



# TYNWALD COURT OFFICIAL REPORT

RECORTYS OIKOIL  
QUAIYL TINVAAL

## PROCEEDINGS DAALTYN

**HANSARD**

**Douglas, Thursday, 20th February 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. 8**

**ISSN 1742-2256**

**Present:**

The President of Tynwald (Hon. C M Christian)

*In the Council:*

The Acting Attorney General (Mr J Quinn),  
Mr R P Braidwood, Mr D M W Butt, Mr M R Coleman, Mr C G Corkish MBE,  
Mr E A Crowe, Mr A F Downie OBE, Mr J R Turner and Mr T P Wild  
with Mr J D C King, Deputy Clerk of Tynwald.

*In the Keys:*

The Speaker (Hon. S C Rodan) (Garff);  
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 P Karran, 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);  
Hon. J P Shimmin and Mr C C Thomas (Douglas West);  
Mr R A Ronan (Castletown); Hon. G D Cregeen (Malew and Santon);  
Hon. J P Watterson and Hon. P A Gawne (Rushen);  
with Mr R I S Phillips, Clerk of Tynwald.

## Business transacted

<b>Order of the Day</b> .....	<b>1093</b>
7. Merchant Shipping (Miscellaneous Provisions) Act 1996 – Merchant Shipping (Fees) Regulations 2014 approved .....	1093
8. Customs and Excise Act 1993 – Export Control (North Korea and Ivory Coast Sanctions and Syria Amendment) Order 2013 (Application) Order 2013 approved .....	1094
9. Income Tax Act 1970 – Income Tax (USA) (Amendment) Order 2014 be approved.....	1095
10. Income Tax Act 1970 – Taxes (USA) (Intergovernmental Agreement) Order 2014 approved .....	1096
11. Law Reform Act 1997 – Damages (Personal Injury) Order 2014 approved .....	1097
12. Post office counters – Encashment of benefits – Motion carried.....	1114
13. Procedure for e-petitions – Referral to Standing Orders Committee – Debate commenced .....	1127
Procedural – Leave of absence .....	1128
<i>The Court adjourned at 1.04 p.m. and resumed its sitting at 2.30 p.m. ....</i>	<i>1129</i>
Procedure for e-petitions – Referral to Standing Orders Committee – Debate concluded – Motion carried .....	1129
14. Alternative methods of budget setting – Motion lost.....	1130
15. State Pension Scheme – Motion withdrawn.....	1137
Procedural – Members’ presence in the Chamber .....	1138
<i>The Council withdrew. ....</i>	<i>1138</i>
<b>House of Keys</b> .....	<b>1138</b>
<i>The House adjourned at 3.04 p.m. ....</i>	<i>1138</i>

*PAGE LEFT DELIBERATELY BLANK*

# Tynwald

*The Court met at 10.30 a.m.*

[MADAM PRESIDENT *in the Chair*]

**The Deputy Clerk:** Hon. Members, please rise for the President of Tynwald.

**The President:** Moghrey mie, Hon. Members.

5 **Members:** Moghrey mie, Madam President.

**The President:** In the absence of the Lord Bishop and the Chaplain, I will take prayers.

## PRAYERS

*The President of Tynwald*

# Order of the Day

## 7. Merchant Shipping (Miscellaneous Provisions) Act 1996 – Merchant Shipping (Fees) Regulations 2014 approved

The Minister for Economic Development to move:

*That the Merchant Shipping (Fees) Regulations 2014 be approved [SD No 2014/0005]*

**The President:** We turn to Item 7 on our Order Paper, Hon. Members. I call on the Minister for Economic Development.

10

**The Minister for Economic Development (Mr Shimmin):** Thank you, Madam President.

These Regulations prescribe the fees to be charged by the Ship Registry for services provided to its registered vessels.

15 As an international ship register, fees are charged for registration, survey and certification of ships, as well as for audit and certification of operating companies and seafarers.

