



LEGISLATIVE COUNCIL OFFICIAL REPORT

RECORTYS OIKOIL
Y CHOONCEIL SLATTYSSAGH

PROCEEDINGS

DAALTYN

HANSARD

Douglas, Tuesday, 28th April 2015

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Present:

The President of Tynwald (Hon. C M Christian)

The Lord Bishop of Sodor and Man (The Rt Rev. R M E Paterson),
The Acting Attorney General (Mr J L M Quinn),
Mr M R Coleman, Mr C G Corkish MBE, Mr D C Cretney,
Mr R W Henderson, Mr J R Turner and Mr T P Wild
with Mr J D C King, Clerk of the Council.

Business transacted

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Legislative Council

The Council met at 10.30 a.m.

[MADAM PRESIDENT *in the Chair*]

The President: Moghrey mie, Hon. Members.

Members: Moghrey mie, Madam President.

5 **The President:** The Lord Bishop will lead us in prayers.

PRAYERS

The Lord Bishop

Condolences to Mrs Cannell and her sons

The President: Hon. Members, we have all been saddened to hear of the death of Mr Charles Cannell, after his sudden and critical illness. I am sure Council will wish to join with me in recording our deepest sympathy and extending our sincere condolences to our colleague Mrs Cannell and her sons at this time of great grief and sadness.

Order of the Day

1. Audit (Amendment) Bill 2015 – Second Reading approved

10 Mr Henderson to move:

That the Audit (Amendment) Bill 2015 be read a second time.

The President: We move to the business on our Order Paper, Hon. Members.

I call on the Hon. Member, Mr Henderson, to take the Second Reading and clauses stage of the Audit (Amendment) Bill 2015.

15 **Mr Henderson:** Gura mie eu, Eaghtyrane.

As I highlighted at its First Reading, this Bill confirms the Treasury's commitment to promote more proportionate and cost-effective approaches to financial governance.

In summary, the three main aims of this Bill are to provide Treasury with the powers to ease the regulatory burden, when appropriate, for all relevant bodies brought within the scope of the Audit

20 Act 2006, with particular consideration being given in future to the burial authorities; ease the
accounting timetable for the burial authorities; and make the proportionate assurance framework
currently adopted via subordinate legislation more clearly defined and robust within the primary
legislation.

25 Turning to the first of these aims, the Audit Act 2006 currently requires all public bodies subject
to the Act to prepare accounts and be audited in accordance with the Act. The current Act does
make provision for the Treasury to be able to exempt certain of those relevant bodies from the
required statutory audit; however, the current wording prevents certain bodies from being
exempted, in particular those whose requirement to be audited in accordance with the Act has
arisen via other legislation.

30 Following a full public consultation and acknowledging the very significant improvements in
financial compliance that have been achieved by the local government sector over recent years, the
Treasury used its powers to conditionally exempt bodies and introduce a three-tier risk-based
assurance framework for the external inspection of a local government body's accounts, namely:
35 (1) an independent examination by a suitably qualified examiner; (2) an assurance review by a
Treasury-appointed qualified auditor; (3) a statutory audit by a Treasury-appointed qualified auditor,
as is currently the case. This has subsequently led to over £40,000 of annual cost savings for the
sector.

40 However, it was acknowledged at that time, due to the restriction on Treasury's powers under
the Act, this new framework could not be applied to the 17 burial authorities, which, whilst amongst
the smallest bodies within the sector, were required to be audited in accordance with the Act due to
the Burials Act 1986. Consequently, Treasury agreed to promote the necessary primary legislation to
allow a more equitable approach to be adopted.

The second aim of the Bill is also related to the burial authorities and simply changes the required
year end for their accounting period from 31st December to 31st March.

45 Following on from its public consultation Treasury further noted that the annual accounts
timetable applicable to the burial authorities seemed unnecessarily onerous. It is the Burials Act
1986 that currently stipulates their year end as 31st December, with a final submission of the
audited accounts by 30th April. However, rates collection information, the primary source of income
for the burial authorities, is not finalised until shortly after 31st March. This timetable appears to be
50 unrealistic, both for the burial authorities and for the auditors required to audit them. Accordingly,
as the officers of the burial authorities are churchwardens, the Treasury also directly consulted with
the Lord Bishop on this issue, who subsequently proposed a change in the accounting year end date
applicable to them.

