



**HOUSE OF KEYS
OFFICIAL REPORT**

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P R O C E E D I N G S

D A A L T Y N

(HANSARD)

Douglas, Tuesday, 28th October 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, and Mr Q B Gill (Rushen);
 with Mr R Phillips, Secretary of the House.

Business transacted

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The House adjourned at 12.14 p.m.

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THE HOUSE OF KEYS DEBATES

OFFICIAL REPORT

IN THE PARLIAMENTARY SESSION 2008-09

Tuesday, 28th October

Volume 126

House of Keys

The House met at 10.00 a.m.

[MR SPEAKER *in the Chair*]

PRAYERS

The Chaplain of the House of Keys

Welcome to Roger Phillips, new Secretary of the House

The Speaker: Hon. Members, as we begin our new session, can I take this opportunity to extend formally a welcome of the House of Keys to the new Secretary of the House of Keys, Mr Roger Phillips.

Members: Hear, hear.

Leave of absence granted

The Speaker: Hon. Members, I have given leave of absence to the Hon. Member for Rushen, Mr Gawne, who is off-Island on Government business.

Questions for Oral Answer

CHIEF MINISTER

Depositors' Compensation Scheme Question withdrawn

1.1. The Hon. Member for Douglas North (Mr Henderson) to ask the Chief Minister:

Will the Government consider providing additional monies and/or aid over and above the new Depositors'

Compensation Scheme to help savers and customers of the failed Singer and Friedlander (IOM) Bank?

The Speaker: We turn to our Order Paper, Questions for Oral Answer. Hon. Members, Question 1 is not to be asked.

Insurance and Pensions Authority Chairman

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

(a) Does the Council of Ministers have full confidence in the Chairman of the Insurance and Pensions Authority; and

(b) what is the current salary of the Chairman of the Insurance and Pensions Authority?

The Speaker: I turn to Question 2 and call on the Hon. Member for Michael, Mr Cannan.

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

The Speaker: I call on the Hon. Member for Castletown, Chief Minister, to reply.

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

In answer to part 1 of the Question, I can confirm that the Council of Ministers does have full confidence in the Chairman of the Insurance and Pensions Authority.

In answer to part 2 of the Question, schedule 2 of the Statutory Boards (Annual Sums) Order 2004, set the annual sum payable to the Chairman of the Insurance and Pensions Authority at £18,200. This payment has been increased annually by the same rate as that applied to the Civil Service pay increases since that time. I can, therefore, confirm that the current salary of the Chairman of the Insurance and Pensions Authority is £20,954.02, sir.

Thank you.

The Speaker: Hon. Member for Michael.

Mr Cannan: I thank the Chief Minister for his Answer and the view that the Council of Ministers have full confidence in the Chairman of the Insurance and Pensions

Authority, Mr Gelling, but, surely, does the Chief Minister not agree that there is a perceived conflict of interest in that the same gentleman is Chairman of Singer and Friedlander, Chairman of Cable and Wireless, the Sure mobile company and a director of the Sefton Group? Does this not give a message to the outside world that perhaps there is a conflict of interest and the outside world may be of the opinion that the Chairman of the Insurance and Pensions Authority should not have these commercial interests?

The Speaker: Chief Minister to reply.

The Chief Minister: Thank you, Mr Speaker.

Clearly, the position of the Chairman of this Authority, like all the other such bodies, will work within the criteria set down. I am not sure where a conflict of interest would apply in relation to the quotes that the Hon. Member made, sir, as, clearly, the Insurance and Pensions Authority deal with those areas only.

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

Mr Karran: Vainstyr Loayreyder, will the Ard-shirveishagh support my new clause under the Company Officers Disqualification Bill 2008 that the Chairman and members of the Insurance and Pensions Authority and senior officials have to wait a period after serving on this body before being allowed to be company officials for any insurance or pensions businesses on the Island? Will the Ard-shirveishagh support the extension of this principle for the FSC over banking directorships, as well, for the FSC in the future?

The Speaker: Minister to reply.

The Chief Minister: I will certainly consider them, sir.

The Speaker: Hon. Member, Mr Cannan.

Mr Cannan: Thank you, Mr Speaker.

Will the Chief Minister, in view of these strained times in which the Isle of Man finds itself and in the interests of its regulatory authorities being whiter than white and giving a proper perception to the outside world on our global economy with whom we do business, that the Chairman of the Pensions and Insurance Authority – which, in a wider sense, deals with pensions of employees – should not have a commercial interest at the same time, bearing in mind there is a reasonable salary for a part-time appointment as Chairman?

The Speaker: Hon. Member, Chief Minister.

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

As far as that issue is concerned, I am sure that many people in the Isle of Man have different business interests and that is taken into account when considering making such appointments, sir.

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

Mr Henderson: Gura mie eu, Vainstyr Loayreyder.

Would the Chief Minister not agree that, for the sake of public interest and public transparency, it is not that many

years ago we had a high-level report to us that recommended the removal of political input to the likes of the FSC? Surely, in this instance, it would reflect far better if the current Chairman, Mr Gelling, were to resign his position from the Insurance and Pensions Authority, or his business interests, for the sake of public transparency and confidence?

The Speaker: Chief Minister.

The Chief Minister: Mr Speaker, in relation to transparency, the reason that the present Chairman of the IPA has been appointed Chairman is because he is no longer a politician, but certainly in a small Island like ours, what we do need are people who understand the businesses and, in fact, have integrity and will act with honesty. I am sure if the Hon. Chairman felt there was a conflict, then he would take the appropriate action, sir.

The Speaker: Hon. Member, Mr Karran.

Mr Karran: Vainstyr Loayreyder, would the Ard-shirveishagh not agree that the proposals I suggest, as far as new clauses for the Company Officers Disqualification Bill, is a way forward for this House, instead of trying to point-score actually do something about it? Will he more than consider this but come up with any other alternatives in order to make sure that we do not come into disrepute because of the actions of the fact that the Council of Ministers has refused to do anything about this clubby situation for the last ten or fifteen years?

The Speaker: Chief Minister.

The Chief Minister: Thank you, Mr Speaker.

I am not sure why the Hon. Member thinks it is 'clubby' because you appoint people who have experience from a very small population, but then he often says that, so we just have to acknowledge that. As I say, I will consider them.

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

Mr Bell: Thank you, Mr Speaker.

Could I ask the Chief Minister would he agree that Tynwald is the body that appoints the membership to the FSC and to the IPA and when the membership and chairmanship was appointed by Tynwald, latterly the CVs of all the members of these bodies, including all their business interests, were revealed and made public to both Members and the wider public?

The Speaker: Chief Minister.

The Chief Minister: Yes, I thank the Hon. Member for Ramsey for those comments, which I confirm, sir.

The Speaker: Mr Karran, Hon. Member.

Mr Karran: Vainstyr Loayreyder, would the Ard-shirveishagh not agree with the former question from the Treasury Minister that that is the classic example of why it is too clubby, in the fact that people have made representation about these very issues and been ignored simply because of the block-vote within this Chamber and within the next place? Will he not agree that we have an opportunity with

a Government Bill to actually resolve this issue once and for all with the disqualification of companies Bill and let us hope that we can all work together for the good name of this Island?

The Speaker: Chief Minister.

The Chief Minister: Thank you, Mr Speaker.

In working together we should ensure we have the best people in the right place doing the right job, to ensure they look after the best interests of the taxpayers and people of the Isle of Man, sir.

The Speaker: Supplementary, Mr Cannan.

Mr Cannan: Will the Chief Minister agree that, in saying that we must have the best people, who is to determine who are the best people? Is it the Council of Ministers who have a total monopoly of wisdom?

Secondly, will the Chief Minister agree that not everybody voted for the membership of the Insurance and Pensions Authority when it was in Tynwald and the same could apply to the FSC?

The Speaker: Chief Minister, Mr Brown.

The Chief Minister: Thank you, Mr Speaker.

The joy in our democracy, sir, is you can vote against things that happen here and you do not get penalised for it, so it is democracy. Tynwald determined by majority and that is the right way forward and that is the democracy I want to live in, where if I feel something is not appropriate, I can at least freely vote against it.

As far as who determines, the Council of Ministers will look at seeing who would be available, they sift through that, they then report to Tynwald with a recommendation and it is Tynwald which determines whether or not that appointment should be made, sir. If Tynwald does not wish that to happen then, of course, the Council of Ministers would have to go back and look again, sir.

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

Mrs Cannell: Thank you, Mr Speaker.

Would the Chief Minister not agree with me that, rather than stand here and defend the status quo, in view of the financial fiascos that have been going on over the last few weeks, he should at least acknowledge that there is a public perception of bias now, as these things have been highlighted, and he should really be focusing his attention on putting or correcting the public perception of bias by changing and improving the system if it is possible to do it?

The Speaker: Chief Minister to reply.

The Chief Minister: The system we have, Mr Speaker, is quite robust and, Hon. Members, I can say that one of the problems is that people who are now finding that they do not want their name bandied about in Tynwald Court are here when they are doing a public service... in fact are now reluctant to bring their names forward. (**Mrs Craine:** Hear, hear.) There are many areas where we cannot get people now to do public service because they feel that their life is intruded

by comments that are often made in here and other places which are unfair. Everybody accepts firm and fair criticism but not unfair criticism.

The Speaker: A final supplementary, Mr Cannan.

Mr Cannan: Having heard the questions and supplementary questions, will the Chief Minister make a definitive response to all the world that he is entirely satisfied that the person who is Chairman of the Pensions and Insurance Authority has no conflict of interest whatsoever by being Chairman of Singer and Friedlander, Chairman of Cable and Wireless, a director of the Sefton Group Ltd and perhaps directorships of other companies? Is this seriously in the public interest when we want the perception to go out that all here is whiter than white and above board?

The Speaker: Chief Minister.

The Chief Minister: I have answered the question, Mr Speaker, and can I say that it is quite clear in my initial Answer and, furthermore, Members were aware of this in certainly most of these appointments when they actually approved the appointment of this person to be Chairman, sir.

Kaupthing Singer and Friedlander Update

1.3. The Hon. Member for Rushen (Mr Watterson) to ask the Chief Minister:

Will the Chief Minister provide an update on the situation of Kaupthing Singer and Friedlander?

The Speaker: Question 3. I call on the Hon. Member for Rushen, Mr Watterson.

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

The Speaker: Again, I call on the Hon. Member for Castletown, Chief Minister, Mr Brown.

The Chief Minister (Mr Brown): Mr Speaker, in providing an update, I am sure Hon. Members will understand that the situation is evolving all the time. As Hon. Members are aware, Kaupthing Singer and Friedlander (Isle of Man) Ltd is a subsidiary of Kaupthing HF Iceland and, as Hon. Members may be aware, Kaupthing HF Iceland has now been nationalised by the Icelandic Government. Kaupthing Singer and Friedlander (UK) Ltd is also a subsidiary of Kaupthing HF Iceland. The finances of the three banks are interrelated and monies from Kaupthing Singer and Friedlander (Isle of Man) Ltd are held in London. Some of this may have been on-lent to Reykjavik.

I am also aware that some monies held in Kaupthing Singer and Friedlander (Isle of Man) Ltd have a claim on them from Kaupthing Singer and Friedlander (UK) Ltd. The situation is currently, therefore, complex.

Kaupthing Singer and Friedlander (UK) Ltd has been put into administration and an administrator appointed by the court. Kaupthing Singer and Friedlander (Isle of Man) Ltd

has had a winding up order deferred until 27th November and is currently in the hands of the provisional liquidator.

On Friday last, Government officials met in London with UK Treasury officials, who are pressing the Icelandic Government to treat all creditors equally, including creditors in the Isle of Man. Our officials put the situation regarding the circumstances affecting the Kaupthing Singer and Friedlander Isle of Man Bank and its creditors firmly to the United Kingdom Treasury and sought assurances that the UK Treasury would actively represent the Island and the creditors' interests. Our officials advised the UK Treasury that the matter of Kaupthing Singer and Friedlander (Isle of Man) Ltd would be returning to court on 27th November.

I am advised that Iceland is looking to put in place the funding necessary to allow them to restructure their economy and meet their external debts. The UK Treasury have reaffirmed their commitment to the Government that they will actively represent the Island, to work with us and keep us informed as the situation develops.

The Chief Secretary will keep regular contact with the Ministry of Justice and the UK Treasury to ensure the matter is being actively progressed on behalf of the Island. I can assure Hon. Members that the Government continues to be committed to doing everything possible that is appropriate, in an endeavour to overcome the difficulties regarding this present situation.

Thank you, Mr Speaker.

The Speaker: Hon. Member, Mr Watterson.

Mr Watterson: Obviously, there is a lot in there to commend in terms of the Government's actions, but is the Chief Minister aware of any meetings being held between Isle of Man, either regulatory, Treasury, officials or Kaupthing Singer and Friedlander (Isle of Man) officials and their parent company in Iceland and the nature of those meetings, please, sir?

The Speaker: Chief Minister.

The Chief Minister: Yes, Mr Speaker, I can confirm that our regulator has met with the Icelandic regulator and that is the only direct approach from the Isle of Man that is appropriate in relation to that.

My understanding is that there has been contact, certainly, with the UK regulator and I think that the FSC regulator here in the Isle of Man has met with the Bank in the UK, but I am not sure and I would confirm that later if I may, Mr Speaker, to Hon. Members.

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

Mr Cannan: Supplementary in relation to the original statement made by the Chief Minister, which is very enlightening.