The Ship Registry revises fees annually, and there are two changes this year. Firstly, the annual registration fee has increased and the rest of the fee stay at 2013 levels. Secondly, green discounts are introduced for ships which meet certain international air pollution requirements early.

20 The annual registration fee is raised from its current level of £1,200 for a merchant ship or a commercial yacht to £1,400. The annual registration fee for a pleasure yacht is raised from the current level of £115 to £118.

25 The annual registration fee is a fixed fee paid in April of each year and provides the ship registry with a stable of core income. This fee does not apply to fishing vessels or vessels on the small ship register.

In addition, to assist local operators, vessels technically managed from the Island will continue to receive a 50% discount from the annual registration fee.

Two new green discounts are introduced for ships which meet certain international air pollution requirements before they come into force internationally. A discount of 10% is applied to the annual registration fee and a discount of 25% is applied to the fee for the issue of the first full certificate of registry.

The air pollution requirements promote the use of more energy-efficient equipment and engines. They are designed to stimulate continued innovation and technical development of all the components influencing the fuel efficiency of a ship from its design phase. Introducing the green discount incentive for owners provides a ship registry with an opportunity to again demonstrate the Island's commitment to the environment, new technologies and greener shipping.

In accordance with the 1996 Merchant Shipping (Miscellaneous Provisions) Act, under which the Fee Regulations are made, concurrence of Treasury has been obtained.

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

**The President:** Hon. Member for Middle, Mr Quayle.

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

I beg to second and reserve my remarks.

**The President:** The motion before the Court is set out at Item 7, Hon. Members. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

**8. Customs and Excise Act 1993 –  
Export Control (North Korea and Ivory Coast Sanctions and Syria Amendment) Order 2013  
(Application) Order 2013 approved**

The Minister for the Treasury to move:

*That the Export Control (North Korea and Ivory Coast Sanctions and Syria Amendment) Order 2013 (Application) Order 2013 be approved [SD No 0443/13]*

**The President:** Item 8, Minister for the Treasury to move.

**The Minister for the Treasury (Mr Teare):** Thank you, Madam President.

This Order applies in Island law the Export Control (North Korea and Ivory Coast Sanctions and Syria Amendment) Order 2013 (Application) Order 2013.

The Order also makes certain amendments and revocations to earlier Orders that correspond to those made by the applied Order to earlier UK Orders.

The overall effect of this Order is firstly to replace and consolidate in one place the enforcement of trade sanctions against both North Korea and the Ivory Coast. Both remain subject to both the United Nations and to European Union Sanctions.

The applied Order is concerned with the proper enforcement of Council Regulations 09/2007/EC in respect of north Korea and 174/2005/EC in respect of the Ivory Coast.

A further purpose of this Order is to amend an earlier Application Order to bring measures concerning restrictions on trade into line with those imposed in the UK.

Finally, two redundant Orders are revoked, together with part of a third. Under the terms of the Customs and Excise Agreement, the Island is obliged to maintain its export control law, so that it corresponds to that in force in the UK.

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

**The President:** Hon. Member.

70

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

**The President:** The motion before the Court is set out at Item 8, Hon. Members. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

**9. Income Tax Act 1970 –  
Income Tax (USA) (Amendment) Order 2014 be approved**

The Minister for the Treasury to move:

*That the Income Tax (USA) (Amendment) Order 2014 be approved. [SD No 2014/0014]*

75

**The President:** Item 9, the Minister for the Treasury to move.

**The Minister for the Treasury (Mr Teare):** Thank you, Madam President.

In October last year, the Isle of Man became the first British dependency to sign a FATCA-style information sharing agreement with the United Kingdom. The Island had also committed to signing a FATCA agreement with the United States of America, and following the end of the federal government shutdown, this took place on 13th December 2013.

In order for the FATCA agreement with the United States to operate, it is necessary to amend the Tax Information Exchange Agreement signed by the two Governments in 2002, so that it will allow both automatic and spontaneous exchange of information.

85 A Protocol to introduce this amendment was signed by both the Isle of Man and the United States Governments on the same day as the FATCA agreement. To ratify the Protocol an Order must be approved by this Hon. Court. The text of the Protocol is included in the schedule to that Order.

