



**TYNWALD COURT
OFFICIAL REPORT**

**RECORTYS OIKOIL
QUAIYL TINVAAL**

PROCEEDINGS

DAALTYN

(HANSARD)

Douglas, Tuesday, 12th July 2005

SUPPLEMENT

Present:**The President of Tynwald (The Hon. N Q Cringle)****In the Council:**

The Lord Bishop of Sodor and Man (The Rt. Rev. Graeme Knowles), The Attorney General (Mr W J H Corlett QC),
Mr D Butt, Mrs C M Christian, Mrs P M Crowe, Hon. A F Downie, The Chief Minister (Hon. D J Gelling CBE),
Mr E G Lowey, Mr L Singer and Mr G H Waft,
with Mrs M Cullen, Deputy Clerk of Tynwald

In the Keys:

The Speaker (The Hon. J A Brown)(Castletown); Hon. D M Anderson (Glenfaba);
Hon. A R Bell and Mrs A V Craine (Ramsey); Mr W E Teare (Ayre); Mr J D Q Cannan (Michael);
Mrs H Hannan (Peel); Hon. S C Rodan (Garff); Mr P Karran, Mr 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. R P Braidwood and Mrs B J Cannell (Douglas East);
Hon. J P Shimmin and Mr D F K Delaney (Douglas West); Capt. A C Douglas (Malew and Santon);
Hon. J Rimington, Mr Q B Gill and Mr P A Gawne (Rushen);
with Mr M Cornwell-Kelly, Clerk of Tynwald.

Business transacted

	<i>Page</i>
Questions for Written Answer	
77. Former board members' visits at expense of MEA – Travel, purpose and costs over last five years	1773
78. Electricity provision 2004-05 – Breakdown per area.....	1773
79. Pulrose electricity generating units – Necessity for Peel generation	1773
80. Peel Power Station – Fuel used; cost effectiveness.....	1773
81. MEA corporate entertaining – Costs over last five years	1774
82. MEA employees – Terms of employment and rates of pay	1774
83. MEA Plant/Transport Manager on gas pipeline installation – Details of employment.....	1774
84. MEA purchase of vehicles – Tendering process; details of 'cherry pickers'	1775
85. MEA senior officers – Terms of employment and rates of pay	1775
86. MEA power station gas pipeline – Bonuses paid on completion.....	1776

*Reports, maps and other documents referred to in the course of debates may be consulted
upon application to the Tynwald Library or the Clerk of Tynwald's Office,
Legislative Buildings, Douglas, Isle of Man IM1 3PW.*

Tynwald

Supplementary Written Answers

MANX ELECTRICITY AUTHORITY

Former board members' visits at expense of MEA Travel, purpose and costs over last five years

77. The Hon. Member for Peel (Mrs Hannan) to ask the Chair of the Manx Electricity Authority:

(1) How many visits were taken at the expense of the Authority over the last five years by -

- (a) the former Chief Executive;
- (b) the former Chief Executive's wife;
- (c) the former Chair of the Authority;
- (d) the former Chair of the Authority's wife;
- (e) former members of the Board of the Authority;
- (f) former members of the Board's wives;

(2) how many of these visits entailed first class travel;

(3) where were the visits to, and for what purpose; and

(4) who approved these visits?

Answer: For the purposes of this Answer, 'visit' is defined as travel for a purpose not *immediately and directly* associated with the business of the Authority and therefore excludes the extensive business travel undertaken by the former CEO. This Answer is based on information available at the present time.

- (1) (a) One.
- (b) One.
- (c) One.
- (d) One.
- (e) None.
- (f) None.

(2) One visit entailed first class travel.

(3) The MEA presented a paper, 'The Island Solution', for consideration to the British Energy Association in 2003. This paper was selected by the BEA from those submitted as suitable for presentation at the 19th World Energy Congress, a tri-annual meeting of the World Energy Council. The WEC is a non-governmental organisation which promotes 'the sustainable supply and use of energy for the greatest benefit of all people'.

