just wondering if we could get a tourist's view as to whether this means they are going to be curtailed or they are going to be written off or what is going to happen. And how has this been brought on board into government's corporate thinking?

The next matter that I think I would like to seek some confirmation on is that we are getting mixed signals in terms of the local authority's position. I had sought to clarify this by speaking to a number of informed parties, and I am still uncertain what their position is. There has been a presentation, there has been discussion, there is some question about whether that discussion was based on the current site or was based on an entirely different site which was initially mooted – or mooted by some parties to this exercise – and, more particularly, if it has been discussed, has it been voted on and recorded? I am reliably informed that there is no record of this matter having been voted on, so I want to be clear in my mind, and I think we, as an hon. Court, should be clear in our minds, as to where the local authority stands in terms of their official and formal view on this project. And what is it based on? Was it based on the site we are now discussing or was it based on another site entirely?

The final matter that I would just touch upon is by way of support to my good friend, the hon. member for Onchan, Mr Karran. He has a valid point, and I heard some members seeking to ridicule him in a form when he raised the matter of a penal review. He has a very valid point. The foundation exercise for a new prison, which goes back a long time, should have been a penal review, and I say that not necessarily coming at it from the same position as my friend from Onchan,

Mr Karran, but still, fundamentally, the issue is the same. If you are going to build a house, you need to be sure that you have got the foundations right, and the foundations in this case are to be absolutely certain as best as we can – because these things do move on and these things do change – about what we are going to do in the treatment of persons who fall foul of the law in the future. I do believe that the present penal system does not take account of what you might call a penal system for the 21st century. I think there is a very limited range of options still available; more could be available. They could certainly impact upon the demand and the form of facility that is either in this prison or annexed to this prison, and these matters should emerge, and could have emerged, from a penal review. So, rather than making disparaging comments about the hon. member for Onchan's point on a penal review, I think we should heed what he says, because I believe it is an opportunity lost. It probably is lost now, lost for the time being anyway, and lost in relation to this project, but it is a matter that should have been a precursor to this project. Thank you, Mr President.

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

**Mr Cannan:** Mr President, I should just like to say very briefly that, as we all know, Jurby is part of my constituency though listening to the hon. member for Ramsey, Mr Singer, I thought perhaps the Ramsey boundaries had been rearranged.

**Mrs Crowe:** About time.

**Mr Cannan:** There is no doubt that there has to be a new prison. The conditions in the existing prison are unacceptable in this day and age. (**Two Members:** Hear, hear.) They are unacceptable. In the Department of Home Affairs, the minister wanted a new site. He was of the opinion that Ballafletcher would not carry in this hon. Court, and he chose Jurby. As a representative of Jurby, I went out to test and find out the views and opinions of my constituents, and I like to think that as they have voted for me consistently in five general elections, I might be able to have their confidence and their views. And I can say – and I am at ease with saying it – that between 65 and 70 per cent of the community are in favour of the prison coming to Jurby. They are in favour because, for so long, they have been promised heaven and earth and a new Jerusalem and have received nothing. And they are still being promised. And they know, because they are intelligent people, that without the total rejuvenation of the infrastructure, all these promises are meaningless. I will give you one example. At the moment, the electricity to Jurby is, I understand, at half a megawatt. The industrial estate, in spite of great promises, cannot expand, because they have not got the electricity to do it. The water is insufficient, because the strength of the water in the mains will not get to Jurby to build further houses or the industrial estate. And so the people of

Jurby, desperate to be in the full swing of the Island's prosperity and not on the margins as they are, see in this development the opportunity for the refurbishment and rejuvenation of the community. They see employment for themselves and they see benefits for Jurby. They have had two days of display, two eight-hour days, at which the prison governor has been present throughout, with prison officers, and which I have attended each evening between half past four or five o'clock until closing time at eight o'clock. I am wholly satisfied, with the people who visited and the comments they made, that the majority are in favour. The prison officers I spoke to are in favour of the new prison and in favour, so I am informed, of going to Jurby. One prison officer informed me he had already bought a house in Ballaugh and was selling his property in Douglas.

So, in the cost of the new prison, there will be costs for bringing in electricity, water and drainage, but they will benefit that community for a future development, because those costs of bringing in the water and the electricity would never have been endorsed by this Court. And those people in Jurby are entitled to their human rights. I have heard a lot today about prisoners' human rights and even about whether prisoners approve of going to prison in Jurby. Dear, dear, dear. Before you are sentenced, you are asked: "Do you think you ought to go to Jurby to prison, or would you go to another better hostelry placed somewhere else?" The people of Jurby are entitled to an improved bus service, and they are entitled to be brought into the mainstream of the economy of the Isle of Man; that is their human right.

The hon. member for Ayre also asked about the tourist attractions. I can assure him that all the tourist attractions operating on the airfield have been assured, and they can see from the plans that in no way whatsoever are any attractions in Jurby harmed. And you all had on your desks the glossy plans laid out of exactly where this prison is going, totally on an open space of land between runways. We have been informed by the Department of Aviation that we have to be so far back from the runway and so forth, and you will see that on the plans, and the red line showing that we have conformed with all the requirements.

The other matter that the member for Ayre expressed great concern about was the local authority. Well, I can tell the member for Ayre that on Wednesday 6th November, for the second time, we went to see the members of the Jurby Commissioners. We had a very amicable meeting. We showed them all the plans which you have before you. They know exactly where it is going. They are quite intelligent, all of them, the Jurby Commissioners (Laughter).

**Mr Karran:** What happened to their MHK? (Interjection)

**Mr Cannan:** And whether they voted on it or not is a matter for how the Jurby Commissioners conduct their business. The do not ask me or have me tell them

whether they should have a formal vote or not, and they conduct their business. I am informed that the Jurby Commissioners were of a consensus that it was all right and that they would, in the particular, if there were matters for the particular, draw them to the attention of the planning inspector. The information they gave me, as their representative, was that the consensus of opinion was to allow the development to go ahead, and at the planning stage, when the inspector holds his public inquiry, if there were matters of concern in the particular, they would draw his attention to them. Indeed, at the presentation at Jurby, everybody who came there – or almost everybody – took a form to fill in, and they were invited, in anonymous form, to put their comments. Did they think the Island needed a new prison? Did they think the prison should be at Jurby? What were the requirements? And many people put in, 'We agree to Jurby, but there should be screening, but there should be this, but there should be that.' So, they agree in principle, and the other matters they will go and address to the planning inspector, for they are matters in the particular. And, as I say, I am satisfied.

I have also been with the minister to visit two prisons in the UK. I just digress for a moment to say that the Department of Home Affairs invited the commissioners to visit a prison in the UK, and three of the commissioners and the clerk accompanied the minister and the chief executive. They were suitably impressed, because what they saw was a prison similar to the one that is to be built, a modern prison, commissioned only 18 months. And as for video conferencing, I would first of all like to tell hon. members – if you do not already know – that video conferencing exists in the Isle of Man. The judge of appeal does not now come over on a regular basis; he sits in chambers in Manchester – I think it is Manchester – and the video conferencing is that if the prisoner has, let us say, a sentence for five years and appeals, he appeals and he does not go to Manchester and the appeal judges do not come here. They do it on video conferencing between here and Manchester. So, it is already in existence. And on the visit to Strangeways, they let me in and they let me out.

**A Member:** They recognise one of their own. (Laughter and interjection)

**A Member:** Porridge!

**Mr Cannan:** Porridge. The department saw the video conferencing system working, and it appeared that the prisoners were quite happy. We were informed by prison officials that they preferred to have video conferencing rather than hanging around the courts and the cells under the courts all day or for half a day until their cases were called.

So, all I can say is that, as far as the community of Jurby is concerned, the majority are in favour. Mr Anderson went there. I do not think he saw placards all over the place saying, 'No prison'. I do not

think he saw a protest outside the hall. I do not think he finds the gallery full of protestors. I do know a part of the Island that is protesting heavily about something, Mr Anderson, with which part you may be familiar, but as far as Jurby is concerned, I recognise that there are some 40 or 50 people, in particular those closest to the prison, who are opposed to it, but the majority – and I represent all, but you have to go along with the majority – are happy with the development. I think that if they see the support tonight, they will feel that this Court is giving confidence to a future development in Jurby which we will see, because the other half of the bargain is the improvements in the infrastructure to deliver the housing and to deliver the industrial estate. As you all know, I have a letter personally written by the Minister for Local Government, assuring me, in her fine hand, that she will see housing development at Jurby to bring a fully integrated community. Thank you, Mr President. *(Interjection by Mrs Crowe)*

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

**Mr Bell:** Thank you, Mr President. In one respect, today is really quite a red-letter day for the criminal justice system on the Island. To actually be here on the floor of Tynwald debating the development of a prison gladdens the hearts, I think, of a great many people who have fought hard for years and years to get to this position, and it is indicative, I guess, of how far we have moved when you think that it is not very many years ago that the collective wisdom and solution to the problem of the prison was to take the roof off and leave them to rot. I think also an indication of just how far we have come is if we have listened to the comments by the hon. member for Ayre, Mr Quine. Something I never thought I would hear in my life was the Hon. gentleman calling for a penal review where, not many years ago, his solution was hanging, birching and judicial amputation – *(Laughter and interjections)* after a good flogging. So, it is indicative of how public opinion has moved over the last few years, I think, Mr President –

**A Member:** Just getting older.

**Mr Bell:** – that we are no longer arguing about the principle of whether a prison should be built or not. It is where it should be or what its content should be, and I think that is very heartening, because there is no doubt at all that the criminal justice system on the Island and its penal facilities have been an absolute disgrace and a stain on the reputation of the Isle of Man for a great many years, and it has taken some of us a long, long time to actually remove that disgrace which has been hanging around our neck and has done us so much damage in the intervening period.

In another way, Mr President, I should also, I guess, be very pleased to be here to be voting on this. As the previous Minister for Home Affairs, I

remember with great pleasure attending a meeting in Union Mills to meet the residents of Braddan to discuss the first proposals for developing a new prison. It is a thought embedded in my memory for the rest of my life, and I am never likely to forget it.

