



**HOUSE OF KEYS  
OFFICIAL REPORT**

**RECORTYS OIKOIL  
Y CHIARE AS FEED**

**PROCEEDINGS  
DAALTYN  
(HANSARD)**

**Douglas, Tuesday, 29th January 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 (Douglas East);  
 Mr C G Corkish MBE and Hon. J P Shimmin (Douglas West); Mr G D Cregeen (Malew and Santon);  
 Mr Q B Gill (Rushen);  
 with Mr M Cornwell-Kelly, Secretary of the House

**Business transacted**

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*The House adjourned at 11.46 a.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*

### LEAVE OF ABSENCE GRANTED

**The Speaker:** Hon. Members, I have given leave of absence from today's sitting to: the Hon. Member for Douglas East, Mrs Cannell; the Hon. Member for Rushen, Mr Gawne; and the Hon. Member for Rushen, Mr Watterson.

## Questions for Oral Answer

### CHIEF MINISTER

#### Food prices Protecting Manx consumers

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

*In view of the figures released this month by the Office for National Statistics in the United Kingdom showing that food prices are accelerating at their fastest rate since records began, what steps are the Council of Ministers going to take to protect Manx consumers, especially those on low incomes?*

**The Speaker:** Turning to our Order Paper, Item 1 is Questions for Oral Answer and I call on the Hon. Member for Onchan, Mr Karran.

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

**The Speaker:** I call the Hon. Member for Castletown, the Chief Minister.

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

I am advised that the Isle of Man Treasury figures show an increase within the Island of 4.2 per cent in relation to food prices to December 2007. This is significantly lower than the 7.4-per-cent increase in food prices quoted within the United Kingdom to which the Hon. Member, Mr Karran, refers.

As Hon. Members are aware, Government already provides support for people on low incomes through a comprehensive system of benefits and through the tax system

by way of tax credits. Government's Low Income Working Group consisting of representatives of the Departments of Health and Social Security and Treasury continue to keep matters under review and to make recommendations to Government, so that prompt and effective action can be taken to deal with problems faced by residents on low incomes.

Thank you, Mr Speaker.

**The Speaker:** Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, would the Ard-shirveishagh not agree that, with the average income going up by 2.8 per cent and the fact that 2.8 per cent of nothing is nothing, and 2.8 per cent of a very little is a very little, does he not think that his Government needs to be prioritising how it is going to try and help the people at the bottom end of the market?

Would the Ard-shirveishagh not also agree that whilst it might be only in the 4-per-cent region that his statistics are saying, rather than the 7 per cent in the United Kingdom, the fact is that food prices are a lot dearer in the Isle of Man than they are in the United Kingdom? (**Mr Cannan:** Hear, hear.) Would he not agree that we need to see some sort of initiative on this front?

**The Speaker:** Chief Minister.

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

I think the Isle of Man Government has, in recent years, taken many initiatives to provide additional support to help those on lower incomes so we can, in fact, give them extra help. The introduction of the tax credit system can enhance benefits which are over and above what would be the equivalent in the United Kingdom, plus the pension supplement and other things, in fact, play an important part in trying to meet that goal, sir.

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

**Mr Henderson:** Gura mie eu, Vainstyr Loayreyder.

Would the Chief Minister not agree, though, that as good as our benefit system may be, the fact of the matter is that the annual uprating of our benefit system every year, and indeed the pensions, is not keeping pace with the inflation?

Would he further agree that, in fact, when somebody does their weekly shop and pays the bills and so on, the cumulative effect of all that, with inflation applied to all those elements of a weekly shop and weekly bills, far outstrips any benefit uprating or pension increase?

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

**The Chief Minister:** Mr Speaker, I think Members have to keep in mind that we have reciprocal agreements with the United Kingdom for very good reasons, and therefore, the upratings are determined by the United Kingdom Government and adopted in the Isle of Man.

However, to endeavour to help the people we represent, we do have substantial support for those on lower incomes. Even pensioners who receive the Manx Pension Supplement get up to 50 per cent of their state pension as an additional support here in the Island. I think we have to look at the whole package together and the benefits that that does bring to people.

However, we are not complacent. We do endeavour, with information from Members, with cases they raise to us and from the Working Group, to try and make benefit increases and other support systems available to help our people – such as, this year, the addition of heating benefit that came in, I think... which was effective from March this year.

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

**Mr Karran:** Vainstyr Loayreyder, would the Ard-shirveishagh not agree that we all recognise and welcome the new benefit initiatives we have seen over the last decade, as far as the weak, and the Government, as well this parliament, can take pride in that action?

But would he not also agree that in the real world the situation is: food is much dearer in the Isle of Man? Would he not also agree that the likes of the fact of the dangers of cartels making things dearer in the Isle of Man is more prevalent than it will be in the United Kingdom?

What is he going to do, as far as the Office of Fair Trading is concerned, in order to be proactive on this subject, in order to make sure that food prices do not disproportionately go up from maybe a lower percentage rate, but from a higher cost rate to start off with, which Manx consumers have to suffer?

**The Speaker:** Chief Minister.

**The Chief Minister:** Mr Speaker, I think we are in the real world; in fact, I am sure we all go home to it every night.

Can I just say that what we do is try to look after the people we represent in many, many different ways. If you look at the total package of support that we approve – in fact, Tynwald approves – it is quite substantial.

Yes, food prices do go up. They are up and down, and I think it is worth making the point that the matter the Hon. Member refers to is in relation to UK wholesale prices, as against our inflation price.

Again, I would just invite the Hon. Member to provide evidence of any cartel operations in the Isle of Man, which he often refers to, but provides no evidence at all. (**Mr Gill:** Hear, hear.) If he would provide it, I know the Chairman and the Office of Fair Trading would be more than happy to investigate any such accusations.

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

**Mr Gill:** The Chief Minister has answered my question. The question was: is he aware, from the questioner, of any evidence – rather than just a bland throw-away allegation – of cartel operation on the Isle of Man? If he is, has he advised the current leader of the Liberal Vannin Party to bring that forward to the Office of Fair Trading?

**The Speaker:** Minister, do you wish to reply?

**The Chief Minister:** I think the only thing I would say, in thanking the Chairman for his comment, is to make the point that when we had the latest series of investigations by the Office of Fair Trading into energy prices, in fact the Report made it clear there was no evidence of cartel operations, although that had been said.

Again, I am very happy for any Member of the Hon. Court, or any member of the public, to write in to the Office

of Fair Trading with any evidence at all in relation to any suspected cartels, because we would be only too pleased to investigate.

**Mr Gill:** Hear, hear.

**The Speaker:** Final supplementary, Mr Karran.

**Mr Karran:** Would the Ard-shirveishagh not agree that the likes of meat, slaughter prices, Milk Marketing Association – they are cartels to start off with?

Would the Ard-shirveishagh not also agree that the fact of the matter is that, being a small island, we just do not have that competition, and that is why we need to have Government and the Office of Fair Trading in a position of making sure that cosy arrangements do not happen, that there is that opportunity for us to create the initiative, so that people do not get too cosy together on providing goods and services in this Island?

Would the Ard-shirveishagh not also agree, to the defence of the retailers in this Island, the fact that this Government supported a User Agreement that allows our freight charges to be so high is a fig-leaf for prices to be so dear on this Island?

Would he not agree it is not about being nasty and horrible in this Hon. House; it is about just trying to have a fair balance of reality in this Hon. House?

**Mr Gill:** Any evidence of that?

**The Speaker:** Several supplementaries there, Chief Minister.

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

First I am proud of the User Agreement. I think it serves the Isle of Man very well and I hope it will continue for many years to come.

Mr Speaker, can I say that the Hon. Member talks about meat and milk and he calls them cartels. Of course, they are not. They are set up to provide a structure which provides us with meat and milk.

It is also worth making the point: without the substantial input of investment by the Government into those areas, in fact meat and milk on the Isle of Man from our locally produced providers would be substantially higher.

We can have everything cheap. The Hon. Member for Onchan is absolutely right; but it will wipe out our farming industry, it will wipe out our milk industry. If that is what he wants, then I would be more than happy for him to bring a motion to Tynwald Court, to seek support for Tynwald agreeing that we should stop trying to encourage our own industries to go forward.

I am a great supporter of the Manx agricultural industry, (**Several Members:** Hear, hear.) and also those spin-off industries that provide bread, milk and so on. Let us not forget: it is not that long ago, due to bad weather, the shops and some of these multi-stores were empty and we had to rely on local industry. (**Several Members:** Hear, hear.) I would urge the people of the Isle of Man to support the Manx industry to the hilt.

**Several Members:** Hear, hear.

**TREASURY****Bemahague School  
Construction**

1.2. The Hon. Member for Douglas North (Mr Houghton) to ask the Minister for the Treasury:

*Have you made provision for the construction of the Bemahague School to be commenced in the financial year 2008-09 following Tynwald approval?*

**The Speaker:** Question 2. Hon. Member for Douglas North, Mr Houghton.

**Mr Houghton:** Thank you, Mr Speaker. I beg leave to ask the Question standing in my name, sir.

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

**The Minister for the Treasury (Mr Bell):** Mr Speaker, I should point out that the current Budget for 2007-08 actually included a provision for the Department of Education to progress the construction of the new Bemahague School during the present financial year 2007-08, with the expectation that they would bring forward a motion to Tynwald in October of last year.

The Budget process for 2008-09 is still ongoing and will not conclude until the Tynwald sitting in February. As I am sure the Hon. Member understands, I cannot disclose individual items in isolation, before the Pink Book has been finalised and made available to all Members.

**The Speaker:** Hon. Member, Mr Houghton.

**Mr Houghton:** Thank you, Mr Speaker.

Can the Minister confirm whether or not his Treasury board has considered this matter of recent date and if it has, what was the outcome of the deliberations, sir?

**The Speaker:** Minister for the Treasury.

**The Minister:** Mr Speaker, the issue of Bemahague School is currently under discussion in Treasury and that discussion and consideration is ongoing.

**The Speaker:** Hon. Member, Mr Henderson.

**Mr Henderson:** Gura mie eu, Vainstyr Loayreyder.

Will the Treasury Minister agree with me that there is a dire need for a new school in the Douglas Bay area?

Would he further agree that Ballakermeen School is packed out like a can of sardines, and could not possibly take any more pupils?

Does he further acknowledge that Park Road School, for instance, is an antiquated Victorian building that is ready to fall down?

**The Speaker:** Minister to reply.

**The Minister:** I am aware of the Hon. Member's concerns, as a Member of the Department of Education, Mr Speaker; and yes, clearly, the school infrastructure in Douglas needs review.

**The Speaker:** Hon. Member, Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, can the Shirveishagh Tashtee consider, when discussing the financial priority of this project, that if we cannot afford to have it in one go, can we have at least a two-phase development, (**A Member:** Hear, hear.) so that we can develop the sports and recreational facilities of the second biggest conurbation on this Island? Plus the fact that we have Governor's Hill on the other side of the road that needs that sort of facility in that area.

Would he see whether it is possible that, if we cannot afford the whole job lot at once, at least we can have a two-phase development and maybe put in one of the communal halls there, that could also be of value to the theatre-going amateurs and the people who want to play in bands that have no facilities? At least that would be one way of getting part of the capital project, without all the liabilities of the revenue costs that have come with it.

**The Speaker:** Minister to reply.

**The Minister:** Mr Speaker, the overall projected cost of this scheme is well in excess of £30 million. It is a very major scheme and one we have to be very careful in how we approach the approval.

The danger of taking a two-phase approach such as the Hon. Member says, of course, is that phase 1, the section that he refers to would go ahead and then, for whatever reason, phase 2 would not follow. We have to be sure that the approval is given to both phases.

Whether they would be developed separately or not, I do not know: that is a subject for further discussion. But it is important that approval is given – if it is given in the future – for both phases, to be sure that the overall comprehensive redevelopment does ultimately take place.

**The Speaker:** Hon. Member, Mr Houghton.

**Mr Houghton:** Thank you, Mr Speaker.

The Hon. Minister is putting doubt in Members' minds this morning. Can he state categorically whether his Treasury Division is in absolute support of this very large and very necessary financial capital scheme, that it goes ahead without further delay? Can he underline his support to this Hon. House this morning, sir?

**The Speaker:** Minister for Treasury.

**The Minister:** Mr Speaker, I have answered this question. The Department is considering the project at the moment and will make its recommendations in due course.

**The Speaker:** Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, would the Shirveishagh Tashtee not agree: though I welcome a new school in my constituency (**Mr Earnshaw:** Hear, hear.) and I am actually trying to assist on the speeding up of the development, would the Shirveishagh Tashtee inform this Hon. House that, if it is the issue of the revenue implications of running a new secondary school, at least if we can have a two-phase development, the children in my area, and the children in Governor's Hill on the other side of the road, can have the playing fields that should have been there at least 20 years

ago? (**Mr Houghton:** Hear, hear.)