55 I am advised that the transition arrangements for this change will be managed within the
Appointed Day Order and it is intended that a 15-month accounting period will be adopted during
the transition. However, and again as their year end is set within the Burials Act, this requires a
primary legislation amendment to that Act to change it.

60 The final aim of the Bill, and the part responsible for the majority of the proposed amendments
to the Act, is the intention to lift the three-tier framework that has currently been adopted for local
government bodies into the primary legislation itself. Treasury considers that making this a core and
transparent principle of the Audit Act, as now proposed, would remove any risk of ambiguity in the
operation of the new framework, particularly in relation to the ongoing rights and responsibilities of
inspectors.

65 EIGHTYRANE, I consider this to be a very positive piece of legislation and beg to move the Audit
(Amendment) Bill 2015 be read for the second time.

The President: The Hon. Member, Mr Coleman.

Mr Coleman: Thank you, Madam President. I beg to second and reserve my remarks.

70

The President: The motion is that the Audit (Amendment) Bill 2015 be read a second time. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

**Audit (Amendment) Bill 2015 –
Clauses considered**

The President: We turn to clauses.
Would you care to take clauses 1, 2 and 3 together, sir?

75

Mr Henderson: Yes, thank you, Eaghtyrane. Gura mie eu.

Clause 1 is the short title of the Act: the Audit (Amendment) Act 2015.

80

Clause 2 is the commencement. The Act, other than sections 1 and 2, will come into operation on such day or days as the Treasury may by order appoint. As highlighted previously, it is intended to utilise section 2(2) to introduce the required transitory provisions in relation to the changes to the burial authority accounting period.

Clause 3 puts the expiry clause in: once the Amendment Act has amended the required legislation it will expire.

Eaghtyrane, I beg to move clauses 1, 2 and 3 stand part of the Bill.

85

The President: The Hon. Member, Mr Coleman.

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

90

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

Clause 4.

Mr Henderson: Gura mie eu, Eaghtyrane.

95

Clause 4 starts part 2 of the Act and introduces the amendments to the 2006 Act.

I beg to move that clause 4 stand part of the Bill.

The President: The Hon. Member, Mr Coleman.

100

Mr Coleman: I beg to second and reserve my remarks.

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

Clause 5.

105

Mr Henderson: Gura mie eu, Eaghtyrane.

Clause 5 inserts section A1 at the beginning of the 2006 Act, introducing the three forms of inspection: examination, assurance review or audit. The default requirement is still for accounts to be audited unless Treasury otherwise directs.

110

It clarifies the reference to 'inspection' and refers to any of these forms of inspection.

Eaghtyrane, I beg to move clause 5 stand part of the Bill.

The President: The Hon. Member, Mr Coleman.

115

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

The President: The Hon. Member, Mr Turner.

Mr Turner: Thank you, Madam President, if I may just comment, really.

120 This, of course, is very useful because it is the enabling provision. As we often find out, circumstances change and new scenarios come into the fore and this, of course, gives Treasury the ability to select which of the accounts are going to be subject to the various different types of oversight.

125 Again, it is just a comment, really, and this is exactly what we have been complaining about for many years, the bureaucracy surrounding things. It is important that we look for value for money for the taxpayer and the ratepayer, reduce and remove unnecessary bureaucracy, but still have the appropriate safeguards.

I think this clause, really, is the nub of it and it obviously has my full support.

130 **The President:** Do you wish to reply, sir?

Mr Henderson: Just to say, Eaghtyrane, I thank the Hon. Member for his support and he is absolutely correct in his observations.

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

Clause 6.

Mr Henderson: Gura mie eu, Eaghtyrane.

140 Clause 6 amends section 1 of the Act to reflect that although all the bodies to which the 2006 Act... will be subject to some form of inspection that will not necessarily be an audit, i.e. amends 'audit' to 'inspected' etc.