Can the Chief Minister confirm that, in all this, the Isle of Man Financial Supervision Commission gave a directive to Singer and Friedlander (Isle of Man) Ltd to have £500 million removed from Kaupthing Iceland to Kaupthing London –

Mrs Craine: Same bank.

Mr Cannan: – and if this is correct what was the purpose of doing that when, as the Chief Minister has stated – when, as

you stated – both subsidiaries... London was a subsidiary of Kaupthing? Would it not have been better, having transferred the money, to have it ring fenced and protected in London, rather than just put in the Kaupthing Bank, which was transferring it from one branch to another?

The Speaker: Chief Minister to reply.

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

I can certainly confirm what has already been made public, that the FSC recommended that certain assets of the Isle of Man branch be transferred to the UK branch. My understanding of the rest of the question is I am not in a position to answer all those points, in terms that I am not aware of all that detail. What I can say is that the actions taken by the FSC, which is rightly their responsibility, were taken in the best interests of all the creditors and this was well before any situation arose which has resulted in the circumstances we now see, sir.

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

Mr Karran: Vainstyr Loayreyder, would the Ard-shirveishagh not agree that, over the failure of this Bank, it just highlights the position that we really do need to start ploughing our own furrow, as far as this Island is concerned, allowing for the fact that they have actually used anti-terrorism legislation as part of a way which has had a severe effect, as far as depositors of an Isle of Man Bank, allowing for this Crown dependency to be so loyal to the United Kingdom in the past.

Does he not agree that, maybe, the time has come for us to start looking more towards looking after our own affairs?

The Speaker: Chief Minister.

The Chief Minister: I think we have to be realistic, Mr Speaker, and say, whatever our status, whether we be an independent sovereign nation or not, if the UK had taken the action they have taken it would still have happened, sir.

The Speaker: Final supplementary, Mr Karran.

Mr Karran: Vainstyr Loayreyder, would the Ard-shirveishagh not agree, if they have, they should try to legitimise their statement that they are supposed to be responsible for good governance? Would he not agree that using legislation that is there for anti-terrorism laws just highlights the issue of the contempt they have, as far as the Isle of Man is concerned, when they look after themselves and forget other people such as this jurisdiction that has been more than loyal to it over the generations?

The Speaker: Chief Minister.

The Chief Minister: The first matter is they do not have responsibility for the good *governance* of the Isle of Man, they have responsibility for the good government of the Isle of Man – and that is the UK I am talking about.

As far as the situation relating to the actions of the United Kingdom, I think our stance is very clear on that. I have certainly made it clear in statements I have made and I would make the point, whether or not we were a sovereign state, whether it be the United Kingdom, the EU, the United States,

Australia, if they had taken actions in their country that would have affected monies from the Isle of Man as it would affect, say, the USA to the UK, the same would apply, sir.

TREASURY

Depositors' Compensation Scheme Review Committee

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

Following the unanimous support for the Tynwald motion in October 2007 that the Depositors' Compensation Scheme should be reviewed –

(a) was a Review Committee established;

(b) on what dates did the Review Committee meet; and

(c) what progress had been made in determining a new Depositors' Compensation Scheme?

The Speaker: Question 4. Hon. Member for Michael, Mr Cannan.

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

The Speaker: On this occasion I call on the Minister for Treasury, Mr Bell.

The Minister for the Treasury (Mr Bell): Mr Speaker, in response to parts 1 and 2, in October 2007 Mr Cannan sought:

'that Tynwald request the Financial Supervision Commission together with the Treasury to review and, if necessary, amend the Isle of Man Depositors' Compensation Scheme, the Financial Supervision Act of 1988 and the Banking Business (Compensation of Depositors) Regulations.'

Mr Cannan's motion in October 2007 did not propose a review committee and none was established. In my response at the time I agreed that it was necessary to carry out such a review and, indeed, in early December 2007 I instructed the Financial Supervision Commission to review the Depositors' Compensation Scheme, which was carried out by means of consultation and discussion with relevant parties.

The FSC met with representatives of the banking industry in January and February 2008 and sought data from all banks in the Island on levels of deposits per depositor. In March 2008 the FSC issued a public consultation on proposals for changes to the Depositors' Compensation Scheme. Nineteen responses were received, of which 17 were from banks and building societies and only two responses were from other parties.

I received reports in early February and late March on the FSC's review and in April of this year I confirmed in Tynwald that a review was taking place. I also advised Members at that time that we needed to be aware of consultations that were taking place in the surrounding jurisdictions simultaneously.

In response to part 3, throughout the second quarter of this year Members will be acutely aware of the turmoil in the markets and the global conditions across the financial

services industry which is unprecedented. During such times it was considered both prudent and cautious to retain the status quo of the existing Depositors' Compensation Scheme while international events played out.

Mr Speaker, I am sure Members will recall the debate just last week when Tynwald considered the careful balance to be struck between the banking sector funding of any Depositor Compensation Scheme and the social responsibility of Government to provide financial backing and credible underwriting of such a commitment.

Prior to the emergency sitting of Tynwald on 9th October, Treasury was in the process of considering the options available, which have since been overtaken by events. Members now have a clear understanding of the way forward Tynwald has chosen to progress this matter and the Treasury has a clear mandate to prepare a revised Scheme for future consideration, as a matter of priority.

The Speaker: Hon. Member for Michael.

Mr Cannan: I thank the Treasury Minister for his reply, but will he agree that the length of time that the so-called negotiations for review were taking place were unacceptable, in the sense that while certain parties were consulted, at no point were Members of Tynwald consulted in the consultation process yet, not unsurprisingly, Tynwald at the end of the day has to approve the Compensation Scheme?

Would he be aware, from a letter to me from the Financial Supervision Commission dated 20th March, the Chief Executive said:

'The Commission has not yet revised any legislation or regulations in respect of the Depositors' Compensation Scheme. The Commission has held meetings with banks and subsequently issued a consultation paper for possible amendments to the Scheme'

and yet seven or eight months later a rushed Scheme had to be brought before Tynwald on 9th March without proper consultation. Had there been consultation, there would not needed to have been a revised Scheme on 23rd.

Will the Treasury Minister, in the review that he has now said is taking place, do it with a sense of purpose and commitment, rather than the laid-back attitude of the original motion in October 2007?

The Speaker: Treasury Minister to reply.

The Minister: Mr Speaker, I have already answered and given the background for this particular issue in another place and the Hon. Member is well aware of the situation and the circumstances which led to the measure which was brought forward in Tynwald last week. I am not aware of the correspondence between him and the FSC.

I would just repeat, Mr Speaker, it is very easy to be standing on the outside firing shots, as the Hon. Member does with great regularity. It is quite different when you have responsibility for the wider impact of such a change. I have made it very clear, Mr Speaker, on a number of occasions that it is absolutely vital that we monitor closely what goes on in our surrounding jurisdictions, and in particular, competitor jurisdictions, to make sure that any precipitate action by this Island, and particularly by Treasury, does not, at the same time as wishing to add further protection to the depositors, destabilise the economy in the process. We have 3,600 jobs at stake in the banking industry and they are also the largest

– by some considerable margin – taxpayers on this Island.

We were aware, Mr Speaker, that consultations and discussions were taking place in the United Kingdom. They did not materialise until very late in the day. The Irish Government moved again very late in the day in response to the increased pressure which was building up there and, as we speak, neither of our main competitors in Jersey and Guernsey even have a depositors' protection scheme, in spite of comments which have been made publicly by politicians in those countries.

So, Mr Speaker, the Hon. Member tries to present this as a very simple, straightforward exercise to take place. That is far from the truth and the responsibility I have, as Treasury Minister – and, indeed, the Treasury and the FSC have – is to balance the requirement to maintain a Depositors' Protection Scheme to reassure our investors, whilst at the same time looking after the wider interest of the economy. That is what is happening, Mr Speaker.

I have also given an undertaking to Tynwald last week, when the new measures were passed, that there will be now, once the dust has settled on this immediate problem, a further review of the Scheme, bearing in mind that we have, because of very late in the day seen action in other jurisdictions – not just the ones I have mentioned, but also across Europe – a more standard template for depositor protection evolving because of the banking crisis which is sweeping the world at the moment. We will take those into account and, in due course, we will be reporting back to Tynwald.

The Speaker: Hon. Member, Mr Watterson.

Mr Watterson: Will the Treasury Minister agree that, in the consultation he outlined in March, far from there being no Tynwald involvement, there was one Member of Tynwald that responded to that consultation – i.e. me, for the sake of clarity – and the other one was the Positive Action Group? Given that those were the only two respondents that were not from banking licence holders, were those two responses specifically brought to your attention?

The Speaker: Treasury Minister.

The Minister: All the responses were identified to me at the time, Mr Speaker, and were very much considered part of the process and I thank the Hon. Member for Rushen for his contribution.

The Speaker: Hon. Member, Mr Houghton.

Mr Houghton: Thank you, Mr Speaker.

Would the Minister circulate the copies of working papers that the Treasury were considering at the time, including the options that they were looking at at that time, which also should have included estimated costings for the outlay for banks? Was the taxpayer considered at that particular point in time? I think it is important so that we can see just what actually was taking place behind the scenes, sir.

The Speaker: Minister for Treasury, Mr Bell.

The Minister: Mr Speaker, I do not really think that is going to help the situation at all at the moment. I have explained that we have had to spend a considerable amount of time monitoring what has been going on in other jurisdictions

to protect the Island and, in particular, to protect the 3,600 jobs. We have now got a Scheme in place.

I believe it gives reassurance to the investors who have, both locally and off-Island, put their money in the banks here and it has helped, for the time being, to protect the Island's economic base in terms of stabilising the banking industry here. I think the work we have done, and that Members have contributed for, have taken us forward and it is the future we should be looking to now.

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

Mr Karran: Supplementary, Vainstyr Loayreyder.

Would the Shirveishagh Tashtee not agree that the points that the Hon. Member for Doolish Twoaie, Douglas North, are quite apt, that the fact we need to know what is fact and what is fiction?

Would the Shirveishagh not also agree, to say about firing shots, it has been a very bad hit, as far as it is concerned, as far as shots being fired, allowing for the fact that this issue was a commitment given in 1991? Would the Treasury Minister not also agree that the fact is that we have, because of the knee-jerk reaction we have got now... that every man, woman and child is exposed to £18,000, as far as this issue is concerned?

Finally, would the Shirveishagh Tashtee not agree that the reasons why I put the motion down in July is because I have heard that you were so far in reverse on this subject that we were going to try and get something done? It is only the fact that the commitment to your Chairman reassured me, that that was the reason why I had promised before that sitting to withdraw that motion?

The Speaker: Treasury Minister.

The Minister: Mr Speaker, I think I have answered all the questions relevant to this issue.

This is a very, very sensitive issue. It is not a simple black and white reaction. Treasury and the FSC takes its responsibility in these areas enormously on its shoulders and very seriously. We have tried, over this period, to balance the interests of, as I have said, the depositors and the economy, because a wrong step in this could have seriously damaged the economy at a very, very sensitive time and we would now be dealing with possible job losses. So I think, whilst it is very easy to make the comments which were made, Mr Speaker, there needs to be some realistic understanding of the problems which face Treasury and face this Island in trying to come to a solution on this matter.

It is worth just reiterating, Mr Speaker, that in spite of the belief that the Depositors' Protection Scheme which we have had in since 1991 has not been as generous, perhaps, as it might have been, we were one of the very few jurisdictions which have actually had a depositors' protection scheme. Most other jurisdictions have not gone as far as the Isle of Man has and, as we speak, as I have already said, Mr President, our main competitors in Jersey and Guernsey do not have one and, certainly, Guernsey appear to have no intention of ever introducing one.

The Speaker: Hon. Member for Michael.

Mr Cannan: My last one, Mr Speaker.

In his answers, the Treasury Minister has insinuated or

accused Members that they are being irresponsible in asking questions.

The Minister: No, I am not.

Mr Cannan: In particular, he stated that, in response to one of my questions.

Will the Treasury Minister clearly understand that I believe all Members here are fully aware of the magnitude and the gravity of the situation and, secondly, if they are not in the Council of Ministers or the Treasury, they have a public duty in a democracy to ask reasonable questions and to expect a reasonable answer. That is the purpose of the House of Keys and Tynwald in this Island democracy of ours.

The Speaker: Treasury Minister.

The Minister: Mr Speaker, I am fully aware of Members' concern on this and I believe I am giving reasonable answers. I am asking Members to be understanding as to the huge dilemma that the Government has in trying to balance these various interests.

I said last week, Mr Speaker, during the Tynwald debate, that Hon. Members did themselves proud in the mature and sensible approach that they adopted to this particular issue. They showed great understanding and common sense of the problems which face Government.

My point is, Mr Speaker, that not only are Members being responsible but Treasury and the FSC equally recognise the responsibility they have and are doing their best in a very, very difficult and challenging situation to plot a way forward which protects all the various interests within the Isle of Man. It would be equally helpful at times if the Member for Michael recognised the sincerity of our commitment to this, as well. (*Interjection by Mr Cannan*)

The Speaker: Supplementary question, Mr Karran.

Mr Karran: Vainstyr Loayreyder, would the Shirveishagh Tashtee not agree that we are not questioning his integrity or his sincerity, but what we are questioning is the fact that, once again, we have managed to succeed in scoring a massive own goal for the people of the Isle of Man?

Would the Shirveishagh not agree that this issue has been going on for years and that the Scheme that was proposed in 1991 was not worth the paper it was written on? Would he not agree that the fact is that we should have the minutes of this meeting to see what is fact and what is fiction?