At least this would be a way forward to help the Treasury, as well as help speed up part of the phasing of this development with still a commitment to having a new school in that area

**The Speaker:** I think the Minister has answered previously. Mr Bell, anything to add?

**The Minister:** I cannot add any more.

**The Speaker:** Mr Houghton.

**Mr Houghton:** Thank you, Mr Speaker.

Mr Speaker, my final supplementary. Would the Hon. Minister agree to meet a delegation of most concerned MHKs, Members of this Hon. House and the other place, as soon as possible? Would he meet a delegation with the Minister for Education and officials of the Department of Education as a matter of priority and, if he will not, would he welcome a motion in Tynwald on this matter for the whole debate to be brought forward to point the direction of the Treasury in the right direction, so this project will not be delayed further?

**The Speaker:** Minister.

**The Minister:** No, I will not, Mr Speaker.

This is a very serious issue. This is the biggest single capital (**Mr Houghton:** Hear, hear.) programme potentially remaining in Government's capital programme at the moment and it does not require knee-jerk populist reaction. It needs some careful long-term consideration and planning as to what the genuine needs of Douglas and the greater Douglas area might be for education provision in the future. This is the consideration that Treasury is giving to it at the moment and we will make our recommendations in due course.

## TRANSPORT

### Airport security Relaxation of measures

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

*Following the relaxation of some security measures introduced at some UK airports is your Department considering some relaxation in the security measures currently being imposed on Isle of Man air travellers?*

**The Speaker:** Question 3. Hon. Member for Douglas West, Mr Corkish.

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

**The Speaker:** I call on the Minister for Transport, the Hon. Member for Glenfaba, Mr Anderson.

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

In mid-November it was announced in the UK that the restriction of only one piece of cabin baggage in the aircraft cabin was going to be removed. This is the only security regulation that has changed recently. Ronaldsway Airport considers and generally follows the rules and regulations as set by the UK Department of Transport, which is the UK regulator for aviation security. In order to relax this regulation, it is a matter for individual airports to make a case to the UK Department of Transport. This can be done on a terminal or airport basis. The earliest date this removal of the restriction could be was 7th January. However, all UK airports must have satisfactorily applied to remove this rule by the end of May 2008.

The Isle of Man Airport is currently in the process of providing the DFT with the required information to enable it to permit the lifting of the one bag rule. This information requires the Airport to demonstrate that it can cope with an increased number of bags without any derogation of security standards. However, airlines will still be able to apply their own operational policies governing the number of items of hand baggage which may be taken into the aircraft cabin. For many of the types of aircraft operated from the Isle of Man that will mean that passengers will still be restricted to one bag.

Prior to the Christmas break, the airport director contacted all the airline operators who fly daily in and out of Ronaldsway, asking them to confirm their current policy regarding the number of articles allowed in their cabins and whether or not they would be looking to change their policy. At that time no airline operating at the Isle of Man allowed a passenger to take more than one bag on board. The airport director was trying to gauge at what point should Ronaldsway be applying the lifting of the rule. There was little point in getting to the point where two pieces can be checked through airport security if the airlines were not allowing two pieces in their cabin.

Since Christmas, one airline, Eastern Airways, has said that passengers may carry a small second article at those airports that have UK DFT approval to do so. In addition, FlyBe have said that passengers who have purchased an economy-plus flexible ticket, may be permitted to carry two bags into the cabin, although economy tickets do not allow this. The Isle of Man Airport has applied to the Department of Fair Trading to have the capability to remove this restriction in order to have the flexibility where appropriate. As soon as the application is accepted, the Department will inform the House and importantly Island residents via the media. As it stands today, only one piece of cabin baggage is allowed through airport security at Ronaldsway.

The Department advises all air passengers to check with their airline on their baggage restrictions, as well as checking with the airport of departure and destination airport. The regulations regarding the carriage of liquids remain in force: there have been no changes and there is not expected to be a change in the foreseeable future.

I think that covers the Question, Mr Speaker.

**The Speaker:** Question 4. Hon. Member for Onchan, Mr Karran... You have a supplementary, Mr Corkish?

**Mr Corkish:** Please, Mr Speaker.

**The Speaker:** Hon. Member for Douglas West.

**Mr Corkish:** Thank you, Mr Speaker, and I thank the

Hon. Minister for his comprehensive reply.

Could I also mention that there is a more practical view taken regarding security measures at Ronaldsway Airport. We are an Island community; there is an everyday occurrence, almost, for the residents of the Isle of Man to use both the air and seaports for travel. There has been mentioned to me, on more than one occasion, matters regarding the personal search at the Airport of passengers departing from the Isle of Man, which appears to be perhaps out of kilter to those affecting people coming into the Isle of Man.

I know that there are people – elderly people, those infirm – who travel, who find it difficult and frustrating and an inconvenience having to remove belts, shoes, coats and other items of personal comfort. Would the Minister agree with me, perhaps, that the measures taken for passengers going out of the Isle of Man may be better used for passengers coming in to the Isle of Man?

**The Speaker:** Minister.

**The Minister:** I thank the Hon. Member for his supplementary questions.

I think it is fair to say that we all feel frustrated at the process of going through security, but it is also fair to say that, since 9/11, the world has changed – our security standards have to be appropriate. It is also fair to say that in certain UK airports – and the Hon. Member makes reference to – at certain stages, where they have more than one security-line, at the drop of a hat they can stop and you will not have to take your shoes and belts off in certain lines. That is allowed within the regulations. We only have one security line at Ronaldsway and it was thought more appropriate that we treat everybody equally, so that if the Hon. Member comes through he is not discriminated against one way or the other.

I do agree with him it is unfortunate that we have to have these measures. I think the Hon. Member has to realise the UK still determines that there is a high level of threat posed by terrorism and, as a result of that, our airport has to abide by certain regulations. I appreciate it is inconvenient to members of the general public. However, I genuinely think the majority of the travelling public have actually accepted this as a way of life now.

I think the first time, maybe, an elderly person goes through the system, they are very uncomfortable with it. I think the more you use it, the more you get used to it. I do accept that it is inconvenient sometimes when you have to take your shoes and your belts off when you pass through. This is done so that it does not activate the metal archway system and that means that less people would actually be frisked going through. The Hon. Member may prefer to be frisked than to have his belt taken off, but we all have our own preferences! (*Laughter*) It also may be appropriate that the Hon. Member tells me that he now often, when he is travelling, wears his braces instead of belts, so that might be a tip to pass on to other people, as well... (*Laughter*)

However, seriously, Mr Speaker, I do appreciate the concerns of the general public and I think the vast majority of the general public do accept this now as a way of life. Unfortunately, terrorism is here for the long term and I think these measures will have to stay in place for the long term.

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

**Mr Cregeen:** I thank you, Mr Speaker.

Would the Minister be encouraging the Chief Minister to reintroduce the Special Branch units at both the ports? This would, I think, ease the pressures off people coming in here, which is one of the concerns from the Hon. Member.

**Mr Corkish:** Hear, hear.

**The Speaker:** Minister for Transport.

**The Minister:** Thank you, Mr Speaker.

I think that question will be better directed to the Minister for Home Affairs rather than the Minister for Transport.

### Sumburgh Airport, Shetland Storm damage to runway

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

*Will you give an account to Hon. Members of the storm damage earlier this month to the recently completed promontory and runway at Sumburgh Airport, Shetland, and the implications for the project at the Isle of Man Airport that you are promoting which is of a similar design?*

**The Speaker:** Question 4. Hon. Member for Onchan, Mr Karran.

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

**The Speaker:** Again, I call on the Minister for Transport, Mr Anderson.

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

I believe the event to which the Member for Onchan is referring occurred on 4th to 5th January this year. I am advised that the gale, or the storm-force winds, had been building up during the preceding days and, on the evening of Friday 4th, had reached storm-force 10/11. The high winds and seasonal high tides created a significant over-topping event, which resulted in damage being caused to the very end of the runway promontory.

The Department has been in touch with the Shetland Sumburgh Airport management who, at this time, are waiting for a review and a report to consider the implications of what has happened. However, I can advise there was no damage caused to the runway surface, nor was there any damage to the primary or secondary rock armour. There was debris left after the water drained away and there was some damage to parts of the structure which aids water dispersal. I can advise that, whilst the promontory project at Shetland did not progress an extensive programme of modelling, this has been done for our scheme, the benefits of which should be realised in the future.

Mr Speaker, I can assure you that should any relevant information become available relating to the Shetland scheme, it will be passed to the designers to consider further. Nevertheless, I can confirm to Members the Department

has been assured that it is not anticipated this problem will be repeated at Ronaldsway for the reasons I mentioned earlier.

**The Speaker:** Hon. Member, Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, would the Shirveishagh not agree that the fact is that this design is similar to what we are proposing in the Isle of Man and that it is actually in deeper water?

Whilst not getting into the detail of the differential in cost is concerned, could the Shirveishagh give an assurance to this House that there is going to be an effective design and that we are not going to see a situation that the ends justify the means? You get it through Tynwald and then you have to come back with a supplementary vote in order to accommodate the lack of proper design in what has been proposed originally, in order to get it through this Hon. House and the Hon. Court.

**The Speaker:** Minister for Transport.

**The Minister:** Yes, Mr Speaker, the design is fairly similar and the Hon. Member makes reference to the water being deeper at the Shetlands. I am not sure if that is the case –

**Mr Karran:** No, it's the other way round!

**The Minister:** It is deeper, yes, and that is why we have actually gone for a modelling of the design in the UK: that modelling gave us the results that indicated we had to have more substantial sized rocks in the promontory. As a result of that, the presentation to Hon. Members on 14th February will actually highlight that.

That modelling has been very important so that they get the promontory correct for not just the depth of water but the tidal current and the wind and the wave structure, as it impacts on the promontory, so I appreciate the Hon. Member's concern. However, I would point out, again, that Shetland did not do this modelling. If they had done that modelling, maybe they would not have the problem that they have had.

**The Speaker:** Mr Cregeen.

**Mr Cregeen:** Thank you, Mr Speaker.

On the promontory, will the Minister hold back his scheme until the report comes back from Sumburgh because one of my concerns would be that we get this report soon after and we have to make alterations. Then we will go into the expense of having to have supplementary votes for these additional works. If it is going to be a short delay, surely that would be better than forging forward?

**The Speaker:** Minister to reply.

**The Minister:** I just remind the Hon. Member that we have had extensive modelling, which has proven that the design is correct for the location. That is something that did not take place at Shetland and therefore I do not anticipate having a delay.

It is very critical, the timing of this issue, and we hope to come forward at the next sitting of Tynwald. There was

a window opportunity there: if we miss that window of opportunity, we could go into significant more cost if we go into another season.

**Mr Karran:** Hear, hear.

**The Speaker:** Hon. Member for Douglas East, Mr Braidwood.

**Mr Braidwood:** Thank you, Mr Speaker.

Would the Minister confirm that, following the modelling which was taking place in the UK, which allowed for the wave action, wind, currents, etc, in actual fact, in front of the promontory as well, apart from the very large rock armour, there is going to be a small barrier which will break up the wave action, and which will, hopefully, prevent any damage which has occurred, such as did in Sumburgh?

**The Speaker:** Minister to reply.

**The Minister:** Yes. I thank the Hon. Member.

Obviously, the Hon. Member, through Treasury, has had his presentation. There is what we call an inverted tower that sits in front of the promontory to break up the wave action as it comes in. Hon. Members will have that presentation on Valentine's Day, so if they can wait until then, please.

**The Speaker:** Hon. Member, Mr Houghton.

**Mr Houghton:** Thank you, Mr Speaker.

Would the Minister be willing to delay his project in this area –

**The Minister:** No.

**Mr Houghton:** – so that the Bemahague School can go ahead first?

**Several Members:** Hear, hear.

**The Speaker:** Hon. Member, Mr Cregeen.

**Mr Cregeen:** Thank you, Mr Speaker.

Will the Minister give us the reassurance, then, that if this report comes out and it does say there are going to be any alterations needed, there will be no supplementary votes, and it can be accommodated in the budget he has already got?

**The Speaker:** Mr Anderson.

**The Minister:** Mr Speaker, as I said earlier, the design team will be given any information that is made available from the Shetlands, but I do not anticipate there being any extra cost, because we have done the modelling required. Shetland did not do this modelling. There was a substantial cost to doing this modelling, and that is part of the project.

**The Speaker:** Final supplementary, Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, would the Shirveishagh not agree that he told us in this House today that it is critical?

Would he not agree that, in previous Questions that I have had in this House, we have been told that the present planes

do not need this extension into the sea, that the new planes and new designs that are coming up do not need this position, as far as the planes are concerned, that the fact is that we have got a number of other airports that have international flights that are smaller than we have got?

Would he not also agree that the concern of this Hon. House is the fact that it seems that this massive capital project is not led by the wishes and the needs of the people of the Isle of Man, but by the consultants who get a percentage for the pulling-off of these capital projects?

Would the Shirveishagh –

**The Speaker:** Can we have one supplementary at a time.

Mr Anderson.

**The Minister:** Yes, the Hon. Member has broadened out, in his supplementaries, to the viability of the whole scheme.

There has been chapter and verse given to the Hon. Member about the reasonings of why we need not just the resurfacing of the runway but the promontory into the sea. The Hon. Member will just not accept those arguments. That is his right, but the vast majority of Members are on board with this.