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

90

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

**The President:** The Hon. Member Mrs Beecroft.

95

**Mrs Beecroft:** Thank you, Madam President.

I just feel a little bit uncomfortable and I have some concerns with this Item and the next one. If I may refer my remarks to this one, but they count for the second one as well, Madam President?

100 I am just wondering, should we actually be signing up to these things with America, before they have actually dealt with Delaware? Delaware is a state in America, where I understand a lot of the wealthy Americans put their money, there is no disclosure requirement from them. I think, given the conversation that I had with the Treasury Minister about another issue fairly recently, when he said that we did not want to be out of step with our competitors – we could not be leading in the field, as it were, because we would disadvantage local business – from what I am hearing, we *are* disadvantaging our local business with some of these agreements,  
105 because we are out of step with our competitors. We are leading and other jurisdictions are jumping in and taking business away from us, is anecdotally what I am being told.

110 So I do have some concerns with these Orders that we are being asked to agree to today, and I just wonder if the Treasury Minister could get some more clarity on my concerns that I have raised.

Thank you.

**The President:** The Minister to reply.

115 **The Minister:** I can understand the Hon. Member's concerns, but before we did move with the FATCA-style agreement... and also, there is the automatic exchange agreement which we have agreed to enter into, under the OECD as well. Now, that is already in place. We have given an agreement in respect of that.

120 I take the point about Delaware, but the real issue here is that if we are not prepared to enter into this agreement, each individual business that even holds US dollar accounts would have to report direct to the USA. There is no way of avoiding it, the way that the US legislation is written.

125 So what we have agreed to do is to help local businesses by ensuring that there is a common standard in place, so that it will help to reduce the administrative burden on them. We have consulted widely with the industry. We have also consulted with the industry on the wording of the agreement, and as far as I am aware, there has been no feedback to me that they are not content.

130 I do appreciate it is an administrative burden, but it is something that we have to do, if we are to protect our local business. We will certainly respond to international pressures. That is something that the Isle of Man has done for more than a decade, and we adopt a pragmatic approach, which has put us in a good position, Madam President, in the international community whilst still protecting overall our business.

135 But if we did not move on the FATCA agreement, it would be very difficult for business to actually continue to operate, because the obvious question, Madam President, is 'If you won't sign this agreement, then what have you got to hide?'

So with that, I move the motion standing in my name.

**The President:** The motion before the Court is set out at Item 9, Hon. Members. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

**10. Income Tax Act 1970 –  
Taxes (USA) (Intergovernmental Agreement) Order 2014 approved**

The Minister for the Treasury to move:

*That the Taxes (USA) (Intergovernmental Agreement) Order 2014 be approved.  
[SD No 2014/0015]*

140 **The President:** Item 10, Minister for the Treasury to move.

**The Minister for the Treasury (Mr Teare):** Thank you, Madam President.

145 I have already mentioned the Isle of Man signed a FATCA intergovernmental agreement with the United States of America in December of last year. The agreement will require financial institutions in the Isle of Man to report specified information regarding accounts held by US taxpayers to the Income Tax Division who will then forward it to the United States.

Before the intergovernmental agreement can come into operation in the Island, a legislative framework governing its operation will need to be introduced by way of regulations. These



150 regulations will be drafted shortly and will require Tynwald approval before they can come into operation.

On 31st January this year, the Isle of Man, Jersey and Guernsey, jointly published draft guidance notes regarding the US and the UK intergovernmental agreements. Whilst the agreements themselves will provide certainty for financial institutions, the guidance notes will provide them with consistency and clarity.

155 Madam President, there has been news recently that the Republican Party wants to repeal FATCA. According to Reuters, repeal seems unlikely, but more political heat from Republicans could further complicate and delay implementation. However, Reuters also reports that Republicans are eager to use FATCA as a campaign and fundraising issue.

