



**HOUSE OF KEYS
OFFICIAL REPORT**

**RECORTYS OIKOIL
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PROCEEDINGS

DAALTYN

(HANSARD)

Douglas, Tuesday, 27th May 2008

Present:

The Speaker (Hon. S C Rodan) (Garff);
 The Chief Minister (The Hon. J A Brown) (Castletown);
 Hon. D M Anderson (Glenfaba); Hon. A V Craine and Hon. A R Bell (Ramsey); Hon. W E Teare (Ayre);
 Mr J D Q Cannan (Michael); Mr T Crookall (Peel); Mr P Karran, Hon. A J Earnshaw and Mr D J Quirk (Onchan);
 Hon. G M Quayle (Middle); Mr R W Henderson and Mr J R Houghton (Douglas North);
 Hon. D C Cretney and Mr W M Malarkey (Douglas South); Mr R P Braidwood and Mrs B J Cannell (Douglas East);
 Mr C G Corkish MBE and Hon. J P Shimmin (Douglas West); Mr G D Cregeen (Malew and Santon);
 Mr J P Watterson, Hon. P A Gawne and Mr Q B Gill (Rushen);
 with Mr M Cornwell-Kelly, Secretary of the House

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The House adjourned at 12.26 p.m.

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House of Keys

The House met at 10.00 a.m.

[MR SPEAKER *in the Chair*]

PRAYERS

The Chaplain of the House of Keys

The Speaker: Hon. Members, I have no leave of absence to announce today.

Welcome to Dr Yuki Kobayashi

The Speaker: We do have in our public gallery a visiting journalist from Tokyo, Japan, Dr Yuki Kobayashi, who is a freelance motorcycle journalist and we are delighted that you are taking an interest in our parliamentary proceedings in the Isle of Man. Welcome. (**Members:** Hear, hear.)

Good wishes to Samantha Barks

The Speaker: Hon. Members, I think it might be appropriate to ask you to join with me in wishing the very best of luck to Miss Samantha Barks (**Several Members:** Hear, hear.) as she faces the final in a well-known television programme this Saturday. (*Interjections.*) I think you will agree Samantha Barks is a wonderful ambassador for the Isle of Man and we wish her the very best of luck.

Several Members: Hear, hear.

Questions for Oral Answer

CHIEF MINISTER

EuroManx collapse Bonding arrangements; details of final flight

1.1. The Hon. Member for Onchan (Mr Karran) to ask the Chief Minister:

With regard to the very full and helpful statement you made in this Hon. House 13th May 2008 with regard to the collapse of EuroManx –

(a) is there a legal requirement for scheduled airlines to be bonded so that in the event of the airline failing, passengers who have paid for their flights would be protected financially;

(b) when the Government was negotiating extended credit

facilities with EuroManx, were cross-guarantees sought from the parent company of EuroManx;

(c) whilst acknowledging that it would not necessarily have been in the public interest for the problems at EuroManx to reach the public domain but knowing that the airline was in serious financial difficulty and in imminent danger of collapse, why did the Government not secure a bonding arrangement with EuroManx to protect money paid by the Manx public for future travel that the airline might not be able to deliver;

(d) will you give an account of what took place on 9th May 2008 between 0100 when EuroManx was put into liquidation and 0623 when EuroManx flew their last Dash 8 aircraft off the Island, including:

(i) who flew the aircraft off the Island;

(ii) under whose orders were they acting;

(iii) in what jurisdiction do the above persons reside;

(iv) are there any criminal or civil proceedings that can be taken against them;

(v) were EuroManx staff still checking in passengers until 0625;

(vi) who was on duty in management control of the Airport at 0623;

(vii) were suspicions not raised that there were three EuroManx flights scheduled to depart at 0710, 0720 and 0730 and that apparently the only EuroManx aircraft on the ground was leaving at 0623, and was it not obvious that something was wrong; and

(viii) therefore, why was the aircraft given permission to take off?

The Speaker: We turn to our Question Paper, Hon. Members. Question 1, Questions for Oral Answer, and I call the Hon. Member for Onchan, Mr Peter Karran.

Mr Karran: Vainstyr Loayreyder, I ask the Question standing in my name.

The Speaker: Chief Minister, the Hon. Member for Castletown, Mr Brown.

The Chief Minister (Mr Brown): Thank you, Mr Speaker.

In answer to part (a) of the Question, I can confirm there is no legal requirement for scheduled airlines to be bonded in order to protect passengers financially.

In answer to part (b), cross guarantees were not sought from Quest, the parent company of EuroManx.

In answer to part (c), I am advised there is no mechanism within aviation for a bonding arrangement – sorry, agreement – to protect money paid by the travelling public for future travel that the airline might not be able to deliver.

In answer to the initial part of part (d) of the Question, I am not able to advise the Hon. Member of all the details of what happened between the hours of 1.00 a.m. and 6.23 a.m. on 9th May 2008, when at 1.00 a.m. EuroManx was put into liquidation, except for the following which refers to matters at the Airport: I can advise that business that day at Ronaldsway Airport started as normal. The Airport terminal opened at 5.30 a.m. for passengers and at 6.15 a.m. the Airport opened for flying.

I can also confirm that, in the terminal, EuroManx passengers were being checked in by their handling agents as normal. I can further advise that at 5.49 a.m. a flight plan

was filed for the EuroManx Dash 7 to depart at 6.15 a.m. to the usual aircraft maintenance base at Exeter. There was also a flight plan filed for the aircraft to return to the Island at 11.00 a.m.

At around 6.15 a.m. a EuroManx crew boarded the Dash 7 aircraft and were given clearance to taxi, line up and their aircraft got airborne for the Dash 7 maintenance base at Exeter as 6.23 a.m. I can confirm that around 6.15 a.m. EuroManx operations informed their handling agent that the three earlier scheduled EuroManx flights were going to be delayed. After the 6.15 a.m. Dash 7 aircraft had departed Ronaldsway a phone call, at approximately 6.45 a.m. from EuroManx, was received by their handling agent to advise that EuroManx had ceased operations. The handling agent duly called all passengers back to the check-in desk and informed them that all flights had been cancelled.

With reference to the itemised sub-questions of part (d), I can advise as follows:

- (i) a EuroManx crew flew the aircraft off the Island,
- (ii) they were acting on behalf of EuroManx operations as normal,
- (iii) most of the EuroManx crews were Isle of Man residents, although some were based here, paying Manx taxes. It is not known which particular crew flew the aircraft,
- (iv) the answer is no, the crew did not break any rules or legislation, aviation or otherwise;
- (v) as I have advised, the handling agents for EuroManx were still checking in passengers as normal until 6.45 a.m., when they received a phone call to say EuroManx had ceased operations,
- (vi) the normal levels of Department of Transport airport division staffing was in operation at the Airport on this morning, like every other morning, and there was, as is normal practice, a rostered senior duty manager – that is an employee of the Department of Transport,
- (vii) the basic answer is no – as I have stated earlier the Dash 7 aircraft is normally maintained at Exeter. I am advised that usually when this aircraft goes for maintenance it is flown at either the end of the day or at the beginning of the day. For this aircraft to depart to Exeter at the very beginning of the day was not unusual, especially as Aer Arann aircraft, which was on lease from EuroManx, was available,
- (viii) there was no aviation, administrative, safety or legal reason to prevent giving the aircraft permission to take off and, as stated earlier, all signs within the terminal were that there was business as usual for EuroManx.

Thank you, Mr Speaker.

The Speaker: Hon. Member, Mr Karran.

Mr Karran: A supplementary on part (a). Would the Ard-shirveishagh not agree that there should be some legal requirement on scheduled airlines operating to and from the Isle of Man to be bonded and if he has concerns, has he decided... will he discuss this issue with the UK with a view for a policy applying this?

I would also like a further supplementary; what is to become of the passengers who have booked return flights to London City to travel after the end of May when the Flybe rescue package is to be discontinued? Also on (a), allowing for the fact that some people are booked for £189 for a trip are now being asked for £634 for the same trip, for the same amount of people, will you be making representation to your Office of Fair Trading in order to make sure that there is no profiteering

with the demise of this company, as far as Manx consumers are concerned? On part (b) –

The Speaker: Hon. Member, I think probably if we could let the Chief Minister answer those questions and then I will come back to you, sir. Chief Minister.

The Chief Minister: Thank you, Mr Speaker.

As far as the answer to part (a), as I said, I can confirm there is no legal requirement for scheduled airlines to be bonded in order to protect passengers financially. My understanding is that this is throughout the world. I certainly have no problem in my Office making enquiries with the United Kingdom Government as to whether they think it is reality that airlines are likely to do that.

As far as the passengers who are not able to fly, I am afraid that again, and it does not matter whether, unfortunately, it is an airline, whether it is a shipping company or whether it is a coach company, and whilst we all have the greatest of sympathy for those who are caught in this situation they may have a claim, either through the company direct or the parent company, unfortunately, which would of course be a civil claim. They may be covered by some travel insurance or they may be covered, depending how they paid, if they paid for example via their credit card, dependent, of course, on the circumstances.

As far as profiteering is concerned, we have already asked the Office of Fair Trading, as I advised this House at the last sitting when I made my statement, for them to monitor the situation in relation to what happens with the fares and therefore that task is already being undertaken, as has been confirmed by the Chairman of the Office of Fair Trading subsequently.

The Speaker: Further supplementary, Mr Karran.

Mr Karran: Vainstyr Loayreyder, would the Ard-shirveishagh not agree that with the Government knowing the fact that this company was in such a dire situation that we have not helped the situation? With part (b), what other steps, if any, were taken to secure guarantees on the owed money to the Isle of Man Treasury and the general public?

Is the Ard-shirveishagh aware of the right of detention imposed on a lien, which is a charge over the assets held by creditors within the Island's jurisdiction, have a priority over the rights of any financier with a valid mortgage or lease? Was there a requirement made to hold some of the EuroManx aircraft documentation as a way of a lien, as recognised in the airline business?

The Speaker: Chief Minister to reply.

The Chief Minister: Thank you, Mr Speaker.

I answered most of these questions actually at the last sitting of the House and therefore the Hon. Member does know the answers and I am sure those who are assisting him know the answers as well.

The answer is straightforward. Whilst Government knew there was a debt, that, as far as we were aware, was the debt owing to Government and what we were doing to ensure as far as possible we could help the airline overcome its difficulties due to the takeover, was, in fact, not calling in the money owed to Government. We were not aware at that time, as far as I am aware, and certainly I was not advised

and nor was anybody else, as far as I know, of the other debt that was outstanding which is the debt we have subsequently been made aware of, of which of course I do not think that the definitive figures have yet come out.

So again, I come back to what I said in the last House, if Government helps we get into trouble and if Government walks away we get into trouble. I am quite happy we did the right thing. We tried to help the people of the Isle of Man secure their flights. Unfortunately, there are consequences of that when, in fact, the company, Quest, the owners of EuroManx, made their decision – not us – they made their decision to put the company into liquidation.

The Speaker: Hon. Member for Rushen, Mr Watterson.

Mr Watterson: First point in relation to something that the Chief Minister said in his answer in terms of travel insurance. Is the Chief Minister aware that most travel insurance will not cover you for an airline going under? The second part is, is the Chief Minister aware of any joint or common ownership between Flight Support and EuroManx?

The Speaker: Chief Minister.

The Chief Minister: Thank you, Mr Speaker.

Again, like everybody who buys travel insurance, I am sure I am not au fait with all the details. All I can say is that I buy it on the basis that, when I buy it, I buy it to cover my departure from the Isle of Man and if it does not cover a company going into liquidation then that is something that is the norm and I think then we just have to accept that. We have to be realistic. The Isle of Man cannot do what other countries do not do in every area and so I thank the Hon. Member for that clarification.

As far as any sort of co-ownership, I am not aware of any of that and my understanding is that that handling agency in fact operates for other people, but again I will just enquire into that and if there is anything of any importance there, I would, of course, advise all Members.

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

Mr Henderson: Gura mie eu, Vainstyr Loayreyder.

Will the Ard-shirveishagh, the Chief Minister, when he is making his – advancing his line of enquiries to the Office of Fair Trading, would he ask that – and it may well be the case, but if he could clarify – for a detailed pricing structure study of the EuroManx airlines fare before they went into liquidation and what suddenly seems to be happening now, and has been reported to me, where fares seem to be doubling and almost trebling and if he could, in that study, ask the Office of Fair Trading to take out any fuel adjustment costs so that we can see exactly if any unfair profiteering is actually going on?

The Speaker: Chief Minister to reply.

The Chief Minister: Yes, thank you Mr Speaker.

I would make the point that certainly we have – and I think we really do need to acknowledge – we have actually been assisted by both EuroManx and Manx2 to some

considerable depth to assist many passengers who would otherwise have been in a worse –

Mr Cretney: Flybe.

The Chief Minister: – sorry, Flybe and Manx2, they have assisted us very much, otherwise there would have been a lot more people in dire straits. We are talking about something in the region of 20,000 passengers who are being assisted, so we need to be realistic about this: as much as possible is being done in a very short time. Of course there are going to be problems and of course we all find that difficult to deal with and we will endeavour to do what we can but we are dealing with commercial companies who have said they will do what they can, but, at the end of the day, they are directly responsible to their shareholders and certainly are not going to put themselves into a financial difficulty in terms of doing too much.

However, like the Hon. Member for Douglas North, Mr Henderson, says, all of us would be concerned if an opportunity was then taken by any airline, or by anybody else for that matter, to profiteer out of the problems that have affected the public (**A Member:** Hear, hear.) and I can say that, as I have said before, I have asked the Office of Fair Trading to keep an eye on this and they will do that, sir.

The Speaker: Hon. Member, Mr Karran.

Mr Karran: On part (iii), does the Ard-shirveishagh agree that the Government owes a duty of care to the Manx public to protect their interests when the Government was well aware of the financial risks of buying tickets from EuroManx but the public was not aware? If the Government was aware that faulty goods were on sale on the Island, would the Ard-shirveishagh not wish to take the opportunity and the action to protect the general public and would he not also, allowing for the fact that he is answering on behalf of the people who are responsible for this situation, as far as the idea that somehow that his questions are not made up by his officials and his civil servants and would the Ard-shirveishagh not also agree that there are a lot of people off-Island that have bought tickets for EuroManx that may not be aware the airline had collapsed? Therefore will the Chief Minister, the Ard-shirveishagh, discuss with the Minister of Tourism some methodology of ensuring that all passengers are notified as soon as possible to protect the reputation of the Island, as far as it affects as a tourist destination for those people not turning up at an airport and finding that they have not got a plane to come to the Isle of Man?

The Speaker: Chief Minister to reply.

The Chief Minister: Thank you, Mr Speaker.