145 Clause 6(3)(a) expands Treasury's existing power of exemption to all bodies brought into the scope of the Act by section 1. This effectively continues the option to introduce what is effectively a fourth tier to the assurance framework, the ability to exempt relevant bodies or specific sets of accounts from the requirements of the Act.

Eaghtyrane, I beg to move.

The President: The Hon. Member, Mr Coleman.

150

Mr Coleman: I beg to second and reserve my remarks.

The President: The motion is that clause 6 do stand part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

155 Clause 7.

Mr Henderson: Gura mie eu, Eaghtyrane.

Clause 7 makes a similar consequential amendment to section 2, changing reference from 'audited' to 'inspected'.

160 Eaghtyrane, I beg to move clause 7 stands part of the Bill.

Mr Coleman: I beg to second, Madam President.

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

Clause 8.

Mr Henderson: Gura mie eu, Eaghtyrane.

Clause 8 amends section 3, which deals with the appointment of auditors.

170 In particular, this clause restructures the Act by removing the restrictions on persons eligible to be appointed as auditors as these restrictions are now required to be applied to all inspectors. Accordingly, these restrictions have been relocated from section 3 to the new section 4B.

Eaghtyrane, I beg to move clause 8 stand part of the Bill.

175 **The President:** The Hon. Member, Mr Coleman.

Mr Coleman: I beg to second, Madam President.

The President: The motion is that clause 8 do stand part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

180 Clause 9.

Mr Henderson: Gura mie eu, Eaghtyrane.

185 Clause 9 introduces sections 3A and 3B, which set out the required qualifications for assurance reviewers and examiners in relation to accounts.

Assurance reviewers are required to be qualified auditors appointed by the Treasury, similar to existing provisions in relation to auditors.

Examiners are appointed by the body and approved by Treasury. They must hold the same qualifications as those required by independent examiners for charity accounts.

190 These sections, together with section 3, are subject to the new section 4B which, as highlighted above, is the relocation of the existing independence requirements, but for all inspectors.

Eaghtyrane, I beg to move clause 9 stand part of the Bill.

Mr Coleman: I beg to second, Madam President.

195 **The President:** The motion is that clause 9 do stand part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

Clause 10.

200 **Mr Henderson:** Gura mie eu, Eaghtyrane.

Clause 10 inserts section 4A, which describes the general statutory duties of both assurance reviewers and examiners. These duties are the same for both types of inspection; however, the new section A1, as we have just heard, also provides for the Treasury to make further directions as to the detail of each of those requirements.

205 The clause also inserts section 4B, which, as highlighted earlier, is the relocation of the existing section 3 and relates to the disqualifications for acting as an inspector of any sort. There is also a minor amendment to clarify the applicability in relation to relevant subsidiary companies.

Eaghtyrane, I beg to move clause 10 stand part of the Bill.

210 **Mr Coleman:** I beg to second, Madam President.

The President: The Hon. Member, Mr Turner.

215 **Mr Turner:** Can I just ask, on a technical point, where it says 'a member of the Isle of Man Civil Service'? We of course are in the process of transferring from the Civil Service to the Public Service. I just wonder how this will be... as the Public Services Act is in and has made its amendments to other Acts that are on the statute, this one is obviously going to go through at some point – or presumably will go through. What will be the instrument, then, that is going to amend this to bring in the members of the new Public Service – because obviously that will be taking over at some appropriate point in the quite near future, I would imagine.

220

The President: The Hon. Member to reply.

Mr Henderson: Eaghtyrane, if I might, could I ask for the microphone to be placed for Mr Hind, just maybe to give a little technical detail on the query from the Hon. Member?

225

The President: If Mr Hind has the information.

Mr Hind: No, I do not. *(Laughter)*

230

The President: Right, there is no point in having the microphone. I do not know whether the learned Acting Attorney has any information?

The Acting Attorney General: Madam President, I am sorry I cannot answer that, but I can certainly take it away and come back at the next sitting if that would help?

235

The President: Thank you, I think that might be –

Mr Wild: Sorry, just as a comment, Madam President, could we not just add ‘or the Isle of Man Public Service’?

