

**Sewerage (Amendment) Bill 2014 –  
Second Reading approved**

Mr Coleman to move:

*That the Sewerage (Amendment) Bill 2014 be read a second time.*

**The President:** Second Reading.

**Mr Coleman:** Madam President, I am grateful to Hon. Members for permitting the suspension of Standing Orders. This Bill is really about providing an appropriate set of options to facilitate charging for sewerage services on a fairer and more equitable basis.

I beg to move that the Second Reading of this Bill be approved.

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

**The President:** If no Hon. Member wishes to speak, the motion is that the Bill be read a second time. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

**Sewerage (Amendment) Bill 2014 –  
Clauses considered**

**The President:** Clauses.

Clause 1 and clause 2.

**Mr Coleman:** Madam President, clause 1 gives the short title of the Bill as the Sewerage (Amendment) Bill 2014.

Clause 2 provides for its commencement and gives effect to the Act from 1st April 2015.

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

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

**The President:** The Hon. Member, Mr Turner.

**Mr Turner:** Thank you, Madam President.

I wonder if the mover could explain why there is an exemption for this particular purpose for the Utilities Authority not to consult with the Department of Infrastructure before making an order... and what they do consult on and what they do not consult, and why is this different.

**The President:** Hon. Member, if you could just point out where it applies in relation to the clauses.

**Mr Turner:** Sorry, Madam President?

**The President:** In relation to these clauses.

**Mr Turner:** Yes, in relation to clause 2, it says:

'Despite section 45(2) of the Sewerage Act [1999], the Manx Utilities Authority need not consult [the Department of Infrastructure] before making an order...'

I wonder if he could explain why that is the case.

**The President:** Does any other Member wish to comment before we have the reply?  
The hon. mover.

**Mr Coleman:** I think the Water and Sewerage Authority has essentially a fair level of control over the levels of income and expenditure that it needs to achieve and I think to consult with the Department of Infrastructure would imply that there would be perhaps a result of that consultation. I think what goes on in effect is far more a consultation with Treasury about what is going to go on, rather than what is going to go on with the Department of Infrastructure.

**The President:** The motion is that clauses 1 and 2 do stand part of the Bill, Hon. Members. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.  
Clause 3 and the schedule.

**Mr Coleman:** Madam President, clause 3 deals with the financial challenges outlined in my First Reading speech in the following ways.

It amends the Sewerage Act 1999, introducing a series of new provisions enabling the Manx Utilities Authority to impose a sewerage rate by reference to the rateable value of the premises provided with sewerage services by the Authority.

For simplicity, clause 3(2) divides the existing part 2 of the 1999 Sewerage Act into six divisions. Under division 5, clause 3(3) introduces six new sections – 10A to 10F and a schedule.

The first five sections 10A to 10E, the last of which gives effect to schedule 1A, are modelled on the corresponding provisions of the Water Act 1991, enabling the Authority to operate the water and sewerage rating systems in a similar way.

Section 10A(2) enables the Manx Utility Authority to apply a proportion of the rateable value, a fixed amount or a combination of both in calculating the sewerage rate for any premises.

Section 10A(3) enables the Authority to prescribe upper and lower limits for the amounts payable. In essence, these provisions give flexibility for the Authority to differentiate between classes of properties in levying the sewerage rate.

Section 10F prescribes the sewerage rate for 2015-16 as 61.29 pence in the pound, which at the time of calculation provides the same revenue as a sewerage charge of £100. For future years, the sewerage rate would be subject to Tynwald approval before the end of the calendar year preceding the financial year in which it comes into effect. The sewerage rate would then continue to apply for future financial years, unless and until a further rate is approved by Tynwald.

Madam President, I beg to move that clause 3 stand part of the Bill.

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

**The President:** The Hon. Member, Mr Turner.

**Mr Turner:** Thank you, Madam President.

Can I ask the mover, with regard to the assessing of these rates, what is to be the system with regard to properties with private sewerage, namely septic tanks? Will the Authority be simply operating that on a commercial disposal service? Some septic tanks, of course, can run for a long period of time if they are set up and operating correctly, but they will ultimately require emptying at some point. Will that emptying be a commercial charge? In a previous reading he said that if you take the regional tanks they require emptying and the sludge will go then to Meary Veg for processing, so presumably also septic tank contents will go to the same location, to Meary Veg. Are the owners of septic tanks going to be paying for part of the operation at Meary Veg or will it simply be built into a commercial charge for that service?

**The President:** The Hon. Member, Mr Butt.

**Mr Butt:** Thank you, Madam President.

I would just like some clarity, please, particularly about section 10F, the new section. There is a set charge of 61.29 pence in the pound for this year and that becomes repealed next year. Does that mean there will be a universal charge for everybody of 61.29, or will there be refinements to that, depending on the property or the premises? Is that part of the... this is prior to the revaluation of the rating system altogether. This is during this current year. When the second year comes in, is there going to be a new figure to increase that, or decrease it? Is there any indication of that? And when the revaluation happens, what happens then? Do you still stick at 61.29 pence, or is there another variation?

I wonder if the Member could, before the Third Reading, find out for us the cost of what the revaluation will be by Government – if he knows any Treasury Members nearby who might be able to help him with that! (*Laughter*) I think it is important to know what the cost of this revaluation is, because that does have an effect on the overall cost of what we are bringing in today, so I would be grateful for that.

Thank you, Madam President.

