



HOUSE OF KEYS OFFICIAL REPORT

RECORTYS OIKOIL
Y CHIARE AS FEED

PROCEEDINGS

DAALTYN

HANSARD

Douglas, Tuesday, 13th May 2014

*All published Official Reports can be found on the Tynwald website
[www.tynwald.org.im/Official Papers/Hansards/](http://www.tynwald.org.im/Official%20Papers/Hansards/)Please select a year:*

Reports, maps and other documents referred to in the course of debates may be consulted on application to the Tynwald Library or the Clerk of Tynwald's Office. Supplementary material subsequently made available following Questions for Oral Answer is published separately on the Tynwald website, [www.tynwald.org.im/Official Papers/Hansards/Hansard Appendix](http://www.tynwald.org.im/Official%20Papers/Hansards/Hansard%20Appendix)

Volume 131, No. 17

ISSN 1742-2264

Present:

The Speaker (Hon. S C Rodan) (Garff);
The Chief Minister (Hon. A R Bell) (Ramsey);
Mr 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 P Karran, Mr Z Hall and Mr D J Quirk (Onchan);
Hon. R H Quayle (Middle); Mr J R Houghton and Mr R W Henderson (Douglas North);
Mr D C Cretny (Douglas South);
Hon. C R Robertshaw and Mrs B J Cannell (Douglas East);
Hon. J P Shimmin and Mr C C Thomas (Douglas West);
Mr R A Ronan (Castletown); Mr G D Cregeen (Malew and Santon);
Hon. J P Watterson, Hon. L D Skelly and Hon. P A Gawne (Rushen);
with Mr R I S Phillips, Secretary of the House.

Business transacted

Leave of absence granted.....	1041
1. Questions for Oral Answer	1041
1.1. Recovery of savings – Help for investors	1041
1.2. Residential rental tax – Treasury policy.....	1043
1.3. Douglas development plan – Preparation of an up-to-date plan	1046
1.4. Work permits – Private health cover levy for holders.....	1049
1.5. Public Sector Pensions Working Group – Remit, membership, budget and reporting.....	1051
1.6. Sewerage charge – Appeals process.....	1053
1.7. Poverty data – Obstacles to publication.....	1055
2. Questions for Written Answer	1057
2.1. Small business units – Providing for when zoning for industry.....	1057
2.2. Planning breach reports – Number made in 2012-13; outcomes	1057
2.3. Marine Plan objective – Diversion of resources from other planning policy areas	1058
Order of the Day.....	1059
3. Bill for Second Reading.....	1059
3.1 Public Services Commission Bill 2014 – Second Reading approved	1059
<i>The House adjourned at 11.23 a.m.</i>	1068

PAGE LEFT DELIBERATELY BLANK

House of Keys

The House met at 10.00 a.m.

[MR SPEAKER *in the Chair*]

The Speaker: Moghrey mie, Hon. Members.

5 **Members:** Good morning, Mr Speaker.

The Speaker: The Chaplain will lead us in prayer.

PRAYERS

The Chaplain of the House of Keys

Leave of absence granted

The Speaker: Hon. Members, I have given leave of absence for the initial part of the sitting to the Hon. Member for Douglas South, Mrs Beecroft.

1. Questions for Oral Answer

CHIEF MINISTER

1.1. Recovery of savings – Help for investors

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

What action he is able to take to assist investors to recover their savings, which were lost as a result of neglect by local financial consultants who continue to trade, but who are unable to engage assistance from the Financial Supervision Commission?

10 **The Speaker:** We turn to Item 1 on the Order Paper, Questions for Oral Answer.
I call on the Hon. Member for Douglas North, Mr Houghton.

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

15 **The Speaker:** I call on the Chief Minister, Mr Bell, to reply.

The Chief Minister (Mr Bell): Mr Speaker, I am grateful for the Hon. Member's Question as it raises some important issues on behalf of investors.

20 There are a number of reasons why investors might suffer from a loss in the value of their savings – where the value of investments, for example stocks and shares, declines because of poorer market performance. This is a risk that has to be accepted by anyone investing in assets offering the opportunity for capital gain or indeed enhanced income.

25 Where an investor has been sold an investment which was unsuitable to his or her needs, much supervisory work goes into trying to stamp out shortcomings in this area. For example, the Financial Supervision Commission has recently enhanced the training and qualifications expected of professional advisers as a consequence of the retail distribution review in the UK.

30 In such circumstances, the investor should first exhaust the complaints procedure of the firm that provided the advice to buy the relevant investment. Having done that, if the investor remains dissatisfied they should contact the Financial Services Ombudsman Scheme, which is operated by the Office of Fair Trading. An investor may also make a complaint to the Financial Supervision Commission. The FSC follows up on such complaints, but its remit is to evaluate and act upon them as regulator of the intermediary firm involved.

35 The FSC has already done much work to strengthen competency, with further work planned specifically targeted at small investors. I understand that a joint initiative with the Office of Fair Trading in this area will be announced shortly. In fact, Mr Speaker, this is going to be announced this morning.

40 Finally, very occasionally an investor can lose money as a result of a criminal act. The FSC, the auditors of the adviser and any other custodians, trustees or managers involved with the investment or savings product concerned all have specific responsibilities under the applicable regulations to guard against such abuses.

In summary, there are mechanisms for clients of financial advisers to be compensated in circumstances where the Financial Services Ombudsman determines that they have been given unsuitable financial advice. It is the role of the FSC to ensure that financial advisers operating in the Isle of Man are competent and remain competent to provide financial advice.

45 Ultimately, clients may, of course, also avail themselves of independent legal advice and progress a direct claim against the financial adviser.

The Speaker: Mr Houghton, a supplementary.

50 **Mr Houghton:** Thank you, Mr Speaker.

If the Chief Minister, as a constituency MHK, is contacted by someone who has lost an absolute fortune and has exhausted all of those three avenues that he has mentioned – which are the complaints procedure, the Financial Services Ombudsman and the FSC – and he comes to the Chief Minister for assistance, what assistance would the Chief Minister give to that constituent?

The Speaker: Minister.

60 **The Chief Minister:** Mr Speaker, the Hon. Member knows perfectly well what the situation is in this particular case. I have approached the FSC on a number of occasions. There are a number of investigations and inquiries going on with the FSC, and indeed with the Financial Services Ombudsman through the Office of Fair Trading, and that continues at the moment.

I would just add, Mr Speaker, I have no powers beyond those of the regulator.

65 **The Speaker:** Mr Houghton.

Mr Houghton: Thank you, Mr Speaker, and I thank the Chief Minister for his answer. Would the Chief Minister go as far as conveying that information back to his constituent?

70 **The Speaker:** Chief Minister.

The Chief Minister: Mr Speaker, this issue has been going on for many months and I have already been in contact with that individual.

75 **The Speaker:** Mr Karran.

Mr Karran: Vainstyr Loayreyder, could the Chief Minister just explain: is this to do with the Louis Group fiasco? As far as this Question is concerned, it might help other Hon. Members in this Hon. House.

80 **The Speaker:** Chief Minister.

The Chief Minister: The motivation behind the Question comes from the questioner, Mr Speaker.

85 **The Speaker:** Mr Houghton, a final supplementary.

Mr Houghton: Thank you, Mr Speaker, a final supplementary.

In view of the huge amount of money that the Chief Minister's constituent has lost, do you think that the Chief Minister would go as far as even answering his constituent's e-mails on this matter?
90

The Chief Minister: As far as I am aware, Mr Speaker, the information has been passed on to my constituent.

I do my best to answer all e-mails and letters that come to me from my constituents, like everybody else.
95

TREASURY

1.2. Residential rental tax – Treasury policy

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

What the Treasury's policy is on residential rental tax; and whether there have been any initiatives to increase tax taken from this source of income from landlords with more than two units?

The Speaker: Question 2. Hon. Member for Onchan, Mr Karran.

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

100 **The Speaker:** The Minister for the Treasury, Mr Teare.

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

Income from residential rents on the Island received by an individual, irrespective of the number of units owned, is liable to Income Tax at the same rate of Income Tax as any other
105 income. For resident individuals, the tax rate is 10% and/or 20%, depending on the extent of their other income. For non-residents, the rate is 20%. For companies, residential rents on the

Island, being income from land and property in the Island, are taxed at 10%. Again, this is irrespective of the number of units owned.