**Mr Quine:** They almost hung *you*. *(Laughter)*

**Mr Bell:** Almost. So, I have been involved in the development of this programme for the best part of five years.

I do not really want to go into my view of the pros and cons of what we are being faced with today, because I think hon. members know my position very well. I do not believe Jurby is the right site; I still believe Ballafletcher was the right site, and I believe that the work that was put in at that time to identify that still stands scrutiny today. But I accept, Mr President, that my arguments have been defeated and that we have moved on from that now, and my passionate commitment is to see a new prison built on the Island.

I do, though, Mr President, without going through all the pros and cons of what we are suggesting here today, have two strong cautions. When we started this exercise, it was, in spite of how the public perception was presented at the time, not driven by any desire on my part to build a prison in Ballafletcher or Ballaoates or Ballasalla – or anywhere else, frankly. My desire, and the desire of my colleagues in the Department of Home Affairs at the time, was to build a modern, adequate prison to replace the disgraceful facilities in Victoria Road. The criteria that were set for us to identify a site were drawn up by the prison management of the day – which is exactly the same as it is today – and our consultants, the Home Office prison site selection team and Taylor Young, the planners. We worked very closely with those people, and it was on their recommendation, initially from the management of the prison, that we identified a site within a five-mile radius of Douglas for all the reasons which have been well rehearsed, Mr President: closeness to all the facilities, closeness to the population and closeness to the various services. We went through several site selection processes after that, where a number of sites were assessed on our behalf and, indeed, on behalf of the Braddan Commissioners at the time, because we were bending over backwards to listen to public opinion up there; again, in spite of what the perception might have been, we were very sensitive to that. Each time the recommendation came down to Ballafletcher and rejected Jurby. I am not arguing the case for Ballafletcher against Jurby here at all; I am coming to a different point altogether. The concern I have – and the hon. minister himself is well aware of it, and it has been raised before – is that these exact same consultants who strongly recommended Ballafletcher and recommended against Jurby are the very same consultants now recommending the new Department of Home Affairs to do quite the opposite.

**Mr Karran:** A double fee.

**Mr Bell:** This is what is a concern of mine: albeit that I accept that the concept of video conferencing has now moved up the agenda further, can it be right that the same prison management and the same consultants are now tailoring their recommendation to suit a different political outlook in the Department of Home Affairs? Is that the right way forward, and what is it costing us in the process? I know the Hon. minister is aware of this – it has been raised in the Council of Ministers – but it is indicative of the fluidity that we experience sometimes in the recommendations of consultants. This is a very expensive, high-profile development that the Isle of Man is promoting, whether it is at Jurby or anywhere else. Now that we have got our other landmark developments coming to a conclusion, the prison will be the next big development on the Island, and yet the location, or the recommendation from the consultants, is prepared to change so easily to a different location. I would like the minister to take on board those concerns and to reassure us that this new site selection process has been thoroughly vetted and that they are not simply tailoring the answer back to the question.

I do not want to get into the operation of the prison, Mr President – as I say, I have fought and probably lost that argument – but I want to put a general marker down now, as Treasury minister as opposed to ex-Home Affairs Minister. It really follows on from a point that the Hon. Minister for Local and the Environment mentioned this morning and which has been referred to, I think, by one or two other members, and that is the question of cost. In the budget in March of this year, we approved a capital programme of around £150 million. That capital programme – and we all supported it, it was a unanimous vote, and I am still right behind it – was probably at the outer limits of what we could afford, and if we take the capital programme beyond that, then we are going to have to start cutting back in other areas. The message which Treasury has been sending out over the last few months is that we really need to try and get some grip back on this capital programme again to bring it back within a reasonable size and a reasonable ability for us to pay for it. On that basis, Mr President, we have been arguing – and the hon. Minister for Local Government and the Environment has been on the receiving end, almost, of it – that we will be looking for departments, when they bring their schemes to us, to reflect the estimates which appear in the Pink Book. The estimate for the prison in the Pink Book, for construction cost, is £27 million. Most of us baulked at that when it came along; that is a large sum. I know there have been changes and movements since, but the point I am making – and this is not pointed at the Home Affairs department any more than any other department – is that any new schemes that come along, or any existing schemes which run considerably over budget, will have to be balanced by other projects dropping out of the capital

programme at the other end, because we have to contain it to a certain size. This is not Treasury waving a big stick; it is vitally important that all departments fully recognise that. We are moving into a period now where, as I said earlier on this afternoon, the economy is still doing very well, we are still buoyant and it is still growing, but that growth is at a considerably lower level than it was a year or two ago. If we are going to maintain that, if we are going to maintain our ability or provide the quality of public services which we all aspire to, there has to be some discipline and constraint on the level of expenditure that we undertake over the next three or four years while we move ourselves forward to the implementation of the tax strategy.

**Mr Henderson:** Come on, Allan. We have heard all this.

**Mr Bell:** You may have heard all this, but it is important that you are reminded of it, because if you do not, you are going to have serious problems in a year or two's time in funding the capital programme, and when we start cutting back on the public services then you will be the first to shout, (*Interjection by Mr Henderson*) so I am only putting a marker down now so that members are fully aware of what Treasury policy is and how we are treating (*Interjection by Mr Henderson*) those schemes to come along, and I hope you would respect me enough to listen to what I have got to say.

The other point that is coming to a head is that when capital schemes come to Treasury, we will be looking to see the development in the round, so the points which have been raised by some members will be taken on board, and I am sure that the Home Affairs minister, in this case, has done it now. But where there are also implied infrastructure costs, whether they are roads, water, electricity, or whatever it might be, Treasury will want to know what those figures are in total, because it will be very unfair on everyone else if we approve a scheme which appears acceptable in size only to find there are substantial millions in infrastructure developments attached to them. We need to know clearly what that overall picture is to be fair to everyone. It is important to recognise now that we cannot always go for the Rolls Royce option in every development that takes place. It is right that we aspire to the best quality of development that we can get – I accept that and I have done it myself over many years – but we have, in the future, I think, to take a more pragmatic view and a more realistic approach to what is affordable and what is achievable and deliverable and to, perhaps, in some cases, lower our aspirations to provide what is still fundamentally fulfilling what it is we are trying to do but without the frills. And I think that if all departments will respect that, then we will be able to get through these next few years, we will be able to continue the flow of work through the capital programme and we will be able to satisfy most people's aspirations. (**Mr Cannan:** Right.)

So, Mr President, I really only have those two reservations. I accept that the position of Ballafletcher is probably lost, and I will give my support to the minister to try and get the prison built now. I think it is essential to the Island and its reputation that it is built, in spite of what I have said over the previous few years, but I would ask him to seriously question how the consultants have stood on their head on this one and equally to recognise the difficulties that Treasury will find itself in if, in fact, this particular scheme runs excessively over what is already appearing in the Pink Book.

**The President:** Mr Speaker.

**The Speaker:** Yes, thank you, Mr President. I really just have questions which follow on from what the Treasury minister has just said. I was relatively at ease with regard to advancing this scheme. I expressed concerns in the adjournment debate at the last sitting when we discussed this. Whilst we all accept the urgency of the need for a new prison – and that is without doubt – I think the only thing I would like the minister to cover, which is causing me a bit of concern, is this issue of the infrastructure: water, electricity, sewerage and potentially gas, but really the first three that I mentioned. I would have thought it was a relatively easy exercise to know what those infrastructure costs were likely to be and whether or not we have to invest in them to ensure we can actually operate a prison for the number of inmates that we know we are building the prison for without those costs being considerable. My concern really relates to the comments from the Treasury minister where he indicates that those costs are not known, and I just have a concern that if those costs are not known and yet we are being asked to invest in excess of £1.6 million at this stage, with potentially more investment, purely on the design fees, I just have a fear on that. If we know, for example, before we start designing it and going for planning, that if we put the prison at Jurby the infrastructure costs are going to cost a million, half a million, two million or three million, we know where we are going, because that then would play on the equation of where you place the prison, because you may say that those costs are disproportionate to the actual investment cost of the prison. If I then just follow the point that the hon. member for Michael made – and I think he used the word ‘deal’ – the deal is that by getting the prison, we will get other things up in Jurby. I just really would like those issues answered, because I do believe Tynwald needs to know whether or not it is known that the service costs for just the prison are disproportionate to the capital cost of building the prison. If they are not, then that is fine, but I do think we need to know that, basically because I think it is important that we know what this whole scheme is going to cost. It is all right having the estimated cost of the capital cost of the prison, but if they then start adding the other bits on, what does that do to the whole scheme? I think this is the time, and if

the minister can respond to that, I think it would be very helpful for those of us who are maybe not 100 per cent convinced that Jurby is the site but, in fact, are content to endeavour to support the minister, subject to those questions being answered.

Certainly, I expressed my concern in the adjournment debate about the major turnaround of the consultants. The major issue I raised here was that the same consultants, only about 18 months before, had said, ‘No, it is not the site’ and then said, ‘Yes it is.’ To be honest – and I have often said this – we can employ all the consultants we like, but often our own common sense and understanding of the Island mean that we know just as well as anybody (**A Member:** Hear, hear.) where we should do something, and sometimes I wonder whether we employ consultants to put our conscience at ease when, in fact, we know the real answer. And the real answer is often to go where we think is the right place regardless, because the battle is still the same.

**The President:** Minister to reply.

**Mr Braidwood:** I have got to put my mind back to the start of this debate, but from the outset, Mr President, I would like to say that probably the easiest option for me was to go down the road of Ballafletcher; that had been agreed by the Council of Ministers and that was the preferred site. I was appointed in December of last year and, of course, the prison was at the top of the agenda; I looked at it, and new criteria had been brought in, and I wanted an objective analysis. I asked for other sites to be looked at, including Meary Veg, and was told there was no available space at Meary Veg because the sewage treatment works had taken the prime position, which allowed no site for a prison –

**A Member:** Wrong decision.

**Mr Braidwood:** – and also there were covenants on that site for the access to the site.

I went to the Council of Ministers in February, asking if I could review the sites, and I was given agreement to go ahead. We then employed Taylor Young and they started an objective analysis of the sites which had been previously discussed: Ballafletcher, Creggan’s Hill and also Jurby. People have asked, ‘Why the change?’ and it is in the briefing papers if people had read them.