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

**Mr Braidwood:** Thank you, Madam President.

Basically, following on from my hon. colleague in Council, Mr Butt, I think it has already been mentioned by Mr Downie that money has been put aside for the re-rating of properties. As the Hon. Member of Council, Mr Coleman said, there are 38,000. Additional people will have to be taken on, such as estate agents. Because it is a banding costing, it will be easier to do than an independent valuation on each property, which would be impossible to accomplish by February 2016.

Just a couple of questions again on 10F... The 61.29 pence gives equivalent to a £100 charge, and that would have to go up every subsequent year as the amount is taken away by Treasury of their subvention. However, one thing I would like to ask is, if we look at the amendment, which was made by the Keys, where it says:

‘for “the beginning of the financial year”...’

– and this is numbered 3 on the back of our Order Paper –

‘substitute “the end of the calendar year preceding the first financial year”.’

how will they be able to set the rateable value before we know the banding structure has been introduced in February 2016?

**The President:** The Hon. Member, Mr Butt.

**Mr Butt:** Thank you, Madam President.

I would like to also ask, in addition to the 61.29 pence, will there be one of the fixed standing charges, which the mover mentioned in his earlier comments? Will there be 61.29 pence *plus* a standing charge as well?

Thank you.

**The President:** If no other Hon. Member wishes to speak, I call on the mover to reply.

**Mr Coleman:** With reference to the septic tank charge, that is going to be £100 for emptying the septic tank and that will include taking it to Meary Veg and the processing. So, if someone is

fortunate enough to be running a septic tank which does not need emptying, then your sewerage is going to be quite low cost.

Going on to some of Mr Butt's points, what will happen in subsequent years with reference to the rate that is quoted as 62.9 pence, is an order will come to Tynwald, which will say what the rate will be. We will not be going through this legislation, and that is actually reflected in the Bill as well –that that is the way it is going to be done.

The refinements, such as things like standing charge... What I was really saying was that the toolbox includes the ability to do it. I am not aware that we will be doing that, but we would have the ability to do that if we had this Bill approved. I think I have answered your questions on that.

As far as Mr Braidwood's concern about when we would get the information to be able to announce in December what the rate would be, I think that... When you do the revaluation, it is likely that the total number of rateable values is going to change across the Island, and therefore the amount that needs to be recovered will be based upon the total value of the rateable values. So, if you have got £30 million of rateable values and you need to recover £4.2 million, then you would set the rate accordingly. How the exact end of 2015 is going to be handled, quite frankly I do not think we know yet. It depends how Treasury is getting on with the revaluation process. We could presumably possibly go into a second year.

**Mr Braidwood:** Madam President, can I just come in slightly on that? If there is a banding structure and there are going to be nine bands, even if it is not completed we will know what the banding structure is, and you would be able to say, 'Yes, this is what we will be able to charge on each of these individual bands to have the funding we require.'

**Mr Coleman:** I am grateful to Mr Braidwood for answering the question for me.

**The President:** I am not sure it is clear to me!

**Mr Braidwood:** There will be nine bands, Madam President.

**The President:** But if you have not valued, you do not know how many properties are in each band until it is completed. However, it is not for me to comment.

**Mr Butt:** Can I raise one more, Madam President?

**The President:** Indeed.

**Mr Butt:** We still have not had what the costs of the revaluation will be, because without this Bill this would not have been undertaken, the revaluation, at this stage when we are in economic difficulties. So I would like to know what the costs of that would be.

**Mr Downie:** I would just like to put on record, Madam President, that there has been, for some time, a desire to get on and address this, because this is a significant problem.

As I explained earlier, the shift now for people to live in the countryside and to convert existing country properties and expand them and so on and still remain within the old 1971 valuation I think is an anachronism. It is just totally unfair, and I think if the Council of Ministers and Treasury had not decided to go down this route you would start to get a lot of criticism from people living in the towns and villages, because it is just so unfair.

Northern Ireland faced this problem a few years ago, and that is why their Treasury have adopted the line that they have taken with the banding process. Of course, nowadays, with things like Google Earth you can see where small developments have taken place, garages have been added on, and a

lot of those really have not been included in the revaluation. So that is another opportunity to generate a little bit of income.

**Mr Butt:** Madam President, I am just making the point that, without the amendment to this Bill, there was no prospect – before that amendment came in – of redoing the revaluation. This is the Bill that has caused that to happen and I would like to know what the cost is.

**Mr Downie:** I think there was, because there has been a lot of discussion and talk about it. I think Treasury had been concentrating on far too many other things, and now what they are going to try and do, in January when they come back to Tynwald, is set up a dedicated unit to deliver this.

**The President:** I have been fairly lax, Hon. Members. Is there any further comment? Do you want to add any further reply?

**Mr Coleman:** Can I just respond to Mr Butt?

**The President:** Yes.

**Mr Coleman:** I have heard that the figure is about £2 million.

**Mr Butt:** Two million pounds, thank you, that is all I need.

**The President:** Hon. Members, the motion is that clause 3 and the schedule do stand part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it. Clause 4 and clause 5.

**Mr Coleman:** Thank you, Madam President.

Clause 4 repeals a paragraph of section 49(1) of the Rating and Valuation Act 1953, which is spent as a consequence of the restructuring of the Sewerage Act 1999 effected by clause 3.

Clause 5 provides for the expiry of the resulting Act on the day following the latter of its promulgation and the commencement of the last of its provisions, but without affecting the continuing operation of any amendment or repeal made by it.

Madam President, I beg to move that clauses 4 and 5 stand part of the Bill.

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

**The President:** The motion is that clauses 4 and 5 stand part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.