110 Treasury has not undertaken any initiatives to increase tax taken from this source of income from landlords with more than two units, and currently has no plans to do so. The Income Tax Division does, of course, take action to ensure that the correct amount of tax is paid in relation to this type of income, like any other.

115 Hon. Members, I would like to take this opportunity to repeat the message which I gave in my Budget speech and on other occasions. Our system of taxation remains attractive, easy to administer and fair. It continues to be my aim to keep it this way, and as I have said previously, I will not raise additional income simply as a means to balance the books.

Thank you, Mr Speaker.

The Speaker: Supplementary question, Mr Karran.

120

Mr Karran: Vainstyr Loayreyder, how does the Treasury Minister explain bringing in a toilet tax if he is not wanting to bring in income from other forms of taxation?

125 Has the Shirveishagh Tashtee got any idea of how much income is going off the Island as far as residential rentals are concerned; and does the Treasury have any views about a policy on taxation of money generated on the Island going off the Island on such a source?

The Speaker: Treasury Minister.

130 **The Minister:** Dealing with the second part of the question first, I thought the Taxation Strategy was agreed in another place last year. At that time, we did get the agreement of another place to the Taxation Strategy that the Government was pursuing.

Going on to the so-called 'toilet tax', this is a charge for a service – a specific charge for a specific service; not a tax which is a general levy to fund a vast variety of services.

135 **The Speaker:** Supplementary questions... We are going to stick to the Question on the Order Paper and not branch out.

140 **Mr Karran:** Vainstyr Loayreyder, would the Minister not agree that the fact is that you might be able to delude people in this House as far as the toilet tax is concerned, but that is not the reality outside this House?

Would the Minister also not agree that there are tens of millions of pounds going off Island as far as this income is concerned, which creates a social cancer in our society? Why won't the Council of Ministers start looking at these issues, where there are genuine ways of increasing taxation and not cutting back on frontline services and on the little people in this Island?

145

The Speaker: Treasury Minister.

150 **The Minister:** The Hon. Member uses some very emotive words, like 'social cancer'. What we have to recognise is that landlords do provide homes for people. We need to have a look at the law of unintended consequences. Do we want homes to rent? The public sector cannot provide all the accommodation that is necessary, so I think that by providing homes for rent they are providing a useful social service.

The Speaker: Final supplementary, Mr Karran.

155

Mr Karran: Would the Shirveishagh not agree that, once again, he and his colleagues are deluding themselves? What you have at the present time is forcing the housing market unrealistically up, which creates a social cancer, which means that young people in our Island

160 are forced into the very clutches of these people. We have entities that own 50 to 100 units on this Island, which should be paying more tax into the coffers of the Isle of Man. Is this refusal to address this once again looking after your mates outside this Hon. House?

Mr Watterson and another Member: Shame!

165 **The Minister:** Mr Speaker, I take exception to that remark, (**Mr Watterson and another Member:** Hear, hear.) 'looking after my mates'. I took the oath when I came in here to act without fear or favour, and that is exactly what I am doing.

Mr Anderson: Point of order, Mr Speaker.

170

The Speaker: Point of order, Mr Anderson.

Mr Anderson: The point of order, Mr Speaker, is that I believe that statement should be withdrawn by the Hon. Member for Onchan.

175

The Speaker: I would ask the Hon. Member to reflect on what he has said. He has made an accusation and I would ask him to withdraw it.

180 **Mr Karran:** Vainstyr Loayreyder, as far as mates are concerned, it is the rich and powerful outside this Hon. House (*Interjections*) and I believe that this administration is not reflecting on the policies that need to be addressed as far as this Island is concerned. I am not talking about any personal affinity here to any individual, but what I am talking about is a section of community that should be getting hit.

185 **The Chief Minister:** That is not it at all.

Mr Watterson: That sounds like a true and genuine retraction.

Mr Crookall: Withdraw!

190

The Speaker: I would ask the Hon. Member to refer to Standing Order 3.32(2):

'No Member may use offensive words against the House, the Council or Tynwald, or in reference to any person.'

Mr Karran: I was on about –

195

The Speaker: He has used offensive words in relation to the Treasury Minister.

Mr Karran: Vainstyr Loayreyder, I am talking about a section of our community –

200 **Several Members:** No, you weren't!

Mr Karran: – that is able to dodge our taxation policy.

Mr Singer: No, you weren't: you said his 'mates'.

205

Mr Karran: In order to get on with the job and not to be gagged in this House –

Mr Singer: You said his 'mates'.

210 **Mr Karran:** – I will withdraw it.

The Speaker: Thank you, Hon. Member.

Mrs Cannell: Point of order.

215

Mr Watterson: All the sincerity of a Hallmark greeting card!

The Speaker: Point of order, Mrs Cannell.

220

Mrs Cannell: Mr Speaker, I do not see why the Hon. Member for Onchan should be forced to withdraw something when much worse is said in this place and never checked.

The Speaker: Hon. Member, I will treat every case on its merits. (**A Member:** Hear, hear.) On the issue before us today, that particular imputation has been withdrawn.

INFRASTRUCTURE

1.3. Douglas development plan – Preparation of an up-to-date plan

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

Whether Douglas needs an up-to-date development plan; and what measures are being taken to prepare one in the interests of economic development?

225

The Speaker: We now move to Question 3. Again, Hon. Member for Onchan, Mr Karran.

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

The Speaker: Minister for Infrastructure, Mr Skelly, to reply.

230

The Minister for Infrastructure (Mr Skelly): Gura mie eu, Loayreyder.

The Department recognises there is a definite need for an up-to-date development plan for Douglas. To meet this need, work is progressing on updating the housing figures within the Strategic Plan before work will start on the Area Plan for the East, which obviously does include Douglas.

235

The Department is committed to delivering a draft Area Plan for the East by 2016. This area plan will assist in economic development by ensuring sufficient opportunities are provided for development in line with the policies in the Strategic Plan.

240

In addition to the updating of the statutory development plan for Douglas, the Department is also contributing to the cross-Government initiative to prepare a master plan for the central Douglas area. Whilst this is not a strategy planning document, it will set out a prospectus to guide the development of key areas within central Douglas with the aim of supporting economic development and encouraging investment in both Douglas and the Isle of Man as a whole.

Gura mie eu.

245

The Speaker: Supplementary, Mr Karran.

Mr Karran: Vainstyr Loayreyder, thanking the Shirveishagh for his reply, specifically as I thought it was going to be 2018, does he feel that there need to be more resources being put

250 towards this in order to get the timeframe earlier, allowing for the problems we have got with the economy?

Would the Shirveishagh not agree that the priority in CoMin needs to be that the planning uncertainty is affecting economic investment potential as far as the Island is concerned, and that with this out-of-date plan the Island's capital is suffering and the surrounding areas, as far as the
255 lack of clear, defined policy decision in order to try and make sure we do not end up with the large unemployment that some of us fear?

The Speaker: Mr Skelly to reply.

260 **The Minister:** Gura mie eu, Loayreyder.

Yes, I would agree with the Hon. Member about uncertainty, and that is the very purpose and priority of the Department of Infrastructure – to bring forward the Area Plan for the East, probably the most important area next that must be addressed. (**Mr Quirk:** Hear, hear.)

265 There is a process that must be followed. I would certainly welcome more resources, as I am sure any Department would; however, the process as set out is a priority already for the Department and it cannot be done any quicker because that process requires a certain amount of consultation and 2016 is the very quickest we will be able to deliver that.

The Speaker: Hon. Member, Mr Thomas.

270

Mr Thomas: Thank you, Mr Speaker.

Is the Minister aware... Has he received a briefing paper about the chaos that resulted from the disastrous introduction of the 1998 Douglas plan, which was half-introduced into the Court but not completely?

275 Also, is he aware that Douglas Town Council, in August 2012, said that they would get involved in developing a master plan?

My final, third supplementary: is the Minister saying that the master plan for central Douglas and planning guidelines will be fostering economic development, or will they be developed in line with the actual Strategic Plan for this Island, which has a different aim and a different set of
280 objectives?

The Speaker: Reply, sir.

The Minister: Yes. Gura mie eu.

285 Several questions there. First of all, I would say that Douglas Corporation are involved. They are involved both at officer level and political level with regard to the master plan.

I would point out that the master plan cannot override the current land use, but its findings and recommendations will be used to inform the production of the Area Plan for the East and there will be plenty of opportunity for other interested parties to be involved in that process.