We have a further presentation on 14th February. The Hon. Member has had the invitation to come and meet with the Department, to meet with the Airport team; that invitation is still open to him. We might not be able to convince him, but I believe the majority of this House believes it is the right way forward and it is timely to get on with it now.

## EDUCATION

### School leaving age extension Car-parking implications

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

*(1) Is your Department intending to follow the proposed plan by the United Kingdom Department of Education extending the school leaving age to 18; and*

*(2) if so, will your Department recognise and consider the increased car-parking implications which would result?*

**The Speaker:** Question 5, Hon. Member for Douglas West, Mr Corkish.

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

**The Speaker:** I call on the Minister for Education, the Hon. Member for Ramsey, Mrs Craine.

**The Minister for Education (Mrs Craine):** Thank you, Mr Speaker.

I can confirm – as indicated in response to a similar Question posed in June 2007 by the Hon. Member for Rushen, Mr Watterson – that the Department has no plans to follow England on this matter at the present time. The

current plans in England for raising the school leaving age to 17 in 2013, and 18 in 2015, may well be appropriate for that jurisdiction, but I feel are not relevant here. (**A Member:** Hear, hear.)

I therefore have no concerns about implications for car parking. In fact, as Members will, of course, be aware, free transport to and from schools is provided for those attending.

**The Speaker:** Hon. Member, you have a supplementary?

**Mr Corkish:** Yes, a supplementary, please. Thank you, Mr Speaker.

I thank the Minister for her reply: succinct.

Quite apart from the obvious challenges the lifting of the school leaving age to 18 would bring, and which I am confident the Member and her Department would consider and resolve, the issue of additional parking needs, in the area surrounding the schools in my constituency, may not have been so obvious in any –

**The Speaker:** Hon. Member, please resume your seat.

Hon. Members are not allowed to make speeches or long preambles to questions that are, in effect, speeches.

If you would, please come to your supplementary question, Mr Corkish.

**Mr Corkish:** Thank you, Mr Speaker.

Sorry, the supplementary, Mr Speaker, (*Laughter*) was: would the Minister understand that the parking problems around the area of Ballakermeen School and St Ninian's High School are problematic, as came to light in the canvassing for here, and would the Department of Education take that into consideration for future parking facilities being made available, where possible?

**The Speaker:** Minister to reply. (*Interjection by Mr Henderson*)

**The Minister:** No sir, I would not.

I think that the Hon. Member needs to be reminded that, in fact, people can drive at the age of 16 and it is not within my powers to stop them from using the roads.

Certainly also, I would be heavily criticised were I to suggest that the Education budget be used for accommodating young people and their cars coming to school. The Education budget is to provide education.

**The Speaker:** Mr Houghton.

**Mr Houghton:** Thank you, Mr Speaker.

I am sure you know what I am going to ask you next, sir. (*Laughter*) May I ask the Minister... If the Bemahague School is built as soon as possible, there will be plenty of parking up there, (**A Member:** Hear, hear.) and that will alleviate one of the areas in the Hon. Member's constituency of West Douglas, sir.

**A Member:** Well done.

**Mr Corkish:** Thank you.

**The Speaker:** Outwith the Question. Question 6.

*(Interjection by Mr Karran) (Laughter)*

Hon. Member for Onchan, Mr Karran.

**Mr Karran:** In view of the statement made by the Minister that there is going to be no extension as far as the leaving age is concerned, would the Shirveishagh see whether she can work with the DTI to see whether we can find more productive ways of creating vocational education for those who are not academic, and to see whether there is any way of getting more initiatives to get businesses to take on apprentices?

**A Member:** Hear, hear.

**The Speaker:** I rule that question, interesting as it is, out of order and outwith the Question on the Paper.

## LOCAL GOVERNMENT AND THE ENVIRONMENT

### Kerbside waste collection Pilot scheme in east

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

- (1) Will you provide details of the proposed kerbside collection scheme for the eastern part of the Island;
- (2) will the pilot scheme for the above go out to tender and if not, why not; and
- (3) what are the full costings of the pilot scheme?

**The Speaker:** Question 6, Hon. Member for Onchan, Mr Quirk.

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

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

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

This follows extensive research by the Department, working in conjunction with the Island's local authorities, into options for, and the cost of, implementing a kerbside collection scheme on the Isle of Man.

Subject to Tynwald approval for funding, the proposed first phase – and I repeat it is a first phase, not a pilot scheme – of kerbside collection is intended to take place in the local authority areas of Braddan, Douglas and Onchan. The first phase is planned to commence in October 2008, collecting, on an alternate-week basis, the following items: mixed newspaper and magazines; mixed glass in bottles and jars; ferrous and non-ferrous food and drink cans; aerosols; aluminium foil; and plastic bottles. **(A Member:** Hear, hear.)

The main purpose of the scheme is to decrease the amount of valuable resources currently being disposed of at the Energy from Waste Facility. The scheme will be subject to ongoing monitoring and evaluation, the outputs of which

will be used to inform any further expansion of the scheme to other areas on the Island. Existing local authority services for collection of refuse will not be affected.

In answer to part (2), under the provisions of section 65 of the Public Health Act 1990, it is a function of a local authority, or, if so desired, the Department, to collect waste materials from households. Local authorities may, if they so desire, provide the service themselves through a contractor or through an agreement with another local authority. Following a meeting of members from the three local authorities included in phase 1, held in December 2007, the partner authorities agreed that Douglas Corporation should undertake the kerbside collection for all three authorities. This partnership agreement will be formalised through a memorandum of understanding between the partner authorities. Therefore, there is no requirement for the operation of the kerbside collection to go out to tender.

With regard to the final part of the Hon. Member's Question, I am unable to provide costings to the scheme, as Tynwald will shortly be asked to approve the scheme as part of the budget-setting process in February 2008, and I cannot provide costings in advance of this.

**The Speaker:** Mr Quirk, a supplementary.

**Mr Quirk:** Thank you, Mr Speaker.

I would thank the Minister for his informative run-out of information, but could I ask on item (1): could the Minister not give to this Hon. House some information of how this scheme has come together for this kerbside collection to the East, as Hon. Members will be asked to endorse a load of money for your Department in the future? Could he not give us the information first, so Members can evaluate it themselves?

**The Speaker:** Minister for Local Government and the Environment.

**The Minister:** Mr Speaker, I think I am on record as inviting the Hon. Member, and all other Members, to come and talk to the Department. I do not believe that we can easily resolve many years of waste issues by a series of Questions and supplementaries in this House.

The issue has not just been thrown together. We have done extensive research with the facilitator from off Island. We are attempting to provide and co-operate with local authorities – which I believe is what I have been tasked by Tynwald Court to do – in order to give them meaningful purpose, which is Government policy. We are attempting to try and ensure that the Island responds positively to the issue of waste, and I believe that this is a pragmatic approach to say we will commence our kerbside collection.

The Hon. Member has numerous questions regarding this issue. I would invite him again to the Department: let us come and talk about it.

**The Speaker:** Hon. Member, Mr Houghton.

**Mr Houghton:** Thank you, Mr Speaker.

Would the Hon. Minister not agree with me that, really, more practically, bring sites would be a better **(A Member:** Hear, hear.) thing to have; bring sites put in more accessible locations *(Interjection)* near people's homes, rather than the waste of wagons going on a second trip round, collecting

kerbside-collection items in separate containers?

**The Speaker:** Minister to reply.

**The Minister:** Mr Speaker, I think bring banks are an exceptionally good and positive idea, which will continue to be enhanced and improved around the Island. I look forward to the Hon. Member's support when I come forward with initiatives to try and make more efficient the current level of local authority waste collection, (**Mr Houghton:** Hear, hear.) which is extremely inefficient and is done by large numbers of vehicles – far more than the Island needs. That, to me, is where we could be, and should be, introducing efficiency into waste collection.

**Mr Cretney:** Hear, hear.

**The Speaker:** Hon. Member, Mr Quirk.

**Mr Quirk:** Thank you, Mr Speaker.

Just reference to number (2), regarding the tender documents: how has the Minister evaluated the costs for this particular scheme, if he has not tested it to tender for its costings? I wonder how Treasury can give support, if it has not been tested as value for money for the taxpayer, never mind the ratepayer.

Could I ask the Minister, as a supplementary to that as well: regarding bring sites, is he aware, too, that his own Department 'shafted' a number of schemes in Onchan because his Department did not want them? Is the Minister aware of that?

**Mr Cretney:** 'Shafted'?

**The Speaker:** Minister to reply.

**The Minister:** I think the radio, this morning, talked about the Hon. Member's obsession with this issue. When working as a member of the local authority, both as an employee, but also a Commissioner, the Hon. Member was heavily involved in the waste issues.

I attended, along with my colleague for South Douglas, Mr Malarkey, last week, a meeting on waste, where a Commissioner of Onchan raised the same issue as the Member for Onchan raises again today about this facility and bring sites in Onchan. We could not empty it. The practicalities of where it was sited meant that there had been no co-operational work with us to ensure that we could actually access the site to empty it.

The Hon. Member talks about tenders and costs. I repeat that I invited – as I said at that meeting – the three local authorities into my Department and said: 'We are doing this. We have an urgent imperative to do this. You can either collaborate together, or we can do it outside of yourselves.' If we were doing it, we would have had to go down a tendering process. It is a local authority facility, a local authority function.

If the Hon. Member wants me to trawl all over his old local authority, then give me the powers to do so. Otherwise, I will try and co-operate with them, but this issue is being moved forward in partnership with local authorities, which I believe most Hon. Members would prefer, rather than a wholesale reform of local authorities.

**The Speaker:** Mr Gill.

**Mr Gill:** Could the Minister confirm that when he makes the helpful offer to Members to come and speak with him – or, indeed, his ministerial colleagues make the same offer – that is in no way a substitute for answering Questions legitimately put (**Several Members:** Hear, hear.) in this House, or in another place, sir?

**The Speaker:** Hon. Member, if you wish to answer, Mr Shimmin.

**The Minister:** I do, Mr Speaker, because it is a telling question, once again, from the Member for Rushen, who can be pedantic about such things, and try and infer a level from our answers. The reality is that this is a debating Chamber, this is a Question session, and that is not the best place to facilitate an arsenal of information with regard to an issue as complex as waste.

I would welcome the Hon. Member putting down a motion so we can actually hammer it out in debate, but a series of back and forward questions is not the appropriate way to provide information to help Hon. Members, and indeed, I would suggest, the public.

**Mr Cannan:** That is your opinion!

**The Speaker:** Final supplementary, I think, Mr Quirk.

**Mr Quirk:** Thank you, Mr Speaker, for your guidance there.

I would just wonder whether the Minister would ask the million-dollar question, as far as I am concerned: is he happy for his Department, really, to act as a regulator or does he want to run the whole waste system for the Isle of Man and then circumvent local authorities? Would he not agree that his Department is a regulator and not an operator?

**The Speaker:** Minister to reply.

**The Minister:** I am grateful for the Hon. Member highlighting the questions that he was going to deliver to me today at his interview last night on the radio. (*Laughter*)

I would prefer the Hon. Member knows my view, and the times that he has spoken to me, that I agree we should be a regulator... (**A Member:** Hear, hear.) However, the absence of local authorities, on which he was a member and is fully aware of the contentious nature going on within those local authorities... therefore, at times, somebody has to step in in the absence of others carrying-out the function.

We are here to serve the people of the Island. That includes the area that he used to represent and now purports to still represent in a different capacity. We have a responsibility to collect waste. If the local authorities could not co-operate to do that, we have to come in but I have no intention of being an operator unless we can find no more suitable alternative.

**The Speaker:** Mr Malarkey.

**Mr Malarkey:** Thank you, Mr Speaker.

Would the Minister not agree with me that the local authorities should be congratulated for finally getting round

the table with his Department to move this issue forward for the good of the ratepayers and it is nice to see some co-operation amongst the authorities?

**A Member:** What kind, though?

**The Speaker:** Minister.

**The Minister:** What is nice, Mr Speaker, is to see an Hon. Member in this House recognising three local authorities working so well together to provide a service to their people. I believe that that is the way forward and I thank the Hon. Member for pointing that out. (*Interjection*)

### **First-time buyers' and local authority housing Planned development**

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

*In view of the refusal of planning permission for application 06/02245/B (Crossag Farm) what steps are you taking to press forward the proposed housing development at Ridgeway Road, Onchan, and other developments for first-time buyers' housing or local authority housing?*

**The Speaker:** Question 7. I am not broadening this out into a debate, we can debate this in another place.

Question 7. Hon. Member for Onchan, Mr Karran.

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

**The Speaker:** I call the Minister for Local Government and the Environment, Mr Shimmin.

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

Clearly, my Department is disappointed that planning permission for the Crossag Farm development was refused but we remain committed to developing new homes for rent and first-time buyers. The Department's service delivery plan has just been completed in the light of this decision and over the next years, 2008-10, we still expect to complete 250 first-time buyer homes and an additional 231 new public sector homes, whilst a further 256 public sector homes will be replaced.