Could the Shirveishagh Tashtee also consider that, when he is proposing any establishment of any real committee for the Depositors' Compensation Scheme, he actually puts people on that is not part of the cartel that is in this Hon. House and has some other people who have legitimate ways of actually addressing this issue? Would he not agree, if he did that, he might have more confidence from some of us in this House, as far as addressing this important issue that has left every man, woman and child exposed to £18,000 at the present time?

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

The Minister: Mr Speaker, I am astonished at the comments of the Hon. Member because I have already had a meeting and discussion with him and invited him to put his ideas and those of his group to Treasury as part of the

consultation process. I have already offered to sit down with him and discuss the alternative suggestions that he has already raised, so I cannot understand where he is coming from on this because the olive branch, if he wants to treat it in that manner, has already been put out to him. The invitation is there to him and, indeed, to anyone else, once the process gets under way to make a contribution to that.

I would also just caution comments like 'massive own goals', Mr Speaker. It is comments like that that completely belie the truth of the situation and fail to recognise the enormous difficulty, as I have already outlined to Hon. Members, of charting a way through what are unprecedented times, to get the Island to the position it is in at the moment. The situation today would have been exactly the same had we made a decision 12 months, two years, three years ago; we would still have had to review the Scheme under the present circumstances.

If the Hon. Member looks at the United Kingdom, they have had to revise their approach to this scheme several times, literally within a week or two of each announcement that has come out of the UK. These are absolutely and totally unique uncharted territories, Mr Speaker, for the world economy. Every country in this world is struggling to come to terms with the challenges which now confront us and the Isle of Man is no different from that and cannot escape from that responsibility.

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

Mr Karran: Vainstyr Loayreyder, would the Shirveishagh Tashtee not agree that the fact is what we need to do is not allow a situation where people make representations, like they have in previous questions to do with legislation here, to cover one of the anomalies as far as directorships is concerned, for it to be put onto the Treasury or onto other avenues of this administration where they are struck dumb, as far as taking those issues up and those initiatives up?

The Speaker: Minister, Mr Bell.

The Minister: I do not know what sort of question that is, Mr Speaker, but I have already given an undertaking to the Hon. Member that I will meet with him, I will meet his advisers, once the process gets under way. I am more than happy to listen to any new thinking which comes in on this issue because this is one time, Mr Speaker, when I believe passionately that the Isle of Man has got to pull together as a community united to try and get through what are going to be exceptionally difficult times in the period ahead.

Financial Supervision Commission board Membership

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

Is it appropriate for a director of a licensed financial institution also to be a member of the board of the Financial Supervision Commission?

The Speaker: Question 5, Hon. Member for Michael, Mr Cannan.

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

The Speaker: Minister for Treasury, Mr Bell.

The Minister for the Treasury (Mr Bell): Mr Speaker, I am sure Members will be familiar with the procedure adopted for the appointment of lay Members to the various positions within Statutory Boards of Government. This process commences with public advertisements, a detailed job specification and role description, formal vetting standards, including taking up references and follows an open and transparent recruitment process, whereby the selection is based purely on merit.

In the case of appointments to the Financial Supervision Commission, Hon. Members will be aware that the recommendations for membership are put forward by myself as Treasury Minister and are subject to Tynwald Court approval. In making such appointments I am sure Hon. Members will take into account the professional experience, specific knowledge and personal integrity that each appointee will be judged upon, as part of that scrutinised recruitment process. Indeed, the credibility of the right choice and selection in such cases is a key attribute to the continued high standards of performance we have set for such regulatory institutions as the Financial Supervision Commission.

Following their appointment as a member of the Financial Supervision Commission, each Commissioner is entrusted with far-reaching powers, which should be exercised to secure a proper balance between the interest of carrying on the business of financial services, the users of such services and the control of the interest of the public.

In their discharge of these duties, the Financial Supervision Commission has adopted a code of conduct regarding conflicts of interest for its Commissioners. I will not go into the detail of this code of conduct – which is publicly available on the FSC website, along with a list of interest and directorships held by existing Board members – but merely reiterate that the practice meets internationally accepted principles of corporate governance.

In the light of such transparency and integrity in the process, I believe that the continuation of the existing appointments process will ensure the most appropriate method of selection for lay members to specific Government bodies and Statutory Boards.

The Speaker: Hon. Member for Michael.

Mr Cannan: Is the Treasury Minister aware of the grave or serious public concern that a Commissioner of the Financial Supervision Commission was also a director of Kaupthing Singer and Friedlander?

Indeed, an expression of that concern – which was in the media – has also been expressed by a website run by... or opinion column run by the Isle of Man Newspapers, in which it asked the public what their views were – albeit a straw poll – and there was an overwhelming response that the members of the Financial Supervision Commission should not have directorships in licensed financial institutions, that is licensed financial institutions that are licensed by the Financial Supervision Commission. Is he aware of the public discomfort, concern, in this matter?

The Speaker: Treasury Minister.

The Minister: Yes, Mr Speaker, I am aware of these concerns and, clearly, these concerns have been expressed to me in the same way as has been expressed to the newspapers. I have explained what the situation is, Mr Speaker. The situation today is no different in that context than it was 20 years ago when the FSC was first set up. Directors, or members rather, of the FSC have always had outside business interests.

I have tried to explain, though, Mr Speaker – notwithstanding the comments which were made, and I have a lot of sympathy with the position that the Hon. Member has outlined – the problem that we all face is in getting laymen members of public who are prepared to give up their time to be regulators, who have a current understanding of how the business is operated. If they are current and they know what the current developments within the various industries are, the likelihood is they will still have some involvement with business.

If, however, we say there can be no links with business whatsoever, the likelihood is they would be retired for quite a few years and out of the loop, so to speak and be unaware of the current changes which are taking place within the industry.

The great difficulty that we have is to actually strike a balance between that. I believe we have been very successful in doing so. We have been very fortunate, over the years, in the high quality and high integrity of the members of both regulatory bodies that we have had and I am absolutely sure, notwithstanding the fact that there is a code of conduct in place in both – and a very transparent code of conduct, which is in both regulators – that if members of those bodies felt that they were conflicted to a high degree, they would undoubtedly step down and make way for someone else. It is a very difficult situation. I fully appreciate the concerns which were expressed.

I would repeat once again, Mr Speaker, that these appointments have been approved by Tynwald and that the full disclosure of the members' business interest was made clear at the time and made public at the time. There was nothing untoward or hidden in this arrangement, but I just do stress the extreme difficulty in getting members of the right calibre, right experience, to come forward and to put themselves in such a high profile position.

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

Mr Watterson: Will the Treasury Minister reaffirm that the FSC is subject to the same corporate governance rules as the rest of Government and that the director, I think it is, alluded to here has certainly taken himself out of any discussions relevant to this subject?

The Speaker: Treasury Minister, Mr Bell.

The Minister: Yes, Mr Speaker, the Hon. Member is absolutely right on this. There is a very strict code of conduct: the rules of general governance that apply right across Government to Members and, indeed, to lay members apply equally to the FSC and the IPA and, indeed, go beyond that with the code of conduct which is made publicly available on their website and is very rigidly adhered to.

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

Mr Karran: Vainstyr Loayreyder, would the Shirveishagh Tashtee not agree that will he support my new clauses to the Company Officers (Disqualification) Bill 2008 to stop members of the FSC and senior staff taking up any bank or other directorships with bodies that are policed by the FSC?

Would he also not agree that the issue is, with the previous question, the perception of bias that is equally as damaging as the reality of bias and that the present cosy arrangement is not acceptable?

The Speaker: Treasury Minister, Mr Bell.

The Minister: Mr Speaker, I can only reiterate again, although I am fighting a losing battle, there is no 'cosy relationship'.

Mr Speaker, all members who are appointed to these bodies are appointed on their own merits because their own integrity, their own business experience and the talent with which they can add to the work of the various regulatory bodies.

Mr Speaker, I have no knowledge of the state of the amendments that the Hon. Member is proposing but I will certainly give it consideration at the time.

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

Mrs Cannell: Thank you, Mr Speaker.

Bearing in mind the Treasury Minister said that there is a code of conduct and they are very transparent, or the code of conduct is very transparent, can he advise the House whether members of this organisation have to declare what their interests are, put them and register them in a book and is that book open to public inspection like the system is here for Hon. Members, both here and in Tynwald Court?

The Speaker: Treasury Minister.

The Minister: Yes, it is, Mr Speaker.

The Speaker: Hon. Member for Michael, final supplementary.

Mr Cannan: I think the... will the Treasury Minister agree with me – and I hope all Members will agree with me – that events have moved on and it is of absolute importance that not only are we seen to be a regulatory authority of the highest standards but the public perception is there?

Notwithstanding what the Treasury Minister has said, the greater need, or the national need, is that we portray ourselves where we are not open to criticism, not open to public criticism of the magnitude we have been, that a commissioner of the Financial Supervision Commission was also a director of Kaupthing Singer and Friedlander. Whatever the rights and wrongs, will the Treasury Minister agree that that sort of arrangement, where a commissioner is also a director of a licensed institution, is publicly unacceptable? (*Interjection*)

The Speaker: I think, Hon. Member, we are becoming very repetitive at this stage. (**Several Members:** Hear, hear.)

Treasury Minister, Mr Bell.

The Minister: Yes, I think it is sad, Mr Speaker, from the point of view that the people who have been held up for debate this morning have done nothing wrong. The bank itself has been brought to its knees not by any action within the Isle of Man but by actions taken by the United Kingdom Government and actions in Iceland, as well.

So the impression, unfortunately, which is given when these sort of debates come along, that these people have actually done something wrong and have something to answer for, I think is really unfortunate, especially bearing in mind that the world media spotlight is still on the Isle of Man at this time and listening to these allegations, which are spurious and have no basis whatsoever.

I would just finish, Mr Speaker, by repeating the promise which I have already made to Tynwald, that there will be a review, a complete review, of both the structure and roles of the IPA and the FSC, once we have received the report from the International Monetary Fund. I have given out on several occasions, I have given that undertaking. It is still my intention, once we get that report, to carry out a full review to see whether the roles which both these regulators play are still relevant in the structure that they are, whether the time is appropriate to amalgamate the two bodies into a single regulator and the overall *modus operandi* of both these regulators.

I have given that on a number of occasions, Mr Speaker. It will be some little time before we get the IMF report back, but I intend fully, once we see the comments of the IMF, to take those on board and then start that review, so Members, at that point, Mr Speaker will – and the wider public will – have the opportunity to have input into that review. I hope, in due course, we will, if necessary, make appropriate amendments to the structure that we are talking about.

The Speaker: Finally, Mrs Cannell.

Mrs Cannell: Thank you, Mr Speaker.

In view of the fact that there is, as we understand it this morning, a members' interests book which is open to public inspection of these people, would that book also reveal, for example, whether these people had money invested in Singer and Friedlander and if not, why not?

The Speaker: Treasury Minister, Mr Bell.

The Minister: Why should they? (*Laughter*)

Mrs Cannell: Oh, Lord!

Isle of Man Bank Ltd Beneficial owners

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

Who is/are the beneficial owner/owners of the Isle of Man Bank Ltd?

The Speaker: Question 6. Hon. Member for Michael, Mr Cannan.

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

The Speaker: Mr Bell, please.

The Minister for the Treasury (Mr Bell): Mr Speaker, the Isle of Man Bank is a wholly-owned subsidiary of Royal Bank of Scotland (International Holdings) Ltd which is itself an indirect wholly-owned subsidiary of the Royal Bank of Scotland Group plc. The directors of the Isle of Man Bank Ltd regard the Royal Bank of Scotland plc as the ultimate holding and the controlling parent company.

Mr Cannan: Supplementary, Mr Speaker.

The Speaker: Mr Cannan.

Mr Cannan: Will the Minister advise this House of the holding of the United Kingdom Government in the Royal Bank of Scotland and whether that is a controlling holding or not?

The Speaker: Thank you, Minister.

The Minister: Mr Speaker, I do believe that these discussions are still ongoing between the UK Government and not only the Royal Bank of Scotland but a number of banks as to the proportion and structure of the new re-capitalisation funded by the UK taxpayer, so at this point I do not have that information, Mr Speaker.

The Speaker: Mr Cannan.

Mr Cannan: Is the Treasury Minister aware that the United Kingdom Government intend to have a controlling interest in excess of 50 per cent of the holding of the Royal Bank of Scotland?

The Speaker: Treasury Minister, Mr Bell.

The Minister: I am aware of those comments but we still have not seen the final shape of it, Mr Speaker.

The Speaker: Hon. Member, Mr Karran.

Mr Karran: Vainstyr Loayreyder, would the Shirveishagh Tashtee consider the benefit of the ownership of a Manx national bank to administrate and offset the liability of an investors-paid depositors' scheme, working with the FSC as part of any review, as far as this proposal for the Depositors' Compensation Scheme?

The Speaker: We are straying off the Question in the Order Paper.
Treasury Minister.

The Minister: I think it is unrealistic, Mr Speaker, for the Isle of Man to consider that we should have a central bank.

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

Mr Teare: Thank you, Mr Speaker.

Does the Hon. Minister for the Treasury not agree with me that the UK Government has merely agreed to act as the underwriter for the shareholding and that, in terms of a controlling party, it will be dependent upon the attitude of the London Stock Exchange whether it regards the shares taken up by the UK taxpayer as being part of the free float?

If it is part of the free float, then index tracker funds would have to acquire shares anyway to keep the balance of their portfolio in accordance with the index?

The Speaker: Mr Bell to reply.

