



HOUSE OF KEYS OFFICIAL REPORT

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PROCEEDINGS

DAALTYN

HANSARD

Douglas, Tuesday, 23rd October 2012

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Present:

The Deputy Speaker (Mr C G Corkish MBE) (Douglas West);
The Chief Minister (Hon. A R Bell) (Ramsey);
Hon. D M Anderson (Glenfaba); Mr L I Singer (Ramsey);
Hon. W E Teare (Ayre); Mr A L Cannan (Michael); Hon. T M Crookall (Peel);
Mr Z Hall and Mr D J Quirk (Onchan);
Mr R H Quayle (Middle); Mr J R Houghton and Mr R W Henderson (Douglas North);
Hon. D C Cretney and Mrs K J Beecroft (Douglas South);
Hon. C R Robertshaw and Mrs B J Cannell (Douglas East);
Mr R A Ronan (Castletown); Hon. G D Cregeen (Malew and Santon);
Hon. J P Watterson, Mr L D Skelly and Hon. P A Gawne (Rushen);
with Mr R I S Phillips, Secretary of the House.

Business Transacted

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The House adjourned at 12.30 p.m.

House of Keys

The House met at 10.00 a.m.

[THE DEPUTY SPEAKER *in the Chair*]

The Deputy Speaker: Good morning, Hon. Members. Moghrey mie.

Members: Good morning, Mr Deputy Speaker.

5 **The Deputy Speaker:** Can I ask the Chaplain to lead us in our prayers.

PRAYERS

10 *The Chaplain of the House of Keys*

Leave of absence granted

15

The Deputy Speaker: Hon. Members, Mr Speaker has given leave of absence to Mr Shimmin, who has had a family bereavement.

Mr Karran, the Member of Onchan is unwell and I have given him leave of absence for this sitting.

20

Procedural

25 **The Deputy Speaker:** Hon. Members, we now turn to Item 1 on the Order Paper, Questions for Oral Answer.

Members, you will see that there are a large number of Questions on the Order Paper – there are eight on the first topic alone – and in order to prevent repetition in Questions and Answers, if the House agrees, I propose to group Questions 1 to 4 and 8 to 11 together so that the Minister can answer them all together, and the questioners can be called first with supplementaries, which I shall do. This will have the added advantage, Hon. Members, of increasing the likelihood that we will deal with all or most of the Questions within the time allotted by Standing Orders.

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Hon. Members, do I have your agreement for that proposal?

35 **Members:** Agreed.

The Deputy Speaker: I thank you for that.

40

Questions for Oral Answer

TREASURY

45

Pinewood Shepperton plc Share purchase details; Media Development Fund Oral Questions 1-4 and 8-11 taken together

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

50

50 *What the benefits to the Isle of Man are of purchasing 9.89% (five million shares) in Pinewood Shepperton plc?*

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

55 *Why the Isle of Man Government did not purchase 14.9% of the shares in Pinewood Shepperton plc as indicated in June 2012?*

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

60 *What third parties were involved in the negotiations with Pinewood Shepperton; what their role was; and what the cost per party was?*

1.4. The Hon. Member for Middle (Mr Quayle) to ask the Minister for the Treasury:

65 *What safeguards are in place to protect the Isle of Man Government's Media Development Fund managed by Pinewood Film Advisors Ltd when Pinewood proposes to invest in projects in which Pinewood has a financial interest?*

1.8. The Hon. Member for Douglas South (Mrs Beecroft) to ask the Minister for the Treasury:

70

Whether the agreement to manage the Media Development Fund is to be with Pinewood Shepperton or Pinewood Film Advisors Ltd; and whether the agreement has been signed?

1.9. The Hon. Member for Douglas South (Mrs Beecroft) to ask the Minister for the Treasury:

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Whether further shares in Pinewood Shepperton or any related company have not been, and will not be, purchased using another Government investment vehicle during the two-year stand-off period?

1.10. The Hon. Member for Douglas South (Mrs Beecroft) to ask the Minister for the Treasury:

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Whether he is satisfied with his decision to be responsible for the due diligence in respect of Pinewood Shepperton?

1.11. The Hon. Member for Douglas South (Mrs Beecroft) to ask the Minister for the Treasury:

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How the exposure to the taxpayer has halved under the new deal with Pinewood Shepperton; what that exposure was in the original deal; and what the exposure is now under the revised deal?

90

The Deputy Speaker: In which case, Hon. Members, can I ask the Hon. Member for Michael, Mr Cannan, to ask the Question standing as number 1 on the Paper.

95 **Mr Cannan:** Thank you, Mr Deputy Speaker.
I ask the Question standing in my name.

The Deputy Speaker: I call on the Minister for the Treasury to reply.

100 **The Minister for the Treasury (Mr Teare):** Thank you, Mr Deputy Speaker.

I would like to thank Hon. Members for providing yet another opportunity to explain the benefits and the strategic partnership between the Isle of Man and Pinewood Shepperton PLC. In simple terms, the partnership will open new opportunities for the Island's film industry by connecting it to a major player in the world of film and media. I am sure that the Hon. Member for Michael, as a keen advocate of a bold and strategic approach to economic development, can see the advantages of such a connection.

105

Hon. Members will recall the robust debate at the June Tynwald, during which I spoke at length on the benefits and advantages to be gained by the Island through a closer partnership with Pinewood, and to a wider extent the potential of developing a relationship with Peel Holdings. The strategy for the future of the film industry clearly sets out those benefits, which I will briefly run through once more.

110

Firstly, it creates a mechanism which overcomes the need for direct subsidies.

Secondly, it opens up a much wider sphere of opportunity and exposure to the whole creative industry sector. Additionally, it allows the Isle of Man to expand its boundaries into the United Kingdom and provides an opportunity to participate in an overseas market as if it were our own.

115 Our link with Pinewood will bring access to a much wider choice of quality of product, which even in the first couple of months of this arrangement, we have seen the benefit of an increase in local filming.

We will get exposure to big budget Hollywood films without making direct investment. We have seen this opportunity to enjoy participation in Pinewood Shepperton PLC profits, whose net equity growth over the last five years or so has been at a rate of 7% per annum. Mr Deputy Speaker, we should not overlook the fact that the share investment is underpinned by a strong net asset value of the company and is considered to be a sound long-term investment.

120 Hon. Members, we have the opportunity to extend our boundaries and use this strategic investment to extend our reach, exert influence and generate a return that may contribute to our economy beyond the traditional fiscal measurements.

And so, to answer the first and second of the Member for Michael's Questions, we did not purchase a 14.9% shareholding because, put quite simply, the Treasury has secured what we believe to be the benefits and attraction of forging links with Pinewood and to that matter, Peel Holdings, whilst limiting our investment at this stage to 9.89% at a cost of just over £12.2 million.

130 Moving on, I am sure Hon. Members will recognise that the mechanics of piecing together the various components of this project for the future success and development of our media and film industry has been a challenging exercise. This has been made more so over the last year with the subject constantly being in the spotlight and intense scrutiny of events at every twist and turn.

135 So I was pleased to be able to inform you that the Treasury has concluded the negotiation with Pinewood Shepperton PLC – and Peel Holdings Group for that matter, which is quite a separate entity – with limited recourse to any external third party. The primary legal adviser to the Treasury, in respect of concluding the investment management agreement with Pinewood Shepperton PLC, together with associate instruction and shareholders undertaking, purchaser shares agreements, CineManx contract extension etc, seeing specialist media lawyers, Olswang, who are London based: these costs were £58,772 plus VAT.

140 And finally, moving on to address the fourth of the Questions, the most important safeguard in this process will be this ultimate discretion of the Treasury to commit investment into any project presented by our fund managers, Pinewood Film Advisors Limited, a wholly owned subsidiary of Pinewood Shepperton PLC. Each project investment will be determined on a case-by-case basis with the investment report setting out all the key information, upon which Treasury will base its decision. Thank you, Mr Deputy Speaker.

150 **The Deputy Speaker:** As promised, I call now upon those who are asking Questions 1 to 11. I call upon Mr Cannan, the Member for Michael.

Mr Cannan: Thank you, Mr Deputy Speaker.

155 Would the Treasury Minister agree with me that there was no mention of jobs in his reply and creation of local jobs because he does not know how many jobs would be created; there was no mention of specific financial returns because he has no idea what the specific financial returns are; and there was no mention of specific creation of new businesses because he has no idea what new businesses may be created?

160 Would he furthermore agree with me that all the benefits of this deal go to Pinewood, who create a new business and attract films to their own studios with additional Isle of Man investment? They do not have any capital outlay, but their studios are used, and they are the ones who get the commission on the return. In other words, we are taking risks, and they are getting all the returns.

The Deputy Speaker: Minister to reply.

165 **The Minister:** Thank you.

170 It just goes to show how some people look at what we feel is an imaginative and bold approach. If I could just remind the Hon. Member of the debate which took place in another place, we estimate that there are just under 200 people who are involved, one way or another, in the media industry on the Isle of Man. It is quite clear that our existing method of dealing with the media industry was no longer sustainable and would not deliver any benefits whatsoever, so a decision had to be taken. Do we either step out or do we look at another way of dealing with

the issue? We feel that Treasury have done exactly that. We have positioned ourselves to move forward.

175 The point that all benefits go to Pinewood is absolute poppycock. This is a two-handed approach, working in partnership with Pinewood. Pinewood are putting not only facilities but money on the table and that increases the leverage, as it were, and the attractiveness of the Isle of Man's offering.

180 I feel that we need to look outside the little world of the Isle of Man and to go further. We are going further. We are going confidently further and this really has the potential to deliver significant benefits to a successful sector of the economy, which if we do not adapt and change, will wither and die.

The Deputy Speaker: Further supplementary, Mr Cannan.

185 **Mr Cannan:** Thank you, Mr Deputy Speaker.

190 Just moving on then to the deal itself, the Treasury Minister told this House and the upstairs Chamber that we are in advanced discussions to acquire 14.9%, with options for a further 5%, and we now find out that we have less than 10% and no options to buy for a further two years. So in terms of the much vaunted hedge that he was talking about, it would seem that instead of reducing the risk, what we have actually done is halved our return to the Isle of Man. So, can the Treasury Minister tell us what has happened to that 14.9%? There can only be three or four explanations: the 14.9% was never on the table; the Treasury Minister did not do his due diligence; or we tried to get into bed with the big boys and got a damn good thrashing over the boardroom table. Can the Treasury Minister explain why that deal has not progressed as he told this Hon. House?

195

The Deputy Speaker: Minister to reply.

200 **The Minister:** Isn't this argument very interesting, Mr Deputy Speaker? On one part he is saying that we should not have gone and incurred this potential exposure and on the other part he is saying we should have incurred the exposure.

Mrs Cannell: No. No.

205 **The Minister:** So I have to admire him. (*Interjections*)

Mrs Cannell: That is your interpretation, Minister.

The Deputy Speaker: Let the Minister reply.

210 **Mrs Cannell:** Your interpretation.

The Minister: He must have a very armour plated skin because it must be so uncomfortable sitting on the fence!

215 Once the negotiations proceeded it became abundantly clear that we could obtain all the benefits for half the exposure; but not only that, Peel made it abundantly clear that they did not wish to sell, if they could possibly avoid it, for 14.9% which had originally been discussed.

220 When we went to Tynwald the wording of the motion was quite clear: up to 14.9%. So in effect what we were seeking as a Government was agreement in principle to go and negotiate because what is the point in actually incurring what could have been very substantial extra fees to external advisers and consultants, when Tynwald might have thrown the whole deal out on principle? So as a pragmatic and responsible Government we went to Tynwald, got agreement in principle, and then we went and negotiated, knowing full well that we had the backing of Tynwald Court. I would suggest that that is a responsible way of conducting our affairs.

225 **The Deputy Speaker:** Further supplementary, Mr Cannan.

Mr Cannan: Thank you, Mr Deputy Speaker.

230 Would the Treasury Minister agree with me that if he is going to run a hedge, which is what he told us he was going to do, he would offset his risks through his return?

He saw the return as being the share purchase, which he has told is going to produce or has produced 7½% return a year, per year, for the last five years. Therefore, would he agree, by only

purchasing less than 10% of the shares, as opposed to the 19% that was on the table, he has therefore halved the total return over the next five-year period?

235 **The Deputy Speaker:** Minister.

The Minister: The negotiations reflected the reality of the situation. As I said, Peel were wishing to retain as much of the shareholding as possible and by taking a fraction under 10% of the shareholding, it meant that the Isle of Man's shares counted towards the free float on the market. That helps to protect the stock exchange quotation, which some Hon. Members in another place expressed concern about.

So I think that we have, in effect, worked well. We have delivered a successful agreement and I am content with the final form of the agreement, sir.

245 **The Deputy Speaker:** Can I ask the Hon. Member for Middle, who was an original questioner, if he has a supplementary?

Mr Quayle: Thank you, Mr Deputy Speaker.

I do have concerns about the safeguards in place. I was wondering if the Treasury Minister could confirm that Treasury have the speciality knowledge of the film industry, given the fact that their previous adviser is now a director of Pinewood Shepperton and therefore will not be able to give independent advice to the Treasury?

It is a very specialist field and I am just wanting further clarification that we do have people who specialise in assessing whether a film has a potential to make a profit or loss.

255 **The Deputy Speaker:** Minister.

The Minister: It is a very valid point raised by the Hon. Member for Middle. There are safeguards in place. As I said in my original Answer, the final sign-off for any film investment will rest with Treasury. Who does it in Treasury? There is Isle of Man Film, who have been involved with the investment in the film industry since 1997, when it was originally proposed by my predecessor but one, the current Chief Minister.

The Treasury has a significant knowledge of the film industry. There is no change in the personnel in Treasury who will be dealing with it, and to date, Treasury has opined on nearly 100 films which have gone into production. I think that Pinewood recognises the special skills which have been built up by the Isle of Man over the last 15 years, by entering into this agreement with the Isle of Man Government, because they wish to become involved with the independent film sector and this gives them an opportunity to do exactly that.

270 **The Deputy Speaker:** A further supplementary, Mr Quayle.

Mr Quayle: Thank you, Deputy Speaker.

If I can just ask the Treasury Minister on a tangent from Mr Cannan's points. Could the Treasury Minister explain to me that, given that our investments in a very difficult financial year lost 1% in the last financial year, why have we turned down the opportunity to achieve a 7% return on these investments, which was one of the important factors for me, along with a number of other issues, in supporting the initial investment? He is correct in the extent that if you have a significant holding you do have a hedge and a stronger position, shall we say, on how your £25 million investment over five years is invested and also if it is invested wisely and it benefits Pinewood Shepperton, then you would get a greater return from your initial outlay. So if I could have a little bit more detail, please.

The Deputy Speaker: Minister.

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

As I said in my original Answer, this evolved as the negotiations progressed and we took what we thought was the pragmatic view, bearing in mind that the view was expressed in another place, it was important that we protect as far as possible the investment on the London Stock Exchange Alternative Investment Market. So by taking a smaller shareholding, we did exactly that. So that was an important consideration.

But also, too, there were some people in another place who articulated the view that we should have a look at a smaller investment, smaller exposure. I felt that the original deal was justifiable

and I was comfortable with it. This deal now recognises the wishes and the economic business priorities of the various parties to the deal. So as in all things, when you get down to the final negotiations, it tends to be a compromise. This one is a very positive compromise and some people would expect me to say this, I think Treasury have done well.

The Deputy Speaker: Can I invite the Hon. Member for Douglas South, Mrs Beecroft, original questioner, to put her question to the Minister.

Mrs Beecroft: Thank you, Mr Deputy Speaker.

