



**HOUSE OF KEYS  
OFFICIAL REPORT**

**RECORTYS OIKOIL  
Y CHIARE AS FEED**

**PROCEEDINGS**

**DAALTYN**

**(HANSARD)**

**Douglas, Tuesday, 11th November 2008**

**Present:**

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

**Business transacted**

	<i>Page</i>
Notice of Remembrance Day silent tribute.....	61
<b>Questions for Oral Answer</b>	
1.1. Local authorities' lost income – Support for Private Member's Bill .....	61
1.2. Kaupthing Singer and Friedlander (IOM) Limited – Applying Compensation of Depositors (Amendment) Regulations 2008.....□	62
1.3. FSC Anti-Money Laundering Handbook – ‘Politically exposed persons’ .....	63
1.4. Government revenue – Current and estimated shortfalls .....	64
1.5. Financial services industry – Promoting confidence .....	65
1.6. New Manx Institute of Sport – Costs and facilities .....	67
1.7. Telephone booking and baggage costs – Making more reasonable .....	69
1.8. Inquiry into fuel costs – OFT powers.....	70
Remembrance Day prayers and silence .....	71
Question 1.8 concluded.....□	71
Standing Order 3.5.1(2) suspended to allow continuation of Question Time.....	72
1.9. UK union contributions to political parties – Effect in Isle of Man.....	73
1.10. Bord Gáis Éireann – Renegotiated contracts.....	74
<b>Question for Written Answer</b>	
2.1. Manx bank notes – Number in circulation .....	77
<b>Orders of the Day</b>	
3.1. Income Tax Bill – Second Reading approved.....	77
3.2. Company Officers (Disqualification) Bill – Second Reading approved.....	79

*The House adjourned at 12.00 noon.*

*All published Official Reports can be found on the Tynwald website  
[www.tynwald.org.im](http://www.tynwald.org.im)*

*Official Papers/Hansards/Please select a year:-*

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

## House of Keys

*The House met at 10.00 a.m.*

[MR SPEAKER *in the Chair*]

### PRAYERS

*The Chaplain of the House of Keys*

### Notice of Remembrance Day silent tribute

**The Speaker:** Hon. Members, I will just give notice that the House will observe the two minute silence at 11 o'clock this morning.

## Questions for Oral Answer

### TREASURY

#### Local authorities' lost income Support for Private Member's Bill

1.1. The Hon. Member for Rushen (Mr Watterson) to ask the Minister for the Treasury:

*Whether the Treasury Minister would support a Private Member's Bill to transfer the cost of lost rates to local authorities to a developer or party responsible for the loss of income to the authority?*

**The Speaker:** Hon. Members, the first business on our Order Paper is Questions for Oral Answer and I call on the Hon. Member for Rushen, Mr Watterson.

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

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

**The Minister for the Treasury (Mr Bell):** Mr Speaker, the Treasury has recently considered a number of concerns that have been raised by various local authorities in respect of the current property rating and valuation legislation. Currently domestic ratepayers are entitled to temporary reductions in the rates they are charged in certain circumstances, such as where they are directly impacted during the construction of new development. Usually, the financial impact of any temporary reductions in rating income during construction of a new development is small in comparison to the subsequent ongoing increase in rating income generated, once the development is completed.

The introduction of legislation to accommodate the

transferring of rating liabilities gives rise to a number of issues, including whether such a change would adversely impact on the proposed new developments, whether piecemeal changes should or could be made, given the age of the underlying rating and valuation legislation, and ultimately should there be a fundamental review of local authority financing.

Mr Speaker, I cannot indicate whether I would support a Private Member's Bill until I have seen more detail. However, Treasury would be prepared to consider a Private Member's Bill and would be willing to discuss the issues associated with this matter more fully with any Member considering moving such a Bill.

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

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

Is the Treasury Minister aware that actually there are similar provisions under the old section 50(a) of the Rating Act that was repealed and, in addition to that, it would be a case of moving the burden onto the developer? Is he aware of the strong local authority feeling on this?

**The Speaker:** Treasury Minister.

**The Minister:** I am aware of some concerns from some local authorities, Mr Speaker. I am also aware of opposition from others.

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

**Mr Karran:** Vainstyr Loayreyder, would the Shirveishagh Tashtee not agree that there are other anomalies, where we have people who own several properties in areas just slowly being left to go derelict, and this is another area that needs to be addressed as far as any review, as far as the legislation is concerned? Can he try and give some time period on that issue, in order to help local authorities with these derelict properties, in order that they are forced to do something, either to do them up or to sell them on, in order that they are not a blot on the neighbourhood in these areas?

**The Speaker:** Minister for Treasury.

**The Minister:** The Member makes a very valid point, Mr Speaker, and it is one which is causing me some concern at the moment, particularly in my involvement in the regeneration fund for the town centres, the commercial centres of the Island.

It would be extremely frustrating for Government to spend potentially several million pounds refurbishing town centres whilst still experiencing not necessarily derelict properties, but severely neglected properties in the area, which would then drag down the whole refurbishment which we are planning to take forward. Mr Speaker, we are very conscious of this and I am hopeful that the Department of Local Government, in conjunction with the local authorities, will identify a way forward to resolve that issue.

**A Member:** Hear, hear.

**The Speaker:** Mr Watterson.

**Mr Watterson:** The Minister mentioned the age of the

Rating and Valuation Act, which I think goes back to the 1950s. Will the Minister, therefore, give us his timetable for reviewing that Act and whether wholesale or piecemeal?

**The Speaker:** Mr Bell.

**The Minister:** I cannot at this stage, Mr Speaker. The Treasury has a very heavy burden of legislation at this stage but it is an issue which is on the agenda and we will try to fit it in as soon as we can.

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

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

Given the previous answers to supplementaries, Vainstyr Loayreyder, will the Shirveishagh Tashtee, when he is working with the DoLGE Minister into regeneration issues, would he request all the information on my empty properties initiative, which was endorsed by Tynwald, which has a lot of information on the issues that the Hon. Member from Onchan raised?

**The Speaker:** Minister for Treasury.

**The Minister:** Yes, I know the Hon. Member has done some good work on this and I am sure, when this is considered, that the work that has been done previously will be considered to try and find a solution to what is a thorn, I think, in everybody's side right around the Island.

**A Member:** Hear, hear.

**The Speaker:** Hon. Member for Douglas South, Mr Malarkey.

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

Notwithstanding the answer from the Minister, could I just plainly ask the Minister: does he personally consider it fair that a ratepayer should lose rating funds because a builder or developer, who is making lots of money from a building site, is causing the problem in the first place and does he not agree with me that, in this type of case, the burden should not fall onto the ratepayer?

**The Speaker:** Mr Bell.

**The Minister:** As I said in my Answer, Mr Speaker, I am aware of this particular problem but this also has to be balanced against the fact that usually, when the development is completed, there will be a substantial increase to the rate income of that particular authority, so there is a balancing act to be done here.

**Kaupthing Singer and Friedlander (IOM) Limited  
Applying Compensation of Depositors (Amendment)  
Regulations 2008**

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

*If he will give an unequivocal assurance that clause*

*12 of the Compensation of Depositors (Amendment) Regulations 2008 will not apply in respect of any claim against Kaupthing Singer and Friedlander (IOM) Limited regardless that a possible liquidation may take more than 12 months to complete?*

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

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

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

**The Minister for the Treasury (Mr Bell):** Mr Speaker, provided that a participating bank has been determined by the Scheme manager of the Depositors' Compensation Scheme to be in default within the 12-month period referred to by the Hon. Member and the Scheme has been activated, I am pleased to give the Hon. Member the assurance he seeks. This is regardless of the fact that the liquidation might take more than 12 months to complete.

**Mr Cannan:** A supplementary. Is the Minister confident that the £550 million that was sent to Kaupthing in London will be recovered to obviate the necessity for a liquidation and enable the depositors and the Isle of Man Government to be paid out from their investments?

**The Speaker:** Minister for Treasury.

**The Minister:** Mr Speaker, I cannot give any categorical assurances on any of these matters at this stage. All I can assure the Hon. Member and, indeed, the depositors, that the Government and Government working party that is overseeing this particular issue is working flat out to achieve the best possible result for the depositors.

**The Speaker:** Mr Cannan.

**Mr Cannan:** A further supplementary. Is the Treasury Minister aware that in today's *Isle of Man Examiner* the provisional liquidator has stated, in a letter to depositors, that those who made withdrawals from Kaupthing Singer and Friedlander (Isle of Man) days before the liquidation or administration of Kaupthing in London were unable to get their funds because the clearing process did not function because Kaupthing in London did not have funds?

Therefore, I ask – and everybody else will be asking – where did these £550 million go if Kaupthing in London could not honour the clearing of withdrawals from the Douglas branch days before the London bank was put in to administration?

**A Member:** It had been transferred out.

**The Speaker:** Minister, Mr Bell, to reply.

**The Minister:** Mr Speaker, I have not seen the *Isle of Man Examiner* today, so I do not know what the provisional liquidator has been saying. We are, of course, aware of funds caught in transit and that is one of the issues which the liquidator and, indeed, the Government Committee is trying

to bottom out at this stage. The £500 million plus which was transferred to London was, in fact, in the London office of Kaupthing Singer and Friedlander.

**The Speaker:** Mr Cannan.

**Mr Cannan:** A further supplementary. Is the Treasury Minister suggesting that the provisional liquidator is wrong when he states that monies withdrawn from the Isle of Man days – days – before the liquidation of London that they could not get clearances because there was no money in the Kaupthing bank in London to honour the clearances? Therefore, where has the £500 million gone?

**The Speaker:** Mr Bell.

**The Minister:** Mr Speaker, I have already answered this question. There is a problem over money in transit, funds in transit. I am not aware of what the provisional liquidator has said today – I have not seen the letter – but I can only give the assurance that we, and the liquidator, are trying to find a solution to this problem and are working hard to that end.

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

**Mr Karran:** Vainstyr Loayreyder, would the Shirveishagh Tashtee not agree that the Treasury would be prepared to take whatever legal challenges need to be taken in order to try and get this money ring fenced through the courts in the United Kingdom if the situation is that... with the way that the UK Government has acted over this situation, acted illegally, in order to protect the depositors on the Island, as far as them having the access to use the judicial process in the United Kingdom to try and get that money back.

**Mr Cannan:** It is not there, Peter.

**The Speaker:** Minister to reply.

**The Minister:** Mr Speaker, I am sure Government, if it is felt appropriate, will take whatever legal action is necessary to achieve clarification as to what has happened and, indeed, the best result for the depositors.

#### FSC Anti-Money Laundering Handbook 'Politically exposed persons'

1.3. The Hon. Member for Onchan (Mr Karran) to ask the Minister for the Treasury:

*Why the definition of 'politically exposed persons' quoted on page 32 of the Financial Services Commission Anti-Money Laundering Handbook (July 2008), does not include persons 'with prominent public functions' who are resident in the Isle of Man?*

**The Speaker:** Question 3, Hon. Member for Onchan, Mr Karran.

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

**The Speaker:** Again, Minister for the Treasury, Mr Bell.

**The Minister for the Treasury (Mr Bell):** Mr Speaker, the Financial Action Task Force, Recommendation 6, and associated methodology, refer to politically exposed persons being in a foreign country. The methodology goes on to leave it optional as to whether jurisdictions do, or do not, include persons who are in prominent public positions locally in the definition of politically exposed persons.