The Minister: Yes, that is the situation as I understand it at the moment, Mr Speaker, but I would also believe that, in the present climate, as soon as the market is stabilised, it will be the UK's avid intention to extricate themselves from this situation as quickly as possible. This is only a short-term assist to get certain of our key clearing banks through an exceptionally and wholly unique set of circumstances. I am sure the UK Government does not wish to see taxpayers' money in the United Kingdom tied up any longer than is absolutely necessary in these institutions.

VAT on properties Claims contrary to regulations

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

What steps his Department takes to ensure that, where VAT has been claimed back prior to the sale of new build properties, they are not then rented out because a sale could not be found, contrary to VAT regulations?

The Speaker: Question 7. Hon. Member for Douglas South, Mr Malarkey.

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

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

The Minister for the Treasury (Mr Bell): Mr Speaker, my Department has no power to prevent a house builder taking a commercial decision to rent out a new-build property prior to it being sold, neither is such practice contrary to VAT regulations. Nonetheless, a house builder who, prior to selling, rents out a residential property other than on a lease of 21 years or longer, may well be required to restrict the VAT input tax that can be recovered, that is the tax incurred on their costs and materials, or indeed repay some or all of the input tax that they have already recovered on the cost of the construction of the property.

The input tax restriction will be determined by the intention of the house builder, which may change according to market influences. If a house builder has no intention to sell a residential property then there is no entitlement to recover any related VAT input tax, but if there is an intention to sell, despite a period of short-term rental, there may be a proportionate restriction.

The methodology for the restriction is contained in a publicly available information sheet and I should invite any house builders or members of the public who need further assistance to contact the advice centre of my Customs and Excise Division. House builders' compliance with the input tax restrictions is monitored and checked during routine VAT audits conducted by Customs and Excise staff.

The Speaker: Mr Karran, Member for Onchan.

Mr Karran: Vainstyr Loayreyder, surely, would the Treasury Minister, the Shirveishagh Tashtee, not agree that the simple way around the VAT regulations, as far as builders are concerned, is for them just to pass it to the ownership of another company which they are the beneficial owners of, so this would not be a starter, as far as this issue is concerned?

Would he not agree that when we allow for certain other companies to have ownership of things like rental of offices, there would be little or no chance of his Department actually finding out who is the beneficial owner by getting around this proposal?

The Speaker: Treasury Minister, Mr Bell.

The Minister: Mr Speaker, as the Hon. Member is well aware, the Isle of Man is part of a VAT agreement with the UK and we have to work within the regulations which are set down by the United Kingdom. My officers in Customs and Excise monitor the situation as closely as we possibly can to ensure full compliance with those regulations and I would simply repeat, if there is any doubt amongst those people involved in this business as to what is or not exempt from VAT, then my office would be very happy to assist on that.

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

Mr Watterson: Would the Treasury Minister confirm that should a property such as the one that Mr Karran has described be sold to another company within the group for less than market value the Customs and Excise have the right to either lift the veil of incorporation or assign a transfer value to that to prevent the fraud against the revenue?

The Speaker: Mr Bell.

The Minister: Yes, Mr Speaker, that is absolutely right and, as I say, my officers monitor these situations very carefully. If potential abuse has been identified then, yes, we do have measures to take against them.

The Speaker: Member for Onchan, Mr Karran.

Mr Karran: Vainstyr Loayreyder, would the Treasury Minister not agree that, when we are dealing with specific areas which this Question raises, allowing for the fact that certain large amounts of Government property, Government offices, are rented to Panamanian companies that that might be the theory behind the situation as far as the proposal there? The fact in the real world is that the authority would not know who were the transfer as far as those properties are concerned when talking about the real shakers and movers, as far as this proposal that is proposed in front of us there.

The Speaker: Mr Bell.

The Minister: Mr Speaker, if the Hon. Member has any specific examples he wants to bring to our attention we would be very happy to talk to him.

The Speaker: I now call on the Hon. Member for Douglas North, Mr Henderson.

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

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

Mr Quirk: I beg to second, sir.

The Speaker: Is that agreed, Hon. Members?

Members: Agreed.

Mr Shimmin: Only if we actually speed up some of the supplementaries, Mr Speaker.

The Speaker: Hon. Member, I will give full rein, as necessary, to Members of this House to ask supplementaries. There will be no attempt by me to deny Members the opportunity to pose supplementaries.

Mr Shimmin: Could we please have a vote then, Mr Speaker?

The Speaker: Hon. Member, if I may finish. The speed with which business is conducted is very much in the hands of Members, both those who pose and those who answer questions. I simply make that point, Hon. Members.

We shall now move to a vote. Those in favour say aye; against, no. The ayes have it.

A division was called for and voting resulted as follows:

FOR	AGAINST
Mr Quirk	Mr Brown
Mr Earnshaw	Mr Bell
Mr Karran	Mr Teare
Mr Crookall	Mr Shimmin
Mr Anderson	Mr Watterson
Mrs Craine	
Mr Quayle	
Mr Cregeen	
Mr Houghton	
Mr Henderson	
Mr Malarkey	
Mr Braidwood	
Mr Corkish	
Mr Cretney	
Mr Gill	
The Speaker	

The Speaker: 16 votes required to suspend Standing Orders. Please vote, Hon. Members. 16 votes for, 5 against. The motion, therefore, carries.

TOURISM AND LEISURE

Bus services review Hospital services

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

(a) Whether his Department is reviewing its bus services and why;

(b) will he give an undertaking that if, in doing so he will review the adequacy of the Douglas new hospital services, especially in the light of the Palatine Health Centre moving from Douglas to the Strang;
 (c) will all staff be involved, including drivers, in this process and their views noted, and, if not, why not; and
 (d) will he be consulting the 'new hospital' to ensure bus times adequately suit appointment, clinic and visiting times?

The Speaker: We move to Question 8. Notwithstanding what has been said, Members will notice we are about half way through the Question Paper.

Question 8, Hon. Member for Douglas North, Mr Henderson.

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

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

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

I am pleased to confirm that the Department is undertaking a review of the bus services, the aim being simply to ensure that, over the coming years, we will use the available resources in a manner which best meets the need of the community we serve. Members of the public will also be encouraged to submit their views, which will be given careful consideration.

The need for a review has been long recognised and it is something which both of my ministerial predecessors, Mr Cretney and Mr Earnshaw, had intended to progress and, indeed, formed part of the Department's plans at the time.

In answer to part (b), services to the Hospital and the surrounding area, which includes the new Palatine group practice, will no doubt be highlighted by the review and, of course, we will look very carefully at all of the feedback which we receive.

In answer to part (c), we would positively welcome feedback from all of our staff, either individually or collectively.

In answer to part (d), in the event that the review results in changes to services to the Hospital, there is an obvious need for dialogue with the hospital management, which would be undertaken.

Thank you, Mr Speaker.

The Speaker: Mr Henderson.

Mr Henderson: Gura mie eu, Vainstyr Loayreyder.

Will the Shirveishagh confirm for me that what, actually, part (d) of the Question is seeking is that when he conducts his review, he will be in dialogue with the secretarial staff and so on at the new Hospital initially, rather than waiting for the end of the review so that, in fact, any problems and watershed times for outpatient appointments especially can be highlighted, so as to inform his review.

The Speaker: Minister for Tourism and Leisure, Mr Quayle.

The Minister: Thank you, Mr Speaker.

Well it is a consultation process and we will be inviting comments from the public, as well as other parties. Certainly, as I have indicated, we will be having a dialogue with the Hospital and the issues related will be considered.

The Speaker: Mr Henderson.

Mr Henderson: Gura mie eu, Vainstyr Loayreyder.

The Shirveishagh hinted that staff may contribute to this process. Will he give a firm commitment now that he will not be in a position of waiting for staff to come forward, but will he commit to the fact that his Department will actively canvass staff for their opinions, have meetings with staff so that they can have some direct input and ownership to this process which is vitally important, Vainstyr Loayreyder? (**Mr Houghton:** Hear, hear.) Will he further agree that this is where consultation processes in the past notoriously fall down?

The Speaker: Mr Quayle to reply.

The Minister: Mr Speaker, I think we need to clarify something. I did not 'hint' at the fact that the staff would be involved: I will repeat what I said, in answer to part (d) – we would positively welcome feedback from all of our staff, either individually or collectively. That will certainly respond to the Question already answered and now put to me again, so there is no doubt we will encourage and welcome the feedback from our staff.

The Speaker: Hon. Member for Douglas South, Mr Cretney.

Mr Cretney: Yes, could I just ask the Minister to clarify something that has been said outside of this hon. place, inasmuch as there is a suggestion that it was 30 years since a review of the bus services had been undertaken. It is actually a much shorter time than that. Will he take the opportunity to look at the findings that resulted from that long consultative process, which happened at the start of my (**Mr Watterson:** 1992.) time as Minister for Tourism and Leisure, on the basis that it was not able to be progressed at that time, unfortunately, because of the cost of its introduction? I am sure that some of the information is still relevant today.

The Speaker: Minister to reply.

The Minister: Thank you Mr Speaker.

Well, I am grateful for the information provided by the former Minister of the Department and, of course, we will look very much at the information already within the Department, which may assist us in adding to contributions that we get elsewhere.

I think it needs bearing in mind that the Hon. Member for West Douglas, who has just resumed his seat, will be aware that one of the holdups in moving forward for this review is the fact that he initiated, as Minister, the new ticketing system that was required and that has only recently been introduced, but certainly that had been flagged up in the previous Minister's time.

TRANSPORT**Traffic gridlock in Douglas
Evacuation plan**

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

Why his Department has failed to devise an evacuation plan for Douglas to avoid a traffic gridlock similar to the one which occurred in Manx Grand Prix week?

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

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

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

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

Evacuation plans for Douglas and other areas of the Island are devised and implemented by the emergency services. I am confident that the emergency services regularly review and update their evacuation plans and I can confirm that the Department of Transport will continue to fully respond to any demands by emergency services in the development and implementation of these evacuation plans.

However, I am not in agreement with the Hon. Member that the circumstances that arose on Wednesday, 27th August this year during the Manx Grand Prix were such as to require the implementation of an evacuation plan, in that, at no stage, as I understand it, was safety compromised. However, I do understand the frustration and annoyance that was experienced by members of the public on that evening and I refer to the Answer given by my colleague, the Hon. Minister for Tourism and Leisure, in Tynwald Court last week.

By way of a press release issued in September, the Chief Minister advised that he had asked the Government working group which oversees motorsports events to look into this matter and report back with options for preventative measures for the future. When these recommendations, that are currently being developed by the TT Festival and Motorsports Arrangements Group, have been received and agreed with interested parties, particularly my colleagues the Minister for Tourism and Leisure and the Minister for Home Affairs, I will ensure that any safeguards necessary to maintain reasonable traffic flows, particularly in peak periods through the Island, are incorporated in the Department's road closure orders.

The Speaker: Mr Houghton.

Mr Houghton: Thank you, Mr Speaker.
Will the Minister circulate his Department's evacuation plan and also together with details of when the plan was put together, who was consulted etc.

The Speaker: Minister for Transport.

The Minister: I would just like to respond to the Hon.

Member by saying that they are not our evacuation plans.

The Speaker: Mr Houghton, supplementary.

Mr Houghton: Thank you, Mr Speaker.
Can the Minister elaborate on this? It is understood that the Department of Transport is in charge of all roads. Does he mean now that the emergency services, who run their own evacuation plans, are they conjoined in any way? How are they put together, sir and is there a co-ordination in respect of this with all services on the roads, including the Department of Transport?

The Speaker: Minister, Mr Anderson to reply.

The Minister: The evacuation plans are co-ordinated by the emergency services, into which we feed.

HOME AFFAIRS**Congestion during road closures
Emergency arrangements**

1.10. The Hon. Member for Douglas North (Mr Houghton) to ask the Minister for Home Affairs:

Why emergency arrangements were not put in place to ease congestion when the Manx Grand Prix races were delayed causing the TT Course to remain closed during the evening rush hour?

The Speaker: Question 10, again Hon. Member for Douglas North, Mr Houghton.

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

The Speaker: I call the Minister for Home Affairs, Mr Earnshaw.

The Minister for Home Affairs (Mr Earnshaw): Thank you, Mr Speaker.

I assume that the Hon. Member is referring to the events of Wednesday, 27th August 2008 when, due to inclement weather, the day's Manx Grand Prix races were delayed, meaning that the TT course remained closed during the evening rush hour. I am unsure precisely what the Hon. Member means by the term 'emergency arrangements'. However, the congestion during that period was caused by a number of factors, which included the sheer volume of traffic attempting to get out of Douglas at that time and two road traffic collisions on main roads out of Douglas during that time which hindered the situation.

In light of the events at the time, the recently formed TT Festival and Motorsports Arrangements Group have been tasked with establishing a policy which can be used if similar circumstances recur and a report outlining the available options is expected to be available at the end of November 2008.

The Speaker: Mr Houghton.

Mr Houghton: Thank you, Mr Speaker.

Is the Minister telling this Hon. House that they are going to do something about it, so it will not *ever* be allowed to happen in the future, especially when it was clearly known that when the delayed races were started sometime around the midday point that there would be chaos in Douglas? Who thought about the people, the citizens, who were working while the playing was going on around the TT course, for them to get home at an appropriate time?

The Speaker: Mr Earnshaw to reply.

The Minister: Thank you, Mr Speaker.

I can confirm to the Hon. Member that something is being done, as I indicated in my original Answer, and a report will be available, hopefully, by around the end of November.

I cannot give an indication... I cannot give an undertaking that it will not ever happen again, but best endeavours are always made in these processes to reduce the possibilities that may arise.