Could the Treasury Minister clarify why he asked Tynwald for approval of 14.89%, when this was just a suggestion that he was not going to stick to? It seems a very exact figure. Why was it not 14% or 15%? I mean, 14.89% certainly gave the impression that that was what was going to happen.

Would the Treasury Minister also not agree that the percentage that we are paying for, we are actually paying more, because we are paying the same price and the value has gone down? The price per share has gone down, yet we are still paying the same price. Why, in the negotiations, did we not negotiate a reduced price, and are you still satisfied with this price that we are paying for this reduced shareholding?

The Deputy Speaker: Minister.

The Minister: Dealing with the final question first, yes, I acknowledge that the price has gone down; but when I checked the price yesterday, the price was £2.62 per share. We are paying £2.50. So why would anybody agree to sell us more shares or to reduce the price even further? We are already getting a discount on the market price. (*Interjection by Mrs Beecroft*) So I fail to understand the economics – certainly if you expect to do that sort of deal with an experienced business person, you are going to be sorely disappointed.

Now, why 14.89%? As I have explained, and I apologise for not getting my message out, that when we took it to Tynwald, it was quite clearly ‘up to’. At that stage, we were attempting to get the *vires*, the authorisation from Tynwald – which we did not have to go to Tynwald for. We had the *vires* under the Treasury Act to make this investment anyway, but in the interests of openness and transparency, we went to Tynwald and got approval.

But it was ‘up to’ 14.89%, and then when it came down to the actual negotiations, we came in at just under 10%. So as I keep saying, we have developed a strategy and closed in on the final deal.

I would like to thank Tynwald for giving me the *vires* to go into the detailed negotiations, to enable us to arrive at what I regard as a very satisfactory conclusion.

The Deputy Speaker: Supplementary, Mrs Beecroft.

Mrs Beecroft: Thank you, Mr Deputy Speaker.

Would the Treasury Minister answer the question that I previously asked, about the actual valuation? If you take the original deal and work out how much percentage each percentage is costing, we are paying more for each percentage that we are purchasing under the new deal. Could the Treasury Minister please explain that – or is this part of the negotiations with the extremely experienced businessperson, where the holding was actually dropped that we were allowed to purchase in the first place?

The Deputy Speaker: Minister.

The Minister: The valuation – let’s just talk this through – there is no change in the cost per share, the price per share. So obviously the Hon. Member has a different view on the finances than I do.

If you are buying 10% or 20%, the cost per share is the same. So how can you say that we are paying more for a smaller shareholding than we are for a bigger shareholding? It is wrong. It is mathematically wrong, and it has to be incorrect as well.

The Deputy Speaker: I will allow two more supplementaries. As indicated, Mr Hall, the Member for Onchan.

Mr Hall: Thank you, Mr Deputy Speaker.

355 I would like to just ask the Treasury Minister, further to his Answer to a Written Question of mine in another place in respect of all of the meetings that took place leading up to this and just for the avoidance of any doubt, why his name does not appear as any of the attendees? Can he confirm that he was indeed present at all of those 16 meetings that took place? I would be very grateful.

360 **The Deputy Speaker:** Minister.

The Minister: I am pleased to confirm that, but with respect to the Hon. Member, who has just resumed his seat, it would help Treasury if Hon. Members were more precise in the drafting of their Questions. Indeed, if they came to us beforehand and explained what they were looking for, we would be quite happy to frame the Answer accordingly. Unfortunately, a considerable amount of time is expended in what might be a misunderstanding of the direction of the original Question. So if we could get together and agree the wording and what they are exactly looking for, then Treasury, and I am sure all of Government, will be delighted to respond because it saves time.

370 **The Deputy Speaker:** One last supplementary, Mr Hall.

Mr Hall: Thank you, Mr Deputy Speaker.

I do not accept what the Treasury Minister is saying, because in the question that I asked is ‘the officials and persons present’. I would have thought – would he not accept and agree – that would include himself?

375 **The Deputy Speaker:** Minister.

The Minister: No.

380 **The Deputy Speaker:** Final supplementary, Mr Singer, Member for Ramsey.

Mr Singer: Thank you, Mr Deputy Speaker.

385 Would the Hon. Minister agree with me that if we look practically at the deal with Pinewood, it is clearly working, in the fact that we have attracted two films – one which has been completed and one which is about to start – which would not have been attracted here, if it had been for the deal; and that those two films have created considerable employment on the Island and will continue to do that?

390 Also, would he confirm that there is great interest after the deal, or because of the deal, from independent filmmakers, who again would not consider coming to the Island, if it was not for the deal?

The Deputy Speaker: Minister.

395 **The Minister:** Yes, I am very happy and delighted to confirm that. What I did say in the original Answer is that our original proposition did not have any attraction, was not attractive any more, in the light of direct subsidy provided by the British and Irish governments.

400 These recent two films filmed on the Island, I feel are the start of a new dawn and demonstrate that by an imaginative approach, working in partnership with a well-known name and a well-known constitution, together we can achieve much more than the sum of the two parts, Mr Deputy Speaker.

I would like to announce too, that a stock exchange announcement has been made this morning that Pinewood Film Advisers Ltd have received FSA authorisation and that the deal will now be going firm. The condition precedents have now been complied with and the transaction will now formally proceed.

405 Thank you, Mr Deputy Speaker.

The Deputy Speaker: Thank you, Minister.

410

**Small claims proceedings
Legal representation**

415 1.5. The Hon. Member for Douglas North (Mr Houghton) to ask the Minister for the Treasury:

415 Why legal counsel are permitted to represent noticed parties in small claims proceedings?

The Deputy Speaker: Hon. Members, we move on to Question 5 on the Question Paper and I call on the Member for Douglas North, Mr Houghton.

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

The Deputy Speaker: Again, I call on the Minister for Treasury to reply.

425 **The Minister for the Treasury (Mr Teare):** Thank you, Mr Deputy Speaker.

It is important to recognise the fundamental constitutional principles of the rule of law, the separation of powers and the independence of the judiciary. The relationship between the judiciary, the legislature and the executive branches of Government should be one of mutual respect for each other, recognising the proper role of the other parties. The issue of legal representation of parties in legal proceedings is not a matter in which the executive should interfere; it is primarily a matter for the judiciary.

430 Mr Deputy Speaker, the general rule is that a party may represent his or her case in any court proceedings, either by himself or by his legal representative. Whilst the small claims procedure is a relatively informal procedure, it is nonetheless a court procedure, and there has never been a blanket rule against legal representation in respect of small claims under the current procedure, or indeed under the original small claims arbitration procedure. It should be noted that the rules of court contain express limitations on the amount of legal costs which may be recovered by any party in the small claims procedure.

435 Thank you, Mr Deputy Speaker.

440 **The Deputy Speaker:** A supplementary, Mr Houghton.

Mr Houghton: Thank you, Deputy Speaker.

I thank the Minister for his reply, although it is somewhat confusing in its response.

445 Can I ask the Minister this, that in the past when the small claims was run by an arbitrator, so the judicial officer was an arbitrator, not an actual Deemster as happens now, there was no leave at that time for Deemsters to attend those small claims hearings at arbitration, although they were a section of the High Court...

450 Will the Minister agree with me that the Rules of Court really do need to be changed so that legal counsel can be taken away from small claims hearings in order to allow equality of arms – using the Minister’s words that he uses many times – for a balanced hearing in the trial of a small claims arbitration in order for *equal* representation at either side?

455 **The Deputy Speaker:** Treasury Minister.

The Minister: I take the Hon. Member’s point and with respect to him, could I just mention to him the procedure which was followed the last time that the Rules of Court were changed. His Honour the First Deemster brought forward proposals for the changes to the Rules of Court, which included the small claims court as well, and then they were agreed by another place. So it would seem appropriate to me if the Hon. Member was to make representations to His Honour the First Deemster and he could then consider whether it would be appropriate for him to bring forward to Tynwald a revision to the Rules of Court.

465 **The Deputy Speaker:** Another supplementary, Mr Houghton.

Mr Houghton: Thank you, Mr Deputy Speaker.

I thank the Hon. Minister for his reply and the advice that he has given. Would he support such a change back to what I would call, and I am sure other Members of this Hon. House would call a fair and good faith change in those Rules of Court in order for the current situation to be reversed, which of course the Hon. Minister would bring before Tynwald to have those changes imposed? Would he support such a change?

470 **The Deputy Speaker:** Minister.

475 **The Minister:** It is difficult for me to give a categoric yes or no. I am not avoiding the question, but I am not aware of the argument that His Honour the First Deemster might put forward to rebut the proposal. In fairness I would have to consider the views of all parties, so it would be wrong to give a snap decision here, Mr Deputy Speaker.

480

**Isle of Man Government purchasing
Policy re local suppliers**

485 1.6. The Hon. Member for Michael (Mr Cannan) to ask the Minister for the Treasury:

What the Government's policy is on purchasing from local suppliers?

490 **The Deputy Speaker:** Question 6, Hon. Members. I call on the Member for Michael, Mr Cannan.

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

495 **The Deputy Speaker:** Again, I call on the Minister for Treasury to reply.

The Minister: Thank you, Mr Deputy Speaker.
The Government's procurement policy, first approved in 2010, has been amended and reissued as of September 2012 and is publicly available on the Treasury website. The policy with regard to purchasing from local suppliers states that Government will strive to, and I quote:

'Maximise the benefit to the local economy of Government's purchasing activity, encouraging the development of a mixed economy and maintaining market flexibility through tailoring individual procurement strategies to specific commodities or services.'

505

Thank you, Mr Deputy Speaker.

The Deputy Speaker: Another supplementary, Mr Cannan.

510 **Mr Cannan:** Thank you, Mr Deputy Speaker, and I thank the Treasury Minister for his reply.
I have some clear evidence that there is some small-scale purchasing still going on by Government Departments and one or two Statutory Boards, in terms of purchasing from companies in the UK. I would just ask the Treasury Minister, will he accept that obviously bigger companies in the UK may offer better deals on small items, such as waterproof clothing, for example, and that is a fact of large scale business, but it is worth paying a slightly higher price, within reason, to keep our small traders and businesses in business on the Isle of Man? Could I ask him, would he ensure that that message gets out to all Departments and Statutory Boards?

520 **The Deputy Speaker:** Minister to reply.

The Minister: You probably will not believe your ears, Mr Deputy Speaker, but I could not agree with the Hon. Member more. *(Laughter)*

What we need to do is to support local industry and I think he has identified a dichotomy here because he did say, and I apologise if I misquote you, 'small-scale purchasing.'

525 It is the bigger-scale purchasing which tends to come across the desk of the procurement section of Treasury, but we will, I am sure, make it clear that we expect local suppliers to be given every opportunity and also to recognise that by buying locally we can deliver a positive impact on the local economy and the local community.

530 **The Deputy Speaker:** A supplementary, Mr Quirk, Member for Onchan.

Mr Quirk: Thank you, Deputy Speaker.
Can I ask the Treasury Minister, do his officers ever take the time to have a quick look at some of the issues that have been brought before them, like dip-testing to make sure these policies are being adhered to?

535

The Deputy Speaker: Minister.

540 **The Minister:** Certainly when they come before Treasury, the Treasury Procurement Section, yes, we do, because we give clear guidelines as to how the implementation of the policy for this purchase proposal going to affect the local market – is it going to help local recruitment and employment, the maintenance of local skills and supplies? Also, the direct exchequer benefits, which are very close to my heart.

545 So overall we see significant benefits to buying locally. There will be occasions when, because we are buying specialist equipment, we will have to buy off Island, but what I want to do is to focus on how we can deliver a benefit to the local Island economy, sir.

The Deputy Speaker: A supplementary, Mr Quayle, Member for Middle.

550 **Mr Quayle:** Thank you, Mr Deputy Speaker.

I thank the Treasury Minister for his last comment in answer to Mr Quirk. If I could quote from him, and if you could answer please.

555 Given that you have a clear guideline when Government Departments come into Treasury to try and utilise business on the Isle of Man, I had the honour and privilege, along with some of my colleagues, of attending the opening of St Ninan's Lower School, or called Bemahague – the name it is going to go by I am not sure – (**A Member:** Bemahague.) Bemahague – and we were very kindly given a lovely programme for the events and the Department of Education and Children gave us a list of all the suppliers for that school on the day and I was horrified to see that a good third of the suppliers were based in the UK and... no, sorry, two-thirds I would say.

560 My point is there were lift manufacturers, but we have two very reputable lift companies on the Isle of Man – (**A Member:** Three!) three, in fact, and yet their names were not to appear on the contract as supplying the school, along with various carpet suppliers etc. I was just hoping that the Treasury Minister can have a clearer look when Departments are coming in for new builds that the Isle of Man companies do get the lion's share, or at least they are asked to give costings to provide the service.

565

The Deputy Speaker: Minister.

570 **The Minister:** I do acknowledge the Hon. Member's concern and also the concern of other Hon. Members with some of the contracts which have been let. I will not name which particular section or which particular goods were going to be supplied to Bemahague School, but I was the Minister there at the time that this contract was let. I tried two times to get a local contractor to step up to the plate and both times they declined. So we have nowhere else to go but to buy off Island.

575 What has happened is that that off-Island supplier has now got their foot in the door and they are tendering for other contracts. So it is up to the local suppliers as well to have a look at the wider picture. Let us all work together and not give an opportunity for somebody from off Island to get their foot in the door. So it is a two-way street here, but I do take the Hon. Member's comments on board.

580 What I would say is that the main contractor here is Jarvis, who have done, I think we would all agree, an absolute first-class job and delivered a first-class learning environment for our young people.

A Member: Hear, hear.

585 **The Deputy Speaker:** A final supplementary, Mr Singer, Member for Ramsey.

Mr Singer: Thank you, Mr Deputy Speaker.

590 Could the Hon. Minister confirm therefore that relatively small quantities of items should and could be purchased from local suppliers – for example, local schools buying meat from the local butcher – and in fact that this should be encouraged?

The Deputy Speaker: Minister.

595 **The Minister:** Yes, it is interesting that the Hon. Member should bring that subject up, and I thank him for it because it gives me yet another opportunity.

When I was... I shouldn't use the 'when I was' expression, but anyway, during my time at Education the issue of procuring from local agriculture did come up, local foodstuffs, and we made the decision that we would support local industry and acknowledge that there could well be a cost in doing so, and certainly that was the policy during my time.

600 One thing we had to be careful of is that Articles 34 and 35 of the European Union Treaty on the Functioning of the European Union prohibit restrictions on the movement of goods and produce. This was brought to our attention through... some Hon. Members will remember the Manx Ices case in 2001 where we were taken to the European Court of Justice and lost.

605 So we will do our level best to support local industry, but how we go about it has to be very careful.

Money purchase schemes

Question not asked

610

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

615 *If he will make a statement about the returns to pensioners of money purchase schemes over the last ten years; and what consideration he has given to (a) a scheme whereby the total value of a fund can be held without suffering taxation until such time as annuity rates improve; and (b) removing tax liability for monies accumulated in Money Purchase Schemes?*

620 **The Deputy Speaker:** Question 7 was to be asked by Mr Karran, who is absent today.

Procedural

625 **The Deputy Speaker:** We move on then, Questions 8 to 11 having already been addressed by the Minister, Question 12. I call upon the Member for Douglas South, Mrs Beecroft.

630 **Mrs Beecroft:** Sorry, my supplementaries... Sorry, I have not asked these Questions, I thought we were taking them in two separate lots, Mr Deputy Speaker, and we agreed to do that in the first one?

The Deputy Speaker: Sorry for the misunderstanding, Mrs Beecroft, I did say Questions 1 to 4, 8 to 11 would be answered.