(4) MEA attendance at the 19th WEC was approved by resolution of the Board of the MEA

Electricity provision 2004-05 Breakdown per area

78. The Hon. Member for Peel (Mrs Hannan) to ask the Chair of the Manx Electricity Authority:

(1) For the year 2004-05, how much electricity was provided at -

- (a) Peel;
- (b) Ramsey;

(c) Douglas;

(d) through the cable; and

(2) how much electricity was exported and at what price?

Answer: (1) The MEA cannot provide the information on the provision of electricity provided at these locations. Such information is not maintained as part of standard procedures as the MEA does not group consumers geographically. The MEA does maintain a degree of load planning on the network but this alone is insufficient information to provide the detail requested - for example, the primary substation that feeds Peel also feed St John's, Foxdale, Kirk Michael, Glen Vine and Baldwin.

(2) The MEA exported 6.4 million units along the cable in 2004-05 and the price per unit sold varied in half-hour sales periods. Energy trading using the cable produced a profit of £925,000 in the period, including both the units exported and the income derived from standing reserve contracts.

Pulrose electricity generating units Necessity for Peel generation

79. The Hon. Member for Peel (Mrs Hannan) to ask the Chair of the Manx Electricity Authority:

Are all the generating units (gas) at Pulrose working to their full potential, and, if so, why is it necessary to use Peel for generation purposes?

Answer: The gas generating sets at Pulrose are capable of operating at their full design output and the plant has been operating at its full capacity.

The MEA has three alternatives for supplying power - natural gas, diesel and UK purchases (cable) - and must also accommodate the generation load of the Energy from Waste Plant. The MEA endeavours to select those supply methods that provide the most economic solution, but good engineering practice demands that security of supply must also be considered. This requirement means that it may be preferable to generate small amounts using diesel plant to provide a satisfactory degree of resilience to the network.

As well as supplying Island demand, the MEA benefits from holding 'Standing Reserve' contracts with the UK National Grid. These contracts may require the MEA to generate power for sale in the UK at times of peak load. When the combination of Island load and contractual requirements is in excess of the capacity of the CCGT plant, the MEA operates diesel generators at Peel, Pulrose or both.

Peel Power Station Fuel used; cost effectiveness

80. The Hon. Member for Peel (Mrs Hannan) to ask the Chair of the Manx Electricity Authority:

(1) What fuel is used at the Peel Power Station to generate electricity;

(2) why is the smoke so dirty with sooty particles; and

(3) is Peel Power Station cost effective?

Answer: (1) The generating sets at Peel Power Station burn a fuel equivalent to ultra-low sulphur diesel, the same fuel that is used in conventional road going diesel vehicles.

(2) These engines are still subject to the same constraints as other diesel engines and are subject to increased emissions at start up. In the past, Peel was used as a 'base load' station with reduced starting/stopping which usually occurred in the early morning or late at night. The MEA no longer uses Peel as base load and the engines are now subject to start up during peak (daylight) hours, giving the impression of increased emissions.

(3) Peel Power Station is part of the strategic assets of the MEA for the long-term supply of electricity to the Isle of Man. At the present time its principal benefits lie in the income stream generated under the standing reserve contracts and the enhanced system security engendered by its presence on the network.

MEA corporate entertaining Costs over last five years

81. The Hon. Member for Peel (Mrs Hannan) to ask the Chair of the Manx Electricity Authority:

(1) Over the last five years what Manx Electricity Authority funds have been expended on corporate entertaining; and

(2) what amounts of funds have been expended on inter-board corporate entertaining and Authority meetings 'away' from the office?

Answer: (1) The MEA has provided Answers to similar Questions over the past year (re Christmas parties etcetera) and these remain the principal items of expenditure. It may be possible to produce this information, but the board has requested a full review of all MEA activities and I consider that the completion of this essential review should have priority over rooting out all details of corporate entertaining expenditure over the last five years. Should the questioner have any particular items of expenditure in mind, then I would respond to direct requests for information rather than time-consuming 'trawling expeditions'.

(2) The board held no meetings away from the office.