**Mrs Hannan:** I have read them.

**A Member:** Hear, hear.

**Mr Braidwood:** They have been distributed since the 2nd November, if members received them on the 4th November and there was a presentation. It is unfortunate that most of the people who are objecting to the prison siting were unable to attend that briefing. (**A Member:** Hear, hear.) It says, ‘At the turn of this

year, Taylor Young were asked to assist again with a site search process in England and Wales. In conjunction with the site search team, they have looked again at the selection criteria and, as a consequence, have modified them primarily to respond more directly to the criteria set out in circular 398' of which every member of this hon. Court has a copy. 'On the basis of previous experience, Taylor Young have provided clearer guidance on how they expect scores to be applied and introduced a simple formula which ensures an overall percentage score is not unduly influenced by a lack of information on any single criterion at the time of scoring. The prison service believes that the new scoring approach has improved Taylor Young's assessment of sites and is applying it to all regions within England and Wales.'

**Mrs Hannan:** We are not England and Wales, though.

**Mr Braidwood:** So therefore – and it says it in other ones, as well, in other documents which members have – the appraisal is based upon updated criteria being used in all new prison site assessment work by Her Majesty's Prison Service. For comparison, the early identified sites of Ballafletcher and Creggan's Hill have also been rescored; members have that in their possession. The report concludes that the location of Jurby could provide a good alternative to Ballafletcher. 'This prospect is further enhanced having taken into account the prison service's progression towards reduced prisoner court visits, based upon UK best practice. Further, the opportunities to assist in the broader regeneration strategies for Jurby are significant, and all government departments should be encouraged to work collectively in this regard.' Members have that in front of them. We also have a blueprint, which has been revised from the April 1997 one and endorsed by the Council of Ministers, on which the criteria for the prison are being built.

Great store has been mentioned about Victoria Road and what is going to happen to the rehabilitation of the prisoners. If people had gone to the briefing or gone up to Jurby, it would have been explained to those people who could not attend the meeting on 4th November. At least Mr Anderson went up to Jurby.

**Mr Cannan:** And saw me.

**Mr Braidwood:** I do apologise, because I contacted my department at lunchtime and asked them to e-mail the answers to the questions down to the Tynwald office – [enquiries@tynwald.org.im](mailto:enquiries@tynwald.org.im) – and the Tynwald office have them, but unfortunately there are another couple of departments whose answers to the questions have not come forth and therefore none of the questions or answers can be supplied. So, I will go to one question from Mrs Hannan, because this will probably answer a lot of her queries as well – but I will get back to that later. In the new prison, what

rehabilitation, education and medical facilities are to be provided? Within the new prison – and this is going from the blueprint, which is based on European prison rules – prisoners will be given work, training and educational opportunities to develop skills allowing them to maximise their chances of obtaining and sustaining a job when they are released. The concept of through care, from first assessment at reception through to help with resettlement at the end of the sentence, is fundamental to the rehabilitative process. Each prisoner will have a sentence plan to enable him or her to access opportunities available for self improvement, that is educational and training facilities. A portfolio of accredited offending behaviour programmes will be provided. Expressed as an overall figure, each prisoner will spend about 17 per cent of their working week attending such programmes. Training courses will lead to recognised skills, qualification and certification. Provision has been made for three workshops, and NVQ qualifications will be offered in a range of disciplines. The priority for the education department will be the provision of basic skills: literacy, numeracy and IT. This will take place within a broad curriculum, encompassing personal and social education in addition to academic. A library will be attached to the education department. The likely design of the new prison would provide two general classrooms, an IT classroom and a domestic crafts classroom. The operational kitchen of the prison will incorporate provision for training. There will also be classroom provisions for females, vulnerable prisoners and young offenders. Medical facilities will include a discrete healthcare department, which will provide rooms for in-patient care, a sluice room and bathroom facilities for examination and treatment, together with stores and utilities.

Mrs Hannan also mentioned land and there is a question here: it will be inside the perimeter wall, 15 acres. The overall is about 25 acres, allowing for the screening and everything else around the prison.

I will come back to Mr Karran, because I think I will go back to how we started on the debate a month ago.

I thank Mr Houghton for seconding the motion, but he had concerns about the design fees, and I think now the briefing I have circulated will allay those fears.

I thank Mr Quayle for his support. He mentioned when Braddan Commissioners employed the Lovejoy partnership and they came out with Jurby, which was a high score, but again that was disregarded because of its distance away from Douglas. Taylor Young initially also discarded it because of the distance away from Douglas, but that was only a desktop survey. They did not go out as they did to Creggan's Hill and Ballafletcher; they just disregarded Jurby as too far away.

Mr Earnshaw mentioned design fees, and I think, with the briefing that has come out now and the analysis, that has been answered. He also had queries: will it interfere with the airport facilities, the racing,

the airport itself or the Jurby air show? No, it will not, and I think when Mr Earnshaw went to the briefing that was explained to him. The perimeter wall is 190 metres away from the main runway, which is to allow for the CAA. It is also 30 metres from the other runway, which is not operational, to one of the perimeter walls, so if there was catastrophe at Ronaldsway, we would be able to land planes at Jurby and then be able to park them on the other runway. So there is no interference at all with the operational facilities at Jurby.

**Mr Singer:** Hercules.

**Mr Braidwood:** He also mentioned Victoria Road. Victoria Road *cannot* be developed; there is not the space when you take all the recreational facilities into consideration. He also mentioned an open prison, but I think if you have an open prison, you have got to duplicate a lot of facilities, and buildings and you have got staff as well.

I will go back and start now on the debate which has been ongoing today. I would like to start with the person who finished, and that was Mr Speaker asking about the infrastructure. The papers I have conclude that 'all statutory authorities have confirmed that services can be delivered to this site and they are suitable for its purpose.' To bring high-voltage electricity in would be round about £150,000. To improve the sewage infrastructure for a treatment works so there has to be a pump, and it would be ejected to the Jurby outfall – would be round about £400,000. A gas compound will be built, and the price will be the same as for natural gas – eventually, hopefully, we will get natural gas; that will be about £55,000. For water, there is a three-inch 1939 asbestos main; a four-inch connection will be taken off that and will be sufficient for the prison. For the sprinkler system there are storage tanks, so that the sprinkler system will be taken off those tanks, and there will be nine other storage tanks which are for general use. So there is a cost for the infrastructure, but we are bringing that in as well for the regeneration of Jurby. If you just wanted to build houses there and to bring that infrastructure in, the cost would be excessive, but at least we are bringing it in with one project and, as I said, with other departments working together, this should be the regeneration of Jurby. I will start and talk with Mrs Hannan, who was the first up this afternoon. She supports a new prison, and I cannot object against that – everybody wants one. We know we have had a draft report from HMIP the last one was 1990, so this is 11 years. Of course we are going to be castigated; we have seen that in the draft report already. The report has not been finalised. Again, regarding conditions in the prison, the slopping out, this is what we want to nullify; we want to get on and build one. I think I have covered and talked about providing a decent living; of course we are. We have mentioned rehabilitation and education facilities. Penal reform: under the Criminal Justice Act 2001, there are

curfew orders and tagging, but again, if these are brought in, it is entirely up to the judiciary when they sentence them. So hopefully, yes, they will and there will be electronic tagging. There is electronic tagging in Jersey and Scotland. We are hoping to sign our contract very shortly. So, it is up to the future sentencing structure; it is for the judiciary. All right, it is for our legislation, but the legislation is already there in the Justice 2001 Act – reparation orders, attendance orders.

I have mentioned that it is on 15 acres; there are 138 cells. Mrs Hannan also mentioned a significant increase in staff, although there is a saving of seven on Ballafletcher. Yes, there is going to be a significant increase in staff, probably by about over 40, because you have got all these new facilities – educational facilities, recreational facilities.

Will we stop drugs? There is compulsory testing for drugs now. It is very difficult to stop drugs coming in, because people hide them on their person and you are not allowed now to have intimate medical examinations, and they get past. We have been to Dovegate Prison in Staffordshire, and the governor said then that it is very difficult to stop drugs, because if they are passed from partner or wife to husband or husband to wife, they might see it on the CCTV, but they are not allowed to do any intimate examinations of those people.

I think I will come back to costs, because a few people have mentioned costs, and I think I will leave that to the end.

It is also mentioned about going out on works – Groudle Glen. Yes, there would be risk assessments. Prisoners go out now on a risk assessment; they helped the Department of Tourism and Leisure when they were laying some of the electricity tracks on work schemes.

She says it should be built in the right place. It is being built in the right place at Jurby. Video link: not the be-all and end-all. It is going in 57 prisons and 156 magistrates' courts, as I mentioned last month, and it is being rolled out all the time. It is being rolled out in the General Registry. It was also mentioned by the hon. member for Michael that it is in at Strangeways.

**Mrs Hannan:** It does not make it right.

**Mr Braidwood:** She was also very concerned that it would not be secure. Yes, it is. It has been in operation in Strangeways for four years now, in Manchester, and, as it has been mentioned, prisoners prefer it. They do not have to go to the court, so they are not taken from their cell if they are on remand – we are talking about the remand prisoners – they do not have to go back through reception, be given all their belongings back, go to the court and then be remanded again and you have to wait another 10 hours or whatever in the cells. They go back to the prison, they have to go back through reception and they cannot go back to their own cell, because that has probably been allocated, so they go somewhere else. At least if they

are in the prison, it is a court; it is an actual court in the prison, with the video link to the magistrates' court and then they are bound over again, they just go back to the cell and the warrant is faxed through and then the main copy comes through. They can also talk to their advocates; if they hold their hand up, they go into another secure room and they can talk to their advocates.

Also regarding public transport, we are in discussions at the present time with the Department of Tourism and Leisure, because visiting will be increased. In the Isle of Man, we are allowed one visit a week; in the UK, it is once every two weeks. During the week, Monday to Friday, it will be those prisoners on remand who will be able to have the visits, during the afternoons. Saturdays and Sundays will be those for convicted prisoners. She was also very concerned about transport for visitors to the prison. At the moment, we are doing an analysis of those people who visited the prison: had they come by public transport or had they come by car?

Also, the cost: fees of £1.695 million and you are coming back for another million. The £1.695 million is up to stage 3. You have to follow capital procedures, and I thought the hon. member would have known that you normally go up to the six stages. The additional £1 million is to come up to that final stage with more detail.