635 **Mrs Beecroft:** Sorry, I thought you meant Questions 1 to 4, and *then* Questions 8 to 11.

The Deputy Speaker: No, I thought I was explicit enough, Mrs Beecroft, I am sorry. Question 12, the Hon. Member for Douglas South –

640 **Mrs Cannell:** Point of order, Mr Deputy Speaker.

You did not, in fact, invite the Member to ask the Question standing in her name, so in theory they have not been asked.

645 **The Deputy Speaker:** Mrs Cannell, I did ask Mrs Beecroft to ask the Question standing in her name.

Mrs Cannell: She did not move them, though.

650 **Mrs Beecroft:** No.

The Deputy Speaker: I did ask her to... I invited you to ask the Questions to the Minister.

Mr Quirk: And the House agreed.

655 **The Deputy Speaker:** I am sorry there is a misunderstanding there, but I stand by that.

Tynwald Members' Pension Scheme
Location of contributions

660 1.12. The Hon. Member for Douglas South (Mrs Beecroft) to ask the Minister for the Treasury:

Whether contributions paid by Tynwald Members in respect of their pension scheme go into a specific fund relating to that pension scheme to reduce future liabilities of the scheme; or whether the contributions are placed into central funds?

665 **The Deputy Speaker:** I again say Question 12, Mrs Beecroft, Member for Douglas South – Question 12.

Mrs Beecroft: I ask the Question standing in my name.

670 **The Deputy Speaker:** Minister for Treasury to reply.

The Minister for Treasury (Mr Teare): Thank you, Mr Deputy Speaker.

675 The introduction of the pension contributions on the part of Hon. Members of Tynwald became effective from April earlier this year, for those who decided to make that contribution. The accounting for such contributions has been treated in a consistent manner, alongside those made by employee groups across Government. These contributions are shown as income to the executive Government vote in respect of pensions, which is used in the first instance to pay pensions and grants to the beneficiaries of the various pension schemes.

Thank you, Mr Deputy Speaker.

680 **The Deputy Speaker:** Supplementary, Mrs Beecroft

Mrs Beecroft: Thank you, Mr Deputy Speaker.

685 Could the Treasury Minister confirm that the contributions being paid by Tynwald Members are ring-fenced in a separate fund?

Could he also explain the cost of the legislature that is shown in the budgets and the accounts? Does this actually include the provision for future liabilities of the Tynwald pension scheme?

690 **The Deputy Speaker:** Minister.

The Minister: In answer to the final part of the question, the short answer is no, but the potential liability to future pensions is contained within the FRS17 note to the Government accounts in the Dark Blue Book, whereby it is predicated to an aggregate figure of just under £2 trillion – sorry, £2 billion. I know it is a colossal figure, but £2 billion it is.

695 So the budget for the legislature includes an allowance for Members' pensions – the cash pensions that have been paid out at this particular moment in time. The contributions coming from Members, in common with all employees of Government, go into the central pensions pot, as it were. If we were to create a separate fund for Tynwald Members, then that would bring up extra governance and extra costs. One of the issues which was debated when the central Public Service Sector Pension Scheme was set up was to reduce the myriad separate pension schemes into one, if possible, and that would bring economies of scale and make it easier to administer.

700 So that is where we are at the moment and to actually break the Hon. Members' scheme out into a separate scheme would lead to more work, more administration and more costs, and I do not think that is a road we would want to go down.

705 **The Deputy Speaker:** Further supplementary, Mrs Beecroft.

Mrs Beecroft: Thank you, Mr Deputy Speaker.

710 Could the Treasury Minister confirm whether or not money purchase schemes have been considered, because that would cut down on the administration and the future liabilities that are building up for our generation, and I don't know how many generations to come?

The Deputy Speaker: Minister.

715 **The Minister:** If we go back to the original Hymans Robertson's proposals which is a long time ago now – I think it was 2005-06 – that was one of the options which was considered by them

at the time, not only for the public sector, but for all employees of Government. I have to say I was surprised when they came out with the proposals that have been agreed by another place.

720 Having said that, if we had gone over to a money purchase scheme, it would have had a very severe impact on Government's cash flow.

If I could just illustrate that, with respect, Mr Deputy Speaker, under a money purchase scheme, we would have, for quite a considerable period of time, two systems up and running, unless we closed off one and then transferred everybody over on to a money purchase scheme. 725 Even if we did that, we would still have the years' service approved under the final salary scheme, and then we would be building on a money purchase scheme on top of that. So from a cash flow point of view, we would have to make a cash contribution into the money purchase pot there and then, but also we would have to deal with the ongoing liabilities incurred under the present scheme. So we would be paying nearly £50 million a year out for our present pensions, and then if 730 you say that our total Government wage and salary spend is £300 million, we would have to put, to be realistic, between 10% and 20% into a money purchase scheme to make it worthwhile. We would be then putting an additional £30 million plus on top of our Government revenue expenditure and to be honest with the Hon. Member, that is money we just do not have.

735

Treasury visit to Japan
Question not asked

740 1.13. The Hon. Member for Onchan (Mr Karran) to ask the Minister for the Treasury:

If he will make a statement on the outcome of his recent visit to Japan?

The Deputy Speaker: Question 13 was to be asked by Mr Karran, who is absent.

745

SOCIAL CARE

Residential care homes
Equalisation of costs

750

1.14. The Hon. Member for Rushen (Mr Skelly) to ask the Minister for Social Care:

755 *Whether his Department has any plans to equalise the costs for the public who require places in residential care homes?*

The Deputy Speaker: We move on to Question 14, Hon. Members, and I call on the Member for Rushen, Mr Skelly.

760

Mr Skelly: Gura mie eu, Lhiass-loayreyder.
Ta mee shirrey kied yn eysht y chur ta fo my ennym.

The Deputy Speaker: This time I call on the Minister for Social Care to reply.

765

The Minister for Social Care (Mr Robertshaw): Thank you, Mr Deputy Speaker.

In responding to the Hon. Member's Question, I am conscious of the media coverage in relation to proposals for the future funding of care in the UK and would therefore like to take this opportunity to explore some of the differences between the UK and the Isle of Man provisions in this area.

770

In the UK, help with care costs is provided by local authorities. People with capital of less than £23,250, including savings and home equity, pay nothing towards their care, whilst those with capital greater than that figure, £23,250, pay all their care costs. It is this cliff-edge arrangement which the Department of Social Care is seeking to avoid, which our current arrangements address.

775

The Island's approach is significantly more generous than that of the UK's. Assistance with meeting residential and nursing home fees is provided by the Department of Social Care through Income Support. There is no capital ceiling for Income Support here, though a person with capital of more than £13,000 is deemed to receive a hypothecated level of income from that capital. By

780 this, I mean that the Department assesses entitlement, having regard to, amongst other things, assumed income from savings or property. The amount of income, the claimant is assumed to have is based both on the nature of the capital – that is, whether it is in the form of a property formerly occupied as the home of the claimant or whether it is in another form, such as cash savings, stocks or shares and its value. Also on the Island, there is greater flexibility to disregard the value of a property formerly occupied as the home, than there is in the UK.

785 I am also acutely aware of the proposals made by Andrew Dilnot in relation to the future funding of care and will continue to watch with interest progress in relation to this matter in the United Kingdom. However, the UK government has made it clear that it would not be in a position to introduce the measures proposed by Dilnot within the lifetime of the current Parliament, and that their introduction would only be possible if savings could be found elsewhere in the budget.

790 Current estimates are that the measures recommended by Dilnot would cost the UK £1.7 billion annually, with a likely figure for the Isle of Man therefore reaching approximately £2 million annually.

795 Furthermore, the Dilnot proposals could only work if insurance companies agreed to introduce affordable products, which would insure people against the care costs, up to a limit to a limited amount. It would be impossible for the Isle of Man to introduce measures similar to the ones proposed by Dilnot, if we were minded to do so, ahead of the UK government doing so.

Thank you, Mr Deputy Speaker.

The Deputy Speaker: Supplementary, Mr Skelly.

800 **Mr Skelly:** Gura mie eu, Lhiass-loayreyder.

Does the Minister agree, we strive to provide a fair and equal society and therefore should provide equal care for all our taxpaying population? If so, why does his Department penalise those who work all their lives to become debt free, at the very moment that they want and need something back, they must pay exorbitant care fees?

805 **Mr Houghton:** Yes, hear, hear.

The Deputy Speaker: Minister to reply.

810 **The Minister:** I understand the sentiment expressed by the Hon. Member for Rushen, but that actually flies in the face of the direction I am currently going, which is to move away from universality.

I really need to ask the Member to appreciate, what, if he wanted us to pursue something like Dilnot, he is actually asking us to do. Dilnot is a good idea, but in fact, the UK government is saying 'We can't afford it.' We cannot either.

815 The second thing is that the UK have not been able to get to construct any insurance policies to permit and enable that to happen. Also it is important to note that Dilnot covers the care fees, and not the accommodation and the catering element.

820 Also, and particularly with regard to the nature and essence of his Question, I am going to have to ask the Member to appreciate the world we are moving into, which is ever more retired people and less in the working environment, so the ratio is changing. How would he have me pay for these additional services? Would he have it in tax or would he have it in insurance?

825 If you took it on the basis of tax, what you are actually doing, from now on, is saying the ratio of people working to retired is changing and we are going to put ever more burden on the working population. I do not think that is fair.

830 Secondly, as far as insurance is concerned, we could not introduce – which is another form of taxation – another way of paying for it. It might be feasible for the very young people coming into the working environment now to capture such an insurance scheme, but anybody in their late 30s, 40s or 50s would find the imposition of such an insurance scheme a massive imposition. And then, of course, you have got to take into account, the Isle of Man does not have inheritance tax, so we did fairly well for the elderly population.

835 In the coming years, with all the challenges we have got, we have got a massive task to make sure we do not hit the middle too hard. I would submit to the Hon. Member, with respect, there is a very great possibility that, however much I agree with the spirit of what he is saying, there is a danger that is exactly what would happen.

Thank you, Mr Deputy Speaker.

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

840 **Mr Quayle:** Thank you, Mr Deputy Speaker.
I thank the Hon. Member for Rushen for his Question, because I think it does raise valid concerns that this Island has.

I would ask, would the Minister for Social Care, when he is undertaking his Department's review of benefit payments, etc, look into the public's contributions to National Insurance – what we put aside effectively for a rainy day – to Government to provide this service?

845 If I can expand slightly, I will give a... In my previous life, I had up to 20 people working for me, and a salary range of £20,000 to £40,000. Some of those I paid monthly, some of those, because they – for want of a better word – spent more time in the pub and on excessive amounts of holidays, were having to be paid on a weekly basis, from a cashflow point of view. I thought to myself, if we all were fast forwarded and we hit the age of 80 at the same time, and we all had a need for... we are all struck down with senile dementia at the same time, and we have to go to a nursing home, those of us who have paid mortgages, put savings aside, been responsible, eked out our earnings throughout the years, so that we were prepared for our retirement age, would then have our savings taken off us until we –

855 **The Deputy Speaker:** Question, Hon. Member.

Mr Quayle: No, I have asked the question, would he undertake a review to look into this? I am now giving an example, Mr Deputy Speaker.

860 **Mr Anderson:** Question Time.

The Deputy Speaker: Time is of the essence.

865 **Mr Quayle:** Will he look at the contribution of National Insurance? We are contributing 1% less on this Island than in the adjacent isle, and if we are trying to be fair to members of the public across the board, I do not think we should be penalising those hard-working people who make the savings.

870 **The Deputy Speaker:** Minister to reply.

Mr Anderson: Nice statement!

875 **The Minister:** Thank you for the Hon. Member's statement, yes!
I think, in answer to the original question, I have tried to indicate that we are both being fair and sensitive to the issues involved, and they are not quite as straightforward as first glance suggests. But certainly, we will be mindful of all ideas and proposals in what is a major review of all the matters he mentions.

880

Cavity wall insulation

Pilot scheme

Question commenced

885 1.15. The Hon. Member for Onchan (Mr Quirk) to ask the Minister for Social Care:

If he will make a statement on the pilot scheme for cavity wall insulation for local authorities?

890 **The Deputy Speaker:** Question 15, I call the Member for Onchan, Mr Quirk.

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

895 **The Deputy Speaker:** Again, I call on the Minister for Social Care to reply.

The Minister for Social Care (Mr Robertshaw): Thank you, Mr Deputy Speaker.
I am grateful to the Hon. Member for raising this particular Question, as it provides me with the opportunity to clear up the confusion which has emerged in recent weeks in the public arena over two completely separate matters: (1) the pilot scheme for the refurbishment of properties on

900 the Willaston Estate; and (2) and a separate question surrounding the 2008-09 Public Sector
Cavity Wall Insulation Programme. Indeed, this confusion between the two is highlighted actually
in the wording of the Question itself, and I will read it:

905 'If he will make a statement on the pilot scheme for cavity wall insulation for local authorities?'

Well, there isn't one.

Let us look at the detail now, and separate the two off. I will deal with both and my apologies
for the length of my Answer.

910 Turning first to the Willaston pilot scheme: Willaston Housing Estate comprises 730 dwellings
built over 60 years ago. It is by far the largest public sector housing estate on the Island. Douglas
Borough Council owns, manages and maintains these houses. It has been concerned for some time
that the roof covering and the external wall cladding of many houses is failing to keep them
weather-tight and that the condition is worsening each year.

915 In 2008-09, condition surveys identified significant and external defects, including perished
bricks, mortar pointing, flaunching – that is the render at the top of the chimney – and effective
lead work and chimney stacks; loose, missing and dislodged tiles, as well as corroded nail fixings;
extensive cracking on external render; corrosion of metal wall ties in the cavity; corrosion of steel
reinforcements to many lintels and sills, causing the face of the concrete render to blow; rubble
920 within the base of some external wall cavities, causing dampness to the inner leaf. It is clear that
the external fabric on these 60-year-old houses is reaching the end of its effective life and that a
major programme of refurbishment of the outer roof and wall cladding is required.

The Borough Council has agreed with my Department and Treasury that a small pilot scheme
of six dwellings be undertaken, to establish the scope and extent of required refurbishment works,
as well as the future funding requirements. A tried and tested pilot scheme will enable the Borough
925 Council to establish the best method of undertaking the works, assess time and costs, consider
impacts on tenants, etc. This information will be essential in preparing a sound detailed business
case, which will be required when seeking formal Treasury approval to progress with a multi-
million pound capital refurbishment programme for Willaston.

930 Design and planning of the pilot scheme is now complete. The works have been tendered and a
contractor has been selected. The Borough Council petitioned my Department for capital
borrowing of just over £330,000 in early October. Construction work is scheduled to start next
month and should be completed by April 2013.

Let me be clear: contrary to recent public statements, this refurbishment project has not been
935 brought about because of the installation of cavity wall insulation. (**Mr Quirk:** Hear, hear.) These
works are required because some external fabrics have reached the end of their effective life.

There have also been suggestions that the houses will need to be demolished and rebuilt. There
is no reason to believe that this is necessary. The houses are structurally sound. The internal room
sizes and layouts are good and compare favourably with present-day housing standards.

940 However, these houses are, as I have said, 60 years old and do require major investment to
replace roof coverings, rectify chimneys and refurbish the external wall cladding, etc. The design
team believe the proposed work will restore the houses to weather-tight condition and extend their
lives for many decades to come. A tried and tested pilot scheme will confirm this.

Now, I would like to comment on the programme of installation improvements for public
sector housing.