240

The President: I think it is not wise to take amendments on the hoof. **(Mr Wild:** No, no –) We have an opportunity at the Third Reading if, with due consideration, it is felt that other legislation somewhere does not make provision to change. We honestly do not know whether there is a provision in any other Bill that will change this in due course.

245

I would ask the mover, in conjunction with the learned Acting Attorney, to consider whether any amendment at Third Reading might be helpful.

Mr Henderson: I can certainly make that undertaking, Eaghtyrane.

250

The President: The motion, Hon. Members, is that clause 10 do stand part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.
Clause 11.

Mr Henderson: Gura mie eu, Eaghtyrane.

255

Clause 11 generalises references to ‘audit’ and ‘auditors’ in section 5, replacing them with references to ‘inspection’ and ‘inspectors’.
Eaghtyrane, I beg to move clause 11 stand part of the Bill.

Mr Coleman: I beg to second, Madam President.

260

The President: The motion is that clause 11 do stand part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.
Clause 12.

Mr Henderson: Gura mie eu, Eaghtyrane.

265

Clause 12 again generalises references in section 6 to replace them with the more generic terms, ‘inspection’ and ‘inspectors’.
Eaghtyrane, I beg to move clause 12 stand part of the Bill.

Mr Coleman: I beg to second, Madam President.

270

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

Clause 13.

275

Mr Henderson: Gura mie eu, Eaghtyrane.

Clause 13 again generalises references, this time in section 7.

Eaghtyrane, I beg to move clause 13 stand part of the Bill.

280

Mr Coleman: I beg to second, Madam President.

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

Clause 14.

285

Mr Henderson: Gura mie eu, Eaghtyrane.

Clause 14 again generalises references, this time in section 8.

This clause also clarifies that the special report obligations will also apply to assurance reviewers and examiners. However, matters will only be made public following a full audit. Where concerns have been raised by assurance reviewers and examiners the provision permits the relevant authority to direct that a full audit be then undertaken.

290

Eaghtyrane, I beg to move clause 14 stand part of the Bill.

The President: The Hon. Member, Mr Coleman.

295

Mr Coleman: I beg to second, Madam President.

The President: The motion is that clause 14 do stand part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

300

Clause 15.

Mr Henderson: Gura mie eu, Eaghtyrane.

Clause 15 makes similar reference amendments to the majority of section 9. Similarly section 9(5)(c), which concerns requirements to give public notice of the issue of a warning notice, will continue to be restricted to accounts which have been subject to audit.

305

Eaghtyrane, I beg to move clause 15 stand part of the Bill.

The President: The Hon. Member, Mr Coleman.

310

Mr Coleman: I beg to second.

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

Clause 16.

315

Mr Henderson: Gura mie eu, Eaghtyrane.

Clause 16 amends section 11 so as to ensure the continuation of the reserve power to order an extraordinary audit to any accounts which are liable to any sort of inspection under the Act.

Eaghtyrane, I beg to move clause 16 stand part of the Bill.

320

Mr Coleman: I beg to second, Madam President.

The President: The motion is that clause 16 do stand part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

325 Clause 17.

Mr Henderson: Gura mie eu, Eaghtyrane.

Clause 17 amends section 12 to extend the Treasury's existing power to make regulations under the Act to cover inspections and not merely audits.

330 Eaghtyrane, I beg to move clause 17 stand part of the Bill.

Mr Coleman: I beg to second, Madam President.

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

335 Clause 18.

Mr Henderson: Gura mie eu, Eaghtyrane.

Clause 18 amends section 13 to extend the Treasury's existing power to give directions to all classes of accounts to be inspected.

340 Eaghtyrane, I beg to move clause 18 stand part of the Bill.

Mr Coleman: I beg to second, Madam President.

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

345 Clause 19.

Mr Henderson: Gura mie eu, Eaghtyrane.

Clause 19 makes consequential amendments to section 14, dealing with fees to be charged under the 2006 Act. The Treasury will itself fix the fees for an audit or an assurance review, but the body whose accounts are being examined will agree the fee with the examiner.