160 At the same time, however, the OECD is finalising a new global model with a common reporting standard, based on the FATCA model. The global model has already received strong support. In November last year, the Isle of Man was one of more than 30 countries to sign a joint statement supporting the development of the global standard.

The OECD is expected to finalise the model shortly, and the widespread support for it implies that the FATCA model will be adopted as a global standard. Despite the Republican opposition, it is therefore necessary and prudent to continue to implement the FATCA agreement.

165 Madam President, to ratify this agreement, an Order must be approved by this Hon. Court. The text of the agreement is included in the schedule to the Order.

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

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

**The President:** The motion before the Court is set out at Item 10, Hon. Members. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

#### 11. Law Reform Act 1997 – Damages (Personal Injury) Order 2014 approved

The Minister for the Treasury to move:

*That the Damages (Personal Injury) Order 2014 be approved. [SD No 2014/0022]*

175 **The President:** Item 11, the Law Reform Act. I call on the Minister for the Treasury.

**The Minister for the Treasury (Mr Teare):** Thank you, Madam President.

180 The lump sum compensation awarded by the courts in personal injury cases requires adjustment of the amount awarded to take into account the effect of interest earned on investment.

This is achieved by means of an adjustment to the amount awarded by applying an assumed rate of return, which is also known as the discount rate. The discount rate is an estimate of the return on the investment of the sum awarded and can be positive or negative, depending on the anticipated rates of return for the relevant period.

185 The Isle of Man's Law Reform Act 1997 enables Treasury to prescribe a discount rate which Manx courts are then required to take into account when calculating the award of damages. A similar provision exists in UK legislation under the Damages Act 1996, which enables the discount rate to be set by the Lord Chancellor. The current rate set by the UK is 2.5% and this has been in place since 2002.

190 Current economic data and research indicate that investment opportunities and nominal rates of return available in the Isle of Man closely match those available in the UK. The Damages

(Personal Injury) Order 2014 therefore prescribes a discount rate of 2.5% to mirror that of the UK. This will provide Isle of Man courts with additional guidance when considering the award of damages for personal injury cases.

195 Madam President, I am aware that there has been some considerable interest in this Order and questions have been raised as to whether Treasury should be setting out a discount rate at this time, or whether we should await the outcome of the widespread consultation review process in the UK. There are arguments to be made from various parties as to whether the 2.5%  
200 rate now being proposed for the Isle of Man is still valid. However, despite extensive external consultations in the UK over the past year or more, the UK and Scottish governments have not moved to amend this and it remains in force.

Treasury cannot second-guess if, how or when the discount rate may be amended in the UK. Having identified a gap in the legislative process here, Treasury therefore believes that it is prudent to act now in providing this guidance to the Manx courts, which reflects the current UK  
205 discount rate. In setting the rate at 2.5%, there is no intention to disadvantage those involved in current or future claims. I would reiterate that the Order is merely being introduced to mirror current UK and Scottish discount rates. It confirms the *status quo*. This Order will oblige the Manx courts to take the discount rate into account when considering the award of damages, but they remain open to taking a different rate of return into account if evidence is presented to  
210 them that indicates this is more appropriate.

Treasury must, of course, be mindful of the pressures on budgets across the whole of Government. As well as the Government insurance implications and the cost of compensation claims, there is also increasing evidence that insurance costs are rapidly rising against the medical profession, which is making some private consultancy unviable. By way of illustration, I  
215 have been in touch with the Department of Health this morning, just to get an update. One surgical consultant has pulled out of private practice because of the cost of medical insurance, and also I understand that our GPs are seeing an increase in their insurance as well. Some of the other consultants are also considering their positions.

This is a double whammy because it means that the private patient activity at the Hospital is declining, so the income from private patient services at the Hospital is also declining. Those  
220 patients who would have gone as private patients through the private process are now falling back onto the NHS scheme, so there is more pressure on our waiting lists.

So this is something that we should not ignore. It does have wider implications and I would ask Hon. Members to consider that. If this continues, the position may worsen further and there  
225 will be, as I said, knock-on effects elsewhere. This is therefore not an issue that can be considered in isolation and could have implications for future budgets across Government.