945 A programme of energy improvements to public sector houses involving loft and cavity wall
insulation, double glazing, etc, was carried out between 2007 and 2009. This programme was in
line with Government's policy to upgrade the energy efficiency of the Island's older and poorly
insulated housing stock. These older houses were well below present-day insulation standards and
consequently the amount of fuel required to keep them warm was often double that of equivalent
950 well-insulated houses. My Department provided the capital funding for this work. A framework
agreement for installation works was also established, so each housing authority could engage an
approved contractor on the same competitively tendered best rates.

955 Three contractors from the approved contractor list were selected after the normal film process
of advertising and tendering, etc. The contractors were approved by the British Board of
Agrément, as complying with the BBA Certificate quality assurance requirements for cavity
insulation. Whilst the framework agreement was established, each housing authority selected
houses requiring insulation upgrades and engaged a contractor to undertake their specific
requirements. Each authority managed its own contract based on the framework agreement
schedule of rates.

960 The program of insulation upgrades to public sector houses was undertaken between 2007 and 2009. Although I do not have the exact figure, well over 3,000 dwellings were upgraded, at a cost of around about £1.8 million.

965 There have been recent press reports attributing claims from Malew, Douglas and Peel Housing Authorities that cavity insulation is causing dampness within their properties. Turning to each in turn: Malew has eight houses; none were included within the framework agreement, so it is unclear as to why problems are attributed to it. Douglas: there are reports of dampness within some Willaston houses. As explained above, the poor condition of the external finishes and render is generally the cause for dampness. Peel: the Housing Authority has noted increased reports of condensation in certain properties. Here they have also identified specific issues with poor chimney construction and believe that the increased insulation level has exacerbated dampness around chimney areas. Defective cavity trays above window lintels have also been identified in some houses, which is allowing water to penetrate into the properties.

970 As with all construction work, it is important that the work is carried out correctly. The cavities being insulated must be at least 50 mm wide and walls must be in a good state of repair. If a housing authority has evidence that their contractor has not undertaken the work properly, then they should raise their concerns with the contractor. If the contractor fails to respond satisfactorily, then the housing authority can refer the concerns to the Cavity Insulation Guarantee Agency Ltd. In addition to this, each housing authority has a formal contract with their contractor, which covers contractual obligation.

980 Finally, I would like to confirm that my Department will continue to work with Douglas Borough Council and all housing authorities to ensure that the gaps in investment needs of the housing stock are identified and prioritised within the available capital funding.

985 Mr Deputy Speaker, I apologise for the length of my Answer, (*Interjection*) but there has been a lot of misunderstanding recently in the press. I hope this information is sufficient to answer the questions raised by the Hon. Member.

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

Mr Henderson: Gura mie eu, Lhiass-loayreyder.

990 I thank the Minister for his brief and comprehensive answer. (*Laughter*) However, I would take extreme issue with the Minister, and I hope he can put the record straight when he answers my supplementary on this matter, that the pilot scheme for the Willaston Housing Estate, which is in my constituency of North Douglas and that of John Houghton's, was at the instigation of myself and Mr Houghton, and that the thing that energised the pilot scheme in Willaston, which he has not mentioned here, which I find very strange to say the least, was the consequence of a round of meetings over several years that myself and Mr Houghton energised, set up and Mr Houghton chaired ultimately.

1000 There is also documentation going back several years from ourselves illustrating the very structural failings he has indicated. Can he confirm, for the record, that that is so, and that he indeed was taken on a visit to Willaston Estate by ourselves and indeed, Mr Houghton?

1005 Further, I would like him to clarify, Lhiass-loayreyder, that there are indeed two separate issues here. The pilot scheme was initiated by ourselves with the joint working with his Department and Douglas Corporation to address the structural failings of the houses separately. The insulation issue goes back several years ago, when DoLGE initiated the Cosy Homes capital scheme and framework initiative, if he can confirm that that was so, which caused all local authorities to participate in that.

1010 Could he confirm, finally, Lhiass-loayreyder that as a result of the insulation programme, it seems to have thrown up some additional problems and that there are indeed, if he would look into it, issues with some of the contractors, specifically with Willaston, that have been examined by the local authority and his Department need to assess that?

The Deputy Speaker: Cognisant of the hour, can we have a brief reply, Minister?

The Minister: I will do my best, Mr Deputy Speaker.

1015 I am more than happy, very happy indeed, to recognise the close and intense involvement of both Members for North Douglas in this whole process and, in fact, you will recall that I joined them in that process, along with Douglas Corporation, and I thought from my own perspective things were progressing most satisfactorily.

1020 It was just unfortunate that certain misunderstandings were thrown into the public arena, which I now hope from my short answer and brief answer have now been dealt with. So yes, totally content to acknowledge their involvement, and I am sorry if I did not recognise it particularly.

I did in fact take the time to visit some of the houses that the Hon. Member mentions and try to get an early understanding of the situation from my own perspective and yes, indeed, the 2007-09 Scheme, I am sure, did come under what was called the Cosy Home Scheme.

1025 As far as the last part of his question is concerned, in relation to the insulation causing damp problems, I would bring to his attention and I am sure he already knows this –

Mr Henderson: Only some.

1030 **The Minister:** Only some, yes, because the point is that – and the contract will show this – the arrangements for the installation of the insulation required that there was satisfaction about the structure of the building. So theoretically, if insulation was placed in a cavity wall in a house where there were external problems, it is possible that a certain degree of exacerbation of a problem could have occurred, but it was not the installation of the insulation; it is the fact that a deal of work has to be done on the external properties.

1040 **Standing Order 3.5.1(2) suspended
to complete Oral Questions**

The Deputy Speaker: Hon. Members, I am conscious of the time. We have overrun our allotted time.

1045 **A Member:** Hear, hear.

Mr Quirk: Mr Deputy Speaker, I wish to ask for suspension of Standing Orders for the continuation of Question Time.

1050 **The Deputy Speaker:** The motion has been put. We need 16 Members to agree to suspend Standing Orders.

I put that to the vote, Hon. Members. Is there a seconder for that?

1055 **Mr Cannan:** I am happy to second that, Mr Deputy Speaker. I do think there are a couple of relevant Questions at the end of this Question Paper which probably need to be answered in the circumstances.

1060 **The Deputy Speaker:** Sixteen Members are needed to carry that vote. I put it to the vote now. Hon. Members, watch the screen. You can now vote for suspension of Standing Orders to allow Question Time to proceed.

Electronic voting resulted as follows:

	FOR	AGAINST
1065	Mr Quirk	Mr Bell
	Mr Hall	Mr Teare
	Mr Ronan	Mr Gawne
	Mr Crookall	
1070	Mr Anderson	
	Mr Singer	
	Mr Quayle	
	Mr Cannan	
	Mr Cregeen	
1075	Mr Houghton	
	Mr Henderson	
	Mrs Beecroft	
	Mrs Cannell	
	Mr Robertshaw	
1080	Mr Skelly	
	The Deputy Speaker	

The Deputy Speaker: Sixteen votes cast for. We carry on with Question Time, Hon. Members.

1085

**Cavity wall insulation
Question 15 concluded**

1090 **The Deputy Speaker:** I call on the Hon. Member for Onchan, Mr Quirk.

Mr Quirk: Mr Deputy Speaker, I do thank the Minister for his response as well, but the devil is in the detail.

1095 Could I ask the Minister regarding the three contractors who actually tendered for the work? Were any of them from the Isle of Man? Were they all covered under the British Board of Agrément Certificates?

I am wondering if the Minister would circulate the contract documents that these contractors signed? There is plenty of time, I know it will not be today; tomorrow will do fine.

1100 Also, can I ask the Minister, is he indicating to the House here too now that because the local authorities would engage with these contractors, the difficulties fall with them and is the Department walking away from its obligation?

The Deputy Speaker: Minister to reply.

1105 **The Minister:** The Hon. Member is more than welcome to come up to my office and to go through all the necessary paperwork that he wishes, with regard to the contracts, to satisfy himself on that. I do not think it is appropriate to start dishing out loads and loads of contracts back from 2007 or whenever.

And the other part of his question was...?

1110

Mr Quirk: To do with the survey.

Deputy Speaker, could I ask the Minister then, regarding the surveys, I presume – because I have not seen the contract – that before a contractor was engaged, he would have had to examine the particular sites and ask the local authorities, were there any concerns about the properties he was going to instal these cavity insulation in?

1115

Could I ask the Minister, while I am on my feet, before we do run out of time –

The Deputy Speaker: Final supplementary.

1120 **Mr Quirk:** – has he had any independent advice taken from these well-known manufacturers? Obviously the product is at fault and I am sure the manufacturers would like to correct it. (*Interjection*)

The Deputy Speaker: Minister to reply.

1125

The Minister: With the greatest of respect, I do not think the Hon. Member has listened to anything I have said this morning! (*Interjection by Mr Quirk*)

The responsibility, as he will see when he considers the contracts – and they were in accordance with BBA, and he did ask me that question – he will find everything in order, and he will also find that the local authorities have certain specific responsibilities and to suggest for a second that my Department is walking away from any responsibility, frankly, I just *absolutely* reject out of hand. (*Interjection by Mr Quirk*)

1130

The Deputy Speaker: Notwithstanding the comprehensive answer by the Minister, I will allow one final supplementary question, Mr Henderson.

1135

Mr Henderson: Gura mie eu, Lhiass-loayreyder.

I am grateful for my hon. friend opposite's interest in our constituency. (*Interjection by Mr Quirk*)

1140

However, could the Minister confirm that the issues that the pilot scheme that is being undertaken are separate and are to do with structural failings, as he has indicated, that pre-date the issues that have been highlighted, with regard to the insulation; and that indeed, the insulation

1145 issues have been examined by Douglas Corporation, are being taken very seriously by them, by myself and Mr Houghton and are working jointly with his Department separately in looking at those particular issues?

The Deputy Speaker: Minister.

1150 **The Minister:** I thank the Member for North Douglas for his clarification, and I would just again, in summation, ask the Hon. Member for Onchan to realise that they are two separate issues.

Mr Houghton: Hear, hear.

1155

ECONOMIC DEVELOPMENT

Isle of Man sea bed Potential revenue streams

1160

1.16. The Hon. Member for Castletown (Mr Ronan) to ask the Minister for Economic Development:

1165 *Whether his Department is exploring potential revenue streams from Isle of Man sea beds?*

The Deputy Speaker: Moving on, Hon. Members, to Question 16, I call on the Hon. Member for Castletown, Mr Ronan.

1170 **Mr Ronan:** Thank you, Mr Deputy Speaker.
I beg leave to ask the Question standing in my name.

The Deputy Speaker: In the absence of the Minister for Economic Development, I call on the Member of the Department, Mr Skelly, to reply.

1175 **Mr Skelly:** Gura mie eu, Lhiass-loayreyder.

Yes, I can confirm that the Department of Economic Development is exploring potential revenue streams from the Isle of Man sea bed. This accounts for 87% of the Island's territory. The owner of the Isle of Man sea bed is the Department of Infrastructure. The Department of Economic Development is working jointly with the Department of Infrastructure and the Department of Environment, Food and Agriculture on the Isle of Man Marine Plan. This process aims to develop a consenting regime which will maximise potential economic development opportunities through a sustainable approach to our marine environment.

1180 The project has recently resulted in the consultation of the offshore consenting process and the Manx Marine Environmental Assessment, which brings together all known technical information under the... available for Manx territorial waters. This will provide guidance and greater certainty to potential businesses interested in developing future projects in the Isle of Man territorial waters.

1190 The territorial waters have a significant potential resource for renewable energy which greatly exceeds the Island's own needs. Minister Shimmin, as the previous Chair of the Council of Ministers' Energy, Climate Change and Marine Spatial Planning Sub-Committee, signed the British-Irish Council Agreement to explore an all-Island approach to generate renewable energy to meet the needs of the British Isles, which would allow the Isle of Man to export renewable energy to the UK. A group from the British-Irish Council is currently focused on this work, including exploring the potential for different types of energy trading projects and the underpinning regulatory and economic issues.

1195 The Department of Economic Development hosted a business breakfast in London earlier this year on offshore renewable energy opportunities in the Isle of Man's territorial waters. This event attracted over 100 attendees from businesses with interest in future offshore Isle of Man developments. A follow-on workshop held on the Island in April attracted 50 attendees to discuss offshore wind operation and maintenance requirements and marine renewable energy, including tidal power.

1200 After completing the current consultations for the offshore consenting process and the Manx Marine Environmental Assessment, it is our intention to host a further event in London in early

2013, when we can update the sector with our progress and further explore potential future revenue streams from the Isle of Man sea bed.

1205

The Deputy Speaker: Supplementary, Mr Ronan.

Mr Ronan: Thank you, Mr Deputy Speaker.

1210

Does the Member for Economic Development agree that raising revenue from our sea bed will be complex and diverse and will take an enormous amount of investment for it to come to fruition?

The Deputy Speaker: The Member to reply.

Mr Skelly: Gura mie eu, Vainstyr Loayreyder.

1215

Yes, I would agree with the Hon. Member from Castletown: it is complex and it is involved. We are completing the due process and are engaged, I think, with all the interested parties, and there is significant opportunity there.

The Deputy Speaker: Final supplementary, Mr Quirk.

1220

Mr Quirk: Thank you, Mr Deputy Speaker.

Would the Member be happy enough to give a commitment to the House to have a presentation in the future of the works of the Department?

The Deputy Speaker: Mr Skelly, reply.

1225

Mr Skelly: Yes, I would say we are happy to do that, to keep Members updated. There are developments. They may appear to be slow moving, but these are long term and we would be happy to update Members.

1230

Thank you.

The Deputy Speaker: I will allow a final supplementary for the Member for Castletown, the original questioner.

1235

Mr Ronan: Thank you, Mr Deputy Speaker.

I think just to touch on that, there is a consultation out at the minute, which finishes today, and I would urge Members to fill that out.

1240

Does the Member also agree that we face tough competition from neighbouring jurisdictions, who have a luxury of investment from large pools of money, either from their national governments or the European Union, to aid them via subvention, a luxury we do not have?

Is it not then right that we should be encouraging a route of partnership with our neighbours – I know you have touched on this before – through the renewable and fuel industries? It is fundamentally clear that we will not be able to achieve any of this on our own. Can you confirm that we will be entering partnerships?

1245

The Deputy Speaker: Mr Skelly.

Mr Skelly: Yes, gura mie eu.

1250

Yes, undoubtedly the British-Irish Council and the all-islands' approach actually answers that question and we are working with our partners in the Irish Sea to once more consider the fact that in the Isle of Man's territory, 87% of it is in the sea bed. We believe that to be a valuable resource not just for the Isle of Man, but all our neighbours in the Irish Sea, and we will be partnering with them.

1255

HEALTH

Macular disease

1260

Treatment policy; on-Island treatment

1.17. The Hon. Member for Castletown (Mr Ronan) to ask the Minister for Health:

What his Department's policy is on treating people with macular disease?

1265

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

What plans his Department has for treating wet and dry age related macular degeneration on the Isle of Man?

1270

The Deputy Speaker: We move on to Question 17. Hon. Members, Questions 17 and 18 deal with the same subject. Are you in agreement that we deal with the two in plurality, giving the questioners the right to ask supplementary questions?

1275

Members: Agreed.

The Deputy Speaker: In that case, Questions 17 and 18, I call for the Member of Castletown, Mr Ronan, to ask the question.

1280

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

The Deputy Speaker: Minister for Health to reply.

1285

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

Since October 2008, it has been the Department's policy that the provision of a drug called ranibizumab – which is perhaps better known, fortunately, as Lucentis – for the treatment of wet age-related macular degeneration, commonly known as ARMD, has been a high priority for the development of a service on Island, subject to the guidelines issued by NICE. Currently, this treatment is not available at Noble's Hospital, so patients who meet the NICE criteria are therefore eligible to receive this treatment and are referred for specialist treatment in Liverpool, in accordance with the Department's referral protocols. The majority of these patients are referred to and treated at the Aintree Elective Care Centre.

