



**LEGISLATIVE COUNCIL
OFFICIAL REPORT**

**RECORTYS OIKOIL
Y CHOONCEIL SLATTYSSAGH**

**PROCEEDINGS
DAALTYN
(HANSARD)**

Douglas, Tuesday, 27th November 2007

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

Mr D Butt, Mrs C M Christian, Mr E A Crowe, Mrs P M Crowe, Mr A F Downie,
Mr E G Lowey, Mr J R Turner and Mr G H Waft,
with Mr J King, Clerk of the Council.

Business transacted

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The Council adjourned at 12.47 p.m.

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Legislative Council

The Council met at 10.30 a.m.

[MR PRESIDENT *in the Chair*]

The President: Hon. Members, I call upon the Chaplain to lead us in prayers.

PRAYERS

The Chaplain of the House of Keys

Leave of absence granted

The President: I have apologies this morning, Hon. Members, from Mr Attorney. He is actually attending a funeral in Port St Mary.

Sitting on 4th December Agreed to start at 10.00 a.m.

The President: Hon. Members, before we move on to our Order Paper, I think at next week's sitting we will have further stages, presumably, of the Enterprise Bill, which is in the hands of Mr Crowe. You have further stages of the Corruption Bill, and it is most likely that we will have the First Reading of the Insurance Bill, which is due for its Third Reading in another place today.

Bearing that in mind, Hon. Members, under Standing Order 2, I am minded that we hold next week's sitting commencing at 10.00 a.m., rather than 10.30 a.m. That would allow me, Hon. Members, to complete our sitting possibly by 12.30 p.m. and thus aim to be finishing early – 12.30 p.m. – so that, in fact, we will have more comfortable time to get to the Swiss Cottage, and make it a little bit easier all round. So, if you are in agreement, Hon. Members, we will start next Tuesday, the 4th, at 10.00 a.m., instead of 10.30 a.m.

Agreed, Hon. Members? Happy with that?

Members: Agreed.

Mrs Christian: Mr President, I am happy with that, but my understanding is that the Insurance Bill will not be progressing through its Third Reading at this stage.

The President: In that case, Hon. Members, we do not know what will crop up, but at this stage I think we will still meet at 10 o'clock and it gives us that element of freedom that, in fact, 'we are not looking at our watches'.

The Chaplain, as you know, will be in the Keys at 10 o'clock, because that is where... the Chaplain to the Keys. Of course, the Chaplain cannot be in two places at once, but our Standing Orders do provide for Prayers to be taken by the President or the Clerk in the absence of the Bishop, so no problem there.

Voice recognition software for *Hansard* Voice profiles

The President: A further point, Hon. Members: as you know, our *Hansard* team are introducing this new voice recognition system. There is more detail on this in the Tynwald press release issued on 17th October, which you have all had, but in order to get the system up and started, the team is asking every Member of Tynwald to read a short passage. The reading needs to be done from our places within the Tynwald Chamber. The system will use this to generate each Member's unique voice profile.

Yesterday, I am told, the team reached the point where they are in a position to start recording these profiles of Hon. Members. I know it is short notice, but if any of you do have time at the end of this sitting, please would you speak to the *Hansard* team so that, if possible, they can make a start at the end of this sitting, or even this afternoon, and, if we can get our voice profiles done, that would be a first for the Legislative Council.

We turn then, Hon. Members, to our Order Paper, but I would ask that you do keep in mind the business of having your voice profile completed.

Mrs Crowe: Could I just ask you, Mr President: will the *Hansard* team be available immediately we finish this?

The President: I understand they are. In fact, they are in the Chamber, waiting for the Manx Radio connection, as we speak.

Questions for Oral Answer

GOVERNMENT

Social legislation Introduction and priorities

1.1. The Hon. Member (Mr Lowey) to ask a representative of the Government:

- (1) What social legislation is to be introduced to the legislative branches this year/session;
- (2) does the Council of Ministers have a priority list and if yes, who prioritises that list;
- (3) is any social legislation 'ready' for introduction, and if not, why not?

The President: We turn, then, to our Order Paper and Questions.

Mr Lowey, Question 1.

Mr Lowey: Thank you, Mr President.
I beg leave to ask the Question standing in my name.

The President: I understand, on this occasion, the brief for the Answer is in the hands of the Hon. Member, Mr Turner.

Mr Turner: Yes, thank you, Mr President.

For the purposes of answering the Question, the definition, as determined by Government, means those issues relating to welfare, safety of the individual, human rights and equality of opportunity.

Mr President, I can advise that, in relation to part (1) of the Question, the following 20 Bills, as detailed in the Government Strategic Plan presented to Tynwald in October this year, are scheduled to be introduced into the branches in this legislative year: the Gender Recognition Bill; the Ombudsman Bill; the Access to Information Bill; the Civil Partnerships Bill; the Income Tax (Pensions) Bill; the Legal Aid (Amendment) Bill; the Marriage and Civil Registration Bill; the Public Health (Amendment) Bill; the Landlord and Tenant and Housing Bill; the NHS (Amendment) Bill; the Regulation of Care Bill; the Social Services Bill; the Administration of Justice Bill; the Crime and Disorder Bill; the Fire Rescue and Fire Safety Bill; the Youth Justice Bill; the Consumer Protection Bill; the Employment (Equality) Bill; the Children's Commissioner Bill; and the Education (Miscellaneous Provisions) Bill.

However, considering the matter pragmatically, and given that we are already halfway through the legislative year, it is accepted that not all of these Bills will necessarily be completed this year.

Mr President, in answer to part (2), regarding priority, the Council of Ministers has included all these Bills for introduction within the 2007-08 legislative year. If there was an issue which required a decision as to which particular Bill received priority at any given time, then either the Chief Minister or the Council of Ministers would make that determination and advise Chambers accordingly.

With regard to part (3) of the Question, the current status of the Bills that I have just highlighted for proposed introduction in the current year, I would advise as follows. The Income Tax (Pensions) Bill has been submitted to Keys and will have its First Reading today. The Administration of Justice Bill has been drafted and a Council paper is currently being produced to request leave to introduce.

I can also advise that the following progress has been made in relation to other Bills. The initial drafts have been produced of the Gender Recognition Bill, the Ombudsman Bill, the Public Health (Amendment) Bill, the NHS (Amendment) Bill, the Regulation of Care Bill, the Social Services Bill and the Education (Miscellaneous Provisions) Bill, and are with the respective Departments for progression.

The Civil Partnerships Bill, the Marriage and Civil Registration Bill, and the Landlord and Tenant and Housing Bill are currently with the Attorney General's Chambers for drafting or redrafting.

The Access to Information Bill, the Legal Aid (Amendment) Bill, the Crime and Disorder Bill, the Fire Rescue and Fire Safety Bill, the Youth Justice Bill and the Consumer Protection Bill, the Employment (Equality) Bill and the Children's Commissioner Bill are with the respective Departments and the Attorney General's Chambers, and are awaiting instructions.

Mr President, I hope that my reply has addressed the Hon. Member's concerns and demonstrated Government's ongoing commitment to introduce its full programme of social legislation.

Thank you, Mr President.

The President: Mr Lowey.

Mr Lowey: Sorry to disappoint the Hon. Member. It has really highlighted what I would call...

This is a question, Mr President. Twenty Bills were promised in the social legislation in the policy document, as the Hon. Member has said. We have not received one of those as yet. The Member has already said that half the session is nearly over – a third of the session is nearly over, anyway – and there are only eight of those Bills that are out for draft at the moment.

Are we not misleading the public when we produce a policy document and say that we have got 20 pieces of social legislation to come before us, and a third of the way through we have not even introduced one of them? Is that satisfactory?

The President: Mr Turner.

Mr Turner: On the surface, Mr President, it would appear that it is not satisfactory. However, I understand that there are staffing problems within the Attorney General's Chambers, and maybe those problems are some of the reasons why they have not been progressed necessarily as quickly as we would have liked.

I am happy to take those comments back to the Chief Minister and see if we can some way progress as many of these as possible and get them into the branches, sir.

The President: Mr Lowey.

Mr Lowey: Appreciating the Hon. Member's position on this, there is nothing new with the Attorney. I am sorry the learned Attorney is not here this morning. There is nothing new with him being short staffed. There has been year after year of the same thing being the reason... I was going to say 'excuse'. The same reason has been trotted out that they are short of staff. They are still short of staff; therefore, I thought we had come to terms with the fact that we either said what we were going to deliver, and deliver it, as opposed to promising the earth and delivering very little.

The President: That was a comment as much as anything.

Mr Turner.

Mr Turner: Yes, they are comments taken on board. I am happy to take those comments back to the Chief Minister and hope that we can progress as indicated in the original reply, that there will be a priority list drawn up of these Bills, and hopefully they will be then brought forward as soon as possible.

The President: Mr Lowey.

Mr Lowey: I thank the Hon. Member for his reply, sir.

The President: Mrs Crowe.

Mrs Crowe: I take on board the comments actually of both my hon. colleagues but, in particular, Mr Lowey when he mentions, once again, the difficulties that the Attorney General's Chambers are having with legislative draftsmen. I just wonder if it is not time to put in place a training course for legislative draftsmen within the Isle of Man Government in some place, because it is an obstacle that we

are all meeting with various pieces of legislation throughout various Departments.

The President: It may be. I am sure Mr Turner will bring that back to the Chief Minister as well.

LOCAL GOVERNMENT AND THE ENVIRONMENT

First-time buyers' properties Deficiency; interest rates; number completed

1.2. The Hon. Member (Mr Lowey) to ask a Member of the Department of Local Government and the Environment:

- (1) what is the total amount of deficiency paid on first-time buyers' properties in each of the past three years;
(2) when were interest rates last decreased/increased;
(3) what were the total number of first-time buyers' houses completed and occupied in each of the last three years?

The President: Question 2. Hon. Member, Mr Lowey.

Mr Lowey: Thank you, Mr President.
I beg leave to ask the Question standing in my name.

The President: In this one, Mr Butt, as I understand it, is the Member who holds the brief to reply.

Mr Butt: Yes, Mr President.

Could I thank the Member for his Question. It has actually helped me to understand more clearly how the housing schemes work.

For the purposes of answering the first part of the Question, the word 'deficiency' has been taken to mean financial assistance given in respect of grants and top-up loans for the purchase of first-time-buyer homes.

I believe it is worth clarifying that this assistance is available for government-approved new-build dwellings and for purchasing existing properties on the open market at a price of £150,000 or less. Grants and top-up loans may be paid in respect of new approved dwellings, whilst only grants are available for open market properties.

Top-up loans are at 1 per cent below base rate, and the capital and interest of the top-up loans will have to be repaid by the assisted person within 25 years.

In respect of grants, the maximum grant is £25,000 and 20 per cent is written off each five years over 25 years. If the property is sold within the 25 years, the outstanding grant, the top-up loan and the interest have to be repaid.