290 I am not aware of the full detail of, as he describes it, the 'disastrous' plan of 1998; however, we will be taking on board any other previous plans to bring forward this Area Plan.

Do we want to foster economic development? Yes, absolutely we do. We recognise that, as pointed out, I think, by the Hon. Member for Onchan as well.

295 **The Speaker:** Mr Karran.

Mr Karran: Vainstyr Loayreyder, with the present economic climate, would the Shirveishagh, as a new Member of the Council of Ministers, try and get over the point that presently, without that plan, investment and the lack of security of an adopted plan and policy is having an effect and will not... [*Inaudible*] the jobs that we are going to need to get in order to sort out the
300 dissipation of the public sector into the private sector?

The Speaker: Mr Skelly.

The Minister: Gura mie eu.

305 I think it is the same point, but I do very much take on board the issue: this is about economic development and therefore economic benefit. What we do need, if we want inward investment on the Isle of Man – and this is not just for the Eastern Area Plan, but for the Isle of Man in general – is certainty in planning. I certainly recognise that issue and that is why we are actually treating this as a priority.

310

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

Mr Quirk: Thank you, Mr Speaker.

315 Can I ask the Minister, then, why is a senior officer actually in the Cabinet Office – Mr Gallagher?

The Speaker: Minister.

The Minister: Gura mie eu.

320 As far as I am aware, he is a member of the Department of Infrastructure and not a member of the Cabinet Office. The Director of Planning obviously plays a vital role in what we are doing with regard to the Eastern Area Plan and the Strategic Plan. That is as far as I am aware.

The Speaker: Mr Thomas.

325

Mr Thomas: Thank you, Mr Speaker.

In the 1998 plan there was actually a transport plan and policy, and there was a plan for parks and leisure. All these are equally important for selling land for economic development and I hope the Minister can assure us that he will take those aspects of planning equally seriously as other parts that might be given more focus.

330

The Speaker: More of a comment than a question. Minister, do you wish to reply?

The Minister: I would, actually.

335

Thank you very much for that question because it does... We are talking very much about the economic benefit that planning brings; however, we always have the fine balance of the environment and the community to take on board. I do welcome input particularly from local authorities through this process, because this is about quality of life. We do have to find that balance and it is a very difficult balance with regard to planning. That is the recognition I give.

340

The Speaker: A final supplementary, Mr Quirk.

Mr Quirk: Thank you, Mr Speaker.

345

Could I ask the Minister, when he indicated in his address that it was estimated at 2016, is that when the consultation starts or is that when the final draft comes to Tynwald?

The Speaker: Mr Skelly.

The Minister: Gura mie eu.

350

That is for delivering the draft Area Plan for the East. I just want to reiterate that this is the quickest we can do this and, once more, this is a priority for the Department.

**1.4. Work permits –
Private health cover levy for holders**

The Hon. Member for Onchan (Mr Karran) to ask the Minister for Economic Development:

What steps have been taken to make all employers who have staff on work permits provide a private health cover levy to the National Health Service for such staff?

The Speaker: Question 4. Hon. Member for Onchan, Mr Karran.

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

The Speaker: I call on the Minister for Economic Development, Mr Shimmin, to reply.

The Minister for Economic Development (Mr Shimmin): Thank you, Mr Speaker.

360 There is no requirement for employers who have staff on work permits to provide a private health cover levy to the National Health Service for these staff, and therefore no steps have been taken to make them do so.

The Hon. Member is aware of the fact that such workers are already paying Income Tax and National Insurance contributions, which fund the National Health Service and other public services. We should remember that many Isle of Man residents choose to live, work and study in the United Kingdom. We must ask how we would feel if the United Kingdom required a private healthcare levy in respect of our people from the Island when they are already paying Income Tax and National Insurance in the UK.

I do not propose to say very much more, as a similar idea to this was put forward by the Hon. Member as an amendment to the Control of Employment Bill only recently. That amendment was defeated. I would, however, remind Members that even if every unemployed worker was in employment, the Island would still need to import thousands of workers and the imposition of different taxes or other requirements on non Isle of Man workers or on their employers would be likely to be very unhelpful in that respect and therefore to the detriment of all in our community. Particularly in view of the comments the Hon. Member has made on a previous Question about necessity to get jobs for the people of the Island, this would actually be a disincentive. (**A Member:** Hear, hear.)

Thank you, Mr Speaker.

380 **The Speaker:** A supplementary, Mr Karran.

Mr Karran: Vainstyr Loayreyder, does the Minister have a problem with reading this? I thought I was the only dyslexic in this House.

385 Would he not agree that this is nothing to do with levying ordinary workers; this is about levying the employers in order to create the environment to discourage employers wanting to apply for work permits in order that we can get the many people who are not working, as far as being on the dole at the present time, who are unskilled...?

Would he also not agree that the fact is that this is not supposed to be a levy on the workers, but on the employees in order that he can help his ministerial colleague –

390 **A Member:** Employees are workers.

Mr Karran: – Mr Quayle, in order to try and bring in a source of income, as well as discourage the appliance of work permits for the less technical jobs, which are not the jobs that are going to create the wealth in the Island. They are the backroom jobs that anyone should be doing.

The Speaker: We are not having a debate here.
Mr Shimmin.

400 **The Minister:** Attempting to stick to what the Hon. Member has just said, I think that the
very clear point is that, as I answered in the original Question, even if every unemployed worker
was in employment on the Island, we would still need to import thousands of workers. They
would be there to satisfy the needs of employers to grow their business and to safeguard and
405 create new jobs. Therefore, the very policy that he is talking about is actually against the
economic interest and the employment opportunities of people on the Island.

I fail to be able to say it any more clearly than that the imposition of these targets on
employers is a disincentive to economic growth and employment opportunities on our Island.

I do find it somewhat unsettling that such an experienced political Member is using two
consecutive Questions to almost argue two opposing points. On the one hand he is attempting
410 to try and use the previous Question to say we need this for economic growth, and then by
another Question trying to impose something which will have a negative effect on economic
growth. It really does appear to be opportunistic.

The Speaker: A final supplementary, Mr Karran.

415 **Mr Karran:** Vainstyr Loayreyder, would the Shirveishagh not agree that his policy should be
to discourage the issue of the work permits, particularly at the bottom end of the employment
field?

420 Would he not agree that if such a levy was put on as far as the unskilled jobs that should be
being done, as far as the Island is concerned, by those unemployed on our register, that would
be another way of encouraging employees to think twice before applying for work permits?

425 Would he also not agree that he lives on the same Island as I do, when I have a number of
young people who say they cannot get summer jobs and the likes because they are all filled by
people on work permits? Does he not feel that, if employees had this extra cost, they would
think twice before applying for it?

The Speaker: Minister.

The Minister: Thank you, Mr Speaker.

430 He has moved now to summer jobs. We do all realise that there are major difficulties for
young people on our Island, compared to the days when most of us were there with a tourist
industry that actually was able to satisfy temporary short-term work in the summer.

435 However, the Hon. Member repeated the comment 'think twice' for employers. They already
do, Mr Speaker. The reality is that employers would prefer to employ people on the Isle of Man
if those people had the right attitude and skills to get those jobs. I find it very disconcerting that
the Hon. Member, who portrays himself as protecting and supporting people, refers to those at
the 'bottom end' of the market. I am more interested in everybody in the Island achieving their
maximum potential (**A Member:** Hear, hear.) at whatever skill level they have got. (**Mr Quirk:**
Hear, hear.)

440 Our Department, as you will see from the quarterly report which will be published in a
number of weeks... indicates the amount of real serious effort going on within my Department,
Education and elsewhere to try and force the ability of these young people to strive to do
themselves better. So we are working with NEETs and we are working with employers to try and
drive the opportunities up.

445 There is already a discouragement by employers, and if you talk, as I do regularly, to
employers, they see the bureaucracy of the work permits as a disincentive to grow their
business as it is now, and I am certainly not going to do anything which is going to actually

discourage that type of approach. We really do need to encourage employers and employment opportunities and skills on this Island.

450 The Hon. Member seems to be looking at a small facet that he has got people complaining about. I would urge those people to come and talk to the careers people and ask how they can get skills to do the jobs, of which there are many on the Isle of Man. We have one of the lowest unemployment rates (**A Member:** Hear, hear.) in Western Europe – 2.2%; less than 1,000 people – and the opportunity is there for all of those people to get support and training *if* they want to
455 work.