The Crossag Farm development would have produced an additional 102 first-time buyer homes and 65 additional public sector homes, had it received planning approval.

My Department will continue to progress proposals for affordable housing developments as quickly as possible. There will, however, always be the problem of developing sites in a way that can produce affordable homes in a cost-effective manner, which overcomes local objections and meets the planning requirements.

The Hon. Member for Onchan, Mr Karran, has enquired about Ridgeway Road in Onchan and he will be aware that, last October, my Department held a meeting with local homeowners and the Commissioners about the proposal to build 24 first-time buyer houses on this site. Feedback from

adjacent owners was not positive about affordable homes being developed on their doorstep and, certainly, not at anything like a viable density. Amended plans are currently being produced and we will again present the proposals to the group for comment but we cannot indefinitely delay such schemes if we are to meet the tough targets we have set for ourselves.

Mr Speaker, there is a general acceptance that affordable housing is required, particularly for first-time buyers, but there is also a strong view amongst some people, including some Commissioners, that greenfield sites should not be developed or, if they are, they should be developed at low densities. These are obviously conflicting views which create a great tension and put significant pressure on land use, land values and, of course, affordability.

Mr Speaker, I assure Hon. Members my Department remains committed to pushing forward with proposals for public sector and first-time buyer housing. The set-back at Crossag Farm will not dampen our enthusiasm for providing these affordable homes but, inevitably, every planning refusal creates a great deal of additional work, which results in delays and additional costs.

**A Member:** Hear, hear.

**The Speaker:** Hon. Member, Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, would the Shirveishagh not agree that one does not question the sincerity in the commitment of his Department but 80 homes for first-time buyers in each of the next three years really is... it is better than nothing, but it is not a lot better than nothing, as far as the issue is concerned? Would the Shirveishagh not agree that to have, sorry, 83 homes I should say on average over the next three years, of which we are going to have 80 other homes for the public sector...

Would the Shirveishagh just clarify in this Hon. House that the ones that are going to be replaced are not going to be part of the position of their being counted twice, as far as the homes that are being built in the next three years? Could the Shirveishagh consider that maybe allowing Hon. Members of this Hon. House who have alternative ways of dealing with the first-time buyers not to use the executive block vote to stop any Private Members' Bills coming up in the future, in order to see whether they could be more successful in helping him in his commitment to have an inclusive society?

**The Speaker:** Minister to reply.

**The Minister:** Mr Speaker, I apologise if I do not pick up all of those issues. I would repeat what I said in my statement to begin with – which was to try and clarify that they were not double-counted – that there will be, in the three years, 250 first-time buyer homes, 231 new public sector homes and a further 256 public sector homes will be replaced. Therefore, they are not double-counted.

Is it enough, Mr Speaker? No it is not. We in my Department live with the waiting lists particularly for first-time buyers and public sectors which are too long and I apologise to the people of the Island we are unable to deliver that more quickly.

I would certainly work with the Hon. Member and others who have for years been arguing, trying to get new affordable housing into the marketplace. I would appreciate

the opportunity of talking with them regarding his Private Members' Bill. I know he has been here before. I would like to have a look and discuss that with him, rather than block vote, saying 'No'. I do know there have been problems in the past: doing work together to iron them out, that would be helpful to everybody.

**The Speaker:** Hon. Member, Mr Quirk.

**Mr Quirk:** Thank you, Mr Speaker.

Could I ask the Minister that in the October meeting, too, there were a number of Hon. Members there who represent the Onchan district... could I ask him when is the revised plan, or when will the revised plans be available for inspection? Could he give us a date, which is most important?

**The Speaker:** Minister to reply.

**The Minister:** If I quote from my answer, Mr Speaker:

'Amended plans are currently being produced and we will again present the proposals to the group for comment but we cannot indefinitely delay such schemes if we are to meet the touch targets we have set for ourselves.'

If I had a date available, (*Interjection*) I would provide that to the Hon. Members –

**Mr Quirk:** Could he provide it to us?

**The Minister:** Mr Speaker, the Hon. Member is continuing to ask. I have not got that date available: that date has not been identified and we will provide it as soon as we are able to, sir.

**The Speaker:** Hon. Member, Mr Cregeen.

**Mr Cregeen:** Thank you, Mr Speaker.

I wonder if the Minister could clarify: he stated that 60-plus additional local authority houses in Crossag Farm... was it additional or replacement and would he also confirm that one of the concerns from the Appeal Inspector was the density of the development for a reason of refusal?

**The Speaker:** Minister to reply.

**The Minister:** I can quote from my original Answer, Mr Speaker

'Crossag Farm development would have produced an additional 102 first-time buyer homes and 65 additional public sector homes.'

That gives a total of 167, whereas the whole scheme had over 250 houses involved. Therefore, some would have been refurbishments, as well. There were a number of reasons why the Crossag Farm inspector found against us and, as I pointed out in my original Answer, the majority of objectors will always oppose the – as they see it – over-development of a site, which site is to be developed as low densities and they are, therefore, no longer affordable as first-time buyer houses.

**Mrs Craine:** Shame.

**The Speaker:** Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, I welcome the reply from the Minister and I hope that we can work together on such other proposals (**A Member:** Hear, hear.)

Would the Shirveishagh not agree that, with the fact that it is only going to be 80 and 83 for first-time buyers' houses, what does his Department actually think is the optimum number that we require in order to keep on top of the housing situation at the present time over the next three years, if he had the ability to produce such amounts of housing in order to relieve the housing crisis?

**The Speaker:** Minister to reply.

**The Minister:** Mr Speaker, I hope the House will forgive me for not speculating: more than we have got scheduled but, certainly, that is availability of the land and the budgets to do it.

I believe Government and the people have been enormously generous in the amount of monies that they have put into this area of housing but, as with the rest of the modern world, there will never be enough. Certainly, I would like to see us being able to develop more than the figures I am able to offer today, which is why we are re-evaluating the Crossag situation to see what we can get from those schemes and bring them forward.

## TOURISM AND LEISURE

### TT 2008 Race officials

1.8. The Hon. Member for Douglas North (Mr Houghton) to ask the Minister for Tourism and Leisure:

*Will you make a statement to this House regarding the recent appointments of senior officials to run the 2008 TT races?*

**The Speaker:** Question 8. Hon. Member for Douglas North, Mr Houghton.

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

**The Speaker:** I call the Minister for Tourism and Leisure, the Hon. Member for Onchan, Mr Earnshaw.

**The Minister for Tourism and Leisure (Mr Earnshaw):** Thank you, Mr Speaker.

Mr Speaker, I thank the Hon. Member for Douglas North for his Question concerning TT 2008. ACU Events Ltd were appointed to organise the TT races as of 1st January 2008 for a period of three years. As race organiser, it is their responsibility to engage all necessary suitably-qualified officials for the purpose. In doing so, they have borne in mind the desire, on the part of the Department of Tourism and Leisure, to engage the best possible Isle of Man-based officials, where practicable, and to ensure a well-managed succession planning programme was put in place, something that I am pleased to report I believe has been achieved.

The appointments of these senior roles is not something either ACU Events Ltd or the Department of Tourism and Leisure wanted to see rushed, as what is most important is that the best-qualified people ultimately form the team. Obviously, where a change of organiser is involved and a new team is to be forged, there are many time-consuming matters to consider in order to achieve the desired results and to ensure a balance of experience and new talent. However, Mr Speaker, less than one month into ACU Events Ltd engagement, all senior official positions are in place and we said, when we brought ACU Events Ltd in to run the racing side of the TT, that we would be looking to have a mixture of highly-qualified Manx and ACU personnel running the races and that is exactly what they have done.

The officials are listed in the supplementary regulations which have recently been released to teams and competitors for the 2008 TT races on the Mountain circuit and are as follows: Clerk of the Course is Mr Eddie Nelson of ACU Events Ltd; two Deputy Clerks of the Course have been appointed, Mr Phil Taubman and Mr Peter Cain, the former who is involved with the Southern '100' Club and the Manx Motorcycle Club and the latter with the Manx Motorcycle Club and the Andreas Racing Association; the FIM steward will be Don Ryder of ACU Ltd; and two ACU stewards have been appointed, both from the Manx Motorcycle Club, Mr Martin Moore and Mr Geoff Karran; there are two chief technical officers, Dr Paul King and Mr Trevor Shelton of ACU Events Ltd; a technical steward, Mr Colin Hurst, of ACU Events Limited, who has experience at British Superbike and MotoGP levels; chief timekeeper will again be Mr Kevin Brookes from the Southern '100' and Manx Motorcycle Clubs; the chief medical officer will be Dr David Stevens, MBE, of the Southern '100' and Manx Motorcycle Clubs; the chief incident officers will be Mr Alan Killip and Mr Ned Bowers of the Manx Motorcycle Club; the chief marshall will be Mr Roger Hurst; the chief press officer is Mr Simon Crellin; the rider liaison officers are well-known local competitors, Johnny Barton and Richard Quayle; the secretary of the meeting is Emma Connop of ACU Events Ltd.

I think many of these have already been reported in yesterday's *Isle of Man Examiner*, Mr Speaker.

**The Speaker:** Mr Houghton. A supplementary.

**Mr Houghton:** Thank you, Mr Speaker.

I would like to thank the Hon. Minister for Tourism and Leisure for his statement this morning. Can he confirm the value of the three-year contract that his Department has with the ACU, sir?

**The Speaker:** Mr Earnshaw, Minister for Tourism and Leisure.

**The Minister:** I am sorry, Mr Speaker, I am not quite sure that I understand the question, when –

**Mr Houghton:** How much is the contract?

**The Minister:** Well, I do not have in my brief how much the contract is. If it is the financial implications that he is looking for, I have not got all the details but I am happy with the budget requirements of ACU Events Ltd, which indicate an overall cost-saving based on previous years with the Manx

Motorcycle Club. The budget provision has been agreed by Treasury via their normal procedures.

**The Speaker:** Mr Houghton.

**Mr Houghton:** Thank you, Mr Speaker.

May I ask if the Hon. Minister would circulate that information and that financial information amongst Members, sir?

The second part of my question, Mr Speaker: can the Minister give reassurance that there are no further repercussions going into the marshalling incident at the 26th milestone and will that reassure marshals that further marshals will sign on for 2008?

Can he confirm now that scrutineering will take place of each motorcycle before each event, each time, each occasion, it goes out onto the course, sir?

**The Speaker:** Minister to reply.

**The Minister:** Firstly, I am comfortable in circulating the information that I have read out to Members, if that is Members' wish.

**Mr Houghton:** Financial information.

**The Minister:** Yes, I can confirm some of the financial information that I have read out.

The Hon. Member is seeking reassurance about the marshals: I cannot really answer that one. I think a lot of work has been put in to give a level of comfort for the marshals regarding the activities that took place last year, which were regrettable. (**Mr Houghton:** Hear, hear.)

There is a lot of training going on this winter. I think the relationship between the organisers and ACU Events Ltd, the Department of Tourism and Leisure and the Marshals' Association is a very good one. As far as I am concerned, I am very optimistic that things will be perfectly satisfactory regarding the marshalling situation.

Scrutineering is something the Hon. Member has referred to. To the very best of my knowledge, I believe all bikes will be scrutineered, (**Mr Houghton:** Hear, hear.) prior to going out on the circuit each time.

**The Speaker:** That brings us to the end of Question Time.

**Standing Order 3.5.1(2) suspended  
to take remaining Questions for Oral Answer**

**The Speaker:** Hon. Member, Mr Houghton.

**Mr Houghton:** Thank you, Mr Speaker.  
I beg to move:

*That Standing Order 3.5.1(2) be suspended to permit the remaining Questions for Oral Answer to be taken at this sitting.*

**The Speaker:** Mr Quirk.

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

**The Speaker:** Is that agreed, Hon. Members?

*It was agreed.*

### **Tramways rolling stock Conservation**

1.9. The Hon. Member for Douglas North (Mr Houghton) to ask the Minister for Tourism and Leisure:

*Have you adopted the conservation policy on tramways rolling stock set by the previous Minister, and if not, why not?*

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

**Mr Houghton:** Thank you, Mr Speaker.

I beg leave to ask the Question standing in my name, sir.

**The Speaker:** Again, I call the Minister for Tourism and Leisure, Mr Earnshaw.

**The Minister for Tourism and Leisure (Mr Earnshaw):** Thank you, Mr Speaker.

My predecessor entered into an agreement with the Manx Electric Railway Society, with regard to the operation of the MER and its rolling stock. While this has often been referred to as a conservation policy, in fact it was rather more expansive.

At my first meeting with the Manx Electric Railway Society, I was asked to sign up to the same policy, and I declined to do so. This was on the basis that, whilst I am comfortable working in partnership with others with shared aims, I am less comfortable establishing and committing policy on the basis of a third-party agreement with a voluntary sector group.

At a practical level, one aspect of the conservation policy which is directly relevant to the conservation of rolling stock was an agreement that the Department would not dispose of any rolling stock without the specific approval of the Minister. I am happy to reaffirm that my Department will not dispose of any rolling stock without my approval.