It is therefore difficult to fully determine what the real deficiency is for Government, because each purchaser receives a different level of assistance and their future progress within the housing market could also be very different.

The total amount paid in respect of grants and top-up loans in the last three financial years was: £2,425,195 in 2004-05; in 2005-06, it was £5,717,371; in 2006-07, it was £2,115,631. The overall total for the three years was £10,258,197, and the total number of people assisted over this period was 367.

In response to the second part of the Question, I have already stated that the top-up loan is at 1 per cent below the Bank of England base rate. Over the last three financial years in question, the base rate has varied from a low of 4.5 per cent to a high of 5.75 per cent.

The total number of new approved first-time buyers' houses completed and occupied in the last three years was: 2004-05, 48; 2005-06, 103; 2006-07, 64. So the total for the three years was 215.

Mr President, I hope this information is what the Hon. Member is seeking but, quite clearly, it is a difficult and complex Question which cannot be fully answered orally.

The President: Mr Lowey.

Mr Lowey: I am grateful to the Hon. Member for his reply.

So we have spent £10 million in the last three years – correct me if I am wrong – assisting 357 people. We are assisting to the tune of £10 million plus, and we have created, in that time, 215 houses, which is 70 houses a year over three years.

Would the Hon. Member not agree that 70 new houses for first-time buyers seems rather small, considering the size of the housing problem that we have, and our claim that we are assisting to the max first-time buyers?

The President: Mr Butt.

Mr Butt: Thank you.

Can I say the £10 million does actually include the repayment of the top-up loans and the interest on those loans and, should the houses be sold before the 25 years, a repayment of the whole of the grant as well. So it is not a total loss to the Government; it is an incentive to people to be able to buy first-time buyer houses.

As concerns the numbers, the numbers do depend, to a certain extent, on the availability of being able to build new houses. I would commend that this is a scheme which is probably going to be envied in other places of the UK and is an exercise well worth doing.

The President: Mrs Christian.

Mrs Christian: I wonder if Mr Butt could indicate whether or not the figure he has given in answer to part (3) of the Question is to do with newly-built homes. The Question says 'first-time buyers' houses completed and occupied', implying new build, and would not include the figure of open market purchases, which are not necessarily new build.

Mr Butt: Yes, Mr President, that is correct. The approved new-build houses actually total 215 over the three years. The houses purchased, however, on the open market, for which only the top-up loan applies, would add extra numbers to it as well.

The President: Mr Lowey.

Mr Lowey: Would he also not agree that, no matter how we dress it up, we have produced 70 new first-time houses, new-build houses? How does that square with the Government's claim that we are interested in making it a property-owning democracy with new-build houses? It

seems to me that the market, the providers, are not providing enough first-time buyers' new-build houses.

The President: Mr Butt.

Mr Butt: Thank you, Mr President. We have actually supplied 215 new-build houses –

Mr Lowey: Over three years: 70 a year.

Mr Butt: – over three years, in addition to the houses put on the open market.

Mr Lowey: Yes.

The President: Mr Waft.

Mr Waft: Would the Member like to indicate how many are presently on the waiting-list for first-time buyers, sir.

Mr Butt: Mr President, I cannot give that information out; I have not got that to hand.

The President: Mrs Crowe.

Mrs Crowe: Would the hon. colleague, Mr Butt, indicate if there is any land freely available that is not being built on at the present time that is available to Government for building first-time buyer houses, with or without the help of developers?

The President: Mr Butt.

Mr Butt: I believe there is some land available, but it is limited. The matter of building new houses actually does depend on having a land bank suitable enough to build new houses. The Department is seeking at all times to get land that is available for such a purpose.

The President: Mrs Christian.

Mrs Christian: I wonder if my hon. colleague could confirm that in terms of planning approvals which have currently and in the recent past been accepted, there is a provision in line with Government policy for 25 per cent of those properties to be first-time buyer properties, where the development is of eight houses or more and that there are a number therefore of first-time buyer properties in the pipeline.

The President: Mr Butt.

Mr Butt: Yes, Mr President, that was a point I was going to respond to Mr Lowey on. I know from my experience of the Department that the 25-per-cent rule is being strictly enforced now and that is bringing on line many more properties for availability for first-time buyers.

The President: Mr Lowey.

Mr Lowey: I am just saying that if the land availability is the question, we have had land available in Ballasalla for the last seven or eight years which the houses are still not... There is not a sod been turned yet.

But coming back to the 25 per cent, I welcome that – I am sure everybody does – and commend the Department for instilling that into planning approvals. I think that is right, but it is a small step in the right direction. I think 25 per cent is a minimum that is acceptable to developers: it should be adhered to and I commend the Department for that.

But can he tell me where we are with the houses in Ballasalla? When are we about to start? There have been more announcements of them starting than there were farewell concerts for Gracie Fields – and she had a few farewell tours. *(Laughter)*

The President: Mr Butt, if you have the answer to hand, sir.

Mr Butt: I do not have the answer to hand. I have attended all the presentations which show that the project is on course and on the way; but the actual date I am not sure of.

The President: Mrs Crowe.

Mrs Crowe: Mr President, just in the defence of the – or hoping that there will be some defence – would the Hon. Member of Council confirm that it is not entirely in the hands of the Department of Local Government and the Environment that there have been any delays at the particular Crossag Farm development.

The President: Mr Butt.

Mr Butt: Yes, I understand that to be the case, sir.

The President: In that case, Hon. Members, I think we will take that as a final supplementary.

Orders of the Day

Enterprise Bill Second Reading approved

2. Mr Crowe to move:

That the Enterprise Bill be now read a second time.

The President: We will move on to Item 2 on our Order Paper, Hon. Members, so we will then be dealing with the Enterprise Bill.

The Enterprise Bill is in the hands of Mr Crowe and, Hon. Members, it is there for Second Reading. Mr Crowe.

Mr Crowe: Thank you, Mr President.

May I start by thanking Hon. Members for their very positive and supportive comments made at the First Reading of the Enterprise Bill.

As I said then, this is a very important and necessary piece of legislation which will help the Department of Trade and Industry in its efforts to grow and diversify the economy and in turn support Government's Economic Strategy.

I would like to deal with a number of points that were raised at the First Reading: firstly, references made by various Hon. Members to the current practice under the Financial Assistance Scheme of established businesses applying for assistance on an annual basis. The suggestion was made by my hon. colleague, Mrs Crowe, that once on its feet, a business should be capable of supporting itself and that the Department's financial resources might be better directed elsewhere.

Mr President, I am advised that this particular issue is one that the Department has had under review for some time. The Department is very conscious of the need to ensure that public funds are used effectively and across as wide a range of businesses as possible, and changes have already been made by the Department to tighten criteria in this area.

The current policy adopted by the Department requires businesses to show, amongst other things, that new capital investment will generate improved productivity, greater efficiency or will enable a company to establish new markets. For revenue items such as marketing, there has to be evidence that the expenditure is towards a new market entry. Over the last two years, the Department has cut back support to businesses applying annually for assistance and where applicable has disallowed claims or reduced the amount of assistance awarded from a maximum 40 per cent of the claim, down to as little as 10 per cent.

The Enterprise Bill requires the Department to publish for the first time detailed guidelines to show how the Financial Assistance Scheme is to be administered and this will include guidelines relating to annual assistance. As part of this process, the Department has already undertaken a public consultation exercise to explain its policy and the rationale for Government intervention with financial assistance in certain sectors, and has received interesting and wide-ranging responses. These are currently being considered to determine an appropriate way forward.

The Hon. Member was also keen that appropriate resources were directed towards small businesses. I can assure her that this is the case. The Department is always keen to support small businesses in a number of ways. In particular, the Small Business Start-Up Scheme, which has been running now for over 10 years and has helped more than 350 businesses to become established, the great majority of which are still trading, has been very successful.

The Scheme, which is free to individuals and is funded separately from the Financial Assistance Scheme, provides excellent support by way of financial, advisory support and training to help individuals to take the difficult first step into self-employment.

The Department also operates a Business Support Scheme, again funded separately from the main Financial Assistance Scheme, which is a consultancy based scheme designed to help small businesses to grow and gain specialist skills in areas such as marketing, IT and business planning.

Initially, business development consultants are made available free to a business, to help it to understand fully its development needs. Thereafter, the business may receive subsidised consultancy, mentor and advisory support.

In highlighting the above Schemes, I trust Hon. Members can see that a great deal of assistance is available to help small businesses.

A number of Hon. Members also made reference to the annual report required under clause 6 of the Bill. This seems to be one aspect that has generated a good deal of interest

and is seen by many people as a positive step forward to greater openness and transparency.

When the Department undertook the consultation exercise I referred to earlier, the issue of disclosure of information and public scrutiny attracted a diverse range of views. Some felt strongly that full disclosure of grant information should be provided, whereas others felt that no more than summary information should be provided, if that.

The Department is currently considering the views submitted, in order to determine an appropriate way forward which will facilitate the transition from the existing position, wherein no disclosure of information is required, to that of the new requirement for partial or full disclosure. The Department is aware of the opinion expressed in another place that as much information as possible should be disclosed; but this needs to be balanced against legitimate concerns regarding commercial sensitivities raised by certain businesses.

In considering the precise format of the report, the Department is also considering whether information disclosed should include matters such as the purpose for which the assistance has been given and the value created by it. The Department is also examining how a business may best be tracked over its life cycle, as well as looking at matters relating to the reporting of any failing businesses. The Department feels that clause 6 is sufficiently flexible to allow a practical approach to be adopted.

A further important issue raised by the Hon. Member, Mrs Christian, concerns the potential overlap with other Departments such as Agriculture and Tourism. As a general rule, the DTI does not intend duplicating support that is already available from other Departments, and great care is taken to ensure this does not happen.

When a business applies for financial assistance and it is apparent that another Department could be, or has been, involved, then contact is made with that Department. However, under the Enterprise Bill, the Department's policy could, by exception, support projects in any sector on a one-off basis, provided there is an exceptional benefit to the Isle of Man's economy in so doing. This flexibility is a key benefit of the Enterprise Bill and a framework for how this is to be administered is being considered as part of the guidelines.

A further issue raised by the Hon. Mrs Christian relates to the capping of financial assistance. In this regard, the new Bill is very similar to the Industry Board Act 1981, which it is replacing. There is no overall cap to the assistance that can be offered and this is necessary, as projects come in all shapes and sizes. Each case is then considered on its individual merits.

However, the new Bill places constraints on the Department regarding the decisions that we make on financial assistance without Treasury approval. Under the Bill, clause 5(3) makes it clear that the Department can only deal with applications for a grant up to the maximum amount without recourse to Treasury. Any applications above the maximum amount or for any type of assistance other than a grant will need Treasury approval. For this great commitment of public expenditure, it is felt appropriate that this extra level of scrutiny should be applied.