POLICY AND REFORM

1.5. Public Sector Pensions Working Group – Remit, membership, budget and reporting

The Hon. Member for Douglas West (Mr Thomas) to ask the Minister for Policy and Reform:

What the Public Sector Pensions Working Group (i) terms of reference, (ii) membership, (iii) budget and (iv) reporting obligations and deadlines are; and how they were adjusted after the sitting of Tynwald in January 2014?

The Speaker: Question 5. Hon. Member for Douglas West, Mr Thomas.

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

460

The Speaker: Minister for Policy and Reform, Mr Robertshaw.

The Minister for Policy and Reform (Mr Robertshaw): Thank you, Mr Speaker.

465 With regard to the first part of the Hon. Member's Question, the terms of reference of the Public Sector Pensions Working Group were approved by the Council of Ministers at its meeting on 3rd April 2014 and broadly include the following provisions: to evaluate whether the GUS reforms went far enough to ensure future sustainability; to review how better to control the escalating annual gap between income and expenditure of all public sector schemes; whether it is broadly feasible that the public sector schemes and National Insurance retirement pension
470 could be linked to cap the amount of benefits paid out of public funds; how to reconcile the need to reduce the size of the public sector workforce and the need to encourage people to remain economically active in later life and work longer; how best to ensure that the public sector continues to attract the high-calibre and appropriately skilled employees it requires without having an unfair advantage to the detriment of the private sector economy.

475 I am happy to circulate the full terms of reference to all Hon. Members following today's sitting.

With regard to the second part of the Question, the membership of the Working Group is as follows. I am the Chair of the Working Group. The Council of Ministers has also appointed two other political Members, those being the Hon. Member for Castletown, Mr Ronan, and
480 Mr Braidwood from the Legislative Council. There will also be officers in attendance representing the Public Sector Pensions Authority, Cabinet Office and Treasury. As and when necessary, the group may co-opt other stakeholders to assist with their work.

With regard to the third part of the Question, the Working Group has no authority to contract out work and no finance is allocated to the group, as it is not envisaged that specialists

485 will need to be engaged in this high-level review. If any funding is required, the group will make a business case to Treasury and the Council of Ministers at the relevant time.

Moving on to the fourth part of the Question, the Working Group will be responsible for submitting advice and recommendations through the Public Sector Pensions Authority to the Council of Ministers, which will be considered for onward submission to the December 2014 Tynwald, as required by the resolution of Tynwald in January 2014.

490 Finally, whilst the terms of reference for the Working Group were in the process of being drafted prior to the debate in January, they were only finalised following the debate, and as such there has been no adjustment as suggested by the Hon. Member.

Thank you, Mr Speaker.

495

The Speaker: Mr Thomas, supplementary.

Mr Thomas: Thank you, Mr Speaker, and to the Minister for providing that information.

500 To what extent does this Public Sector Pensions Working Group include Members' pensions in its remit, is my first question?

My second supplementary question is are there any constraints under which the Working Group are operating? For instance, the annual gap between income and expenditure: is that providing a specific constraint? Moreover, have any deals already been made with unions or anybody else that constrain the work?

505

The Speaker: Minister to reply.

The Minister: Thank you, Mr Speaker.

With regard to the representation of pensioners, if that was what he said – I think it was?

510

Mr Thomas: Members' pensions.

The Minister: It is considered that it would be premature... *Members' pensions?* (**Mr Thomas:** Yes.) Indeed, the Members' pensions situation will also be included in the remit, Mr Speaker, and there have been no predetermined or pre-considered agreements between the Working Group and any other party in this matter.

515

Thank you, Mr Speaker.

The Speaker: Hon. Member, Mrs Cannell.

520

Mrs Cannell: Thank you, Mr Speaker.

Surely, Members' pensions being considered by their peers is a direct conflict of interest, isn't it? And it is actually against established policy when looking at Members' pensions and Members' income. Would the Minister agree? (*Interjection*)

525

The Speaker: Minister.

The Minister: I would agree that Hon. Members in another place have asked for this work to be proceeded with, and we will report back in the appropriate manner and it will be for Tynwald to decide where it wants to take that particular area.

530

The Speaker: Mr Karran.

Mr Karran: Vainstyr Loayreyder, would the Minister not agree that the problems that we have got as far as pensions in the public sector started long before the vast majority of you in this House were in this Hon. House?

535

And would the Minister not agree that what we do need is a speedy timeline as far as this issue is concerned, allowing for the fact that some of us were wanting to take initiatives eight years ago, as far as the public sector pension is concerned?

540

The Speaker: Minister.

The Minister: The Hon. Member can be assured that we will expedite the work as quickly as we can to ensure that we are able to report back to Tynwald in the timescale required, Mr Speaker.

545

Mrs Cannell: Hear, hear.

MANX UTILITIES AUTHORITY

1.6. Sewerage charge – Appeals process

The Hon. Member for Douglas West (Mr Thomas) to ask the Chairman of the Manx Utilities Authority:

What the legal basis is for the Authority's sewerage charge appeals process; what criteria have been used to determine appeals using this process; and whether the Authority's decision can be appealed beyond its appeals process?

The Speaker: Question 6. Hon. Member for Douglas West, Mr Thomas.

550

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

The Speaker: I call the Chairman of the Manx Utilities Authority, Mr Cannan.

555

The Chairman of the Manx Utilities Authority (Mr Cannan): Thank you, Mr Speaker.

The Manx Utilities Authority uses its powers under schedule 2 of the Statutory Boards Act 1987 to set tariffs and charges, and in the case of sewerage charges, the Flood Risk Management Act 2013 also applies.

560

It is reasonable to assume, Mr Speaker, that these powers allow the Manx Utilities Authority the ability to make decisions regarding the application of related criteria to charges such as rebates, discounts and appeals against charges.

As far as the sewerage charge is concerned, the matter of appeals will be considered at the next board meeting on Friday, 23rd May 2014, and full clarification on this issue will be provided immediately after this meeting.

565

The Speaker: Mr Thomas.

Mr Thomas: Thank you, Mr Speaker, and to the Minister for providing more information than I believe was in public before.

570

My first question is for the Chairman to confirm that, if the sewerage rate had been introduced under the Sewerage Act, there would have been a mechanism of appeal to the

tribunal set up; in this case, although it seems similar in the public perception, there is not actually a mechanism of tribunal appeal, and I wondered how that sat with human rights law.

575 **The Speaker:** Chairman to reply.

The Chairman: Mr Speaker, as I have said, the board will be considering this matter in its entirety on Friday, 23rd May 2014. I have no idea how the appeals process sits with the human rights law, but I will endeavour to find out and make sure that anything we do complies and allows people the ability to ensure their human rights are maintained and allows them to appeal under such legal process.

The Speaker: Mrs Cannell.

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

I thank the Chairman for his willingness to actually take this to the board to decide on the best formula in the public interest, but once the board has decided what they would like to put – the system they would like to put – in terms of process and appeal, will the Chairman ensure that a public statement is made, so that the general public are fully aware of what the board's stance is in terms of this?

590 And also, can the Chair advise whether or not the board are going to take some independent legal advice on this, just to be absolutely sure of their position in law?

The Speaker: Mr Cannan.

595

The Chairman: Mr Speaker, I appreciate there has been a little bit of confusion as to the appeals process in respect of the sewerage charge. As I said, the board meeting on Friday, 23rd May will consider the full issue. A statement will be issued immediately afterwards providing full clarification.

600

The Speaker: Final supplementary, Mr Thomas.

Mr Thomas: Thank you, Mr Speaker, and I also join in the thanks to the Chairman for being so full and for taking this to the board.

605 The decision about who to make this charge payable for is a very difficult one obviously, as is in *Hansard* on 4th March 2014, because the Sewerage Charge Order is full of 'ors' and presumptions and the absence of any evidence, and obviously there was lack of preparation; so can the Minister make sure that the board meeting is a long meeting?

610 **Mrs Cannell and other Members:** Chairman.

The Speaker: Chairman.

615 **The Chairman:** Yes, I will make sure that this matter is fully discussed. We will review all these aspects and we will make sure that full and concise application of any appeals process is made abundantly clear to all members of the public – and indeed I shall make sure that is circulated to all Members of this Chamber.