**Mrs Hannan:** That is not the point I was arguing.

**Mr Braidwood:** No fire station at Jurby? Yes, there is a sprinkler system. We have had talks with the Chief Fire Officer; there is no problem in coming from Ramsey. There will be a sprinkler system installed. What about the people in Jurby now if there is a fire?

**Mrs Hannan:** There should be firefighting requirements at Jurby airfield –

**The President:** Hon. member.

**Mr Braidwood:** If there is a fire, there is no problem. We visited other prisons I have mentioned in the UK; the fire stations are a lot further away. There are no problems, and they have not got any sprinkler system. We are doing it for best practice.

More expensive than other sites? No, the capital costs, no matter where it is built, would be round about the same. If it was built at Ballafletcher –

**Mrs Hannan:** More expensive at Jurby.

**Mr Braidwood:** It will be *slightly* more expensive, but when you take it over the overall picture, it is not, Mr President.

**Mrs Hannan:** It says so here, in your document.

**Mr Braidwood:** I know how much slightly more expensive it is but, in the overall picture, there is not a significant difference.

**Mrs Hannan:** 'More expensive,' it says.

**Mr Braidwood:** But not significant.

**Mr Cannan:** Oh, come on, Phil. Get on with it.

**Two Members:** Vote.

**A Member:** Yes, vote.

**Mr Braidwood:** I thank Mr Gill for his support.

Mr Anderson mentioned public transport and the extra costs of travelling for the prison officers. In actual fact, prison officers are civil servants and we would not have to pay them for travelling but, being the responsible department, we would. And we would use it under section 24b of the Whitley Council memorandum of agreement, so that if a person, at the moment, travelled 15 miles to Douglas and it was 25 miles to Jurby from his home, he would get paid for an additional five miles, the 15 plus five – you are allowed an extra five – so he would be paid for the five. And we would probably pay that for four years.

**A Member:** How much would that cost?

**Mr Braidwood:** That would be a total of about £33,000 a year, but then they would be taxed on that, so it would be in the region of about £20,000 a year for four years. But there are also revenue cost savings, because you do not need as many prison officers at Jurby as you do at Ballafletcher.

Mr Singer – Jurby, Ballafletcher, long-term investment. There is going to be long-term investment in Jurby; this was the whole point of bringing in the additional infrastructure. He talked about legal aid. Legal aid is generally four visits a week at Victoria Road, and if they went to Jurby, that would be a costing of around about just over £11,000 a year, so not excessive, not £300 an hour going up to Jurby, because it is only four visits a week, even at Victoria Road.

Mr Quine – new prison, yes. Penal reform – I think I have answered that. I have answered about Meary Veg.

In conclusion to that, I have tried to cover everybody, Mr President. The cost – (*Interjection*) Oh, Mr Karran. Yes, sorry, I will come back. Again, he wanted penal reform under the justice act, grievances and the detailed breakdown of the £1.695 million. That is, in actual fact, in the papers the you have received; in the briefing paper, it gives you a full breakdown of that £1.695 million. I could have answered it in the questions which the hon. member had posed to me. Pre-contract fees – £1,125,000; site investigation – £20,000; insurance bonds – £175,000; planning and building regulations – £225,000; fee contingency –

£50,000; preparation of planning – £75,000; feasibility study for Jurby – £25,000; total – £1,695,000. I can break down as well on the design team, but it is all in the papers that you have got.

Mr President, in finishing – cost. In the Pink Book, the total is £28.34 million, I think it is. The prison will be well in excess of that figure. I cannot give you a definitive answer because, at the moment, we do not know the procurement method we will follow, if it is traditional build, prefabricated steel or prefabricated concrete. But one thing I can tell you is that that figure which is in the Pink Book was flawed from June 2001; that should never have been the figure that was put in that Pink Book.

**A Member:** So, why was it?

**Mr Braidwood:** Firstly, the area was wrong; in actual fact, the figure which was proposed in June 2001 for square metrage was less than that proposed in 1997. Firstly, the area taken in square metres was extracted from an illustrative drawing, developed for planning purposes only, which did not accurately reflect what the actual building footprint would consist of. In fact, the design brief between the prison service and the department's architects was not completed until later in 2001. Secondly, the price per square metre was based on information relating to a Caledonian procurement option. This figure was not accurate and assumed a certain procurement route which is still to be agreed and may not be the preferred method. There is only one company in the UK – Caledonian – which can do prefabricated steel. This should have been based on traditional costings. When I come forward, it will be based on traditional costings and hopefully will have savings, whether it is prefabricated concrete or steel. But in the UK at the moment, they are extremely busy on building new prisons; ours is a small prison compared to some of them in the UK, and if we cannot get Caledonian or we cannot get the prefabricated concrete, we will have to go to traditional build, which is the most expensive. But I am telling every hon. member in this Court: the final figure will be well in excess of that figure which is in the Pink Book, but we need a new prison, because we have gone along on that blueprint which has been endorsed by the Council of Ministers. If you want a good prison with rehabilitation, educational and recreational facilities, you will have to vote today for that prison.

**Mr Earnshaw:** How much can we afford?

**Mrs Hannan:** It is up to the Treasury minister –

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

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

*In the Keys –*

*For: Mr Cannan, Mr Rodan, Mr Quayle, Mr Rimington, Mr Gill, Mrs Crowe, Mr Houghton, Mr Cretney, Mr Braidwood, Mrs Cannell, Mr Downie, Mr Shimmin, Mr Bell, Mr Karran, Mr Corkill, Mr Earnshaw, Capt. Douglas and the Speaker – 18*

*Against: Mr Anderson, Mr Quine, Mrs Hannan, Mr Singer – 4*

**The Speaker:** Mr President, the motion carries in the House of Keys, with 18 votes for and 4 votes against.

*In the Council –*

*For: The Lord Bishop, Mr Lowey, Mr Waft, Dr Mann, Mr Kniveton, Mrs Christian, Mr Delaney and Mr Gelling – 8*

*Against: None.*

**The President:** With 8 votes for, hon. members, in the Council, and no votes against, the motion therefore carries.

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### **Standing Committee of Tynwald on Expenditure and Public Accounts – Report on Consultancy Services Received – Recommendations Approved**

Item 11. Mr Quine to move:

*That the report of the Standing Committee on Expenditure and Public Accounts on consultancy services be received and its recommendations approved.*

**The President:** I call the hon. member for Ayre to move.

**Mr Quine:** Thank you, Mr President. This report by the Standing Committee on Expenditure and Public Accounts is reasonably comprehensive, and I shall therefore restrict myself to a fairly short overview of the exercise conducted.

The investigation commenced prior to the general election, at which time the subcommittee consisted of Mr A E Crowe MLC, Mr J P Shimmin MHK and myself. Following the general election, Mrs Hannan MHK joined the standing committee and replaced Mr Shimmin on the subcommittee. The evidence has been considered and the findings and recommendations endorsed by the standing committee as a whole. The investigation has centred on the adequacy of financial regulations and guidelines relating to non-capital consultancy and compliance

with such regulations and directives. As indicated in the report, at the outset the net was thrown reasonably wide, but detailed examination focused on the departments and boards identified in paragraph 2.1 of the report. The taking of oral evidence was restricted to these parties. From the oral evidence, a number of issues were identified, which were made the subject of a discussion with the then Chief Secretary and the Chief Internal Auditor. These issues are listed in paragraph 2.2 of the report.

The standing committee's finding and recommendations are set out in paragraph 3, and in substance there are five recommendations: (1) non-capital consultancy should be more specifically defined, the reasons for resorting to such consultancy should be recorded along with comparable costs for alternative exercises, there should be more ready identification of the costs and approval should be obtained at political level to enter into a non-capital consultancy exercise; (2) the importance of tendering documentation should be stressed in directives and guidance notes, and parties who could later be tendering for the work should, if possible, not be involved in drawing up the brief for the exercise; (3) the personnel control mechanism, presently suspended, should be urgently and fundamentally reviewed; (4) separate provision should be made in financial directives and guidance notes for the buying-in of services and the part-privatisation, to provide a comparable level of control to that advocated in this report for non-capital consultancy; and (5) financial directives and guidance notes should stress the importance of avoiding, if possible, open-ended contracts, and where unavoidable, the reason for entering into such open-ended contracts should be documented at the outset, and additionally the need to build into such contracts the opportunity for periodic reviews and breaks should be laid down in the directives and guidance notes.

Mr President, in concluding, I would wish to thank the departments and statutory boards who provided evidence to the standing committee and to formally recognise the good work of Mrs Marilyn Cullen, clerk to the standing committee. I beg to move, sir.

**The President:** The hon. member for Peel, Mrs Hannan.

**Mrs Hannan:** I beg to second, Eaghtyrane, and reserve my remarks.

**The President:** Hon. Chief Minister.

**Mr Corkill:** Mr President, I welcome most of the issues in this report. It is not a large report in terms of content, but it does fine-tune a number of procedures with regard to financial regulations, so I thank the committee for their scrutiny rôle. But I would also ask hon. members to bear in mind, when they find financial regulations to be a barrier to progress, that

whenever we actually look at financial regulations to try and improve them, we always end up adding a little bit. But that is fine; that is the scrutiny rôle and I think that, from a government point of view, we are fairly relaxed about the recommendations in this report.

I would just wish to pick up on one particular term, though, used within the report, which says that the personnel policy is 'suspended', because I think it perhaps gives a false impression, to an outside view, that there is no personnel control operating, when in fact there is a rigid personnel control operating. In fact, it is not as rigid as it used to be, but it is still rigid, particularly to ministers of those departments which are wanting resources to provide better and extra services to the public; I am sure that they would be the first to say that there is a personnel policy in operation. It is a policy that has been criticised as a very blunt instrument over the years, and it was always meant to be blunt, but I would just wish to inform hon. members that, in the time that I have been involved with it, Treasury and in today's rôle, a certain amount of flexibility has been introduced over a period of time in this area. Certain classifications of the workforce have been removed from the control of the personnel subcommittee, notably people such as seasonal workers and areas perhaps seen by some as on the periphery of government, so I would say it has been modified. I would also say it is functioning fairly well as an overall blunt control. The point I am trying to make, Mr President, is that to say that it is suspended, I think, is too strong a term and could possibly be misleading, and I would not wish, in subsequent debates on issues to do with government, that today is seen as some sort of benchmark that the personnel mechanism is frozen in time and suspended, because it is not. Certainly, those involved in the budgetary process will appreciate that we have adjusted the figures the personnel mechanism has made available for allocation around government departments in the last year or two, and they have been adjusted upwards to allow some flexibility to give some pragmatic approach to the very severe pressures on personnel that certain departments are always having to deal with. And so, if we compare the numbers of personnel actually allocated in the budget process this year and last year to the budgetary demands and requests from departments, one will see that they are figures that are quite separate, and so I would not wish the outside world to look at this report and see 'personnel mechanism suspended', because that is not the case.