I would add that we are, at present, in consultation with various interested groups regarding the contents of Homefield depot which, as Hon. Members already know, will no longer be available, unfortunately, to the Department, once the lease expires early next year.

**The Speaker:** Mr Houghton.

**Mr Houghton:** Thank you, Mr Speaker.

Mr Speaker, may I ask the Minister if he would consult with interested Members, before he makes any approval for disposal of such high-value rolling stock, sir?

**The Speaker:** Minister.

**The Minister:** Yes, I think I have already covered that, Mr Speaker. I am quite comfortable doing that.

**The Speaker:** Mr Quirk.

**Mr Quirk:** Thank you, Mr Speaker.

Can I ask the Minister: would he organise a small trip of individuals who would like to see the Homefield garage and the contents therein?

**The Speaker:** Minister.

**The Minister:** Yes, I have no problem at all in arranging that, Mr Speaker.

**The Speaker:** Mr Houghton.

**Mr Houghton:** Finally, Mr Speaker, may I ask if the Minister would *consider*, like his predecessor, putting together a proper conservation policy, so that his Department can concentrate their minds on that policy, reassurance can be given to outside interested organisations, and also Members of this Hon. House, sir?

**The Speaker:** Mr Earnshaw.

**The Minister:** Yes, well, I do not think I want to sign a policy. That was my original stance and it is one that I want to maintain. But I have studied the conservation policy that was in place, and I can see nothing in there that I am not adhering to, anyway, Mr Speaker.

**Mr Houghton:** Sign up to it, then.

**The Speaker:** Hon. Members, that brings to a close the Questions for Oral Answer.

Item 2 on our Order Paper is Questions for Written Answer, which will be shortly circulated.

## Questions for Written Answer

### **CHIEF MINISTER**

#### **Judiciary and Chief Constable Appointment and accountability**

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

*Will you please state in relation to (a) the judiciary and (b) the Chief Constable –*  
*(i) how and by whom are appointments made;*  
*(ii) to whom these officers are accountable;*  
*(iii) how and in what circumstances they may be relieved of their appointments?*

**Answer:** (a) The Judiciary:

For the purposes of clarity, the definition of judicial appointment in respect of this Answer includes the First Deemster, Second Deemster, Deputy Deemster, High Bailiff, Deputy High Bailiff and magistrates, each of whom are governed by separate terms and conditions. In our democratic system the judiciary is completely independent

from Government and so judicial appointments are made by the Crown.

(i) The appointments of the First Deemster, the Second Deemster and the Deputy Deemster are made under the provisions of Section 3 of the High Court Act 1991.

The appointment of the High Bailiff and the Deputy High Bailiff are made under the provisions of Section 1 of the Summary Jurisdiction Act 1989.

Current arrangements for judicial appointments are that the position is advertised publicly and an *ad hoc* advisory appointments committee is established to examine applications, shortlist and interview.

In respect of the appointment of the First and Second Deemster, the Lieutenant Governor forwards the recommendation of the appointments panel to Her Majesty, through the Ministry of Justice with the supporting information for the recommendation.

In respect of the Deputy Deemster, High Bailiff and Deputy High Bailiff, the advisory appointments committee makes a recommendation to the Lieutenant Governor who then makes the appointment.

Magistrates are appointed by the Magistrates Advisory Committee which is a non statutory body comprising the First and Second Deemsters, HM Attorney General, the High Bailiff and the Chairman and Vice Chairman of the Magistrates' Association. Following a publicly advertised recruitment process a recommendation is submitted to the Lieutenant Governor for approval.

(ii) Each judicial position is ultimately accountable to the person who appointed them.

(iii) The holder of a judicial office may be relieved of their appointment following a recommendation to Her Majesty or to the Lieutenant Governor.

(b) The Chief Constable:

(i) The Chief Constable is appointed by the Department of Home Affairs after consultation with the Council of Ministers. Section 2 of the Police Act 1993, as amended, requires the Department, on a vacancy occurring, to advertise the vacancy, interview the applicants, and give due consideration to the views of the Council of Ministers before making an appointment;

(ii) The Chief Constable is accountable to the Department of Home Affairs insofar as the Department is responsible for determining the policies, objectives and priorities of the police force. In order to achieve this, the Department may give the Chief Constable general directions in writing as to the exercise of his functions and require him to furnish such information, or make a report in writing, on the exercise of his functions or other matters connected with the policing of the Island.

In order to provide independent oversight in relation to the Chief Constable complying with and meeting the policies, objectives, and priorities set by the Department the Police Advisory Group has been tasked with monitoring performance in compliance with these directions and reporting back to the Department;

(iii) The Department of Home Affairs may dismiss the Chief Constable if it appears to be in the interests of the efficiency and effectiveness of the police force, or otherwise in the public interest, to do so after giving the Chief Constable the opportunity to make representations to the Department. The Chief Constable may appeal against such a decision to the Council of Ministers who must hold an inquiry.

## TREASURY

### Archallagan landfill site Financial evaluation

2.2. The Hon. Member for Onchan (Mr Quirk) to ask the Minister for the Treasury:

*Can you confirm that the proposed Archallagan landfill facility received concurrence from Treasury before a planning application was submitted, and if so can you provide the full details of the financial evaluation of the proposals?*

**Answer:** The proposed Archallagan landfill facility was first presented to Treasury in November 2006 and more recently in April 2007 by the Department of Local Government and the Environment, coinciding with completion of Stage 3 of Government's Capital Procedures at which the business case had been finalised. This is in accordance with the standard format for all major projects and acknowledged the requirement for the Department that they would still need to seek planning approval for the scheme.

Treasury concurrence to the appointment of the design team had been granted much earlier, in August 2002, although it is recognised that this project had been placed on hold for some significant time during the interim period.

The current capital estimates shown in the budget for 2007-08 in respect of the item described as 'Landfill Site – Inert/Emergency/Ash Phase I' (Page 64 of the Pink Book for 2007-08) show as follows:

Design Fees (pre-contract)	£550,000
Construction	£3,830,000
(These costs may be subject to change in the budget for 2008-09)	

The financial proposals presented by the Department of Local Government and the Environment in their submission were in two parts; the first addressed the anticipated capital cost of the project spread across a development programme assuming a 30-year life for the whole of the site. The total estimated cost of the scheme being some £11 million.

The second part of the financial proposal considered alternative options of acquiring landfill disposal from the private sector, who would provide their own site for waste disposal over the same time period of time. It was acknowledged that the private sector providers could not fulfil the requirement to secure a disposal route for all types of waste.

As part of the stage 3 review Treasury considered the summary details of the estimated civil and construction costs proposed in the outline programme by the Department and evaluated the sensitivity and modelling of the effects of the phasing of capital expenditure for the construction of the separate cells within the overall scheme.

In providing its approval in principle to the Department to proceed with its detailed design and method of procurement, Treasury has requested that the Department provide regular updates on the project to ensure that a greater reliance and assurance as to the financial implications of the scheme can be closely appraised and monitored. At this stage of the process the capital projects co-ordinator together with the

design team have confirmed their opinion that the project represents value for money.

In light of the review Treasury was persuaded to support the Department's proposal that the Archallagan option was not only the most favourable financially but also strategically because it placed this essential all-Island facility under Government's direct control.

### **Pleasure craft duty derogation Consultation and withdrawal**

2.3. The Hon. Member for Douglas North (Mr Houghton) to ask the Minister for the Treasury:

- (1) *Do you intend to withdraw the pleasure craft duty derogation in the future; and*
- (2) *if so will you consult with the Members before a decision is reached?*

**Answer:** It is not for the Treasury to withdraw the derogation governing the supply of fuel to pleasure craft. The derogation is, in fact, one that was allowed to the United Kingdom under the EU Energy Products Directive, permitting it to continue an arrangement whereby private pleasure craft could receive rebated fuel. The UK was unsuccessful in seeking a further extension in October 2006 and intends to implement the relevant provisions of the Directive from November 2008.

The Island is affected because, under the terms of the Customs and Excise Agreement, its rates of excise duty on such fuel are maintained so that they correspond with those charged in the UK. However, the details of the duty-rate the UK intends to charge, and how it might be administered, have not yet been announced, a public consultation exercise having only ended in October. An announcement is expected in the UK Budget.

When the duty-rate and other arrangements are finalised these will require legislative changes that will, of course, be put before Members in the usual way.

#### **Additional Information for the Minister**

The excise duty rates for fuels supplied to pleasure craft in the Island are effectively governed by paragraphs 3 and 6 of the Customs and Excise Agreement 1979, and, as in the UK, diesel fuel supplied for marine use – by fishing vessels, other commercial users and pleasure craft – is supplied in the form of 'red diesel'.

Red diesel is charged with excise duty, but at a considerably lower rate than for normal 'white' diesel. Currently, the comparative rates are 9.69 pence and 50.35 pence per litre.

Paragraph 3 requires the Island to maintain its law relating to the management of Customs and Excise revenues (which includes the excise duty on hydrocarbon oils) and associated control functions correspondent with that of the UK, and to legislate to maintain that correspondence wherever necessary.

Paragraph 6 obliges the Island to keep relevant duty-rates in line with those in the UK, and subject to the same conditions and reliefs. Paragraph 6 does allow for the Island to have a supplementary rebate of up to 2.2 pence per litre on oil used in the Island, but any other departure from

duty-rate or system of relief requires the agreement of both Governments.

In turn, duty-rates in the UK are subject to the requirements of the EU Energy Products Directive, Council Directive (EC) No. 2003/96. This Directive restructured the framework for the taxation of energy products and *inter alia* prescribed minimum rates of duty for mineral oils used for particular purposes. One of the effects of this Directive, which came into force in October 2003, was to require that diesel fuel used for powering marine pleasure craft should be subject to the normal rules for duty-rates, and not be permitted any special relief. However, the UK secured a derogation to allow it to continue to allow pleasure craft the use of rebated gas oil (or 'red diesel') at a rebated rate. This continued a derogation allowed since 1992 under previous EU legislation, but an expiry date of 31st December 2006 was set.

Thus gas oil supplied to pleasure craft in the UK and Isle of Man continued from the reduced duty-rates due on such fuel. In October 2006 the UK formally requested a further extension of the derogation to 2011. However, this request was rejected by the Commission, which, in doing so, pointed out that the UK had had since 1993 to adapt to the known requirements of Community law in this regard.

However, HM Revenue and Customs (HMRC) had announced in December 2006 that no immediate change of applicable duty-rates was to take place on 1st January 2007. It stated an intention to undertake a consultation exercise with the boating sector on the most appropriate means of implementing the changes required. It also said that primary legislation would be required in the UK to give effect to any changes – this probably meaning by means of a Budget announcement, followed by provisions included in the Finance Act 2008.

The arrangements (administrative and enforcement) that the UK intends to have in place after 1st November 2008 have yet to be announced – the consultation undertaken by HMRC having formally ended on 31st October 2007. HMRC has stated that its favoured option is to continue to allow 'red diesel' to be available – but for suppliers to be made responsible for collecting any additional duty due on sales to pleasure craft.

Boat owners' groups have stated that they would prefer a system allowing individual boat owners to be able to account for any additional duty, on a 'self-regulation' basis.

It should be borne in mind also that the UK has encountered considerable problems with misuse of rebated fuel in recent years, particularly in Northern Ireland, and has only recently carried out a nationwide exercise involving increased roadside tests of vehicles. This factor is likely to be taken into consideration when a decision is reached on the future regime for supplies of marine fuel. Red diesel is, of course, apart from its red dye and chemical marker, exactly the same fuel as normal 'white' diesel, and so capable of being used in any diesel vehicle. The opportunities for smuggling of gas oil from the Island to the UK and Ireland, should there be a significant differential between theirs and Island duty-rates, are obvious, and could give rise to increased Customs control activities involving boats from the Island, and difficulties for those going from the Island to either place.

In the UK Budget in March 2007 the Chancellor announced that private pleasure craft owners would continue to be able to use rebated fuel until 1st November 2008.

Following this, in August 2007, HM Revenue and Customs launched the promised consultation exercise, which ended on 31st October.

It should be borne in mind that, notwithstanding the changes affecting private pleasure craft, commercial vessels (including fishing vessels) will continue to be eligible to use rebated fuel. In fact, fishing vessels and craft belonging to the RNLI can (and do) also recover the residual duty on rebated oil – and therefore effectively need pay no duty on their fuel.

Furthermore, vessels taking on fuel as stores for use on a foreign voyage can recover the duty charged on rebated oil. In order to claim, the vessel must be –

- of at least 40 net registered tons (NRT) and be leaving for a port outside the UK and Isle of Man;
- of at least 40 NRT and be leaving for a destination outside the 'Box' (the seas bounded by the latitudes 48°30'N and 61°1'N and longitude 12°0'W, the Skagerrat and the Kattegat);
- a tug of less than 40 tons NRT, but not less than 200 tons gross tonnage, leaving the UK for a port outside of the UK and Isle of Man; or
- a pleasure craft departing on a voyage outside of the 'Home Trade limits' (that is, south of Brest, or north of the north bank of the River Elbe).