The FSC informs me that local persons were included in the initial consultation on the Handbook but were subsequently removed after opposition, on the basis that international standards did not require the identification of domestic politically exposed persons. However, it is aware that a number of its licenceholders do already internally treat people with local prominent public positions as being politically exposed of their own volition. The licenceholders would also be expected to be vigilant as part of their risk based focus on different categories of customers.

**The Speaker:** Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, would the Shirveishagh think that, maybe, we should include them in future, as far as this proposal is concerned?

**The Speaker:** Mr Bell to reply.

**The Minister:** Mr Speaker, when the Handbook was being drawn up – the Anti-Money Laundering Handbook, that is – we, or the FSC, took cognisance of applied international standards at the time that the document was being drafted. As I have said in my Answer, Mr Speaker, as a matter of practice I understand most licenceholders locally already apply the domestic aspect of it in their own guidelines and therefore the next time this rule book is reviewed it may well be felt appropriate, Mr Speaker, to extend it to cover local exposed people, as well.

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

**Mr Watterson:** Will the Minister just confirm and just clarify that, despite the fact that this is in Anti-Money Laundering Regulations, there is not actually an act of suspicion of money laundering in this instance.

**The Speaker:** Minister for Treasury.

**The Minister:** No, that is correct, Mr Speaker. It is simply in the Handbook for guidance.

**The Speaker:** Mr Karran.

**Mr Karran:** Supplementary, Vainstyr Loayreyder. Would the Shirveishagh Tashtee... firstly, I thank him for his reply but does he not think that, because of the importance of the financial sector, that maybe we should be proactive on this and actually addressing this issue now for when there are any repercussions as far as these people are concerned for this inclusion, as part of our commitment as far as being a first class financial centre.

**The Speaker:** Minister for Treasury.

**The Minister:** I can repeat, Mr Speaker, that the FSC has followed international guidelines on this and the international guidelines are very clear that the politically exposed persons that they refer to, that the status which is applied, is to foreign persons, people outside of that jurisdiction.

Particularly in small jurisdictions it has been assumed right from the start that the licenceholders should be fully aware of who are politically exposed persons. For example, within the Isle of Man it is clearly Members of Tynwald, Ministers. Other influential people in key positions are very well known in the community and, therefore, would be automatically picked up on that basis but I do take the Member's point and I am sure it is something we can look at with the FSC at the appropriate time.

### Government revenue Current and estimated shortfalls

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

*What is the current financial shortfall, if any, in Government revenue so far in this financial year compared with the previous financial year; and what is the estimated shortfall for financial years 2008-09 and 2009-10 compared with the figures projected in the last budget?*

**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 the Minister for the Treasury.

**The Minister for the Treasury (Mr Bell):** Mr Speaker, at the time of my Budget in February 2008, we forecast revenues of £599 million for 2008-09 and £603 million for 2009-10. Current indications are that we will receive £576 million in the current year, a shortfall of some £23 million. The main reason for this is the declining value of the revenue pool from which we share revenues with the United Kingdom.

Figures for 2009-10 will be dependent on a number of factors, including any changes that are made in the February Budget, but I anticipate at present that the overall level of income for 2009-10 will be around £600 million.

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

**Mr Karran:** Vainstyr Loayreyder, I thank the Shirveishagh Tashtee for his reply.

Can I have an assurance from the Treasury that, when we are talking about having to deal with any shortfalls, as far as Government is concerned, there will still be a commitment to prioritise where spending is going to be taken, especially on issues like the housing crisis and not on luxuries. Can the Shirveishagh assure this Hon. House that the renewal, as far as the Treasury is concerned, is that money, if there is

money to be taken away and it has to be on the luxuries, is spent on this Island?

**The Speaker:** Mr Bell.

**The Minister:** Mr Speaker, as I am sure the Hon. Member and all Members are aware, we are living in absolutely unprecedented times, in terms of financial turmoil. It has been quoted in some quarters, from the Bank of England even, that this is the worst financial crisis in history, so inevitably there are going to be major problems for small jurisdictions like the Isle of Man in due course through the impact of the world economy on the Isle of Man. That is already feeding its way through, as I have said in my Answer, through a dramatic reduction in VAT receipts, and it will undoubtedly work through into the real economy next year when we might see a rise in unemployment.

One of the key areas of that, though, will be the construction industry. We have to do our best through the capital programme, Mr Speaker, to identify schemes which provide bricks-and-mortar activity which, in fact, then provide real jobs and real employment for our people, and clearly housing and the various housing schemes that we promote would be a key part of that.

Mr Speaker, the Council of Ministers have already decided to try and identify small schemes, or indeed larger schemes if needs be, related to the construction industry – housing being the key part of it – to bring them forward in the capital programme to enable us to get as many out into the market place as possible, in order to stimulate and support our construction industry and the many thousands of people who are associated with it. The construction industry, Mr Speaker, provides about 10 per cent of our GDP, so it is a vitally important part of our economy and we must do all we possibly can at this stage to try and retain its buoyancy.

**The Speaker:** Mr Malarkey.

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

Could the Minister enlighten us in respect of yesterday's press coverage regarding the up-and-coming Budget in the UK and the possibility of a reduction in the VAT – what effect this could have on our VAT receipts – as we are so closely tied in with the UK Customs and Excise Agreement?

**The Speaker:** Treasury Minister.

**The Minister:** That is a very good question, Mr Speaker, and it is one which obviously I have some concern with, as well. I have to say, first of all, that the comments in the press largely are speculation at this stage and we have had no indication at all of what, if any, changes will take place, but as normally happens in the United Kingdom in a run up to the Budget, many of the leaks which appear in the press are, in fact, officially inspired by the UK Treasury, so it might just be an indication of the direction that they are thinking in.

Clearly if there is a reduction in VAT rates in the UK as part of the stimulus package that they are planning to bring forward, it will have a direct and immediate effect on the Isle of Man's revenues because the revenue we get is a shared pool of VAT – the VAT which we collect in the Isle of Man and the VAT collected in the UK – and, of course, the VAT rates which we apply in the Isle of Man are in fact set by the UK Government, so we have no role to influence that. So,

undoubtedly, if there were to be a reduction in VAT rates in the UK, it would have a direct and immediate impact on the Isle of Man.

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

**Mrs Cannell:** Thank you, Mr Speaker.

Can I ask the Treasury Minister, in view of all of this uncertainty, which in fact could last two, three, even four years, and with the uncertainty that our Value Added Tax receipts, or our proportion of them, could go down, therefore our revenue implications could be in danger in the future, would it not now be incumbent upon his Department to reconsider and re-evaluate a scheme whereby we set and collect our own Value Added Tax so that eventually we might, if we are forced to, have to sever links with the United Kingdom in respect of this?

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

**The Minister:** Mr Speaker, I suspect if the Isle of Man ever has to sever its links with the United Kingdom it will not be over VAT, but I do not think it is appropriate at this stage; it is far too complex an issue. We have to do our best to try and steer the Isle of Man economy and Government revenues through what is going to be an exceptionally challenging and difficult period for the Island.

**A Member:** Hear, hear.

**The Speaker:** Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, would the Shirveishagh Tashtee not agree with me that maybe the time has come for an action plan, as far as capital projects are concerned, maximising the ones that actually create the economic activity within the Island, and issues like the extension of the runway, where a large amount of that money is going to be paid outside the Island, might be one of the things that should be considered when they are prioritising spending the money that is in the economy to the maximum ability for employment opportunities on the Island?

**The Speaker:** Minister to reply.

**The Minister:** Mr Speaker, I have, in fact, answered that question, but the point I think the Hon. Member makes – not necessarily about the runway itself but about that type of scheme – I think is an absolutely valid one and we have to try and extract from the capital programme – and, indeed, bring forward other schemes which are not already in the capital programme – those schemes which will have a direct employment benefit for local people in the Isle of Man. That is Treasury's top priority, Mr Speaker. We are working on that with Departments at the moment and I hope, in due course, we will be able to deliver what the Hon. Member is talking about.

#### **Financial services industry Promoting confidence**

1.5. The Hon. Member for Rushen (Mr Watterson) to ask

the Minister for the Treasury:

*How much money has been –  
(a) earmarked; and  
(b) spent  
from*

*(i) the Marketing Initiatives Fund; and  
(ii) any other fund  
to promote confidence in the Island's financial services  
industry since 1st October 2008?*

**The Speaker:** Question 5. Hon. Member for Rushen, Mr Watterson.

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

**The Speaker:** Minister for the Treasury, Mr Bell.

**The Minister for the Treasury (Mr Bell):** Mr President... Sorry, not yet! (*Laughter*) Mr Speaker, there has been no new money earmarked from the Marketing Initiatives Fund or any other fund specifically to promote confidence in the Isle of Man's financial services industry since 1st October 2008.

However, there are a number of ongoing initiatives to promote the finance and related services sector which were financed from the Marketing Initiatives Fund and which were approved prior to that date and have been ongoing over a period as part of a more comprehensive strategy. For instance, the sum of £40,000 was approved from the Marketing Initiatives Fund in August to sponsor a London Stock Exchange conference on AIM listings. The main conference took place on 4th November, but there will be 10 further training seminars, together with an annual awards dinner in 2009, at which the Isle of Man will be represented. This is the second time the Isle of Man has sponsored this particular conference, and seminars organised from the 2007 conference have taken place between January and November 2008.

Hon. Members may also recall from my Budget announcement last year that Isle of Man Finance is engaged in an extensive funds marketing programme over a two-year period and the spending of £196,000 is estimated for the current financial year.

The Communications Unit of the Chief Secretary's Office have engaged Weber Shandwick to provide a year-long public affairs programme for the Isle of Man Government to engage with key stakeholders in the United Kingdom and especially in the City of London. This contract, which was funded with £135,000 from the Marketing Initiatives Fund, ran from 1st October 2007 to 30th September 2008. The subsequent centralised contract for Government as a whole, now co-ordinated by Lansons, is now financed from the general revenue budget and not from any particular fund.

Mr Speaker, Hon. Members may also have seen the product of the most recent UK television advertising campaign which commenced in October, and whilst this £900,000 campaign is not specifically aimed at the financial services industry, it is aimed at promoting certain lifestyles in the Isle of Man. One of its objectives is to build on the Freedom to Flourish brand, thereby assisting in the recruitment of staff and attraction of all businesses to the Island.

Furthermore, Mr Speaker, the funding of e-business and space marketing initiatives from the Marketing Initiatives

Fund continues to be successful and should attract additional business to the financial services sector.

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

**Mr Watterson:** Can I ask the Treasury Minister to reconsider his decision not to earmark some marketing money? Would he accept that this is a critical time to promote the Island and combat the damaging publicity that has been in some of the United Kingdom press, and therefore would he reconsider that and put some money aside to not just do public relations but actually direct marketing, in order to reassure people that the Isle of Man is the high-quality financial services centre that we all know it is?