I understand, in the nature of this report, how the committee has been thinking with regard to personnel controls, because they have been looking at this in relation to the work that they have been doing, which is the scrutiny of what departments are doing and the reaction within those departments to having personnel constraints. They have looked at how departments have subcontracted and at the reaction of departments and the way they have still done the work but using, perhaps, outside agencies, and there is a value for money argument within all of that. Can I say that, at

the moment, the Council of Ministers' review of the personnel mechanism is that we are carefully evaluating the cost to government of departments taking on subcontract scenarios rather than directly employing labour, not just in the area of consultancy but in terms of actual services provided as well, and it is a very difficult task to define the situation within each department. So, what I would like to say is that rather than it being suspended, I would say that the mechanism is evolving. I think that would be a fairer description, and I wish to make that point forward.

I would also like to thank the committee, for having done its work on these important financial regulations, because it is the adherence to financial regulations which protects all of us in this Court and protects the general public when we are dealing with the expenditures that we talk about in here.

**The President:** Mr Quine to reply.

**Mr Quine:** Thank you, Mr President. Regarding the point raised by the Chief Minister about the present status of the personnel control mechanism, the position is that the standing committee took evidence from the former Chief Secretary on this matter, and it is his description – indeed, it was his oral evidence to us which introduced this term – that it was ‘suspended’. That is an explanation taken against the control mechanism as introduced, in the sense that what was introduced does not bear a relationship to what is happening now. But hon. members will see, in 3.3.2 of the report, that we have said there, ‘The personnel control mechanism is at best outdated. It was introduced in 1990 against a quite different economic backdrop. Indeed, in its application, it has been materially varied for the past two to three years, and the Council of Ministers has determined a specific number of posts not directly related to economic considerations. A review of this mechanism by the Council of Ministers is under way, and it remains to be seen whether a more appropriate method of regulating growth in the government workforce can be devised.’ We then went on to recommend that the personnel control mechanism, in accordance with the oral evidence given to us, measured against the original order relating to the control mechanism, as presently suspended, should be urgently and fundamentally reviewed by the Council of Ministers.

I think it is important that departments and statutory boards understand just what are the extent and the form of the current personnel control mechanism. The Chief Minister has quite rightly pointed out that there has been some relaxation and rationalisation in recent years, and it is not as rigid – or, to use his term, it is a more ‘flexible’ approach. I do not think that is being disputed, but against the backdrop of the investigation we were conducting, it is vital, I would suggest, that departments and statutory boards understand exactly what this mechanism is. At the moment, that is not the case, because the original documentation still exists, but it is not being followed.

It has been varied over a number of years, and I think the need is for the Council of Ministers to provide an updated . . . Whatever system they come up with, I think that system needs to be brought into a written form so that departments and statutory boards can clearly identify the requirements and therefore they have no excuse for not complying with them. It arose in the context of this investigation for a very simple reason, and that is that a number of the parties who gave written and oral evidence to us made it quite clear that they resorted to non-capital consultancy because of the position they were in, not being able to obtain posts because of the personnel control mechanism.

**Mr Corkill:** Long-term commitment.

**Mr Quine:** That is right. So, I do not think there is any great difference between the interpretation placed on this by the Chief Minister and the findings of the standing committee, sir, and I beg to move.

**The President:** Hon. members, motion I put to you is that printed at 11 on the order paper: that the report of the Standing Committee on Expenditure and Public Accounts on consultancy services be received and its recommendations approved. Those in favour please say aye; against, no. The ayes have it. The ayes have it.

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**Standing Committee of Tynwald on  
Expenditure and Public Accounts –  
General Report for Session 2001-2  
Received**

Item 12. Mr Rimington to move:

*That the General Report of the Standing Committee on Expenditure and Public Accounts – Session 2001-2 be received.*

**The President:** Mr Rimington.

**Mr Rimington:** Thank you, Mr President. I put this particular motion on the agenda not with any desire to criticise any party, but to provide a forum for members to consider whether the existing level of scrutiny by the Public Accounts Committee is sufficient, and I would argue, sir, that at present it is not.

There is, especially possibly with the passage of time in recent months, a great public desire for scrutiny of government, and it is the constitutional rôle of parliament in a healthy democracy that that scrutiny should take place and be seen to be taking place. Government should not be afraid of strong parliamentary scrutiny if that scrutiny is well directed and constructive, and it can only strengthen and improve government through that process.

In the short time that I have been a member of this hon. Court, now approaching over two years, I do not see any evidence that the Public Accounts Committee has been misusing its position, nor have I, in that time, heard any accusation that it has done so. But prior to arriving in this hon. Court, and still with the same feelings today – so, partly speaking as a previous member of the public and now, obviously, as an hon. member – as a member of the public, do they see the results of that focused on financial scrutiny that they might like to see? A visit to the Tynwald Library will not be very fruitful for the average member of the public in terms of viewing what the Public Accounts Committee has done. There are some reports like, obviously, the report that has just been produced, which I think was very useful, and others in the past, but those have been, if you like, infrequent in nature and do not cause the library to be overflowing with such reports. Then there is the annual report, which we are now receiving and which is, by all accounts, quite slim. I would say there is actually a dearth of material for the public to see what their main parliamentary body responsible for financial scrutiny is actually undertaking. That is not to say that the committee is not undertaking that scrutiny, and I have not, in any of the time I have been here, talked with any of the members of the committee in detail – what do you do? How much time have you spent? What are you expecting to look at? What is your workload in that respect? – but I am purely looking at it, if you like, as an outside observer to watch the process that takes place.

I would just like to emphasise that I am not actually criticising the Public Accounts Committee, but what I am concerned about is the visible output of that for members of the public to see that their parliament is doing the job that they want it to do. It is not a criticism of the quality of the resources that are available to the committee to perform its function, but it is an issue, I believe, of the *quantity* of resources that are available to the committee to perform its function in a resolute and widely public manner. Certainly, in recent months we have had a select committee on the membership of the Public Accounts Committee and various matters related to that, and that was addressing the issue of scrutiny from a different angle but heading in that same direction on how to actually achieve that end. That has obviously been and gone, but some of the issues underlying that certainly have not gone and probably will reappear as time passes. In this current climate, where resources are becoming notably scarcer, if I had a magic wand and was able to devise some resources, I would expand internal audit, duplicate its rôle with Treasury with the Public Accounts Committee, make it responsible to the Public Accounts Committee and give it an administrative officer and a forensic accountant, but I realise that is many steps away from the present situation and might, in the current circumstances, be regarded as Utopian. But I do believe that if the Public Accounts Committee is going to operate – and operate effectively – on behalf

of the parliament, then it does need a bit more in the way of back-up resources, so I am trying to provide a forum – I do not know whether members are interested or not in this issue – whereby their views can be expressed and those who are in the position of determining budgets and resources within the parliamentary context can take those views on board or not as they see fit. In a period where we cannot all have the things that we would like to, whether it is in departments or whether it is in parliament, it is a question of priorities, and therefore I am arguing that, within the resources available on the parliamentary side, the resources available to the Public Accounts Committee should take a higher priority and that maybe possible adjustments in other areas of expenditure should be made to provide that committee with the resources that it needs to undertake its functions properly. The Hon. Clerk of the Court did provide me, with permission, with the budget for committees, I think, for this financial year, which has given us £23,000, which is not a lot of resources. Obviously, that does not take into account the staff time that is actually used servicing all the committees of Tynwald and, as we know, there are many committees of Tynwald and also of the Keys, which take a great deal of time in staff resources. The budget there does seem rather on the low side, and I have to admit I would compare it to the budget of the Commonwealth Parliamentary Association, which I have nothing against in particular, but that has got a budget of £40,000, which is considerably higher, and I do believe that public scrutiny of our finances should be elevated to a higher priority than it is at the moment. Given that, I believe that the Public Accounts Committee would act, and does act, with a degree of maturity and responsibility and performs its functions in looking at expenditure as it is taking place and brings forward constructive ideas, which can only be of benefit to government in the long run. I beg to move, sir.

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

**Mrs Hannan:** Thank you, Eaghtyrane. I would like to second the comments made by the member for Rushen in regard to this. If you look on page three, taking into account the comments that he has made regarding scrutiny, one of the matters that the committee may form a basis on for future enquiries is the audit of certain Isle of Man Government capital projects by the UK National Audit Office. We obviously have not taken a decision on that, because we have been some members down in recent times, but it is an area where members are concerned that we are not able to give the sort of scrutin . . . We feel that we have been put in a place of some sort of trust by this Court to look at issues such as this, to scrutinise government activities, and some of the issues are extremely complicated. You have only got to look at page two of the report; the member moving this

motion has said it is a slim report, and it is, but these are the issues that we have been following throughout the year, and I have only been on the Public Accounts Committee for this particular year. We have been looking at the new hospital, the future remit of the Public Accounts Committee and scrutiny policies and activities of government, and the revision of the Audit Act, which I believe the Department of Local Government is looking at, along with Treasury, to make changes. There has been some comment, in regard to the new hospital, about Crow EPH and what happened there, so there are issues, quite considerable issues, that we have been investigating, along with the two areas that the subcommittees have been looking at, such as consultancy services, which we have just dealt with and which has taken up quite a considerable amount of time, and also the Department of Transport in-house schemes, which the other subcommittee has been looking at.