The clause also allows for the required changes to this section on the appointment of a Tynwald Auditor General and at that time would transfer Treasury's responsibilities under this section to the Tynwald Auditor General.

355 Eaghtyrane, I beg to move clause 19 stand part of the Bill.

Mr Coleman: I beg to second, Madam President.

The President: The Hon. Member, Mr Corkish.

360

Mr Corkish: Thank you, Madam President.

I have an amendment to clause 19, which refers to page 12, line 33 to omit 'as substituted by subsection (3)'.

365 This is what can be termed as a 'rogue text' and, after dialogue with the Attorney General's office, the line should be deleted.

Madam President, I beg to move the amendment in my name.

Amendment to clause 19

Page 12, line 33 omit 'as substituted by subsection (3)'

Mr Wild: I beg to second and reserve my remarks.

370 **The President:** Hon. Members, the motion before Council is that clause 19 do stand part of the Bill. To that we have an amendment in the name of Mr Corkish.

I will put to you the amendment first. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

375 I now put to you the clause, as amended. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

Clause 20.

Mr Henderson: Gura mie eu, Eaghtyrane.

380 Clause 20 generalises references to 'audit' and 'auditor' in section 15, replacing them with references to 'inspection' and 'inspectors'.

Eaghtyrane, I beg to move clause 20 stand part of the Bill.

Mr Coleman: I beg to second, Madam President.

385 **The President:** The motion is that clause 20 do stand part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

Clause 21.

Mr Henderson: Gura mie eu, Eaghtyrane.

390 Clause 21 again generalises references to 'audit' and 'auditor', this time in section 16, replacing them with references to 'inspection' and 'inspectors'.

Eaghtyrane, I beg to move clause 21 stand part of the Bill.

Mr Coleman: I beg to second, Madam President.

395

The President: The motion is that clause 21 do stand part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

Clause 22.

400 **Mr Henderson:** Gura mie eu, Eaghtyrane.

Clause 22 again introduces consequential amendments, this time to section 18 relating to the broadening of references and application of the Act to inspection and inspectors.

I beg to move clause 22 stand part of the Bill.

405 **Mr Coleman:** I beg to second, Madam President.

The President: The motion is that clause 22 stand part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

Clause 23.

410

Mr Henderson: Gura mie eu, Eaghtyrane.

Clause 23 provides for directions by the Treasury under section 13 to be laid before Tynwald after they are made.

Eaghtyrane, I beg to move clause 23 stand part of the Bill.

415

Mr Coleman: I beg to second, Madam President.

The President: The motion is that clause 23 do stand part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

420 Clause 24.

Mr Henderson: Gura mie eu, Eaghtyrane.

Clause 24 amends section 21 to insert new definitions which flow from the introduction of the concept of inspection.

425 Eaghtyrane, I beg to move clause 24 stand part of the Bill

Mr Coleman: I beg to second, Madam President.

430 **The President:** The motion is that clause 24 stands part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

Clause 25, introducing the schedule.

Mr Henderson: Gura mie eu, Eaghtyrane.

435 Clause 25 commences the closing section of the Bill and makes consequential adjustments to other legislation to amend references from 'audit' to 'inspection'.

In addition to the consequential amendments in relation to references, paragraph 8 of the referenced schedule introduces the required changes to the Burials Act 1986 to change the burial authorities' year end from 31st December to 31st March.

440 Eaghtyrane, I beg to move clause 25 stand part of the Bill.

Mr Coleman: I beg to second, Madam President.

The President: The Hon. Member, Mr Corkish.

445 **Mr Corkish:** Thank you, Madam President.

I have an amendment to the schedule, referring to page 17, line 2. This can be termed a tidying up measure seeking to clarify the term 'Corporation' and to remove any ambiguity as to its meaning, meaning that the Corporation is the Mayor, Aldermen and Burgesses of the Borough of Douglas.

Madam President, I beg to move the amendment standing in my name.

Amendment to clause 25

On page 17, after line 2 insert the following definition in paragraph 8(4) of the Schedule — 'the Corporation' means the Mayor, Aldermen and Burgesses of the Borough of Douglas;

450 **Mr Wild:** Madam President, I beg to second.