In the existing Industry Board Act, the maximum amount above which Treasury approval is required is contained in the primary legislation, whereas under the Enterprise Bill, the maximum is to be contained in secondary legislation, by way

of an Order made by Treasury which will require Tynwald approval. In this way, the primary legislation avoids giving the erroneous impression that the Department is limited as to the size of project it can consider.

Under the Industry Board Act, the current limit is set at £100,000 and it has been at this level now for some time. It may be appropriate to consider increasing this level to allow greater flexibility, or at least allow for inflation.

Mr President, I hope I have helped to clarify the main points that were raised by Hon. Members at the First Reading.

Turning now to the contents of the Bill itself, as I indicated to you at First Reading, the purpose of the Enterprise Bill 2007 is to replace the Industry Board Act 1981, which is concerned with the functions and powers of the Department of Trade and Industry, with this new Bill and, in particular, to create a modern framework to enable the Department to provide financial assistance to appropriate businesses.

The Industry Board Act has become out of date, particularly in relation to the types of businesses the Department may give financial assistance to. The old Act uses a definition of 'industrial undertaking' to determine the eligibility of an applicant for financial assistance. This is now too restrictive. Whilst the definition of 'industrial undertaking' has been amended on several occasions since 1981, there have been instances when the Department has been unable to assist the business, as its activities fell outside the definition.

The Department has been advised that the Industry Board Act cannot be extended further without exceeding its original intent: hence the proposal to replace it with this new Bill, which will provide the Department with modern flexible legislation that will, in a rapidly changing global economy, be more appropriate to the needs of our economy today and into the future.

The Bill will enable the Department to provide discretionary assistance to a wider range of businesses than permitted at present and to encourage new and inward investment as viable economic opportunities arise. At the same time, it will provide greater transparency than is the case under the Industry Board Act 1981.

Mr President, the Enterprise Bill is a short Bill containing 10 clauses and a single schedule. The Bill is primarily enabling legislation, with the operational details required to be set out in Regulations, which will require Tynwald approval, and in guidelines.

At this Second Reading stage, I will touch briefly on the 10 clauses of the Bill. Clause 1 introduces the schedule which sets out various general functions and powers of the Department.

Clause 2 gives the Department powers to provide assistance to any eligible business subject to conditions.

Clause 3 defines the type of assistance that may be provided.

Clause 4 sets out what financial assistance is to comprise.

Clause 5 sets out the terms in which assistance is to be provided.

Clause 6 is a new requirement which requires the Department to lay before Tynwald an annual report on assistance provided under the Act.

Clause 7 defines various terms in the Bill, including the meaning of 'eligible business'.

Clause 8 specifies that any Regulations and Orders made

under the new Act have to be approved by Tynwald.

Clause 9 repeals the Industry Board Act and provides a saving in relation to the terms and conditions of any financial assistance offered by the Department prior to the new Bill coming into force.

Clause 10 deals with the short title and commencement of the Bill.

Mr President, I beg to move that the Bill be read for a second time.

The President: Mr Turner.

Mr Turner: Mr President, I beg to second and reserve my remarks.

The President: Mr Lowey.

Mr Lowey: Mr President, first of all, as I said at the First Reading, I welcome the Bill and as one of the... I know there are two of us here, who have actually been privileged to be Minister of Trade and Industry – I would like to pay tribute to the old related successes in the enterprise, the previous legislation.

But I recognise that the world has moved on, the Isle of Man has moved on and we are attracting a more diverse type of industry and therefore the legislation must follow up. This is flexible.

What I just want to point out, Mr President, is that some of my colleagues may have thought that, in the past, where you have been investing in success, there has been a one-way street.

I can think of one small company that came to this Island, which would not have come to the Island except that we did give some grants which were at least as generous as were being offered elsewhere, but our tax regime and our workforce were much more flexible: it actually made the difference. That grew into one of the world's biggest industries and that was with smaller percentages being given to it each year. In fact, it made out it was actually a bigger amount. It was eventually capped, but that drip fed and grew that company into a world-leading...

I am a great believer that you should invest in success. Where did the Isle of Man score on that? Well paid, full-time jobs with a successful industry, which the Isle of Man is proud to parade as one of its success stories. So I believe that the infrastructure that was on display is the right formula.

Big or small companies: I am glad that emphasis is equally placed on small companies. Some of the best returns that I had was helping small businesses get established.

I also want to get rid of the myth that, because there is a 40-per-cent grant maximum, everybody gets 40 per cent straight away. They do not. In the exercise of it, very few get the maximum and rightly so. It is an incentive to use by the Department to attract and to get people to start their innovative work here on the Isle of Man.

This Bill recognises that we live in a fast changing world. We claim the Isle of Man now plays on the world stage. Trade now does not allow state intervention like it used to: therefore the legislation has to be up to speed with what is going on worldwide.

I think this Enterprise Bill is very germane; it is very timely; and I believe that if we carry on with the systems that we have had in the past – or the spirit of the systems in the past – the Isle of Man has a bright future. This Bill I think

will be one of the best Bills that we pass in this particular legislative year for the long-term good of the Isle of Man, and I warmly support it.

The President: Mrs Christian.

Mrs Christian: I thank the hon. mover for clarifying some of the points that were raised last week. I will come to some of them again during clauses, but I thank him for his expansion on some of the issues which were raised.

I will support the Second Reading, although I have some interest in some of the ways in which the intention is to manage the processes of the enterprise.

The President: Mr Waft, Hon. Member.

Mr Waft: Just a comment, Mr President, in the instance where Manx firms are competing with the European Union terms with regard to same products, the influence by Government on those firms needs to be watchful for the intervention of Government moneys, so they are not in contravention of any European Directive. With regard to some of the major airlines etc, they do come under that jurisdiction of limited intervention by governments to assist businesses which are in competition with their own European Union.

The President: Mr Downie, Hon. Member.

Mr Downie: Mr President, I will be supporting the Bill.

As we have all heard last week and I think more or less agree, it is long overdue. We only have to look at our competitors: in the last few years, there have been other competitors arriving on the scene – people like the Welsh Development Agency who have access to European money. We know that the Industrial Development Agency (IDA) in Ireland has been extremely successful and, if we are going to attract the right sort of business, we have to have similar types of schemes available.

I think when you actually read through the Enterprise Bill, the structure is based on a sound business case and the grants are awarded or the support is awarded taking into account the business case and also the overall benefit to the economy. There is no point, in my view, Government putting money into any business which really is not going to cut the mustard. I think that having the provision there, where you get to a certain amount and then there has to be another set of eyes in Treasury look at it, is very sound.

Of course, in recent years, the guidelines have changed. My hon. colleague, Mrs Christian, chaired a Committee where Tynwald actually brought forward a set of guidelines, which I think will stand us in good stead for the future.

Just to take the point about continual support of businesses, you do find that a business gets off the ground, but to move on – and in particular those who are in specialist manufacturing areas – they need to tool up, if they are going to go for bigger contracts. Some of the machinery involved – lathes, grinding machines and so on – or if you are in the optical field, some of these pieces of equipment can be millions of pounds. But if there is an added gain for that business and they are going to be employing more people, and therefore there is a significant benefit to the economy, that should not be a problem.

At the other end of the spectrum, there are businesses who come into the Island which would be happy with 5- or 10-per cent support, because all they really want is an endorsement from Government that they are here in the Isle of Man, they are a credible business and worthy of some sort of support. That is a good selling point to them.

There has also been some discussion about how it fits with agriculture and some of the support funding the Treasury has. Over the last few years, I think the DTI have had about £4½ million in their budget to deal with the old industrial support schemes. I think, by and large, they have always managed to spend that money, or been very close. If there has been an odd larger issue come along, they have found that, having made a business case to Treasury, they can access some additional funding.

So I think they need to look at the flexibility, because you never know what is round the corner in the Isle of Man. You could have a very lucrative business, lucrative start-up here, and I think within the Bill itself and with the legislation, it needs to be fairly flexible – but there again, subject to scrutiny. It is public money, at the end of the day.

But as my hon. colleague Mr Lowey said, there is an element of risk in this (**Mr Lowey:** Absolutely.) and it is really up for the professional people, who adjudge the viability of the businesses and what their level of support is, to make sure that is properly covered.

I will be supporting the Bill, Mr President.

The President: Mr Turner.

Mr Turner: Thank you, Mr President.

Obviously, I am delighted to support this Bill, being a member of the Department. I think the DTI has done exceptionally well over the years. We indicated in the First Reading of the very low failure rate of businesses that the Department has assisted and this should be commended.

But you do get a sense that the Department has been rather frustrated that there are businesses it has been unable to assist under the old Act and, as indicated in the opening remarks by Mr Crowe, the Department has managed successfully to push the old Act to its absolute limits in assisting businesses. But there does come a point when it reaches the boundaries, hence why we are here with the new Bill.

A couple of points that came up: the fact that this new Bill gives the Department the facility to be a lot more open with the money that it is giving businesses. This will certainly satisfy the public and give them some comfort to know how the money is being spent.

I think it is important that there is a transition stage in the reporting regime and I believe the Bill gives the Department that scope to go from the completely confidential position to a more open report, although that has to be a gradual process, rather than suddenly opening all the information in one go. I think that would possibly cause concern to some businesses.

So, there needs to be a gradual phasing in of the reporting, perhaps to change the culture, really, of the grant system. I am pleased that the Bill gives them that scope.

Continuing support of businesses: on the surface, we could say that businesses have had support; therefore we should not support them. But, of course, as my colleague, Mr Downie, pointed out, the world does change and it may be that, for businesses to stay on the Island, support may be necessary. There may be a new line of manufacturing we

are going into, there could be new contracts, and I think it is important we keep that option open to the Department, so that it can be assessed and support given. This Bill will do that.

Cross-departmental support is an interesting subject because, at the moment, I know that there has been a case where a business has been assisted but, by virtue of part of their business, it could not be assisted as fully as the Department would have liked, as it fell under a tourism scheme. So it may be that this will sort that out, because it does state that they can assess virtually any business there is, rather than having to turn somebody away to a different scheme. It gives them a bit more scope than they have now. So, I think that is also a very interesting point.

Risk: there is, of course, risk and I think if the Department of Trade and Industry employed somebody who could guarantee 100 per cent, then that person would be a very sought-after person in the business world and probably would be head-hunted rather quickly.

There is an element of risk and I think it would be fair to say, without the aid of a crystal ball, that there will be failures in the future, but hard work is done by the officers of the Department to ensure these are a minimum. Hopefully, the good track record the Department has will continue and be enhanced with this Bill, sir.

The President: Mr Butt.

Mr Butt: Thank you, Mr President.

I briefly support this Second Reading. I often hear, outside of this Chamber and the Court, there are two criticisms of Government: one is that the Government wastes money; and the second one is that the Government has too many eggs in one basket, i.e. the finance sector.