I think it is safe to say that members are frustrated from time to time. A forensic accountant would be most useful to us, because a person such as that – or maybe even one or two such as that – would be able to assist us in, I believe, the responsibility that we have to look at public accounts and spending. With the previous item on the order paper regarding the subcommittee, the Chief Minister, was the only member who spoke, but he said, ‘You look at these and you put more controls in place.’ Well, I am sorry, but we are looking at public money and how public money is being spent, and in certain areas we have seen that there is a problem and we have recommended these changes. The sort of personnel with which we could investigate the sorts of things that the member for Rushen is speaking about, in that sort of depth, is something that *is* needed, whether I am on the Public Accounts Committee or not. I do not think it is down to personnel; I think it is what is needed. As the member for Rushen has said, there was a select committee looking at how to make the Public Accounts Committee more appropriate to today’s parliamentary set-up by having members who are just Public Accounts, but my concern was that unless we change things around completely, we are going to have two members of Public Accounts, the chair and the vice-chair, waiting for other members, unless we are all in Public Accounts and not involved in government work at all. So I think that more facilities to make the work of the Public Accounts Committee more able to act on the remit that they have would be welcomed.

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

**Mr Quine:** Thank you, Mr President. There is a great deal of what has been said by Mr Rimington to which I subscribe. I think that in total, three or four select committees have been set up on my instigation to deal with different aspects of Public Accounts Committee activities. Some of those have made

progress, and some less so, but perhaps I can touch upon one or two of those specifics later.

The hon. member for Rushen, Mr Rimington, is quite right; I think the public quite legitimately and quite properly look towards a parliamentary system of government and they expect to see, within that system, checks and balances. Public moneys are being expended. They write to us individually – they certainly have written to us in relation to the PAC – questioning not just individual expenditure, but the policies which underlie items of expenditure, so it is, I believe, an expectation from the public that we should be doing more than what we are doing.

In the report which, we are in effect, discussing today – which, of course, is the general report for the session 2001-2 – as my colleague, Mrs Hannan, the hon. member for Peel, has pointed out, there is a sketch of the projects and the work that we have been doing. There is a great deal of work involved in those matters which are identified in very short form there. If you go back to page one, you will see, by way of example, the large number of audit reports which are filed by internal audit; each one of those has to go before the Public Accounts Committee and they have to be scrutinised, and fortunately, I think, we have quite a good system for doing that, because we take it in turns to do close scrutiny and then we come forward and we will report to the full committee in order to cover more ground. In the same way with the investigations themselves, we have a system now where we work as teams to do what you might call the detailed investigation, allowing us to cover more ground with the limited resource that we have got, and then, of course, that team comes and reports back to the full committee, the full committee takes on board the findings and the evidence and, as you saw in the earlier item, they then become signatories, if they are happy that is, to that exercise, having discussed the evidence collected with the investigative team. So, we do what we can to try to maximise the ground which the people on the Public Accounts Committee cover, but that ground is limited, and there is no denying that.

When we had the debate, two or three months back now, when I brought forward a proposition that we should have the chairman and the deputy chairman free from other departmental responsibilities, which was not approved by this hon. Court, that was geared towards trying to enhance the staffing framework to allow more to be done in terms of PAC investigations. But this hon. Court decided not to take that line, perhaps with good cause, because there is this question of there being only so much that can be done by the political members, unless they are underwritten by the staff. At the moment, we are very pleased to have Mrs Marilyn Cullen as the clerk to the committee, but that is a part-time resource – Mrs Cullen is only available to us on a very limited basis – and consequently there is only so much that she can do for us. So, there is a resource problem there. There is also a problem, of course, because of the way we are structured, with getting the members together for

meetings. It just happens that we were circulated with this document today showing different commitments, but if you get five quite senior members of the legislature who are involved with the Public Accounts Committee, it is inevitable that those people are going to be involved in a great deal of other standing committees, never mind the select committee, over and above the Public Accounts Committee. If you look at this particular one that we have here today, you will see that of the existing committee members, the hon. member for Council, Mr Gelling – who I am delighted to welcome back, having been elevated – already has eight other, standing committees that he has to function on. Mr Earnshaw has five. Mrs Hannan, the hon. member for Peel, has five.

**Mr Houghton:** I have got one.

**A Member:** You had none before today.

**Mr Quine:** Well, perhaps they are giving you a message. *(Laughter)* Mr Karran has five, and I have seven, so there is a problem about getting members together at a time suitable to those members, and that also limits our ability. I am not putting up a defence; I am quite happy to recognise that the work here that is identified in this report *is* the sum, albeit in summary, of what the PAC has been able to do during the first nine or ten months of this House. I am ready to recognise that that is the totality of it, and it is quite clear to me that it represents only a small part of what we *should* be doing. I think that if we had some external body that came in and had a look at the extent of our scrutiny here, they would form the opinion very quickly that it is largely cosmetic. And that is our fault, nobody else's fault; either we take on board the need for scrutiny and take it seriously and provide the resource for it, or perhaps we should be thinking in terms of making an honest statement as to what we can do and say, 'that is it; we will just have to live with that.'

There is only one further comment that I would make, and that is, that members will see, at 2.3 of the report, that the committee is currently looking at the matter of the future remit of the Public Accounts Committee and the scrutiny of the policies and activities of government, so we are currently – and this follows on from the select committee report which rejected the proposition of freeing the chairman and deputy chairman from departmental responsibilities – collecting mainly written evidence at the moment about what happens elsewhere, what is being done elsewhere and how they organise themselves elsewhere. We no doubt will be coming to a view on that within the committee, and I will be very surprised if we do not come back to this hon. Court when we have formed a view on that. So, that is in process. hon. members, I think, also will have seen in the press cuttings that we have received recently that there is a reference to the changes which are taking place in Jersey and the fact that they are realigning – or if you

wish perhaps putting in place for the first time – a different regime for scrutiny in Jersey. What they are doing there, of course, is that they are setting up four scrutiny committees. Those committees each have subject areas which they are responsible for. Each of the four scrutiny committees can have up to two, I think it is, non-political members as part of those scrutiny teams. There is a chairman for each scrutiny team. The four chairmen constitute a management team, and they get together and co-ordinate and plan the work for scrutiny overall. That is just one approach; that is the one that is being taken there. It allows them to use an external resource, because they are not all politicians, and it allows them, quite clearly, to cover a great deal more ground than *your* Expenditure and Public Accounts Committee is able to do at the present time. I am looking forward to that type of evidence, and all the other evidence that we have collected, being examined by your committee in the context of 2.33 of this report. As I say, I believe we will then be returning to this hon. Court with some further propositions for you, but at the moment I would not even try to offer a defence and suggest to Mr Rimington that we are discharging an effective régime of scrutiny; we are not. We have very severe limitations; they are limitations which have been before this hon. Court on at least four occasions, with different propositions for remedy, but we are where we started from, we are still in the same position. That is a matter for this hon. Court – perhaps they are happy with that – but that is not a matter where the fault rests with the Public Accounts Committee.

**The President:** Chief Minister.

**Mr Corkill:** Thank you, Mr President. My comments will be short. As ever, when we get into this sort of debate – and I would thank my Hon. colleague, Mr Rimington, for putting this on the agenda I think every speaker so far has mentioned the issue of resources, **(A Member:** Yes.) and this Court is the place that determines where the resources go, **(A Member:** Absolutely.) quite straightforwardly. We have finite resources and they are spread around, that portion of that finite resource which goes to whichever area, whether that is executive government departments, statutory boards and all of that. And, of course, one of those areas is our parliament – ourselves. And quite honestly, Mr President, all of those entities have to deal with the budget they have available to them. I am slightly concerned that what I have heard by contributions so far is a plea for more resources. The trouble is that with a report like this, I do not know how the existing resource is being utilised. I would draw members attention to 2.3.2, the new hospital, and it says here, 'During the year, the committee has continued to monitor the development' – and I think this stems from a Tynwald resolution –

**Mr Quine:** Tynwald requirement.

**Mr Corkill:** 'As we continue to monitor the development, with the services of a specialist adviser, Mr Godfrey, who has submitted regular reports and followed up any areas of concern identified by the committee.' This report does not tell me what the areas of concern were, what the follow-up was or what the feedback has been, so, in terms of government utilising Public Accounts' scrutiny as a learning exercise, it does not tell me anything. All I know is that the committee, from time to time, is monitoring progress at the hospital, and there is a requirement for them to do that, so, in terms of how useful this report is, I have to say that, from a government perspective, it is not helpful.

**Mrs Hannan:** It is not meant to be to you.

**Mr Corkill:** It is not meant to be helpful, right. Now we know what the real rôle of the Public Accounts Committee is.

**Mrs Hannan:** We report to parliament.

**Mr Corkill:** It is a report to parliament but surely government needs to learn; that is what I thought it was all about.

**Mrs Hannan:** You will.

**Mr Karran:** There is always a first time.

**Mr Corkill:** The point I am trying to make, Mr President, is that we have to use the resources that are available to us.

One of the issues that has crept into Public Accounts scrutiny over recent years is not only the scrutiny of the activities of government – whether we are doing things in the best manner appropriate to the policies that are in place – but there is actually scrutiny of the policy going on as well.

**Mr Quine:** That is Tynwald's remit.

**Mr Corkill:** I would say – and I know that the Hon. chairman does not agree with this, because he fought long and hard to get this element introduced into the Public Accounts scenario – that there is this scrutiny rôle of government policy going on, and that lends itself to an opposition kind of rôle. This came out in the report about the chairman and vice-chairman being totally detached from any connection to government, that they should be detached. That was dealt with in the report at that time. If that is what hon. members want, then Tynwald will decide to do that, and I think the news reports that we have had of the Jersey approach are interesting. They are setting up the Council of Ministers structure for the first time, and they obviously want to see a balance, that is the parliamentary scrutiny. They seem to have approached it from a healthy point of view, and I would congratulate them. I look forward, can I say, publicly,

to Jersey being able to restructure their government organisation, to have the executive rôle of the Council of Ministers and to have the scrutiny, because I think the people of Jersey deserve a more modern approach, and I wish them well in embarking on what they are doing. They have carefully examined the experience that we have had to date with our system of government.

I come back to the resource issue, Mr President. We have heard that members are not available because they are on too many committees. It is this hon. Court that chooses those committees and maybe next time we decide to set up a committee, we may wish to think about how we are deploying our resources within that decision. Certainly, executive government has to do that every single minute of every single working day. We have to cut our cloth accordingly, and so there is a discipline in all of this. The public deserve proper scrutiny, we as members deserve proper scrutiny and I would acknowledge that what is happening at the moment could be better. How much resources we apply to that and where those resources come from.... And under the current financial climate, where we know, as the Treasury minister has said, that things are a bit quieter, you are talking about diversion of resources, not new resources, so we should be clear about what we are trying to achieve.