1290

Patients with dry ARMD currently receive education and advice at Noble's Hospital and are reviewed as when necessary.

1295

Mr Deputy Speaker, patients who have age-related macular degeneration (ARMD) are currently obviously treated on Island by the ophthalmology staff, educated and given advice, and then are discharged from the service. This group of patients do not require further treatment unless their condition changes. Bringing the treatment for wet ARMD has long been a priority for service development, and it is subject, as I said before, to NICE criteria being followed.

1300

In order to undertake care for treatment for the wet ARMD, however, we do need additional resources for the Ophthalmology Department, which includes additional space in the Ophthalmology Department; additional staff, as there is no capacity within the current staffing complement to deal with the additional volume of patients who will require monthly injections and monitoring of their condition; an additional doctor and additional nurse specialist. We will also need a medical photography service to photograph patients' eyes as required. We would need an additional visual fields machine, a fluorescence add-on element and an anterior segment for the OCT machine we have. Additional administrative, secretarial and nursing support would be needed to undertake the additional clinics generated.

1305

The ophthalmologist in Noble's Hospital advised that it is unlikely that providing this service on Island will save money. However, the benefits to patients of not having to travel to the United Kingdom, I accept, are significant.

1310

The Deputy Speaker: A supplementary, Mr Ronan.

1315

Mr Ronan: I am interested to see that you say it might not save money, but does he not agree that the vast majority of people with macular disease are elderly, some of whom are in their nineties, and considering our aging population this is a problem that is not going to go away and will only incur further costs to the Health Department? Given this inevitability, would it not be prudent to invest now to save in the long term?

1320

The Deputy Speaker: Minister.

1325 **The Minister:** Yes, I agree with the Hon. Member. The ideal solution would be to provide this service on-Island, but from the information I am provided with, the extra cost to delivering it on an Island would be quite significant and we simply do not have that money within our budget at the moment. However, there was a business case put together within the last couple of years and I have asked for that business case to be updated to give me a better indication of the extra costs that are involved. But it is not just the extra costs. We must accept that we need extra personnel, and that means extra head count and that is some luxury unfortunately we do not have at present.

1330 But it is something I am very sympathetic to and it is something I have asked for the business case to be revisited, in that I believe we can find somewhere within the Health Service to put the service; it is just a question of finding the extra costs and the extra head count.

1335 **The Deputy Speaker:** Another supplementary, Mr Ronan.

Mr Ronan: I am encouraged to hear the Minister's remarks. Would he also not agree that, on 4th November 2008, the then Health Minister stated that diagnosis and treatment of macular disease could take place here on the Island and an impact and analysis and business case would have to be prepared. Has this been done?

The Deputy Speaker: Minister to reply.

1345 **The Minister:** Yes, as I mentioned earlier, it has been done, but it needs to be updated to make sure that we are very well aware of the implications of the extra costs for staffing. As I have said, we think we can identify somewhere to deliver the service and I am hopeful that, if that was the case, we would be able to find maybe an organisation that might be able to help with some of the equipment.

1350 However, I have to come back to the point that we will need extra personnel and that will not be cheap.

The Deputy Speaker: Supplementary, Mr Henderson, Douglas North.

1355 **Mr Henderson:** Gura mie eu, Lhiass-loayreyder.

I thank the Shirveishagh for his medium-to-positive answers so far. However, when he reviews the business case he mentions, would he be willing to give that information, or what information he can, to Hon. Members so we can see exactly what costs are involved, what pieces of equipment are involved and essential. I do not think the space argument is much of an argument, as that is something I feel, if he would agree, we could get round.

1360 Would he agree to advance his ideas on looking at other organisations to assist as well, because that may very well be a very positive way forward here, given the strength of support from non-Government organisations in the first place on this matter?

1365 **The Deputy Speaker:** Minister to reply.

The Minister: Yes, I will give the undertaking to the Hon. Member that once the business case has been revisited I am more than happy to make a statement of the full implications of the up-to-date business case and bring that back, and I would be happy to make it a statement to let people know exactly where we are up to.

1370 In relation to one or two of the other areas the Hon. Member has mentioned, the space argument is relevant because we would not be able to put an extra clinic, with all that entails, in Noble's. However, we are looking outside Noble's. We are looking outside the box, effectively. However, I am more than happy to come back – it could be in six or eight weeks' time – and let Hon. Members know where we are up to with the up-to-date business case.

1375 **The Deputy Speaker:** Supplementary, Mrs Beecroft, Douglas South.

Mrs Beecroft: Thank you, Mr Deputy Speaker.

1380 I had two supplementaries, but the Minister has answered the one about a timeframe, and we look forward to receiving the statement in six to eight weeks, I think it was he said.

Could he also confirm that in that review, in the business plan, in looking at the figures, he will take into consideration all the other ancillary costs that come from this to other Government Departments, such as additional benefits to people if they do go completely blind because they

1385 have not been able to face the trip across? That must impact on other budgets within Government, not just his own, and would he take these into consideration?

The Deputy Speaker: Minister to reply.

1390 **The Minister:** I do take the Hon. Member's point, but it is something that is very difficult to quantify and I think it will be very difficult for the other Departments to actually provide hard financial evidence. Obviously I take on board what the Hon. Member is saying, but it is something that is very difficult for the Health Service to factor in, unless other Departments have that relevant financial information, which I do not believe they would have.

1395

INFRASTRUCTURE

Flooding Protection of properties

1400

1.19. The Hon. Member for Onchan (Mr Quirk) to ask the Minister for Infrastructure:

1405 *If he will make a statement on the recent flooding; and what his Department will do to protect properties?*

The Deputy Speaker: Question 19. I call on the Hon. Member for Onchan, Mr Quirk.

1410 **Mr Quirk:** Thank you, Deputy Speaker.
I beg to ask the Question standing in my name.

The Deputy Speaker: Minister for Infrastructure to reply.

1415 **The Minister for Infrastructure (Mr Cretney):** The recent flooding has been exacerbated by the wettest summer on record at the Met Office. (**A Member:** Hear, hear.) The land has become so saturated that, at the moment, even when there is medium rainfall, localised flooding usually follows. In normal situations, this rain would soak into the ground instead of running off the land onto the highways. This increased run-off is putting the highway drainage system, which is normally able to cope, under pressure, and in some cases it is overwhelmed.

1420 In addition, we are now in the autumn: the fast-flowing water is washing leaf litter off the land, down into the drains, which is blocking gullies. This is despite extensive efforts to ensure that drains and gullies are kept clear.

1425 The Department's staff have been actively trying to help property owners who find their homes in danger of flooding. With assistance from the emergency services, we have been making every effort to support members of the public by providing sandbags to people at risk, such as the elderly and infirm.

1430 Following the review meeting of last week's flooding event, we have now arranged for members of the public to be able to collect sandbags from any of the civic amenity sites. The Department has a 24-hour duty officer system in place and teams of employees on call around the clock, if the need arises. In severe circumstances, we activate our Ellerslie emergency control centre to co-ordinate flood-management operations around the Island as a situation unfolds. A typical flood event brings over 300 calls for help to our telephone number, 672000, which is our 24-hour emergency response number.

1435 The Department's staff work in close liaison with the emergency services, including the Fire and Rescue Service, Police and Civil Defence. Indeed, the Department and these organisations routinely meet to plan for adverse weather conditions. Although there is sometimes overlap because of circumstances, each agency has a broadly defined role during adverse weather conditions. The blue light service takes responsibility for ensuring people's safety, rescue, traffic management and helping to pump away water from properties. Civil Defence takes responsibility for people movement and welfare, including transporting the vulnerable and opening temporary shelters, supported by the 4x4 Club. The Department of Infrastructure assume responsibility for highway clearance, protection of property and overall co-ordination of the non-life-threatening issues.

1440

1445 The organisations involved are well prepared and routinely review their performance and explore opportunities to improve performance and effectiveness, deliver better information to the public and plan for the next event. Civil Defence, Fire and Rescue, Police and the Department's employees work extremely well together in these difficult and unpredictable events, (**A Member:** Hear, hear.) and I am sure Hon. Members would like to join me in taking this opportunity to publicly thank these people who go out to work in the worst of conditions to help others and protect the Island's infrastructure, including private homes and commercial premises, on our behalf.

Two Members: Hear, hear.

1455 **The Deputy Speaker:** Supplementary, Mr Quirk.

Mr Quirk: Thank you, Mr Deputy Speaker.

I thank the Minister for his answer, but I am not overly happy with some of the answers he did give.

1460 Can I ask the Minister then, when homes are flooded – the same homes are flooded three to four times since 2010 – will his Department get together with organisations and find out what is causing the flooding? It is not always to do with the rainfall in a particular area. It is to do with the capacity in the drains, the storm drains, the sewerage drains and some of the road drains as well.

1465 Could I ask the Minister, would he be happy if he could organise it – and I am happy to support him on this particular issue – to address some of these areas who now cannot get insurance because they have been flooded, since 2010, three or four times?

Can the Minister, instead of getting the services out... I appreciate they are all there to help, but if we can channel that money that the services are using when they are out there into correcting some of the faults, does the Minister think that would help?

1470

The Deputy Speaker: Question as put, Minister to reply.

1475 **The Minister:** The Department of Infrastructure and its various sectors are proactive in this regard. Indeed, in the all-Island Strategic Plan 2007 there are particular sections which indicate where, because of historical flooding difficulties, planning permission should not be provided. Also, the Water and Sewerage Authority are updating their legislation in relation to the 1934 legislation, and as a matter of course, as I have indicated already, the various elements of Government who have anything to do with this matter do meet and discuss these situations.

1480 I will obviously happily pass on the Hon. Member's comments in this regard.

Taxis
All-Island licence; all-Island service

1485

1.20. The Hon. Member for Onchan (Mr Quirk) to ask the Minister for Infrastructure:

What his policy on is (a) an all-Island taxi licence; and (b) an all-Island taxi service?

1490

The Deputy Speaker: Question 20. I call on the Member for Onchan, Mr Quirk.

Mr Quirk: I ask the Question standing in my name, sir – taxis.

1495

The Deputy Speaker: Minister to reply.

1500 **The Minister for Infrastructure (Mr Cretney):** My officers and I met recently with the Road Transport Licensing Committee, who again raised the matter of all-Island taxi licensing, and they have advised of several concerns which have arisen from the current legislation. As a result of these discussions, I have requested that my officers brief my Department Members and myself on the various matters concerned with proposals for all-Island taxi licensing. A meeting has been set down for early December, following which I will make a decision on how to proceed with this matter.

1505 **The Deputy Speaker:** Supplementary, Mr Quirk.

1505

Mr Quirk: Thank you, Deputy Speaker.

Just on the taxis, does the Minister not agree now the time is really to put this to bed, that it is a nonsense when a taxi cannot pick up a person at the airport because of some regulation, and common sense has to prevail?

1510

The Deputy Speaker: Minister to reply.

The Minister: I think that is the view of a number of taxi proprietors, but there is a contrary view from others.

1515

Hon. Members will be aware that this matter was last raised in April and the Council of Ministers did discuss it following on from that, and at that time my view was, and it remains at the present time, that a light touch is required because of the economic climate that prevails. (**Several Members:** Hear, hear.) However, we are open to consider the points which have been made by the Road Traffic Licensing Committee.

1520

The Deputy Speaker: Final supplementary, Mr Singer, Member for Ramsey.

Mr Singer: Thank you, Mr Deputy Speaker.

1525

Does the Minister acknowledge the concern of some that an all-Island taxi licence can cause a bees-to-the-honey-pot situation, whereby the taxis are bees (**A Member:** Absolutely.) and the honey-pot is Douglas? I have experience in another area of this happening.

Does he recognise that at certain busy times such a policy of all-Island could dilute the business to Douglas taxi drivers, making their business non-viable (**A Member:** Yes.) and leave other areas without any taxi service at all, the lack of which is not helped by a poor or no bus service in the evening in areas outside the capital? (*Interjection*)

1530

The Deputy Speaker: Minister.

The Minister: I know that the Hon. Member has expressed those views before. Indeed, I think fairly recently when he did, a taxi proprietor in the north of the Island challenged his views.

1535

However, I do accept the points he makes, that Douglas is obviously a honey-pot – as the capital of the Isle of Man, it is a wonderful place to be. However, it is not quite the honey-pot it was a few years ago, (**A Member:** Hear, hear.) when the economy was more vibrant. We are obviously hoping that the economy will continue to grow and continue to prosper, but at this time that is the reason that I have expressed caution in this regard.

1540

Two Members: Hear, hear.

1545

COMMUNITY, CULTURE AND LEISURE

Bus drivers' dispute

Potential for further negotiations; notice of termination of contract

1550

1.21-22. The Hon. Member for Douglas North (Mr Henderson) to ask the Minister for Community, Culture and Leisure:

1.21. Whether further negotiation in relation to the bus drivers dispute is possible; and if not why not?

1555

1.22. Why the Department served notice of termination of contract as part of its effort to resolve the issues relating to bus drivers?

The Deputy Speaker: Turning the page, Hon. Members, Question 21. Hon. Members, following the earlier practice of conjoining Questions regarding the same subject, can I ask for your agreement that we take Questions 21 and 22 conjointly? Agreed?

1560

Two Members: Agreed.

The Deputy Speaker: Can I ask then the Member for Douglas North, Mr Henderson.

1565

Mr Henderson: Gura mie eu, Lhiass-loayreyder.

Just to query procedure, is it the questioner's agreement that we conjoin, (**Mr Cretney:** Yes. Hear, hear.) or is it the House, or both on that particular point?

1570 **The Deputy Speaker:** I was asking for the agreement of the House to take both Questions – as they both relate to the same subject, to take them conjointly, saving time and effort, I would have liked.

1575 **Mr Henderson:** I appreciate that, Vainstyr Loayreyder. I just wondered if you needed the questioner's agreement to do it as well.

A Member: Yes.

1580 **The Deputy Speaker:** Do I have your agreement, Hon. Member?

A Member: No!

Mr Henderson: You do, Lhiass-loayreyder. (*Laughter*) I was trying to – (*Interjections*)

1585 **The Deputy Speaker:** In that case, Hon. Member for Douglas North, put your Questions.

Mr Henderson: Yes, Lhiass-loayreyder. Ta mee shirrey kied yn eysht y chur ta fo my ennym. I beg to ask the Question in my name, and Question 22 as well, please, sir.

1590 **The Deputy Speaker:** Thank you, Hon. Member.
I call upon the Minister for the Department of Community, Culture and Leisure to reply.

The Minister for Community, Culture and Leisure (Mr Cregeen): Thank you, Mr Deputy Speaker.

1595 My Department has made it clear, since the process of negotiations on bus drivers' pay began on 1st March 2012, that it would like to resolve the matter through negotiation. Indeed, the letters of termination were only issued because the Department felt that its aims to negotiate this to a conclusion were being frustrated and that its intentions to reach a negotiated solution were not, in practice, being matched by the intentions of the drivers' representatives.

1600 My Department has calculated the savings from the removal of the paid lunch breaks from the drivers to be worth £300,000 in this financial year. The Department started negotiations on 1st March 2004, which, as Members will know, was very soon after the Budget was confirmed by Tynwald. My officers had every hope that agreement would be concluded so that such changes could be implemented within three months.

1605 After months of delays and three ballots, what has been perhaps the most frustrating is that departmental offers put to the staff in two of those ballots were actually supported by the union. Disturbingly, even though five union representatives were involved in negotiating each of the offers, the highest number of drivers voting to accept any of the offers was two. My Department reluctantly concluded that the process of negotiating with the union offered very little hope to bring this matter to any sort of conclusion.