COUNCIL OF MINISTERS SOCIAL POLICY AND CHILDREN'S COMMITTEE

**1.7. Poverty data –
Obstacles to publication**

The Hon. Member for Douglas West (Mr Thomas) to ask the Chairman of the Council of Ministers Social Policy and Children's Committee:

Pursuant to his Answer of 15th April 2014 on poverty data, what practical, procedural and legal obstacles exist to publishing the data collected?

The Speaker: Question 7. Hon. Member for Douglas West, Mr Thomas.

620

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

The Speaker: I can call on the Chairman of the Council of Ministers Social Policy and Children's Committee, Mr Robertshaw.

625

The Chairman of the Council of Ministers Social Policy and Children's Committee (Mr Robertshaw): Thank you, Mr Speaker.

I would like to emphasise that the Joint Strategic Needs Assessment covers much more than data on poverty, but we will be able to overlay the data from the seven areas of deprivation being assessed to give a composite determination of need by area. Measuring and comparing indices of deprivation is a common and accepted way of establishing need and targeting government resources accordingly.

630

Here we have used the seven established and well recognised domains or areas of deprivation. These are: income; employment; health and disability; education, skills and training; barriers to housing and services; crime; and the indoors and outdoors living environment.

635

There are no practical, procedural or legal obstacles to prevent publication of the data. All the data collected has been anonymised and cannot be traced back to specific groups or individuals.

Mr Speaker, I cannot underestimate the importance of the provision of this type of data construction in the identification of targeted services to the vulnerable.

640

The next step will be to map the current service provision and overlay this onto this Strategic Needs Assessment. We will then better understand where our resources are currently used, and then be able to better target our resource for the future.

645

Services which are designed around the needs of the individual are a fundamental part of our medium-term plan to protect the vulnerable whilst ensuring a sustainable future for our Island.

I do not see any reason why the data should not be released into the public domain, but I would add that the information should be read in context. This is the first time we have undertaken an exercise of this nature and it will be refined over time. It is important not just to read the headline figures, but to look deeper beneath the surface at some of the underlying information. I will be happy to release the information not only to Tynwald but also into the public domain. Most of the information is already available in different areas, but this is the first time we have joined it together and overlaid it onto a map of the Island. I would stress again, however, that it should be read in context.

650

Thank you, Mr Speaker.

655

The Speaker: Mr Thomas, a supplementary.

Mr Thomas: Thank you, Mr Speaker, and to the Chairman.

660 Obviously, I welcome the announcement that this data, the Index of Multiple Deprivation, which is published everywhere else, will also be published here.

Can the Chairman advise *when* it will be published, because it seems to me the Island's experts, the Island's interest groups and MHKs can offer value in interpreting this data, rather than just the group that is set up to look at it for the moment?

665

The Speaker: Mr Robertshaw.

The Chairman: Thank you, Mr Speaker.

670 I totally agree with the Hon. Member for Douglas West. This is a resource for everybody to use to good effect and I hope that, once the publication has taken place, Members and others do take that opportunity to do so.

Thank you.

The Speaker: Mr Karran.

675

Mr Karran: Vainstyr Loayreyder, could the Shirveishagh take on board, when looking at poverty, a growing problem that has been represented to me about children from certain catchment areas not staying on at sixth form and university, and there being hotspots around the Island as far as that is concerned? Will he take that into the equation as far as looking at poverty – it is also the aspiration of making sure that children go as far as they can in the educational system?

680

The Chairman: Mr Speaker, not only will we do that but we will look forward to further contributions from the Hon. Member on this important subject.

685

Thank you.

The Speaker: A final supplementary, Mr Thomas.

Mr Thomas: Did I miss the date when it would be published, Mr Speaker?

690

The Speaker: Chairman.

The Chairman: He did not, because I did not say it, Mr Speaker. It will be shortly. The work is about 85% complete and I expect it is going to be a matter of weeks.

695

The Speaker: Hon. Members, that brings us to the end of Questions for Oral Answer. There are three Questions for Written Answer. Replies are being distributed.

2. Questions for Written Answer

INFRASTRUCTURE

2.1. Small business units – Providing for when zoning for industry

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

What assessment his Department has made of the potential for providing for small business units when zoning for industry?

The Minister for Infrastructure (Mr Skelly): The Department zones land for industrial purposes through the production of the Area Plans. The amount of land which is zoned is based on an analysis of historic take up of land and an estimate of future demands. Once the land is designated it is essentially the market which determines what size of unit is required on the allocated sites.

The Department is working closely with the Department of Economic Development to gain a deeper understanding of future demands for and current availability of employment land across the Island. This will feed into a robust evidence base which will be used to support any future allocations in Area Plans. Government is keen to be able to provide a wide ranging portfolio of sites capable of meeting diverse needs. This is essential to fully support the economic strategy and Vision2020 by providing the right type of employment land of the right quality in the right quantity and location. It may be as part of this work that the issue of smaller scale business units is highlighted.

It should be noted that already within the Area Plan for the south recognition has been given to the provision of small-scale light industrial developments within the existing settlements. It was deemed that in some circumstances it may be appropriate for developments of this nature to be located within the towns and villages in the south, providing that they do not result in unreasonable disturbance to residents and other users and that the historic character and appearance of the centres are not compromised. There are similar opportunities in other parts of the Isle of Man and the remaining Area Plans will assess whether there is scope for any additional allocations of this type based on evidence of need.

2.2. Planning breach reports – Number made in 2012-13; outcomes

The Hon. Member for Douglas West (Mr Thomas) to ask the Minister for Infrastructure:

How many planning breach reports were made in 2012-13; and how many resulted in (i) retrospective planning applications, (ii) requisitions of information, (iii) enforcement or stop notices and (iv) referrals to the courts for prosecution?

The Minister for Infrastructure (Mr Skelly): In 2012-13, Planning Enforcement received and opened 270 planning enforcement cases for investigation in line with the Department's Planning Enforcement Policy.

- During 2012-13;
- 725 (i) There were 124 retrospective planning applications, though not all related to active enforcement cases
- (ii) There were no formal requests for information under section 25 of the Town and Country Planning Act 1995
- (iii) There were 25 enforcement notices but no stop notices
- 730 (iv) No cases were referred for prosecution.

**2.3. Marine Plan objective –
Diversion of resources from other planning policy areas**

The Hon. Member for Douglas West (Mr Thomas) to ask the Minister for Infrastructure:

From which other planning policy work resources were diverted to address the resource capacity issues which affected progress against achieving the Marine Plan objective (EI 3.1 and EI 3.2) in 2013-14; and what the impact was of this diversion of resources?

The Minister for Infrastructure (Mr Skelly): In late 2013, it was recognised that insufficient professional planning resources had previously been put in place to support the Marine Spatial Planning project, especially in light of the need to respond to the emerging proposals and submitted applications for offshore wind farms in UK waters adjoining our Territorial Sea.

735

As a consequence, the Department reorganised the way resources within the Planning Policy Team were being used to support both this work as well as the agreed priorities of the Strategic Plan Review and initial preliminary work on the Area Plan for the East. This has resulted in work to review the Advertising Regulations and associated legislation being put on hold following the public consultation in 2013.

740

In addition, the Director of Planning and Building Control has increased his day-to-day operational involvement in co-ordinating and preparing the response to emerging proposals and submitted applications for offshore wind farms in UK waters adjoining our Territorial Sea.

Development in the Isle of Man's territorial waters will have a significant part to play in growing the economy and the Department of Infrastructure is committed to supporting Government's efforts in this respect.

745

The Department has also committed to progressing the revised Area Plans that will support broader economic and social development. The Department continues to allocate its Planning and Legislation Officer resources to meet, as far as possible, the demands and priorities faced.

750

Order of the Day

3. BILL FOR SECOND READING

3.1 Public Services Commission Bill 2014 – Second Reading approved

The Speaker: We turn to Item 3 on the Order Paper. Bill for Second Reading: Public Services Commission Bill.

I call on the mover, Mr Robertshaw.

755 **Mr Robertshaw:** Thank you, Mr Speaker.

As Hon. Members will be aware, the management of human resources, in its various guises within the Isle of Man Government, has been the subject of debate over a number of years.

Indeed, the matter was considered as part of the 2006 Review of the Scope and Structure of Government, and at that time the review team recommended that, amongst other things,
760 Government should urgently initiate a root-and-branch review into the future aims for developing and delivering human resource policies across the entire public sector, encompassing structural, cultural and process change with the objective of establishing a more effective centralised and streamlined approach to pay and pensions, conditions of service, recruitment and retention, training and development, deployment and employees' representation.