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

**The Minister:** Mr President... Mr Speaker, (*Interjection*) the Isle of Man has been going through a very difficult period of late, both with the United Kingdom and in the media, and it is vitally important that we do our best to counter that unfortunate view which has been expressed, especially coming from the United Kingdom Government.

I would say, Mr Speaker, that very high-level activity has taken place through our PR company in London, through Lansons, to counter many of the stories which have appeared in the press and we have been very successful in turning quite a number of articles, which may have been negative about the Island, into positives. This has to be the first and most important action that the Government takes at this particular time. On a broader base, Mr Speaker, tomorrow we will have a supplement in the *Financial Times*, the usual annual supplement that we have sponsored now for a number of years. That will give quite extensive publicity to the Isle of Man in the short term.

I would just like to emphasise, Mr Speaker, no decision has been taken by Treasury not to allocate funds at this stage. The important thing is to make sure that those funds are allocated effectively, where they will actually generate new business for the Island, not simply have a scatter-gun approach as a knee-jerk reaction to what are extremely challenging times for the Isle of Man. I understand there is somewhere in the region of £7 million still left in the Marketing Initiatives Fund, and as appropriate schemes are developed, which they undoubtedly will be in the short time ahead, that money will be released, without any difficulty from Treasury, to ensure that the reputation of the Isle of Man is enhanced and new business still is attracted here.

I would though, again, Mr Speaker, just want to point out that we are far from out of the woods, as far as pressure on the Isle of Man is concerned. I have raised my concerns on a number of occasions about the election in America. There is a meeting of the G20 in Washington next Monday, where they are planning a major assault on what they see as unco-operative tax havens; the European Union have started their actions; the OECD have started to make more aggressive noises, as well. So the fund that we have in reserve in the Marketing Initiatives Fund, Mr Speaker, although nominally it was set up for marketing initiatives only, I think is going to be called on quite regularly over the time ahead to try and counter some of the attacks (**Mr Houghton:** Hear, hear.) which are going to undoubtedly make their way towards the Isle of Man, and we need the whole of Government to pull together on this one and channel our resources into the most

effective response that we can manage.

**Mr Henderson:** Hear, hear.

**The Speaker:** Mr Watterson.

**Mr Watterson:** Obviously welcoming the *FT* supplement as a good focused initiative for the wide readership, but does the Treasury Minister not agree that we need to be very proactive in guiding the UK's public perception, and doing that not just through broadsheets but also perhaps by tabloids, and also, and more importantly, professional journals directed at those people who are the client market for the Isle of Man?

**The Speaker:** Mr Bell.

**The Minister:** We have extensive contacts with professional journals, Mr Speaker, and have done for a number of years, initially with Weber Shandwick and latterly now with Lansons, and positive articles have appeared in some of the professional magazines and publications. That most certainly will continue.

**The Speaker:** Mr Malarkey.

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

On a very similar line to my colleague, Mr Watterson, have we not considered taking full-page advertisements in national papers (**Several Members:** Hear, hear.) to put our side of the argument forward so that people do know that what has been written about the Isle of Man is totally and utterly untrue?

**A Member:** Hear, hear.

**The Speaker:** Mr Bell.

**The Minister:** We have not considered that action yet, Mr Speaker, but as I say, there are many challenges to the Isle of Man building up and we will obviously be reviewing our strategy in response to that as the issues arise in the time ahead.

**The Speaker:** Mr Henderson.

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

I would ask the Shirveishagh Tashtee to seriously consider taking out full-page adverts in the British national press, indicating by bullet points what the Isle of Man is – a British Isles Crown dependency – and our blue-chip status in relation to our AAA credit rating and the IMF ratings and so on, so that people can quite clearly see categorically what we are and what we are not.

**The Speaker:** I think you have answered the point, but Mr Bell.

**The Minister:** Yes, the one thing we most definitely are not, is a tax haven and that is going to be one of the messages – the central message – that we have to get out in the time ahead.

Whilst I cannot give a specific answer to the Hon. Member's question at this point, it will certainly be one of

the measures in our general armoury which we have available to us and will be something which will be considered as and when it is felt appropriate in the coming weeks and months.

**The Speaker:** Final supplementary, I think, Mrs Cannell.

**Mrs Cannell:** Thank you, Mr Speaker.

Does the Treasury Minister agree with me that so sensitive are these issues, so sensitive and so finely balanced they are, does he agree with me that, in fact, taking out full page advertisements in UK press would give the wrong impression (**Mrs Craine:** Hear, hear.) of the Isle of Man and those who would attack us, for whatever reason, irrespective of what we do that is good, will still think thou dost protest too much (**Mrs Craine:** Hear, hear.) but in fact, there are more astute ways and more intelligent ways and politically correct ways of actually dealing with this, so that we come out with our credibility and our heads held high, firmly intact and not to be savaged in the UK press, as we would be if we did this?

**Mrs Craine:** Hear, hear.

**The Speaker:** Mr Bell.

**The Minister:** That is a very good point, Mr Speaker, and we have to be very, very sensitive to the issues that we face. The most effective way in countering what we are doing at the moment is through political action, not through advertising in the press and that is what I have been directing Treasury over the last few years towards. This, in part, Mr Speaker, is why we have been signing so many tax information exchange agreements with various countries around the world. We have a number very close to completion now which I hope I will be signing off in the next two or three months: that will leave us in a very strong position to deal with the OECD and even, ultimately, with America.

I met, in Washington last month, the General Secretary of the OECD and had a very fruitful and supportive meeting with him there and I do believe, if we can complete these tax information exchange agreements over the next few weeks, that will leave us very much ahead of the pack worldwide in terms of countering the arguments that the Isle of Man is an unco-operative tax haven.

We do have friends in various political forums around the world which we have developed and courted over the last few years. It is going to be very, very difficult but I do believe the actions we have taken with the OECD, the actions we have taken particularly with our visits to Washington, to the US administration – and I am sure there will be one as soon as the new administration is sworn in and we know who the personalities are we have to deal with, I am sure we will be having another mission to Washington then to spread the word.

The Chief Minister and I met the President-elect, Mr Obama's chief tax advisor, when we there this time last year and did get a fair hearing from him, so we are making inroads at political level, Mr Speaker, and this is really where we are going to be able to change perceptions.

It will not be an advert in the paper, it will be getting in behind or underneath the radar, getting into the real decision makers and explaining exactly the work that the Isle of Man has done over these last few years. Tynwald generally has

been very supportive, Mr Speaker, of the actions Treasury has taken in terms of signing tiers and the international strategy which we have adopted. I very much hope that we will be able to maintain that unity in the time ahead and make sure that the Isle of Man speaks with a single voice on this and we all work together to counter some of these politically motivated attacks on the Isle of Man in the future.

## TOURISM AND LEISURE

### New Manx Institute of Sport Costs and facilities

1.6. The Hon. Member for Onchan (Mr Karran) to ask the Minister for Tourism and Leisure:

*With regard to the Manx Institute of Sport being constructed at the National Sports Centre –*

*(a) what will be the total capital cost to Government of this facility;*

*(b) what is the estimated annual revenue cost to Government of this facility;*

*(c) what facilities will the new building contain that are not available elsewhere on the Island;*

*(d) who will decide which sports people will be able to use the facility and on what criteria will the decisions be based; and*

*(e) what will be the approximate cost to individuals of using the facility; and what are the likely opening hours?*

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

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

**The Speaker:** Minister for Tourism and Leisure, Hon. Member for Middle, Mr Quayle.

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

First of all, I would like to thank the Hon. Member for Onchan, Mr Karran, for giving me the opportunity to update the House on the exciting new development at the NSC. The Department of Tourism and Leisure is proud to be associated with the Manx Institute of Sport and I would also like to express appreciation to those members of staff who are involved in supporting the Sports Council and a sincere thank you to all those volunteers, public and private sector organisations who have provided support to the Council over the past six years. There is little doubt that the continued focus and investment in local sport is reaping rewards through the Island's national and world class athletes.

In response to part (a) of the Question, the overall capital cost of the facility is £600,000, which is being provided mainly from the funds of the Isle of Man Sports Council. The Council is a semi-autonomous organisation of Government which receives an annual grant of £330,000 from the Department of Tourism and Leisure and £100,000 from Treasury from duties received from sales of UK lottery tickets on the Island. The Council acts as an umbrella over the Island's governing bodies of sport, for example,

the Football Association and the Isle of Man Badminton Association, supporting travel and coaching grants and they also provide funding to the Island's sports clubs to develop their equipment and facilities. The Council has used the annual grants to budget for the construction of the new facility and, in addition, over £90,000 has been donated from the private sector, together with numerous in-kind donations of materials and labour.

With regard to part (b), the annual revenue cost will be funded from the Manx Sports Aid Foundation, a registered charity, and from the Sports Council, together with donations from the private sector.

In response to part (c), the new premises will house facilities in a similar set up to the Australian Sports Academy and the UK Sports Institute Network and the services will include medical screening, physiotherapy, strength and conditioning training, nutritional advice, sport psychology. In recent years the Council has been able to provide some of these services to the Island's sporting community but bringing together the expertise under one roof will create synergy and will allow specialists to work together when dealing with performance issues and the rehabilitation of sportspeople. Sportspeople will particularly benefit from the strength and conditioning training suite which will be the first of its kind on the Island.

In response to part (d), the Manx Sports Aid Foundation will manage those using the Institute and working in partnership with the Commonwealth and the Island Games Associations. The Foundation will be responsible for deciding which sportspeople will benefit from using the Institute. Initially, all sportspeople currently receiving support from the Manx Sports Aid Foundation, who apply a well-established selection criteria, together with those persons in the 2010 Commonwealth Games and 2011 Commonwealth Youth Games preparation squads will benefit from the Institute. Once the Institute is up and running, this will be extended to a number of other competitors involved in team sports which represent the Island or have the potential to represent the Island.

Finally, Mr Speaker, with regard to part (e), there will be no charge made to Manx Sports Aid recipients. There will be a small charge levy to teams and squads to help contribute to the running costs and the replacement of equipment in the future. The exact opening hours are yet to be determined, but it is likely to be up to 12 hours per day, seven days a week.

May I just, as a final point, thank those athletes who show such dedication to their chosen discipline. Our top level athletes are generating worldwide publicity and they raise an awareness of the Island which may result in economic and tourism benefits also. These athletes are also acting as role models to encourage many children to become active in sport which will play a major part in tackling obesity problems, which pose the largest threat to public health on the Island.

Thank you, Mr Speaker.

**The Speaker:** Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, could I ask the Shirveishagh, firstly thanking him for his detailed reply, can he tell me, obviously these facilities are for the whole Island, will we be seeing any sort of similar initiatives in the north and in the south of the Island?

Will the Shirveishagh be now prioritising the likes of the long-running dispute about Nomads having no permanent

pitch, as far as their facilities in the south of the Island? Will we be seeing these sort of facilities being extended so that the people down south, the likes of the land that was earmarked at Ballakilley, will actually end up being sports facilities for the people of the south of the Island and the same initiative taken in the north and the west of the Island?