As the UK and the Isle of Man form a common area for VAT, customs and most excise duty purposes, movements of vessels between the Island and places in the UK are not normally considered to be a 'foreign' voyage, nor a removal of goods or shipment of oil as an 'export'.

As regards VAT, supplies of fuel to foreign-going vessels are zero-rated and, as a concession, commercial vessels engaged in voyages in UK and Isle of Man territorial waters may also receive fuel free of VAT. Fuel supplied for use in boats used by charities providing rescue at sea (e.g. the RNLI) may also be supplied VAT-free. Finally, a supply of gas oil not exceeding 2,300 litres qualifies for being supplied VAT-free under the 'fuel and power' rules applied to supplies of energy products.

Jersey and Guernsey do not have an agreement with the UK covering excise duty on oil, nor are they bound by the provisions of the Energy Products Directive.

#### **Children in low-income households Figures for last five years**

2.4. The Hon. Member for Douglas South (Mr Malarkey) to ask the Minister for the Treasury:

*For each of the past five years for which figures are available, what percentage of children in the Isle of Man live in households which have less than 60 per cent of median income, calculated on a basis comparable with that used by the UK Government?*

**Answer:** The only data available to Treasury which can be of use in responding to this Question is derived from the Household Income and Expenditure Survey (HIES), held every ten years.

The results from the latest such survey are not yet all available but I can advise that from the collected data it would be estimated that in 2006-07 approximately 14% of children were living in households with income less than 60 per cent

of median household income for the Island.

Household income is calculated before deduction of housing costs to be consistent with one of the methods HM Government uses to present its data.

#### **LOCAL GOVERNMENT AND THE ENVIRONMENT**

##### **Waste Management Unit Accounts and staff duties, 2005 to date**

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

*Please could you provide financial statement and/or accounts for the Waste Management Unit from December 2006 to date, a breakdown of all duties and functions performed by staff for the above, and the wage accounts for the years 2005/2006/2007?*

**Answer:** The figures for the Waste Operations Management Unit for the years 2005-07 are contained in the Detailed Government Accounts, known as the Light Blue Book, a copy of which is held in the Tynwald Library.

Attached, for ease of reference, is Table 2.5A detailing the accounts for the Waste Operations Management Unit for the three years to 31st March 2007 and the figures to 30th November 2007. It is not possible to provide the information from December 2006, as this is part-way through a financial year, so the whole year's costs for the year end 31st March 2007 have been included. The breakdown shows salaries figures as requested. Wages for the landfill site are included in landfill costs.

The Waste Management Unit consists of seven civil servants who have a wide range of duties, and five Whitley Council workers which operate the landfill at Wright's Pit North and the Northern Civic Amenity Site.

The duties performed by the Waste Management Unit include:

- Review and implementation of the Waste Management Strategy
- Management of all the contracts associated with Waste Management, i.e. operating contract with the EfW, green waste contract, maintenance contract etc.
- Management and disposal of abandoned vehicles
- Management and operation of the recycling bring bank system
- Education programme for schools etc.
- Billing of waste charges under the user pays policy
- Advice on disposal and recycling options for the Island's public, Government Departments etc.
- Project management of building of infrastructure needed to implement the Waste Strategy
- Implementation of kerbside collection
- Management of landfill site operation and maintenance
- Carrying out waste audit
- Data collection and interpretation on waste arisings to inform the Waste Strategy
- Provision and review of subsidies for recycling
- Securing recycling and disposal routes for all the Island's wastes.

TABLE 2.5A

## Waste Management Accounts for the 3 years to 31/3/07

Expenditure	To 30/11/07 £	2006/07 £	2005/06 £	2004/05 £
Salaries etc	165,716	255,640	282,321	328,506
Administration expenses	2,986	12,897	23,535	26,980
Landfill sites	407,989	1,658,635	1,101,845	565,631
Recycling	212,509	632,707	553,562	727,506
Problematic waste etc.	0	139,167	125,167	75,387
Green waste	46,000	97,500	193,483	72,000
Civic Amenity Sites	91,272	163,336	177,138	144,378
EfW Lease Fee	3,403,590	3,403,590	3,403,590	3,591,483
EfW operating & fixed fees	4,938,323	7,362,484	7,425,669	
Loan charges	0	409,520	946,418	6,001,304 *see note
<b>Total Expenditure</b>	<b>9,268,385</b>	<b>14,135,476</b>	<b>14,232,728</b>	<b>11,533,175</b>
<b>Income</b>				
Waste charges received	1,148,182	1,610,854	1,896,135	2,411,322
EfW Lease Income	2,269,060	3,403,651	3,403,590	2,122,251
Sale of electricity	328,854	1,006,608	687,487	0
Civic Amenity Site Contribution	102,742	133,000	30,360	0
Miscellaneous	68,876	120,203	2,732	179,770
<b>Total Income</b>	<b>3,917,714</b>	<b>6,274,316</b>	<b>6,020,304</b>	<b>4,713,343</b>
<b>Net Expenditure</b>	<b>5,350,671</b>	<b>7,861,160</b>	<b>8,212,424</b>	<b>6,819,832</b>

\*For 2004-05 EfW operating costs and loan charges added together under loan charges in detailed Government accounts.

**Braddan Commissioners**  
**Evidence of £250,000 deficit**

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

*With reference to your Statement at Item Number 3 on the January 2008 Tynwald Order Paper, are you able to provide documentary evidence or accounts to substantiate the claim made in Tynwald that Braddan Commissioners have a deficit for the year ended 2007 of £250,000?*

**Answer:** Braddan Parish Commissioners contacted my Department in November 2007 when they became aware that the accounts for the year end 31st March 2007 would be showing a deficit circa £250,000.

My Department has reviewed the accounts and, subject to any final adjustment following audit, is content that this deficit can be substantiated. There are a number of adjustments that relate to prior years so the entire deficit did not occur in 2007. Finalised accounts have not been submitted to the Department due to outstanding issues relating to pensions provisions, which meant that until recently the Department was unaware of the extent of the deficits in 2006.

I am advised that Braddan Parish Commissioners were also unaware, indicating that the former Clerk had been reporting to them that they were in a surplus position, not a deficit.

My Department is working with the Commissioners to identify any savings, wherever possible, to reduce the deficit over the next three years.

**Planning**  
**Stop notices issued 2006 to date**

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

*Will you indicate the number of stop notices issued by the planning authorities, from December 2006 to date and the reasons why?*

**Answer:** The Department has issued three stop notices since December 2006.

The first of these notices was issued in respect of a property in Castletown on 10th August 2007 and related to certain demolition works that had commenced before the developer had received final planning approval for the overall building project and the demolition in particular.

The second stop notice was issued on 24th December 2007 to prevent the continued use of agricultural land in St John's for the deposit and processing of demolition waste, the raising of banking, the storage of derelict cars and the placement of Portakabin type buildings without planning approval. In addition to the notice requiring the cessation of such activities and uses, the notice also required the removal of demolition rubble and other materials, cars, vehicles, Portakabins and containers.

The third notice was also issued on 24th December 2007 in respect of another piece of agricultural land adjacent to the above site but, in addition to the removal of all processed demolition waste and other waste materials and the removal of the raised banking, the notice also required the restoration of the fields in question to their original state.

I am pleased to say that the stop notices have had the

desired effect. Planning approval was obtained for the Castletown development and the owners and operator of the St John's site are in the process of undertaking the necessary works to comply with the second and third stop notices.

## AGRICULTURE, FISHERIES AND FORESTRY

### Archallagan landfill site Foot-and-mouth carcase disposal

2.8. The Hon. Member for Peel (Mr Crookall) to ask the Minister for Agriculture, Fisheries and Forestry:

*If the unfortunate need arises would your Department support the use of the proposed Archallagan landfill site, which is a land rise with no hole, for the deposition of foot-and-mouth carcasses?*

**Answer:** In 2001, a cross-departmental group consisting of DLGE, DHA, DOT and DAFF was charged with addressing the problem of the safe disposal of animal carcasses arising from the control and eradication of Foot and Mouth disease. An officer group was set up, with DAFF as the lead Department, to examine the options which were, in order of preference:

1. Incineration
2. Rendering and incineration
3. Landfill in a contained engineered site
4. On-farm burial
5. Mass burial in an unprepared site.

Since 2001, facilities have been significantly improved in the Isle of Man, with the EfW now running and the AWPP, with its new rendering capacity, soon to be commissioned.

If an outbreak was confined to one or two infected farms and their immediate in-contact neighbours, then it is likely that a combination of 1, 2 and 4 would meet the disposal needs adequately.

However, given the nature of the disease and the structure of agriculture on the Island, it is unlikely that the disease could be contained in such a manner and an expanded outbreak would soon overwhelm the capacity of both the EfW and the AWPP. This is not unreasonable, given the huge cost to have sufficient contingency capacity on stand-by in such expensive facilities.

In such a scenario, the next best disposal route is option 3. This complies with our EU obligations and Manx legislation and was the route utilised by the UK at the end of the 2001 outbreak.

In 2002, the Officer Group reported to Council of Ministers and recommended that Option 3 was the best option for the Isle of Man and, in the absence of sufficient capacity in any of the existing municipal sites, a dedicated contingency site be developed. This recommendation was adopted in principle but the contingency site was not proceeded with.

The DLGE is now progressing the provision of a new contained and engineered landfill facility for all-Island use. When that facility is commissioned, whatever the location, it will be an approved and safe disposal route with the required capacity for animal waste and this Department will welcome it.

### Archallagan landfill site Forestry Division support

2.9. The Hon. Member for Peel (Mr Crookall) to ask the Minister for Agriculture, Fisheries and Forestry:

*Is the Archallagan landfill planning application fully supported by the Forestry Division of your Department and the political Member responsible for Forestry?*

**Answer:** The political member for Forestry, Mrs Cannell MHK, does not fully support the Archallagan landfill application and the Hon. Member will be aware that I have expressed my own concerns about this site when this matter was debated in Tynwald in the past.

The Forestry Amenity and Lands Division has raised potential issues over the impact of the proposed application in respect of Archallagan and assurances have been received from the Department of Local Government and the Environment (DoLGE) that they have been fully considered.

Some leisure activities may be temporarily curtailed and, again, extensive discussions have taken place with DoLGE to assess how such disruption can be minimised.

The Forestry, Amenity and Lands Division has developed a close working relationship with the DoLGE representatives and consultants and has negotiated a position which, if accepted, will deal with all the potential issues in an appropriate manner.

## Orders of the Day

### BILL FOR SECOND READING

#### Collective Investment Schemes Bill Second Reading approved

3.1. Mr Bell to move:

*That the Collective Investment Schemes Bill be read the second time.*

**The Speaker:** Item 3, Bill for Second Reading, Collective Investment Schemes Bill: I call on the Hon. Member for Ramsey, Mr Bell, Minister for the Treasury, to move the Second Reading, sir.

**Mr Bell:** Thank you, Mr Speaker.

As Members are no doubt aware, the Island has a significant funds industry which contributes to the Island's economic success. It is important that this industry is underpinned by a legislative framework which meets international standards and provides appropriate investor protection, whilst at the same time supporting the economic success of the Island's funds industry and the collective investment schemes operating within it.

The primary aim of the Bill is to ensure the legislative framework for collective investment schemes is transparent, user-friendly and appropriate to the different types of schemes

that are established, promoted, managed or administered in or from the Isle of Man. To this end, this Bill creates a modern framework that supports the current profile of schemes operated on the Island and is structured to clearly set out requirements for different scheme types.

It should be noted that the majority of provisions are based on the existing schemes provisions in the Financial Services Act 1988, which are repealed by this Bill. There are also some additional provisions appropriate to the new funds regime which was introduced in November 2007. The Bill will bring the legislation in line with international standards and meet the recommendations made by the Treasury-sponsored Funds Review Group in March 2007.

As this Bill is largely a consolidation of existing legislation, I do not intend reiterating all those principles which mirror current legislation. However, I should like to draw Members' attention to the provisions that represent change to the current legislation or are entirely new. The most significant of these are as follows.

**The domicile of schemes:** currently, schemes that are established in other jurisdictions which are managed or operated from the Island are treated as Isle of Man international schemes. However, such schemes are also subject to home regulations in the country in which they are established.

In 2003, the Overseas Schemes Order was introduced, which effectively allowed such schemes to elect to be exempt from all of the regulatory requirements associated with international schemes, even though, technically, they remain international schemes. This is confusing and difficult to explain in an international context.

The Treasury-sponsored Funds Review Group which reported in 2007 recommended that Isle of Man schemes regulations should no longer focus upon all schemes, wherever established. The Group proposed that the schemes regulations should instead deal with Isle of Man scheme structures only, together with schemes which are sold to the public in the Island. Therefore, those that are neither Isle of Man schemes nor those sold to the Manx public should not be subject to a specific set of Isle of Man regulations.

An Isle of Man scheme is a scheme that has an Isle of Man structure underpinning it: that is to say, an Isle of Man company, an Isle of Man trust or an Isle of Man limited partnership. Under the Bill, only Isle of Man schemes may be Isle of Man authorised international and exempt schemes.