765 Subsequent to this, in 2009 an independent review of the Whitley Council was commissioned by the Council of Ministers, the outcome of which – the Harris Report – while supporting the continuance of a centralised joint negotiating forum which promotes effective industrial relations and joint co-operation, proposed a number of measures for modernisation and reform of the Council.

770 Regrettably, at that time, as Hon. Members will recall, it was not possible to elicit support from the employees' side of the council to take these proposals forward. In addition, and as part of ongoing efforts to modernise and streamline Government's HR functions, the Council of Ministers established a subcommittee tasked with reviewing the function and structure of HR management and development across the central Government public service.

775 The subcommittee, which comprised public and private sector and union representatives, reported towards the end of 2010. The principal recommendation – that a single employment body should be established – became subject to a public consultation exercise in 2011. As a result of the consultation – which identified certain concerns about such a body encompassing Government entities with a significant regulatory role or those whose terms and conditions
780 continue to be largely determined in the UK – it was decided, unsurprisingly, that a more limited approach should be taken going forward.

In support of change across Government in March 2012, the Review of the Scope of Government suggested that the development of new, more responsive and flexible employment structures would be helpful and that they would support the Chief Minister's intention to
785 progress culture change within Government.

Modernising and introducing more flexible and responsive employment structures, coupled with culture change, are in my view fundamental to the development of more efficient ways of working and the reduction of bureaucracy – all of which contribute to the ongoing imperative to rebalance the Budget and achieve long-term financial sustainability.

790 Of course, over a number of years, important steps have already been taken to modernise and, in doing so, to take a more consistent approach to issues across employment groups and, where practicable, to move towards harmonisation of terms and conditions of employment.

795 These include the maintenance of pay restraint across central Government, coupled with a continuing downward pressure on the number of public service posts; the introduction of the Government Unified Pension Scheme (GUS) with modernised pension provision for the majority of central Government public servants; the introduction of a public sector compensation scheme, which modernised and amended provisions in relation to redundancy applicable to those covered by GUS; and the establishment of an HR shared service function in the form of the Office of Human Resources, which now forms part of the recently established Cabinet Office.

800 Individual terms and conditions of employment continue, of course, to be addressed through work being done, both centrally and by individual employers, to revise and update them and to work to revise those terms which are no longer sustainable.

805 In keeping with this work, which has been ongoing for a number of years, and the need to create a smaller, simpler Government with more efficient ways of working, in April 2013 the Council of Ministers agreed that a public consultation be undertaken in relation to the benefits which might be realised from the establishment of a Public Services Commission. As a result of this and consideration of consultation responses, Council determined that a Bill to establish such a commission be drafted.

810 The Bill before the House today, which is promoted by the Council of Ministers, is designed to establish a new commission, which would have a broader remit than the Civil Service Commission and would, if established, become the employer not only of civil servants but also other categories of employee.

815 Enabling provisions in the Bill provide that those public sector employees in an employment or office prescribed for the purpose by the Council of Ministers would become employees of the Commission.

Initially, it is intended that civil servants and Whitley workers employed in central Government would become employees of the Commission, but other employee groups could come within the purview of the Commission at a later date, as circumstances required.

820 A Public Services Commission would be a key employment body in central Government which would have a mandate to deliver consistent policies in respect of a workforce of more than 4,000 people, representing about 50% of central Government staff. It would facilitate simplification of employment structures, the harmonisation of terms and conditions, and enhance our ability to redeploy staff to relevant Departments, Boards and Offices in support of Government's priorities and changing circumstances.

825 A Public Services Commission would also provide the opportunity to both streamline and modernise collective bargaining arrangements in respect of its staff and enable arrangements to be put in place that are modern, representative and focused on agreed outcomes. In this context, discussions have begun with employee representatives about the collective bargaining arrangements that will be utilised following the establishment of the Commission.

830 Hon. Members will want to be aware that, amongst other things, on establishment of the new Commission the Civil Service Commission would be dissolved and its functions subsumed within the remit of the Public Services Commission. All relevant staff would become employees of the new Commission and those who were civil servants when the Commission was established – while retaining the same terms and conditions that applied immediately prior to its coming into being – would no longer be members of the Civil Service. This step both modernises the employment relationship with those who were previously members of the Civil Service and puts them on the same footing as manual and craft workers as employees of the Commission.

840 The Civil Service Appeals Tribunal will be dissolved and employees of the new Commission would in effect be treated in the same way as other employees on the Island with the right to seek redress through the Employment Tribunal. Currently, civil servants have the right to appeal against dismissal to the Civil Service Appeals Tribunal, and if dissatisfied with the outcome of such appeal also have the facility to take a case before the Employment Tribunal for wrongful or unfair dismissal.

845 The chairperson, vice-chairperson and members of the new Commission would be appointed by the Chief Minister and hold office at his pleasure, as is the situation currently with the Civil Service Commission.

Existing collective bargaining arrangements in respect of the members of the Civil Service and employees engaged under Whitley Council terms and conditions of employment would be replaced by new arrangements which are to be agreed with representatives of the relevant
850 employee groups. Should it not be possible to reach agreement with employee representatives in relation to the constitution and functions of negotiating and consultation committees to be established under the auspices of the new Commission, then there is provision for a special committee of Tynwald to determine the collective bargaining and consultation arrangements that are to apply. This is intended to ensure that employees of the new Commission are not left
855 without appropriate means for collective bargaining and consultation.

Local authority employees currently engaged under the Whitley Council terms and conditions of employment would not become employees of the new Commission. It would be a matter for the local authorities themselves, individually or collectively, to determine the most appropriate arrangements for their manual and craft workers, which is in essence the situation currently
860 applicable in respect of their managerial, technical and clerical staff now.

A chief executive officer would not be appointed by the new Commission without the concurrence of the Department or Board concerned. The Public Services Commission would provide to the Chief Minister an annual report in respect of its functions, and any such report would be laid before Tynwald.

865 Mr Speaker, I commend the Bill to the House as an important further step in modernising and making more responsive and flexible employment arrangements applicable to a key element of central Government's workforce, and thus beg to move the Second Reading of the Public Services Commission Bill.

870 **The Speaker:** Mr Teare.

Mr Teare: Thank you, Mr Speaker.
I beg to second and to reserve my remarks, please, sir.

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

Mr Gawne: Gura mie eu, Loayreyder.
Yes, I rise to support the Second Reading of this particular Bill.

880 Back in the days prior to this Election, I was asked to chair a committee to look into the whole structure of how we employ staff, and I was particularly pleased that we had representatives of the private sector and the public sector – senior HR people from across different areas in the Isle of Man – and it was very clear that the problem that we face in the public service... one of the biggest problems is the vastly complicated structures that exist in the way in which we employ people. So this is a very welcome step forward.

885 I know that the union representatives on the committee that I chaired were not actually representing their unions; they were there for their experience as union people, so whether they necessarily are fully behind this in terms of their union-agreed position I am not so sure, but I do know that both acknowledged that, yes indeed, the existing structures are overly complex – they make it much more difficult for both the staff to understand and for the
890 management to manage. So, this is a breath of fresh air, it is very welcome, and simplifying the structures will, I am sure, assist us in provisioning better services for the people we represent.

Apologies to Members: the Hon. Member for Middle very kindly gave me some man-flu on Thursday, so I am struggling to... (*Interjections*) He coughed on me!

With that, I will be fully behind the Minister.

895

The Speaker: Mr Karran.

Mister Karran: Vainstyr Loayreyder, there are a couple of points that I would like to raise.

900 I think the point is that we are in a totally different environment to what we were in several years ago, as far as the Public Services Commission Bill is concerned. I think what would be interesting to know is what the Commission's views are going to be as far as the changing of conditions and practices.

905 One of the things I would be interested to know, as far as the Bill is concerned, is what is the mechanism as far as the changing of pay and conditions? Some of us tried to bring in five-year contracts when I was Chairman of the Water Authority, as far as the chief executives were concerned, and I just would like to know whether this Commission will actually give feet to the changes that are going to have to take place.

910 Whilst one was rather concerned about the issues of giving chief executives an exemption from work permits, I do feel that the present mechanism makes it very difficult, even allowing for the fact that the likes of Mr Cretney, myself and Mr Bell are the only ones left from the days when we had the disgraceful situation where employees were at the mercy of employers' abuse, because of the lack of any equality of arms.