I think we have heard last week and this week that the risks of the Department investing in prospective industries are there, but they are very, very rare. The benefits greatly outweigh the disadvantages over the years. I have seen the officers in action and have seen how thorough they are in what they do.

Also, the second point is that there is a manufacturing industry out there which is often quite hidden and people do not realise what it contributes to the economy. This Bill, and the old Bill under the Industry Act, did encourage that to prosper. I think this can only be a good move forward to help that go further.

The President: Mrs Crowe.

Mrs Crowe: Thank you, Mr President.

I would like to thank the hon. mover of the Bill for answering some of the queries I had last week. I do recognise that these schemes have helped many businesses, many of whom have benefited from year-on-year funding. I am pleased to see that the Department is now taking recognition of the fact that, as a business grows, perhaps the funding, as the mover mentioned, can be diminished somewhat.

I really am commenting because of the comments made about the fact that this Bill will enable a far wider area of business to be considered. We do have to remember that there are many other development funds throughout Government. In particular, my colleague mentioned the fact that one of the firms that they may have been looking at, or looked at, was involved in tourism. There is, of course, in the Department

of Tourism and Leisure, a Tourism Development Fund, which has now been extended to include a great many more businesses than previously could have applied under that Act.

So, there will have to be some care taken within Government Departments about who is applying for funding and where. We either have one central pot or we need to have some very clear guidelines, that you either can or cannot have funds from one or more Departments.

The President: Mr Crowe to reply, please.

Mr Crowe: May I thank all the Members for their support.

I thank Mr Lowey for his comments. As he said, he was privileged to be a Minister of the Department of Trade and Industry and I am sure, in his time, the financial assistance scheme under the previous legislation did help a lot of companies.

As he mentions, the world does move on, industry changes, new industries come along and the new legislation that comes in has to be flexible to take account of the changing world we live in. As he said, he made reference to one particular company that was helped because of the tax regime and the flexible workforce, and there are many examples of that, I am sure.

As he said, we need to invest in success. It creates well-paid jobs and provides a good infrastructure. He mentioned the level of the grants. So, I thank him for his support.

Mrs Christian: again, I thank her for her support.

As Mr Waft said, we have to be careful, with Manx firms competing in the wider European Union market, that we are not in contravention of the European Union rules. I know the Department is very keen to see that the assistance does not fall foul of any EU Regulations.

I also thank Mr Downie for supporting the Bill. As he says, the Island has many competitors. He refers to a couple and he talks about how the support is awarded only on the basis of a sound business case. I agree that having Treasury look, with a second pair of eyes, is a good thing to have.

He talks about the added support that can be given after year one that gives benefit to the economy: as companies grow, they employ more people. I was interested in his remark that some companies just want the endorsement of Government, even if they get a small grant, because I think Government endorsement shows the company is a first-rate company.

Mr Turner covered some of the points that Members have made, but I agree with him that the DTI has done exceptionally well. There is a very low failure rate of companies. The Department is slightly frustrated that some companies fall outside the remit of the old Bill, so this flexibility that would now be prevalent with the Enterprise Bill would be very good.

He talks about the annual report, moving from no information to a gradual process to a more open obligation of the annual reports.

I thank also Mr Butt for supporting the Bill. I agree with his comments that there are these criticisms of Government about wasting money. As far as I can see, the Department of Trade and Industry does not waste money. They invest it very wisely in companies.

He also makes a very valid point that the Island can be seen to have too much reliance on the finance sector.

This Enterprise Bill will give a lot of benefit to help the manufacturing sector as well and balance the economy.

I thank Mrs Crowe for her contribution and support. It gives a wider remit and flexibility.

Having said that, Mr President, I thank all Members for their contributions and move that the Bill be read a second time.

The President: Hon. Members, the motion that I put to Council is that the Enterprise Bill 2007 be read for a second time. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

Enterprise Bill Clauses considered

The President: We turn then, Hon. Members, to the clauses. Mr Crowe, first off, clause 1 and the schedule, sir.

Mr Crowe: Thank you, Mr President.

Clause 1 introduces the schedule and gives the Department those general functions and powers which are specified and any other functions which may be conferred upon the Department by any other statutory provision.

I beg to move that clause 1 do stand part of the Bill.

The President: Mr Turner.

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

The President: Mrs Christian.

Mrs Christian: Thank you, Mr President.

I think, in terms of this and the schedule, my concern is in part 2 of the schedule, which gives the Department power to carry on, or establish or carry on *by itself* any eligible businesses. Personally, I think that the function of the Department should be to assist other people carrying on business and not to be creating businesses for itself.

I am not going to vote against it, but I would hope that this is used with great caution, if at all. If there are businesses out there, I am sure that it should be left to the private sector to get on with them and not for Government to be constantly doing things which the private sector can do.

My other point on this is one that the hon. mover referred to in his remarks on the Second Reading, and that was in response to my question last week about overlap between Government Departments, which is featured under part 2, point 2:

‘To promote or assist the establishment, growth, reorganisation, modernisation or development of any part of the economy.’

My concern was not that they would not assist the likes of agriculture, but that they *would* assist the likes of agriculture, because agriculture, for example, is being encouraged to diversify and I do not think that all their schemes currently are in the format which would assist them, necessarily, with marketing and such issues.

I take the point made by Mrs Crowe that it is important that there is not a duplication of payments from Departments

but, rather, would like to hear from the mover where he said that matters which come under other Departments would be dealt with by exception. I do not want it to be considered as an exception. I just want them to be free to apply like anybody else, where it is appropriate under the scheme of the DTI and is not provided for under any scheme in the Department of Agriculture. Perhaps that clarifies my concerns about that.

Other than that, Mr President, I will support the First Reading, but with a reservation about the wisdom of the Department setting up its own businesses.

The President: I think you meant the first clause.

Mrs Christian: Sorry, clause! I am sorry, Mr President. *(Laughter)* Wake up!

The President: Mr Downie.

Mr Downie: Yes... I was going to say that I am brought to my feet – but I am not!

I have taken on board the comments made by my hon. colleague, Mrs Christian, regarding part 2, the powers of the Department. There are or have been in the past some occasions when the Department, for example, under the old operation of a film, although the film came under the auspices of the Department, the best and most effective way to put a film together was to form a limited company. Then the Department and the Treasury became directors and then there was a cover in place. That was a logical way to do things.

When it was said that Government does not have companies, there is Isle of Man Limited, which is a Government-owned company. I suppose Laxey Mills, you could say, is similar: that is a Government company. There is a DTI-appointed person on that. Of course, similarly – just to broaden it out a little bit – in the past, the Mills, Operation Phoenix, the Creamery: they have all benefited from money from the old industrial fund, as it were – the old scheme. They have all done well out of it.

So, I think the way this is actually worded, it may not be used; but I think if it is left in, it does give the Department that level of flexibility.

There are a number of discussions going on in the new areas that we are developing in communications and space. You could well have another company formed to deal with fibre optics, for instance. They are things which you need that little bit of flexibility for and, in this day and age, people do not stand on their own any more. It is all wrapped into company law and a company being formed. I think we need to bear that in mind.

Perhaps when my colleague on my right here, Mr Crowe, is summing up, he could further elaborate on that. I am just trying to set the scene for Hon. Members.

The President: Mr Lowey, on clause 1.

Mr Lowey: Yes, indeed, clause 1, and to say that I support the ability for the Department, maybe, to set up, if it needs be – back to the word ‘flexible’. When we use the word ‘flexible’, I do think we may not be able to identify what but, by and large, I cannot disagree with my friend, Mrs Christian. Mostly it is private enterprise coming to us to give the seed corn to start with.

Of course, there are equity banks and the private sector

can offer money. They can do these things, but we all know that equity banks want established things, and I think that is why I mentioned about risk. I believe that we have got to be up front, making sure things happen.

I do want to point out that the Department, as is stressed here and specified, is responsible for the Water Authority. It is responsible for the Electricity Authority and we know about that. We also know that there are certain developments going ahead. I just think we should not restrict, by not encouraging them, but we should be able to give them the ability, if needs be.

I do believe, in technology for example, that sometimes if you have got the infrastructure in place, which is owned by the general public, then I can see no reason why the benefits should not accrue to the public, by and large – then, maybe, sell it off and all the rest of it. But having said that, the benefits should come to the public.

Therefore, I do not have quite as many misgivings about that flexibility being installed there as, maybe, my friend, Mrs Christian, does. But I support clause 1 and the schedule.

The President: Mrs Crowe.

Mrs Crowe: Maybe the females here are more sceptical about this! Sorry about this, Mr President!

It is just that I do take note of the comments that have been made. I take note about the mention of the Water Authority, Post Office, disregarding the MEA and the difficulties there that happened when separate companies were set up without any concurrence from anyone.

This actual provision gives the Department the right to carry on, establish, or form a partnership with anyone, to carry on any business – without any recourse to anyone, really.

I am sure it can be explained, but I just think there is a degree of freedom there. I am not sure whether that freedom has always been with the DTI or whether there has had to be Treasury concurrence. It just seems that it is, indeed, very flexible with regard to the establishment of companies.

I take the point of seed corn to encourage the new companies, but there is plenty of risk capital about and people very keen to be involved in that.

Anyway, I am sure the hon. mover of the Bill will be able to explain it all.

The President: Mr Waft.

Mr Waft: With regard, Mr President, to the comment about Treasury concurrence, that has caused great problems in the past. They do or they do not get Treasury concurrence.

I just wondered with the now lack of the ability of the general public to invest in their local authority, I wondered whether there could be a possibility of investing in a particular Department's project, especially with regard to the Enterprise Bill. Is that a possibility or is it not?

Thank you, Mr President.

The President: 'Dragons'!

Mrs Crowe: It would be a possibility if they paid the interest.

Mr Waft: They would have to.

The President: Hon. Member, Mr Butt.

Mr Butt: Thank you, Mr President.

In response to the Hon. Member, Mrs Crowe, her comments about the Treasury, (**Mrs Crowe:** I know.) part 4 of the schedule actually does –

Mrs Crowe: I know, I've seen it.

Mr Butt: Treasury's approval is needed for certain activities.

Mrs Crowe: Yes.

The President: Perhaps, Mr Crowe, you would wind up now, sir.

Mr Crowe: I cannot write as quickly as I can think! *(Laughter)*

As far as clause 1 is concerned, I thank Mr Turner for seconding the motion.

Mrs Christian: I thank her too for her comments, talking about the Department carrying on businesses in its own right.

Can I just refer Members to the original legislation which is a straight pinch from the Industry Board Act 1981, the powers of the Department – section 7:

'to carry on, or establish and carry on, whether by itself or jointly with any other person, industrial undertakings'.