MEA employees Terms of employment and rates of pay

82. The Hon. Member for Peel (Mrs Hannan) to ask the Chair of the Manx Electricity Authority:

(1) How many employees are –

(a) employed directly;

(b) employed under contract; and

(2) are all posts paid at recognised agreed union rates of pay, and, if not, what is the amount over the agreed negotiated rate of pay?

Answer: (1) As at 31st March 2005, the MEA had 289.53 employees, but this figure can vary depending on vacancies,

retirements, resignations and recruitment or changes in hours – of these staff, 58 are employed on personal contracts.

All MEA staff are both directly employed and employed under contract, the terms of which can either be based on the conditions negotiated with the staff and unions through the Joint Negotiating Council or an individually negotiated personal contract. Personal contracts are in place mainly for those members of staff who have a managerial or supervisory role. Personal contracts of this type have been used by the MEA for approximately eight years.

(2) All staff on JNC terms are paid in accordance with the agreed pay schedule, but there is not an automatic correlation between post and salary, as pay scales also reflect experience, responsibilities and training. Salaries for staff on personal contracts are determined during individual negotiation prior to starting.

There is no situation where a personal contract holder and an employee on JNC terms are serving in identical positions and the last part of the Question is, therefore, redundant.

MEA Plant/Transport Manager on gas pipeline installation

Details of employment

83. The Hon. Member for Peel (Mrs Hannan) to ask the Chair of the Manx Electricity Authority:

(1) Why was the Health and Safety Officer 'employed' on the installation of the gas pipeline taken on as a Plant/Transport Manager;

(2) what qualifications are required for this post and does he hold them for each post;

(3) was a work permit issued for the posts;

(4) what are the rates of pay for both posts either -

(a) employed, or

(b) under contract;

(5) is the present postholder employed directly or contracted; and

(6) if a contract, how long is the contract?

Answer: (1) The Question contains an incorrect statement – the H&S officer employed on the pipeline was an outside contractor who was employed for the duration of the construction contract only. The MEA does not, in fact, have a Plant/Transport Manager - the duties of such post are already subsumed within other roles including that of the Health and Safety Co-ordinator.

(2) The H&S Co-ordinator (already an employee of the MEA) was given additional responsibilities relating to Plant and Transport, both because of his engineering background and because the MEA had identified that a significant proportion of work-related accidents involve vehicles.

(3) A work permit is not required as the employee in question qualifies as a Manx Worker.

(4) The employee in question received no additional remuneration for the increase in responsibilities. For the record, and with reference to the Answer to Questions 82 and 85, the MEA would confirm that there is no relevance to the level of salary whether the employee holds a personal contract or is employed under JNC terms.

(5) The employee in question is employed directly under a personal contract.

(6) Personal contracts are effective until retirement, unless the employee resigns or has their employment terminated. The notice period for resignation or termination is one month for most PC holders and three months for the most senior managers.

**MEA purchase of vehicles
Tendering process; details of 'cherry pickers'**

84. The Hon. Member for Peel (Mrs Hannan) to ask the Chair of the Manx Electricity Authority:

- (1) When purchasing vehicles does the Manx Electricity Authority issue tender documents, if so, to how many companies;
- (2) how many tender prices were received;
- (3) did the Authority accept the lowest tender;
- (4) what is the history of each of the 'cherry picker' vehicles;
- (5) how many 'cherry pickers' does the Authority have, and were they all bought at the lowest tender price; and
- (6) what make is each of the vehicles and from whom were they purchased?

Answer: (1) The MEA purchases non-specialist vehicles through the facility offered by the Department of Transport which draws on the purchasing power of the UK Ministry of Defence to obtain high levels of discount. It is our understanding that all Government Departments purchase vehicles in this manner.

Specialist vehicles are, where possible, purchased from or through the supplier of the relevant equipment to be mounted on the vehicle. This equipment (and supplier) is chosen following extensive review of the required task and consultations both within the organisation and with external companies such as Western Power (previously the South West Electricity Board) with whom we have strong engineering links.

The hydraulic lift vehicles referenced in the Question, for example, were purchased through Versalift who have supplied lift equipment mounted on IVECO and Unimog chassis to meet our requirements. Since the critical piece of equipment in these vehicles is the lift platform, we are confident that the process of supply chain management should focus on the platform supplier and not the vehicle manufacturer/agent, especially if we are to reduce our maintenance costs.