I just wish to make the point that I read this report when it was put on last month's agenda, laid before; it took me about sixty seconds to read, and I learnt nothing. I think that is probably what provoked the hon. member Mr Rimington to actually raise it at this month's sitting; he thought it was of no benefit, perhaps, to government. It is a report to parliament, yes, but surely executive government needs to be given the opportunity to learn from what the scrutiny has achieved.

**The President:** Mr Speaker.

**The Speaker:** Thank you, Mr President. I was not sure at what angle the hon. member for Rushen, Mr Rimington, was coming from in relation to this report, and I have to say that his contribution was not only brief, but in fact it did not tell me an awful lot of what his train of thought was, except that it seemed to link to the resource issue, and I have to say that even that aspect of it is not really very clear.

To the Chief Minister, who just spoke in relation to the report and said 'It only took me sixty seconds to read, and it did not tell me anything', I have to say it is not long ago that we did not know what the Public Accounts Committee was doing. In fact, I was the member who moved in Tynwald Court that there should be a report laid before Tynwald so we knew what on earth the Public Accounts Committee was doing.

**Mrs Hannan:** Hear, hear.

**A Member:** That is right.

**The Speaker:** It is not meant to be a report on the basis of what they are doing; it is just meant to be a report saying, 'This is what we are looking at', which is what the report does. We used to have a situation where the Public Accounts Committee, which after all is a committee of Tynwald, was going away to do a job and none of us knew what they were doing, because in those days they did not even sit in public in the committees, everything was done in private. Suddenly, out of the blue, we would have a report as thick as that, dumped on our tables, all about all sorts of issues that they dealt with, and we had fourteen days to understand it. Clearly, it was important that Tynwald members knew what the Public Accounts Committee it appointed was up to, and that is the only basis of the report that is laid before Tynwald. It is deliberately laid because it is not seen as an issue to debate, and clearly you can, because the hon. member has moved a motion to do that, and that is open to any member. But, in general terms, it is laid as an information paper, and I think that if we keep that in mind – because I think it is important keep that in mind – that is what it is; it is nothing more.

I stand, Mr President, really just to clarify a number of issues. As hon. members are aware, I am Chairman of the Tynwald Management Committee, and the Tynwald Management Committee is responsible for identifying the resources, financial and personnel, to be made available for Tynwald and its committees and its branches to undertake their rôle. What I can say is that the Tynwald Management Committee and I have been extremely concerned about and conscious of the resource that is made available to the Tynwald Management Committee to feed resources through to the different committees, bodies et cetera of Tynwald and its branches. My concern came when I first took over as the chairman, looking at the expenditure that was being undertaken, being told that I had to come to Tynwald Court for quite a substantial supplementary vote, asking, 'Why wasn't this provision made for it?', and told, 'Well, the budget had been put forward on that basis, and therefore there was not much of an increase because of circumstances et cetera.' That is fine; that was the way it was done at that stage. I have to say that I take a different view and the committee knows I take a different view. My view is that it is the Tynwald Management Committee's responsibility to sit down and budget properly for both personnel and financial resources to ensure that Tynwald and its committees and its branches can do their job properly. That is the view we have taken, and this year we have undertaken quite an in-depth review of our budgetary provision for the budget for 2003-2004. The Tynwald Management Committee has also advised the government, through Treasury, that the Treasury Act does not apply to the parliamentary structure of Tynwald and that we have put forward our budget on that basis and it is a matter for Tynwald to decide. Whether or not that is appropriate, through the normal budget that is presented to Tynwald. We have to act responsibly within that and acknowledge that

there are pressures on government and on personnel in government, but also we have to acknowledge, as I am sure that Tynwald Court would want us to, that we also have a job to do through our committees, and that is certainly the view that we are taking.

A simplistic view which has been mentioned here this evening, Mr President, is that we need more resources to enable the committees to do their jobs better. That is a very straightforward, simple view, and we can all say, 'Yes, that is fine', but it is not, unfortunately, that simple. We have a problem not only for increasing our staff, which we want to do, and hopefully we will make some headway on that, but even if we increase our staff, we have a major problem of accommodating our staff. We have no space for our staff to work in. We have already done alterations upstairs, reducing the size of the Millennium committee room. We only have one room for the legislature to undertake inquiries, and that is for all the select committees, for any committee of the legislature, whether it be Tynwald or its branches. They all have one area in which to do that. Our office is staffed by what is, relatively speaking, a small number of staff for the work that they are expected to do, especially for the committee work. The other issue is facilities for us all, for us to carry out our work and for the committees to carry out their work. So, there is a big combination of reasons why there are restrictions on how far we are able to carry out our work.

Also, one of the issues that has come out here is that there is a problem in relation to the membership of the Public Accounts Committee, in that they have other responsibilities. We have recently examined that, and I think it is also worth making the point that even if it had been determined that those members should not be in government but should only be on that committee, I think it is a valid point also to say that there then is no point in loading them with lots of parliamentary committees, which then puts them back into the position as if they had been in government. So, maybe that issue needs looking at as well.

I would like to just clarify the budgetary issue, because the hon. member for Rushen, Mr Rimington, indicated, 'I have nothing against the CPA', but he is a good example. I would say to the hon. member that I certainly believe that the CPA and the opportunities it provides for every member of this hon. Court to actually visit other jurisdictions to become knowledgeable of how other things work are a very important matter in relation to our work. It is training for us as parliamentarians. If you go into any profession, all professions have ways of providing experience and training up people to do their work, and it is important that we have a broader vision, as members, to enable us to do that work satisfactorily for the Isle of Man. I am absolutely sure we would not have a Public Accounts Committee today if people had not seen how they worked in other jurisdictions.

I have a concern when the hon. member for Ayre mentions – and, I think, flew the flag a little bit for – Jersey. Jersey, I think, have got a long way to go in

terms of what they do, but they also have a bigger parliament. Their numbers – and the Chief Minister mentioned it as well – are actually greater than ours, so they have a bigger pool to call upon. We have to acknowledge that we are a smaller parliamentary structure and that we only have 33 members. Out of our 33, a number of us are restricted in taking part in certain aspects of the operation of either government and/or parliamentary committees, so those things reduce our numbers slightly and make the work more difficult.

The hon. member for Rushen mentioned – and I have to respond to it, because he specifically mentioned the CPA versus the committee budget for select committees, and he said, and rightly said, that the budget for the committees was £23,000 for 2002-3, whilst it was £40,000 for the CPA. But, of course, if the hon. member had bothered to go to what is a very important book that most members do not look at, which is the detailed government accounts for the year ending 31st March 2002, and goes to page 100, he will see, in fact, that whilst the expenditure for the CPA was budgeted at £39,000, its actual expenditure was only £27,445. And if you go to the expenditure for the committees, whilst that was only budgeted at £16,900, the actual was £54,724, so I think the point that I am making is that if a select committee, whether it be the Public Accounts Committee or a select committee of Tynwald or of any of the branches, requires additional financial resources, they are never stopped from getting them, even if that means the chairman of the Tynwald Management Committee or the chairman of *the* committee coming back to this hon. Court to seek those funds. So, I am just making it clear so that there is no misunderstanding or impression being built up that committees cannot do the work because financial resources are not available. Financial resources have always been made available, whether it is for employing consultants, or for employing whatever. The biggest restriction is on our own in-house staff, the numbers that we have available, certainly the numbers of senior staff to undertake what are these important rôles and, of course, the politicians themselves, who have other responsibilities. Whether they are government or parliamentary, they are quite wide responsibilities, and they do affect their availability, and I think we just have to acknowledge that.

So, I hope that that helps members to understand the situation we have. The severe limitations, which we are all conscious of, are a number of factors which I have mentioned: staffing, accommodation and facilities. Until we sort that out – and seriously sort it out – there will always be limitations on how our committees can do their work, because we cannot squash people into a building where, in fact, the building is not big enough to carry out the rôle that we want it to, including our rôle as individual members. So, all these things come into the picture.

Mr President, I would just finish by saying that, as far as I am concerned and whilst I hold the position of the chairman of the Tynwald Management Committee

and I know I am supported by my colleagues on that committee, we will always ensure that there are resources made available and, if necessary, we will come back to this Court to make sure those resources are available.

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

**Mr Karran:** Eaghtyrane, I am only speaking because of what I have heard from the Chief Minister and the Speaker. I think it is too simplistic for the Speaker to say that it is about accommodation and that. The issue is that we have a very good clerk who services our committee who means well, who does a good job and who is excellent as far as that is concerned, but she is not trained. She is not trained to be able to deal with forensic accountancy, to see how things are manipulated and moved –

**A Member:** That is why you employ accountants.

**Mr Karran:** – and that is the sort of thing that needs to be addressed as far as the Public Accounts Committee is concerned. I do not need some consultants who then get a job from a government in some other area and who then find that they have got a conflict of interest so they do not really want to go and do the full Monty on them because it will stop them in this other area. I think that is the sort of issue that has to be addressed, because the point today – and I am very concerned about this, because it is a while since I have actually agreed with much of what the hon. member for Ramsey, Mr Bell, has said in recent times – is what he said about the economics of balancing the budget. This committee is supposed to be the safeguard for parliament to try and put the cut into the perpetual circle of waste that frustrates, I think, most of us in this hon. Court but seems to make us completely impotent to be able to get anything done about it. That is why I think that it would be too simplistic for the likes of the Speaker to say that if we get a refurbishment down here in this part of the building, it will be the panacea for the Public Accounts Committee, because we will have more office accommodation. That is not what the Public Accounts Committee needs, and I think it should not go down on record; what we need is somebody who will investigate stuff. We all know, as members of this hon. House, that when we first became Members of the House of Keys, we had to read legislation a dozen times, and sometimes even longer than that, before understanding what we were actually voting for. And with the experience and the knowledge and the training that comes, and the battles with the legal draftsmen over the years, we can actually hold our own with most of the advocates on the Island nowadays as far as legislation is concerned. But the point is that we are talking about a specialist field, and what we need is not more office accommodation; what we need is the proper sort of support and knowledge that people can

dissect the information and not allow a situation of information overload, which we have an art form of being able to create, to blur the situation.