915 So I would be interested to know, if there is a hit list, what is the hit list as far as this Public Service Commission Bill is concerned? Will it be starting to hold to account senior management as far as protecting... so that we can make sure that money... protecting the social advancements that we have had?

920 One of the concerns I have is... In one way, it is very good as far as the Whitley Council is concerned, because of the fact that we have seen vast improvements. We were talking about pensions in Question Time. I know of older Whitley Council workers who had to pay in for their own pension whilst others... [*Inaudible*] So there is some good argument for everybody being treated the same, but I would be interested to know what safeguards there are going to be to make sure that that becomes a reality.

The other issues that I would like to talk about are... There are a couple of points on the Bill that I would like you to... On clause 4, 'Public Services Commission', subclause (3):

' The Commission is to consist of the following members —
... (b) no more than 3 other individuals who must not be members of Tynwald.'

925 I just wonder what the rationale is behind that. Is it going to also have a debar on employees or any ex-employees of any Department or Statutory Board as far as its criteria is concerned?

It is interesting to see in clause 4, 'Public Services Commission', it does not mention who pays for the expenses of the Commission, which by extension means that whether these are paid or unpaid posts is not clear. So, if we could have a look at that.

930 Coming down to the likes of the annual report, one of the problems we have in Tynwald is we get information overload. I know it is a difficult problem for the Council of Ministers – we complain we want more information (**A Member:** You'll get two.) and we want the freedom of information – but what I am interested in is would the report have a section on each function listed in clause 5 to prevent the Commission from glossing over some areas?

935 We have only got to look at the problems that this administration has as far as the real liabilities for the future generations – the likes of the public sector debt. When some of us have raised it in the past it has just been rubbished – when we wanted to unilaterally make everyone have to go into a money purchase scheme, seven or eight years ago if I remember rightly. Just like further before that, on the National Insurance Fund, when we were trying to get them to deal with it and we were rubbished as far as that was concerned, about 10 or 12 years ago.
940 What I am concerned about with that report is that you are not allowed to gloss over in your report, because you have 200 or 300 pages of information coming through on different things... so I think the report needs to be able to highlight all those points.

945 I must thank the Shirveishagh for such a detailed Second Reading as far as this Bill is
concerned. I think he has obviously done his work. But there are a lot of issues that I had raised
with Whitley Council, and it was blocked... and that was the whole compensation issue as far as
the public service is concerned. I am led to believe by the professional people, and they say it is
not the case, that we need a mechanism where we can have an independent tribunal when it
comes to where Government is liable, instead of going down the costly process of bringing in a
950 judicial function. Obviously, our workers should have that right to go down that line if they feel
that it is right, but I do think these are the sort of things that maybe the Public Service
Commission should be looking at, where I am led to believe by professionals that we end up
paying out more on legal costs than actually in the compensation that individuals are actually
deriving. It might be an interesting idea for the Commission to look at when you get it set up – to
955 look if there is a way of doing such a mechanism within the public sector, allowing that they will
have a 5% or 10% increase by going down the road of a disputes resolution as part of the
process.

This can be used to make more effective Government. I am concerned that I am led to
believe by the unions that they feel they have not got the reassurances as far as Whitley Council
960 is concerned, and I would be very interested if, in the reply, the Shirveishagh could possibly
inform us what is the present state as far as the unions are concerned over this proposed
legislation.

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

965

Mrs Cannell: Thank you, Mr Speaker.

I would echo the last sentiment by the Hon. Member, Mr Karran for Onchan, in terms of what
are the unions saying about this particular Bill: have they had input into it, and what is their
view? Of course, the question mark over whether or not they are accepting was raised by the
970 Hon. Member for Rushen, Mr Gawne, because he said he is not sure. If he is not sure, that tells
me that the unions are probably not sure, given his close working relationship with them over
the years.

Am I correct, looking at the actual Bill, in terms of the make-up of this Commission, that
those people, individuals, who are not deemed to be public sector employees are judges, Crown
975 officers, Tynwald appointees, Ministers and Members of Departments, officers and employees
of a local authority and members of the Police Force? Is it the intention of the mover of the Bill
that the three individuals to make up the rest of the Commission will come from that particular
area? Taking on board the views expressed by the previous speaker in terms of costly legal
contests, it might be appropriate, I would suggest, to have someone who is legally qualified at
980 the onset to actually sit on the Commission.

I am just wondering... Under clause 4 (6) it says:

‘A member of the Commission may resign by giving notice to the Chief Minister.’

985 but there is no detail about that. Normally, if someone is going to resign, they are required to
get a certain amount of notice. So my question to the mover is: is he planning on bringing
regulations forward to put the meat on the bone in terms of process under this piece of
legislation? (**Mr Watterson:** Principle, not process.)

Under clause 4 (9), it says:

‘Subject to this Act the Commission may regulate its own proceedings.’

990

and I thought, ‘That’s a bit odd, they can regulate their own proceedings.’ So will those
proceedings be laid down in regulation or can the Commission make them up as they go along? I
ask the question because there is no clarification contained within the Bill. Or does the Civil

995 Service Commission regulate its own proceedings now? I would have thought somewhere it is laid down what the process is and should be to be followed.

Functions of the committee are quite interesting, under clause 5(1)(i):

‘where appropriate to discipline its employees and provide for the suspension or termination of their employment;’

1000 Again, it is all without detail. I know that, with primary legislation, the simpler the better and the meat comes by way of regulation, but a bit disturbed to see that they will have the power to discipline and suspend or terminate. I just wonder if that would be on the same basis now, which can be lengthy and problematic; or is this going to assume some sort of additional power to be able to deal with these things a little bit quicker?

1005 The measure of fairness is obviously important in Bills of this nature, and so I am asking the mover to give me some comfort that there is some fairness in this new system to be set up, more fair than perhaps we have now.

Also, under subsection 5(1)(k), it says:

‘to make arrangements for loss of office in relation to any public sector employee;’

1010 Again, I would ask him is there going to be a formula or is there already a formula laid down? I thought there was, in terms of assessing, if someone is to lose office because the job is going, what they can expect by way of compensation, but again it just says ‘to make arrangements’, so it sounds like they are going to have the power to write out a blank cheque. I ask it. I am not involved in this area in Government and never have been, so excuse my ignorance, but it is a fair question and it needs to be asked.

1015 The other matter, of course, in terms of making arrangements for the loss of office... The mover will be aware that he and I, and possibly one other Member of Tynwald Court, have received an e-mail recently asking us a question: in terms of public sector employees, why it is that in the early retirement packages managers are being offered two years’ worth of benefit, but those who are non-managerial are getting less? So again, it reinforces my question about (**A Member:** Fairness.) having the powers to make arrangements and also the fairness across the board, and we have to be fair.

1020 I think that is probably it for me for now, but I would be more inclined to give it approval if I know that there are going to be regulations coming forward to regulate the activity of this new Commission.

1025 Finally, can I just remind the hon. mover, when you next speak to the legal draftsman, that on the (**A Member:** Green.) explanatory memorandum, on the back page it makes the reference again... It says:

‘The Bill has no implication for manpower or resources.’

1030 That should be changed to ‘human resource’. If we are modernising Government, then we ought to also modernise our language in this place (**A Member:** Hear, hear.) and in law.

Mr Watterson: Chris is the man to do that.

1035 **The Speaker:** Hon. Member for Michael, Mr Cannan.

Mr Cannan: Thank you, Mr Speaker.

1040 In my former role, of course, I spent quite a lot of time involved with this piece of legislation and bringing it through to fruition today, so I am very pleased to add my full weight of support to this piece of legislation, which I think will go a long way to helping us get more consistency amongst the workforce in terms of our terms and conditions that apply.

At the moment, there is far too much leverage being applied from one section of the workforce against another section of the workforce to enhance their own terms and conditions, and I think that bringing things together under a Public Services Commission will be strongly
1045 advantageous to ensuring that the taxpayer and indeed the workers get a much more consistent approach across the workforce.

The unions may not agree with this. Of course, it is in many ways potentially going to dilute their influence across certain sections of the workforce, but I think the employees will realise that it is much more beneficial to have a consistent approach when it comes to core terms and
1050 conditions, although of course there will always be variances depending on people's specialism.