**The Speaker:** Mr Quayle.

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

I think we do have to recognise we are a relatively small Island, just 30 miles long by 11 or 12 miles wide, and it is just unthinkable to think that we could replicate this particular facility in the different corners of the Island. One of the benefits in centralising these activities under one roof is, as I explained, having the synergy between the different professional people that will be involved.

In terms of... he mentioned the facilities in the south, well, that is rather away from the particular question concerning the Manx Sports Institute but, however, I feel sure he mentions Ballakilley and the representatives from the south he represented will no doubt be taking a close interest in sports facilities provision in the south, as indeed will my Department.

**The Speaker:** Mr Quirk.

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

Can I just seek an assurance from the Minister for Tourism and Leisure regarding the facilities made for key sports which are the major sports on the Island, but can I ask him, would he also ask the Sports Council to keep an eye on those sporting activities that are not in the key sports range and make sure that the Sports Council do look after the minority sports which do take place on the Island, and all over the Island?

**The Speaker:** Minister to reply.

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

Given a lot more funding I am sure we would be able to do, through the Sports Council, a lot more support to all the areas that the Hon. Member for Onchan manages. I think it has to be said that the actual funding of the Sports Council has not increased to any extent in recent years and, certainly, I think they do a wonderful job, (**Mr Earnshaw:** Hear, hear.) the people who are voluntarily giving their efforts on the Sports Council to such great effect. So I take the point on board about the key sports ranges and those others that he mentioned but I feel sure the Sports Council manage the funding that they have, to the greatest effect to those on the Island.

**The Speaker:** Mr Karran.

**Mr Karran:** Would the Shirveishagh not agree that we are not talking replicating an institute of sport in the north and the south of the Island, but would he not agree that the fact is that there is a wilful lack of facilities in the north and the south of the Island? (**A Member:** Hear, hear.) Will he now prioritise the promises have been made, the likes of the Ballakilley that was made nearly 20 odd years ago about those facilities, there will be now a revisiting of his Department through the Sports Council in order to provide the initiatives

for local sport so that they start there and work up to come to the Institute of Sport?

**The Speaker:** Mr Quayle.

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

Of course, the matter to which he refers in the south is also one of planning, as well as finance, so I am sure the points are heard by the Sports Council. They will play their part in looking at the facilities required around the Island to tie in with those already available in different parts of the Island, as well as the new one being constructed at the National Sports Centre.

## OFFICE OF FAIR TRADING

### Telephone booking and baggage costs Making more reasonable

1.7. The Hon. Member for Rushen (Mr Watterson) to ask the Chairman of the Office of Fair Trading:

*(a) What work the Office of Fair Trading has done to establish the reasonableness of booking prices over the telephone as opposed to on the internet (especially with regard to airlines); and*

*(b) what work the Office of Fair Trading has done to establish the reasonableness of the cost of carrying additional baggage compared to the price charged?*

**The Speaker:** Question 7, Hon. Member for Rushen, Mr Watterson.

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

**The Speaker:** I call the Chairman of the Office of Fair Trading, Mr Henderson.

**The Chairman of the Office of Fair Trading (Mr Henderson):** Gura mie eu, Vainstyr Loayreyder.

In answer to both parts of the Hon. Member's Question the Isle of Man Office of Fair Trading has been advised by the Office of Fair Trading in the United Kingdom that it is unlikely that charges such as those referred to by the Hon. Member would be open to assessment, to an assessment of fairness or reasonableness under the United Kingdom's Unfair Terms in Consumer Contracts Regulations 1999, provided that the relevant terms are plain and intelligible.

In simple terms, the current position is that the charges are legal, as long as they are made clear in advance of being incurred. The Isle of Man Office of Fair Trading is aware of, and is monitoring, developments in the European Union concerning the transparency of charges made by airlines that do not appear in headline prices.

Whilst the board of the Isle of Man Office of Fair Trading is committed to see clear and inclusive travel charges, it does not wish to distort the market by placing additional burdens on carriers based in the Island that cannot be similarly imposed on those carriers based outside of the Island. The Isle of Man Office of Fair Trading continues to monitor carriers' advertisements to ensure that they comply properly with the law.

**The Speaker:** Mr Watterson.

**Mr Watterson:** Whilst disappointed to find out that the only work done has been to ask the UK what they have been up to, does the Chairman appreciate that the costs that are being charged to the consumer are not reflective of the costs that are being incurred by the business. The credit card companies do not charge per sector, per journey, on the business, so why should that then be passed on? So can I ask the Chairman, will he write to all of the airlines that practise this policy and ask for this extortion to be stopped?

**The Speaker:** Mr Henderson to reply.

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

I would answer the Hon. Member again by saying that what is happening here is common practice in the UK-European theatre, and in fact in the international theatre, no doubt. It is acceptable practice. We have been advised by the UK Office of Fair Trading it is legal as long as any additional charges are advertised clearly and are up front. If you agree to enter into what is ostensibly a contract with an airline to buy a ticket in such a manner, then you are agreeing to the terms and conditions and therefore that complies with the law.

The work he is talking about is the point I raised, Vainstyr Loayreyder. We are monitoring the situation with regard to what the EU intend to do with their assessment of the situation. Clearly, we would like to see an all-inclusive fare charge, but we have to see how we go here, Vainstyr Loayreyder. We have made representations to airlines, but the point is we cannot make the likes of Flybe and others bend over to an Isle of Man situation, and the only way that could be done is to target the local operators then, and that would be unfair on them in the face of the competition from the operators from outwith the Isle of Man.

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

**Mr Karran:** Vainstyr Loayreyder, would the Caairliagh, the Chairman, not agree that maybe the way forward is to try and get Government to actually work in the ministerial system that it is supposed to work, and that the DoT maybe gives an undertaking to work with your Department in the effect of maybe telling the operators that use the Isle of Man Airport that we will actually charge them more as part of the conditions of the landing fees for the Island, and that way they would be at no economic advantage to the likes of the operators not to do what the Hon. Member for Rushen is asking for, which is an abuse of power, with almost the monopoly system we have got at the present time.

**The Speaker:** Chairman to reply, Mr Henderson.

**The Chairman:** Gura mie eu, Vainstyr Loayreyder.

Really, the Hon. Member opposite makes some interesting observations and, quite frankly, I am not so sure how those observations would work practically, but I would ask him to take it up with the Department of Transport who have already got initiatives in place to assist with air fare prices.

**The Speaker:** Mr Watterson.

**Mr Watterson:** Irrespective of the legality of the situation here, does the Chairman of the Office of Fair Trading consider

that the present situation is moral?

**The Speaker:** Mr Henderson.

**The Chairman:** Gura mie eu, Vainstyr Loayreyder.

As I have already indicated, the board and myself and team at the OFT are not happy with the situation and, much as we would like to see all-inclusive headline prices... Clearly, the airlines would argue that it is an administrative fee for themselves. The trouble is, Vainstyr Loayreyder, when you have cut-price, budget airlines operating in the way that they do and the fierce market competition between them all, these are the kind of things that spring up with non-headline fare charges and, unfortunately, it is a fact of life at the minute with regard to it.

As I have already said, we are monitoring how they advertise, because they have to make it quite clearly stated in their advertisements and to the consumer that any additional charges are there in the adverts. It is up to the consumer then to advance a contract with an airline or not.

**The Speaker:** Mr Karran.

**Mr Karran:** A supplementary, Vainstyr Loayreyder.

Would the Caairliagh not agree that it is alright talking about morals, but you have to work within the legal structures that you have?

Would the Caairliagh not agree that the fact that the Office of Fair Trading has something in the Budget of about £800,000, that it has far better facilities than a backbench Member who has seen the Members' Secretariat destroyed over the last couple of years –

**Mrs Craine:** Here we go again!

**Mr Karran:** – having the facilities to work within the OFT?

Would he further not agree that if the DoT was prepared to work with his Office over the fact that we give a discount over landing fees, that part of those landing fees could be a condition that they did not bring in such charges, which may be immoral, but are legal at the present time, in order for the taxpayer not to be subsidising these operators twice?

**The Speaker:** Chairman to reply.

**The Chairman:** I can repeat little further than what I have already answered to that question, Vainstyr Loayreyder.

### **Inquiry into fuel costs OFT powers**

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

*What powers the Office of Fair Trading has, if the section 19 inquiry into fuel costs on the Isle of Man announced in the House of Keys on 28th October 2008 reveals that there has been or is –*

- (a) over pricing or excessive profiteering; and*
- (b) evidence of collusion or a cartel?*

**The Speaker:** Question 8, Hon. Member for Onchan, Mr Quirk.

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

**The Speaker:** Chairman of the Office of Fair Trading, Mr Henderson.

**The Chairman of the Office of Fair Trading (Mr Henderson):** Gura mie eu, Vainstyr Loayreyder.

I must apologise for the lengthy Answer in advance, but I think it is incumbent on me to read out the exact principles that are occurring here.

In answering the Hon. Member's Question, I will refer to the Fair Trading Act 1996, as amended, as 'the Act', and the board of the Isle of Man Office of Fair Trading as 'the Board'.

The investigation referred to by the Hon. Member will be carried out in accordance with section 19 of that Act. Under section 19 of the Act, the Board may carry out an investigation into any price, with a view to providing the Council of Ministers with information relating to that price if it is satisfied that the price in question is one of public concern. On completion of an investigation, the Board shall make a report to the Council of Ministers.

In any case, where it appears to the Council of Ministers, after considering the report from the Board on an investigation under section 19, that any person resident or carrying on business in the Island has charged or charges an excessive price for any goods or services, it may make what is known as a price reference to the Board. On a price reference, the Board shall investigate and report to the Council of Ministers on the question of whether any person subject to the reference has at any time during the period of 12 months ending on the date of the reference charging for goods or services specified in the reference an excessive price or prices.

Turning to part (a) of the Question, under section 19B of the Act, in any case where the report of the Board on a price reference concludes that any person specified in the report was charging for goods or services specified in the reference an excessive price or prices and it appears to the Council of Ministers that that person, or any other person specified in the report ought to charge a lower price or prices for those goods or services, the Council of Ministers may request the Board to seek to obtain an undertaking from the specified persons to charge a lower price or prices for those goods or services.

Under section 19C of the Act, in any case where the report of the Board on a price reference concludes that any person specified in the report was charging for goods or services specified in the reference an excessive price or prices, and the Board has informed the Council of Ministers that a suitable undertaking is unlikely to be given, has not been given or has not been, or is not being, fulfilled, the Council of Ministers then may make an order.

Note that the Council of Ministers may also make an order without requesting the Board to seek to obtain an undertaking. In effect, an order under section 19C may require a person named in the order not to charge without the consent of the Board for goods or services specified in the order at price or prices exceeding the price or prices specified in or determined in accordance with the order.

To summarise, the Board may tackle excessive prices by obtaining undertakings from specified persons to charge a lower price or prices for specified goods or services whilst the Council of Ministers can tackle such prices by making orders.

Turning to part (b) of the Question, I would respectfully remind the Hon. Member that the investigation under section 19 of the Act is solely an investigation of the prices being charged for liquid fuels in the Island. The Board would advise the Council of Ministers accordingly if it uncovered any evidence of any collusion or cartel during the course of carrying out an investigation of a price.