So, largely, it is straight... *(Interjections)*

I can understand Mrs Christian's concern about the power to be used with great caution, but I think it needs to have the power in the primary legislation to be able to do it or not to do it.

So, again, there would not be an intention to compete with the private sector. It would be an intention to provide that ability to invest, as Mr Downie has mentioned – and I thank him for his comments – that there were particular reasons, such as the film industry, Laxey Mills, etc, where the Department of Trade and Industry can help. There may be situations in the future that we cannot even contemplate, but it could be used. It may not be used, but the power is there, so it can be used in the future.

Mr Lowey again confirms that the Department needs the flexible powers to be able to form companies. Technology is changing, so we should not restrict the powers.

I note Mrs Crowe's comments about being very wide and very flexible: I think again, Treasury will ensure that it oversees the whole process.

Mr Waft raised an interesting point: in the absence now of local authorities allowing private investments, can a private individual invest in a project that the Enterprise Bill would allow, with DTI assistance or Treasury assistance? It is an interesting concept; I think we would need to think that one through. But it is a possibility.

I thank Mr Butt for his remarks, clarifying paragraph 4 of part 2, powers of the Department.

So, I thank again everybody who supports the Bill. I move that clause 1 and schedule 1 do stand part of the Bill.

The President: Hon. Members, formally I put to Council that clause 1 and the schedule do stand part of the Bill. Those

in favour, please say aye; against, no. The ayes have it. The ayes have it.

Clause 2, Mr Crowe, please.

Mr Crowe: Clause 2, Mr President, gives the Department powers to provide assistance to any eligible business subject to three conditions. These are that: the business must operate on the Isle of Man; the assistance must be likely to encourage sustainable economic growth; and the form and amount of the assistance must be reasonable.

I beg to move that clause 2 stand part of the Bill.

The President: Mr Turner.

Mr Turner: I beg to second and reserve my remarks.

The President: Mrs Christian.

Mrs Christian: Yes, thank you, Mr President.

I just wonder if the mover would indicate what he thinks the Department will interpret 'sustainable' as meaning.

In my view, this is the one where you do not necessarily keep funding year after year a business, unless it is showing signs of producing growth as a result of that. I do not think we should be in (*Interjection by Mr Downie*) the business of sustaining businesses to stand still.

I wonder if he would indicate how the Department intends to interpret 'sustainable' in this context.

The President: Mrs Crowe.

Mrs Crowe: My query is in subclause (a):

'the eligible business undertakes or will undertake an economic activity in the Island'.

I just wonder what guarantees we would have if funding was made available. I can point to the present building that DTI actually occupy at the present time.

So, the provision of 'will undertake a business', do we...? Presumably, we would have to have some guarantees in place that they would have to, in fact, come to the Island.

It must be quite difficult if someone promises to set up a business and funding is put in place, will they not get the funding if the business does not, in fact, come here, or has provision been made for that?

The President: Mr Turner.

Mr Turner: Thank you, Mr President.

A couple of points I would like to raise. Subclause (a): as I understand, already the Department does put in requirements where they will pay once businesses reach certain targets. So, there are already procedures in there which, no doubt, will be written into the secondary legislation that comes under this Bill once it has gone through.

I think it is having confidence that there is already a system in place, where the money is not just handed out. They have to submit bills at the moment for payment and the Department also requires the person submitting those invoices to give the date of when that equipment was installed. So, by virtue of that, you would assume that the equipment is installed here on the Island and, if that is not the case, then I would doubt very much that the Department would authorise the payments.

I know that, where it says in subclause (b), 'encourage sustainable economic growth in the Island', there are projections required on how the businesses seeking financial assistance are going to increase their turnover. Now, if there is not evidence that they are going to do that through contract, then obviously that will undoubtedly affect the decision that the officers will make on the awarding of the moneys.

So, again, I think there is already a system in and I look forward to the regulations under this, including that system, to firm up the system that is already there.

The President: Mr Lowey.

Mr Lowey: Yes, it is just on subclause (b) again – confirmation that there is sustainable economic growth of the Island. There is a business case made when the company comes in and sets up initially, but then new products come on line. Lots of them have research areas within their... new products, new markets – that is what we are looking for and what the companies are looking for. They should be, in my view, able to get added grants for that – new lines, new products and making them more efficient – as was pointed out about the new machinery doing the same machine... It is no use continuing.

We had an old factory – I say an old factory – old fashioned techniques being used in Peel in the manufacturing industry. They had to go because they were producing low wages, there were old fashioned, unsafe working practices when they could be done with new machinery and an increase, tenfold, in productivity. They had to go.

So, therefore, sustainable economic growth does mean there is a base case, but then you develop as you go along and you can sustain the existing, while improving the profitability with new lines. I think, again, we are back to that word 'flexible' and I think that is a very wise one to have in.

The President: Mr Waft.

Mr Waft: Thank you, Mr President.

The DTI, as we know, is the watchdog with regard to employment law and checks on NI, minimum wage, pension rights, maternity rights, equal rights, and all of the rest of it. These have to be conformed to and the fact that the business is fit for purpose with regard to the Isle of Man's activities.

The President: Mr Crowe to reply.

Mr Crowe: Thank you, Mr President.

I thank Mrs Christian for her comments: 'sustainable' – what does this actually mean? I think other Members have referred to this – Mr Turner and Mr Lowey.

In my mind, it means that it would continue for the foreseeable future, that your business case, at the outset, when you come, on day one, for a loan or a grant or assistance is that you can present a business case that the business would have a five- or ten-year operating programme. The figures for growth, for income and expenditure, would show realistic targets, would have a realistic chance of being successful, and only then would the Department assist that embryonic company.

Turning to Mrs Crowe's comment, I think, again, when it says 'the eligible business undertakes or will undertake', this has to be for companies that are not yet incorporated, or where there is a business plan put forward where the

company has not been formed. It is to cover the future incorporation of a company in the Isle of Man that will do economic activity in the Island. I think it is a drafting issue, rather than anything more sinister.

I thank Mr Turner for his comments on businesses in the Island meeting targets before getting further grants to continue.

I thank Mr Lowey. Again, to grow a business, to have new products, new lines, new markets, research and development, new machinery... I think 'sustainable' is that it is sustainable into the medium and long-term future, and again he comments that we need the flexibility.

I thank Mr Waft for his comments about the need to conform with all other legislation, as well as the requirements of the grant scheme.

Having said that, Mr President, I beg to move that clause 2 do stand part of the Bill.

The President: Hon. Members, the motion I put to Council is that clause 2 do stand part of the Enterprise Bill 2007. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

Clause 3. Mr Crowe, please.

Mr Crowe: Thank you, Mr President.

Clause 3: subclause (1) defines the word 'assistance'. It means assistance of any kind, including financial or technical assistance.

Subclause (2) states that 'technical assistance' includes the provision of training or consultancy services.

I beg to move that clause 3 do stand part of the Bill.

The President: Mr Turner.

Mr Turner: I beg to second and reserve my remarks.

The President: Mr Downie.

Mr Downie: Yes. I want to speak in support of this clause, because at the present time there is a form of this available to businesses. Obviously, a lot of businesses, when they are looking to expand, need to have the right advice. In fairness, if they are in receipt of assistance from the Department, the Department, quite rightly, has an interest in that development. Therefore, it is essential that, before investing significant amounts of money and recruiting staff, they get the proper assistance.

The best example I can give of that: I know where advice and assistance was given on a particular issue, and a manufacturing company got a £27 million contract from Rolls-Royce. That is what the thing is all about.

Even in this day and age – when we are talking about technology, computers, telecommunications – it is a new world out there and it is vital that, when some of these steps are taken, they have the right financial advice, technical advice and, of course, somebody can guarantee them the knowledge that this will all be delivered. So I think that it is a very important piece in this Bill.

The President: Mr Lowey.

Mr Lowey: I support the clause as written, for the reasons that have been explained, and I can quite understand now, reading the amendment that will maybe be placed later on,

why Mrs Christian wants to alter that, and I think it makes sense. It is not just financial assistance; it is assistance, and she puts that in too. We have not got that far yet, but I can quite understand the logic, and I think that is reasonable.

I would support this clause, as written.

The President: Mrs Crowe.

Mrs Crowe: I am sorry. I was just trying to understand why technical assistance would need to be provided by the Department. I would have thought that financial assistance would be given to a business so that they could provide technical assistance. It would be for the business, or the firm, to buy the technical advice or the consultancy advice that they needed, I would have thought.

I am sure there is some reason and, once again, I will be told it is in the drafting, but to me the Department is not in the position to have technical assistance. They may well do in training – there might be a provision for training – but surely, once again, if a firm was to come to them, they would have to buy in some training expertise from the Department, I would have thought, unless it was indeed offered free.

I just could not understand quite why it was needed, to be truthful, but I am sure there must be some very logical reason for it being there.

The President: Mr Waft.

Mr Waft: I think, Mr President, we are talking at cross purposes, perhaps.

With regards to the need for technical assistance, including training and consultancy service, I presume it to be the firm is going to incorporate that within their financial problems, for whatever reason – that is why they have asked for assistance – not to ask the Department to provide all the technical consultancy and all the rest of it. I think they would go somewhere else to get that information in, which they would have to pay for, I understand.

The President: Mr Crowe to reply.

Mrs Crowe: It says the Department.

Mr Crowe: Thank you, Mr President.

I thank Mr Turner for seconding the clause, and Mr Downie for supporting the clause. As he rightly says, businesses need the right advice, they need the right help, they need help in real terms, and there are many diverse businesses.

Mr Lowey supports the clause, as he sees it as an important piece of the drafting.

Mrs Crowe raises this question of why the Department needs to provide technical assistance. Can I just comment from my notes, which say:

'Subclause (2) makes it clear the extent of technical assistance covered by the Bill, in particular in the area of training which is vital to the future economic success of the Island. There is currently an extensive amount of work being undertaken by the Department in this area through sector skills groups which have been set up to determine the future skills needed in each sector. In addition, "consultancy services" is a broad term that covers the use of consultants, advisors and mentors.'

So it is to help, but it is not to provide it directly. With that, Mr President, I move that clause 3...

The President: Yes. Hon. Members, the motion I put to Council is that clause 3 do stand part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

Clause 4.

Mr Crowe: Thank you, Mr President.

The clause sets out what financial assistance is to comprise.

Under subclause (1), the Department may provide a grant or a loan up to a maximum amount, and this maximum amount is to be prescribed by order by the Treasury, or greater than the prescribed amount, in a specific case, with the approval of Treasury. The Department is also empowered to provide financial assistance in the form of a guarantee, or by acquiring securities of the company, or in any other way which is specified in the schedule.

Subclause (2) makes it clear that the Department may provide more than one form of financial assistance to an eligible business.

Subclause (3) defines various terms used in the clause and elsewhere in the Bill, including 'maximum amount', which means such sum as may be prescribed by order by the Treasury.