The Speaker: Hon. Member, Mr Henderson.

Mr Henderson: Gura mie eu, Vainstyr Loayreyder.

Would the Shirveishagh ascertain to find out the procedures for wet weather days during racing and would he confirm that he is aware of a procedure that was beaten out of the race organisers in the end, due to their arrogance, by myself and Mr Houghton, whereby it was agreed by all that if there was a day where it was wet, the weather was bad, the forecasts were bad and so on and it was quite obvious that no racing could take place that the organisers agreed a procedure which would be announced through Manx Radio, where the roads would be kept open until, as and when, racing could or could not continue? Would he agree to take that back and reaffirm it with the organisers?

The Speaker: Minister to reply.

The Minister: Yes, I would like to speak in the defence of the race organisers. I think they have got a very difficult task in running racing on a 37¼ mile circuit, which covers probably around half of the Isle of Man geographically.

Better procedures, I think, can be put in place. I think better communication is needed between the race organisers and the public. I think that is a laudable aim to try and do that, but I do not subscribe to his comment about arrogance from the race organisers: I am not aware of arrogance. I think there is good work being undertaken by the Clerk of the Course, (**Mr Cretney:** Hear, hear.) particularly the Clerk of the Course for the Manx Grand Prix and the TT races this year.

Wet weather arrangements: there are wet weather arrangements but we just do not know what is going to happen with wet weather. Sometimes it is visibility affected, sometimes it is not, so you have got to treat different cases on their merits.

The Speaker: Mr Houghton.

Mr Houghton: Thank you, Mr Speaker.

The Minister said he would like to speak in defence of the organisers. Who, on that day, was thinking about the interests of the people who wanted to get home? All those

3,600 people in the banking and financial sector and you can double that by other workers in Douglas, as well. Who was thinking about them? Who in the control tower should have been tasked with looking after an evacuation plan in Douglas, putting an officer on point duty at every set of traffic lights and, as we now understand, those traffic lights themselves got confused, causing more chaos?

Can the Hon. Minister... can he request in this report that he has got coming before him in a couple of months' time that answers are in that report as to why there was no thought given to the ordinary road user because of the chaos in Douglas, can he do that?

This is also supported by the Chief Minister, who himself was angry about it. He circulated a response that he wanted answers himself, so this is very serious! (*Laughter*) Also in that report, Mr Speaker, can he have that included and can that report be circulated amongst Members of Tynwald, so that we can put some input?

I certainly wish to put some input into this to make sure that matters are put right in the future, police officers are put on point duty in the appropriate places around Douglas, namely traffic lights and busy road junctions, so that there can be a clear flow of traffic allowed to get out of Douglas just as quickly as possible.

The Speaker: Minister to reply.

The Minister: Yes, well I thank the Hon. Member for his forthright comments there.

I do not agree that no thought was given to road users. I think there was probably a lot of thought given to road users that night, (*Laughter*) but a balanced approach has got to be – well, can you prove that it did not? (*Interjection by Mr Houghton*) I think a balanced approach has got to be given to these situations and flexibility has to be shown.

This is one night in the year 2008, (**A Member:** Hear, hear.) and when this happens we have got to keep a sense of perspective here, Mr Speaker. The TT and the Manx Grand Prix races are economically very valuable to the Isle of Man and I think that is part of the balanced approach that we have got to adopt.

So I am very sorry that road users were inconvenienced. I am sure the Clerk of the Course is very sorry that road users were inconvenienced that evening (*Interjection*) and we are putting in processes – I will be very happy to have a contribution from the Hon. Member. If he would like to write to me, I shall make sure the Committee –

Several Members: Oh, we will!

The Minister: Well, you write to me, because this happened in August and I have had no correspondence from you yet, Hon. Member. (*Interjection*) You write to me and your comments will be put to the Committee for consideration.

HEALTH AND SOCIAL SECURITY

Use of NHS resources for private patients Regulation

1.11. The Hon. Member for Onchan (Mr Karran) to ask the

Minister for Health and Social Security:

What controls he has to regulate the use by hospital medical staff of NHS resources in connection with their private patients?

The Speaker: Question 11. Hon. Member for Onchan, Mr Karran.

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

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

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

I would like to thank the Hon. Member for his Question with regard to the controls used to regulate consultant staff in the treatment of private patients. The controls are present in many forms throughout the Hospital and begin with the contracts held by the consultant staff. The terms and conditions of employment are very specific regarding their ability to treat private patients within NHS facilities, the agreement for use of resources and how these resources will be monitored.

To ensure absolute clarity for everyone, the Hospital Manager introduced a heads of agreement which details how private practice is governed and which facilities are available for their use. Each practitioner must have permission to treat private patients prior to being allowed to do so. There is also a Medical Advisory Committee which advises the Hospital Manager on private patients, whether self funded or through private insurance, to ensure that they are treated in exactly the same way. Their clinic attendances, theatre slots and other relevant tests and procedures are undertaken separately from NHS work. There is a very clear separation of NHS and private work and annual job planning for consultants ensures this separation is monitored and maintained.

All charges made for the private facilities are made by the Hospital and follow an annual agreement for charges levied. This is also agreed with the private health insurance providers. I am reassured that all resources used to treat private patients are recovered and that the checks and balances needed to ensure clarity and separation of duties are present at Noble's Hospital.

I would be willing to share these documents with the hon. questioner to show how strictly the Department adheres to these policies, sir.

The Speaker: Hon. Member, Mr Karran.

Mr Karran: Vainstyr Loayreyder, would the Shirveishagh explain, is it true that it has taken four years for his management to discover and realise that consultants have been doing half the amount of work they should have been doing under their job description? Would he not agree that it is good to see that it is better late than never, but what action are you taking to get some sort of control to get value for money spent on wages for these consultants, to stop the practice of gerrymandering in the National Health Service waiting lists to encourage people, or blackmail them, into having to join private lists to individuals who are already well-paid individuals?

The Speaker: Minister for Health and Social Security.

The Minister: I thank the Hon. Member for giving me the opportunity to clarify the issue.

In the contracts of employment, section 5.5.3, it is headed 'objectives' and it says:

'the purpose of including agreed personal objectives in your job plan is to set out in clear and transparent terms what you and your clinical manager have agreed should reasonably be achieved in the year in question'

and then, in schedule 9 to the terms and conditions of employment there is further comment about scheduling and job planning and every year the consultants have their planned activities agreed and there is a monitoring process in place to ensure that what they agree to is actually delivered, sir.

The Speaker: Mr Karran, Member for Onchan.

Mr Karran: Vainstyr Loayreyder, but would the Shirveishagh... is the Shirveishagh satisfied, if it has taken four years to discover that consultants have been doing half the work that they are supposed to be doing, then that is not good enough for this Hon. House?

Could the Shirveishagh also agree that, whilst vast improvements have been made, partly through the fact there is a new hospital there and the major battle of getting some representation onto fees and user groups several years ago, the fact is that there seems to be a situation where there is an ever-increasing amount of clipboard, unaccountable individuals being developed posts for, instead of patient care and without any real accountability for that policy decision that seems to be taken in order to push more administrators higher up the pay scale in order to justify their wage structures? What is he doing about that proposal?

The Speaker: The Minister for Health, Mr Teare.

The Minister: It is a far, far-ranging and wide-reaching question there, sir. This really gets to the nub of the problem.

The Department does pay very close attention to the administration staff because we do appreciate that our resources are finite and that to deliver services, as it were, to the patients at the sharp end we have to make sure that there is not an undue cost incurred in the administration, but then the opening part of his question says, how do we monitor, how do we control private practice? Well, we have to have a scheme in place to make sure that it is actually monitored and it does not become disproportionate, to ensure that the Department gets value for money, so that is what we are doing, sir.

The Speaker: Mr Karran, Member for Onchan.

Mr Karran: Vainstyr Loayreyder, would the Shirveishagh not agree that, whilst this Hon. Member and many in this Hon. House, like we were talking to the Hon. Member for Treasury, do not question your integrity, it is just the situation about fact and fiction?

Would he not agree that if, in this specific case, where it has taken four years to find out what is actually going on, it highlights the lack of people having the finger on the right

pulse, would he not agree that maybe the time that proposals that have been put from outside the confines of the Council of Ministers about coming back with a more traditional administration committee in order to put some sort of audit into the systems up in that Hospital, away from paying for more managers who are not accountable, who are just part of the cabal up there, is not the way forward?

The Speaker: Minister for Health.

The Minister: The Hon. Member keeps repeating ‘four years’, sir. I have no knowledge of that. I have to deal with the situation as I see it and as I find it. I would respectfully suggest that the administration committee, whilst in some quarters may be perceived as being laudable, could be, in other quarters, interpreted as yet another quango.

Claims against the hospital DHSS policy

1.12. The Hon. Member for Onchan (Mr Karran) to ask the Minister for Health and Social Security:

Whether it is the policy of the Department of Health and Social Security to defend claims against the hospital even when it knows that it is guilty of negligent care leading to loss of life?

The Speaker: Question 12, 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 Health, Mr Teare.

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

In answering the Hon. Member’s Question, it should be noted that death resultant from negligent care in Hospital is extremely rare. However, I can assure the Hon. Member for Onchan that there is a policy and procedure in place to manage such instances. Noble’s Hospital has robust governance procedures in place to investigate thoroughly and impartially any untoward patient safety incidents, including a patient’s death which occurs at Noble’s Hospital.

Subsequent patient review reports are compiled and shared with the patient’s family and with appropriate authorities, as required. Such reports identify the individual circumstances of the case, any causative factors and the appropriate remedial actions required to mitigate recurrence. These reviews are open and honest and accept responsibility for actions, as appropriate.

I can advise this Hon. House that the Department of Health and Social Security, along with its medical, legal insurers, does defend cases where its practitioners have acted in good faith in accordance with policy and professional guidelines in the best interests of patients. In doing so, I would remind you that the provision of healthcare is not without the risk of known complications and adverse incident, both of which are sometimes unforeseen and cannot be prevented.

That having been said, I can assure the Hon. Member for Onchan and the Hon. Members of this House that, if a case was identified where the Department of Health and Social Security was culpable, it would make every effort to work with its legal advisers to ensure a judicious and satisfactory outcome is achieved between the parties.

The DHSS will defend allegations of clinical negligence when the evidence from independent, off-Island experts have assessed all the clinical information and, in their expert opinion, confirm negligence did not occur. However the DHSS will, when provided with clear evidence of clinical negligence, endeavour to settle the claim as quickly as legally possible, sir.

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

Mr Karran: Would the Shirveishagh not agree that there, by the grace of God, go I, but would he also not agree that we must defend our staff when they are right? Would the Minister not agree with me that we should not allow taxpayers’ money to be used like a game of poker against the weak and defenceless in our society to defend the indefensible, by your Department, where only for other parties getting involved: £140,000 has been spent on one court case over a possibility of a £10,000 case that was not the issue of the money? It was simply the principle of who was responsible, as far as this sad affair was concerned?

Is this not a case of the problems of vanity over sanity, as far as the taxpayer in concerned, that your Department are not learning the lessons which has allowed for a situation where we end up with more deaths that could be stopped, if we stopped having this proposal of making sure that we defend things? Where we are wrong we should put our hands up and accept that liability as a Government and as Department of this Hon. House?

Mr Houghton: Hear, hear.

The Speaker: Minister for Health to reply.

The Minister: If I could just take the liberty of repeating my original Answer, sir.

If a case was identified where the Department of Health and Social Security was culpable, it would make every effort to work with its legal advisers to ensure a judicious and satisfactory outcome. Unfortunately, it is not unusual to have a difference of opinion between the patient and the family on the one hand and the Department on the other. It comes down to a matter of judgement and when the Department is satisfied that its staff acted appropriately and within guidelines then, as the Hon. Member did say at the outset of his supplementary question, we will support them, we will defend them.

The Speaker: Question 13... final supplementary, Mr Karran.

Mr Karran: Gura mie eu, Vainstyr Loayreyder.

Would the Shirveishagh not agree that the concern is that there is not the balance there and the fact is that your Department is actually using the weapon of having resources against legitimate people because the issue is that your Department’s insurers... it is the ends justify the means, which has exposed us to a far larger bill in this particular

case, from what I am told, of £140,000 for the taxpayer for a £10,000 maximum compensation cover, which should be defended if it is wrong.

The fact is, Vainstyr Loayreyder, that what we are seeing is the cloak of this sort of attitude encouraging them not to be more accountable within your hospital?

The Speaker: Minister for Health.

The Minister: I would say that there is a balance, sir, and that if we were such cloak and dagger individuals, why would I, as I said in my original Answer, be prepared to share information, to share reports? Surely, if we are trying to be obstructive, we would just keep those reports in the bottom drawer of the desk so that they never saw the light of day. What we are doing is... We do learn by them. I gather from the Hon. Member's supplementary questions that he has a specific case in mind. I would like details of that case, because I would certainly like to have a look at the file, sir, and see what I can learn from it.

MANX ELECTRICITY AUTHORITY

MEA tariff increase Imposing on consumers

1.13. The Hon. Member for Douglas North (Mr Houghton) to ask the Chairman of the Manx Electricity Authority:

How he will impose the tariff increase announced with effect from 1st September 2008 on consumers?

The Speaker: Question 13. Hon. Member for Douglas North, Mr Houghton.

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

The Speaker: I call on the Chairman of the Manx Electricity Authority, Mr Gill.

The Chairman of the Manx Electricity Authority (Mr Gill): Thank you, Mr Speaker.