1610 By terminating the employment of all drivers on the current terms and conditions, the Department was able to give each driver the opportunity to either accept the new terms with compensation or to reject them. Drivers have been given their statutory notice period, and therefore had time to decide what they wish to do. I am pleased to say that some have already accepted our offer. The shortest notice period does not run out until the end of this week, and I can confirm that senior officers of my Department have been negotiating with Unite, the Union's national officers from the United Kingdom in an attempt to negotiate a solution. At the moment, that process has yet to be successful. Whilst these negotiations will continue until the very last minute, they cannot carry on indefinitely.

1620 In reply to the second part of the Question, the drivers' pay bill is £4.5 million, which equates to almost a third of the total spending of my Department after allowances made for loan charges and the like. If our savings rates were to have been allocated proportionately, then savings of £300,000 from this element of the Department is very much on the low side. Indeed, it costs the Department £45,000 a year on average to employ each of the 100 bus drivers. The average employment cost of all the Department's other staff – that is over 300 people across all grades – is £32,000 a year.

The failure to achieve a timely solution to this savings initiative has placed the Department in great budgetary peril. It is accepted that issuing termination notices is a significant step, but it is a step that is very much in keeping with the scale of the problems that my Department is facing.

1630

The Deputy Speaker: A supplementary, Mr Henderson.

Mr Henderson: Gura mie eu, Lhiass-loayreyder.

1635

Can the Shirveishagh confirm, just for the public and press who are taking considerable notice of this, that my questions do not ask for a breakdown of anybody's terms and conditions, they are specific to procedural issues only, and that I am not interested in who earns what, where and when?

1640

Can he confirm that what I am interested in is not proceeding to a strike situation, where the men may be balloted or they may express an interest to go down that road, and would he think it is more in keeping, instead of reading out inflammatory statements, to stick to the line that his door is open for further negotiation?

And finally, Lhiass-loayreyder, would he agree to, shall we say, a middle person to come into the situation, to see if something can be hacked out between the staff and his entrenched management side?

1645

The Deputy Speaker: Multi-questions, Minister to reply.

The Minister: Thank you, Mr Deputy Speaker.

1650

I did not think that my comments were inflammatory. It is a statement of fact of the position where we are at the moment and I would hope that the Hon. Member, being a Member of the Treasury, would realise the budgetary constraints that have been put on the Department.

We are in a position that we have to get our budgetary savings. It is a way that we have to go forward to try and protect the jobs. My aim has been to try and protect the jobs all along by making these savings and I hope the Member does realise that these were recommended, two of these offers were recommended by the union.

1655

The Deputy Speaker: A supplementary question, Mr Houghton.

Mr Houghton: Thank you, Mr Deputy Speaker.

1660

Will the Minister give this assurance whilst he is negotiating and while his Department is still negotiating this matter with the unions, would he agree to hold those employees who are on the short notice of termination of their contract?

The Deputy Speaker: Minister, reply.

1665

The Minister: Mr Deputy Speaker, we are in the position that we are. We have held over these... We have been negotiating to the very last minute and it is what we intend to do.

The Deputy Speaker: Member for Middle, Mr Quayle.

1670

Mr Quayle: Thank you, Mr Deputy Speaker.

Could the Minister confirm whether his Department has made savings in the management area of his bus drivers? It is very easy to reduce the bus drivers' terms and conditions etc, but I would be interested to see whether management numbers or savings have been made in that area.

1675

The Deputy Speaker: Minister.

The Minister: Thank you, Mr Deputy Speaker.

1680

The Department has made over £380,000-worth of management and senior secretarial savings: one JESP post, three SEOs, two-and-a-half HEOs and one senior secretary. It has looked at these management areas before looking at the paid lunch breaks.

The Deputy Speaker: Mr Singer, Member for Ramsey.

1685

Mr Singer: Thank you, Mr Deputy Speaker.

Can I ask the Minister, because there seems a lot of confusion about this whole negotiating procedure in the fact that, as far I am concerned, I cannot understand why the unions made two

1690 recommendations to the men, and they refused them; but does the Minister know whether in fact the union spoke to the drivers before making the recommendation, or is it a breakdown between in relationships between employees and the drivers? Could the Minister briefly outline what was offered to the men from the unions, with the union support, which was turned down?

The Deputy Speaker: Minister.

1695 **The Minister:** Thank you, Mr Deputy Speaker.

The conversations between the union representatives and their members is up to the union. We would hope that they have carried out the process of negotiating and putting the proposals to their members before they actually came back with a recommendation. I would have hoped that was the usual process, that you talked to your members before recommending any acceptance of a deal.

1700 The proposals have been varied. The last proposal that was put to the members was that they would have got an allowance for a shift, but it would have taken away their paid lunch breaks and it was going to be a lot easier on them, about a £2,000 a year loss, and that was a final offer that the union had recommended. We were disappointed that even the five members who had actually been there negotiating did not seem to support their own recommendation.

1705

The Deputy Speaker: Member for Onchan, Mr Hall.

Mr Hall: Thank you, Mr Deputy Speaker.

1710 I think the Minister indicated in his earlier statement that there were some drivers who had signed the new terms and conditions. Can he confirm the precise number, if that is the case?

The Deputy Speaker: Minister.

1715 **The Minister:** Thank you, Mr Deputy Speaker.

I am aware at the moment that it is five.

The Deputy Speaker: Mrs Beecroft, Member for Douglas South.

1720 **Mrs Beecroft:** Thank you, Mr Deputy Speaker.

Given that there are very varied figures being quoted in the media, could the Minister confirm the basic hours for a bus driver and the basic pay, leaving the overtime element out of it and all the rest of it; and could he also clarify... He has just quoted £45,000 as an average thing for each bus driver, as opposed to £32,000 for employees in other areas, and again is he comparing like with like? Does this £32,000 include overtime, and does the £45,000 include overtime?

1725

In other words, where are you getting those figures from? Are you comparing apples with pears?

The Deputy Speaker: Minister.

1730 **The Minister:** Thank you, Mr Deputy Speaker.

The weekly wage of a bus driver is for 42 hours, which includes five hours' paid meal relief, and that brings them up to £37,000 a year.

All costs are the costs to the Department per employee, including overtime costs.

1735 **The Deputy Speaker:** Final supplementary, Mr Henderson.

Mr Henderson: Gura mie eu, Lhiass-loayreyder.

1740 Would the Minister agree, is it still timely enough, if there was a further proposal put forward, that he and his departmental officials would be prepared to look at that, as one final go at this?

Secondly, would he agree with me that the way the men's wages are amalgamated and so on, with all the different aspects to them, in fact over many years, this has become part of their basic pay in many respects, which has assisted some of the men with their families to actually procure mortgages and bank loans to get their family a home, basically, and that is the nub of the matter?

1745 Instead of trotting out facts and figures all the time and rubbing their noses in it, if a further proposal was to come back as one final attempt, would he be willing to have a look at it at the least?

The Deputy Speaker: Minister to reply.

1750 **The Minister:** Mr Deputy Speaker, I cannot see where the Member gets this 'rubbing their noses in it'. The question was asked what their basic pay was, which is what I answered.

Mr Henderson: I am not asking that.

1755 **The Minister:** Another Member had asked what the salary was and I informed this Hon. House.

We are still open to the union coming to us with an offer. We have to make the savings.

Mr Henderson: I understand that.

1760 **The Minister:** As I have evidenced, we have to find £300,000-worth of savings. Every day this continues is costing the Department an additional £1,000. We are losing £1,000 a day by having this continue. It puts the Department in a predicament where, if we do not come to any solution shortly, we will have to look at other measures to try and get within these savings. Some of these may be having to reduce bus routes, and that is one of the things that we really do not want to have to look at, just to ensure that people have their paid meal relief.

1765 Yes, we are still open until Friday, if the union want to come with a proposal that will make these savings.

1770 **The Deputy Speaker:** Hon. Members, that concludes our Questions for Oral Answer. There are three Questions for Written Answer and I think they have been distributed to the House already.

1775

Questions for Written Answer

TREASURY

1780 **Small claims arbitration**
High Court civil proceedings; replacement of arbitrator by Deemster

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

1785 (a) *When the small claims arbitration within the High Court civil proceedings was set up; and*
(b) *when and why the arbitrator was replaced by a Deemster to hear such proceedings?*

1790 **Answer:** (a) The procedure enabling certain High Court proceedings to be referred to what was then called 'small claims arbitration' was first provided for by the Administration of Justice Act 1983 and the Rules of the High Court of Justice (Small Claims Arbitration) 1984.

1795 Since then the procedure has been developed over time, as regards particularly the types and value of the matters capable of being referred and, consequent on legal definition and legislative provision here and elsewhere the procedure is now more appropriately referred to as small claims adjudication and is dealt with in the Small Claims procedure of the Civil Division of the High Court. It is now provided for by the High Court Act 1991 and the Rules of the High Court of Justice 2009.

The High Court Act 1991 (as amended by the Administration of Justice Act 2008) provides for small claims adjudication to be carried out by a Judicial Officer.

1800 (b) The assumption made in part (b) of this Question is not entirely correct. Originally the 1983 Act provided for the appointment of an 'arbitrator' and for many years there was a part-time Small Claims Arbitrator who dealt with small claims proceedings and certain other matters.

1805 The Administration of Justice Act 2008 made new provision about the judicial structure and created a second tier of judges of the High Court, known as Judicial Officers. The functions of the Judicial Officers (of whom there are more than one) include small claims adjudication.

In view of the increasing number of small claims, the small claims judicial workload is now dealt with by a number of individuals who are Judicial Officers. The High Bailiff and Deputy High Bailiff are *ex officio* Judicial Officers and other Judicial Officers have also been appointed (one of

1810 whom is also a member of the panel of part-time Deemsters but whose principal workload is small claims).

It is important in a compact jurisdiction that there be flexibility within the judicial structure and that the judiciary are able to make the best use of their limited resources, taking into account the increasing demands upon judicial time both within the small claims procedure and other procedures of the High Court.

1815 The allocation of judicial resources is a matter for the judiciary and it is vitally important that members of the legislature respect and comply with the fundamental constitutional principles of the separation of powers and the independence of the judiciary.

1820 The changes made by the 2008 Act and the new provision made by the Rules of the High Court of Justice 2009 are key elements in the modernisation of the practice and procedure of the courts.

**Centralised procurement
Savings achieved**

1825

2.2. The Hon. Member for Ramsey (Mr Singer) to ask the Minister for the Treasury:

1830 *How much and from which Department budgets for 2011-12 deductions were made for expected savings for procurement; how the deductions were calculated; whether any Department, Boards or Offices had actual cost increases as a result of centralised procurement; how much of identified savings comes from (a) revenue and (b) capital budgets, broken down by Department?*

1835 **Answer:** The budgetary deductions attributable to procurement savings for 2011-2012 by Department were estimated as follows, and included in targets for 2011-12 set in October 2010:

Department	
Community, Culture and Leisure	£108,000
Economic Development	£119,000
Environment, Food and Agriculture	£122,000
Education & Children	£124,000
Health	£108,000
Home Affairs	£104,000
Infrastructure	£162,000
Social Care	£130,000
Treasury	£63,000
	<u>£1,040,000</u>

1840 These figures were provided to the Treasury by the Transforming Government Programme team, and were included in the original Transforming Government business case prepared in July 2010. The team calculated the targets based upon the broad assumption that 66% of each Department's top 100 vendor spend as recorded in the Government's accounting system would be suitable for tender action and that each subsequent tender would deliver a 6% saving.

1845 The centralised Procurement team predominantly provides a service whereby a Department is provided with additional resources to use to assist in expanding its own tender activity. These resources are deployed based on requests for assistance and are reliant upon Departments identifying and requesting assistance with tender actions.

Regarding cost increases, not all tenders will deliver cash savings when compared with the previous price paid. Specifically where a requirement has been subjected to a previous tender the best that is likely to be achieved is the best price offered in the market at that time.

1850 By way of example no matter how well designed a tender is and no matter how professional the Procurement team, it has not proved possible to achieve a better diesel, bread, Manx produce, paper etc price than we paid three to five years ago, when the requirement was last tendered. Therefore, if a Department is experiencing an increase in prices following the formation of the Procurement Services team this is most likely attributable to inflationary pressures and not as a consequence of the actions of Procurement Services.

1855

1860 As the utilisation of Procurement Services has increased, savings have been recorded within both revenue and capital budgets. Whilst these have in many cases been below the levels anticipated in the original business case this can be explained by (1) slower take up of the assistance offered by Procurement Services within Departments and (2) inflationary factors mentioned above.

Actual savings from 2011-12 are recorded below.

CAPITAL		REVENUE	
Department/Board/Office	2011-2012	Department/Board/Office	2011-2012
DCCL	£0	DCCL	£18,376
DED	£0	DED	£109,313
DEFA	£0	DEFA	£97
DEC	£0	DEC	£11,634
DoH	£0	DoH	£21,922
DoI	£138,645	DoI	£138,267
DoSC	£0	DoSC	£15,299
DHA	£0	DHA	£607
Treasury/CSO	£0	Treasury/CSO	£19,063
Other	£0	Other	£6,159
Total	£138,645	Total	£340,737

1865

EDUCATION AND CHILDREN

Teachers

Supply teachers; NQTs applying for full-time positions

1870

2.3. The Hon. Member for Douglas North (Mr Henderson) to ask the Minister for Education and Children:

1875 *How many (or approximately) supply teachers are on the Department's books; and how many newly qualified teachers have made an application to the Department for full part-time positions in the last (a) 12; and (b) 24 months?*

Answer:

1880

SUPPLY TEACHERS

The Department has 351 supply teachers on its books. Availability for supply work varies, as do the age groups which supply teachers wish to teach, and the regions of the Island in which they wish to work, as the following tables demonstrate:

1885

Age Groups which supply teachers wish to teach

Reception	90
Key Stage 1	204
Key Stage 2	223
Key Stage 3	165
Key Stage 4	148
6th Form	116

1890

Regions of the Island in which supply teachers wish to work

	North	South	East	West
Primary	148	159	189	172
Secondary	169	121	129	124

1895

Availability of supply teachers during the school week

	Monday	Tuesday	Wednesday	Thursday	Friday
Primary	178	178	174	173	181
Secondary	135	136	136	133	135

1900

1905 Supply teachers are used on a casual basis, usually to cover teacher absences. There is no mutuality of obligation, i.e. there is no requirement on the Department to offer supply work or on any supply teacher to accept an offer of supply work.

NEWLY QUALIFIED TEACHER APPLICATIONS

1910 The Department does not retain unsuccessful job applications for more than six months after the successful candidate for a post has been selected, as there is no justification for retaining such personal data longer than this. Therefore the Department only has data on unsuccessful applications from newly qualified teachers for the last six months. During this period, 18 applications were received from newly qualified teachers for a total of eight posts, six of which were successful.

1915 In the past 12 months, 35 new teachers have been appointed to either full or part-time positions, of which 19 were newly qualified teachers. In the past 24 months, 68 new teachers have been appointed to either full or part-time positions, 39 of which were newly qualified teachers.

1920 Given the Department's Restructuring, Redeployment and Redundancy Programme, many teaching vacancies that have arisen have not been advertised, but rather filled by redeployees. Indeed, since 1st September 2010, a total of 27 teachers have been redeployed to teaching vacancies within the Department.

Orders of the Day

1925

BILLS FOR SECOND READING

Sunbeds Bill 2012

1930

Second Reading approved

3.1. Mrs Cannell to move:

1935

That the Sunbeds Bill 2012 be read the second time.