As I mentioned yesterday – sorry, not yesterday; it has been a long week, Madam President. As I mentioned on Tuesday in my Budget presentation, I did say that some of the expenses which were, in effect, being incurred or defrayed through our internal reserves would have to go  
230 back into departmental budgets. Insurance, I highlighted, was one of them; so if there is a massive increase in our insurance premiums, they will have to be reflected in the departments' budgets. As I think I have explained, we have very little leeway to increase departments' budgets, so if there is a big increase in premiums it is going to have an effect on activity and what we can do, what we can deliver for frontline services. I am not shroud waving; that is just  
235 the reality of the situation.

However, I do recognise that there has been concern, and if this motion is successful today I will refer the issue to the Economic Policy Review Committee, asking them to review the situation, take evidence from all relevant parties and report back to this Hon. Court. The reason  
240 for that is you could say that Government has a conflict of interest and it would enable the Committee to take evidence from all parties in a clear and, I know, highly professional and disparate manner. That would enable those people who have an interest in it to make direct representations, and I think that would be a better way, moving forward.

245 However, in the meantime, to actually deal with the uncertainties that presently exist, I would respectfully request Hon. Members to support this motion, because it just means that we are confirming... *[Inaudible]* on the mirror image to the UK; and at the end of the day, the ultimate court that would deal with a claim, if it went to appeal, would be the Privy Council. What we are doing is giving guidance to the courts. We are not being prescriptive; it is guidance. With that, I beg to move the motion standing in my name, Madam President.

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

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

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

255 Having listened very carefully to the Minister as to the reasons why he has brought this motion before us today, and then of course the reasons of mitigation that he has given as to why, it makes no sense to me. The Minister is an extremely intelligent man, but he has just talked himself out of this motion, and I will spell out one or two of the reasons why.

260 First, one of the points that he made was that the Department of Health, which he checked with this morning... A certain surgeon has pulled out of the Isle of Man because in private operations – because this does not affect NHS operations – it is far too much for him to be insured because of the spiralling insurance premiums, which we all understand. We understand that.

265 But this is extremely important, because this is the discount rate that is levied against the quantum of a claim for damage or negligence, in no matter what – whether it is medical negligence or accidental... somebody gets run over by a car, or whatever – and those people who require that quantum of costs usually require that level of quantum in order to keep them in care and look after their care needs for the rest of their lives.

270 The insurance discount which is provided, or added to this usually at the end of the quantum calculation, makes an extremely important – extremely, widely important, Madam President – argument as to the level of that quantum. That is the reason why I think that the United Kingdom has been out for consultation on this for such a long period, even though it is paying the same.

275 So I cannot accept his Department of Health issue, because it is only to do with private operations that *may* go wrong, and where those surgeons require that. In the case of the Department of Health's – and the Minister has sneaked this point again – National Health Service insurance, of course they do not have one. It is self-funding. We do know that there are claims, and there are successful claims – not very many, but they do happen on an annual basis – and therefore the Department of Health's budget obviously is hit on this. That is where the Minister stated that Government has a conflict of interest.

280 So I put it to the Minister, because of this... What I put to him is that that is a real major reason why he should not have moved this motion today. It is a major reason why he should not have done that.

285 Of course, when these issues happen, like we say, the effect can be absolutely enormous. I circulated, Hon. Members, an e-mail from a well-known local advocate, who I am very grateful to for briefing us earlier this week on this very matter. I asked her for some applications, on top of the quantum of the discount rate, moving on a sliding scale from 2.5%, which is what the Minister is asking the Court to support today, and –1.5% in one of the well-known case law points that she advocated to us when she was briefing us. The difference, Madam President, is over £1 million, and that difference of over £1 million... and it is just to give Hon. Members an example of what the difference is when you move the discount rate. The discount rate on a huge claim at 2.5% can be £1.129 million – £1,129,000 as against –1.5%, which is... *[Inaudible]* million.