I would like to thank the Hon. Member for this Question as it has allowed me to confirm the position with regard to the application of tariff increases by the Manx Electricity Authority.

Although the publicised date for tariff increases is set at 1st September, it is clearly not possible for a new tariff to be immediately applied to all customers and we therefore act in accordance with statute and usually apply the new tariff to the second energy bill after it is issued after 1st September. This means that, for domestic consumers on a quarterly meter reading, they will see no alteration to the tariff until their first bill after 1st December 2008. For any customer on monthly billing – and I would confirm that this is monthly billing, not monthly direct debit payments – the first bill after 1st October 2008 will include the tariff increase.

Mr Speaker, with regard to prepayment meters and how we implement the tariff change to them, I am advised the tariff changes are communicated electronically to the charging

terminals and, therefore, anyone charging their key, within the last three months, will automatically be charged at the new tariff rate from 1st September.

The Speaker: Mr Houghton.

Mr Houghton: Thank you, Mr Speaker.

I am very grateful to the Chairman of the MEA for clarifying that point. Would he confirm that, if people had their meters read, or handed over their meter readings to the MEA for, let us say, 30th November, they would be additionally better off by such an arrangement, sir?

The Speaker: Chairman to reply.

The Chairman: Thank you.

I do not fully understand the import of the question there, sir. Certainly, if customers shared their advice about meter reading, then the bill, in the manner which I have described, will reflect the tariff increase as agreed, sir.

The Speaker: Mr Houghton.

Mr Houghton: Thank you, Mr Speaker.

Would the Chairman explain the 2 per cent difference between the 14 per cent and the 2 per cent to make the 16 per cent increase? Can he explain whether it is, to his knowledge, that some time ago the Hon. Treasury Minister, during the chaos of the MEA, actually stated that there would be no additional payment to the consumer in respect of the costings and the charge of the additional 2 per cent, sir?

The Speaker: Chairman to reply.

The Chairman: I think that is outwith the Question, sir, and I do not feel able to give an answer which I would be confident would be entirely accurate, and I would not want to give any inaccurate information. However, I will certainly take that back to the board and, with your permission, circulate the response to that to Hon. Members, sir.

Mr Houghton: Thank you.

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

Mr Malarkey: Thank you, Mr Speaker.

Could the Chair of the MEA give the consumers some indication, with recent price of fuel etc drops, when this might be reflected in their bill and they may actually see the price of electricity in the Isle of Man, which is absolutely staggering, start to come down in light of the present fuel...?

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

The Chairman: Sir, certainly I can say, in response, that the MEA have faced unprecedented levels of fuel charge increases and, with the volatile market, that is not special to the MEA, it is across the commercial sector.

In terms of reviewing prices and reflecting those prices to the consumer, that is something the MEA does on an extremely regular basis and will continue to do, sir.

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

Mr Karran: Vainstyr Loayreyder, would the Caairliagh of the MEA not agree that the fact is that the fuel charges are one problem, but it is the other problem of the massive debt-laden facility that the MEA has been left with, even allowing for the generous bail-out of this Hon. House in another place? So the fact is that that is only part of the problem, is the fuel cost, but also the debt that has to be serviced for the next two generations?

The Speaker: Chairman of the MEA.

The Chairman: Yes, thank you.

Well, I have nothing to add to the rescue package which was agreed in another place, which we are all aware of the details and they are reflected and considered in any fuel cost adjustments, sir.

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

Mr Watterson: Thank you, Mr Speaker.

Just from the Chairman's Answer, could he perhaps confirm... Am I right in thinking that those who use keys to charge their meters are amongst, usually, the poorest customers that the MEA has, and they are the ones who appear, from his Answer, to get the increase first? I might be wrong, but that is the way I understood the Answer that he gave to the Question. If that is the case, will he review that, and will he also respond as to whether the price comes down in the same manner, the same order?

The Speaker: Chairman, Mr Gill, to reply.

The Chairman: Yes, sir. Certainly in relation to prepayment meters, it is very much a matter of timing. If those people... and I would not characterise them as the poorest. It is a mechanism which we have applied, which is exceptional to the MEA, rather than many other electricity providers across the United Kingdom, as I understand. I would certainly confirm that. But in those cases, it is very much a matter of timing, and if those individuals have bought electricity at the price before the agreed tariff increase, they can acquire a benefit of up to £249, which is the maximum you can buy on a key meter.

So it is very much a matter of timing, but I take the point that the Member makes. All I would say, sir, is there is no perfect system. We do not claim perfection on this, but we do say that this is the system which, to my understanding, has pretty much materially unchanged since the 1920s and it is certainly something that the board thinks is the most fair way we can do it, given the complexity of the billing process we have, sir.

OFFICE OF FAIR TRADING

Domestic and road fuels Control over prices; high costs

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

- (a) What steps he has taken to stop –
(i) oil companies;
(ii) petrol and diesel suppliers;
from taking unfair advantage of price rises; and
(b) what he has done to ensure that the recent fall in fuel prices will be passed on to consumers?

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

- (a) Can the Chairman of the Office of Fair Trading make a statement on the high cost of domestic and road fuels on the Island; and
(b) what action he has taken in respect of these?

The Speaker: Question 14.

Hon. Members, if Mr Karran and Mr Quirk are content, the Chairman of the Office of Fair Trading has indicated he would like to answer both Questions together.

It was agreed

The Speaker: I will give each Member an opportunity to formally pose the Question.

Mr Karran.

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

The Speaker: And Mr Quirk.

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

The Speaker: 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.

I would ask for your indulgence here, as the Questions are wide-ranging, and indeed a little patience, because the Answer may be somewhat lengthy. However, I will try and certainly make it as helpful as I possibly can.

In responding initially, Vainstyr Loayreyder, I think that some of the pressure that has initiated these Questions will have possibly come from a press release of a few weeks ago, or a press story, where in fact the Office of Fair Trading were... or it was given the impression that we had agreed that the price of petrol is not a rip-off.

If we could start at that point, Vainstyr Loayreyder, I would issue a firm rebuttal to that headline and say that, in fact, it is unfortunate that that was used as a banner headline to cover some in-depth commentary that I made subsequently for the article.

Mr Watterson: So it is a rip-off!

The Chairman: Subsequently, in discussing fuel prices and so on, it was picked out that this could be a banner headline, which is unfortunate, and my view is that it is misleading. In fact, it could have led that 'Chairman is considering inquiry', which would have been far better news, and the reason I say that will become evident shortly, Vainstyr Loayreyder.

Having said that, what have we been doing? Certainly, I

think it is important for Members and the public to understand that since I joined the OFT I have initiated a round of talks with the main players in the energy markets here, at my behest, and certainly have led up the meetings with these people, and indeed participated from the front, or led the Department from the front, during these meetings. I have, indeed, collected evidence myself from these companies, and it is a shame that the newspaper article again referred to 'I was advised'. I can advise Members that I certainly led from the front and collected evidence. In fact, I am grateful to these companies for coming in, for being as helpful as they were, and for disclosing sensitive commercial information, which they did not have to at that time because these were informal investigatory meetings. However, suffice to say we took an initial assessment of the situation at that time, Vainstyr Loayreyder, and have been correlating our information ever since.

However, the scene has been changing in the background to all that, as we have noticed petrol prices falling in the UK, or tumbling in the UK. But to put some balance into this, if we look at the likes of the price war between Asda and Morrisons, for instance, and probably Tesco is in the background of that, now down to about 98.63 pence average per litre, that is in a huge context. There is no way that the Isle of Man can compete in that kind of environment, even if we turned the volumes of fuel over to attract those kind of prices. So I do not want to build people's hopes up that there is some all-sweeping power that I can suddenly use and cause the prices to tumble the same here. That would be an unrealistic and unfair message to go out to the public.

However, Vainstyr Loayreyder, the board and myself and Office remain uneasy with the local prices here, and certainly have observed that for three consecutive months the prices have been above the recommended level as in the last Report and investigation that was done, albeit only 18 months ago. To that end, Vainstyr Loayreyder, and given the intense public scrutiny of petrol prices at the minute, we have agreed to advance a section 19 inquiry into the fuel prices of the Isle of Man. We have advised the Council of Ministers of the same and I am insistent that we have an in-depth inquiry, root and branch, from refinery, (**Mr Houghton:** Hear, hear.) right through wholesaler, right through to the retail outlets, as well. If we are going to do the job, we are going to do it properly and at the end of it, at the very least, I want the pricing structures through the whole customer chain to be transparent for the public as far as we can make it, so that everyone can understand what is going on.

As I said, Vainstyr Loayreyder, I do not want to build people's hopes up that we are going to find some huge rip-off element within the whole picture. That might not be the case. It may be that we do discover things, but we do not want to build people's hopes up that we can just use this power to suddenly cause prices to come tumbling down. What I can, at the very least, assure the public of the Island, and for Hon. Members, is that we will have a transparent picture of what is going on, given that some of the information we may glean from this may well be commercially sensitive, but nonetheless we will try and be as transparent as we possibly can.

Having said that, Vainstyr Loayreyder – that is a pretty stern announcement to be making in answer to a Question – there are other points I wish to make. Certainly, if we look at the most recent AA driver survey of the UK, for instance, two out of three drivers will buy their petrol from

supermarkets, anyway, which shows the huge turnover and the economy of scale there, but they also surveyed 12,000 motorists very recently and it showed that 53 per cent of motorists could be swayed to lower forecourt boards. That means punters are voting with their feet over there and giving a clear signal to the oil companies that they will not tolerate expensive prices.

I would put a call out to our consumers here. Instead of paying for your petrol by way of convenience, by way of the nearest petrol forecourt, plan to buy your petrol and go to the cheapest pump, because there are differentials, small though they might be, but the consumer here can send a very clear signal to the retailer by way of shopping habits, and I would strongly advise that. That would send a clear signal to the industry, what we are prepared to withstand and what we are not prepared to withstand.

I would also say, Vainstyr Loayreyder, that in the face of tumbling prices in the UK and the political commentary that has been made over there, I would make a personal comment to our own petrol companies here, but also to our retailers, because there is a double-edged sword here. We quite often go chasing after the big companies but the retailers, at the end of the day, are retailing the petrol to people. We, the Manx public, have been supporting you through thick or thin at your price ranges and I would formally ask you to show the Manx consumer some goodwill back.

Thank you, Vainstyr Loayreyder.

The Speaker: Hon. Members, the Chairman and Ministers are, of course, entitled to answer Questions the way they wish and in any way they see fit. I am sure they will reflect on the impression that might be given by the way they answer that they are, in fact, opening a debate that is tabled on a particular motion in the Order Paper, which is not the case, of course, as far as Questions are concerned.

Hon. Member, Mr Quirk.

Mr Quirk: Thank you, Mr Speaker and I will make the question succinct.

Can I ask the Member for the Office of Fair Trading and just thank him for his comprehensive report and some good news is coming out of that.

Could I ask him, regarding the fuel oil that is used for heating, has his Department approached the particular oil companies because, would he not agree with me, that people are finding it quite difficult to fund 900 litres of fuel which is at a cost per litre to smaller amounts which, sometimes, the companies are quite unwilling to deliver small amounts... could he look into that and maybe some sort of chink in this – I am not saying it is a cartel – but it could be a cartel that may be some comfort for those that are having to rely on oil?

The Speaker: Chairman, Mr Henderson.

Mr Henderson: Gura mie eu, Vainstyr Loayreyder.

Yes, it is a very important point that the Hon. Member for Onchan raises, especially in the light of the local authority and Douglas Corporation housing refurbishments where we see, predominantly, certainly in Douglas, oil-fired central heating being put into houses and in the social housing, of course, people are not on, or anywhere near, the average weekly Government wage that comes out of the Economic Affairs division. These are the folk that struggle and are pensioners, indeed, and I certainly take on board what he is saying.

We have been putting, and I have personally been putting, that to the relevant companies and we have had some goodwill back from them, where they have been agreeable to reduce the minimum order from 900 litres to, I think, about 450 litres, something like that. We have certainly applied the pressure to them to look at that situation.

Central heating oil will come under the remit of the inquiry I have just announced, Vainstyr Loayreyder.

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

Mr Watterson: A couple of small supplementaries and if the Chairman does not have them to hand, I would hope that he would then circulate them to Members.

What is the lead time, from oil coming out of the ground... sorry, from the spot price on the market to the petrol pumps, and what is the correlation of that spot price to the price of petrol, diesel and fuel oil, in terms of the relationship between that and the headline price for a barrel of oil?

Thirdly, is he content that he has sufficient powers to keep a rick on fuel prices, especially when he is talking about a section 19 investigation right the way back to the oil coming out of the ground? What powers does he have to... (**Mr Henderson:** Refinery.) from the refinery, sorry, what powers does he actually have in order to get that sort of commercial information from any part of the off-Island structure? Once you leave the Isle of Man, I am pretty sure the Office of Fair Trading's powers run out, so I would be interested to know if he has sufficient powers in his armoury to achieve that sort of work?

The Speaker: Mr Henderson to reply.

Mr Henderson: Gura mie eu, Vainstyr Loayreyder. Forgive me if I missed some of the plethora of many points that Mr Watterson has been making there.

A section 19 inquiry gives the Office of Fair Trading quite a considerable amount of power, actually, to require information to be laid before it, as I understand it, but he has asked a very complicated series of questions which I am grateful our Chief Officer is in the gallery this morning, Vainstyr Loayreyder. I hope he has made some notes for himself so that we can actually circulate Hon. Members with a little more detail than I am able to answer.