The Deputy Speaker: We now move on to Item 3, Bills for Second Reading, and I call upon the Member for Douglas East, Mrs Cannell.

1940

Mrs Cannell: Thank you, Mr Deputy Speaker.

The Bill before Hon. Members is a stand-alone Bill, the provisions of which initially started life in the Public Health (Amendment) Bill, which has been on the legislative programme for some time.

1945

This Bill introduces provisions for the control of sunbeds, particularly for the use by under-18-year-olds. There has been a proliferation in the Island of unsupervised sunbed salons in recent years, and advice given to those operating them have largely been ignored.

1950

The World Health Organisation recommended in 2005 that no one under the age of 18 years should use a sunbed and that guidelines and legislation to reduce the risks associated with sunbed use was required. A growth in the availability of sunbeds, combined with the desire and fashion to have a tan are considered to be the prime reasons for increased incidences of skin cancer in developed countries. This Bill is intended to protect the future health of the young people of the Island by regulating the use of sunbeds and ensuring that detailed guidelines are in place.

Mr Deputy Speaker, I beg to move that this Bill be read a second time.

1955

The Deputy Speaker: The question is that the Bill be read –

Two Members: A seconder?

1960

The Deputy Speaker: I was looking for a seconder around the room, but I could not find one. Yes, Mrs Beecroft.

Mrs Beecroft: I beg to second, Mr Deputy Speaker.

1965

The Deputy Speaker: Yes, Mrs Beecroft.

The question is that the Bill be read a second time. All those in favour, say aye; those against, say no. The ayes have it. The ayes have it.

Financial Services (Miscellaneous Amendments) Bill 2012
Second Reading approved

1970 3.2. Mr Teare to move:

That the Financial Services (Miscellaneous Amendments) Bill 2012 be read the second time.

1975 **The Deputy Speaker:** We now move on to Item 3.2, the Financial Services (Miscellaneous Amendments) Bill 2012, and I call upon the Minister for the Treasury, Mr Teare.

Mr Teare: Thank you, Mr Deputy Speaker.

1980 The Financial Services (Miscellaneous Amendments) Bill 2012 seeks to make important amendments to the Financial Services Act 2008 and the Collective Investment Schemes Act 2008. These Acts together provide for the supervision and regulation of financial activities by the Financial Supervision Commission, which with your agreement I will refer to as the FSC from now on.

1985 The Bill contains four parts and a schedule. Part 1 is the introduction. Part 2 amends the Financial Services Act 2008 in clauses 4 to 25. Part 3 amends the Collective Investment Schemes Act 2008 in clauses 26 to 34. Part 4 contains closing provisions in clauses 35 and 36. The schedule relates to part 2.

1990 The amendments proposed by the Bill have a number of effects: they reflect evolving international standards in financial regulation; they revise powers relating to lack of fitness and propriety; they clarify existing provisions; they improve consistency between the two Acts; and they also reduce costs or administrative burdens. Some changes result from comments made by assessors of the International Monetary Fund following their last visit to the Island. Other changes reflect industry comments or the FSC's regulatory experience since the Acts were introduced in 2008. Matters that relate to the IMF's comments include, in clause 20, the introduction of explicit criteria for the dismissal of FSC board members, a requirement for the FSC to consider financial stability when making decisions, and a clarification of Treasury's powers to specify policies and strategies for the FSC.

1995 Lastly, in clause 21, a power is provided for the FSC to review the perimeter of regulation.

2000 Additionally, I understand that the Hon. Member for Douglas, Mr Henderson, will be moving a minor technical amendment at the clauses stage to bring the FSC's definition of controller into line with that of adjacent jurisdictions, in clause 19. This change is also designed to meet international standards. Items that are designed to reduce costs for industry or Government include a power for the FSC to facilitate in the transfer of deposit-taking business, in clause 5, and allowing some licence over reporting forms and requirements to be specified outside legislation, subject to adequate notice to relevant parties, in clause 22 and 32.

2005 The Bill also enables the Financial Services Commission to charge civil penalties for non-compliance with the Collective Investment Schemes Act, in clause 30. This brings that Act into line with the Financial Services Act in terms of civil penalties powers. All such penalties are payable to the general revenue, and not to the FSC.

2010 In addition, the Bill includes clauses designed to increase consumer protection, such as enhanced powers that deal with the lack of fitness or propriety, in clauses 6 to 10, 15, 18 and 29, and a widening of matters which constitute an action for breach, in clauses 12 and 14. Action for breach may include public statements, a licence revocation, penalties or other sanctions listed in the Act.

2015 Other new powers in the Bill clarify that the FSC's statutory indemnity provisions extend to those carrying out the FSC's statutory functions, in clause 16, and the FSC's current role in overseeing certain auditors in respect of particular audits, in clause 21.

2020 New provisions also enable specific requirements for authorised and recognised collective investment schemes to be varied, in clauses 33 and 34. The changes will enable the FSC to respond more promptly to the needs of the funds industry. In addition, the Bill makes an amendment to the Financial Services Ombudsman Schemes compensation limit and incorporates two existing gateways into the Act so that all existing gateways will be in one place.

2025 The Bill also makes a consequential amendment to the Companies Act 1931 in respect of the new transfer of deposit-taking provision. Importantly, new appeal provisions are added in respect of relevant new powers and the Bill reformats the current and the new appeal provisions into a simpler format.

The Bill has been the subject of a wide consultation and all comments received have been addressed. There is no indication that the Bill will place any additional administrative or financial burden on the regulated sectors or on Government.

2030 Mr Deputy Speaker, I move that the Financial Services (Miscellaneous Amendments) Bill 2012 now be read for a second time.

The Deputy Speaker: Mr Henderson.

2035 **Mr Henderson:** Gura mie eu, Lhiass-loayreyder.
I beg to second, sir, and reserve my remarks.

2040 **The Deputy Speaker:** Hon. Members, proposed and seconded that the Financial Services (Miscellaneous Amendments) Bill 2012 be read a second time. Those in favour, say aye; those against, no. The ayes have it. The ayes have it.

Licensing (Amendment) Bill 2012
Second Reading approved

2045

3.3. Mr Singer to move:

That the Licensing (Amendment) Bill 2012 be read the second time.

2050 **The Deputy Speaker:** We move then to Item 3.3, the Licensing (Amendment) Bill 2012. I call upon the Member for Ramsey, Mr Singer.

Mr Singer: Thank you, Mr Deputy Speaker.

2055 The Bill has two provisions: firstly, it provides that, whereas currently areas may be designated within which a constable may order a person to desist from consuming alcohol, a constable should be able to order a person to stop consuming alcohol in any public area of the Island; and secondly, it provides for an officer to dispose of liquor seized from a minor as he or she sees fit, rather than to have to seek a court order for disposal or have to hand it over to the parent or guardian.

2060 In various parts of the Island there are designated areas, made under section 76 of the Licensing Act 1995, within which an offence is committed if a person consumes liquor after having been warned by a police officer not to do so, and carries a punishment on summary conviction of a fine not exceeding £500. There are more applications to create such areas in the pipeline.

2065 There is also public confusion as to what is permitted in the present designated areas, and the Police can have problems where, by moving across the road, a person is no longer in the designated area. By encompassing this provision Island-wide, it would also eliminate the need for a large number of unsightly signs in the major towns marking the entry to such areas.

2070 Section 76 also provides an offence of refusing to dispose of an open vessel containing liquor when required to do so, and gives a police officer the power to seize and dispose of a vessel containing liquor if he or she sees fit.

2075 These powers at present only extend to the specified areas and the intention of this Bill is to extend the powers to cover the whole Island. As a Member of Ramsey Town Commissioners, I was aware of the problems being encountered, and still being encountered, by police officers in relation to anti-social behaviour. These regularly involved juveniles and alcohol abuse. Offences of drunkenness have increased during the past few years and there has been an increase in the number of reported instances of minor criminal damage attributed to both juveniles and adults who have been drinking. Extending the area to cover the whole Island would, I feel, provide the Police with additional discretion to deal with inappropriate potential anti-social behaviour.

2080 At present, a person warned within a designated area by a policeman simply has to move out of the area and the Police then have to either ignore the problem or go through the whole arrest procedure. When I sought information from the Department of Home Affairs, I was informed that this proposal was included in the provisions of the 2010 Criminal Justice (Miscellaneous Provisions) Bill. As Members are aware, this was a very large Bill and it failed to complete during the life of the last Government. It is being presented as several smaller Bills. I was informed that
2085 the provision presented to this House, that is in this Bill, would probably not be before the House until 2013 or 2014. I would emphasise that other licensing matters will be brought forward in the

miscellaneous provisions Bills by the Department in due course. Having had discussions with the Department and the Hon. Minister, they offered their full support to me to bring this section of the Bill forward.

2090 I cannot emphasise too strongly to Hon. Members that this provision will not stop the drinking of alcohol in public places, but make it an offence to drink if causing a nuisance and after being asked to stop by a police officer. The exercise of the power conferred on a constable by this provision will be governed by a code of practice. So, Hon. Members, sitting or standing outside a pub, having a picnic in the park etc and a drink will not be affected. The power will be a
2095 conditional one, preventing overzealous police constables using their powers to prevent, for example, those picnickers having a glass of wine with their meal, and I will refer to this shortly. What this provision does do, I contend, is it stops law-abiding persons being adversely affected by people whose behaviour is unacceptable.

2100 The Department of Home Affairs consulted very widely with 44 groups – I will not read them out unless Hon. Members wish me to – and the proposal was very well received. There were a couple of points dealing with constables' powers, and a comment that the matter of seizure from minors should remain with the court. I would like to point out to Hon. Members that, under the Police Powers and Procedures Act 1998, there is a code of practice for the Police in regard to
2105 Police behaviour, which makes them subject to disciplinary procedure for not complying with the code. If this Bill becomes law, the code of practice will be reviewed to define the Police limits in exercising their new powers. Hon. Members will see in the Bill that fines for the offences allow for a figure of up to £500, which I believe is the right level at this time.

2110 Mr Deputy President... not yet! Mr Deputy Speaker, I therefore move that the Second Reading of the Licensing (Amendment) Bill 2012, in respect of the disposal of liquor and drinking in public places, be approved.

Mr Watterson: Mr Deputy Speaker, I beg to second and indicate the Department's support for this Bill.

2115 **The Deputy Speaker:** Hon. Members, moved and seconded that the Licensing (Amendment) Bill 2012 be read a second time. All those in favour, say aye; those against, no. The ayes have it. The ayes have it.

2120

BILLS FOR CONSIDERATION OF CLAUSES

Cash in Postal Packets Bill 2012 Consideration of clauses deferred

2125

4.1. Mr Teare to move.

The Deputy Speaker: We then move, Hon. Members, to Item 4, Bills for consideration of clauses.

2130

Hon. Members, the Minister does not wish to proceed with clauses stage this week and I therefore ask for your agreement to that.

2135

Income Tax Bill 2012 Clauses considered

4.2. Mr Henderson to move.

2140

The Deputy Speaker: I move on Item 4.2, the Income Tax Bill 2012, and call upon the Member for the Treasury, Mr Henderson.

Mr Henderson: Gura mie eu, Lhiass-loayreyder.

2145

Lhiass-loayreyder, this Bill contains 17 clauses and confirms six Temporary Taxation Orders, repeal of certain spent Income Tax legislation, makes a number of amendments to the Income Tax Act 1970 and an amendment to the Income Tax Act 1989.

Sir, clause 1 provides the short title of the Act. I beg to move that clause 1 stand part of the Bill.

2150 **The Deputy Speaker:** Mr Teare.

Mr Teare: I beg to second, Mr Deputy Speaker.

2155 **The Deputy Speaker:** The clause is seconded that clause 1 do stand part of the Bill. Those in favour, say aye; those against, no. The ayes have it. The ayes have it.
Mr Henderson.

Mr Henderson: Gura mie eu, Lhiass-loayreyder.

2160 Clause 2 confirms six Temporary Taxation Orders. The first of these is the Income Tax (Repeal of the Attribution Regime for Individuals) Order 2011 [*SD 0847/11*], which was approved by Tynwald in October 2011. This Order repealed the Attribution Regime for Individuals (ARI), and prevents possible avoidance of the regime provisions during the period of transition. The decision to repeal ARI was taken following the European Union Code of Conduct Group ruling that the Zero-10 corporate tax system, together with ARI, had a harmful affect. The decision was
2165 announced in the 2011 Budget and later that year, the EU Code of Conduct Group, which monitors compliance with the EU Code of Conduct for Business Taxation, agreed in principle that the Zero-10 corporate tax system would no longer be considered helpful if the abolishing of ARI was implemented. ECOFIN, the EU's Economic and Financial Affairs Council subsequently confirmed this in December of last year.

2170 The second Order is the Income Tax (Deductions) (Temporary Taxation) Order 2012 [*SD 48/12*]. The Order was approved by Tynwald in this year's Budget and provides that the deductions in respect of nursing expenses, medical insurance relief and donations by individuals to charities will reduce liability to Income Tax, instead of reducing total income. In addition, the tax relief for these deductions will only be allowed at a rate equal to the lower rate of tax so that all
2175 taxpayers receive the same treatment. This, in conjunction with a separate Order also forming part of the Budget, will provide that the majority of reliefs are now only at the lower rate.

The third is the Income Tax (Exempt Income) (Temporary Taxation) Order 2012 [*SD 50/12*]. This Order was also approved by Tynwald in February's Budget and prevents maintenance payments received from being treated as taxable income. This Order, together with another Budget
2180 Order which abolishes tax relief for making maintenance payments, simplifies an area of taxation that has been difficult to administer.

The fourth is the Income Tax (Personal Allowance Credit) (Temporary Taxation) Order 2012, [*SD 51/12*] – a further Order approved as part of this year's Budget. This reduces the amount of personal allowance credit payable from £700 to £500 for a single individual and from £1,400 to
2185 £1,000 for a jointly assessed couple, in order to reduce the rising cost of the personal allowance credit system. Simply put, it is no longer sustainable.

It also simplifies further changes by enabling the amount payable to those taxpayers, who are not required to submit an annual income tax return, to be amended by regulations, instead of by
2190 Tynwald resolution, and confirms that those regulations may have effect in respect of the year of assessment in which they are made.

The fifth Order is the Income Tax (Employers) (Temporary Taxation) Order 2012 [*SD 52/12*], which was also improved in February's Budget. The Order requires employers to undertake their Income Tax transactions using the on-line service provided by the Income Tax Division. Introduction of the requirements will be phased, applying to employers with more than 100
2195 employees from 6th April 2012. All employers will be included from 6th April 2014, apart from those falling into an exemption category.

The sixth and final Order to be confirmed by the Bill is the Income Tax (Individuals) (Temporary Taxation) Order 2012, [*SD 0098/12*]. The Order, which was approved by Tynwald in March of this year, restores some information gathering powers of the assessor, which had been removed by the repeal *en bloc* of the ARI provisions and which are required in order for the Island to continue to meet its international obligations. It also amends provisions regarding loans to
2200 participators in order that they apply to corporate taxpayers and will therefore cover foundations.

Lhiass-loayreyder, I beg to move that clause 2 stand part of the Bill.

2205 **The Deputy Speaker:** Mr Teare.

Mr Teare: Thank you, Mr Deputy Speaker.

I beg to second, sir, and to reserve my remarks.

2210 **The Deputy Speaker:** Hon. Members, it has been proposed and seconded that clause 2 do stand part of the Bill. All those in favour, say aye; those against, no. The ayes have it. The ayes have it.

Mr Henderson.