I do sometimes think Members need to really come into the real world. I come back to the point: all of us have the greatest sympathy – and sympathy does not do much, except to say we do have sympathy – for those who are being caught out because of the collapse of a private company.

I believe the Isle of Man Government was absolutely right, absolutely right in October, when it saw that, in fact, its situation in relation to taxes that were due were falling behind and started discussions with EuroManx to try and get that money paid and endeavour to give them extended credit, so that they could, hopefully, overcome their problems. To do

otherwise would have meant that people would have been in this situation in October. To have done otherwise could have accelerated the liquidation of EuroManx when there was a possibility of it being bought out by other parties.

So that was the choice before the Isle of Man Government and that to me was our duty of care. Our duty of care was to endeavour to do as much as we could to support the retention of that airline for the benefit of the Isle of Man. (**A Member:** Hear, hear.) However, there are limitations on how far we could go on that, Mr Speaker, and that is the point that we have to keep in mind, otherwise we may well have been stood here and I would have been stood here, with the Hon. Member for Onchan and others saying why did we accelerate the closure of EuroManx? We cannot have it both ways, I am afraid.

The Speaker: Hon. Member for Michael.

Mr Cannan: Thank you.

First of all, will the Chief Minister agree that while he thinks the Government did the absolute right thing by giving extended credit to EuroManx without making proper enquiries, there are a lot of people in the Isle of Man who think the Government did not do the right thing and secondly, *secondly*, when you were negotiating in October – and this is important – did not Treasury officials make enquiries as to the financial viability of EuroManx, rather than just negotiating simply on a debt of £800,000 to the Isle of Man Government?

The Speaker: Chief Minister.

The Chief Minister: Yes, thank you, Mr Speaker.

I am amazed how quickly Members forget what I said at the last sitting of this House. (**Several Members:** Hear, hear.) I just find it astounding. If you are really interested in the subject, Hon. Member, listen to what I said at the last House. I covered all this. I made it absolutely clear, as far as what Treasury did and ongoing what the Isle of Man Government did.

Let me say, as far as the people who think we did not do the right thing, I will bet you money none of them had a ticket booked between October and when the airline went into liquidation. It is very easy when you have nothing to lose – we were trying to assist those who would have been the ones who would have lost, sir, and I believe that is why we did the right thing. (**Several Members:** Hear, hear.)

The Speaker: Hon. Member for Malew and Santon.

Mr Cregeen: Thank you, Mr Speaker.

Will the Chief Minister clarify the position to what assistance this Government is giving to Flybe, due to statements made on Manx Radio over the weekend and can he clarify this for the public?

The Speaker: Chief Minister.

The Chief Minister: Yes, Mr Speaker, I will endeavour to do my best on that.

As far as the issue of the point about the Isle of Man Government apparently giving money, I think was the point that was made by the so-called travel agent, can I say that my understanding is that what has been determined

is that the Department of Transport, through their Airport operations, will not be levying charges to Manx2 or Flybe for the EuroManx passengers carried and I would have thought everybody would welcome that, because otherwise the passengers would pay double (*Interjections*) so it is very easy again for somebody who is in business making money out of it all.

So whilst the comment may well be a genuine one from his point of view, that is the reality as I have said and I hope that that makes that clear. In other words, we are not charging for landing charges, passenger security or baggage charges.

The Speaker: Final supplementary, I think, Hon. Member, Mr Karran.

Mr Karran: Vainstyr Loayreyder, would the Ard-shirveishagh not agree that, yes, hindsight is a wonderful thing but the old adage that when you are in a hole you do not keep digging and the fact is that your actions by your Government has made the situation much worse for a lot more people, (*Interjections*) as far as the financial debt is concerned? It is greater as far as this company is concerned.

Would the Ard-shirveishagh also agree that the removal of the aircraft at 6.23 on 9th May was a deliberate act of deception to avoid the aircraft being seized? Is not obtaining benefit by deception a criminal offence? Who derives the benefit from this action? Who conspired with this?

Will the Chief Minister either now, or in Tynwald Court next month, make a full account of the actions taken already in order to secure the repayment of funds owed to the Isle of Man public and the Treasury and the pursuits of criminal charges if possible against people responsible for this deception? Does the public not expect this Government to protect the citizens of this country?

The Speaker: Chief Minister.

The Chief Minister: Thank you, Mr Speaker.

Again, the Hon. Member did not listen to the Answer that I gave in this House, a very comprehensive answer which, of course, he does compliment me on – which I thank him for – and also the Hon. Member asked a number of supplementaries, which again I went into great detail to respond to. I have nothing to hide on this, nor has Government. Our first priority was to try and ensure that we could safeguard, as far as possible, EuroManx continuing in existence because we believed it would benefit the Isle of Man.

Again can I remind the Hon. Member the debt we were talking about was extending credit that was owed to the Isle of Man Government, nothing else: that is all, extending our credit. Can I say (*Interjection*) it is not unusual in business for wholesalers to extend credit because if all the wholesalers in the Isle of Man did not extend credit to most of their customers, most of the businesses would go out of business. So it is not unusual, it is not unusual and for the Hon. Member to say ‘rubbish’, maybe if he had worked in the real world (*Interjections*) he could understand.

Now Mr Speaker –

Mr Cannan: You are not the only one that works in the real world, Chief Minister.

The Chief Minister: Mr Speaker, I have worked in the real world, I have worked in Government world and I have also been a Member in this hon. place since 1981 and I can tell you what: it is tough in the real world and there are a lot of people in the real world working very hard, paying heavy taxes and making very little money and that is in a place where our taxes are lower than most countries, so I think some realism wants to come into this. (*Interjection by Mr Cannan*)

I come back to the point, I have no qualms at all that the action that myself and executive Government took was in the very best interests of the people of the Isle of Man to see, by extending credit, whether or not EuroManx could get itself sorted out. To have done otherwise, I believe, would have been a disaster for the Isle of Man. Unfortunately it did not happen, not because of what we did, but because of other circumstances and it is all very well for people to criticise who were not obligated to a trip on EuroManx because they had not paid money into it but they would be the same people who would be criticising us if we would have pulled the plug far too early.

TREASURY

EuroManx collapse Extended credit to insolvent company

1.2. The Hon. Member for Michael (Mr Cannan) to ask the Minister for the Treasury:

Was the Treasury aware that when conducting negotiations last October to give extended credit to the EuroManx Airline, this enabled EuroManx to continue trading whilst insolvent?

The Speaker: Question 2, Hon. Member for Michael, Mr Cannan.

Mr Cannan: I ask the Question standing in my name.

The Speaker: I call on the Minister for Treasury, Hon. Member for Ramsey, Mr Bell.

The Minister for the Treasury (Mr Bell): Mr Speaker, the Chief Minister's statement in response to Mr Henderson's Question during 13th May House of Keys sitting provided much of the background to the efforts of officers and Ministers in their support of EuroManx's attempts to find a solution to their trading difficulties.

Initial meetings with EuroManx at the beginning of November 2007 and the evaluation of the airline's financial records conducted by my officers revealed poor trading results with repeated annual losses which were only being sustained by the support, initially, of its bankers and, latterly, of its parent company, Quest Aviation, and the continued reliance upon its major creditors to accept deferred payments of its debts. Treasury officers made it clear in a report dated 5th November 2007 that, in their opinion, and I quote:

'If it had not been for the agreement of creditors to deferred terms, the company would be trading whilst insolvent and as soon as this becomes the case the directors and Quest will commence liquidation proceedings.'

This message was similarly conveyed to the Chief Minister, Minister for Transport and myself, together with officers, at a meeting during the afternoon of 6th November.

I can confirm that the Treasury was aware of the confirmation subsequently provided to EuroManx Ltd of an extension to 30th November 2007 to pay its debts to the Isle of Man Government. Such debts included airport fees, air passenger duty, income tax instalment payments and National Insurance. A further letter was sent to EuroManx, dated 5th December 2007, setting out Government's position on the matters which had been the subject of discussion between the company and Government. One of these matters was the aforementioned extension of credit. It was noted that the total amount of £725,800 owing to Government at 4th December was less than the £761,300 owing on 5th November. EuroManx was informed that the consideration of any further extension to the arrangement would depend upon a mutually agreed repayment programme to the outstanding debt.

As I have mentioned, the Chief Minister's statement of 13th May to this House gave a week-by-week account of the contact between Government and that company. On 16th January 2008 EuroManx was informed by the Treasury that further extensions of credit could not be allowed and that it was necessary for the company to bring its National Insurance, income tax instalment payments and air passenger duty up to date. Once a repayment programme for these debts had been agreed, repayments were being made by the company.

As a matter of precaution and prudence, I can also advise the Hon. Member that one of my officers met the Attorney General on 18th January 2008 to consider the course of action required in the event of insolvency. Section 163 of the 1931 Companies Act was identified as the relevant legislation available to Government in the event that a decision was taken for Government to force the company into liquidation. However, given the limited asset value within the company itself and whilst EuroManx was actively engaged in the potential sale of its operations, there was little to be gained for a major creditor such as the Isle of Man Government enforcing a winding-up of the company.

The Speaker: Hon. Member for Michael.

Mr Cannan: I thank the Treasury Minister for his comprehensive statement which states that, technically, EuroManx were trading in insolvency, subject to the extended credit of almost £800,000. Why, when they knew these figures, in giving the extended credit of such a large amount that the Treasury did not obtain from the company a letter of comfort from its bankers? (**A Member:** Hear, hear.) A letter of comfort, normal standard trading procedure, a letter of comfort from its bankers that the business was viable to continue?

The Speaker: Minister for Treasury.

The Minister: Mr Speaker, we knew, as I answered in my Question, that it was only as a result of the goodwill of the creditors who were prepared to defer their payments that the EuroManx company was able to trade, even though, technically, it could be deemed to be insolvent.

We – that is, senior officers of Government as well as

Treasury – had, as has already been stated, a number of meetings with EuroManx directors and senior officers to identify a repayment schedule. Certainly in the early weeks that repayment or a certain amount of that repayment was being made and therefore Government felt it was doing the best it could, under the circumstances, both to guarantee and secure the repayment of the outstanding debt, whilst at the same time helping to facilitate the directors of EuroManx to secure a new future for that company.

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

Mr Karran: Vainstyr Loayreyder, could the Shirveishagh Tashtee inform this Hon. House, if it is possible, of what was the debt this company had roughly in the October time, to what the debt is now, as far as this company is concerned?

Would the Ard-shirveishagh not agree that in the real world wholesalers, once starting having a problem as far as whether they are going to get their money is concerned, would start putting some sort of legal liability or responsibility or claim onto any further assets being given to a wholesaler?

Would he not agree that the fact is that Treasury and the Government were wrong, as far as this issue is concerned, because you have actually left much more people disappointed as far as this affair, by taking such action.

The Speaker: Minister for the Treasury, Mr Bell.

The Minister: Mr Speaker, it is a great pity the Hon. Member did not actually listen to the Answers that were given by the Chief Minister, and understand the efforts which were put in by the Council of Minister to try and secure the long-term future of EuroManx.

Mr Speaker, there is no doubt at all that, in the early days of EuroManx, there were a number of operational problems and there were concerns about the performance of the company. In the last 12 months, there is no doubt at all that the EuroManx operation had improved its performance dramatically, and in fact was providing a first-class service to the Isle of Man.

It was the concern of the Council of Ministers, and certainly the Chief Minister, myself and the Minister for Transport, to try and secure the long-term future of that company. We did all that we possibly could by extending the credit at that time to give it a breathing place, to try to restructure, to enable us to secure the continuation of that service.

As has already been stated, Mr Speaker, that included the potential sale of EuroManx to Aer Arann, and latterly, talks took place with Flybe. Had the sale to Aer Arann gone through, which it very nearly did at the point, we would not be in a position today where everyone suddenly is concerned about Government's action. Government would be praised for the action it had taken in trying to secure the long-term future of what had become a well-established and appreciated service, Mr Speaker.

I think it is very easy with hindsight, as usual, to make these sanctimonious comments that Government should have known better. We did, as the Chief Minister has said, Mr Speaker, take the actions that we did to try and secure the

continuation of this service in the best interests of the Isle of Man travelling public, and both the leisure and business community of the Island.

The question that he also asked, Mr Speaker... I do not have all the figures here, but at the beginning of November, the level of debt was £761,000; at the beginning of December, it was £725,000, so it had actually reduced; and ultimately, at the date of liquidation, we believe the final figure to be £1,167,000.

The Speaker: A final supplementary, I think, Mr Cannan.

Mr Cannan: First of all, I would like to assure both the Chief Minister and the Minister for the Treasury that I have listened carefully to their Answers, (**Mr Karran:** Hear, hear.) and some of them are avoiding answering the Question.

The first question: will the Treasury Minister agree that he had a duty to protect the passengers, to protect the Government revenue, and to protect the airline, if possible? In these circumstances, he has not answered the question why did he not obtain from the airline's bankers a letter of comfort, indicating their trading viability. He has not answered that question, which I asked.

Secondly, why did he not consider, or the Treasury not consider, as has already been asked, but not answered, putting a lien on the assets – not a mortgage, a lien – to secure in good faith from both sides?

Thirdly, did the Treasury investigate not only the debt to the Treasury of £800,000, but what was the overall indebtedness of the company? Surely the Treasury officials made suitable enquiries to find out whether it was not only their debt but debt throughout the aviation industry.

The Speaker: Minister for Treasury.

The Minister: Mr Speaker, I think the questions put forward by the Hon. Member have been answered by both myself –

Mr Cannan: They have not.

The Minister: – and by the Chief Minister, in particular, that the company itself, as we would understand it at the moment, have no tangible assets of any real value at all, so there was nothing there to actually put a lien against at that point. The planes were all leased, as were the buildings, so there was very little in the way of material assets that could have been held against the outstanding debt. The parent company itself had assets, and they presumably will be considered as the liquidation takes place. (*Interjection by Mr Karran.*)

I could also point out, Mr Speaker, that the annual returns for EuroManx... The last annual return and accounts were filed in 2004-05, and therefore the accounts for 2005-06 and 2006-07 were still outstanding, so it was unclear, in the early days, exactly what the full financial state of the company was. It has only evolved in our discussions with the EuroManx directors as to what the true state of the company is.

**EuroManx collapse
Arrears of ITIP and NI contributions**

1.3. The Hon. Member for Michael (Mr Cannan) to ask the Minister for the Treasury:

(a) *On what date did EuroManx Airline first fall into arrears of payment of employees' ITIP and NI contributions to the Treasury;*

(b) *who authorised the extended credit terms from that date; and*

(c) *on what date were the arrears due by EuroManx first brought to your attention?*

The Speaker: Question 3, again, Hon. Member for Michael, Mr Cannan.