Under the Act, anti-competitive practices may be tackled in basically the same way as excessive prices, following basically the same procedures. The Board may tackle them by obtaining undertakings, whilst Council of Ministers can tackle them by making orders. The Act affords persons whose interests are likely to be affected by an order made by the Council of Ministers to tackle excessive price or anti-competitive practices the opportunity to make representations before the order is made. Any representations duly made must be considered by Council of Ministers. In addition, such an order must be approved by Tynwald.

No criminal proceedings lie against any person for any contravention of orders made by the Council of Ministers. Any person can bring civil proceedings in respect of any contravention of any such order.

I would just add there, Vainstyr Loayreyder, what in effect that means is that, playing it right out to the final scenario, if somebody is refusing to comply with a Council of Ministers' order, Council of Ministers, through the Attorney General, if the Attorney General thinks it is a fair and correct way to proceed, can actually apply to the court to turn the original order into a court order and then that would be applied to the defaulter, and if they continued to default, then there would be serious repercussions.

**Mr Watterson:** Just as well you did not ask for the long answer.

**Mr Quirk:** I seek your guidance, Mr Speaker.

### Remembrance Day prayers and silence

**The Speaker:** Hon. Members, please be upstanding.

**The Chaplain:** Let us remember before God and commend to his sure keeping those who have died for their country in war, those whom we knew and whose memory we treasure, and all who have lived and died in the service of mankind.

**The Speaker:** They shall grow not old as we that are left grow old. Age shall not weary them, nor the years condemn. At the going down of the sun and in the morning we will remember them.

**Members:** We will remember them.

**The Chaplain:** The legion of the living salutes the legion of the dead. We will not break faith with you.

Almighty and eternal God for whose love in Christ we

cannot be parted either by death or life, hear our prayers and thanksgiving for all who remember this day, fulfilling the purpose of thy love and bring us all with them to thine eternal joy, through Jesus Christ our Lord. Amen.

May the blessing of God Almighty, the Father, the Son and the Holy Spirit be with us all and remain with us always. Amen.

**The Speaker:** Thank you, Hon. Members. Please be seated.

### Question 1.8 concluded

**The Speaker:** Hon. Members, we are in the process of taking Question 8. I call the Hon. Member for Onchan, Mr Quirk.

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

Can I thank the Chairman of the Office of Fair Trading. I was getting a bit worried there because I could not count the bits of paper. Can I seek an assurance from him regarding this particular inquiry. As the Island is a small player in the provider of fuel, how can persons give information to the inquiry under anonymity, and how can that be safeguarded, as there is only one fuel supplier to the Island?

**The Speaker:** Chairman to reply.

**The Chairman:** Gura mie eu, Vainstyr Loayreyder.

I am not sure who are the 'persons' that the Hon. Member is referring to there. If he would like to make a representation to me afterwards, I will try and clarify that particular point, Vainstyr Loayreyder, but certainly the inquiry, or the last one that was undertaken, is party to very sensitive information, some of which is confidential and certainly is kept that way.

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

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

Can the Chairman make a clear definition of what he deems to be excessive...?

**The Chairman:** Gura mie eu, Vainstyr Loayreyder.

That is exactly what we are trying to assess now with the inquiry. It will show us, by way of benchmarks and other measures which I have already alluded to in this hon. place the other week. The benchmarks that were used previously are going to be reassessed for the validity this time round and it will be those and other measurements that the people assisting will be using. That will be made quite clear in our report and it will be a public report ultimately, so the Hon. Member will be able to see that.

**The Speaker:** Mr Quayle, Hon. Member for Middle.

**Mr Quayle:** Yes, thank you, Mr Speaker.

We are well aware that there were a range of different inquiries into the range of fuel prices on the Island. I wonder, though, if I might ask the Chairman of the OFT, in my capacity as Member for Middle, is he aware of concerns expressed about the significant increases in the cost of solid

fuel in recent weeks and might he just like, without going into a full inquiry into it, to at least follow up the particular reasons as to why there have been two significant increases in the space of several weeks?

**The Speaker:** Mr Henderson.

**The Chairman:** Gura mie eu, Vainstyr Loayreyder.

Yes, the OFT is aware of those price hikes, if you want to call them that, and certainly I can get some information for the Hon. Member on that particular point. It is not a good position for folk who are on solid fuel to suffer this kind of thing but, in general, the fuel markets all over the Island, and certainly the UK etc, are all going upwards and there seems to be little in our control to stop them at the minute. But certainly we can look at that for the Hon. Member, Vainstyr Loayreyder, and certainly I can get back to him on that matter.

**The Speaker:** Mr Quirk.

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

Can I just ask the Member, the Chairman of the Office of Fair Trading: is he now satisfied that there is a movement downwards towards equalising having a rate comparable with our counterparts elsewhere in the British Isles and is he still concerned that the price of fuel oil, that is, central-heating fuel oil, is still quite expensive on the Island and has he made any representation to the fuel – I think there is four of them on the Island – to sharpen their pencils a little bit?

**The Speaker:** Mr Henderson.

**The Chairman:** Gura mie eu, Vainstyr Loayreyder.

Yes, indeed we have and the forthcoming inquiry is looking at liquid fuels of which central heating fuel will form part, Vainstyr Loayreyder. I, personally, as I have already said a couple of weeks ago, instigated a round of meetings with the fuel companies including suppliers of central heating oil and they had a thorough grilling at our boardroom in relation to this headed up by myself in that informal inquiry and we certainly expressed consumer concern and at the expense of heating oil at the minute.

I advanced the consumer argument even further, by pointing out the fact that a lot of people in social housing and local authority housing are having their solid fuel heating turned to oil-fired central heating. They have had little choice in the process, it is part of that local authority's development plan for the estate but, nonetheless, they are now at the behest of paying heating-oil prices. This was made quite clear to them and the concerns that not every one earns above the average weekly wage that is put out by the Economic Affairs Department, so I hope that will assist the Hon. Member, Vainstyr Loayreyder.

**The Speaker:** Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, would the Caairliagh assure this Hon. House that if he finds out that his inquiry ends up being like similar inquiries, like being savaged by a dead sheep, that he will come back to this House with a package of measures to give them proper powers under the legislation so that the Office of Fair Trading can actually start doing the job that it is supposed to do, and that is protect the consumers?

**The Speaker:** Mr Henderson.

**The Chairman:** Gura mie eu, Vainstyr Loayreyder.

I have no intention of letting myself become a victim to an attack by a savage sheep – far from it. What I have indicated is that I will be taking a full part in – not quite a full part – in the inquiry but certainly I am involved in the remit and so on, and the thing is, that it is a formal investigation and assessment of prices and I have put the marker down already, Vainstyr Loayreyder, that the benchmarks that will be used and other measurements, if it is found that applying those criteria to what is happening here, prices are not deemed to be excessive, then you cannot just bring in orders and all the rest of it that follows that I read out to the previous question to Mr Quirk.

However, if they are measured to be excessive – and I understand the Hon. Member's concern, which is mine too, and one of the specifics is why are they are so quick to go up and slow to go down – if there is any evidence of excessive charging, then obviously the machinery I described and the process I described to the Hon. Member, Mr Quirk, earlier, Vainstyr Loayreyder, that would subsequently flow.

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

**Mr Gawne:** Gura mie eu, Loayreyder.

Would the Caairliagh agree with me that the supply of wood for fuel still represents a very cost-effective solution for many householders in the Isle of Man. Indeed, the supply and use of wood-burning stoves in effect is something that is under our control, it is under Government control, in terms of the supply of the timber and it is something that we should be encouraging in the future?

**The Speaker:** Without broadening the matter out, Mr Henderson.

**The Chairman:** Gura mie eu, Vainstyr Loayreyder.

The Shirveishagh poses a very intriguing series of questions to OFT, however, I would say, in broad principles, I would support sustainable – and I would make that point – sustainable wood-burning and management of our forests and trees in this matter, also being aware of pollution factors to the environment.

**The Speaker:** At the end of Question 8, Hon. Members, it brings us to the end of Question Time.

Mr Karran.

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

**Mr Karran:** I move to suspend Standing Order 3.5.1(2) in permitting the remaining Questions for Oral Answer to be taken at this sitting.

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

**The Speaker:** The motion is that Standing Order be suspended to permit the remaining Questions to be taken. Those in favour say aye; against no. The ayes have it. The ayes have it.

**UK union contributions to political parties  
Effect in Isle of Man**

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

*(a) Is he aware of an investigation by the United Kingdom Office of Fair Trading into the matter of union members having a proportion of their contributions sent to political parties, and that in some cases, it appears that members are unaware that the 'political deduction element' can be stopped, and that their union subscriptions should reduce accordingly; and  
(b) how far this process has been progressed; and how this affects the Isle of Man*

**The Speaker:** Question 9, Hon. Member for Onchan, Mr Quirk.

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

**The Speaker:** Chairman of the Office of Fair Trading, Mr Henderson.

**The Chairman of the Office of Fair Trading (Mr Henderson):** Gura mie eu, Vainstyr Loayreyder.

The Hon. Member poses quite an intriguing Question to me this morning and to the Office of Fair Trading. However, on investigating the matter to answer the Hon. Member, it appears that, in fact, he is quite right that many staff sides and Unions do charge a political levy within the union subscriptions that members have to pay to their organisation.

It also becomes apparent that sometimes certainly and in the representations made in the UK by the Shadow Solicitor-General, Jonathan Djanogly, that in some cases it does not appear to be clear that the political element of the union member's fees is made that clear on application to join the union. Further, there seems to be concern that a member may not be as fully aware as they could be that they can opt out of the political levy. That gave rise to further concerns, Vainstyr Loayreyder, in that if somebody opts out, there is a concern that the union subscription fee does not drop down by that amount.

That representation was made to the UK Office of Fair Trading December 2007 and January 2008 on this issue by the Member for Parliament I have just indicated. What we have discovered, is that in fact here in the Isle of Man our Acts are silent on the matter of this kind of deduction from wages and it certainly is not an Office of Fair Trading issue. In the UK it comes under the Department for Business Enterprise and Regulatory Reform, in other words, a DTI issue and here, too, I would suggest that it is more of a DTI than an OFT issue.

However, I would say, Vainstyr Loayreyder, in trying to be helpful to the Hon. Member, that the UK Government indeed has given an undertaking and it is reported that Gordon Brown is said to be wanting to review the way the political levies are and how the Labour Party is funded in general. Most of the political levies taken from union subscriptions go to the Labour Party in the UK and I would urge people who pay union subscriptions to know exactly what it is that

you are paying and act accordingly to the best interest of the Island.

**The Speaker:** Mr Watterson.

**Mr Watterson:** In the course of these investigations has the Chairman of the Office of Fair Trading found out whether any money is paid by Manx unions to other Members of Tynwald individually, or the Manx Labour Party or what is left of the Liberal Vannin Party?

**The Speaker:** Chairman to reply.

**The Chairman:** Vainstyr Loayreyder, could I ask the Hon. Member just to repeat that question, please? *(Laughter)*

**Mr Watterson:** Could I just ask, in the course of these investigations, whether he has found out whether any money paid by union subscriptions, has been paid to any political individual on the Isle of Man, the Manx Labour Party or the Liberal Vannin Party?