The President: Hon. Members, the motion is that clause 25 and the schedule do stand part of the Bill. To that we have an amendment in the name of the Hon. Member, Mr Corkish.

455 I put to you the amendment. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

I now put to you the clause and the schedule as amended. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

Clause 26.

460 **Mr Henderson:** Gura mie eu, Eaghtyrane.

Clause 26 repeals the now spent elements of section 11(2) of the Casino Act 1987.

Eaghtyrane, I beg to move clause 26 stand part of the Bill.

Mr Coleman: I beg to second, Madam President.

465 **The President:** The motion is that clause 26 do stand part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

That concludes consideration of clauses, Hon. Members.

**2. Income Tax Bill 2015 –
First Reading approved**

Mr Henderson to move:

That the Income Tax Bill 2015 be read a first time.

The President: We turn now to the second Item on our Order Paper, the Income Tax Bill 2015 for
470 First Reading.

I call on the Hon. Member, Mr Henderson.

Mr Henderson: Gura mie eu, Eaghtyrane.

This Bill confirms four Temporary Taxation Orders, makes various amendments to the Income Tax
475 Act 1970 and one amendment to the Income Tax Act 1989.

The Bill itself contains 12 clauses and is divided into four parts.

The four Temporary Taxation Orders confirmed by the Bill deal with the Income Tax cap, disclosure of information, the personal allowance credit and compulsory online filing by companies.

The Bill makes various amendments to the Income Tax Act 1970, these being: amend the tax cap
480 legislation; substitute a section regarding the disclosure of information provided under an international arrangement; introduce the power for Treasury to make record-keeping regulations; make changes to prevent actions that could frustrate a tax investigation; and insert a new part which will both simplify the making of future Orders ratifying international arrangements and help the Island to comply with its international obligations.

In addition to these, the Bill makes a number of miscellaneous changes to improve the clarity of
485 the existing legislation, remove unnecessary text, make consequential amendments and change headings, etc. The amendment to the Income Tax Act 1989 introduces a requirement for Tynwald to approve certain regulations before they come into operation.

Eaghtyrane, I beg to move the First Reading.

490

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

The President: The motion is that the Income Tax Bill 2015 be read a first time. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

**3. Representation of the People (Amendment) Bill 2015 –
First Reading approved**

Mr Corkish to move:

495

That the Representation of the People (Amendment) Bill 2015 be read a first time.

The President: Item 3, Representation of the People (Amendment) Bill 2015 for First Reading.
I call on the Hon. Member, Mr Corkish.

Mr Corkish: Thank you, Madam President.

Today's First Reading of the Representation of the People (Amendment) Bill is an important step
500 towards improving transparency and governance of the Island's election framework, ensuring that key reforms are in place before the 2016 General Election.

The Bill comprises 37 clauses and two schedules focusing on four new provisions, as well as
505 clarifying and modernising current legislation. These provisions introduce a party registration

system, limit candidates' campaign expenses, add requirements relating to donations and place new restrictions on proxy voting.

As Hon. Members will recall, in 2010 a review into the rules and processes applying to candidates standing for election was undertaken by an independent panel, following the events during that year's Douglas East by-election. The panel's recommendations were published with the response from the Council of Ministers as part of a public consultation. The results of the review and the consultation were incorporated into the Representation of the People (Amendment) Bill 2011, which did not complete its passage through the House of Keys.

The Bill before us today includes reforms attempted in 2011, plus provisions reflecting recommendations from the panel on the registration and conduct of political parties, as well as other changes arising from the post-2011 election review. It also includes amendments made further to last year's public consultation and the recent presentation to Tynwald Members.

Hon. Members may wish to note that the Bill was amended during its passage through the Keys: one amendment was made to clause 12 in respect of complaints concerning candidates exceeding the expenses limit, and a series of technical amendments were made to schedule 2 of the Bill.

The independent panel recognised early on that designing a completely watertight system of election funding is impossible. If people are determined to bend the rules, this cannot be prevented. It also recognised that any reporting system needs to evolve over time and be fine-tuned on a regular basis, as has happened in all mature democracies. Therefore, a straightforward system has been included in the Bill which, should it be approved, can be amended in light of practical experience.