Mr Cannan: I ask the Question standing in my name, sir.

The Speaker: Again, I call on the Minister for Treasury, Mr Bell.

The Minister for the Treasury (Mr Bell): Mr Speaker, as a general rule the payments due from EuroManx in respect of ITIP and National Insurance contributions are due 14 days after the end of the income tax month. For example, the remittance due for the period of 6th April to 5th May should be paid on 19th May.

During the period from 19th May to 19th September 2007, EuroManx Ltd was never more than four days late with its remittances of National Insurance and ITIP contributions to Treasury. The first sign of any delay occurred when the amount due on 19th October 2007 was paid 18 days late, following the issue of a first reminder. Subsequently, a first reminder and a notice of determination, dated 21st January 2008, were issued for the amount due on 19th November, after which the company paid the due amount 65 days late on 23rd January 2008. The amount due on 19th December was settled a week later, some 42 days after the due date. The amount due on 19th January was paid on 12th February, 24 days late, and the amounts due on 19th February and March were each just one day late, whereas the payment due on 19th April was three days late.

The extended credit taken from November to the middle of February was as a result of the agreement between the company and Government to which I have referred in my previous Answer.

In answer to the Question as to who authorised the extended credit terms, I can advise that these were offered to EuroManx after officers met the Chief Minister, the Minister for Transport and myself on 6th November 2007. Whilst this arrangement was notified to the Income Tax Division of Treasury, this did not affect their enforcement of collection procedures in the case of EuroManx.

The arrears due by EuroManx were first brought to my attention in a paper prepared by my officers, dated 5th November 2007, which was discussed with me prior to the subsequent meeting held on 6th November with the Chief Minister and others, as I referred to earlier.

The Speaker: Hon. Member, Mr Henderson.

Mr Henderson: Gura mie eu, Vainstyr Loayreyder. Could the Treasury Minister, the Shirveishagh Tashtee,

answer this for this House and the public of the Island: given the huge and enormous pressure of due diligence etc and compliance that is now placed on the private sector by his Department through all the various Finance Acts and Bills, how come he then, and his officers, agreed to extend moneys to this company, which was quite obviously insolvent, quite obviously flogging a dead horse?

Part two, Vainstyr Loayreyder: what would be the difference to causing it to collapse in October, to causing it to collapse now, right at the cusp of the height of the Isle of Man tourist season?

A Member: Hear, hear.

The Speaker: Treasury Minister.

The Minister: Mr Speaker, again these questions have been answered, but I just repeat that the overriding concern of the Chief Minister, myself and the Minister for Transport, and indeed the Council of Ministers, was to try and save this company for the people of the Isle of Man. (**A Member:** Hear, hear.) It had developed a much better-quality service, which most people were happy with, and we were anxious to do our best to try and find a mechanism whereby this company could have traded itself out of its problems, or alternatively to have found a new business partner, or in fact be taken over by another company altogether.

A great deal of work, Mr Speaker, went on during that couple of months' period to assist and work with the company to try and find a solution to its difficulties. We were almost successful in that, Mr Speaker, insofar as Aer Arann had agreed at one point to actually take over the company, and it was only literally at the very last minute that this deal fell through.

Therefore, Mr Speaker, I only can repeat again that the imperative which drove our decision-making in November was the overwhelming desire to try and save this company and save the quality of service which was provided to the Island. If we had allowed it to go under in November, when we first became aware of the problems, we would, as the Chief Minister has said, I think, be rightly castigated for not having taken any steps to try and save the company at that point, and in fact would have thrown our residents into some considerable disarray as well – the travelling public – because it would have gone under just immediately before the Christmas period, which in itself would have caused further problems.

The Speaker: Hon. Members, I do not intend Question 3 to be widened out. The subject has been very well aired. Question 3 is quite specific and has been answered. I have four Hon. Members wishing to speak. I would ask the Hon. Members not to broaden out more than has already happened, given that we have had 40 hours' discussion on this particular topic.

A Member: Minutes!

Another Member: It feels like hours! (*Laughter*)

The Speaker: I call the Hon. Member, Mr Karran, Member for Onchan.

Mr Karran: Vainstyr Loayreyder, would the Shirveishagh

Tashtee not agree with the fact that, in his reply, talking about Aer Arann, can he inform this Hon. House, were the Government or the Treasury in direct talks with Aer Arann over this company, or was it hearsay or third-hand information that you were dealing with?

Would the Shirveishagh also explain to this Hon. House the situation with regard to money deducted from employees at EuroManx by way of tax and National Insurance? Is all the money deemed to have been paid to the Isle of Man Treasury, even though it has not been received, in order to reassure people from outside this House?

The Speaker: Treasury Minister.

The Minister: I am sorry, Mr Speaker, could the Hon. Member just repeat that last part of his question?

Mr Watterson: The last bullet point.

A Member: Page 3.

Mr Karran: Vainstyr Loayreyder, could the Shirveishagh Tashtee inform this Hon. House, the fact that payments have been received by EuroManx and not passed on to the Treasury for ITIP and National Insurance... Would the Treasury reassure people that the employees are not going to be out of pocket, as far as that is concerned, and the taxpayer is going to have to foot the bill?

Would the Shirveishagh also recognise that some of us in this Hon. House are not here as nodding donkeys, and try and do a bit of prep work before Question Time is here, instead of just trying to cover up for everything, Hon. Member?

The Speaker: Hon. Member, you make your point, and I think you have been given adequate opportunity this morning.

Mr Bell.

The Minister: Mr Speaker, considerable discussions, as I have said, went on with Aer Arann to –

Mr Karran: Were you involved?

The Minister: – assist the takeover of EuroManx. A number of meetings took place, I understand, with the Department of Transport, and ultimately, I understand, the representative of Aer Arann met the Chief Minister –

The Chief Minister: As I advised.

The Minister: – as the Hon. Member, and indeed this Hon. House was advised by the Chief Minister when he made his Statement. Indeed, I think I am right in saying, Mr Speaker, that the negotiations with Aer Arann had in fact advanced so far that Aer Arann had paid a deposit on the deal, and it was only after the deposit was paid that the deal fell through.

So, Mr Speaker, in answer to that part of the question, the Government, the Chief Minister and the Minister for Transport were involved with Aer Arann and were fully au fait with the negotiations which had taken place.

As far as the outcome of the liquidation and what funds Government will achieve from that, it is too early to say at this stage, Mr Speaker.

The Speaker: Hon. Member for Michael.

Mr Cannan: Thank you.

In relation to this Question and the debt to Government, did the Treasury and the negotiating committee say to Quest, the parent company of EuroManx, ‘If you have confidence in your subsidiary, why will you not financially support your subsidiary?’ and is it not strange that a parent company will not support its subsidiary when there are debts, unless it has no confidence in the ability of that subsidiary to recover?

The Speaker: Minister, Mr Bell.

The Minister: Mr Speaker, at this point the parent company was actually trying to sell or at least restructure and attract a new partner into this operation to ensure its continuation into the future.

Mr Cannan: That is not an answer, Minister.

The Speaker: Hon. Member, Mr Houghton.

Mr Houghton: Thank you, Mr Speaker.

Notwithstanding the Treasury Minister’s answers thus far, did he not, as Treasury Minister in charge of the public purse, consider at that very important meeting asking Quest to put £1 million up front, lodge it with the Treasury so it will be repaid once those debts had been repaid through that subsidiary company?

A Member: It is the land we are living in.

Mr Houghton: Did he not consider that and if he did consider it, did he put that forward at that meeting, sir?

The Speaker: Minister for Treasury.

The Minister: Mr Speaker, we have been over these points many times now. The negotiations between various arms of Government, including Treasury, with the senior management of EuroManx was to provide a mechanism for repaying the debts and to maintain EuroManx in operation.

The early negotiations actually started to deliver fruit, insofar as the debt was actually reduced and it was only in the latter days, particularly when the sales with Aer Arann fell through that the situation that we face today came about, but every effort has been made to find a working solution, Mr Speaker, to enable the company to continue and for Government ultimately to get its money back.

The Speaker: We are getting over old ground. Mr Watterson.

Mr Watterson: In an attempt to bring something fresh to this debate, (A Member: Hear, hear.) will the Treasury Minister confirm, for the benefit of both Hon. Members and those formerly employed by EuroManx, that despite their debt to Government they will still be considered to be up-to-date with their National Insurance contributions and that also, under the Social Security Acts, the Government has the power to pursue not just the company but the directors, if they feel it is necessary in order to recover National Insurance money, sir? (*Interjections*)

The Speaker: Mr Bell.

The Minister: Yes, Mr Speaker, I understand that is the position and I am sure that those steps will be taken at the appropriate time, when we see what the outcome is.

The Speaker: Hon. Member, Mr Malarkey.

Mr Malarkey: Thank you, Mr Speaker.

Just following on from the Hon. Member's question, which was actually going to be my question, will this also be the case with any ITIP that employees have been paying to EuroManx to credit their tax bills? Will they be considered – considering the Government allowed an insolvent company to run for six months – that they will be up-to-date with any payments paid to EuroManx and not have to find additional tax in the future to pay their bills?

The Speaker: Treasury Minister.

The Minister: Yes, Mr Speaker, I am sure the same situation will apply there.

AGRICULTURE, FISHERIES AND FORESTRY

Tholt-y-Will Glen and Plantation Clearing up tree-felling and storm damage

1.4. The Hon. Member for Douglas North (Mr Henderson) to ask the Minister for Agriculture, Fisheries and Forestry:

(a) *When is your Department intending to clear up the mess of storm debris strewn across Tholt-y-Will Glen and reinstate the public footpaths, following the severe winds over three years ago; and*

(b) *when is your Department intending to clear up the public eyesore at the Tholt-y-Will Plantation overlooking the Sulby Dam as a result of tree-felling operations and high winds during January 2005?*

The Speaker: Right. Question 4. Hon. Member for Douglas North, Mr Henderson.

Mr Henderson: Gura mie eu, Vainstyr Loayreyder. Ta mee shirrey kied yn eysht y chur ta fo my ennym. I beg to ask the Question in my name.

The Speaker: The Minister for Agriculture, Fisheries and Forestry, the Hon. Member, Mr Gawne.

The Minister for Agriculture, Fisheries and Forestry (Mr Gawne): Gura mie eu, Loayreyder.

In February 2005, following the gale referred to in the Hon. Member's Question, the Department was faced with an unprecedented clearing-up operation. Trees had been blown down in a number of plantations and glens and working priorities had to be decided.

In the months following, a considerable number of trees were cleared from Glen Maye, Glen Helen and Bishops court Glen using local and UK contractors. The Department's own contractors started clearing the wind-blown trees in the plantations, an operation which is still ongoing today. Tholt-y-Will Glen suffered the most serious gale damage, with

over 100 mature, broad-leaved trees, predominantly beech, being lost. As such, Tholt-y-Will was the subject of a BBC television report that provided details of the losses and the difficulties posed by any clearing-up operation.

The priority identified at that time by the Department was to remove the trees which had fallen in the river and this was carried out as soon as possible. The bulk of the wind-blown trees remained on the steep bank, however, overlooking the river and their removal posed a number of intractable problems. Safety and access were and are the main difficulties. If the trunks are severed from the roots it is likely that both trunks and roots will roll into the river and it is difficult to see how this can be prevented. Also the actual cutting work would place the saw operators at risk. It is not work our direct labour force is trained or equipped to undertake. The extraction of the logs once cut and the securing of the stumps on the bank long-term are other major problems which would have to be addressed.

The Department is still striving to find a cost-effective, alternative solution to leaving the trees in situ and a number of contractors have assessed the job, the most recent about a month ago. As yet a formal response has not been received from this latest contractor, but it is thought the quote will be in the region of at least £100,000.

However there are environmental benefits from allowing the wood to decay naturally (**A Member:** Hear, hear.) and allow a natural colonisation of the wood by woodland species. Therefore, the rationale behind the decision taken in February 2005 remains as valid today as it was at that time. However, a new footpath has been created that avoided the most severely affected areas and enables the public to continue to access the Glen.

In respect of the second part of the Question, I can advise that all the wind-blown conifers were removed from the Plantation earlier this year. The present appearance is typical of a cleared conifer plantation and there are no plans to do other than replant the site with a mixture of broad-leaves and conifers. Some planting of broad-leaves has already taken place and I am confident the area will, in a relatively short time, regain the appearance of the old woodland.

The Speaker: Hon. Member, Mr Henderson.

Mr Henderson: Gura mie eu, Vainstyr Loayreyder.

I thank the Shirveishagh for his comprehensive Answer, but can he confirm for me that although a policy decision in 2005 which he speaks, was to prioritise the work – which is correct – for the interest of public safety that, in fact, other instructions were on the table and do not seem to have been followed up in the years following this storm and would he agree with me that the Tholt-y-Will area, Sulby Glen area, is one of the most beautiful... or beauty spots of conservation importance the Island has and deserves a lot more priority than the Department has given the perception of at the minute and certainly would he agree to hurry-up the contractors' assessment of removing some of the trees.

Part (3), Vainstyr Loayreyder, would the Minister agree with me that, indeed, an odd small log left to rot is good for conservation but an entire forest may be something completely different?

The Speaker: Minister to reply.

The Minister: Gura mie eu, Loayreyder.

I am afraid I cannot confirm that there were other instructions on the table. The only information I have is the minutes of the Department meeting which was held on 23rd February 2005 at a time when the Hon. Member for Douglas North himself was the Minister and the minute actually reads:

'3.2 Tholt-y-Will Glen. An option paper in respect of Tholt-y-Will Glen was received. After discussion it was agreed that the best option was to clear the river at a cost of £15,000 to £20,000 but to leave the wind-blown beech largely intact to decay naturally. The process of natural colonisation by woodland species would be speeded up by planting, with the advice of the Wildlife and Conservation Division, native trees and shrubs such as downy birch, hazel, ash, goat willow and elder. Some native flower species would also assist in recolonising the site. The Minister thanked the Chief Forestry Officer for his television interview with the BBC TV at a very wind-swept Tholt-y-Will which had drawn attention to the difficulties'

so, as far as I am aware, that work has been undertaken. The Minister of the day made the policy: we have, subsequent to that policy, though, looked to see, as I pointed out in my original Answer, whether there is any further work that we could undertake and certainly we will endeavour if the price is appropriate to do that, although I do believe that the original policy was a sound policy.

As far as Tholt-y-Will being one of our most beautiful natural landscapes, certainly my Department recognises that and indeed we endeavour to work to ensure that Tholt-y-Will is protected and is well looked after. I do not believe that it is worthy of significant extra protection although I am quite keen to progress the designation of national heritage areas when and if I can get the various partners required together for a meeting to look into that. I do believe that that is something that would be worthwhile.