In answer to his chain reaction question, approximately eight weeks, but we must remember what we are talking about here is two different commodities. There is the spot market for crude oil and then there is the spot market for refined product, two different things. So, for the benefit of our listeners in the community, of course, when crude drops, it has to go around a spiral of the, sorry a big spiral of the economy, basically, and then feed through into the refined product market at the end of the chain, before any prices are reflected onwards, forwards, downwards or upwards. It is a very, very complex way of doing business, as I have found out.

However, to reassure Mr Watterson in some regard, one of the big companies, certainly, that we interviewed – and I will put it like that – that we 'interviewed' was quite happy to disclose certain commercially sensitive information that I would say was not quite appertaining to the Isle of Man, so we were given a good picture from refinery to here, if that is by way of any help to him. I am sure we can delve to get

other information, if required, when we go down this road, Vainstyr Loayreyder.

Now to his answer in the round, I do not know whether he wishes it, but I know my Chief Officer, Mr Black, has been taking notes. I mean we could issue a detailed answer later if that is his wish for Members, Vainstyr Loayreyder.

The Speaker: I think it is for you to determine information that is circulated to Members.

Hon. Member, Mr Houghton.

Mr Houghton: Thank you, Mr Speaker.

Can the Hon. Chairman inform this House has the Council of Ministers approved the section 19 inquiry? If so, when and what support did he gain from the Council of Ministers, as far as the areas and the intensity of such an inquiry?

The Speaker: Mr Henderson.

Mr Henderson: Gura mie eu, Vainstyr Loayreyder.

In answer to my colleague, my hon. friend and colleague, we do not need the Council of Ministers' permission to advance an inquiry. The Office of Fair Trading operates sufficiently independently to conduct its own affairs in that matter and was thus set up.

So in my initial answer, Vainstyr Loayreyder, I made it clear that we inform the Council of Ministers of what we are doing, as a matter of courtesy. As far as I am aware, it would have been unanimous. Certainly, I had the support of the Chief Minister in this matter because I think everybody here has borne the brunt of public concern over the last six to eight months when we have watched the fuel prices rocket up in the summer months and then the impression is that it has been very slow to come down here, as opposed to other places.

That is one of the key issues I want inspected in our inquiry and I have placed this allegation to the major players why is it so quick to go up and why is it so slow to go down. (**Several Members:** Hear, hear.) We need to understand that.

As I say, Vainstyr Loayreyder, I do not want to build people's hopes up because there may well be scales of economy there that cause this to happen and there may be some rational explanations. If we look back to the last inquiry, all but only 18 months ago, it did not find any excessive profiteering, if Hon. Members remember. There was high profit to within an acceptable band of profit in business models but that is the thing we have got to be wary on.

Nonetheless, I wish to understand what is going on here and could we be doing things better, basically.

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

Mr Quirk: Can I ask the Chairman of the Office of Fair Trading has he looked at the scheme where the likes of an analogy regarding milk, which is controlled on the Island? Also, will the inquiry look into the cost of shipping to the Island, which is always thrown up as a particular issue? Would he include into that that Government-owned substantial oil reserves themselves in storage for emergency uses, could he look at that for a way forward of piggy backing that, maybe, to bring the costs down?

The Speaker: Chairman, Mr Henderson, to reply.

Mr Henderson: Gura mie eu, Vainstyr Loayreyder.

Mr Cretney: Say yes! (*Laughter*)

Mr Henderson: I will say yes, Hon. Member. That is one of the points we are keen to look at, too, because being on an Island causes its own unique sets of problems for oil companies here. They have to have much larger storage than a similar depot servicing a similar population in the UK. In fact, we have probably got 50 million litres storage capacity here and it is in case the boat is late on two or three of four consecutive days, where there is a capacity there. That causes its own set of unique problems.

With regard to milk, I am uncertain, although we have made heavy representations on the milk price to the DAFF Minister on exactly our thoughts on that process.

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

Mr Cregeen: Thank you, Mr Speaker.

Can the Chairman explain why the OFT compare prices of independent retailers in the UK to the Isle of Man when six of the 20 petrol stations on the Isle of Man are actually wholesalers? It seems there should be a comparison between both, rather than just independent retailers.

The Speaker: Mr Henderson.

Mr Henderson: Gura mie eu, Vainstyr Loayreyder.

Mr Cregeen draws an interesting analogy. Currently we use independent retailers in the UK to benchmark here as part (a) of an answer to him, whereby it gives a more realistic benchmark. If used, the likes of, start to incorporate Asda and Morrisons and what they are up to at the minute... in fact, one of the big companies we spoke to admitted that, in some cases, they are not making money on petrol at all across, it is a loss leader.

There is no way we could ever get to that situation, I think, Vainstyr Loayreyder, but then you use that as your benchmark, or it has been used as the benchmark, and then we examine our local companies here and I think the best way to answer that is it is averaged out.

Yes, there are wholesalers who trade to retail outlets and there are independents, but there is an asymmetry of prices there so it gives us a good rough guide, Vainstyr Loayreyder, as to where we are up to and that, indeed, has given us a good guide as to why we should launch an inquiry.

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

Mr Watterson: Is the Chairman committing the Office of Fair Trading, or the consultants that he will have to employ in order to achieve this inquiry, to a timetable as to when it will report by? The last one, of course, is 18 months old and the information gathered is going to be even older: obviously, time is of the essence because timing is important when we look at fuel prices. When, therefore, is he likely to be able to report?

The Speaker: Chairman, Mr Henderson.

Mr Henderson: Gura mie eu, Vainstyr Loayreyder.

The simple answer to that is it is going to take several months. It is not an easy thing to undertake. A remit has to be drawn up, a possible tendering process for consultants.

The point is, though, it does not matter at what point you launch an inquiry or an assessment to take a snapshot or an in-depth snapshot of the industry because you are looking at their books ostensibly in loose terms and examining profitability, practices, are they operating as efficiently as they could do and so on and benchmarking with other similar institutions to see, in the round, what we have got here. So, whether the prices are high or low, we are still going to get the relevant core information that we need.

The Speaker: Hon. Member for Douglas South, Mr Cretney.

Mr Cretney: Yes, thank you, Mr Speaker.

I am sure all Hon. Members who represent consumers will be happy with the comments that the Chairman has made this morning, but could I ask him, in light of the last report, which was 18 months ago and one of the outcomes of that was that there was an amount which was considered to be reasonable, given (**A Member:** Hear, hear) Isle of Man circumstances: are we within those parameters (**Mr Watterson:** No.) or are we outside of those parameters?

Mr Watterson: Outside of those parameters.

The Speaker: Mr Henderson.

Mr Henderson: Gura mie eu, Vainstyr Loayreyder.

As I indicated in my first answer, for three consecutive months we were outside those parameters, which is one of the reasons I have asked the Board to support me in initiating an inquiry and informed the Council of Ministers on that matter, as does diesel, as well, which I am worried about in the background.

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

Mr Karran: Vainstyr Loayreyder, would the Caairliagh not agree that the time period of several months seems a bit excessive? Would he not agree that the situation is... Why are we taking on a consultancy firm? Surely it would be better having people... We have a wealth of knowledge within this Island, of people who would have experience in shipping, with our Shipping Register, and other areas, without taking on consultants. Would he not think it would be better to get somebody on those lines as a commission of inquiry?

Can he speed up the process, and would he not agree to have a look at legislative changes that might be needed in order to turn future Office of Fair Trading, and Board of Consumer Affairs actions in the past that were similar to being savaged by a dead sheep, into actually being able to do something in the future?

The Speaker: Chairman.

The Chairman: Gura mie eu, Vainstyr Loayreyder.

Wide-ranging questions, really. The whole point of a proper section 19 inquiry under our Act is the fact that it is an in-depth detailed inquiry and the information that we need to discover, you cannot dig that out in a few days, Hon. Member. It takes weeks and weeks to get all the detail that is

required. In some cases, if somebody is wishing to withhold information, then that causes another process to kick in where they have, to some extent, to be made to hand it over, and that can take another length of time. So it is not an easy process, but it is certainly one we will be keeping our eyes on because we want to expedite it, obviously, as efficiently as we can, but not to the point where the actual inquiry is prejudiced because of that speed.

As to the teeth of the OFT: no, I suppose we have not got the biggest set of incisors in the size of other departments maybe, but we do have some canines that can bite quite sharply, and a section 19 inquiry can cause that to happen, so that is quite a considerable power, by anyone's stretch of the imagination.

The Speaker: Hon. Members, I have three or four Hon. Members indicating they still wish to speak and put supplementary questions. Can I ask Members to reflect the degree to which, notwithstanding a widely-cast couple of Questions on the Order Paper, the extent to which, in fact, the Questions have been answered, in considering whether to put further supplementary questions.

Mr Watterson.

Mr Watterson: Thank you.

Can I further express my incredulity with the timetable of this, because... Will the Chairman agree that we have a methodology by which we have accepted from the previous interior report, and it is a case of getting the new figures to put into that methodology which has not been borne out.

Secondly, will he also consider the status of fuel cards which are available to people trading on the Isle of Man and which have revealed massive differences between prices actually available on the Isle of Man through fuel cards and the price that is being paid by people at the pump, the likes of most other Members.

The Speaker: Chairman, Mr Henderson.

The Chairman: I will leave Mr Watterson to be incredulous, Vainstyr Loayreyder.

Mr Watterson: And the second part of the question?

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

Mrs Cannell: Thank you, Mr Speaker.

Would the Chairman agree with me that the Office of Fair Trading have always carried out their inquiries and investigations in a very thorough, very fair and very even-handed manner, and this is why, in some cases, it can take several months?

Would he also agree with me that the whole idea of the Office engaging a consultancy is to prevent this perception of bias, and that is why outside expertise has actually been engaged to undertake and assist in previous inquiries and has always worked very well?

The Speaker: Mr Henderson.

The Chairman: Vainstyr Loayreyder, the answer to that is a categorical yes, yes, yes and yes, and to further point out that –

Mr Cretney: He is a 'yes' man!

The Chairman: – the Office is only (*Laughter*) a small organisation, it quite often works under pressure and certainly has since the last six months, which again means that we do also have to use consultants for that reason as well.

The Speaker: Mr Cregeen.

Mr Cregeen: Thank you, Mr Speaker.

Would the Chairman not agree that the previous Report was actually a waste of money and time –

Mrs Cannell: Shame on you!

Mr Cregeen: – because, as it came out and said that the price limit should be within, I think it was about 5 pence, and it has proved to go above that, and yet nothing has happened. It is toothless. Maybe he should come back here and ask for the teeth to take action against these companies so we can avoid this profiteering.

The Speaker: Mr Henderson.

The Chairman: Gura mie eu, Vainstyr Loayreyder.

I think the Hon. Member has lost the plot here. (*Laughter*)

Mrs Cannell: Hear, hear.

A Member: Shame!

The Chairman: He has completely missed the target and the whole point of the observations I have been making, Vainstyr Loayreyder. In fact, I could have been speaking in another place, judging from that supplementary.

The Report he is referring to from 18 months ago was not a waste of money. It showed how the systems and the economy and scales of economy were working. It is there for the general public to read and I would urge members of the public to get themselves a copy or read one in the Tynwald Library at their leisure to get a handle on the industry, because it is very complicated and it does show Isle of Man factors come into the equation. In no way was it a waste of money.

Then on to the nonsense about the Office of Fair Trading cannot do anything. If a section inquiry uncovers something that we are unhappy with, we can make application to the Council of Ministers to make something happen; that is the whole point of it.

What I want to come out of it, Vainstyr Loayreyder, and for the Hon. Member's benefit, is a full understanding from refinery to the shop that is selling the petrol, because we are missing the point. There is a whole customer chain involved here, (**A Member:** Yes.) complicated issues all the way down the chain, and we need to understand each stage of the way, have it benchmarked and see where we are. If there is anything irregular or unusual, yes, there are things we can do.

A Member: Nothing has changed.

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

Mr Quayle: Thank you, Mr Speaker.

I just wondered, if I may ask the Chairman... he alluded, earlier on, to launching an investigation into shipping and I just wanted to make sure that, in response to the Hon. Member for Onchan, Mr Quirk, I wondered if he just would make sure that, as there is a Select Committee of Tynwald looking into shipping, then we would not want the heavy workload of the OFT to be having to duplicate efforts that are being made in another place.

A Member: Undermining.

The Speaker: Mr Henderson, insofar as it is appropriate.

The Chairman: Gura mie eu, Vainstyr Loayreyder.

If I did allude to shipping, I apologise to the Hon. Member. I was only referring to it in the context of this inquiry. We could not cope with any more work on top of us once this is launched, because we would sink ourselves, Vainstyr Loayreyder.

The Speaker: Mr Cregeen, a final supplementary from yourself.

Mr Cregeen: Thank you, Mr Speaker.

Far from losing the plot, the Report gave a recommendation for so many pence a litre. What action has the Office taken, apart... It is another inquiry, but surely it should have come up with some teeth to take action for its recommendations?

Mr Watterson: More delays.

The Speaker: Mr Henderson.

The Chairman: Gura mie eu.

That is the whole point, Vainstyr Loayreyder. It said if there were three consecutive points over the recommendation, another inquiry should be had and, if necessary, a further in-depth inquiry, and that is exactly what we are doing. Since that Report was published, the OFT have closely monitored what has been going on here on the Island, are continually talking to the oil companies, possibly on a daily, weekly basis, through Mr Gill's tenure at that time, and now on to mine.