However, where non-Isle of Man schemes are managed or otherwise administered in the Island, they are subject to certain intervention powers under the Bill. This is to ensure the Commission has a remit to act where it is appropriate to protect the Island's reputation or to reactively assist a sister regulator where the scheme is in difficulties or information is required. The functionalities of such non-Manx schemes, if operating in or from the Island, will be subject to the regulatory regime under the Financial Services Bill.

A key thrust of the Funds Review Group recommendations was to modernise and clarify the application of the scheme's law. The Bill is structured to ensure, for each scheme type, it is clear which provisions apply and which do not. In particular, the specific requirement for each of the Isle of Man scheme types and recognised schemes are set out in separate schedules of the Bill.

The requirements for authorised schemes in schedule 1, exempt schemes in schedule 3 and recognised schemes in schedule 4 are, in fact, consolidations of the requirements

of the 1988 Act.

The requirements for international schemes in schedule 2 have been updated to split these into full international schemes and other prescribed classes of international schemes. This is an important distinction, as it means, for the first time, the primary legislation will set out the requirements for a full international scheme, which include the Commission's prior consent for a manager to act for the scheme, and the other prescribed classes of international scheme, which are less prescriptively regulated.

This method of presentation is important for ensuring legislation is clear to users. The Bill introduces new requirements which are necessary for the proper regulation of the sector and to meet international obligations. These are as follows.

Managers and administrators of schemes will be required to satisfy themselves as to the reputation of other functionaries and the acceptability of the scheme's jurisdictional constitution, if this is not in the Isle of Man. This is an important safeguard, particularly for those schemes that are not authorised by the Commission. In these cases, it is important the manager or administration does his own due diligence, to ensure that the scheme and those associated with it are appropriate.

Managers and administrators of authorised and international schemes will be required to notify the Commission of certain matters relating to a scheme, its promoter or its governing body. The new provision will ensure that the Commission receives an early warning, where issues and potential issues arise and so will enable the Commission to intervene at the appropriate time.

The governing body of a scheme will be clearly responsible for ensuring that the scheme's documentation is up to date and accurate, and that the accounts of authorised international schemes are prepared and audited in line with prescribed regulations.

Finally, a whistle-blower obligation has been introduced to require auditors of schemes to disclose to the Commission irregularities identified by them in the course of their audit. This gateway provides a mechanism to allow auditors to give important information to the Commission at an early stage.

The Bill also updates the Commission's powers of intervention to ensure that they are appropriate to the type of schemes operated from the Island and to meet international obligations. This is necessary to ensure that adequate safeguards are in place and that a proportionate response can be given to issues that may arise. This is particularly important, because a majority of schemes are lightly regulated schemes, with few prescriptive requirements.

In particular, the Bill extends the Commission's powers to issue directions and empowers the Commission to appoint a person to advise the scheme or to assume the control of the scheme in specific circumstances. These intervention powers are balanced by an obligation on the Commission to notify functionaries of these actions, and the power to notify investors in the scheme where it is necessary and appropriate to do so.

Finally, Mr Speaker, the circumstances in which the Commission may make an application to court, to remove or replace certain functionaries or to wind up the scheme or to instigate an investigation, have been refined and updated.

Mr Speaker, I beg to move the Second Reading of the Collective Investment Schemes Bill.

**The Speaker:** Hon. Member, Mr Braidwood.

**Mr Braidwood:** I beg to second, Mr Speaker, and reserve my remarks.

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

**Mr Henderson:** Gura mie eu, Vainstyr Loayreyder.

Just some queries for the Shirveishagh. Can he confirm, for this House, if the draft legislation has been out for consultation with the so-affected industries, and what their general reaction is to this. Could he confirm or otherwise, whether he has basically got the full support or full majority support of the industry with this.

Second question, Vainstyr Loayreyder, is: now that we have seen the Treasury press release of 25th January, I think it is, with regard to possible tax changes within the UK – is it foreseen now that those possible proposals are measured against our legislation, if there is any conflict here in what we are doing? What is the Treasury Minister's answer to that – or no effect?

The third point: has the Treasury Minister had any feedback from the industry with regard to... although in an attempt to try and simplify everything, has this placed any undue restrictions on the industry to operate in this new manner, or is everybody fairly happy with it, Vainstyr Loayreyder?

**The Speaker:** I call on the Minister to reply.

**Mr Bell:** Thank you, Mr Speaker, and I thank the Hon. Member for his relevant questions.

The first question that he raised, Mr Speaker, is in relation to consultation. This has been at two levels. The Treasury, together with the Isle of Man Finance Steering Group, set up a Funds Review Group to look at the whole of the funds industry some 18 months or so ago.

This was a very expensive, complete review of the operation of the funds industry in the Isle of Man, with the aim of identifying ways to improve the quality of regulation and, indeed, the commercial attractiveness of the product that the Isle of Man has to offer, to enable the industry to expand in the future. A vast amount of work went into that, over a few months, and the outcome, really, of that initial review is the Bill that is before us today.

Subsequent to the review itself, Mr Speaker, extensive consultation has taken place with the industry at all levels, and the response we have had has been almost universally supportive of this way forward, as this, I think, is now accepted right across the industry as the only logical way that the Isle of Man can move, if indeed we want to expand and grow the industry into the future.

If I jump to his third question, Mr Speaker – whether, in fact, there are any undue restrictions in this – I am not aware of any undue restrictions. Certainly, there have been no representations made to me on this. This Bill is a consolidation, mainly, of existing legislation, which is to make it far more user-friendly than it has been to date, and in fact introduces perhaps greater transparency and accountability into the industry, without restricting it.

The basic premise behind this entire move – the review of a number of sectors of the financial services industry, Mr Speaker – is an attempt to assess where we are today, what

we need to do to improve the quality of the product we have to offer, to ensure that, in the future, we will have a strong and healthy and growing funds sector.

As far as the second point is concerned, Mr Speaker, the Hon. Member makes reference to the proposed tax changes in the United Kingdom. These are a series of announcements which have come out, somewhat piecemeal, from the United Kingdom over the last few months, which are certainly causing great alarm in the United Kingdom, let alone any other jurisdictions.

As far as the funds legislation is concerned, at this point it is probably too early to say whether it will have any effect at all. I am not aware, at this stage, of any concerns in the funds industry as to how the proposed changes might work.

The focus, it would appear currently – and I have to say that advisedly, because you can never be sure what the reality is behind some of Gordon Brown's legislation when it comes out – is it might impact on the trust legislation on the Island. But we are looking very closely at all the implications of what is being proposed, and we will, in due course, be talking with the industry, to identify an appropriate response to help and guide the industry and, where necessary, make our views known to the United Kingdom.

It may well be, Mr Speaker, that in due course, once we have had time to assess the implications of the whole raft of measures – in fact, it is quite comprehensive, the implication of what is being proposed – we may be coming back to either this or another place with fresh recommendations, to try and accommodate the changes which are being proposed.

So, Mr Speaker, in response to that, Treasury is looking at the situation very carefully at the moment. We are consulting with the industry on it, and we will be making our views known in due course.

I hope that answers the Hon. Member's questions, and I beg to move, Mr Speaker.

**The Speaker:** Hon. Members, the motion is that the Collective Investment Schemes Bill be read for a second time. Those in favour, say aye; against, no. The ayes have it. The ayes have it.

## BILL FOR CONSIDERATION OF CLAUSES

### Income Tax (Pensions) Bill Clauses considered

4.1. Mr Braidwood to move.

**The Speaker:** Item 4, Bill for consideration of clauses, Income Tax (Pensions) Bill, and I call on the Hon. Member for Douglas East, Mr Braidwood.

In doing so, if I could advise the House that I have agreed that the mover may take clauses in groups, as he wishes, to be moved and debated together, but of course, each clause will be voted upon separately. (**Mr Houghton:** Hear, hear.)

I hope that is clear, Hon. Members: moved together, but voted separately.

Mr Braidwood.

**Mr Braidwood:** Thank you, Mr Speaker.

The Income Tax (Pensions) Bill 2007 introduces a

modern and relaxed approach to the taxation of pensions. It provides a framework that will allow members of approved pension schemes much more freedom in the way they make contributions and the way in which the pension is paid.

The amendments being introduced by this Bill will remove many of the barriers to effective saving for retirement that exist in the current statute. Members of approved pension schemes will be able to continue to contribute at times of their lives when previously they were barred from doing so, and they will be able to have greater choice on when and how their benefits will be drawn.

Mr Speaker, whilst this Bill may appear to highlight significant increases in pension options to the higher paid amongst us, the fact remains that the Bill will ensure all individuals across the Island will be able to save for retirement through an approved pension scheme, not just those individuals who are working.

Mr Speaker, Treasury and the Income Tax Division recognise that a person will only pay in what they can afford and, regrettably, some will not be able to contribute anything to a scheme, at certain times of their lives. The changes being introduced in this Bill will ensure that at those times when an individual can start or increase contributions, the statutes will be able to support all but the very highest levels of annual contribution.

Mr Speaker, the Bill amends three separate Acts of Tynwald. Most changes are to the domestic provisions found in the Income Tax (Retirement Benefit Schemes) Act 1978 and the Income Tax Act 1989. One further amendment is being made to international pension schemes approved under section 50B of the Income Tax Act 1970.

Recognising the changes to existing statutes, this Bill has been drafted so that the topics common to both the 1978 and 1989 Acts are contained in clauses under a single heading.

Mr Speaker, as you have already said, as common topics are included under individual headings within this Bill, with your approval, I will move two or more clauses together and provide an explanation of how each clause amends the current statute.

Clauses 1 and 2, sir: clause 1 of the Bill inserts new section 10A into the 1978 Act and ensures that a pension paid out of an approved occupational pension scheme is taxable and tax should be deducted in accordance with the Income Tax (Instalment Payments) Act 1974.

Clause 2 of the Bill inserts new sections 4A, 6A, 8A, 8B and 22A in the 1989 Act and makes a number of consequential amendments needed to support these new sections.

Section 4A will allow for a member of an approved personal pension scheme to draw funds directly from a scheme in order to provide a pension. The member will not have to purchase an annuity on retirement, but he may do so, if he chooses.

Regulations are required to provide further detail regarding the amount of pension that can be withdrawn from a fund. The regulations will allow an actuary to determine the amount of pension that can be paid or, in the absence of an actuary, the scheme administrators will be able to use tables similar to those published by the Government Actuary's Department in the United Kingdom, to determine the appropriate amount.

The Income Tax Division is in discussions with interested parties regarding the structure of these regulations, and it is envisaged that draft regulations will be available before the Bill completes its passage through the branches.

Mr Speaker, a new section 6A will also be inserted in the 1989 Act that will allow for the withdrawal of funds from a scheme to pay a pension to a surviving spouse or to dependants, following the death of the member. In the same way as a member withdrawing a pension, a surviving spouse or dependants can also purchase an annuity.

Section 6A will also be supported by regulations. The regulations will include the same conditions as required when the pension is paid to the member, and they will be extended to include pensions payable to dependent relatives who may be below the age of 18, or in full-time education.

The new third section inserted by clause 2 is 8A. This deals with the fund remaining on the death of a member, but it will only apply if a pension had already commenced. Allowing a member to receive a payment of pension directly from the fund means that there could be a balance of the funds remaining on the death of the member. This will therefore be available to the member's estate.

Clearly, this is a major benefit when compared to the current system of compulsory annuity purchase.

Mr Speaker, an approved pension scheme enjoys very significant tax advantages. Contributions are tax deductible in the year they are made. The investments managed within the approved scheme are totally exempt from Manx income tax, and the member can extract a large proportion of the fund as a tax-free lump sum.

Those incentives are there to encourage the member to make provision for their retirement, satisfying the sole-purpose test required of both the 1978 and 1989 Acts. Approved pension schemes are not designed to allow members to accumulate income completely tax free, simply to distribute it without a tax charge. It is therefore intended to tax the amount remaining in the fund on the death of the member, ensuring that the whole of the pension is taxed in a similar way, had the pension been paid out fully during the member's lifetime.

Mr Speaker, the rate of tax due on this part of the Member's pension will be set by order under section 1 of the Income Tax Act 1979. I can confirm that the Order, which will be presented for Tynwald approval, will include a rate of 7½ per cent, matching the rate applicable for certain other payments made during the member's lifetime.

Section 8A has come under very close scrutiny since publication of the Bill on 15th October 2007. Whilst the Treasury must acknowledge it has received one formal response, raising concern about the new charge, all other respondents have been very much in favour of the approach taken.

Mr Speaker, the debate surrounding section 8A did highlight a situation not catered for in the draft Bill published on 15th October 2007. Concern was raised regarding the payment of the charge, if the remaining funds are not distributed but are used to provide a pension payable to the surviving spouse or dependants.

This issue has been resolved by inserting a further new section into the 1989 Act: section 8B will impose a charge on funds distributed out of an approved scheme, following the final payment of a pension to the surviving spouse or dependants. The rate of tax due under 8B will be the same as that due on a distribution of funds under section 8A.

Section 8B ensures that the tax is charged only once, after the last pension payment to the surviving spouse or dependants. In these circumstances, a section 8A charge will not arise on the earlier death of the member.