The third part of the question was in relation... I am sure the Hon. Member for Douglas North –

The Speaker: I am sure he will. He has the final supplementary. Mr Henderson.

Mr Henderson: Gura mie eu, Vainstyr Loayreyder.

Would the Minister agree, seeing he has been doing his research, to enquire as to the follow-up ideas for the area have never been followed up upon and will he further agree that the area does require a departmental priority, given his Government's commitment to the Manx countryside and environment and further, Vainstyr Loayreyder, would he agree at least to do some greening-up grass planting on the cut-down plantation above the Tholt-y-Will dam, so at least it is pleasing to the eye and the visitor?

The Speaker: Minister to reply.

The Minister: Gura mie eu, Loayreyder.

I am unaware of any additional follow-up ideas, other than the ones that we have followed up, but if there are further follow-up ideas, I would be very happy to talk to the Hon. Member for Douglas North to find out what they are. Certainly I will ask the Hon. Member for Douglas East, Mrs Cannell, who ably chairs the Forestry Division, for me to have a look into that particular area to see what follow-up ideas... whether there is something on file that we have missed. I do believe that Tholt-y-Will already is a departmental priority and will, as I say, work with partners to try to progress the designation of national heritage areas.

Likewise, I can ask Mrs Cannell, Hon. Member for Douglas East, again to look at possibilities for greening-up the area but, quite frankly, looking at other areas that have been felled and then re-established for an initial period, perhaps six months –

A Member: Six years.

The Minister: – it is a problem but certainly I know I recall the Hon. Member for Douglas North looking at South Barrule and seeing that – I think the words were that the place had been 'decimated'. However, now, certainly driving past in the last few days it looks fantastic: it looks a really nice, attractive, young woodland.

Standing Order 3.5.1(2) suspended to allow continuation of Question Time

The Speaker: Now, Hon. Members, it is eleven o'clock. Hon. Member, Mr Henderson.

Mr Henderson: I beg to move the suspension of Standing Order 3.5.1(2) to permit the remaining Questions for Oral Answer to be taken at this sitting, sir.

The Speaker: Mr Quirk.

Mr Quirk: I beg to second, sir.

The Speaker: Now, Hon. Members, the motion is that Standing Orders be suspended to permit the remaining Questions. Is that agreed?

Members: Agreed.

Knockaloe Farm, Patrick Intended uses

1.5. The Hon. Member for Douglas North (Mr Henderson) to ask the Minister for Agriculture, Fisheries and Forestry:

Can you advise if the Government-owned Knockaloe Farm at Patrick is to be used for any other purposes than agricultural use, and if so, what?

The Speaker: We will proceed to Question 5. Hon. Member, Mr Henderson.

Mr Henderson: Gura mie eu, Vainstyr Loayreyder. Ta mee shirrey kied yn eysht y chur ta fo my ennym.

The Speaker: Again I call on the Hon. Minister, Mr Gawne.

The Minister for Agriculture, Fisheries and Forestry (Mr Gawne): Gura mie eu, Loayreyder.

I am pleased to advise the Hon. Member for Douglas North that, following a decision taken in the early part of last year, the Department recently commenced work to consider the purposes Knockaloe Farm could be best utilised for, either in addition to, or in place of, existing agricultural activities.

The reasons for the decision to review the appropriateness of the existing activities stem mainly from the industry, which has increasingly questioned the need for a continuance of the agricultural activities in recent years. The availability of data from alternative sources, coupled with uncertainties in respect of the robustness of the results of livestock trials being conducted at Knockaloe, led to a situation whereby the effectiveness of maintaining the current regime needed to be reviewed. However, it should be recognised that, due to the nature of the work being undertaken, a lengthy run-off period is required prior to any cessation of livestock trials.

While progress on proposals for the future of Knockaloe may not have been as quick as I might have desired, priorities in respect of the Department's draft agricultural policies, the Council of Minister's working group on Bradda and the construction of new headquarters' building at St John's have had to be recognised.

However, I can advise that discussions with the Royal Manx Agricultural Society have been ongoing for some time and an offer has been made to lease certain fields to the Show Committee, thereby ensuring the continuance of this significant event in the Manx calendar. Similarly, discussions are ongoing with the directors of Central Marts to assess whether Knockaloe could become the location for a new mart facility in the light of issues identified at the current premises at St John's.

The Department is aware that there is a requirement to develop a fully-researched plan to set out the future use of Knockaloe but I regret that such a plan is not currently in existence. Such a plan may or may not include some elements of the existing agricultural activities currently ongoing at the Farm.

The Speaker: Supplementary, Mr Henderson.

Mr Henderson: Gura mie eu, Vainstyr Loayreyder.

Can the Shirveishagh confirm that the land at Knockaloe, is it his policy and that of Government, that that land will be staying within the ownership of his Department and can he confirm that there is absolutely no intention on his Department of Government's behalf, to get rid of any part of the land at Knockaloe for whatever purposes, which may include housing?

The Speaker: Minister, Mr Gawne.

The Minister: Gura mie eu, Loayreyder.

Certainly the land... and the only proposal we have so far is that the land will stay with DAFF or, at the very least, it will stay with Government and currently there is no intention, as the Hon. Member for Douglas North puts it, to get rid of any land.

There are a variety of ideas and suggestions that the Department has been considering, but as I say, at this stage we have got no final plans and certainly I would anticipate that before we get to a position of making decisions on this, we would certainly be wanting to consult with Members of Tynwald as to the most appropriate way forward.

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

Mr Karran: Vainstyr Loayreyder, would the Shirveishagh keep in mind the issue of trying to develop small business units that primarily add value to Manx agricultural produce

as a way forward for Knockaloe?

Would he also inform us, has the proposal for a Manx distillery gone out of the window, as far as this in order to diversify the requirement of the grain industry on the Island? Are any of these proposals still on the table, as far as trying to diversify the Manx agricultural economy so that it can make it more viable and more profitable for the people that have to –

The Speaker: Before you answer that supplementary, it is quite specific, this question about Knockaloe. There may or may not be relevance in that supplementary. Answer it if you wish.

Mr Karran: These were in the days when I was a Member of the Department.

The Minister: Gura mie eu, Loayreyder.

Yes, I am quite happy to answer that, because I do think they are relevant in that both the small business unit idea and indeed the Manx distillery idea have been ongoing areas that the Department has been considering and, as I say, until we get a few more details and a few more ideas finalised, it would be difficult to say what, if at all, if any of those proposals will be successful in the long run, but certainly the idea of having small business units to assist the agricultural industry is something that the Department has been looking very closely at and also there have been ongoing discussions with a firm over the possibility of establishing a Manx distillery.

In addition to that, in terms of the Manx grain industry, we have been running trials for malting barley at Knockaloe for the possibility of the brewing industry as well, but there is a variety of possibilities, loads of ideas there. What we now need to do is go from the rather woolly down to the more defined and more certain business cases that we can then progress.

Rio Convention Full subscription by DAFF

1.6. The Hon. Member for Douglas North (Mr Henderson) to ask the Minister for Agriculture, Fisheries and Forestry:

Can you advise when your Department and Government will be in a position to subscribe fully up to the Rio Convention?

The Speaker: We turn to Question 6. Again I call the Hon. Member for Douglas North, Mr Henderson.

Mr Henderson: Gura mie eu, Vainstyr Loayreyder. Ta mee shirrey kied yn eysht y chur ta fo my ennym.

The Speaker: The Minister for Agriculture, Mr Gawne.

The Minister for Agriculture, Fisheries and Forestry (Mr Gawne): Gura mie eu, Loayreyder.

The Department hopes to make a recommendation shortly that the Island becomes party to the Rio Convention on biological diversity at the earliest possible opportunity. A

presentation to Members on the subject is planned for July. I am anticipating that that is the Rio Convention that the Hon. Member for Douglas North is referring to, although I did hear Manx Radio referring to some other Rio Convention, but as far as my answer is concerned, it is the one about biodiversity that I am giving the answer to so perhaps Manx Radio got it wrong! (*Laughter and interjection*)

So, as you have recognised, this convention is not just my Department's responsibility, it will require cross-Government's commitment to biodiversity and allocation of resources to further the interests of the rich variety of Manx wildlife. This is an aspect of the Island's heritage which is sometimes compromised in the name of progress and improvement. The Rio Convention of biological diversity is widely recognised as the driving force in international circles to save wildlife globally. My Department undertook an evaluation of how well the Island is already implementing the Convention.

This evaluation involved meeting people across a wide spectrum of Government Departments and identified a variety of activities which already contribute towards meeting the obligations of the Convention. The Report also identified eight areas in which further work or more rapid progress is required. My Department is endeavouring to identify the resources required and will be discussing this with the many partners both within and outside of Government in the coming years. I am very aware that the Island is one of the very few territories which is *not* party to the Convention and we will be asking for the support of other Government Departments in working towards full implementation.

Gura mie eu.

The Speaker: Mr Henderson.

Mr Henderson: Gura mie eu, Vainstyr Loayreyder.

Can the Shirveishagh confirm that we will start on the road down the Rio Convention? (*Laughter*) It is biodiversity that we are all interested in, not whatever interpretation that Manx Radio gave it and will he confirm that he will be making full and frank representations to all Government Departments involved and, indeed, at the Council of Ministers to secure resources in respect of us rising to this conservation standard?

The Speaker: Minister.

The Minister: Gura mie eu, Loayreyder.

I am always happy to go down the road to Rio and I can confirm –

Mr Karran: You are on your own, going there.

The Minister: I can confirm that I personally believe and I am sure that the Department – well I know the Department – the officers in the wildlife division and, indeed, the Members of my Department are committed to trying to do what we can to implement the... to allow us to be signed up to the Rio Convention. I think it is somewhat remiss that we are one of the few territories that is not signed up and certainly I am very happy to confirm that I will, as ever, make full and frank representations on behalf of my Department either to Tynwald Members, Government Departments or Council of Ministers as and when that is necessary.

Ballaugh Curragh

Working with Manx Wildlife Trust and landowners

1.7. The Hon. Member for Douglas North (Mr Henderson) to ask the Minister for Agriculture, Fisheries and Forestry:

(a) *What joint working initiatives, if any, has your Department had with the Manx Wildlife Trust in relation to securing the future conservation status of the Ballaugh Curragh and their protected areas and if there are no joint working initiatives, why not; and*

(b) *what help and assistance is your Department giving landowners of the area protected at Ballaugh Curragh so that any activities they undertake will be in keeping with the conservation status of the area?*

The Speaker: Question 7, Hon. Member, Mr Henderson.

Mr Henderson: Gura mie eu, Vainstyr Loayreyder. Ta mee shirrey kied yn eysht y chur ta fo my ennym.

The Speaker: I call Minister for Agriculture, Mr Gawne.

The Minister for Agriculture, Fisheries and Forestry (Mr Gawne): Gura mie eu, Loayreyder.

The conservation status of the Ballaugh Curragh wider wetland is now secure, thanks to a partnership of organisations which includes my Department, Manx National Heritage, the Wildlife Park and the Manx Wildlife Trust. The wetlands, including the Wildlife Trust reserves of Close Sartfield, Goshen, Moaney and Crawyn, and Close Umpson is protected as an Area of Special Scientific Interest as designated in 2005 under the Wildlife Act 1990. It is also a Ramsar site, as recognised in 2006 under the Ramsar Convention on Wetlands.

My Department worked with the Wildlife Trust on the ASSI designation, as the Trust is a statutory consultee. We worked with them on the Ramsar status as they were on the working group which launched the wetland in September 2006. The Trust is also on the Ballaugh Curragh management group which my Department established to meet the wetland management objectives under Ramsar. Most recently, this management group met and discussed the water levels with an expert hydrologist in summer 2007 and has discussed how to implement his recommendations at a meeting held in February 2008.

My Department has worked with the Trust to financially support the work they do in managing land for wildlife, including the outstanding orchid meadows on their reserves in the Curragh. We have negotiated section 30 management agreements under the Wildlife Act 1990 which have run since March 2000, whereby we provide funding for land management projects.

The Department values its partnership with the Manx Wildlife Trust, as demonstrated by many joint projects. These include the Wildflowers of Mann project, the Wildlife Sites project, the Manx Biological Records Centre, working with their Marine Committee and working together to ensure the Ayres Nature Reserve is effectively wardened.

With regard to the second part of the Hon. Member's

Question, I can advise that my Department works closely with the owners and occupiers in the Ballaugh Curragh ASSI. They are required to contact the Department about any proposed new activities, we then provide advice and sometimes recommend changing the time or place of their proposal to reduce the impact on wildlife.

Alternatively, my Department may offer a management agreement under the Wildlife Act to recompense any costs of managing in a wildlife-friendly way. Generally speaking, my Department has a very positive relationship with landowners and we are very impressed at the lengths some landowners will go to to conserve the special Curraghs species such as orchids, warblers and dragonflies.

The Speaker: Mr Henderson.

Mr Henderson: Gura mie eu, Vainstyr Loayreyder.

Is the Minister aware that there are fringe activities undertaken from time to time in relation to this protected area that may not be in keeping with good conservation practice and how is he intending to assess that and advise landowners otherwise?

The Speaker: Minister for Agriculture.

The Minister: Gura mie eu, Loayreyder.

I am not specifically aware of the fringe activities which the Hon. Member for Douglas North refers to and I would ask him, or indeed anybody who becomes aware of such fringe activities, to inform the Department as the powers available to us under the 1990 Wildlife Act can then be brought to bear if necessary on people who are failing, perhaps, to fully meet their obligations under that Act. However, I would say that officers of my Department, whenever possible, do try to attend various ASSI sites that we have designated. However, it is clear that with a relatively small staff and quite a significant range of duties they cannot be everywhere at once and it may well be that, occasionally, certain things are missed.

The Speaker: Final supplementary, Mr Henderson.

Mr Henderson: Gura mie eu, Vainstyr Loayreyder.

Would the Shirveishagh agree with me that, apart from his warblers and dragonflies, that in fact the Ballaugh Curraghs is on the international map, is of world importance, due to the actual wetland habitat in its own right, due to having the largest over-wintering hen harrier site in northern Europe and a whole host of other things, including its magnificent biodiversity?

The Speaker: Minister to reply.

The Minister: Gura mie eu, Loayreyder.

I am very happy to agree that and I believe that the range of protection measures that are already in place demonstrate the importance which the Department and indeed Government place on the Ballaugh Curraghs. Quite clearly there is always more that we can do and it is a very important priority for the Department to do as much as it possibly can to preserve the Curraghs.