Subclause (4) imposes a requirement that clause 4 is subject to clause 5(3). That latter clause makes the provision of financial assistance, other than a grant up to the maximum amount, conditional upon the Treasury approving the terms and conditions upon which the assistance is provided.

Subclause (5) obliges the Department to publish information to serve as guidance as to how the discretionary powers to provide financial assistance are to be exercised, and this will mean that guidelines will be issued.

I beg to move that clause 4 do stand part of the Bill.

The President: Mr Turner.

Mr Turner: I beg to second and reserve my remarks.

The President: Mrs Christian.

Mrs Christian: Yes, thank you.

Mr President, I am not quite sure what the current provisions are for the DTI, in terms of the assistance they can give, but this seems to me to give them a great deal of flexibility and liberty to provide support. The only measure of control over the amount is in one single element of it, really, and that is on the loan side. It is only the loan – if they give a financial loan – which has to have the concurrence of the Treasury. There does not seem to be any control over the size of guarantee they may give or the amount of securities they can acquire. It looks as though it is giving them very considerable powers.

I am not against that but I am rather surprised that the only element of it that needs any Treasury concurrence is the terms and rates of interest on any loan which is given, even if that loan is below the maximum amount which may be permitted and set by the Treasury.

My hon. colleague, Mrs Crowe, is pointing to me about Treasury approval in subclause (4), but that only relates to the loans. It does not have to approve grants, it does not have to approve guarantees, it does not have to approve the acquiring of securities, or any other manner in which it seeks to give support. That is fairly wide reaching. I wonder if the

mover would like to comment on whether or not this is new, or whether this is how it has always been.

The President: Clause 5(3) might pick that up.

Mrs Christian: No, it does not, Mr President.

The President: It does not in total, no.
Mr Waft.

Mr Waft: Sometimes firms are on the lookout for franchises, agreements, special computer software, and some of the drawings that they need. It all has to be paid for. It is a very complicated world we live in for some of these firms. I think this clause does give a bit of leeway to the Department.

The President: Mrs Crowe.

Mrs Crowe: That is the whole point: it could give leeway for a company to have computers that would cost many millions of pounds, guaranteed by the Department without any recourse to... I thought that there would be financial regulations regarding this, which is what I was looking for, because that would be very open ended indeed, if there was no... We have all seen in the recent past where Government guarantees that had not got Treasury concurrence caused quite a problem for the Isle of Man Government. I think we would have to have a fairly robust reason for this to be included without a degree of Treasury concurrence, so at least there was some kind of check that the guarantee would be able to be met.

The President: Mr Downie.

Mr Downie: I think, Mr President, some Members are looking into this clause and they are seeing things which are not really there; they are seeing some bogeymen.

I think, if I am not mistaken, the current amount that the Department can award, under the present scheme, before going to Treasury, is £100,000.

Mr Crowe: Yes.

Mr Lowey: It was in my time.

Mr Downie: If they want to go above that, they then come along and make the case to Treasury and, even if the amount is below the £100,000, there is a team available in Treasury who put another set of eyes on things and have a look and advise the Department.

This talk of buying computers and things, and things not fit for their purpose: there is a very rigorous process to go through to get money now and it has to stack up, and the Department is not in the business of throwing money away on things that do not work.

I think the analogy that my hon. colleague, Mrs Crowe, made about companies and money, that is entirely different and, in my view, that is breaking the law and that has some other consequences and a long time to run yet before that is resolved.

I think you have to look at the amounts of money. There are very few of these grants within the Department that are £100,000. Some of them might only be £25,000, £30,000,

but they will make sure that the various guarantees are in place and the Department, where possible, is covered and protected, and I think that is the important thing to try and remember.

The President: Mrs Christian.

Mrs Christian: Thank you, Mr President.

The Hon. Member is referring to the amount of financial assistance which can be given. That does have to have the approval of Treasury if it is loan, and it does have to have the approval of Treasury if it is a grant exceeding the maximum amount which Treasury sets and which Tynwald approves, but on top of that, they can give a guarantee of any amount, they can acquire securities at any level, and give any other form of assistance that they want to. It is only the financial assistance, as defined as a loan or a grant, which has to have the Treasury approval.

That may be fine – I am sure the Department is very careful in the way it deals with its claims and so on – but it is rather surprising to me that there is not somewhere an overall maximum. It is left to the discretion of the Department and, as the hon. mover says, many of the claims will be much less than that. I am just dealing with what the legislation says the Department can do, and it has a great deal of scope with only one element of this assistance being overseen by anybody else.

The President: Mr Turner.

Mr Turner: Mr President, I was just going to echo some of the comments of my colleague, Mr Downie.

I would imagine that, if the Department are going to offer assistance in another form, other than financial – maybe a guarantee – it would be proportionate to the size of the operation and the size of what that guarantee is going to be. I would imagine that is part of the criteria they will look at, rather than guaranteeing a large factory, for example, and then finding that they are only producing small products and unable to meet the rent on the factory. I think that is already going on in the Department and, as we have said, the officers are very careful.

I suppose where my colleagues are looking forward to is, should personnel change – because people do move on from time to time – would new members be as hot on scrutinising these matters as the current team we have. I think it is quite right that they have flagged this up today, but I have every confidence that the regulations that are set under this, which will require Tynwald approval, should address a lot of the nitty-gritty of quite how the Department is going to operate the schemes.

The President: Mr Waft.

Mr Waft: Nothing, Mr President.

The President: Mr Lowey.

Mr Lowey: Yes, thank you, Mr President.

It does seem strange that, when we say that we want a bit of flexibility, and then we bring it in... I do not disagree with Mrs Christian when she says we are highlighting the realities as stipulated in the legislation. The amount of the loans have got a maxima without going to approval with the

Treasury, and the Treasury have a right then, with the board, to give a one-off for a specific. I recognise that, but on top of that I think we have to go back to the realities of life as is practised now within Government.

I hate to say, 'When I was there' – I know we have moved on a decade and it is a different... The Treasury were always involved in the actual decision making. They did not have to be; they were invited by the then Minister to come and sit in. I did not have to refer anything under £100,000. Every single grant or loan was referred to the Treasury. With their officers sitting in when we made it, we could then give a detailed exposition to the Treasury why it was we were doing what we were doing.

I thought we had corporate Government now, where the finance officers of every Department have set procedures to go through. I think if you lay that on top of what we have got here, with that flexibility, the safeguards that one would assume are reasonable are already in place.

I think it is right that Members who are saying this is primary legislation, this is what is laid down and we are actually... It cannot be taken in isolation from the rest of corporate Government, which is finance officers for every Department now. That was not always the case in my time, 10 years ago; they now all have finance officers and finance teams relating to the Treasury. These things, I think, are intertwined in corporate governance.

I believe that this clause is setting out a broad framework which should be flexible enough to deal with the one-offs that we all agree. There is a case where there is a grant for a building and machinery. There will be another grant for training purposes. They may even qualify, in certain circumstances, for marketing their products. I think that is right and proper and it should be done. Not all. It is a bit like illness or disability: there are no two claims exactly the same; they all vary. I think this is what you are talking about. I understand we are trying to put the little boxes all the same. They are not all the same, and therefore there has to be that flexibility. It is hard to put it down in absolute form, but I think this framework is more than sensible and more than adequate to meet the requirements.

The President: Mr Crowe to reply.

Mr Crowe: Thank you, Mr President.

Can I just cut to the chase, because I think, as Mr Downie says, we have set a hare running.

I think, although we are looking at clause 4, if I turn you to clause 5(3), which says:

'Financial assistance (other than a grant up to the maximum amount) may be provided under this Act only if the Treasury has approved the terms and conditions on which it is provided.'

Whilst the flexibility is in clause 4, the blocks are put on the Department in clause 5(3), so the whole thing is... The Department cannot run away with money or run away with providing assistance that does not have the vetting of the Treasury.

Mr Lowey: Watchdog.

Mr Crowe: Can I also mention that the Treasury representatives still attend the Department meetings of the Department of Trade and Industry, so the whole thing is looked at closely. You have two sets of eyes: you have

the professionals in the DTI and the professionals in the Treasury.

I hope with those comments, Mr President, we can move to approve clause 4 do stand part of the Bill.

The President: The motion I put to Council is that clause 4 do stand part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

Clause 5, Mr Crowe, please.

Mr Crowe: Thank you, Mr President.

Clause 5: this clause sets out the terms on which assistance is to be provided.

Subclause (1) allows the Department to provide such assistance on such terms and conditions as it determines.

Subclause (2) allows the Department to provide non-financial assistance, either free of charge or on such terms as it determines.

Subclause (3) requires Treasury approval for the terms and conditions of financial assistance, other than a grant up to the maximum amount, as we have talked about in clause 4.

Mr President, I beg to move that clause 5 do stand part of the Bill.

The President: Mr Turner.

Mr Turner: I beg to second and reserve my remarks.

The President: The motion I put to Council is that clause 5 do stand part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

Clause 6, Mr Crowe, please.

Mr Crowe: Sorry, Mr President. I was looking for the amendment but I cannot find it, so maybe we can have that passed to me.

Clause 6(1) requires the Department to lay an annual report before Tynwald in respect of any assistance provided under the new Act. This is a new requirement and one which is not imposed by the Industry Board Act 1981.

Subclause (2) imposes a requirement that the report includes a list of the names of those businesses which have received financial assistance in the preceding financial year.

I beg to move that clause 6 do stand part of the Bill.

The President: Mr Turner.

Mr Turner: I beg to second and reserve my remarks.

The President: Mrs Christian.

Mrs Christian: Mr President, I think this is a welcome addition, because people very often raise questions about the support that is given by various Departments.

I know that there is some concern about how this should be presented to the public, in terms of business confidentiality and so on, but I am sure that the Department will find a way to present it which satisfies those concerns, as well as the concerns of Tynwald, even if it is anonymised or presented as a global figure.

I also think that Tynwald Members would like to know where there are failures, and I do think that the report should

include a list of businesses which have had assistance and have failed.

Clause 6 requires that the Department lays an annual report, and it talks about financial assistance only, whereas clause 3 defines 'assistance' as being financial or technical. I think that we would like to know about both. To that end, I am seeking to amend the clause, so that the word 'financial' is deleted and we have, in our report from the Department, information about any kind of assistance that is given.

I also would like to add another subclause, requiring that those businesses which have received assistance during the previous five years, that have gone out of business, are reported to the Court. I hope that the wording I am proposing is not ambiguous. I do mean received assistance at any time during the previous five years – whether it be once or consecutively – but it is reported on an annual basis, with the figures for the businesses which have actually received financial assistance during the previous year.

I, therefore, beg to move the amendment standing in my name:

Clause 6

Page 3, line 17

After 'report' add '(a)'

Page 3, line 19

Delete 'financial'

Page 3, line 20

After 'in any year' add '; and (b) a list of those businesses which, having received assistance under this Act during the previous five years ending on 31st March in the year of the report, have ceased operation.'