I had a recent meeting over another subject where a certain body that is by government has been telling us how wonderful a job they have been doing and how they made millions of pounds of profit, but it took us to try and find out the real reasons why they were doing that and to find out how they are actually blurring what is fact and what is fiction as far as the issue is concerned. If we do not have the sort of support, the trained sort of investigators who can actually do that sort of investigation without worrying about what is over the shoulder of the next job, finding offices are not the answer. As far as my good friend next to me is concerned, I do think that that he forgets one fundamental principle. Something budgeted well is a matter of your viewpoint, and that is a big issue, and I am afraid that that is the problem the Ard-shirveishagh has with his merry crew. The problem we have is that somehow, if people try and break that perpetual circle, we become the enemies of the state. It is true, unfortunately. We have only got to read *Hansard*. The number of times, years later – or not even years later – they have had to do a u-turn and they have never even had the decency to say, ‘Well, we got it wrong then, and that particular individual was right on that point.’ But the point is that that is the problem with the Public Accounts Committee as a new member.

The problem we have is that where there are policy decisions that cost money, then I believe the Public Accounts Committee has a responsibility. Some of the things have been sorted out, like they are hopefully going to be reporting in the near future on the capital design works for public items, and hopefully we are going to get away from the lunacy we have at the present time, where the more we spend on capital projects, the more the professionals get. To be fair, we did not have to use the Public Accounts Committee for that. Hopefully, the Treasury are going to be reporting back, even though it is starting to feel a bit like jam tomorrow, because they have been coming back to us for the last four or five months. But, hon. members, do not look upon the Public Accounts Committee as something that should be feared; it should be something that should be encouraged. We are going to see, in the very near future, with the likes of the Department of Trade and Industry, where they are going to find what the reality is on a number of their issues, but we do need to resource the committee well. And the resourcing of the committee is not fancy new offices in an £8 million development at the ‘wedding cake’; it is actually being able to employ people who know what they can do, dissect the information and provide the information so that we can understand what we are undertaking. At the moment, what we have are piles of information, as members of the Public Accounts Committee, and quite frankly I know I do not speak just for myself but other members of the committee have expressed that concern.

I do think that the step that is proposed to get members who are in the Treasury off the Public Accounts Committee is an excellent move and is an absolutely common sense proposal, but I do think that members who are on the Public Accounts Committee also, as well as getting the proper people to give them the advice, need to have a situation where they should not be on any other department of government, in my opinion. It is as important, especially, as the Treasury minister says, as we have got hard times ahead and we have got to try and get more effective value, and we will not get that until we also deal with the issue of transparency and accountability as far as the executive is concerned and get away from this nonsense of vanity over sanity and having everything tied up in confidentiality clauses so that we have the likes of the meat plant and other things where the truth should come out but it is not done for the consultants, it is done for the vanity of the executive within this Court.

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

**Mr Waft:** Thank you, Mr President. I am getting different ideas coming back from different people with regard to this situation that they appear to have found themselves in, and Mr Rimington did start it off somewhat. I was a bit concerned when he said that it should be £40,000, perhaps, rather than what it was. I do not think, having worked on the committee, that there has ever been a problem with regard to funding. If there was something there that we did not know anything about, we would ask for a consultant to be employed who knew about building regulations, who knew about this or knew about the other. They would come in and they would give us the advice. There has never been any problem at all. If we are to turn round and say, ‘I am sorry, but you cannot do that because of financial resources’, that should be down there in black and white, but that has never occurred, to my knowledge, all the time I have been there.

I did agree with the member for Ayre when he mentioned, at the last debate we had about this, about the chairman not being a member of government. Some people wanted everybody not to be a member of government and be totally external. I think that is not on, quite honestly, but I went for the halfway message of perhaps having the chairman outside. I did mention, at the previous debate, that there were concerns of members who had to fit in and work around the other members who were there and who were members of departments as well, because they had to absent themselves from that particular committee, but that is by the by. We had to get round that, but there were always problems with staffing situations and we could not meet because of staffing, and that was because we had so many select committees at the one time in a particular area during the last sessions that we had that it was becoming increasingly difficult. But that was acknowledged, and it did not only affect the Public

Accounts Committee; it affected all the select committees as well.

With regard to Mrs Cullen and her not being trained, the secretary of the committee does not have to be trained at all. They just have to acknowledge what is needed and the servicing of the committee, and if they want a specialist accountant, then they apply and get a specialist accountant, and if the money is not there, they come back to Tynwald and say, 'Look, we need some more money for this.' But I did not see in this report that there was a build-up of a lot of problems and we need a lot of staff and perhaps, even if we are not looking at this . . . Looking at the next to last page, the continuing investigation of the Department of Transport in-house schemes, that was going when I was on the committee. That was over a year ago. The new hospital: Mr Godfrey has been servicing that committee with regard to that new hospital for at least two years now, and he works on a part-time basis and he is a consultant who comes in and advises the committee. I do not think he is looking for any other jobs, Mr Karran. He is quite happy to come and advise, and we were happy to have him.

On the next one, looking at the future remit of the Accounts Committee, they agreed to take no further action on that one.

Looking at the next one, the revision of the Audit Act, well, we agreed to have a revision of the Audit Act 18 months ago, and the Crowe EPH was put off 2 or 3 years ago because of the legal complications of problems with future litigation, so that had to be put off.

So, I did not see any big lists or a business plan – people keep asking me for a business plan for this, that or the other. There is no case there to say, 'This is the problem. This is what we want', so we are getting different signals and we have not really established where you want to go from here. I do not think it is finance, because if it was more than £40,000, they only have to come back to Tynwald and say, 'If you want this investigated, it is going to cost £50,000 or whatever'; you would have to look at it and, if it was justifiable – and heaven knows what that Mount Murray inquiry is going to be costing us at the end of the day – and if it is necessary, Tynwald will provide the money. So, I do not think it is cash *per se*; I think it is the make-up of the committee, how it is seen to be from government itself and how it is seen from outside, and trying to get that mix that is halfway pleasing all the different people concerned. Thank you, sir.

**The President:** Hon. member for Garff, Mr Rodan.

**Mr Rodan:** Thank you, Mr President. Just fairly briefly. There is no doubt at all that, as government has become more complex and the areas that it is asked to administer or the services that it is asked to deliver to the public become ever more complex, in parallel there is a requirement for more complex scrutiny, and the

old structures that served us well remain perhaps no longer appropriate and we need to look at new ways of carrying out that essential scrutiny. Whether it is the work of government or the work of scrutinising government, those activities have a cost attached to them, and once or twice in this debate we have heard members say that the cost of scrutiny is simply a matter of coming to Tynwald and Tynwald will then give the necessary resources. That may well be the case that Tynwald gives the necessary resources, and it is right that that particular decision is for Tynwald and Tynwald alone to make, the same way that they make those decisions as far as resources that they choose to give to government are concerned. All I would say is that in making such a decision, let Tynwald be fully aware of the consequences of voting whatever it is – £50,000 or whatever – to any committee. Let that decision be accompanied by the parallel decision that that will be £50,000 or whatever it is *less* to be spent on government, on public services.

**Mrs Hannan:** Oh, come on!

**A Member:** Of course it is.

**Mr Rodan:** If it is a question that scrutinising committees need certain amounts of personnel to be attached to do it, I have no problem with that and I will readily accept the case for that, but at the same time I would fully expect, if challenged, to say in what areas I would expect there to be a reduction in personnel. We cannot do everything with finite resources, and the work of scrutiny and the cost and personnel attached will have to take their appropriate place, as determined by us, in the overall scheme of things. But there is no such thing as coming here and Tynwald making available the resources out of thin air; they come from somewhere, and that somewhere will be a corresponding reduction in resources.

**The President:** Mr Rimington to reply.

**A Member:** Vote. (*Laughter*)

**Mr Rimington:** Thank you, Mr President. At least this is one of those motions which nobody should have a problem with voting for, as it is only to receive something which we are all reasonably content with in many respects. I do not intend to go through what all the hon. members have said, but I am glad that I have actually achieved some of the purpose that I set out to do, which was to actually raise the issue on the floor of the Court and to have a discussion and hear that range of views that relate to this particular issue. So, I am pleased that I have succeeded in that, and that is the major purpose of actually putting that motion down on the paper. I am not talking about demanding £40,000 or £30,000 or any sum of money out of anybody's particular budget, (**A Member:** Agriculture.) whether it comes off the Department of Education or wherever, to achieve that end. All I was trying to do – and I think

I have possibly succeeded in that – is say some fundamental things. As it stands at the moment, the public are not fully able to see what is going on, and perhaps they would like to see a bit more of what is going on. The government may not be having enough of the lessons that are being learnt – or not being learnt enough – being put towards them so that they can get the benefit of that. And I am not saying any sum of money from anywhere or anybody, but what I am saying to the Tynwald Management Committee or whoever is: within your existing budget or within the amounts that you are bidding for or not bidding for but marching in and demanding or whatever, please will you put resources for the Public Accounts Committee at a higher priority? And I did use that term. I am not saying ‘absolutes’; I am saying ‘priority’, because I would say that scrutiny by parliament must be of the highest priority within the allocation of available resources, and that is my fundamental point. Thank you, Mr President.

**The President:** Hon. members, the motion I put to you is printed at 12 on the order paper: that the general report of the Standing Committee on Expenditure and Public Accounts, session 2001-2, be received. Those in favour please say aye; against, no. The ayes have it. The ayes have it.

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### Procedural

**The President:** Hon. members, I did indicate this morning that I thought half eight or nine o’ clock may be the time that we would cease our business for today. I think it would be totally wrong to start a major debate at this stage. I am in your hands, hon. members. If you wish to deal with a few of the ministerial orders, I am prepared to give you another half hour; if not, hon. members, we can come back refreshed in the morning to start at 13.

**Mr Cannan:** Mr President, I propose we adjourn. (**A Member:** Hear, hear.) Some of us take 40 minutes or three quarters of an hour to get home and one thing or another. (*Interjections*)

**The President:** I am content -

**A Member:** Now you know how the prisoners feel! (*Laughter and Interjections*)

**The President:** With that, hon. members, and I think it is fair. We will start in the morning at 10.30 a.m. with item 13. Thank you, hon. members.

*The Court adjourned at 8.53 p.m.*

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