Ballaugh Curraghs Government protection area

1.8. The Hon. Member for Douglas North (Mr Henderson) to ask the Minister for Agriculture, Fisheries and Forestry:

- (a) *Is your Department considering further areas of designation outside the current designated area of Ballaugh Curraghs, so as to provide a buffer zone to protect this important wetland area; and*
(b) *can you advise this House of the exact area of the Ballaugh Curraghs under 'Government protection' and when was the last time your officers inspected this area in relation to any adverse land usage contrary to the protection status afforded this area?*

The Speaker: We turn to Question 8. Again, Hon. Member for Douglas North.

Mr Henderson: Gura mie eu, Vainstyr Loayreyder. Ta mee shirrey kied yn eysht y chur ta fo my ennym.

The Speaker: Minister for Agriculture, Mr Gawne.

The Minister for Agriculture, Fisheries and Forestry (Mr Gawne): Gura mie eu, Loayreyder.

With regard to the first part of this Question, I can advise that land immediately adjacent to the Ballaugh Curraghs was assessed in 2005 and was found not to meet the site's selection criteria. We recognise the importance of the land around wetland, or Areas of Special Scientific Interest, as they are referred to, in buffering the effects of modern agricultural practices. We offer an ASSI buffer zone payment under the Agri-environment Scheme. However, for this site, with RAMSAR status, we are offering habitat creation grants in recognition of the international importance of the wetland.

To support this initiative, my Department announced in September 2006 that £10,000 would be available through this Scheme. Regrettably, the interest demonstrated in taking up such grants has not been as high as I would have hoped, and we are currently awaiting revised rates per acre to establish if we can generate more interest from landowners. My Department has also a target of designating a further 2,500 acres of Areas of Special Scientific Interest in 2008-09.

With regard to the second part of the Question, I have circulated a map that I trust will assist Members in identifying the designated area of the Curraghs. I would advise this Hon. House that we liaise with our partners, Manx National Heritage, and individual members of the public who contact us about issues or send us wildlife records, in addition to the efforts of our own officers. My officers investigate reports of potentially damaging activities taking place, and work with landowners to achieve a management regime which is appropriate to the protected status afforded to the area.

For example, we encourage a late hay cut to enable wild flowers to seed and ground-nesting birds to breed, and we permit clearance of ditches at the appropriate time of the year. I am aware that officers of the wildlife and conservation division of the Department would like to visit the site more often than is possible at present. However, given that

there are only five staff in this division, and we have been advertising for a replacement botanist for some time, there is a tremendous strain on resources, given the diverse nature of the work undertaken, despite the dedication and commitment displayed by the officers concerned.

Gura mie eu.

Several Members: Hear, hear.

The Speaker: Mr Henderson

Mr Henderson: Gura mie eu, Vainstyr Loayreyder.

Would the Shirveishagh agree with me that, in fact, the Isle of Man conservation and wildlife section is suffering from being completely under-resourced, and a lack of flair and commitment generally from general Government policy within the Council of Ministers, and that could be seen as the real problem?

Could he also agree with me that the buffer zone is highly desirable around the Ballaugh Curraghs, and would he try to organise, when his limited resources allow, some sort of an assessment, as there have been whole hedgerows burnt off in the buffer zones and certain, what I would consider anti-conservation agricultural measures taking place, and given the importance of this place, he would do well to advise his officers of the same?

The Speaker: Minister to reply.

The Minister: Gura mie eu, Loayreyder.

The Hon. Member for Douglas North asserts that the wildlife and conservation division is completely under-resourced. I would say that the evidence is to the contrary, in that the division tends to underspend annually, so whereas I am always keen to try and invest as much as we possibly can in wildlife and conservation matters, we can only invest as much as we can spend.

It is fair to say that there is always pressure on the officers in a relatively small division, and clearly we will be doing what we can to assist them and, as the Hon. Member for Douglas North will be aware, we recently considered the Department's new vision for the future of agriculture and, as part of that, we looked at a major element being protection of the countryside, so it may well be that additional resource will be available through working with farmers and the agricultural division to help in terms of countryside wildlife habitat protection.

The buffer zone that the Hon. Member for Douglas North mentions is, of course, desirable. I think we have highlighted the work that the Department is endeavouring to do there and I would certainly urge any landowners surrounding the Curragh to try to be more considerate. If indeed, as the Hon. Member for Douglas North asserts, areas of hedge have been burnt, I think that is unfortunate and certainly, under our proposed new Countryside Care Scheme, and indeed our hedge-cutting code, such practices would certainly be... would most likely not be allowed. So I do believe that there are quite a lot of protection measures in place. It is never a good idea to be complacent and certainly I would hope that the Department would not be accused of being so.

East and West Baldwin Offer of land for public

1.9. The Hon. Member for Douglas North (Mr Henderson) to ask the Minister for Agriculture, Fisheries and Forestry:

Has your Department yet secured the kind offer of land between East and West Baldwin which has been made for the public interest and addition to our National Glens?

The Speaker: Question 9, Hon. Member for Douglas North, Mr Henderson.

Mr Henderson: Gura mie eu, Vainstyr Loayreyder. Ta mee shirrey kied yn eysht y chur ta fo my ennym.

The Speaker: Minister for Agriculture, Mr Gawne.

The Minister for Agriculture, Fisheries and Forestry (Mr Gawne): Gura mie eu, Loayreyder.

As Minister, I requested that my Member for Forestry, the Hon. Member for Douglas East, Mrs Cannell, pursue this offer. I understand that very positive meetings followed between the landowner and the Member for Forestry, and the Department was awaiting a letter from the landowner's legal representatives. This letter has not yet been received and, despite further contact from the Member for Forestry, it would appear that the landowner is not pursuing the matter further at this stage.

Gura mie eu.

The Speaker: Hon. Member, Mr Henderson.

Mr Henderson: Gura mie eu, Vainstyr Loayreyder.

Can the Shirveishagh confirm when the last time the landowner, who was generously going to donate a large parcel of land to the national interest, was made contact with? Would he agree that it is still not too late to talk to this person, to see if we can secure this as a new national glen, such as the kind gestures we saw in Onchan from the Captain of the Parish a couple of years ago?

The Speaker: Minister to reply.

The Minister: Gura mie eu, Loayreyder.

Certainly I think it would be fantastic if we were to get this new national glen. However, I think there are some important points to bear in mind. The last time I spoke to the owner of the land, there was a requirement, as far as he was concerned, anyway, on being successful in obtaining planning permission for two fairly large buildings. Without those two buildings, he was not in a position, he felt, to proceed with the generous gift of the land.

The Speaker: Hon. Member, Mrs Cannell.

Mrs Cannell: Thank you, Mr Speaker.

Can the Minister confirm that, in fact, the last meeting and discussion that was taking place between myself and the landowner was just before Christmas, and that earlier this

year your Member for Forestry also consulted with the legal representative, but I was advised on both occasions that the offer had been withdrawn?

The Speaker: Minister to reply.

The Minister: Gura mie eu, Loayreyder.

I cannot confirm that, but as the Hon. Member for Douglas East has made that clear, I have no reason to doubt her word on the matter, and so I am happy to accept her word for that.

The Speaker: Mr Henderson.

Mr Henderson: Gura mie eu, Vainstyr Loayreyder.

Can the Shirveishagh confirm that in fact when the original, initial offer was put on the table by the landowner, it was an absolutely, no-strings-attached, genuine offer of an absolutely wonderful piece of Manx countryside for the Department's ownership?

The Speaker: Minister to reply.

The Minister: I am happy to confirm the Hon. Member for Douglas North's understanding. I understand this was back in 2004 when that original no-strings-attached offer was made. Subsequently, the landowner left the Island and I believe that he then decided that perhaps he would not have minded coming back again and, having sold his property, he felt it might be appropriate at the end of his glen, I think, to have a new dwelling or two. (*Interjection*)

I think it is unfortunate that matters could not have been progressed back in 2005. However, we are where we are and, as the Hon. Member for Douglas East, Mrs Cannell, has pointed out, the offer has apparently now been withdrawn.

Ballaglass Fish Farm Plans to lease out

1.10. The Hon. Member for Onchan (Mr Karran) to ask the Minister for Agriculture, Fisheries and Forestry:

- (a) *Are there plans to lease out, to a private company, Ballaglass Fish Farm; and*
(b) *if so, why, what are the details and the timescale?*

The Speaker: Question 10, Hon. Member for Onchan, Mr Karran.

Mr Karran: Vainstyr Loayreyder, I ask the Question standing in my name.

The Speaker: Again, Minister for Agriculture, Mr Gawne.

The Minister for Agriculture, Fisheries and Forestry (Mr Gawne): Gura mie eu, Loayreyder.

I can confirm that the Department has been approached on an informal basis by an American-based private company called Troutlodge, which is a leading producer of salmon and trout eggs, supplying their product worldwide. Troutlodge purchased the Glen Wyllin fish-hatchery site in Kirk Michael

in December 2007. Departmental staff have met with several of the directors of Troutlodge, who have indicated their enthusiasm to expand their production facilities on the Island and have expressed an interest in the Government-owned site, Cornaa, in Maughold.

As the Department has yet to be approached on a formal basis by Troutlodge, no details are available on any potential lease agreement which may be established, nor indeed any timescale. Staff are being kept fully informed of any developments in this matter. Regardless of any decision taken, the Department will ensure there is no disruption to the supply of rainbow trout to Manx reservoirs for recreational anglers.

Gura mie eu.

The Speaker: Mr Karran.

Mr Karran: Vainstyr Loayreyder, can the Shirveishagh give an assurance to this Hon. House that before any decisions are made, as far as this proposal, you will come back to this Hon. House with those proposals, either in this place or in another place, in order to inform Hon. Members and debate the issue?

The Speaker: Minister to reply.

The Minister: Gura mie eu, Loayreyder.

No, I do not believe I can give such an assurance.

The Speaker: Mr Karran.

Mr Karran: Vainstyr Loayreyder, would the Shirveishagh not agree that, in the interests of transparency, the Government would like to inform Hon. Members in its parliament about their proposals, as this will be almost certainly the start of a new policy, as far as Government is concerned, as far as privatisation?

The Speaker: Minister.

The Minister: I would hope that the Hon. Member for Onchan would not accuse me of not being transparent. I believe the Answer that I have given is very specific and has answered his Question. The concern I would have, and the only reason I would not give an assurance that I would come back to seek Tynwald permission for the Department making a decision, is that, quite frankly, if we brought every single decision back to Tynwald Court, there would be very little point in paying Ministers to make these decisions, to paying Members to get involved in the work of Departments.

The Hon. Member for Onchan clearly believes that this is an issue worthy of further debate and discussion with Tynwald Members and clearly my Department has always tried to keep Members informed. In fact, I am frequently told that we are too keen to keep Members informed on a wide variety of matters. Certainly I will endeavour to keep Members as fully informed as I can on these matters, and I hope that that assurance at least will be sufficient for the Hon. Member for Onchan.

The Speaker: A final supplementary, Mr Karran.

Mr Karran: Vainstyr Loayreyder, would the Shirveishagh not agree that this is a new policy, it is a new avenue, and

allowing for the fact of the track record of agreements being made between Government and the private sector – classic, the Steam Packet Company – we should make sure that any proposal should come back to Tynwald in order that the issue can be clearly debated, the implications, in order that we do not end up leaving another legacy where we have an albatross left around the (*Laughter*) heads of the taxpayer outside this Hon. House, and allows for a situation where we have a *fait accompli*, where we are just supposed to sit in here and nod.

The Speaker: Yes, Minister.

The Minister: I do not believe that is the case. Certainly I do not believe this is a new policy. Certainly the Department has a number of services that are provided by the private sector, not least our very able agricultural adviser. I always get him wrong. Is he Andrew Macdonald or Andrew MacLeod? I think it is Macdonald, who is widely recognised throughout the agricultural industry as providing a fantastic service, and I think it is primarily because he is independent of the Department, he is able to give that better advice.

I do not believe that this is a new policy, certainly not for my Department. We do have services provided by the private sector and, whilst I understand that there may be certain sensitivities on this matter, and I have already given assurances that Members will be kept informed of progress, I do not really believe that this is something that warrants a significant debate in Tynwald, or indeed in the House of Keys. Clearly, it is for the Members to decide whether they believe that is the case or not, although certainly at this stage we have got no firm proposals on the table and I really have not anything else to add to the answer.

Manx agriculture Becoming fully organic

1.11. The Hon. Member for Onchan (Mr Karran) to ask the Minister for Agriculture, Fisheries and Forestry:

(a) *Would you be in favour of the Isle of Man moving towards becoming a fully organic island, perhaps becoming one of the first fully organic nations in the world;*

(b) *if so, could you give an indication of the measures that would be required to achieve this and the timescale that would be involved;*

(c) *do you think that such a move would result in increased employment and/or prosperity in the agricultural sector and associated industries by enabling Manx produce to command higher prices in markets off Island on the basis of their guaranteed purity and/or quality; and*

(d) *do you think that such a move would result in increased employment and/or prosperity, directly or indirectly, in other sectors of the economy by differentiating the Isle of Man from other nations in the eyes of environmentally conscious people in other countries and therefore help to diversify the Manx economy?*

The Speaker: Question 11. Hon. Member for Onchan.

Mr Karran: Vainstyr Loayreyder, I ask the Question standing in my name.

The Speaker: Again, the Minister for Agriculture.

The Minister for Agriculture, Fisheries and Forestry (Mr Gawne): Gura mie eu, Loayreyder.

Firstly, may I thank the Hon. Member for Onchan for asking this Question as I have personally been a strong supporter of organic farming for many years and I believe that organic production offers an opportunity for some farmers and growers to add value to their product.

Last year I established the organic working party with the aim of fully investigating these opportunities and to consider if organic products could be profitably produced on the Isle of Man. The working party is made up of representatives of industry and consumer bodies and has concluded that a significant minority of consumers both on and off the Island are currently buying organic products.

The working party has established that in the Isle of Man the organic market is worth around £1.7 million at the existing retail level and, on the basis of current growth, is expected to achieve £2.6 million within five years.

In answer to the specific Question put by the Hon. Member for Onchan, I would answer in response to the first part of this Question that, despite my very real personal support for organic production, I would not be in favour of the Isle of Man immediately becoming a fully organic Island, bearing in mind the current position of our agricultural industry. Whilst acknowledging the growing interest in organic food, it still remains a small segment of the overall food market and unless we were prepared to put in place a mechanism whereby Manx consumers had to buy organic produce, our Manx agricultural industry would be compelled to export increased amounts of produce, whilst imports increased to meet the requirement for mainstream products.

The only alternative would be for our farmers to sell their organic produce at mainstream prices whilst incurring additional production costs. We must also acknowledge the wishes of producers in moving to a fully organic farming system.