The President: Mr Lowey.

Mr Lowey: I will second the amendment.

I have no difficulty with it at all. I think the financial one is a bit restrictive and, therefore, if it is assistance, then it could very well be.

My only concern – and I would look at the mover to sort – is how many times do you have to... If it is every five years, do we re-cite the failure? I use the word how you define failure –

Mrs Christian: No, that is why I am hoping it is not ambiguous.

Mr Lowey: It is a one-off.

Mrs Christian: It is a one-off.

Mr Lowey: It is a one-off. (**Mrs Christian:** Yes.) You do not then repeat it (**Mrs Christian:** No.) every year for five years, which seems to me to be –

Mrs Christian: It is once being reported as going out of business, it has gone out.

Mr Lowey: That is fine.

I have no difficulty with the amendment, because I think that squares with what we have got in clause 3.

The President: Mr Downie.

Mr Downie: Yes. I can see where my hon. colleague is coming from, and I agree that we should delete the word 'financial', page 3, line 19. I think the fact that we are giving assistance, in whatever form, to companies... No problem with producing that and doing a report on it.

Turning to page 3, line 20, the only difficulty I have with a list of businesses which, having received assistance under this Act during the previous five years ending on 31st March in the year of the report, have ceased operation... There are two issues there. We are making legislation today, but we are asking the Department to go back over the last five years if this is included.

Mr Crowe: No.

Mr Downie: You can advise me otherwise, then, when you wind up.

If that is not the case, I am content with that, because the way I read this is we go back over old ground. With the new Bill, I would assume we start afresh and move on.

The words 'ceased operation'... Companies amalgamate, they change their name; that is a cease in operation. I think we could define it a different way, and I honestly think that, if we say that we are going to have an annual report, it would not be too difficult to find a form of words which say, 'During this year, *x* has amalgamated with *y*,' or 'BA has left the Isle of Man'. I do not know whether any other airline has received assistance – but that could be done in the form of a report.

To do what is in the amendment here, I do not actually think you will get the answer that you are looking for. I remain to be convinced.

The President: Mr Waft.

Mr Waft: Thank you, Mr President.

It is an interesting amendment and I know pretty well where the Member is coming from. I am just a bit concerned because of the sanitisation which might take place in such a report, taking into consideration the data protection, confidentiality and all the other loops that everybody has got to go through these days, whether it actually will give the end product that is required.

I am still a bit unsure about this, Mr President.

The President: Mr Turner.

Mr Turner: Speaking to the amendment, Mr President, the point Mr Downie brings up about the reporting for the previous five years: would we need to have it clearly indicated that in the first year it would, in effect, be the previous one year, as we are not going to be going retrospectively?

I am just wondering whether the wording then is entirely appropriate. Clearly, it would state, 'five years ending 31st March in the year of the report'. So, would it, by virtue of the Act, automatically mean from the commencement of the Act?

The President: Mr Butt.

Mr Butt: I just speak briefly to support the amendment of my colleague, Mrs Christian. I am presuming this information could be readily available anyway, by the right questioning. I can see no harm in it actually being laid

annually in a report for the public and for the Members of Tynwald Court to see.

The President: Mrs Christian.

Mrs Christian: Thank you, Mr President.

Mr Crowe: Can I, Mr President, speak to the amendment?

The President: Mr Crowe. You will get the opportunity to wind up, sir, but nevertheless, continue.

Mr Crowe: Yes, I would oppose the amendment because I think what we are doing is taking away the flexibility from what we have in the Act. I think the Department is going to produce an annual report. As we know, it is a sensitive area; it has not been done before.

Your five-year request on failures in business: that can all be put in the report as well, without the necessity to change primary legislation.

If you delete the word, 'financial' you are going to end up with a massive report every year on a lot of minutiae of grants, loans, training or whatever it is, which I think will only hamper the work of the Department.

I would oppose the amendment.

The President: Mrs Christian.

Mrs Christian: Thank you, Mr President.

First of all, can I say that the wording under this Act means that this report, both in terms of the list which is established in the Green Bill and the proposed list which is established under the amendment, will take effect from the time when the Bill becomes an Act. So, it will start then and, clearly, if you have not got five years to report, you cannot report five years under the Act. So, I hope that clarifies that point for Members who were concerned about how you would deal with the previous five years.

The point made by the hon. mover of the Bill, I do not accept, actually. The Bill has a compulsion about producing the annual report. It says that the Department shall include a list comprising names of the businesses who have received assistance. I know it is only about financial assistance at this stage.

The hon. mover says, 'Well, they can put all this other stuff in, if they want to.' I do not want them to have the flexibility to put it in, if they want to. I want them to *put it in!* And I want them to put it *all in*.

Now, Members can take that or leave it. It is an amendment. They can decide what they think is appropriate. The only alternative would be to have some sort of Regulations laid before Tynwald which set out what has got to go in the report, which might make it more flexible in the future, if it is found to be too unwieldy.

At the moment, we do not have this information and I think Members would value having the information. I will leave it to Members to make up their minds as to what they think is appropriate, given the point of view of the Department, as expressed by the mover, and the options offered by the amendment.

The President: Mr Crowe to wind up.

Mr Crowe: Thank you, Mr President.

I think the amendment is trying to hamper the Department in what they are trying to achieve, which is to provide assistance to existing or new companies and to give them flexibility. I think what we have to remember is, at present, no information is given. Commercial sensitivity is confidential. We are moving from no information at all, moving, as Mr Turner said before, hopefully in an evolutionary way.

Some of the information... it might be a group; the names of the companies will be given; the information financial might be grouped together again. Once you start getting down into the detail of training grants or whatever it is – and it appears that hundreds of people have some assistance under, for example, the Business Start-Up Scheme or the Business Support Scheme or training schemes each year – the danger is that we tie the hands of the Department too tightly. You might get into a situation where companies are reluctant, if they are going to be put on a failure list, about coming to the Department and saying, ‘Well look, we would like to borrow.’ Alright, it might be marginal when it is looked at, but it has a good business case, but if the fear of failure is that they are going to be reported on in the next five years, if it goes, that they are going to be shown as a failing business, then I think there is a danger that we might limit people coming along to the Department.

I am afraid I would not wish to support the amendment, Mr President.

I beg to move clause 6.

The President: Hon. Members, I am happy with that, Hon. Members: to put to Council clause 6. To that, Hon. Members, you have got the amendment on the white paper circulated in the name of Mrs Christian. I will put to you first, Hon. Members, Mrs Christian’s amendment. Those in favour of the amendment, please say aye; against, no.

A division was called for and voting resulted as follows:

FOR	AGAINST
Mr Lowey	Mr Waft
Mr Butt	Mr Turner
Mrs Christian	Mr Downie
Mrs Crowe	Mr Crowe

The President: With 4 for and 4 against, Hon. Members, the casting vote goes with maintaining the Bill in its written form at this particular stage. Hon. Members, it can always be altered.

In that case, Hon. Members, I put to you clause 6. Those in favour, please say aye; against, no. The ayes have it. That ayes have it.

Clause 7.

Mr Crowe: Thank you, Mr President.

Clause 7 defines various terms used in the Bill including, ‘eligible business’ which means a proposed or established business which satisfies criteria prescribed by Regulations made by the Department.

I beg to move that clause 7 do stand part of the Bill.

The President: Mr Turner.

Mr Turner: I beg to second and reserve my remarks.

The President: Hon. Members, the motion I put to Council is that clause 7 do stand part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

Clause 8, Mr Crowe.

Mr Crowe: Thank you, Mr President.

Clause 8 requires Regulations and Orders made under the new Act to be approved by Tynwald, with the exception of any Appointed Day Orders made under clause 10(2).

I beg to move that clause 8 do stand part of the Bill.

Mr Turner: I beg to second and reserve my remarks.

The President: Again, Hon. Members, I put to you clause 8. Those in favour, please say aye; against, no. The ayes have it. That ayes have it.

Clause 9.

Mr Crowe: Clause 9, Mr President: subclause (1) repeals the Industry Board Act subject to subclause (2).

Subclause (2) provides that no provision in the new Bill is to override any previously agreed terms and conditions of financial assistance.

I beg to move that clause 9 do stand part of the Bill.

The President: Mr Turner.

Mr Turner: I beg to second and reserve my remarks.

The President: Hon. Members, I put to Council that clause 9 do stand part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

Finally, the short title and commencement at clause 10. Mr Crowe.

Mr Crowe: Thank you, Mr President.

Clause 10 deals with the short title and commencement of the Bill.

Subclause (1) gives the Bill its short title.

Subclause (2) provides that the Bill is to come into force on an appointed day or days.

I beg to move that clause 10 do stand part of the Bill.

The President: Mr Turner.

Mr Turner: I beg to second and reserve my remarks.

The President: Hon. Members, that clause 10 do stand part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

Corruption Bill **First Reading approved**

3. Mr Waft to move:

That the Corruption Bill be now read a first time.

The President: Now, Hon. Members, we move on then to the Corruption Bill, which is for First Reading. Mr Waft.

Mr Waft: Thank you, Mr President.

The Corruption Bill 2007 repeals the Corruption Act 1986, replacing it with provisions that are both broader and stronger than the existing legislation, with a view to bringing the Isle of Man laws in this area into line with modern international standards.

The Bill seeks to ensure the Island's compliance with the main pillar of the United Nations Convention against Corruption, by criminalising various acts and omissions amounting to corruption.

The United Nations Convention is now widely regarded as setting the global standard for anti-corruption measures. The United Kingdom has ratified the Convention and, earlier this year, the Council of Ministers agreed that it should be extended to the Isle of Man.

However, for the Island to have the United Nations Convention extended to it, certain aspects of our legislation need to be strengthened or updated and the Corruption Bill is part of that process. This legislation does not implement all of the United Nations Convention, as certain matters such as asset recovery and international co-operation concern a much wider range of criminal activity than just corruption. They are, therefore, better dealt with elsewhere, such as in the Treasury's proposed Proceeds of Crime Bill.

The Corruption Bill should help to enhance the Island's international reputation and it is important in other ways too. Corruption is not a victimless crime. Where a person or company benefits from corruption, somebody else generally loses out and around the world, it is often poor people the most.

In addition, corruption can undermine democracy and the rule of law. It can aid terrorism and organised crime, and it can jeopardise good governance and trust in the fair and transparent operation of public services.

The Bill was drafted by the Attorney General's Chambers, using the anti-corruption principles promoted by Transparency International, which is a well respected, politically non-partisan, global civil society organisation which has the goal of assisting the fight against corruption.

Mr President, the main elements of the Bill are the general principle that corruption, whether in the public or private sector, is a crime. There is a new duty on the Island's public servants to report public sector corruption; and corruption committed outside the Island by an Isle of Man resident or company is still an offence which can be prosecuted in the Island.