You can only do so much every day, Hon. Member, and the point is the prices are monitored, consumer advice is given, and one of the first things I did when I came in, to start this debate – as it has turned out, Vainstyr Loayreyder – off, I had all the major players hauled in to our Office, (**Members:** Ooh.) for what can be described as an informal investigatory meeting to understand what was going on, and specifically the points the Hon. Member is worried about. It is no use just trying to sway the Fair Trade Act to the company when you have not got any evidence. It is better to have everything right and all your ducks in the line in the first instance.

The Speaker: Hon. Member, finally, Mr Quirk, Member for Onchan.

Mr Quirk: Thank you, Mr Speaker.

Finally, can I just ask the Chairman of the Office of Fair Trading, before he does hold the inquiry, can he approach the fuel companies regarding the cost of delivery of pence per litre to make sure that some of them will step up to doing small amounts to the consumers as this winter approaches?

The Speaker: Mr Henderson.

The Chairman: Gura mie eu, Vainstyr Loayreyder.

We are trying our best in this direction and some companies have shown a lot of goodwill on this and are trying their best. We may well do.

Vainstyr Loayreyder, I think it would be incumbent on me to mention that the ultimate power of the OFT, of course, is to bring forward energy regulation procedures, which could be something for the future.

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

Procedural

The Speaker: I just would make a point... I think it would be appropriate.

Contrary to the belief of some Members, and some parts of the media, certainly, Question Time is not a debating session. It is Questions and seeking of information, not debates: no doubt, in the manner Members choose to ask and answer Questions in future will take account of... Whereas this morning there has been latitude given, due to the shortness of the Order Paper, I think it is exceedingly unlikely that future Order Papers will make time available in the manner that has happened this morning. (**A Member:** Hear, hear.) I simply make that point for Members to reflect on.

Ruling by the Speaker on Written Answer 2.1

The Speaker: We turn now to Item 2.

Mrs Craine: Point of order, Mr Speaker.

The Speaker: Point of order, Mrs Craine, Member for Ramsey.

Mrs Craine: Yes, please, Mr Speaker.

In reference to the Written Answer that has been circulated to us, the part of the Answer that has been given indicates that the Chief Minister will circulate information regarding memberships of boards or companies – those positions that are held on boards of companies – by present serving Members of Tynwald.

Could I just seek clarification, Mr Speaker, that, in doing so, that will not actually answer the Question, because the Question seeks to know for which they are remunerated or receive an allowance. I stand to be corrected, Mr Speaker, but I understand that the Register of Members does not indicate whether Members are receiving an allowance or a remuneration for positions on boards of companies. In some cases, there is no remuneration applicable and so I would suggest, sir, that this Question cannot actually be answered in that form. I seek your clarification, please.

The Speaker: Thank you, Hon. Member.

The job of the Chair is to determine whether Questions posed and Answers given comply with Standing Orders. I hear the point the Hon. Member makes. It seems to me to be

a matter very much for the Chief Minister, who is answering the Question, who has no doubt heard what you have just said, to determine how the Question is answered. It is not a matter for the Chair as to how the matter, in terms of Standing Orders, on that point is answered.

What I would say, though, Hon. Members, is that as far as the Written Question is concerned, in terms of compliance with Standing Orders, Members will see that the Chief Minister has, in effect, declined to reply to parts of Question 1, giving his reason for doing so as being the cost and difficulty of doing so. I would say, however, that the Chief Minister has not complied with the requirements of Standing Order 3.10, notifying me 24 hours in advance of his effective refusal so that I might report to the House whether or not I consider that refusal justified.

In relation to Question 1 for Written Answer, the Chief Minister is, therefore, in breach of Standing Order 3.10 and I would call upon him to notify me formally of his reasons for declining to provide the information requested by Question 1 and I will report on the matter at the next sitting of the House. So that is my ruling.

That is, in effect, a ruling on the Written Question –

The Chief Minister: I challenge you, sir.

The Speaker: – and Members may be aware that rulings cannot be questioned at the same sitting.

Question for Written Answer

CHIEF MINISTER

Tynwald Members and public servants Membership of company and Government boards

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

- (1) *How many –*
- (a) *former Members of Tynwald;*
 - (b) *serving Members of Tynwald;*
 - (c) *former Isle of Man Government civil/public servants*
 - (i) *are members of the boards of companies registered in the Isle of Man; or*
 - (ii) *have positions on Isle of Man Government Statutory Boards, Committees or similar bodies;*
- for which they are remunerated or receive an allowance;*
- (2) *what legislative provisions or administrative rules apply to the employment or engagement of former and serving Members of Tynwald, and former Isle of Man civil/public servants, in the circumstances specified at*

(1), and in particular with regard to any prohibition on the taking up of such board membership or Government positions for a period of time following their cessation of membership of Tynwald or employment in Government; and

(3) in the event that any of this information is not available if he will undertake to obtain it and circulate it to Members of Tynwald?

Answer: In answer to part (1)(a)(i) of the Question, regarding former Tynwald Members' membership of boards of companies registered in the Isle of Man, to collate this information would be a considerable task, requiring considerable resources and substantial cost to the taxpayer.

For example, there are former Members of Tynwald who ceased to be Members over 25 years ago and have their own businesses; some of these former Members would be caught in the broadness of the Question. It is therefore impossible, without diverting considerable resources and at considerable cost, which is deemed not justifiable, to supply the information regarding how many former Members of Tynwald hold positions on boards of Isle of Man registered companies. They are not required to disclose such information to Government once they have left public service, therefore the only way to collate the information requested would be to cross reference every person listed as a director of a company in Companies Registry against a list of every person who has ever served as a Member of Tynwald. All the information the Hon. Member seeks is publicly available but it is not collated and available in one set of information.

However, I am content to provide information with regard to former Members of Tynwald who ceased their membership from November 2001 to the present day. To the best of my knowledge, and in the limited time available, I can confirm that 13 former Members of Tynwald are members of the boards of companies registered in the Isle of Man, many of which are charitable or organisational companies (such as local clubs).

In relation to (1)(b)(i) of the Question, all Members of Tynwald are required to declare in the Register of Members' Interests their membership of any boards of companies registered in the Isle of Man. As the Hon. Member for Onchan, Mr Karran, knows, information regarding the business interests of Members is publicly available from the Tynwald Library. I will circulate the information regarding membership of boards of companies of serving Members of Tynwald at an early date.

With regard to (1)(a)(ii), (1)(b)(ii) and (1)(c)(ii), I supply below a Table (Table 2.1.A) indicating the numbers in each category of the Members of Statutory Boards, as identified by the Statutory Boards Act 1987, as amended by the Statutory Boards Act 2001. Included within these figures is also the information for the Civil Service Commission. With reference to serving Members of Tynwald, the Table 2.1.A only includes Members who are remunerated for holding a particular position. The Vice-Chairmen of the relevant Statutory Boards, for example, are not remunerated for attending meetings or for membership of the Board.

Table 2.1.A

Statutory Board	Former Civil/ Public Servants	Former Members of Tynwald	Serving Members of Tynwald	Notes
Water Authority	0	0	1 ¹	Chairman is required to be serving Member of Tynwald
Insurance & Pensions Authority	0	1 ²	0	
Post Office	0	0	1 ³	Chairman is required to be serving Member of Tynwald
Civil Service Commission	0	0	1 ⁴	Chairman is required to be serving Member of Tynwald
Financial Supervision Commission	1 ⁵	0	0	
Office of Fair Trading	1 ⁶	0	1 ⁷	Chairman is required to be serving Member of Tynwald
Communications Commission	2 ⁸	0	0	
Manx Electricity Authority	1 ⁹	0	1 ¹⁰	

In addition to the information provided in the above Table, in relation to part (1)(b)(ii) of the Question, I can confirm that, with the exception of the Presiding Officers, the Attorney General and the Lord Bishop, all Members of Tynwald, except the Hon. Member for Onchan, Mr Karran, have membership on a Department, a Statutory Board, or similar Government body for which they receive remuneration, as provided under the provisions of the Payment of Members' Expenses Act 1989.

Further to the answer above to part (1)(c)(ii), I can advise that under The Payment of Members' Expenses (Specified Bodies) Order 2003, there are in the region of 70 public bodies (plus all bodies of governors for primary and secondary schools), the members of which are eligible to receive an attendance allowance and/or travelling allowance for their public service. The task of identifying and collating all this information would involve considerable resources and considerable cost to the taxpayer. I therefore feel that the cost to the taxpayer in obtaining and collating this public information to answer this Question is not justifiable.

¹ Mr J D Q Cannan MHK

² Mr D J Gelling – former MHK and MLC

³ Mr A Crowe MLC

⁴ Mr J R Houghton MHK

⁵ Mr J Cashen – former civil servant

⁶ Mrs K Parkinson – former civil servant

⁷ Mr R W Henderson MHK

⁸ Dr L M Cottier – former teacher and Mr M Mawdsley – former civil servant

⁹ Mr K Tomlinson – former civil servant

¹⁰ Mr Q B Gill MHK

In answer to part (2) of the Question, the Government Code covers such matters. On page 16, paragraph 2.15 under the heading 'Ministers' Private Interests' states:

'On leaving office, there is no restriction on former Ministers taking up or resuming posts or other private sector interests, although they should avoid any course which would reflect adversely on their or the Government's reputation for integrity or the confidentiality of its proceedings.'

Regarding directorships whilst serving as a Minister, the Government Code states at page 18, paragraph 2.27 under the heading 'Directorships' that:

'Ministers should use their discretion when continuing with any directorships they hold when taking up office whether in a public or private company or charitable undertaking, so as to avoid any possible risk of conflict arising between the interests of the company or undertaking and the Government.'

With regard to Isle of Man Government civil/public servants, below is an excerpt from the Civil Service Regulations regarding post employment appointments/directorships.

'4. ACCEPTANCE OF OUTSIDE APPOINTMENTS

4.1 Post Employment Occupations

- a) To safeguard the basic principles of propriety, a civil servant or former civil servant holding the grade of Open Structure Grade 7 or equivalent or higher grade at the time of leaving the Civil Service shall not accept an appointment outside the Civil Service in the Isle of Man Business Community for a period of one year after ceasing to be a civil servant without the prior written approval of the Civil Service Commission.
- b) In determining whether a civil servant or former civil servant may accept such an appointment, there shall be a general presumption that such appointments are favourable but the Civil Service Commission will consider whether that civil servant or former civil servant in his official capacity has had dealings with the prospective employer or has had access to commercially sensitive information about the prospective employer's competitors.
- c) It will be the responsibility of the civil servant or former civil servant to advise the Civil Service Commission of any intention to take up such an appointment which will include the acceptance of a directorship in the Isle of Man Business Community.
- d) The Isle of Man Business Community shall include any business off Island which transacts business on the Island.'

There is no provision in the Whitley Memorandum of Agreement to cover public servants whose terms and conditions are covered by Whitley. In the limited time available, it has not been possible to ascertain the situation with regard to other categories of public servants. For example, health services, teachers, policemen, firemen, or the judiciary etc.

It is therefore impossible, without diverting considerable resources and at substantial cost to the taxpayer, to supply the information regarding how many former civil/public servants and former Members of Tynwald hold positions on boards of Isle of Man registered companies, as they are not required to disclose such information to Government once they have left public service. Therefore, the only way to collate the information requested would be to cross reference every person listed as a director of a company in Companies Registry against a list of every person who has ever served as a civil/public servant or Member of Tynwald. Again, all the information the Hon. Member seeks is available but it is not collated and available in one set of information. The

considerable resources required and the substantial cost to the taxpayer of collating this information is deemed not justifiable.

I can confirm that there is nothing in legislation or administrative code that restricts a former civil/public servant or former Member of Tynwald from taking up a position on a public body if they wish to do so and if the appointing authority feel they hold the necessary qualifications and/or experience required to fulfil the post and are the most appropriate candidate of those who apply.

I have answered part (3) of the Question in relation to the Answers set out above.

Orders of the Day

BILLS FOR FIRST READING

Income Tax Bill

Company Officers (Disqualification) Bill
Fees and Duties (Amendment) Bill
Value Added Tax (Amendment) Bill
Animal Health (Amendment) Bill
Social Security (Amendment) Bill

The Speaker: With that, Hon. Members, we turn to Item 3, Bills for First Reading, and I call on the Secretary to the House.

The Secretary: Bills for First Reading: Income Tax Bill, First Reading, Member in charge, Mr Braidwood; Company Officers (Disqualification) Bill, First Reading, Member in charge, Mr Braidwood; Fees and Duties (Amendment) Bill, First Reading, Member in charge, Mr Braidwood (*Laughter*); Value Added Tax Bill, First Reading, Member in charge,

Mr Braidwood (**A Member:** Hear, hear.) (*Interjections and laughter*); Animal Health (Amendment) Bill, First Reading, Member in charge, Mr Gawne; Social Security (Amendment) Bill, First Reading, Member in charge, Mr Watterson.

The Chief Minister: Hear, hear.

BILLS FOR SECOND READING

Companies (Amendment) Bill
Gender Recognition Bill
Motions for Second Reading withdrawn

4.1. Mr Bell to move:

That the Companies (Amendment) Bill be read the second time.

4.2. Mr Brown to move:

That the Gender Recognition Bill be read the second time.

The Speaker: Hon. Members, as far as Item 4 is concerned, Bills for Second Reading, the two Bills will not be moved at this sitting.

A Member: What about the Constitution (Amendment) Bill?

The Speaker: Therefore, that brings us to the end of the Order Paper for this week, and the House will now stand adjourned until our next sitting, which will take place on Tuesday, 4th November, at 10 o'clock here in our own Chamber.

Thank you, Hon. Members.

The House adjourned at 12.14 p.m.