With regard to the second part of the Question, I can advise that the process for an individual farm to become certified as organic takes about two years. During this time farmers would expect their costs to increase and sales to, at best, remain static. Indeed, it is likely that sales would reduce as more extensive farming practices are adopted.

Many agricultural businesses currently fundamental to the agricultural fabric of the Island could not readily adapt to an organic management system in their current format. For example, large-scale, conventional cereal production is reliant upon chemical fertilisers. The grain produced from these holdings is a basic input to livestock rearing on the Island. Under an organic system, cereal production would fall and reduced grain production would have a significant impact on the livestock sectors, potentially requiring them to import organic grain from off Island or the livestock producers to adopt a mixed farming system and grow their own cereals.

The Department currently offers financial assistance to agricultural businesses that wish to convert to organic production and can present a viable business case. Depending on land type, a range of significant payments per acre spread over a five-year period is available under the 2004 Organic Farming Scheme. If this scheme was applied to all Manx farms, the Department would need a budget of around £21 million to support conversion.

There is also a misconception that organic farming is simpler than conventional production. This is not the case and my Department would need to factor in training and restructuring costs in addition to this conversion budget.

With regard to employment and prosperity issues, organic production would result in a greater demand for labour and, in the current economic climate, it is unlikely that this labour force would be available. However, presuming it was, the question of added prosperity is difficult to ascertain. The most valuable market for Manx agricultural produce is on the Island, but organic sales represent only a small part of consumer spending.

In the likely event that the majority of local consumers would be unwilling to pay a premium for organic produce over conventional products, Manx farmers would be obliged to either sell their produce at a discount or seek markets off Island and incur additional transport costs. Given that organic produce is not only about how the food is grown, but also how the food's production impacts on the broader environment, Manx organic produce which had to travel to market in the UK could be positively disadvantaged over a UK, home-produced, organic product.

I am sure that a fully organic nation would be seen as a very positive step by many and could have a positive tangible effect for industries such as niche tourism and intangible benefits by raising the Island's profile. However, as stated, such benefits might be at the expense of the agricultural industry as a whole.

In summary, I am a firm believer that Manx consumers should have the opportunity to buy Manx organic produce. My Department is committed to this aim and, via the organic working party and the Organic Aid Scheme, we are seeking to create an environment whereby those producers who feel that organic farming presents a viable business option have the necessary support for their businesses. However, we must respect the wishes of individual farmers and acknowledge that we are not in a position to force them to adopt this farm management system, particularly bearing in mind the limited market for the product at this time.

Building on this, in relation to the prosperity, businesses are successful by producing what consumers want. Businesses must ensure that production meets demand. Over-production would result in any organic price premium being lost. I, therefore, believe that organic farming can and will be a viable and prosperous option for some farmers. However, it is unlikely to be a viable option for them all.

Gura mie eu, Loayreyder.

The Speaker: Mr Karran, supplementary.

Mr Karran: Vainstyr Loayreyder, I would like to thank the Shirveishagh for his reply and to appreciate that we are not just here to knock; we are here to try and improve things, even though sometimes it is very difficult when there seems to be a certain amount of colour blindness in turning black into white.

Would the Shirveishagh not agree that the fact is they are at a disadvantage at the present time? How can they compete on a level playing field when we have a situation where our average farm is, what, 150 acres to an average farm of 1,000 to 1,500 acres in the United Kingdom? Would the Shirveishagh not agree that the long term survival of the agricultural industry on that basis is going to go nowhere and would he not agree that the marketing basis of a totally

organic Island would be the way forward to recognise internationally that Manx products are the higher organic and animal welfare level, so that people would recognise that they would have to pay more, as far as these products are concerned?

The Speaker: The Minister to reply.

The Minister: Gura mie eu, Loayreyder.

I do not think I can agree that we are at a disadvantage in terms of organic farmers on the Island, but I am not sure that was the Question. Certainly, as far as our organic farmers are concerned, I believe that the level of payment and support that we give to our organic farmers is good, compared with many of our competitors. We can always improve on that and I do thank my friends from the Manx Organic Network who keep supplying me with the latest updates on the most attractive positions that are available in surrounding jurisdictions.

There are concerns about the long-term viability of the agricultural industry and that was the purpose of the debate we had in April this year in Tynwald, at which point my Department brought forward a series of proposals which it believed and I believed and I believe many, if not all, the agricultural industry, certainly the leaders of the agricultural industry, believe provide us with a way forward, at least provides us with some solid foundations, to develop a very positive future for Manx agriculture.

There are difficulties ahead. One of the things which Members of Tynwald voted for was the creation of a level playing field and, quite clearly, if I was asking Hon. Members to support the creation of a level playing field, then I could not have believed that we had a level playing field in the first place. I believe it is important that we do get that level playing field because our farmers deserve to have the ability to compete in an open market with their competitors.

The Speaker: Final supplementary, Mr Karran.

Mr Karran: Vainstyr Loayreyder, would the Shirveishagh not agree that the fact is I am talking about farming in general and in the real world, strategically, we need to keep the facility of being able to feed our people for any disaster that comes around the corner?

Would he not agree that the fact is that this is about the only way forward in order to make sure that, if the taxpayer is going to have to pay to subsidise this industry, then at least let us try and put it onto a proper markable basis for its long-term security?

Would he also not agree that it does not help when we talk about the off-Island costs when Government goes and signs user agreements to 2026, which means this is another –

The Speaker: Let us not broaden this out. Minister to reply.

The Minister: Well, user agreements –

Mr Karran: Nodded through.

The Minister: We have a Select Committee of Tynwald looking into the Steam Packet.

Mr Malarkey: Not the User Agreement.

The Minister: I do not know whether they will come up with any suggestions, but there are some very well-considered arguments which would suggest that the User Agreement is actually good for business in the Isle of Man. There are other people who hold a different view and, obviously, the Hon. Member for Onchan has that different view. I do not know, as you rightly pointed out, Mr Speaker, what relevance that specifically has.

Mr Karran: The viability of agriculture.

The Minister: The viability of agriculture, although the arguments have been put on both sides on this as well. Yes, indeed, it costs a lot of money to ship imports into the Isle of Man and to export from the Isle of Man. But, bearing in mind our farmers do not actually have to import the food that they sell; yes they have to import the inputs into their business, but the pint of milk that is produced at Anderson's Farms does not have to travel across the Irish Sea; does not have the additional costs of that travel. Therefore, it is actually, potentially, a competitive advantage for the locally produced product.

I do not, at all, agree that converting the whole of the Isle of Man into organic farming is the way forward, as the Hon. Member for Onchan asserts. I do not believe that would be the answer. I believe that you would quickly find what happened in the United Kingdom happening here. Certainly, in the UK there was a move to encourage many farmers to go organic. I think it was back in 2003. Many dairy farmers went into that conversion process and then went bust because too many of them went into the organic sector and they basically could not make a go of it. Indeed, organic milk was selling at lower prices than conventional milk because so many dairy farmers had converted. So, I do not believe this represents the way forward.

However, there are plenty of ideas that the Hon. Member for Onchan has alluded to in his speech-come-questions in which certainly animal welfare is something that we are already ahead of the game on in the Isle of Man and there is a lot more that we could do on that. Having a strong organic sector in the Isle of Man is certainly, again, something that is very important.

Massively improving the marketing of our agricultural produce is important, but ultimately the biggest and most important challenge that our farmers face is in relation to the slaughter costs at the Meat Plant and that is something that my Department have been working very closely with the agricultural industry to try to resolve. We hope that before the summer some very positive news will be available to farmers in that regard and, indeed, to consumers.

The Speaker: No further supplementaries.

Members: Hear, hear (*Laughter*).

The Speaker: Hon. Members, Question Time is precisely that. It is Question Time: Questions, hopefully short questions and, hopefully, comprehensive but reasonably short answers. When Ministers make long speeches, one can hardly be surprised if Members are up on their feet broadening out accordingly. It is Questions. Keep them short and incisive.

TRANSPORT

Airport safety

Installing equipment and runway extension

1.12. The Hon. Member for Onchan (Mr Karran) to ask the Minister for Transport:

In connection with your Answer to Question 4 in this Hon. House on 13th May 2008 regarding the Isle of Man Airport –

(a) would you not agree that it is precisely because of the facts you gave, particularly potential risks caused by the land topography to the north of the airfield, that consideration should be given to the possibility of installing an Instrument Landing System on runway 03/21 in the interests of safety; and

(b) similarly, would you also not agree that it is precisely because of the potential problems and risks you have described that it may be prudent to consider a modest extension of the paved surface at the north eastern end of runway 03/21 to give a greater margin of safety?

The Speaker: Question 12, Hon. Member for Onchan, Mr Karran.

Mr Karran: Vainstyr Loayreyder, I ask the Question standing in my name.

The Speaker: On this occasion it will be answered by the Minister for Transport, Mr Anderson.

The Minister for Transport (Mr Anderson): Thank you, Mr Speaker.

Further to my Answer to Question 4 in this Hon. House on 13th May, in answer to the Hon. Member, (a) to incorporate an instrument landing system on runway 03/21, there would need to be several other considerations, including: (1) significant work to change the aircraft approach procedures to the runway to allow an instrument approach; (2) the runway strip would have to become 300 metres wide, rather than its current 150 metres width; (3) there would need to be the demolition of the ex-BA maintenance hangars; and (4) major civil engineering works would be required to remove sections of the hill to the east of runway 21. All in all, this would be extensive works costing several millions of pounds and the loss of valuable aircraft facilities for very few aircraft movements.

In relation to (b), I would remind the Hon. Member that the possible extension of runway 03/21 across from Ronaldsway was described in the greatest of detail within the planning process and presentation to Hon. Members for the current Airport runway project. The cross runway 03/21 is classified as a code 2 runway, i.e. a runway that has a take-off distance available from 800 metres up to, but not including, 1,200 metres. That currently has the recommended runway end safety area of 120 metres. To lengthen the runway even by 50 metres, let alone a modest extension, would mean a recategorisation of the runway to a code 3, such that the runway would need to have the same RESAs as the main runway 08/26 has, i.e. 240 metres at each end of the runway.

In addition, to accommodate any form of extension would mean considerations of 2, 3 and 4 that I mentioned above.

Mr Speaker, I would suggest to the Hon. Member that all the above, together with my Answers on 13th May, has given the Hon. Member a comprehensive Answer and should close the chapter in this book.

The Speaker: We shall see. Mr Karran.

Mr Karran: Vainstyr Loayreyder – but it does not! *(Laughter)*

Would the Minister not agree that an instrument landing system would increase the safety on landings on runway 03/21, which is usually in use when the strong or gale force winds from the north or south make landing more tricky than average? Does an accident or a near miss have to happen before the instrument landing system is considered? Whilst the Minister has said that it is not necessary, or not economical to have an instrument landing system on runway 03/21 because it is not used much, is he saying that safety is not as important on the five or maybe 10 per cent of aircraft movements which use this runway when it is in use?

The Speaker: Minister to reply.

The Minister: As I said, Mr Speaker, in my original Answer, this runway has a very limited use. I do not believe that spending several millions of pounds is appropriate and I have been professionally advised that similar aircraft strips in other locations are very rarely used, do not have the safety requirements the Hon. Member is actually insisting that we spend on this runway strip.

The Speaker: Mr Karran.

Mr Karran: Vainstyr Loayreyder, would the Shirveishagh not agree that the instrument landing system would reduce the possibility of aircraft having to go around with the risks that the Minister has described of overshooting or undershooting this runway? Allowing for the fact that it may only be five or 10 per cent of aircraft movements, surely we have a responsibility to look after the five or 10 per cent, just as much as for the 90 per cent of aircraft movements?

The Speaker: Minister to reply.

The Minister: Mr Speaker, I do not know... Do I need to repeat the whole of the initial Answer that I gave to the Hon. Member? I think I need to in part (a), because I do not think the Hon. Member has taken on board those facts.

To incorporate an instrument landing system on runway 03/21 there would need to be several other considerations given: (1) significant work to change the aircraft approach procedures to the runway to allow this instrument approach; secondly, the runway strip would have to become 300 metres wide, rather than 150 metres wide; there would need to be demolition of the ex-BA maintenance hangars; and there would need to be major civil engineering works that would be required to remove sections of the hill to the east of the runway.

The Speaker: Mr Karran, a final supplementary.

Mr Karran: A final supplementary, Vainstyr Loayreyder.

Would the Shirveishagh not agree that, whilst his officials are telling him one thing, obviously other people are concerned the other way, and he needs to realise that both sides need to be aired in this Hon. House, this Hon. Chamber? He is here to debate issues of public concern.

The Speaker: I do not know if there is a question there. *(Interjection)*

Lower cubic capacity engines Encouraging use

1.13 The Hon. Member for Douglas West (Mr Corkish) to ask the Minister for Transport:

- (a) *Has your Department considered bringing forward a policy to encourage the use of lower cubic capacity engines; and*
(b) *if not, why not?*

The Speaker: In that case, we will go to Question 13, Hon. Member for Douglas West, Mr Corkish.

Mr Corkish: Thank you, Mr Speaker. I ask the Question standing in my name.

The Speaker: Minister for Transport, Mr Anderson.

The Minister for Transport (Mr Anderson): Thank you, Mr Speaker.

I have taken it that the Hon. Member is referring to the internal combustion engine in his Question.

A Member: Would that be his car?

The Minister: The Department is contributing, at officer level, to the production of an interdepartmental report on sustainable travel. The aim is to slow down the growth in numbers of personal vehicles and encourage the use of public transport and walking and cycling.

The Department's Vehicle Duty Fees seek to recover some of the costs of provision of road safety, road capacity and road maintenance and uses engine cubic capacity as a measure for private vehicles. Gross weight is used as the measure of the size of goods vehicles to calculate annual vehicle duty.

The Department's policy of encouraging the use of vehicles with smaller engines has been reflected in the last two Vehicle Duty Orders as the differential for duty payable between the private vehicles with small and large engines has been increased, reducing the duty for vehicles with engines below 1,000 cc to £50, and increasing the duty payable for vehicles with engine sizes above 5 litres to £300.

The Department has also submitted a draft document to the Chief Minister's Infrastructure and Environment Committee which looks at various options for encouraging the use of more efficient and less polluting engines, and we will be shortly considering how to more directly link vehicle duty to this objective.

The Speaker: Hon. Member, Mr Corkish.

Mr Corkish: Thank you, Mr Speaker, a supplementary.

I thank the Minister for his reply. Whilst taking on board the vehicle licence tariffs as they are now, would the Minister possibly agree with me that, quite apart from the carbon footprint issue, lower cubic capacity and low-emission engines are used by many, especially the older and fixed-income members of society. An encouragement of the use of lower-capacity engines may reduce speeds on our roads, especially amongst the younger members of the community, and perhaps the Department would take that on board in their future planning.