290 So, like I keep on saying, it is £1 million difference. That is the difference, Madam President. That is the difference of someone who requires long-term care. If this is a youngster run over or

295 injured in some way where he requires medical attention for the rest of his life, this person is likely to run out of funds sooner, so they are going to turn back to the Department of Social Care for funding for disablement benefits etc in order to continue to provide that care. So this makes a whole nonsense of the issue. It does make a whole nonsense of the issue.

300 The additional thing on this whole issue, when you look at the quantum and the rates, is the simple fact that you have got no effect on the Isle of Man budget – other than the self-insuring setup with the Department of Health – no effect on the Isle of Man exchequer itself. This is all a charge on insurance companies, usually based in the United Kingdom – so no effect on the Isle of Man for those very serious accidents that happen here and there, which we are all very sorry to see and hear about but do happen; and those people who require care for the rest of their lives need that money. They need that quantum because in the Isle of Man circumstances there is only one single pay-out when the quantum is actually worked out after liability has been admitted; whereas in the United Kingdom you could go for a portion and then claim a portion later, depending on the state of your circumstances and the time of life existence that you actually have.

310 I really do think this is not the right time to move this motion. The Minister has also stated, against his argument if I may say... What he has actually stated is that, if this is approved today, he will refer this to the Economic Policy Review Committee, so that is obviously handled by parliamentary terms rather than governmental terms – so why put the cart before the horse? **(Mrs Beecroft and another Member: Hear, hear.)**

315 What I am asking the Minister to do is send it off to the Economic Policy Review Committee, let them make their recommendations, then revert back to this Court with... if they come back with the *status quo* or whatever, rather than doing it the other way round.

It is no real cost of Treasury, other than the self-funding, as I have already mentioned. There is no reason for this whatsoever. I really would ask the Minister, in the case of disadvantaging any case that should come before the Isle of Man courts, to withdraw this, send it through to our form of consultation – which would no doubt have regard to the consultation in the United Kingdom – because it is such a serious matter and that injured party has only one single bite of the cherry, Madam President.

325 I would ask the Minister, on all of those very serious points, even though I have just brushed across them, to withdraw this Order – it is no real slight against the Treasury, safe for the Department of Health – and to wait and see what the discount rate is settled upon in the UK. Yes, I would say that we should mirror what they are doing. Theirs currently is this very same rate, but it could alter and I think there is every likelihood for it to alter.

330 In the case of insurance companies charging additional premiums, in this case, as the Minister quoted, for the consultant surgeon, the consultant surgeon will have to pay more premium. And we know where the premium will end up, don't we? We all know what will happen to that. *(Interjections)* It is quite simple, what actually happens. And why the man has stopped operating I just do not know. I do wonder about why he stopped operating, because anybody who is worth his weight will get insurance and will pass it on to the consumer.

335 Thank you.

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

**The Speaker:** Thank you, Madam President.

340 I rise to move that this Order be referred to the Economic Affairs Committee of Tynwald for consideration and report, and an amendment to that effect has been prepared. I have done that to ensure – to use the words of the previous speaker – that the cart is not put before the horse. **(Several Members: Hear, hear.)**

345 The Minister has very clearly told us – and I am grateful to him – the dilemma that is before the Court at the present time in terms of the implications of particular rates of damages. I think we are in danger of moving prematurely, and local claimants – for damages which will be met, as

Mr Houghton has said, ultimately by UK insurance companies – may well be put at a disadvantage.

350 If we enshrine the Order at 2½% today, then by way of guidance it will be very difficult for the courts in the Isle of Man to depart from that. I think we do have to question why it is that, 13 years after the UK set the rate at 2½%, we have to do it now.

355 Is it because the precedent has been set in another jurisdiction – Guernsey – as we have been advised by a local advocate, to whom similarly I think we must be very grateful for advising us of the position in reality, a position that goes well beyond what we were advised in the explanatory memorandum of this Order, which I certainly read and took at face value until I became aware that the Lord Chancellor in the UK has instigated a review in the UK of the 2½% interest discount rate? The reason for that review is that it was set at 2½% at a time when interest rates generally were very much higher – 13 years ago, very much higher than they are now.