**The Speaker:** Mr Henderson.

**The Chairman:** Gura mie eu, Vainstyr Loayreyder.

We have not investigated it to that extent because the Office of Fair Trading only has about 17 officers and currently we are swamped in the fuel price investigation, amongst other things. However, as far as I am aware, usually the political levy charged by unions here, all of which are UK unions, it is sent across, basically, which is why I made the statement that Members should be aware of the elements within their subscriptions, where it is going and to act in the best interests of the Island.

**The Speaker:** Mr Quirk.

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

Could I ask the Chairman of the Office of Fair Trading, although he is saying he may have to duck out of this particular one and transfer it to the DTI, but can I ask him, as part of his duties of the OFT, could he have a look at the application forms to see if those particular boxes which sometimes people have to tick, are large enough? *(Laughter)*

**The Speaker:** Mr Henderson.

**The Chairman:** Gura mie eu, Vainstyr Loayreyder.

Yes, I am quite happy to make further enquiries and get back to the Hon. Member on that.

**The Speaker:** Mr Karran.

**Mr Karran:** Can the Caairliagh inform this Hon. House if any member of a trade union can apply for a grant from their union and can he also inform this Hon. House will the same process be done, as far as masonry is concerned, and will it be a transparent consideration, as far as how much support and how much political levy that secret organisations that have a major political input into this Island has had in the past, as far as a transparent process is concerned?

**The Speaker:** Mr Henderson?

**MANX ELECTRICITY AUTHORITY****Bord Gáis Éireann  
Renegotiated contracts**

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

- (a) *If the Chairman will make a statement on the renegotiation of the Bord Gáis contracts; and*  
 (b) *whether Tynwald will be asked to approve the main provisions of the renegotiated contracts before they are signed?*

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

**Mr Karran:** Vainstyr Loayreyder, I ask the Question standing in my name, since I am not going to get an answer to the last one.

**The Speaker:** The Chairman of the Manx Electricity Authority, Mr Gill.

**The Chairman of the Manx Electricity Authority (Mr Gill):** Mr Speaker, with regard to the first part of the Question, these negotiations are nearly complete and are retrospective to October 2007. The revisions to the contract have received Treasury concurrence, have been reviewed by the Attorney General and were recently issued for Council of Ministers' consideration.

The original contract is already signed and is in place and binding on the MEA. It is not, therefore, possible in law to put these revisions to Tynwald. They can advise but this matter has been previously discussed by the board of the MEA and I have discussed it with the Chief Minister and a confidential briefing is being planned for all Members in the near future.

**The Speaker:** Mr Karran.

**Mr Karran:** Can the Caairliagh tell us that, allowing for the fact that in December Tynwald, the previous Chairman of the MEA advised that the renegotiation of Bord Gáis Éireann contracts would be completed by March of this year, what has gone wrong?

Would the Caairliagh also tell us this Hon. House the inter-governmental agreement between the United Kingdom and Ireland covering the SIPS pipeline system states that the Isle of Man must supply with gas under fair and transparent terms and conditions. Will then the Chairman, therefore, confirm the full details of the renegotiations, as far as the contracts will be published?

Would the Chairman also... at the last December Tynwald the previous Chairman stated that the MEA advised Tynwald that the Bord Gáis Éireann agreement to be supplying gas in the Isle of Man under the same terms and conditions as regulated by the Council of Energy Regulation in Ireland, the CER Government Third-Parties Gas Transport: will the Chairman confirm that this is still the case and, if not, why not?

**The Speaker:** Chairman to reply.

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

I apologise if I inadvertently miss any of that long list of questions out in my response. In relation to the delays that the Member asked in finalising the revised agreement are the subject of some concern to the board, but BGE have already confirmed that the agreement will, as I have said, be retroactive to October 2007. On the basis that delays would impact only on cashflow, it has proved difficult to exert pressure on our counterpart to act quickly in this regard. That said, I am aware that BGE have internal procedures to complete and I would rather have a complete and correct agreement than an error-strewn and invalid agreement with them.

In terms of the other points that the questioner raised, I think they have been covered, as he says in his references to the previous Chairman, and I am not offering to make any variation to those opinions previously advised, sir.

**The Speaker:** Hon. Member for Ayre, Mr Teare.

**Mr Teare:** Does not the Hon. Chairman agree with me that the fact that the contract is now going to reflect the terms which have been set in place by the Irish gas regulator that the basis of the contract will be in the public domain, sir?

**The Speaker:** Chairman to reply.

**The Chairman:** I do agree, of course, with the previous Chairman of the Board, sir and I would like to take this opportunity, on my behalf and I am sure a lot of the board and consumers, to thank the previous Chairman for his efforts and expertise in facilitating this new arrangement which I am confident is to the advantage of the Isle of Man.

**Members:** Hear, hear.

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

**Mr Karran:** Vainstyr Loayreyder, would the Caairliagh not agree that the reason we are getting the replies like the repeated claims that you would never have done anything about, only for this Hon. Member, is the fact that the MEA gas is transported only 40 per cent of the distance between Scotland and Ireland through only one of the pipelines. That means that they are only using 20 per cent of the infrastructure under the present contract that I fought for, for you lot to getting sorted out, the MEA paid more than twice as much as other third parties who transported gas all the way to Ireland. Why should the MEA pay more than double the cost of transporting gas all the way from Scotland to Ireland, as far as Manx consumers? Would the Caairliagh not agree that the fact is that, once again, we are not being told the truth, because vanity is more important than sanity and the consumers out there are just forgotten about?

Can I also ask the Chairman, Vainstyr Loayreyder, allowing for the fact of the inter-governmental treaty, the fact is that that treaty said it was fair and had to be transparent and the fact is that he, because of the people who wrote his reply, have once again tried to mislead this Hon. House, just like we have been misled with the Steam Packet User Agreement – and now the chickens have come home to roost.

**The Speaker:** Mr Gill.

**The Chairman:** The questioner asked would I not agree with him, and not surprisingly the answer is no, I would not agree with him.

**Mr Karran:** Of course you would not; you are on 10 per cent more for it.

**The Chairman:** Not least for the reasons and the rantings, for the self-promotion and the self-congratulations that we have heard that have no substance. What I would say to the questioner – what I would say again – is I would reiterate on my behalf and on behalf of the board and the previous board and previous Chairman, if he cares to bless us with his expertise by visiting us on the board, as far as we are able to under our duties, we will explain, as we will to other Members of this Hon. House and another place, as far as we can, the business that we are tasked to undertake. We are tasked to undertake it in the best interests of the Isle of Man. That is what we have, sir. There is no sole prerogative that the Member claims that he has in that regard, and I just tire of hearing that he feels there is, sir.

**The Speaker:** Hon. Member, I appreciate we are taking supplementary questions, but there is no need to broaden it into a wider debate. The Question on the Order Paper has been answered, but Mr Karran.

**Mr Karran:** The CER regulated tariff includes an element for capital recovery. Can the Chairman confirm that, after the completion of the renegotiations, there will be no further capacity charges? Can also the Chairman confirm that the CER regulated tariff includes the operation and the maintenance of the pressure reduction and metering station at Dublin?

Can the Chairman confirm that, after negotiations are completed, the MEA will be able to recover its costs of operating and maintaining the pressure regulated and metering station at Glen Moar? Can the Chairman of the Board also answer the Bord Gáis agreement will commit the Isle of Man to expenditure of hundreds of millions of pounds over the maintaining term of the contracts.

Can the Chairman advise the total fitness commitments covered by contracts when Tynwald will be asked to approve such commitments? Finally, Vainstyr Loayreyder, would the Caairliagh not agree that the situation is that if he and his one-party state by patronage that runs this Chamber –

**Mr Bell:** He is not a member of Liberal Vannin's!

**The Speaker:** Please, Hon. Member, would you keep to the point and not digress into opinions which are totally irrelevant to the Question. Hon. Member.

**Mr Karran:** Vainstyr Loayreyder, would he not agree that if we were to have... under the international agreement, the fact is it has to be fair and transparent. Hiding the incompetence of his staff in the past is no way of learning the answers to the future.

Going to the consumers, as a former chairman of the consumer board, don't they get enough ripped off without us trying to augment it by hiding behind commercial confidentiality when it is not a fact. It is misleading this Hon. House and this is a parliamentary assembly, not an extension of the executive and the Council of Ministers.

**The Speaker:** Mr Gill.

**The Chairman:** I take exception to the allegation that I am misleading this House (**Several Members:** Hear, hear.) and I would certainly welcome the opportunity that I present to the questioner: if he wishes to refer me to the Standards Committee, if he has any evidence to support that allegation, then by all means do so.

I also resent the fact that he is implying that the MEA staff are in any way incompetent. They are not; I have total confidence in them. (**Three Members:** Hear, hear.) He may not like the answers, sir, but they are the answers which I am proud to give to this House. In relation to the legal bounds of the contract, I and the MEA board will advise appropriately all details of the contract and its effects as far as we can within the law, sir.

**The Speaker:** Hon. Member, Mrs Cannell.

**Mrs Cannell:** Thank you, Mr Speaker.

As far as the Chairman can within the law, together with his board, will he also consider when he is ready to do that, to make a presentation to all Members of Tynwald before it reaches the floor of Tynwald, because will he agree with me it will probably be very prudent for him to do that, bearing in mind it is such a complicated matter and the fact that the Hon. Member for Onchan has continually raised concerns regarding this agreement, and it would be the wise thing to do?

**The Speaker:** Mr Gill.

**The Chairman:** I appreciate the guidance on wisdom, sir. Certainly, as I said in my original Answer, and I will reiterate, if I may, sir: the original contract is already signed and is in place and binding on the MEA. It is not, therefore, possible in law to put these revisions to Tynwald, but I can advise that the matter has been previously discussed by the board of the MEA and I have discussed it with the Chief Minister, and a confidential briefing is being planned for all Members in the near future.

**The Speaker:** Mr Karran.

**Mr Karran:** Vainstyr Loayreyder, can the Caairliagh assure this Hon. House before that agreement is signed, and we have a confidential agreement, that we have that confidential meeting, that we will actually not sign that agreement until we have had that situation fully briefed by this Hon. House?

How does the Chairman not agree that the fact is that we have a situation where the consumers of this Island are paying twice as much for the transport costs for going 40 per cent of the length of the time, allowing it is only using 20 per cent of the volume or capacity, as far as the infrastructure is concerned?

On top of that, we have spent tens of millions of pounds on what should have been in part of the tariff, and how does he justify that it is not incompetence by the previous Board and by the professional people for not doing this? Would he not agree that he brings this House into disrepute outside this Hon. House when he defends the indefensible, like so many other things that have happened in this House over the last 10 years?

**The Speaker:** Amongst those opinions there were some questions, Mr Gill.

**The Chairman:** There was also a repetition of an allegation of bringing the House into disrepute, Mr Speaker, and I wonder if you would like to give any guidance on remedies to a Member.