Could I also ask, whilst bearing in mind not to enlarge on Questions, does your Department monitor the emissions from vehicles, especially large, commercial vehicles, which are seen to be expelling thick blue fumes around the Island, and is it an offence for this to happen, Minister, and what action does the Department take to address the situation?

Mr Houghton: That is a supplementary question and a half.

The Speaker: Minister to reply.

The Minister: Thanking the Hon. Member, I would agree with many of the sentiments, that we are moving to a more carbon-emission-friendly system, but this will take a little while before... There are certain practicalities that we have to iron out.

As far as the lower-capacity cars are concerned, I would agree with the Hon. Member that having lower-capacity cars would, to some extent, reduce the speed on our roads. As far as the emissions are concerned, and his comment that there are vehicles using our roads emitting black smoke, I would like the Hon. Member to report any vehicles so that that can be looked into. (*Laughter*) It is quite clear that there is a mechanism for reporting. If we come across that, we can take measures.

These larger vehicles have to be tested on an annual basis, but obviously some of them do, from time to time, go wrong in between those periods of time, and the Department has a division that looks into making sure that these vehicles indeed do comply to the strict regulations we do have, but I would indicate to the Hon. Member, if people have concerns about individual vehicles to report those to us.

The Speaker: Mr Cregeen, Member for Malew and Santon.

Mr Cregeen: Thank you, Mr Speaker.

The Minister referred to road duty as a means of encouraging people to use lower-capacity engines in their car. What is his Department doing regarding the large number of UK vehicles that are permanently on the Isle of Man and will they be taking action on those, as well?

The Speaker: Minister to reply.

The Minister: Mr Speaker, larger UK vehicles that are permanently on the Isle of Man, if they are here for a certain period of time, should be taxed and licensed in the Isle of Man and therefore would come under the conditions of any vehicles in the Isle of Man.

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

Mrs Cannell: Thank you, Mr Speaker.

Why didn't the Minister advise the questioner, when he had the opportunity, when the issue of air pollution and monitoring of vehicle emissions was asked, and advise him that in fact it is the Department of Local Government and the Environment that do have the monitoring equipment out, strategically placed in order to monitor vehicle emission levels, in addition to what he already advised the Member to do about leaky or smelly or obnoxious emissions coming out of commercial vehicles? Does he not believe in joined-up Government? Does he not know what his Department's colleagues are doing?

The Speaker: Minister for Transport.

Mr Shimmin: Savaged by a dead sheep!

The Minister: Mr Speaker, I do believe in joined-up Government. However, I think the Hon. Member will agree with me that, as far as a prosecution, for example, on an individual vehicle, we would not expect DoLGE's instrument – whatever system they have – to pick up and be able to –

Mrs Cannell: You do not know what their system is.

The Minister: – direct it to one individual vehicle.

HEALTH AND SOCIAL SECURITY

Isle of Man cancer registration Publishing data

1.14. The Hon. Member for Michael (Mr Cannan) to ask the Minister for Health and Social Security:

Further to my Question to you in the House of Keys on 4th December 2007 regarding the collection of Isle of Man cancer registration data, which is collated by the North West Cancer Intelligence Service, when will you publish the data collected?

The Speaker: Question 14, Hon. Member for Michael, Mr Cannan.

Mr Cannan: Mr Speaker, I ask the Question standing in my name, sir.

The Speaker: I call the Minister for Health and Social Security, the Hon. Member for Ayre, Mr Teare.

The Minister for Health and Social Security (Mr Teare): Thank you, Mr Speaker.

With regard to the information collated by the Northwest Cancer Intelligence Service, the Department has very recently received the information and is planning to share the data towards the end of July with the various health professionals.

Once the Cancer Strategy Group has had the opportunity

to review the information, they are intending to prepare a full presentation to Hon. Members to take place after the summer recess. I am intending for this presentation to be open to the various voluntary organisations, members of the public, and any other interested parties. I am sure you will share my Department's wishes to ensure this type of information is shared and translated in a safe and meaningful way to prevent unnecessary speculation, sir.

A Member: Hear, hear.

The Speaker: Hon. Member, Mr Cannan.

Mr Cannan: I thank the Minister for his reply, look forward to the presentation and hope that the information given will be in its original form and not massaged.

The Speaker: Question 15 –

Mr Gill: Mr Speaker. Sorry, I was trying to catch your eye, sir.

The Speaker: I beg your pardon, Hon. Member for Rushen, Mr Gill.

Mr Gill: Could I ask a supplementary, sir? In what form will the data be released to the interested parties and what is the policy on releasing data from the Department, sir?

The Speaker: Minister to reply.

The Minister: The Department will take advice on the actual presentation of the information. To be meaningful, as I said before, it has to be presented in a way that can be directly compared with other jurisdictions, with other areas, and by that I mean that age-standardised rates would have to be used, so that we are comparing like with like.

The Speaker: Mr Gill.

Mr Gill: And the issue about policy, which the Minister seems to be reluctant to advise us, sir?

The Speaker: Mr Teare to reply.

The Minister: I have already answered it, sir.

Mr Cannan: See what I mean? Reluctant to provide information.

Mr Gill: Stealth and obscurity.

LOCAL GOVERNMENT AND THE ENVIRONMENT

Local authority borrowing facilities Agreed charges 2007-08

1.15. The Hon. Member for Onchan (Mr Quirk) to ask the Minister for Local Government and the Environment:

With regard to the borrowing facilities and/or

arrangements for local authorities, can you confirm what new agreed charges for local authority borrowings are for 2007-08?

The Speaker: Question 15, Hon. Member for Onchan, Mr Quirk.

Mr Quirk: Thank you, Mr Speaker. I beg to ask the Question standing in my name.

The Speaker: I call on the Minister for Local Government and the Environment, the Hon. Member for Douglas West, Mr Shimmin.

The Minister for Local Government and the Environment (Mr Shimmin): Thank you, Mr Speaker.

The borrowing facilities agreed with the Isle of Man Bank, which allow local authorities to borrow from the Bank at a preferential rate, did not change during 2007-08, the borrowing rate being 0.2 per cent above base rate.

In May 2008, the Isle of Man Bank approached Treasury to negotiate a new rate following the tightening of lending rates due to the credit crunch in America. Treasury, together with the Bank, agreed that for all future borrowings the rate offered to local authorities would be 0.4 per cent above base rate. Lending rates in future will be regularly monitored and, should the lending rate stabilise and improve, the rate offered to local authorities will again be reviewed.

The Speaker: Hon. Member, Mr Quirk.

Mr Quirk: Thank you, Mr Speaker.

I am just wondering whether the Minister – digressing slightly – can do something with the air conditioning in this building before we go into hibernation?

But, the real question is, can I ask the Minister for the Department of Local Government, what was the assessment done to the cost for the ratepayers of those particular local authorities which will now have to pick up the 0.2 per cent increase over and above what they have actually predicted. Can I ask the Minister for the Department, have his Department officers done any evaluation of the costs that are going to be applied when all these schemes come forward to his Department?

The Speaker: Minister to reply.

The Minister: I think it is critical, Mr Speaker, that we rectify that it is not 2 per cent above, it is 0.2 per cent base rate. It is also in the letter circulated by the Hon. Member for Onchan. The final sentence there states, and I quote:

'It is confirmed that this change will have no impact on the borrowings already established.'

Therefore, this is only new borrowings, going into the future, and I do believe that Treasury Minister and many members of Government have been for some time warning that we cannot ignore outside impact and therefore, these issues will affect local authorities when they look at bringing schemes forward. We have got an indicative figure of how much this might cost on types of schemes and that will have to be borne in mind by local authorities when they come forward for further borrowings.

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

Mr Karran: Vainstyr Loayreyder, could the Shirveishagh tell us, does he actually think this is a good deal, allowing for the fact that the likes of ourselves can get a facility at 1 per cent over base with our poor credit record, as far as individuals are concerned, that when you are allowing for a local authority which is copper bottomed is now 0.4 per cent, does he not think that that is not really that generous?

Has the Shirveishagh looked at whether there are other banking institutions, allowing for the fact that it is copper bottomed, as far as the local authority will never go bust, that other banks should have been offered the facility of maybe providing this facility.

The Speaker: Minister to reply.

The Minister: Thank you, Mr Speaker.

This was negotiated in May 2005 when it was out to tender, where it was determined that this was a far more efficient way of centralising an opportunity for local authorities to use a preferential rate. If the local authority can find an alternative preferential rate, they are free to use that. The reality is that they will not find one at a better rate than is being currently offered, particularly in view of the difficulty within the financial markets at the moment.

Therefore, all we are saying and I would have thought the Hon. Members, particularly in Onchan, who have had some concerns about the level of rate increase, would be appreciative of Government ensuring that we protect the level of money that the ratepayers pay out in interest. If the local authority can get it cheaper, they are free to do so.

The Speaker: Hon. Member, Mr Houghton.

Mr Houghton: Thank you, Mr Speaker.

Does this not, then, make it more appropriate for the Minister really to support local authorities to have their investment bonds brought back forward from off the horizon in order to offset those borrowings with a diverse clientele; a system that has worked well for many years; worthy investors have enjoyed investing in local authorities through investment bonds and, therefore, that would take the weight and pressure away from having to return to banks on differing rates, sir.

The Speaker: Mr Shimmin.

Mr Shimmin: Mr Speaker, I am surprised that we keep going back over this issue. The reality is that those Hon. Members who are trying to argue in favour of local authority bonds are those who have investments at preferential rates for the individual or the charity at the expense of the ratepayers of that local authority. The reality is that we have now a preferential rate which is in the interest of all of the ratepayers of a particular area. If the authority can do it cheaper, they are free to do so. We are not instructing them to do it, we are merely saying that this is an appropriate level that they should be able to return – (*Interjections*)

The Speaker: Carry on Minister.

The Minister: Thank you, Mr Speaker. Sorry there is some... interruptions.

From the point of view of looking after the interests of the ratepayer, it is not in the interests of individual ratepayers to give a higher level of interest than is currently available and I am concerned that we are looking at this as being something which is feathering the nests of certain individuals at the expense of all the ratepayers.

The Speaker: Hon. Member, Mr Quirk.

Mr Quirk: Thank you, Mr Speaker.

Can I ask the Minister for the Department of Local Government, could he indicate to this particular House what term this negotiation has been with Treasury for local authority financing: the length of the term? Is there any break clauses in this particular term and how does his Department or Treasury balance that out? Did they test the market at the time to give them an independent check?

The Speaker: The Minister to reply.

The Minister: I am sorry, Mr Speaker, I have got to come back to the Hon. Member for North Douglas, Mr Houghton, who is still making comments about the investments that people have made in local authority bonds. These were brought in at a time when local authorities could not get the level of funding and therefore there was a benefit to both sides. The reality is that individuals can go into the marketplace now, as can local authorities, to get a diversity of means of funding various schemes.

With regard to this scheme with Treasury and ourselves – Treasury being the safety net because they have a greater level of financial understanding in these matters – have negotiated with the Isle of Man Bank to try and ensure that we can have a standard rate across the Island for local authorities at a preferential rate, using the negotiating and bargaining position of the Isle of Man Government along with the local authorities. Once again, I believe that is what the people want us to do: use the clout for the benefit of the people, rather than individually cherry picking away and looking every time for a different rate with different banks.

Certainly if the time was allowed, you could get occasionally better rates, but that would be with an increased administrative and bureaucracy which would be counterproductive. With regard to this, the scheme has only been going for three years. Each scheme which is taken out is normally for a region of 15 years or longer and the variations in these are more to do with the timing of when you take out the loan, rather than the agreement that we have got with the Bank. So, all of the local authorities have various rates that they have taken out their borrowings, because that is when they have entered into it.

I hope I have answered the Hon. Member's Question. If I have not, I will try and come back again, sir.

The Speaker: Hon. Member, Mr Karran.

Mr Karran: Vainstyr Loayreyder, before the Shirveishagh loses it, (*Laughter*) we would just like to thank him that the fact is that local authorities have this facility but also have the freedom to negotiate if they can get a better deal anywhere. That is a step in the right situation. The situation was that we were not having local authorities tied into a monopoly situation.

The Speaker: I appreciate you are trying to be helpful

to the Minister but there was no Question there, so we will move on.

The Minister: The Minister did appreciate it, Mr Speaker.

The Speaker: Good. Final supplementary, Mr Quirk.

Mr Quirk: Thank you.

Can I just ask the Minister once again. He says... Does he agree with me, then, he did indicate to this Hon. House, the negotiated settlement with the Isle of Man Bank is probably infinitum? Is that what he is trying to say to this particular Hon. House? (*Interjections*) How has his Department evaluated the aspirations of local authorities who... he signed off all the rates for local authorities, he signed them off and how is he going to give guidance or instructions to the local authorities in future, how to finance these future projects when they were all done by 0.2 per cent, but now they are 0.4 per cent which we were not aware of. How can he help them?

The Speaker: Minister.

The Minister: In danger of losing it, according to the Hon. Member, Mr Karran, points out... The local authorities choose to have the responsibility for the borrowings that they take out to provide services for their people. The current situation is not affected by this change because all existing loans are already taken up onto a 10, 15 or 25-year purchase.

The vast majority of the borrowings are funded by Government because they are in the housing deficiency. What we are looking at are schemes for local authorities coming forward and they have to determine whether they can afford that within the marketplace. We are not here, nor should we be here, to carry all the changes that affect local authorities. They will determine whether they can afford it on the market at the moment.

Mr Quirk: Do you endorse it?

The Minister: Certainly the – The Hon. Member, if he wants to start this, which he appears ready to do... The main differential that the Hon. Member is concerned about pales into insignificance when his former local authority, when he was a Commissioner, chose not to engage in this scheme and by doing so, instead of taking out the preferential rate at the time, which would have been around the 4.85 per cent mark, are actually now logged into a rate at 5.85 and 6.15.

If they had listened at the same time as other local authorities, got in on the preferential rate, they would have received far greater savings than coming in at the last moment when the market was high. The reality is the local authorities will have to determine whether they are going to fund schemes when they come forward to the Department. Provided there is the funding mechanism there and the rate is fair to the ratepayers, my Department will work with them and try and support them.