The final section being inserted in the 1989 Act by clause 2(7) is a new section 22A, charge to tax on withdrawal of funds. This section is the same as that inserted in the 1978 Act by clause 1 of the Bill. It will ensure pension drawn directly from the scheme is taxable, and tax should be accounted for in accordance with the Income Tax (Instalment Payments) Act 1974.

**Mr Speaker,** I beg to move clauses 1 and 2 of the Bill.

**The Speaker:** Hon. Members, clauses 1 and 2 having been moved, I put to the House that clause 1 –

**Mr Bell:** Mr Speaker.

**The Speaker:** I beg your pardon, Hon. Member, Mr Bell.

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

**The Speaker:** Thank you, Hon. Members.

Clauses 1 and 2 having been moved and seconded, I put to the House that clause 1 do stand part of the Bill. Those in favour, say aye; against, no. The ayes have it. The ayes have it.

Clause 2: those in favour, say aye; against, no. The ayes have it. The ayes have it.

Clauses 3 and 4, I think, sir.

**Mr Braidwood:** Thank you, Mr Speaker.

An approved pension scheme is created with the sole purpose of paying benefits to the member in, or close to, retirement, or to the member's spouse or dependants following the member's death.

To provide an incentive to make provision for retirement, the scheme is exempt from paying Manx income tax, allowing all income to roll up, providing the maximum possible return when the Member reaches retirement.

Whilst investment choices are usually left to the trustees, it is important that legislation provides a framework that will allow the Treasury, by regulation, to permit or prohibit certain investments.

Mr Speaker, regulations will have to be approved by Tynwald and will detail whether a particular investment places the payment of a pension at risk, or whether it is in the national interest to shield certain income from tax.

Mr Speaker, clauses 3 and 4 insert a new provision, enabling Treasury to make regulations to extend or restrict the meaning of the word 'investments'.

Mr Speaker, I beg to move clauses 3 and 4 stand part of the Bill.

**The Speaker:** Treasury Minister.

**Mr Bell:** I beg to second, Mr Speaker.

**The Speaker:** Hon. Members, the motion is that clause 3 stand part of the Bill. Those in favour, say aye; against, no. The ayes have it. The ayes have it.

Clause 4: those in favour, say aye; against, no. The ayes have it. The ayes have it.

Clauses 5 and 6.

**Mr Braidwood:** Thank you, Mr Speaker.

From time to time, a person reaches retirement age but,

unfortunately, finds that the value of an approved pension scheme is too low for the purchase of an annuity, or that a pension drawn directly from the scheme would not be cost effective. In these cases, the Assessor will allow the whole fund to be paid out as a lump sum.

When the lump sum is paid, the Assessor will allow a tax-free element equal to the amount which would have been payable had the fund been large enough to pay a regular pension.

Mr Speaker, the taxable element of the lump sum will be subject to income tax at the lower 10-per-cent rate. If the member has insufficient income to pay income tax, a refund of the tax paid will be available through the normal assessment process. This process received Tynwald support in June 2007 when Extra-Statutory Concession (GC 21/07) was approved.

Clauses 5 and 6 in the Bill will introduce into primary law provisions dealing with commutation of small pensions, ensuring members will be able to continue to enjoy the benefits of the tax-free cash, while ensuring tax can still be collected on the remainder of the payment.

Mr Speaker, I beg to move clauses 5 and 6 stand part of the Bill.

**The Speaker:** Mr Bell.

**Mr Bell:** I beg to second, Mr Speaker.

**The Speaker:** The motion is that clause 5 do stand part of the Bill. Those in favour, say aye; against, no. The ayes have it. The ayes have it.

Clause 6: those in favour, say aye; against, no. The ayes have it. The ayes have it.

Clauses 7 and 8, sir?

**Mr Braidwood:** And 9, sir.

**The Speaker:** And 9.

**Mr Braidwood:** Thank you, Mr Speaker.

Existing income tax legislation allows for a tax-free lump-sum payment to be made on retirement. During the recent consultation, the lump sum was highlighted by a significant number of respondents as a real incentive for a person to contribute into a pension scheme. Respondents asked if the level of the lump sum could be reviewed and, if possible, lifted.

Mr Speaker, the current limits are based on a proportion of the member's earnings, or on 25 per cent of the value of fund available to pay a pension. Both limits are also subject to an overriding cap of £150,000, above which tax-free lump-sum payments are not permitted. The cap was introduced in 1989 and has remained unchanged since then.

To provide an additional incentive for people in the Island to make provision for their own retirement, clauses 7, 8 and 9 will remove the monetary cap from the 1978 and 1989 Acts, and will increase from 25 per cent to 30 per cent the maximum tax-free lump sum payable out of an approved pension scheme.

Mr Speaker, I beg to move clauses 7, 8 and 9 stand part of the Bill.

**The Speaker:** Mr Bell.

**Mr Bell:** I beg to second, Mr Speaker.

**The Speaker:** The motion is that clause 7 do stand part of the Bill. Those in favour, say aye; against, no. The ayes have it. The ayes have it.

Clause 8: those in favour, say aye; against, no. The ayes have it. The ayes have it.

Clause 9: those in favour, say aye; against, no. The ayes have it. The ayes have it.

Clauses 10 and 11.

**Mr Braidwood:** Thank you, Mr Speaker.

Clauses 10 and 11 will introduce a degree of flexibility that has not been available within a pension scheme until now. A member of a pension scheme will be allowed to take his tax-free lump sum whilst continuing to work, and without triggering the payment of the pension. The amount of the lump sum will be calculated on the same basis as a lump sum paid on retirement.

The new conditions within the 1978 and 1989 Acts will be available to members who have reached the earliest age at which they can retire and take the benefits of the scheme. However, only one tax-free lump sum will be available to the member and, therefore, where there is an early payment of a lump sum, a second lump sum will not be available when the member actually retires.

Mr Speaker, as with the increase of the lump sum considered in clauses 8 and 9, introducing flexibility in relation to benefits taken at or before retirement has been seen by many respondents to the consultation as an incentive to new members to make or increase provision for their retirement.

Mr Speaker, I beg to move clauses 10 and 11 stand part of the Bill.

**The Speaker:** Mr Bell.

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

**The Speaker:** The motion is that clause 10 stand part of the Bill. Those in favour, say aye; against, no. The ayes have it. The ayes have it.

Clause 11: those in favour, say aye; against, no. The ayes have it. The ayes have it.

Clauses 12, 13 and 14, Mr Braidwood?

**Mr Braidwood:** Clause 12, sir, and then I will take –

**The Speaker:** Clause 12.

**Mr Braidwood:** Mr Speaker, clause 12 gives a member of a pension scheme more choice when approaching retirement age. Not allowing the payment of a pension until a member retires from employment is not always appropriate for the individual, or for the employer. There are a number of reasons why full retirement may not be appropriate, for example: an individual's pension may be small, meaning continued employment is needed to maintain a reasonable standard of living; or, the individual and the employer may wish to adopt a phased approach to retirement – that is to say, work reduced hours for a period before retiring fully.

The amendments to the 1978 and 1989 Acts contained in clause 12 will break the link between actual retirement and commencement of benefits, giving the member, with the

agreement of his employer, the option to carry on working after drawing a pension from the scheme.

Mr Speaker, I beg to move clause 12 stand part of the Bill.

**The Speaker:** Mr Bell.

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

**The Speaker:** The motion is that clause 12 stand part of the Bill. Those in favour, say aye; against, no. The ayes have it. The ayes have it.

Clauses 13 and 14.

**Mr Braidwood:** Thank you, Mr Speaker.

Clauses 13 and 14 greatly simplify the area of contributions permitted into an approved pension scheme. In the future, the majority of people who make provision for retirement will be able to contribute the amount that they can afford. The current limits on contributions to a pension scheme effectively stop anyone who is low paid from contributing.

Equally, where someone does not work for a period – for instance, to care for an elderly relative or partner – no pension contribution is allowed. The annual allowance concept will ensure that everyone can now contribute to a pension scheme and will remove the current complex carry-forward and carry-back provisions.

This Bill introduces an annual allowance of £300,000. This amount covers all contributions into a pension scheme, whether they are paid by the member, the employer, or by the Department of Health and Social Security, if the scheme is contracted out of the State Second Pension.

Whilst it is important that everyone is able to make suitable provision for their retirement, the tax exemptions afforded to approved pension schemes could be used to shelter excess income from tax. Therefore, in order to prevent inappropriate levels of savings being introduced to a pension scheme, the annual allowance will be accompanied by an excess of payments charge. This charge would only be due where contributions within a year exceed the annual allowance of £300,000 and will be at a rate of 40 per cent of the excess contributions over the £300,000, matching the rate that has applied since 1989, where occupational schemes are in surplus.

The second issue considered under clauses 13 and 14 is the level of tax relief available. Mr Speaker, an individual will be allowed tax relief of up to 100 per cent of their relevant earnings, or the amount of the annual allowance, whichever is the lower. This compares to the current limits that can be as low as 15 per cent of the member's remuneration if the contribution is made to an occupational scheme, or 17.5 per cent of net relative earnings if made to a personal pension scheme or arrangement.

Mr Speaker, the final change within clauses 13 and 14 is the introduction of a new minimum allowance. As I have already explained, an individual currently cannot contribute to an approved pension if they do not have relevant income from employment. Furthermore, if the individual receives only a small amount of earnings, contributions are permitted but are not usually viable.

The minimum allowance will ensure that everyone making contributions into approved pension schemes will receive income tax relief against other income from their assessment, up to the value of the minimum allowance of

£3,600. The minimum allowance will benefit everyone who is currently barred from making provisions for their own retirement. It will allow people who are between jobs, or on unpaid leave, to carry on paying contributions, and it will allow parents who stopped work to look after young children to continue, or start, making contributions into approved pension schemes.

Mr Speaker, I beg to move clauses 13 and 14 stand part of the Bill.

**The Speaker:** Mr Bell.

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

**The Speaker:** The motion is that clause 13 do stand part of the Bill. Those in favour, say aye; against, no. The ayes have it. The ayes have it.

Clause 14: those in favour, say aye; against, no. The ayes have it. The ayes have it.

Clause 15, sir.

**Mr Braidwood:** And 16.

**The Speaker:** And 16.

**Mr Braidwood:** Mr Speaker, clauses 15 and 16 include a number of miscellaneous amendments, most of which are consequential to the amendments contained in clauses 1 to 14 of the Bill.

Clause 15 includes a number of minor amendments that simply bring up to date existing provisions contained in the 1978 Act. These do not change the effect of the existing provisions.

Clauses 15 and 16 also provide for regulations to be approved by Tynwald, which will require the scheme administrators to report prescribed events to the Assessor. This enabling provision will be discussed in more detail with pension providers, the Insurance and Pensions Authority, and the Department of Health and Social Security, before regulations are drafted and passed to Tynwald for approval.

Mr Speaker, I beg to move clauses 15 and 16 stand part of the Bill.

**The Speaker:** Mr Bell.

**Mr Bell:** I beg to second, Mr Speaker.

**The Speaker:** The motion is that clause 15 do stand part of the Bill. Those in favour, say aye; against, no. The ayes have it. The ayes have it.

Clause 16: those in favour, say aye; against, no. The ayes have it. The ayes have it.

Clause 17.

**Mr Braidwood:** Thank you, Mr Speaker.

Clause 17 amends the Income Tax Act 1970, extending

existing provisions that allow the Assessor to approve international pension schemes set up by employers to include international schemes created by individuals.

Mr Speaker, international pension schemes are not open to Manx residents or those people who are employed on the Island. The income generated within the fund would be tax exempt and the payment of the pension would not be subject to Manx tax unless the member of the scheme became resident in the Island in retirement.

This clause introduces a change to the current statute that was highlighted during consultation. It is seen as an opportunity to create new business through Island pension providers that is not currently available.

Mr Speaker, I beg to move that clause 17 stand part of the Bill.

**The Speaker:** Mr Bell.

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

**The Speaker:** The motion is that clause 17 stand part of the Bill. Those in favour, say aye; against, no. The ayes have it. The ayes have it.

Clause 18.

**Mr Braidwood:** And 19.

**The Speaker:** And 19.

**Mr Braidwood:** Mr Speaker, clauses 18 and 19 include the interpretation of terms used in the Bill.

The short title and commencement provisions will be by Appointed Day Order.

Mr Speaker, I beg to move clauses 18 and 19 stand part of the Bill.

**The Speaker:** Mr Bell.

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

**The Speaker:** The motion is that clause 18 stand part of the Bill. Those in favour, say aye; against, no. The ayes have it. The ayes have it.

Finally, clause 19: those in favour, say aye; against, no. The ayes have it. The ayes have it.

Hon. Members, thank you for your co-operation. That brings to an end the business on our Order Paper this morning.

I have been asked to remind Members that there is a briefing concerning the Administration of Justice Bill in the Barrool Suite at one o'clock.

With that, Hon. Members, the House will now stand adjourned until our next sitting, Tuesday next, at 10 o'clock on 5th February.

Thank you, Hon. Members.

*The House adjourned at 11.46 a.m.*