**The Speaker:** I have noted several references during the course of this questioning of a nature which, to me, indicate disparaging this Chamber and disparaging the Members within it, (**Several Members:** Hear, hear.) and I will not have it. I let them run, but I am not going to have this, and I put the Hon. Member on notice.

**Mr Henderson:** Hear, hear.

**The Speaker:** Mr Gill.

**Mr Houghton:** Jurby Prison.

**The Chairman:** For a third time, Mr Speaker, let me refer to the original Answer and I hope that the Member questioning will make a note this time, because he has clearly not made a note. In his temper he seems to be losing the plot here.

The original contract, Mr Speaker, is already signed and is in place and binding on the MEA. It is not, therefore, possible in law to put these revisions to Tynwald, but I can advise that this matter was previously discussed by the board of the MEA and I have discussed it with the Chief Minister and a confidential briefing is being planned for all Members in the near future.

**The Speaker:** Mr Teare, Hon. Member for Ayre.

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

Does not the Hon. Chairman agree with me that this is a commercial contract similar to other contracts that the board has in place, including one which was disparaged by the Hon. Member for Onchan, which concentrated on buying forward gas, otherwise known as hedging? I distinctly remember the Hon. Member saying that it should not be done, it was not advisable. My understanding is that, over the current winter, it is delivering major benefits of between £5 million and £7 million. (**A Member:** Hear, hear.)

I feel that the Chairman would agree that the Authority must have the freedom to enter into contracts as part of its normal commercial operation, sir.

**The Speaker:** Mr Gill.

**The Chairman:** Well, not surprisingly, yes, of course I would agree entirely with the former Chairman in his question, sir. Yes, it is a commercial contract and, yes, as he introduces the fact that through the hedging process and the expertise of the team at the MEA who have engaged in that very difficult and exacting programme, that they have indeed made savings of £5 million in what has been the most volatile fuel market for many decades. I think, rather than reflecting on an incompetence, we should actually be promoting and congratulating –

**Mr Brown:** Praising them.

**The Chairman:** – the members of the MEA board for making those savings, sir.

**A Member:** Hear, hear.

**The Speaker:** Hon. Member for Michael, Mr Cannan.

**Mr Cannan:** Thank you.

The Chairman of the MEA has said that he is going to give a confidential briefing to Members.

**A Member:** Oh, no, here we go.

**Mr Cannan:** Yes, here we go. Can the Chairman tell this House what is the point of a confidential presentation to Members, if Members then cannot inform their constituents (**Mrs Cannell:** Hear, hear.) of what it is all about? If it is only confidential to this House and its Members and the Members cannot tell, inform the people who have elected them to this House, what is the purpose?

**Mr Watterson:** Just like the Budget.

**The Speaker:** Mr Gill.

**The Chairman:** My colleague in Rushen, Mr Watterson, makes the apposite point ‘just like the Budget.’ We have confidential briefings on any number of matters. It is a matter of trust that we are required to maintain that confidence where it is appropriate, and I know the letter that the questioner has sent to the Chief Minister and circulated by e-mail, talking about the Kaupthing Singer and Friedlander –

**Mr Cannan:** Point of order. Is that relevant, sir, Mr Speaker, to –

**The Speaker:** I will rule whether it is relevant when Mr Gill has finished.

**The Chairman:** I will take your guidance to introduce this letter into *Hansard*, sir, because I have no issue with the contents of this letter, other than to say the principle of attending or otherwise the confidential briefing is a matter for individual Members. (**Several Members:** Hear, hear.) On this occasion, Mr Cannan says he must advise the Chief Minister he will not be intending to be present. That is a matter for him, and I make no comment other than to say I fully intend to be there because I intend to understand it better within the bounds of confidentiality, and I think that will help me to better represent my constituents, and I hope that other Members will feel the same way in relation to this planned briefing.

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

**Mr Karran:** Vainstyr Loayreyder, would the Caairliagh not agree with people outside this Hon. House that the previous Chairman is trying to take people off the scent from outside this House when he talks about a few million pounds saved over the purchase of oil, when this agreement –

**Mr Teare:** Five million pounds?

**Mr Karran:** – has hundreds of millions of pounds’

implication, as far as the Isle of Man is concerned? Will he tell me how does he justify that it is not incompetence that the MEA gas is transported only 40 per cent of the distance between Scotland and Ireland through one of the two pipelines, only using 20 per cent of the infrastructure. Under the present contract, the MEA, its consumers, pay twice as much as third parties who transport their gas all the way to Ireland.

Why should the MEA pay more than double the cost of transporting gas all the way from Scotland to Ireland? Would he not agree that fact alone exposes the incompetence within his department and the previous board? Would the –

**The Speaker:** Hon. Member, I am not going to permit lengthy supplementaries that are quite plainly speeches and statements preceded by the magic words ‘Would you not agree’. I am not going to have any more of that.

Mr Gill.

**A Member:** Well done.

**The Chairman:** Mr Speaker, thank you. Would I not agree? No, I would not, sir.

**The Speaker:** Hon. Member, Mrs Cannell.

**Mrs Cannell:** Thank you, Mr Speaker. Can I just ask –

**Mr Karran:** Disgraceful!

**Mrs Cannell:** – through you, Mr Speaker, the Chairman of the MEA said that when he is ready (*Interjection by Mr Karran*) there will be a confidential briefing to Members of Tynwald. Can I ask him, since he has become Chairman of the MEA, has he lost the plot in terms of being in support of open and transparent Government? (**Mr Cannan:** Hear, hear.) How can he say that, in fact, a briefing such as a confidential briefing similar to what we have in the Budget, when in fact the Budget is debated in public, in Tynwald, once a year and we are not so restrained?

**Mr Cannan:** Exactly.

**The Speaker:** Mr Gill.

**Mr Henderson:** Hear, hear.

**Mr Cannan:** Hear, hear.

**The Chairman:** That is a difficult one to answer, isn't it, sir? Have I lost the plot in regard to transparency and openness? No, I have not, sir.

**A Member:** Hear, hear.

**The Speaker:** That brings us, Hon. Members, to the end of Questions for Oral Answer.

There is one Question for Written Answer which has been circulated.

## Question for Written Answer

### TREASURY

#### Manx bank notes Number in circulation

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

- (a) What was the estimated amount of Manx bank notes in circulation in April this year;  
(b) whether additional bank notes have been added into circulation since then; and  
(c) what has been the estimated amount of bank notes in circulation for each calendar month since April 2008 to date?

**Answer:** (a) The estimated amount of bank notes in circulation at 30th April 2008 was £46,139,288.

(b) The Isle of Man Bank is the appointed agent for Isle of Man Government notes. They routinely add notes or withdraw notes from circulation, as demand for notes dictates. An additional £5.6 million has been added into circulation over this period: please refer to the monthly movement in figures provided in the table at point (c) below.

(c) The estimated amount of bank notes in circulation for each calendar month since April 2008 to date is:

Date	Amount
30th April 2008	£46,139,288
31st May 2008	£49,967,588
30th June 2008	£50,669,688
31st July 2008	£46,424,488
31st August 2008	£46,953,128
30th September 2008	£47,868,428
31st October 2008	£51,736,616

## Orders of the Day

### BILLS FOR SECOND READING

#### Income Tax Bill Second Reading approved

3.1. Mr Braidwood to move:

*That the Income Tax Bill be read the second time.*

**The Speaker:** Hon. Members, turning to Item 3, there are two Bills for Second Reading. These are the Income Tax Bill and the Company Officers (Disqualification) Bill.

I therefore call upon the Hon. Member for Douglas East, Mr Braidwood, to move the Second Reading of the Income Tax Bill.

**Mr Watterson:** It is alright, it is not confidential. You can come back now!

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

This Bill makes various miscellaneous amendments to the Income Tax Act and confirms ten Temporary Taxation Orders. The Bill is divided into 21 clauses and two schedules.

The first clause provides the interpretation of the Bill.

Clause 2 confirms a Temporary Taxation Order in respect of the attributed profits regime for individuals. This Order was approved by Tynwald during the December 2007 sitting. The Order introduced the attributed profits regime for individuals and repealed the distributable profits charge. Clause 2 also gives effect to schedule 1 of the Bill.

The third clause confirms the Income Tax (Individuals) (Temporary Taxation) Order, which was approved by Tynwald as part of the 2008 Budget. This Order introduced a new age allowance for individuals on or over the age of 65 at the beginning of the tax year and abolished tax relief for life insurance and training expenses. This clause also gives effect to schedule 2 of the Bill.

Clauses 4 and 5 confirm the eight temporary taxation orders that were required as part of the ratification process of the International Tax Agreement with the Nordic countries and Ireland.

Clauses 6 to 8 introduce a new calculation for the beneficial value of company cars and fuel provided to employees. The current calculation is by reference to the original market value, age and size of the engine of the car. The new table bases the calculation solely on the cylinder capacity of the vehicle and is aligned to the new simplified annual vehicle duty bands used by the Department of Transport.

Clause 9 makes two small amendments to section 31A of the Income Tax Act 1970 that provide and describe deductions. One follows the move to an accounting period basis of assessment for companies, and the other will enable a prescribed deduction to be made from a person's liability to tax.

Mr Speaker, the Isle of Man has recently signed a number of international tax agreements. Officers from the Treasury are also currently in negotiations with a number of other countries with a view to establishing further agreements in the future. Clauses 10 and 11 make changes to both the 1970 and 2003 Income Tax Acts which will modernise and streamline the ratification process of these agreements. This will also reduce the need to ratify the agreements via a temporary taxation order.

Within the 2008 Budget, the abatement factor was removed from the calculation of personal allowance credits. Any individual whose income is below the upper income point will now receive the full personal allowance credit. The amendments within clauses 12 to 14 make the necessary changes to the legislation. They also ensure that, in future, any changes required to the personal allowance credit can be made under a temporary taxation order.

This Bill also introduces an extension of time for revising default assessments when a return form is submitted late. The legislation currently allows for the default assessment to be revised if the return is submitted within six months. Clauses 15 and 16 extend the revision period for individuals and companies to six years and four years respectively.

The remaining clauses make minor amendments to the Income Tax Acts and provide for the short title and commencement of the Act.

Mr Speaker, I beg to move the Second Reading of the Income Tax Bill 2008.

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

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

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

**Mr Karran:** Vainstyr Loayreyder, as far as the agreements... I take it that the agreements have gone through the Scrutiny Committee of Tynwald, so they have had a look at these international agreements.

Could I ask the mover of the Bill, have there been any representations as far as maybe using this Bill for such old chestnuts as the tax exemption as far as nursery provision is concerned? Are there going to be any moves in the near future, as far as nursery provision, for having total tax relief on it for the likes of children? Otherwise, maybe some of us might decide in this Hon. House to try and move some amendments on it.

Could the mover explain, as a Member of Treasury, why there seems to be, with the likes of our tax credits, no sort of capital limit put on it as far as people being able to claim it, so long as their income is under a certain amount, but they could have the capital sitting there of tens of thousands of pounds and still be entitled to a tax credit? Allowing for the fact that, in Social Security, you have to make a declaration about your capital as well, I cannot see why the mover, as the Member for Treasury... there would be objections for such proposals put into this Bill.