OFFICE OF FAIR TRADING

Milk marketing Investigating price fixing

1.16. The Hon. Member for Onchan (Mr Karran) to ask the Chairman of the Office of Fair Trading:

(a) Will you investigate whether there are any restrictive practices, price fixing arrangements, retail price maintenance arrangements or other anti-competitive practices in relation to the marketing of milk on the Isle of Man;

(b) if you do not think that any such practices exist, would you investigate why the supermarket price of milk in the Island is so much higher than the supermarket price in the UK (e.g. £1.34 for a four-pint container at Tesco in the UK compared with £2.12 in the Isle of Man);

(c) would you also investigate why all the retailers selling milk on the Isle of Man charge the same price of 53 pence per pint and whether this practice constitutes a cartel; and

(d) would you agree that it would be in national interest and the interest of the consumers for this apparent cartel to be outlawed so that the supermarket price of milk can reduce for Manx families?

The Speaker: We now turn to the final Question on our Order Paper: Question 16. Again, Hon. Member for Onchan, Mr Karran.

Mr Karran: I ask the Question standing in my name.

The Speaker: I call on the Chairman of the Office of Fair Trading, the Hon. Member, Mr Gill.

The Chairman of the Office of Fair Trading (Mr Gill): Thank you, Mr Speaker.

I can confirm that there is a restriction in place on the retail price of Manx-produced milk. The retail price of Manx-produced milk is controlled by an Order made by DAFF under the Agricultural Marketing (No 2) Act 1948. Section 1 of that Act states:

‘The Department may at any time and from time to time by order control the price at which all or any of the agricultural products specified in the first schedule to this Act may be sold.’

That schedule includes milk.
Section 7 of the Act states:

‘There shall be constituted a committee of the Department to be called the Marketing Committee.’

The second and third schedule of the Act detailed how the Committee shall be constituted and how proceedings shall be conducted. This Committee is chaired by the Department and has, in addition to the chair, three representatives of the industry and three representatives of consumers nominated by the Isle of Man Office of Fair Trading. The

three lay members of our board fulfil this role currently. The Committee last met on 26th November 2007, during which representatives of the Isle of Man Creameries presented the case for an increase in the price of milk. The lay members accepted that an increase was warranted and the Minister set the price accordingly. I am advised by the Department that, whereas the price of milk in UK supermarkets may be cheaper than on the Isle of Man, doorstep deliveries, which account for about one third of all sales on the Island, are very similar to UK levels of around 54p per pint.

The Office appreciates that the Minister of Agriculture, Fisheries and Forestry has to balance the demands of the consumer with concerns about the viability of producing milk locally. Whilst the Office is able, through its representatives on the Committee, to influence his decision, the Minister's decision is final under the Act. Therefore, the price of milk on the Island is set by the Department of Agriculture, Fisheries and Forestry.

Mr Speaker, in respect of the four parts of the Hon. Member's Question, I can advise as follows: (a) no investigation is needed to discover the existence of arrangements expressly required by legislation;

(b) having heard my response to the first part of the Question, the questioner will, I hope, accept that there is no need to investigate further;

(c) a cartel is an agreement between suppliers not to compete. Suppliers of Manx-produced milk are legally obliged to charge the price set by the Department. The retailers of Manx milk sell at the retail price imposed upon them by the Department and are therefore unable to engage in price-fixing activity in a cartel.

And (d) whilst the Isle of Man OFT will continue to use its place on the Committee to represent the interests of consumers, it is for the Minister for Agriculture, Fisheries and Forestry to determine the national interest in this matter.

The Speaker: Hon. Member, Mr Karran.

Mr Karran: I thank the Caairliagh, the Chairman, for his reply. Can the Chairman tell us, on part (b), where does all the money go? How much does the farmer get? If the farmer gets between 15p and 20p per litre, which is about 8p or 10p per pint, where does the rest of the 53p per pint go? Has he investigated whether the Isle of Man Creamery is much less efficient than the UK counterparts? Is the management of the Isle of Man Creamery over bloated and inefficient in order that we can find out whether there are reasons for the disproportionate cost?

For example, would the Chairman not agree that I am led to believe that a 4-pint container of milk at Tesco delivered in Liverpool is £1.34. To the Isle of Man it would be £2.12.

The Speaker: Chairman to reply.

Mr Gill: In relation to the points about where does the money go and the efficiency of the Creamery etc. I am more than happy and have received consent from my colleague in Rushen, Minister for DAFF, to refer those matters to him and he will no doubt consider advising Members accordingly, sir.

The Speaker: Mr Karran.

Mr Karran: Supplementary, Vainstyr Loayreyder.

Would not the Caairliagh... he is our champion as far as Office of Fair Trading and consumer rights is concerned.

He should be doing this to check that this cartel is allowed, is flourishing fairly to all, not just to the consumer but also to the farmer getting a fair price for his product, in order to make sure that he is protecting the rights of consumers in this interest –

The Speaker: Do you have a question, please?

Mr Karran: Vainstyr Loayreyder, the question is that is his job, not pass it on to the vested interests of –

The Speaker: That is not a question, it is a comment. Hon. Member, Mr Gawne.

Mr Gawne: Gura mie eu, Loayreyder.

Yes, I wonder whether the Caairliagh of the Office of Fair Trading would confirm that there are OFT representatives who sit on the Milk Pricing Committee and, indeed, the very questions that the Hon. Member for Onchan has raised are questions which the members of the Office of Fair Trading who sit on that panel, as indeed do the members of my Department and indeed myself consider and indeed unless we were completely satisfied at the request from Isle of Man Creameries that all the pricing –

The Speaker: I am sorry to interrupt, Minister, in similar vein I appreciate that you are on your feet, but you should be putting a question to the Chairman, not addressing a speech to me.

Mr Gawne: I understood I had to address the chair, Loayreyder. (*Interjections*) I am asking questions, the questions being, is it not the case that indeed all his Members, and I thought I had made that clear, but sorry if I had not, is it not clear that his three OFT Members sit on the Milk Pricing Committee and that those Members will have considered all the issues that the Hon. Member for Onchan has raised today?

The Speaker: Chairman to reply.

Mr Gill: Yes, sir, as I have already confirmed, there are three lay members: the Board of the OFT consists of myself, Mr Crookall as vice chairman and three lay members. The three lay members are our representatives and I have nothing but confidence – total confidence – in their ability to fulfil their duties fully and indeed that is what they have done and I confirm what the Minister says in that regard.

A Member: Hear, hear.

The Speaker: Hon. Member, Mr Karran.

Mr Karran: Supplementary, Vainstyr Loayreyder.

Can the Caairliagh give a copy of the minutes of these meetings so that we can read these minutes? Can the Caairliagh not also agree that *he* should be in the driving seat, as far as milk prices are concerned, and not the Department of Agriculture and Fisheries? That is his job.

The Speaker: Chairman to reply.

Mr Gill: In relation to the minutes of the meetings, sir, it is not my meeting so, no, I cannot give that undertaking in honesty and, as far as championing the rights of consumers,

the Board of the Office of Fair Trading do that. We have lay members, we have a majority of lay members, we have reversed the process where we had a majority of political members, we have tried to depoliticise that whilst we still have a political steer and our lay members represent the interests of consumers on this committee and I think they do so in an extremely competent and thorough manner, sir.

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

Mrs Cannell: Thank you, Mr Speaker.

Did the Chairman not initially advise when answering this Question first that, in fact, overall the retail price of milk is not dissimilar to what the Isle of Man is charging and that it is only this particular supermarket, or other such large supermarkets, where possibly they are selling it cheaper. Can he confirm that one of the reasons for that might be that often these supermarkets will use something like this as a loss leader in order to draw in custom and they do it with bread also?

Mr Brown: Dumping on the market, it is called.

The Speaker: Chairman to reply.

Mr Gill: I can confirm that. Well, for clarity I will repeat the short paragraph I gave in my initial Answer, sir, and this is a quote:

'I am advised by the Department' [DAFF]'that whereas the price of milk in UK supermarkets may be cheaper than the Isle of Man, doorstep deliveries which account for about one third of all sales on the Island are very similar to UK levels of around 54 pence per pint'

and, yes, of course the former Chairman of the OFT, Mrs Cannell, is entirely right when she recognises that loss-leader practices happen in supermarkets.

The Speaker: Final supplementary, I think, Hon. Member, Mr Earnshaw.

Mr Earnshaw: Yes, thank you, Mr Speaker.
Would the Chairman of the OFT agree with me that Manx

milk is an absolute first class product (**Two Members:** Hear, hear.) second to none and it is retailing at a fraction of the price of a pint of bottled water?

The Speaker: Chairman to reply.

Mr Brown: Without fluoride! (*Laughter and interjections*)

Mr Gill: Yes, would I agree that Manx-produced milk is a first class product? Absolutely wholeheartedly, sir!

A Member: Hear, hear.

The Speaker: Thank you, Hon. Members, that brings us to the end of Questions for Oral Answer.

Question for Written Answer

MANX ELECTRICITY AUTHORITY

Price of electricity Details for years 1995-2009

2.1. The Hon. Member for Onchan (Mr Karran) to ask the Chairman of the Manx Electricity Authority:

What is the breakdown of the average unit price of electricity (pence per kilowatt hour) in terms of –
(a) fuel costs;
(b) generation costs exclusive of (a) above;
(c) network distribution costs; and
(d) other costs (e.g. administration)
for the years 1995-96, 2000-01, 2005-06, 2006-07, 2007-08 (subject to audit) and projected 2008-09, giving, for each year, the average unit price and the components (a) to (d) above as both pence and as a percentage of the average unit price?

Answer: see table below

Unit Cost Analysis	1995-96	2000-01	2005-06	2006-07	Unaudited 2007-08	Budget 2008-09
Average price per unit – pence	8.91	8.52	10.56	11.64	11.88	12.73
Average cost per unit – pence						
Fuel	2.56	2.60	5.14	4.74	3.60	4.23
Generation and import costs excluding fuel	2.21	3.15	4.69	4.57	4.79	4.65
Network distribution costs	1.18	1.38	2.54	2.39	2.41	2.44
Other costs	1.78	1.49	4.05	3.59	4.62	5.09
	7.73	8.61	16.43	15.29	15.42	16.41
Average cost per unit – % of average unit price						
Fuel	29%	30%	49%	41%	30%	33%
Generation & import costs excluding fuel	25%	37%	44%	39%	40%	37%
Network distribution costs	13%	16%	24%	21%	20%	19%
Other costs	20%	17%	38%	31%	39%	40%
	87%	101%	156%	131%	130%	129%

Notes:

- Other costs include administration and finance charges net of Government support.
- The total costs exceed the tariff due to the fact that the Authority is trading at a loss and that government finance is only paid in support of finance charges and depreciation is not covered by funding.

Order of the Day

BILL FOR THIRD READING

Tree Preservation (Amendment) Bill Third Reading approved

3.1. Mrs Cannell to move:

That the Tree Preservation (Amendment) Bill be read the third time and be sent to the Council.

The Speaker: Therefore, we turn to Item 3, Bill for Third Reading, Tree Preservation (Amendment) Bill and I call the Hon. Member for Douglas East, Mrs Cannell.

Mrs Cannell: Thank you, Mr Speaker.

The House has approved Second Reading and also approved the clauses, of which there are three within this very small Bill, although the requirements laid down in law, if approved today and by another place, will in fact be of great strength to the legislation that we currently have in place.

Just to recap very briefly, Clause 1 provides that it is an offence to recklessly destroy or damage a tree. It also stipulates that any emergency work affecting a tree is to be reported to the Department within 48 hours of the work taking place. Clause 2 requires the Department to consult the planning authority before refusing or granting, subject to conditions, a licence to cut a tree on land affected by a pending planning application and clause 3 gives the Bill its short title.

I beg to move, Mr Speaker.

The Speaker: Hon. Member, Mr Gawne.

Mr Gawne: Gura mie eu, Loayreyder. I beg to second and reserve my remarks.

The Speaker: Hon. Member, Mr Karran.

Mr Karran: Vainstyr Loayreyder, I have no problems with the proposed legislation and anything where it protects trees, especially when we look at the potential developable land, the situation that a piece of land can go from being worth £1,500 to £2,000 an acre to £300,000 to £400,000 an acre if it can get planning permission on should be a move in the right direction.

The only concern I do have and I think it is important that we do make sure that we recognise is that with this piece of legislation is with the fact that we have not addressed issues such as civil legal aid to a reasonable level for people who have not got the access to defend themselves that I do not want to see this piece of legislation being used on the ignorant to this legislation, where it is something that is being done, not on the basis of malicious avoidance, as far as tree preservation is concerned.

What concerns me, Vainstyr Loayreyder, we bring in more and more legislation and my concern is that we criminalise more and more people that sometimes should not be criminalised and I just hope that we do not end up

with a situation where someone does something in good faith and does not understand that they are breaking the law, does not end up being used as an example when the real reason we want this legislation in is to stop the developers from abusing the position at the present time. I just put that down on record, Vainstyr Loayreyder.

The Speaker: Mover to reply.

Mrs Cannell: Thank you, Mr Speaker.

There really is not very much to reply to. I do not believe, other than the Member has a problem with the Legal Aid levels that are currently applied in the Isle of Man and I have to share that concern with him. We still have not got it quite right, but in respect of the Bill, it is still a defence for any individual who feels as though they are being charged under this new provision to provide the defence in that they were ignorant as to the facts. However, it will be very hard, I would suggest, for any court to determine that the person was totally ignorant because just to be ignorant is in fact or could be deemed to be reckless in terms of not seeking advice first or at least phoning somebody up, one of the foresters, and taking advice before doing whatever it is that they wanted to do.

As regards his support for anything to protect trees, I think that is fully appreciated and welcomed. However, it would have been nice had he given his support, had he been present in the House two weeks ago (**A Member:** Hear, hear.) to have lent his support to a vote to suspend Standing Orders so that we could not have dealt with this today, but it would have been the Legislative Council that would have dealt with it today, but we missed by one vote. That would have been welcome, had he been present.

I beg to move.

The Speaker: Hon. Members, the motion before the House is that the Tree Preservation (Amendment) Bill be read for the third time. Those in favour say aye; against, no. The ayes have it. The ayes have it.

Hon. Members, that brings us to the end of our business this morning. I must apologise for the malfunctioning of the air conditioning which can evidently neither be turned down nor off. We shall certainly have that attended to and the chilly atmosphere was because of that. I am sure, politically speaking, the atmosphere was certainly warm.

Sitting of the House on 24th June Agreed to finish at 1.00 p.m.

The Speaker: Hon. Members, in accordance with long custom, I have much pleasure in inviting Members of the House and the officers to join me for lunch after the sitting on 24th June. I will send out invitations and menus shortly. To that end I would move:

That the sitting of the House on 24th June should terminate at 1.00 p.m.

Is that agreed, Hon. Members? (**Members:** Agreed.) Thank you, Hon. Members. The House will now stand adjourned until our next sitting in Tynwald Chamber, 10 o'clock on 17th June. Thank you, Hon. Members.

The House adjourned at 12.26 p.m.