Mr President, I beg to move the First Reading of the Corruption Bill.

Mr Downie: I beg to second, Mr President, and reserve my remarks.

The President: Mr Lowey.

Mr Lowey: My only comment on this particular Bill is that it is welcome. The Isle of Man is taking its place on the world stage and it has to have some basic rights.

I believe, in years gone by, we could have adopted the thing by order to the Isle of Man. I appreciate, for that to happen, we would have had to have changed and this is part of that procedure. My view is that we should have it in situ in the Manx set-up, in Manx statute and these Bills are going to do just that.

As far as I am concerned, I think the reasoning for it is

correct. I think the Bill is phase 1 of putting all of those bits of the jigsaw into place, and I will support the Bill.

The President: Mr Downie.

Mr Downie: Just to follow on from my hon. colleague, Mr Lowey, when you actually read this, you know in your own mind that this is really a Bill that has to deal with our need to comply with recognised international standards.

Sadly, there are countries in the world where corruption is rife and there needs to be a mechanism, if some of these issues do come to various officials' attention, they need to have a mechanism to deal with it.

I know that, next year, we have a number of people from the international financial regulation bodies visiting the Island. I think it would be good if we had this piece of legislation on our statute books and we were fully compliant with what every other well recognised and properly run international finance centre can deliver.

The President: Mrs Crowe? No? Mr Crowe.

Mr Crowe: Thank you, Mr President.

I support the Bill. I think it brings home to us the fact that, although we are a small Island, we are a world player in business terms, and we have to keep our standards as high as the highest standards possible in the world. Although it seems to be a great deal of regulation and legislation, I think we are in a modern-day economy, a modern-day world, a global economy: we have to keep pace with legislation that is going on around the world.

The President: Mr Turner.

Mr Turner: Yes. Just two brief comments.

I am pleased that we are taking to our own legislation here, rather than extending legislation from the UK. This is one of my main concerns is the amount of legislation we extend, and it is good to see us taking through our own primary legislation.

Although a small place, as has been said many times in here, we are on the world stage, as my colleague, Mr Lowey, puts it. I think we are held in quite high regard, as we heard by the comments from the Lord Mayor this week.

With that, I am supportive of this First Reading.

The President: Mr Butt.

Mr Butt: Thank you, Mr President.

I just would not want us to get too carried away with the international context of this. This Bill still provides corruption offences within the Isle of Man people. I am presuming – and I ask the mover to confirm this – that the section with the Criminal Code still applies. Section 323, I think it is, concerning bribery and corruption: that is still valid and in place for the Island.

Although this fits in with the international context, this is still a local Bill for local people who might actually become corrupt or go those ways.

The President: Mr Waft to reply.

Mr Waft: Thank you, Mr President.

I am glad of the general consensus of agreement. I thank

my seconder for seconding the First Reading.

Mr Lowey welcomed the Bill and we have his support.

Mr Downie also recognised the international obligations and mentioned the visit that is going to happen next year, I understand, from the International Monetary Fund (IMF).

Mr Crowe recognises the need to have the highest possible standards in what is now a global economy.

The Hon. Member, Mr Turner, is pleased that we now have our own primary legislation in place with regard to this Bill. I think we would all concur with that.

The Hon. Mr Butt asked if there is still provision for the section of the Criminal Code to which he referred and I can assure him this is still the case.

Thank you, Mr President.

The President: Hon. Members, the motion that I put to Council is that the Corruption Bill be read for a first time. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

I would just make a comment, Hon. Members, on the Corruption Bill, that whilst it may be that the legal draftsmen may be gender correct in his wording, anybody faced with reading clause 2 of this particular Bill (**Mrs Christian:** Yes!) must, in fact, wish that – our former colleague in the House, whom Mr Lowey will remember, Mrs Quayle, the Hon. Member for Castletown, used to always comment that ‘the male embraces the female’ – would dearly love to have ‘he’ and ‘himself’ brought back to the drafting of the legislation. Never mind!

Mrs Christian: The person here is a company as well! That is where it is so difficult.

Constitution (Amendment) Bill

Conference requested by the House of Keys

Three Members elected as deputation

The President: Hon. Members, you have just had circulated to you a note from our Clerk, for which we are grateful, that the House of Keys have today resolved that a deputation of three Members should attend the conference with the Council to discuss our amendments to the Constitution (Amendment) Bill, before reporting to the House.

The Secretary to the House is formally requesting such a conference and, bearing that in mind, Hon. Members, having discussed this earlier, there will now be a need for Council to select three of its Members to take part in the conference.

So, we may as well deal with that matter today, bearing in mind that we have no Attorney General with us and no Lord Bishop with us. Hon. Members, there is a requirement for us to have three Members to take part in the conference reporting to both bodies, presumably.

Mr Lowey: Is there a requirement for three Members, Mr President?

The President: Well, it was always a conference of the whole Council. I think, was it 2006, when, in fact, Tynwald Standing Orders say that there will be a conference of three in each branch? Now, you can take the argument that that is

within Tynwald, as against Keys and Council.

Nevertheless, Hon. Members, to be consistent, I suppose, it should comply with the Standing Orders of Tynwald, but I am quite happy if you wish to say that it should be a complete Council. I doubt if the Keys will look at it kindly.

Mr Downie.

Mr Downie: I am a bit bemused and puzzled now, because at the outset of the arrival of this particular piece of legislation, we requested a conference in order to discuss various matters. That was about four or five weeks ago. We have delayed and wasted all this time.

We have done the honourable thing, in my view. We have presented them with a Bill that actually is workable now and if they would get on and crack on with it, it could actually be used for the first time, I think, in February.

My own particular view is, if we are going to have this conference, there needs to be something meaningful; it is not just going to be another delaying tactic.

The President: Hon. Members, I appreciate entirely where Mr Downie is coming from in that. Yes, Council did wish, in fact, for a conference right at the outset, with the view, rightly, to say that Council did not want to be seen to be holding this legislation up, at any stage.

I think we have passed that barrier now. We have read it for the three times and we have amended it. It has been reprinted, gone to another place. The ball is in their court now.

Mrs Crowe.

Mrs Crowe: Could I nominate Mrs Christian for our conference.

The President: Hold on. Others might want to discuss it yet. Mr Lowey.

Mr Lowey: Mr President, I am on the factual now. The factual thing is that Tynwald may have changed its Standing Orders; this Council did not. Therefore, whether we like it or not, the Standing Orders are the ones that control this Council.

This Council may very well decide that we will have a committee of three, but I do not like the thought, when I read it, from the Secretary of the House of Keys saying that the Council *will* elect a deputation for that purpose. We are not under the direction of the Secretary of the House; it is the will of this Council.

I am quite happy to have three or four Members or whatever Members want, but the reality is that the rights and privileges of this Council belong with the Council, I am sorry – not with the Secretary of the House. That has to be said, number one.

Secondly, I would support Mrs Christian for the committee. I would propose her for a committee of three.

The President: We are not proposing anybody yet, Hon. Members.

Mr Crowe: Mr President, Standing Order 23 is conferences.

The President: Yes, I am working my way through, sir.

In your Standing Orders, it says:

'A conference between the Council and the House of Keys may, at the request of either body, be held during consideration of any measure. The time and place for a conference shall be appointed by the President of Tynwald, and shall be attended by members of the Council or such members as the Council may appoint for that purpose, and the members of the House of Keys appointed to meet the Council. Conferences shall be held in private, and the proceedings thereat shall not be disclosed by any member present, but the conclusion arrived at by the conference shall be reported to the Council and the House of Keys. The President of Tynwald shall preside over the conference and shall determine the manner in which the matters before the conference shall be discussed.'

Hon. Members, I was just simply drawing to your attention the fact that the Tynwald Standing Orders have, subsequent to this, been changed to make a balance of both branches.

Mrs Crowe: Mr President, could I just add that, in view of the amendment that I placed for this, which I thought might cause some difficulty – this concurrent sitting – I did actually ring the mover of the Bill, the original mover, Mr Gawne, and explained that I had placed the amendment and why I had placed the amendment. He was, in fact, pleased that the essence of his Bill had been perpetuated by that particular amendment. So, the mover of the Bill was supportive certainly of the amendment to sit concurrently.

The President: But, Hon. Members, let us be fair, we have not heard the comments which have been made relative to the Bill, relative to our amendments in another place this morning. We have not been a party to that discussion. The request we have is the formal request for a conference from the Keys. I drew to the Council's attention the fact that their equality of numbers seems to be the ruling point on this.

Mr Crowe.

Mr Crowe: Can I move that we appoint a committee of three from Council to meet up with the committee of three from the House of Keys?

I move:

that a deputation of three Members be elected to attend a conference with the House of Keys on the Constitution (Amendment) Bill.

Mr Lowey: I will second that.

The President: If we are content with that – we concur – in that case, Hon. Members, we need to select the three Members who will meet with the Keys.

Mr Downie: I propose Mrs Christian.

Mrs Crowe: Seconded.

Mr Crowe: I propose Mr Turner, the mover of the Bill in Council.

Mrs Christian: I propose Mrs Crowe as another mover of an amendment, as I recall.

Mr Lowey: I will second that.

Mr Waft: I propose Mr Lowey.

Mr Lowey: I do not know that I will be confrontational!

Mr Crowe: Has anybody seconded Mr Turner?

Several Members: Yes.

The President: Yes. We have three names, Hon. Members. If you are content at that, Hon. Members, we can say that, from Council, Mrs Christian, Mrs Crowe and Mr Turner will be the Members for the conference.

Hon. Members, I will consider the diary position in relation to Members and in relation to the House of Keys' Members of the conference, and report as soon as is practical.

Manx Museum and National Trust One Member of Council to be elected

The President: Hon. Members, one other point which I would draw to your attention, the Manx Museum and National Trust Act 1959, as amended, provides in section 3(1)(b) that the Trust shall include one Member of the Legislative Council to be elected by the Legislative Council.

Mr Downie is a trustee but he a co-opted member onto the Trust. The Member previously elected by the Council was, of course, our Lord Bishop, Bishop Knowles.

I would suggest, Hon. Members, that if any Members would wish to propose and second one or more of the Hon. Members to fulfil this role – there is a requirement – please would you make this known to the Clerk of the Council by the end of the year. Then, Hon. Members, I would propose to put it on the Order Paper and hold the election, if needed, at our first sitting in the new year, so that we are not left with the hiatus of not having a Member of Council formally, other than Mr Downie, who is a co-opted member. There is currently no Member of Council serving as a trustee.

With that in mind, Hon. Members, the adjournment is to next Tuesday, 4th December. Again, Hon. Members, I would remind Council that we will be sitting next week starting at 10.00 a.m.

Thank you, Hon. Members.

The Council adjourned at 12.47 p.m.