We would note, however, that Versalift is an agent for both IVECO and Unimog and we do not, therefore, suffer any reduction in service levels against purchasing from other official agents for the base vehicle.

(2) For details on the quotation process for non-specialist vehicles you should contact the DoT. We would confirm, however, that the DoT merely passes on the full savings obtained from MoD discounts, as negotiated by the UK Government, and we would, therefore, suggest that the tender process is outwith the Isle of Man Government.

The DoT advise us of the various discount levels obtainable through their agreement with the MoD and these discounts are both fixed and favourable in comparison with

those offered by other manufacturers' agents.

(3) As noted, the discounts obtained through the DoT are known and fixed which leaves the decision as to the type and make of the vehicle as the only variables to be determined. The decision as to make/model is determined by the specific needs of the works unit and the expected whole life cycle cost for the vehicle. The purchase price forms only part of the decision making process.

(4-6) The MEA has eight hydraulic lift vehicles in service, six IVECO and two Unimog. Five vehicles have been purchased from Versalift (three IVECO, two Unimog) and the other three (all IVECO) were originally purchased through Highland Access but one was modified at Versalift to remount a lift from a different vehicle.

The tender records for the vehicles from Highland Access cannot be located but the MEA considers that the most recent purchases through Versalift have offered the best value for money when considering the tangible benefits of price, life cycle cost and support as well as the intangible benefits of an improved supply chain relationship derived from sourcing both vehicle and equipment from the same supplier.

**MEA senior officers
Terms of employment and rates of pay**

85. The Hon. Member for Peel (Mrs Hannan) to ask the Chair of the Manx Electricity Authority:

- (1) How many senior officers are employed on contracts and how many are directly employed;
- (2) what are the lengths of the contracts;
- (3) are all the officers fully qualified for their posts;
- (4) what are the rates of pay for these posts; and
- (5) are salaries within agreed 'union' rates for the posts?

Answer: (1) All MEA staff are employed under contract, the terms of which can either be based on the conditions negotiated with the staff and unions through the Joint Negotiating Council or an individually negotiated personal contract. Personal contracts are in place mainly for those members of staff who have a managerial or supervisory role. A total of 58 MEA employees are on personal contracts and this total includes all 'Senior Officers'.

(2) All persons who could be described as 'Senior Officers' are personal contract holders and these contracts are effective until retirement, unless the employee resigns or has their employment terminated. The notice period for resignation or termination is one month for most PC holders and three months for the most senior officers.

(3) The MEA is satisfied that all employees are properly qualified, academically or by experience, for the responsibilities as assigned by management and the board.

(4) There is no specific relationship between 'post' and salary – staff on personal contracts are employed at a rate agreed with the employee and approved by management or, where necessary, the board. Should the post fall vacant, then a suitable replacement would be sought and the salary for the new employee would form part of negotiations.

(5) Since the terms negotiated under the JNC do not apply to personal contracts there are no 'union rates' for comparison.

**MEA power station gas pipeline
Bonuses paid on completion**

86. The Hon. Member for Peel (Mrs Hannan) to ask the Chair of the Manx Electricity Authority:

- (1) Who received bonuses for the power station gas pipeline-cable from the UK for –*
(a) completion on schedule; and
(b) within budget;
(2) who decided whether the criteria were satisfied; and
(3) what amounts were paid out?

Answer: (1) A number of MEA staff were paid ‘bonuses’

on completion of the Power Station and Pipeline projects (none paid on Cable) and such payments reflect the exceptional commitment by these staff members over the three-year period of the project.

Those staff who were eligible for bonus payments were those whose contract did not include overtime payments and these payments, therefore, might more fairly be considered as ‘deferred salary’ for the early starts, late finishes and weekend work required by the circumstances of the project.

(2) No bonuses were agreed at the outset of the project and, as such, there were no ‘criteria’ to be satisfied. The payments were made following a decision by the board to reward exceptional effort.

(3) Payments ranged from £126,000 for the CEO down to £1,000 and totalled £400,000.