I was wondering also with this Bill whether there would be any viewpoint from the Treasury – or has been with the recent health changes as far as the health agreement and proposed changes – whether we need to extend tax relief as far as health insurance, maybe, on travel health insurance, and could he just clarify that, at the present time, travel health insurance is not exempt under the present tax legislation. I would just like to hear his views on these proposals, as there might be amendments put forward at the clauses stage, as far as this Bill is concerned.

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

**Mr Bell:** Mr Speaker, I just want to give the Hon. Member assurance that all tax reliefs are reviewed every year prior to the Budget, and the issue of nursing and health insurance, I am sure, will be considered as part of the overall review which takes place annually. Of course, with the projected changes to the reciprocal agreement on health, this obviously draws into focus the need perhaps to look at health insurance and how, if possible, we may be able to help on that front.

In terms of the personal allowance tax credit, Mr Speaker, we have been over this particular issue time and time again. The Hon. Member knows perfectly well what the answer is and the whole rationale behind these latest changes in the payment of this allowance, and I would tell Hon. Members that very close to 10,000 people will be benefiting. Those on low incomes, pensioners, Income Support, will be benefiting from this by the time this year's payment has finished, and every one of those people will be receiving a cheque for £500. A great many of them have already received those payments and it has been a massive help for people on low incomes

during this difficult period of the last few months when fuel prices in particular have been excessively high.

The whole rationale, though, Mr Speaker, behind this is to simplify the process in such a way that as many people as possible can claim for it. The second year, I think – which probably was 2005 – after this was brought in, we asked for full Income Tax returns to be sent in by all claimants and we found that year, Mr Speaker, that the number of claimants dropped by about half, largely because a lot of elderly people did not want to send in Income Tax returns, and in fact they missed out on the allowance which was available at that time.

I have said, Mr Speaker, on a number of occasions, that the Scheme is not perfect, that there will be people on the margins who probably are gaining this money who are not necessarily the people we were targeting in the first place, but I do believe, from the point of view of pragmatism, efficiency and ensuring that these payments are made as quickly as possible to those people who need it, it is a price worth paying in the short term to ensure a simple, easily accessible fund which will get money to those people who really do need it. If we were to ask for – and it would have to be to every applicant – proof of their capital values... What do you take in for capital? Is it the property that they own? Is it the land that they own? *(Interjection)* Is it the investments that they have? There is a whole raft of questions we would need to ask to implement what the Hon. Member is asking for, Mr Speaker.

**Mr Karran:** Point of order.

**The Speaker:** Point of order, Mr Karran?

**Mr Karran:** The point is that Social Security does not take in the capital of the home on the same basis.

**The Speaker:** Mr Bell.

**Mr Bell:** That is still an issue which would need to be addressed, Mr Speaker, if we were to extend in the way that the Hon. Member is talking about.

I strongly believe that this has been a very valuable extra tool in Government's armoury, and particularly in Treasury's armoury, to help those people on low incomes and it is vitally important that this support gets to those people as quickly and easily as possible and we do not tie it up with red tape and bureaucracy which will actually prevent the vast majority of people benefiting from this.

So, Mr Speaker, we have had this argument many times. Treasury has looked at it and we continue, whilst recognising the point that he has made, to believe that the system we have at the moment is most effective in the present structure, bringing benefit to some 10,000 people who badly need this support.

**The Speaker:** I call on Mr Braidwood to reply to the debate, please.

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

Can I thank the Treasury Minister for answering all the points of Mr Karran, the Hon. Member for Onchan's queries, apart from the first part. Mr Karran mentioned the reference to the Scrutiny Committee of the advantages with signing the tiers with such as the Nordic countries and Ireland. As

a member of the Scrutiny Committee, I can just say that a letter was written to the Treasury and the response from the Treasury will be forthcoming. That is all I can say on that matter, with being a member of the Scrutiny Committee, Mr Speaker.

I beg to move.

**Mr Karran:** Thank you.

**The Speaker:** Hon. Members, the motion is that the Income Tax Bill be read a second time. All those in favour, say aye; those against, no. The ayes have it. The ayes have it.

### **Company Officers (Disqualification) Bill** **Second Reading approved**

3.2. Mr Braidwood to move:

*That the Company Officers (Disqualification) Bill be read the second time.*

**The Speaker:** I call upon the Hon. Member for Douglas East, Mr Braidwood, to move the Second Reading of the Company Officers (Disqualification) Bill.

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

The purpose of the Company Officers (Disqualification) Bill is to restate the law relating to the disqualification of directors and other company officers in a more coherent way whilst, at the same time, rectifying deficiencies in the law and procedures relating to the power of the Financial Supervision Commission to petition the court for disqualification under section 26 of the Companies Act 1992.

The Bill brings together the current grounds for disqualification into one stand-alone and more accessible body of law and thus provides a single reference point. The Bill is predominantly a drawing-together of all the current grounds for disqualification of directors and others who may be unfit to be involved with the promotion, formation or management of a company. It should be noted that this is companies and officers in general and is not restricted to licenceholders of the Financial Supervision Commission.

The Bill also introduces the concept of a disqualification undertaking, which is an agreement between the relevant person and the Financial Supervision Commission, whereby that person acknowledges their previous unfit conduct and agrees not to be associated with companies for a number of years, thereby permitting agreed cases to be dealt with out of court.

Mr Speaker, before issuing drafting instructions for the Bill, the Commission issued a public statement stating the key findings of an independent review that identified some deficiencies in the law and procedures relating to disqualification orders. The public statement explained how the Commission has already addressed, or proposed to address, the report's recommendations and this Bill was one of the methods of progressing with the improvements. Subsequently, initial consultation took place in early 2007 with a small number of advocates who had been involved

in disqualification cases, followed by a further consultation in late 2007 via a consultative paper on the draft Bill. This consultation was notified to all the Commission's licenceholders and their representative associations and professional bodies, as well as relevant Government Departments. It was also a news item on the Financial Supervision Commission's website. The green Bill takes account of responses to this consultation.

Mr Speaker, the Bill replaces disqualification and closely linked provisions currently contained within the following Acts: the Companies Act 1931, fraudulent trading; the Companies Act 1982, insolvent companies; the Companies Act 1992, unfit persons. As this Bill is largely a re-statement of the current law, I do not intend reiterating those principles which mirror current legislation. However, I should like to draw Hon. Members' attention to the main provisions that represent changes to the current legislation or are entirely new. The most significant of these are as follows.

Firstly, the Bill strengthens current provisions and makes it compulsory for a court to disqualify an officer if that officer has been the officer of one insolvent company, coupled with cogent evidence of that officer's lack of fitness and propriety. Under current provisions, the officer had to be involved with two insolvencies and within a period of five years, coupled with a lack of fitness and propriety, and a court had discretion as to whether to disqualify. The Bill introduces an obligation on relevant officials, such as an official receiver or liquidator, to report any suspicions of unfitness to the Commission so that the Commission may consider taking disqualification action. In addition, the Bill provides the Commission with new powers to search for and secure evidence of an officer's lack of fitness and propriety, whereas to date any complainant has had to provide the Commission with such evidence.

The Bill also introduces, for the first time, the concept of the disqualification undertaking, which, as I mentioned earlier, is an agreement between the relevant person and the Financial Supervision Commission, whereby that person acknowledges their previous unfit conduct and agrees not to be associated with companies for a number of years. This mirrors similar provisions in the United Kingdom and has benefits in certain circumstances. As an example, if an agreement is reached between the parties on the facts and the Commission accepts a disqualification undertaking, this can avoid the time and cost of going through the courts. This was one of the recommendations of the independent review. Breach of a disqualification undertaking will carry the same penalties as breach of a Disqualification Order.

Mr Speaker, I beg to move the Second Reading of the Company Officers (Disqualification) Bill 2008.

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

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

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

**Mr Karran:** Vainstyr Loayreyder, I think the principles in this Bill are very important. I think that anything that protects the good name of the Island needs to be supported. I would just like to know, from the mover, the position as far as the extra powers, as far as his officers are concerned. Will the extra powers be with the representatives from the FSC; will they need to get a Justice of the Peace or how far do their powers go as far as to investigate is concerned?

I think that we all should be supporting the principles and aims within this Bill but I would like to know what the proposals are as far as the extra powers that will be given to the FSC, as far as investigation is concerned. Will they be able to search premises? What will they be able to do or will it have to be done through a court order?

Can the mover also tell this Hon. House about the position as far as individuals that are not found. Are we changing the law so that individuals that are not found on the Island and cannot be given notice, what is the procedure going to be as far as blocking them is concerned?

The move, as far as the issue on the disqualification without going through the judicial function – which I think is a good idea – what sort of record of accounts of why they made the decisions for that disbarment if the individuals do agree with it?

I have to say, Vainstyr Loayreyder, I was going to use this Bill for a number of avenues, but as there is another Bill coming up: the Companies (Amendment) Bill, I will be using them, as far as using other issues that need to be addressed as far as this barring of people as far as being company directors in certain areas.

I would be interested in the mover's viewpoint of why they feel that it is not the right Bill to actually disqualify individuals from being company officers through this piece of legislation. There are on regulatory boards, so that they cannot be directors of Manx companies that are concerned with the functions of, maybe a directorship.

For example, the FSC should not have anybody on it that has bank directorships; same with the insurance companies should not have somebody who is on the Insurance and Pensions Authority; even down to the level of principles of the likes of the Road Transport Commissioners. I think it should be put in law that people cannot have a directorship in taxes or things like that and I think this should be put into primary law.

This Bill, hopefully, will help to protect the good name of this Island. I believe, if this Bill gets the right scrutiny, I think it will be good in the armoury, as far as the Island is concerned, because we do need better procedures in order to make sure that people do not use the corporate status that companies give to abuse others and abuse the good name of this Island.

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

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

This Bill is not the vehicle to use for disqualification or not allowing members of the FSC to be directors of banks. This Bill is primarily on people's unfitness and impropriety to be directors and officers of a company. So, it is not the right vehicle.

In actual fact, there are no extra powers being given to the FSC. They still have the powers to petition to the court for disqualification orders. So, it is not additional powers which are being given to the FSC, Mr Speaker.

On the disqualification undertaking, this is to prevent the FSC going to court and getting a disqualification order against the person, because this will save the FSC costs and it will save the individual costs. In actual fact, everything is the same as a disqualification order. They can be banned from being a director or an officer of a company for between two and 15 years, which is exactly the same as a disqualification order, Mr Speaker.

I think I have answered the majority of the points which were queries by the Hon. Member for Onchan, Mr Karran. In actual fact, this Bill will give the additional powers to go and search for evidence against a person where a complaint has been made. Before, the evidence had to be supplied to the Financial Supervision Commission.

Mr Speaker, I beg to move.

**The Speaker:** Hon. Members, the motion is that the

Companies Officers (Disqualification) Bill be read a second time. Those in favour, say aye; against, no. The ayes have it. The ayes have it.

Hon. Members, that concludes the business of the House today. The House will now stand adjourned until 10.30 am on 18th November in Tynwald Court.

Thank you, Hon. Members.

*The House adjourned at 12.00 noon.*