So this is not a simple task, but this does go a long way down the road to making sure that the Government is better placed to ensuring in the future fairness and consistency from both sides of the equation, will go a long way down the road to ensuring more consistency and fairness when evaluating core terms and conditions, and I think will be a positive step forward.

1055 There are many hurdles, I am sure, to be faced in terms of getting this right – there has been a lot done over the years which needs to be undone – but this is certainly, I think, a step that will be positive. Again, in terms of the opposition that will inevitably come from the union side, I think they should think carefully about how they approach this, in that really I think if they come forward along this journey in a positive manner they will find that the benefits for the workforce
1060 will be greater and actually will help the workforce in the long term, in terms of protecting jobs and ensuring that people are looked after in a fair and appropriate manner.

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

1065 **Mr Quirk:** Thank you, Mr Speaker.

Just to echo some of the thoughts from the other Members, but I wanted to find out too... and I declare at this particular point that in my Member's interests list I am a member of Unite, as other Members are in the Chamber – but my thoughts are my own.

1070 **Mr Watterson:** Unite will be pleased to hear that!

Mr Quirk: On this particular Bill... [*Inaudible*] I would hope that the consultation exercise that was done... I have not received any of the information, looking at the research, to see what actually all the unions have said which are involved in this. So it would be most helpful, if there is
1075 any information that is about, if it could be maybe circulated.

My small concerns are that – I suppose it is like other Members have said – the devil is in that particular detail, as they say, and it is regarding the other three individual members who will form the Commission: where they will be drawn from and how independently they will be drawn in and what sort of background and information they will have to give to the Commission.

1080 The other concern I do have is in clause 5, the functions of the Commission. It is the same one, (k):

'to make arrangements for loss of office in relation to any public sector employee;'

1085 It would be nice to see what the background is on that, what I would say are the terms and conditions within that – or do we have standing orders for this Commission to work from? Which brings me then to (2) at the bottom, where it says if there is any concern, to reach agreement... membership... a special committee will be established by Tynwald. No real detail there. It does not say to me whether it will only be left to backbenchers, or those who may not be in a Government Department – and there are a few now, so I wonder what the likelihood of
1090 the terms of reference is to drag those Members together. I am sure they will not be Ministers – or I hope they will not be Ministers, anyway.

1095 The final one, and it is no thing to our current Chief Minister – in 5(3) the Chief Minister *may* give direction. So it begs the question: if the Council are putting this Commission together and the body could be Ministers, although I am sure it will not be, but then the Chief Minister or the Council of Ministers actually gives direction – what is the point of having this? That is my particular issue. Others will probably say something different, but I would like to see... I would think there are probably about four unions involved.

1100 On the back of this, I do have some concern regarding the local authorities and how they will drift off into what is going to happen there, because it was always led, from the Whitley side anyway, that there would follow on the back of that the terms and conditions of employment, some of the benefits. Some of the pensions rights as well are engaged or blended into Government as well, which others have enjoyed. There may have been some, in years past... that terms and conditions outside the Whitley agreement were negotiated, but that is not the fault of the unions – it is the fault of management as well. Management accepted those, or
1105 wanted some issues to be done and accepted those terms and conditions and had negotiations with the staff at the same time, and they are inherent. Whether they are valid now in a modern world needs to be looked at, and I am sure the unions themselves would look at some of them.

1110 I hope that if the Commission – I am sure the Commission will be established... some of those views will be taken on board and I hope the Minister or the forums that are established listen to the unions, because they will have a point of view and they do represent a large population of the Isle of Man. One would hope that you would listen – and I am going to be chastised for this – to the local unions, (**A Member:** Hear, hear.) because at the moment there is an odd hiatus in the Isle of Man regarding our own union.

1115 **The Speaker:** I call on the mover to reply. Mr Robertshaw.

Mr Robertshaw: Thank you, Mr Speaker.

I thank Mr Teare, the Member for Ayre, for seconding me.

1120 Particularly, I would like to thank Mr Gawne for his contribution and his support. I know that he put a tremendous amount of work in in the early days to bringing this Bill forward, and I am very much reminded of and wish to just read out a foreword by Mr Gawne back in 2010 to the then Report on HR Functions Review. He said:

'It is clear from the committee's deliberations that the current system is not delivering the services which all sides wish it to deliver. Staff are confused by the current system, unions are frustrated by it, managers are discouraged by it, Departments feel thwarted by it and the various bodies responsible for delivering HR services [at that time] struggle under the overly elaborate structure which history has imposed on them.'

1125 I think that brilliantly captures the need and the importance of the work; so, Mr Gawne, I thank you for that.

1130 To try to address the underlying current – and I thank all Members for their contributions – the question hung in the air on almost every speaker's comments: are we embracing the unions in this? The answer is yes. And are we going to protect terms and conditions? I think, just dealing with terms and conditions and pay etc first, I think it is important to say that as we move forward through, once the Appointed Day Order occurs the existing terms and conditions for all Whitley Council employees and the Civil Service members remain as they are now, except with the somewhat slight adjustment of what the definition of a civil servant is and what his or her opportunities are to go through an appeals procedure.

1135 So it has been done in an inclusive way, it will continue to be done in a completely inclusive way, and I would like to assure Members that the work has already started – engagement with the unions to establish with them appropriate means after the introduction of the Commission that the engagement processes are open and fair and reasonable to both parties. I hope that, in general terms, covers the main concern expressed by Members. They should be reassured by
1140 that.

1145 Just picking up on one particular point by the Member for Onchan, Mr Karran, there would be no intention at all to gloss over anything – oh, he has gone – in any report that we make. We have not got any hit list. This is a process of employers and employees coming together and finding a level playing field upon which we can engage, going forward, to make it efficient and appropriate for all parties.

There were one or two other comments that Mr Karran made which were outwith this Bill, but I will take those into account in due course.

1150 I thank Mr Cannan for his comments. I do not quite agree with the point that he made that this is all diluting union involvement. No, it is not. It is stabilising it and bringing it together, so I could not just support that particular point that he made, although I do thank him for his significant contribution.

1155 Mrs Cannell mentioned issues related to resignations. The resignation processes will not change and will be effectively the same as they are now for the Civil Service Commission. She made a particular point, off piste really, about a point made to the Hon. Member and myself questioning the MARS scheme, and I have already replied to that particular person and would be happy to send my reply to her in due course if she is concerned about that, but that is outwith this whole matter.

Let me see if there are any other points that I have missed. (**Mrs Cannell:** Regulations.) Regulations will come forward in due course as appropriate.

1160 Mrs Cannell, the fellow Member for Douglas East, made a few points about membership of the Commission. Just to refresh her memory – or refresh Members' memories – employees of the Public Services Commission cannot be members of the Commission, and I think that is self-evidently necessary and appropriate; and there is also a need for a mix of lay members and Members of Tynwald. Lay members bring outside experience to the process and are very important to the work that will go on.

An independent tribunal to look at the liabilities is not within the remit and purview of the Bill.

1170 Just to reiterate again the point made by a number of Members about union engagement, I do want to assure Hon. Members that that is ongoing and will continue, and is very important as we move towards eventually, hopefully, the Appointed Day Order.

I think that pretty well covers the points that I wanted to make.

Mrs Cannell: [*Inaudible*] ... for loss of office.

1175 **Mr Robertshaw:** I will answer that point in a note to Members, Mr Speaker. Thank you very much. I beg to move.

The Speaker: Hon. Members, I put the question that the Public Services Commission Bill be read for the second time. Those in favour, please say aye; against, no. The ayes have it.

1180 *A division was called for and electronic voting resulted as follows:*

For	Against
Mr Anderson	None
Mr Bell	
Mr Cannan	
Mrs Cannell	
Mr Cregeen	
Mr Cretney	
Mr Crookall	
Mr Gawne	
Mr Hall	
Mr Henderson	
Mr Houghton	

Mr Karran
Mr Quayle
Mr Quirk
Mr Robertshaw
Mr Ronan
Mr Shimmin
Mr Singer
Mr Skelly
Mr Teare
Mr Thomas
Mr Watterson
The Speaker

The Speaker: With 23 vote for and no votes against, the motion carries unanimously.

1185 Hon. Members, that concludes the business of the House today. The House will stand adjourned until the next sitting, which will take place at 10.30 a.m. on 20th May in Tynwald Court.

The House adjourned at 11.23 a.m.