There has been growing participation by candidates representing political parties, and party regulation is being addressed by seeking to increase the amount of information that is publicly available. There is a new requirement for parties supporting candidates for election to the House of Keys to be included on a public register. A deliberate light-touch approach has been taken in this process. To register, a party must supply some basic information plus their constitution and most recent accounts. There are circumstances under which a party can be removed from the register but this is subject to appeal, as is refusal of an application to register.

A key recommendation of the panel was to increase transparency of election funding during the 12 months before polling day for scheduled general elections. In order to legislate for this recommendation, the Bill refers to prospective candidates, namely those who declare their intention to stand before their nomination paper is accepted.

There are new provisions to limit the amount a candidate can spend on his or her election campaign during the relevant period. A formula based on a recommendation of the independent panel and agreed by the Council of Ministers is set as £2,000 plus 50p for each registered elector in the candidate's constituency. This amount can be amended by regulations. It is important to note that a candidate is only required to submit a statement of expenses if the electoral registration officer receives a complaint that they have exceeded the maximum amount. The amendment in Keys to which I referred earlier allows some parameters to be set around the manner and form of any such complaint.

Schedule 2 of the Bill provides details of what constitutes an expense and the meaning of 'a donation'. The Bill requires all Keys candidates to declare donations that are, or are worth, equal to or greater than the minimum amount, set at £50, which may be amended by Regulations. The declaration has to include a statement that all anonymous donations have been disposed of, as they cannot be retained by a candidate, prospective candidate or a political party. In accordance with the independent panel's intention to improve transparency, certain documents required by the Bill, including declarations and party constitutions, will be publicly available at the General Registry, subject to a fee that Treasury may set.

Madam President, on the issue of proxy votes, there are voters, such as those serving abroad in our Armed Forces, who have no other means of casting their vote. These people should not be disenfranchised. However, it is well known that this type of voting is open to abuse. Therefore, the Bill restricts the availability of proxy voting to those unable to vote in person or as an advance voter.

560 The Bill adds the term 'advance voter' to replace 'absent voter' to clarify that electors can choose to
vote in absence of an election for whatever reason. It is hoped that these changes may increase
voter turnout and reduce the number of proxy votes.

565 Finally, I want to briefly touch upon other changes to clarify and modernise the law. These
changes include refining the requirements for qualification and disqualification for membership of
the Keys, and modernising several provisions to take account of new methods of communication, for
example, affording candidates the opportunity to have their manifesto displayed on the
Government website.

570 The 2016 General Election is fast approaching. We have the opportunity to ensure that a fairer
and more robust legislative base is in place in advance of that election. Subsequent reforms will be
made by the election regulations replacing the current mix of regulations and rules, many of which
are obsolete. Thereafter new forms, guidance and codes of practice need to be in place. It is
important that the whole package is available from early next year so that candidates and officials
are aware of the provisions which apply to the 2016 General Election.

Madam President, I hope that Hon. Members will be able to give the Bill their support, and I beg
to move that the Representation of the People (Amendment) Bill 2015 be read a first time.

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

Mr Turner: I beg to second and reserve my remarks.

580 **The President:** If no Hon. Member wishes to speak, the motion before Council is that the
Representation of the People (Amendment) Bill 2015 be read a first time. Those in favour, please say
aye; against, no. The ayes have it. The ayes have it.

Hon. Members, that concludes consideration of our Order Paper today.

**Welcome to Dr Robin James
and birthday wishes to Mr Wild**

585 **The President:** Before we go, may I welcome to our Public Gallery Dr Robin James, Deputy Clerk
to the Table Office and Clerk of the Backbench Business Committee from the House of Commons. Dr
James is here on a study visit. We welcome you, sir. (**Two Members:** Hear, hear.)

Hon. Members, Council will now adjourn. The adjournment will be until one week's time; and
may I, in passing, congratulate the Hon. Member, Mr Wild, on his birthday.

Members: Hear, hear.

The Council adjourned at 11.10 a.m.