2215 **Mr Henderson:** Clause 3 repeals a number of Income Tax Acts or provisions of Income Tax Acts that have come fully into operation and are therefore spent. The repeal of these Acts and provisions does not affect their previous operation. The main reason for the repeals is to remove dead wood from the Income Tax part of the Island's statute book, thereby making it easier to find items of current legislation.

2220 This will produce an ongoing cost saving to Government of not having to reprint such Acts and provisions. However, they will always be accessible in the annual volumes and in previous reprints produced under the Reprints Act 1981.

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

2225 **The Deputy Speaker:** Mr Teare.

Mr Teare: I beg to second, sir, and to reserve my remarks.

2230 **The Deputy Speaker:** Hon. Members, it has been moved and seconded that clause 3 do stand part of the Bill. All those in favour, say aye; those against, no. The ayes have it. The ayes have it. Mr Henderson, clause 4.

Mr Henderson: Gura mie eu, Lhiass-loayreyder.

2235 Clause 4 amends section 15 of the Income Tax Act 1995 concerning Temporary Taxation Orders (TTOs). It provides that a TTO will apply to all future tax years unless it states otherwise; also, that once confirmed by an Act, a TTO becomes permanent but can still be amended by a future TTO.

2240 The inclusion of these provisions in section 15 will remove the need for them to be included in each individual TTO and confirmatory Act, as has been the case to date, and will make the drafting of those documents [*Inaudible*]. The clause also provides that any Act or any provision of an Act that confirms a TTO will be automatically repealed on the day after the Act's promulgation, by which time they will be considered to be spent.

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

2245 **The Deputy Speaker:** Mr Teare.

Mr Teare: I beg to second that clause 4 stand part of the Bill and reserve my remarks, sir.

2250 **The Deputy Speaker:** Hon. Members, moved and seconded that clause 4 do stand part of the Bill. All those in favour, please say aye; those against, no. The ayes have it. The ayes have it. Mr Henderson, clause 5.

Mr Henderson: Gura mie eu, Lhiass-loayreyder.

2255 Clause 5 moves the amended section 15, concerning TTOs, from the Income Tax Act 1995 into the Income Tax Act 1970, the main Income Tax Act, where it forms new section 115A. The section sits more comfortably in the main Act and is tidier legislatively, as the remainder of the Income Tax Act 1995 has been repealed by clause 3 of this Bill.

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

2260 **The Deputy Speaker:** Mr Teare.

Mr Teare: I beg to second and to reserve my remarks, sir.

2265 **The Deputy Speaker:** Hon. Members, moved and seconded that clause 5 do stand part of the Bill. Those in favour, say aye; those against, no. The ayes have it. The ayes have it. Mr Henderson, clause 6.

Mr Henderson: Gura mie eu, Lhiass-loayreyder.

2270 Clause 6 confirms that part 6 of the Bill amends the Income Tax Act 1970.
I beg to move that clause 6 do stand part of the Bill.

The Deputy Speaker: Mr Teare.

2275 **Mr Teare:** I beg to second, sir.

The Deputy Speaker: Hon. Members, moved and seconded that clause 6 do form part of the Bill. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.
Mr Henderson, clause 7.

2280 **Mr Henderson:** Gura mie eu, Lhiass-loayreyder.

Clause 7 amends sections 11A and 48B of the Income Tax Act 1970 by replacing references to the Department of Health and Social Security with the Department of Social Care to reflect the changes in Government structure introduced in 2010.

2285 I beg to move that clause 7 stand part of the Bill.

The Deputy Speaker: Mr Teare.

Mr Teare: I beg to second and reserve my remarks, sir.

2290 **The Deputy Speaker:** Hon. Members, moved and seconded that clause 7 do stand part of the Bill. Those in favour, say aye; those against, no. The ayes have it. The ayes have it.
Mr Henderson, clause 8.

2295 **Mr Henderson:** Gura mie eu, Lhiass-loayreyder.

Section 32A of the Income Tax Act 1970 provides for a deduction to be applied to the collection of class 4 contributions. However, as the deduction is no longer applied, clause 8 will repeal this section.

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

2300 **Mr Teare:** I beg to second and to reserve my remarks, sir.

The Deputy Speaker: Hon. Members, moved and seconded that clause 8 do stand part of the Bill. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.
Mr Henderson, clause 9.

2305 **Mr Henderson:** Gura mie eu, Lhiass-loayreyder.

Following the coming into effect of the Civil Partnership Act 2011, clause 9 amends section 65A of the Income Tax Act 1970 concerning the election for joint tax treatment by replacing a reference to ‘husband and wife’s’ with ‘spouses’ or civil partners’.

2310 Sir, I beg to move clause 9 stand part of the Bill.

The Deputy Speaker: Mr Teare.

2315 **Mr Teare:** I beg to second and to reserve my remarks, sir.

The Deputy Speaker: Hon. Members, moved and seconded that clause 9 do stand part of the Bill. Those in favour, please say aye; those against, no. The ayes have it. The ayes have it.
Mr Henderson, clause 10.

2320 **Mr Henderson:** Gura mie eu, Lhiass-loayreyder.

When the Assessor of Income Tax is carrying out an inquiry into a taxpayer’s affairs, he has the power to request certain information from another person which relates to that taxpayer under inquiry. The Assessor will initially issue a request to that other person, and if the information is not made available after a reasonable time, the Assessor issues a written notice to that person requiring the information to be produced.

2325 The Assessor must also, at that point, notify the taxpayer under inquiry by providing another copy of the written notice and a summary of the reasons for its issue. This obligation currently applies regardless of whether or not the taxpayer’s address or whereabouts are known by the Assessor.

2330 In cases where these details are not known and this obligation therefore cannot be met, the legislation currently does not make provision for the Assessor not to comply with the obligation. This is particularly important where an information request has been made under an international agreement and the taxpayer is not resident in the Island. Clause 10 will remove this requirement in cases where the Assessor is not aware of the addresses of the taxpayer under investigation.

2335 I beg to move that clause 10 do stand part of the Bill.

The Deputy Speaker: Mr Teare.

2340 **Mr Teare:** I beg to second and to reserve my remarks, sir.

The Deputy Speaker: Hon. Members, moved and seconded that clause 10 do stand part of the Bill. Those in favour, say aye; those against, no. The ayes have it. The ayes have it.
Mr Henderson, clause 11.

2345 **Mr Henderson:** Gura mie eu, Lhiass-loayreyder.

2350 Clause 11 inserts two new sections into the Income Tax Act 1970 which concern depositions for international exchange agreements. The Isle of Man has now signed 32 international tax agreements. Six of these are Double Taxation Agreements, while 26 are Tax Information Exchange Agreements. When these agreements have been ratified in both countries and are in force, requests for information can be made by either party in accordance with the terms of the agreement.

2355 In some countries which are signatories to a tax agreement with the Isle of Man, information is only admissible in court proceedings when produced by a sworn deposition. If this cannot be produced, the person providing the information could be required to attend court in the requesting country in person. The Assessor of Income Tax currently does not have the power to request information to be provided by means of a sworn deposition. Therefore, in order to help simplify the process of complying with a request, the first of the two new sections, 105P, introduces this power in cases where the information is requested under the terms of an international tax agreement. The second new section, 105Q, makes it an offence for the person requested to provide the information by a sworn deposition to notify the taxpayer under investigation or to disclose to anyone any information which is likely to prejudice the inquiry.

2360 Sir, I beg to move that clause 11 stand part of the Bill.

2365 **The Deputy Speaker:** Mr Teare.

Mr Teare: I beg to second and to reserve my remarks, sir.

The Deputy Speaker: Hon. Members, moved and seconded that clause 11 do stand part of the Bill. All those in favour, say aye; those against, no. The ayes have it. The ayes have it.
2370 Mr Henderson, move clause 12.

Mr Henderson: Gura mie eu, Lhiass-loayreyder.

2375 Clause 12 amends the statutory information gateway that currently exists between the Assessor and the Collector of Customs and Excise. Under the current terms of the gateway, the Assessor may disclose information to the Collector that is required to assist him in the performance of his duties. However, unlike a number of other existing gateways, it does not allow the Collector to forward information obtained in this way to a third party. This clause therefore updates the terms of the gateway to allow the Collector to forward information obtained through it, provided that the Assessor gives his consent. It also makes it an offence for information obtained in this way to be forwarded without consent.

2380 I beg to move that clause 12 stand part of the Bill.

The Deputy Speaker: Mr Teare.

2385 **Mr Teare:** I beg to second and to reserve my remarks, sir.

The Deputy Speaker: Hon. Members, it has been moved and seconded that clause 12 do stand part of the Bill. Those in favour, say aye; those against, no. The ayes have it. The ayes have it.
2390 Mr Henderson to move clause 13.

Mr Henderson: Gura mie eu, Lhiass-loayreyder.

2395 Clause 13 also amends the terms of the statutory information gateway. This exists between the Assessor and both the Collector of Customs and Excise and the Department of Social Care, and allows the Collector and the Department of Social Care to disclose information to the Assessor for the purpose of assisting him in the performance of his duties under the Income Tax Acts. However, as in the previous case, the gateway does not allow any information provided to be forwarded to a third party. This amendment will allow the Assessor to disclose the information obtained via the gateway to a third party, providing the consent of the disclosing body is given. 2400 Also, as in the previous clause, it will be an offence for information obtained in this way to be disclosed without consent.

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

The Deputy Speaker: Mr Teare.

2405 **Mr Teare:** Thank you, Mr Deputy Speaker.

I beg to second and to reserve my remarks, sir.

The Deputy Speaker: Hon. Members, it has been moved and seconded that clause 13 do stand part of the Bill. Those in favour, say aye; those against, no. The ayes have it. The ayes have it. 2410

Mr Henderson: Mr Henderson to move clause 14.

The Deputy Speaker: Gura mie eu, Lhiass-loayreyder.

2415 Earlier in this Bill, clause 5 provided for the relocation of section 15 of the Income Tax Act 1995, concerning Temporary Taxation Orders, into the Income Tax Act 1970. Clause 14 inserts a new cross-heading into the 1970 Act to introduce the new Temporary Taxation Order section at 115A.

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

2420 **The Deputy Speaker:** Mr Teare.

Mr Teare: I beg to second, sir.

2425 **The Deputy Speaker:** Hon. Members, it has been moved and seconded that clause 14 do stand part of the Bill. All those in favour, say aye; those against, no. The ayes have it. The ayes have it. Mr Henderson to move clause 15.

Mr Henderson: Gura mie eu, Lhiass-loayreyder.

2430 Clause 15 inserts schedule 3 into the Income Tax Act 1970 and consists of two paragraphs.

Paragraph (1) provides savings provisions to ensure the ongoing effect of any transitional provisions contained in those Income Tax Acts and provisions repealed in clause 3.

The second paragraph of the schedule makes provisions regarding section 115A of the Income Tax Act 1970, which is inserted by clause 5.

2435 Sir, I beg to move that clause 15 stand part of the Bill.

The Deputy Speaker: Mr Teare.

Mr Teare: I beg to second and to reserve my remarks, sir.

2440 **The Deputy Speaker:** Hon. Members, it has been moved and seconded that clause 15 do stand part of the Bill. Those in favour, say aye; those against, no. The ayes have it. The ayes have it. Mr Henderson, move clause 16.

Mr Henderson: Gura mie eu, Lhiass-loayreyder.

2445 Clause 16 amends section 12 of the Income Tax Act 1989 by replacing a reference to 'Department of Health and Social Security' with 'Department of Social Care' to reflect the changes in Government structure introduced in 2010.

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

2450 **The Deputy Speaker:** Mr Teare.

Mr Teare: I beg to second and to reserve my remarks, sir.

2455 **The Deputy Speaker:** Hon. Members, it has been moved and seconded that clause 16 do stand part of the Bill. Those in favour, say aye; those against, no. The ayes have it. The ayes have it. Mr Henderson to move clause 17.

Mr Henderson: Gura mie eu, Lhiass-loayreyder.
2460 Clause 17 provides for this Act to expire on the day after its promulgation, by which time it will be spent. This will help to restrict the contents of the Income Tax parts of the Island's statute book to current legislation.
Sir, I beg to move that clause 17 stand part of the Bill.

2465 **The Deputy Speaker:** Mr Teare.

Mr Teare: I beg to second, sir, but I would also like to thank my hon. colleague in Treasury for the work that he has done in promoting and moving the very heavy load of legislation that is coming forward through Treasury at the moment.

2470 **Mrs Cannell:** Hear, hear.

The Deputy Speaker: Hon. Members, it has been moved and seconded that clause 17 do stand part of the Bill. Those in favour, say aye; those against, no. The ayes have it. The ayes have it.
2475 Thank you, Hon. Members.

BILL FOR THIRD READING

2480 **Moneylenders (Amendment) Bill 2012**
Third Reading approved

5.1. Mr Henderson to move:

2485 *That the Moneylenders (Amendment) Bill 2012 be read the third time.*

The Deputy Speaker: We move now to Item 5, Bill for Third Reading: the Moneylenders (Amendment) Bill 2012.

2490 I call upon the mover, Mr Henderson.

Mr Henderson: Gura mie eu, Lhiass-loayreyder.

This Bill is the Moneylenders (Amendment) Bill 2012 and is being promoted by the Treasury on behalf of the Office of Fair Trading.

2495 In 1991, the Moneylenders Act was introduced to regulate consumer borrowing in the Isle of Man and aimed to protect consumers from unscrupulous lenders. The scope of the legislation as enacted was far wider than was originally intended. All lending of any type has the potential to fall within the definition of carrying on in the Island the business of lending money. The Act does not distinguish between different types of lenders and borrowers. Lending to consumers and that which takes place in the normal course of business receive the same treatment under the Act.

2500 Currently, all persons who wish to lend must either register with the Office of Fair Trading or apply for an exemption from the requirement to register. Lending to and from businesses is an accepted part of the normal business activity that takes place throughout the world on a daily basis. In the Isle of Man, in order to comply with the Act, persons who engage in moneylending of any description must either register or apply for exemption from registration. Registration and an exemption from registration are not mere formalities. Regulations must be made on a case-by-case basis for each person or group of persons wishing to be exempted from the requirement to register under the Act. These regulations must then all be approved by Tynwald. This is a time-consuming distraction to remove lending, that was never intended to be caught by the Act, from the scope of the Act. There is evidence to suggest that unnecessary red tape of this nature acts as a disincentive to doing business in and from the Island.

2510 This Bill will widen the scope of the Office of Fair Trading's powers of retention by regulation. The new powers will enable the Office of Fair Trading to exempt all lending within

2515 defined parameters and where it was clearly never intended to fall within the scope of the Act. When whole classes and types of lending could be exempted under this Bill, the regulations to achieve this would still require the approval of Tynwald.

Sir, I beg to move the Third Reading and in doing so, I wish to thank the officers who have assisted in putting this together and certainly for the time they have put up with me asking my many questions to ensure we have full knowledge of the Act. I beg to move, sir.

2520 **The Deputy Speaker:** Mr Teare.

Mr Teare: I beg to second and to reserve my remarks, sir.

2525 **The Deputy Speaker:** Hon. Members, the Bill for Third Reading, the Moneylenders (Amendment) Bill 2012. All those in favour, please say aye; all those against, no. The ayes have it. The ayes have it.

Hon. Members, that concludes the business of the House. Can I remind you, on behalf of the Minister for Health, that there is a presentation in the Barrool Suite on smoke-free legislation. The Minister for Health looks forward to personally welcoming everybody into the Barrool Suite.

2530 Hon. Members, that concludes the business of the House today and the House will now stand adjourned until the next sitting, which will take place at 10.00 a.m. on 30th October in this Chamber.

The House adjourned at 12.30 p.m.