360 The Minister has said we should pass this now and then send it for further inquiry – the Court should pass the measure now to set guidance to the courts. Well, the courts, with all due respect, do not require guidance. The courts have made these decisions for the last 13 years without statutory guidance in the Isle of Man, providing their own guidance by way of case law.

365 If it is said, ‘Well, that’s fine; we’ll set it as guidance and the courts can always depart from guidance by looking at case law,’ it is the difficulty that courts have had in doing that which has triggered the consultation by the Lord Chancellor in England – I think in 2010 it started, or 2011 – because the Association of Personal Injury Lawyers were unable to get the courts in England to depart from the rate set at 2½% in law in England.

370 If we do that now, it will be difficult for the courts to depart from that. The Lord Chancellor inevitably, following the consultation and all the representations made, is going to come down with a lower rate of interest. That is inevitable and the Minister has indicated that that is likely by acknowledging the need for a local examination of the position to take place by the Economic Affairs Committee.

375 So the logic of this is to not enshrine in law today but conduct our own local consultation. Let evidence be taken from all parties – advocates, members of the public – by the Economic Affairs Committee, who will then report to this Court, which in the light of their report and conclusions will make a decision on the Order.

It would be wrong, Madam President, to pass the Order today (**A Member:** Hear, hear.) and then send it off to see if we had made the right decision. Let us not get the cart before the horse. (**A Member:** Hear, hear.)

380 I beg to move reference, at this stage, to the Economic Affairs Committee:

*To leave out the words: ‘be approved. [SD 2014/0022]’ and add: ‘stand referred to the Economic Policy Review Committee for examination; and to report.’*

**The President:** The Hon. Member for Douglas West, Mr Thomas.

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

385 I rise to second the amendment by the Hon. Member for Garff, Mr Speaker, and reserve my remarks.

**The President:** You cannot reserve your remarks to an amendment, sir; you must speak.

390 **Mr Thomas:** Madam President, there were just three issues I wanted to put on record.

The first one is that it is and was profoundly wrong to actually do something so serious by executive order, and I fully support the referral to this Committee for fuller investigation, taking into account evidence from insurance companies, evidence from what is going on in the UK and what is going on in Guernsey in particular.

395 The second point is that it was wrong to actually have such a short explanatory memorandum, and I want to second the thanks by Mr Speaker to the advocate, who had no interest in this beyond the public interest, for spending the time to prepare such a full briefing for us and then to come in and take the time to actually brief us and answer our questions. It is wrong that an outsider was doing that for us, but we are fortunate that that is the case, that we  
400 have expert briefings from outside; and so I will put on record thanks to that advocate, who had no conflict of interest beyond merely the public interest at heart.

Thirdly, the suggestion to us was that Government was doing this perhaps to save money, and that is there in some of the comments we have heard already; and that is wrong. Parliament and Government are about the public interest more widely.

405 Thank you very much, Madam President. Apologies for my misunderstanding.

**The President:** The Hon. Member for Douglas East, Mrs Cannell.

**Mrs Cannell:** Thank you, Madam President.

410 I rise to support the amendment that is being moved by Mr Speaker.

I also want to put my thanks and appreciation on the record to the advocate who alerted us to this situation. I have to say I was quite alarmed that she only discovered it by chance, which suggested to me that even the Isle of Man Law Society, the advocates in the Isle of Man, many of whom represent cases such as this where an accident has happened – either a road traffic  
415 accident or an accident at work – and a person needs lifelong financial help and support in order to give them any kind of quality of life... They act for them, and thank goodness that she did find it.

I would have thought, with something like this, as Mr Speaker said... We have never set a percentage rate ever before, and one would question why the rush. The Minister, in moving it, said, 'Oh, well, because we might have a problem with insurance cover for surgeons wanting to practise in the Isle of Man and wanting to undertake private procedures.' That does not really influence my thinking at all, because it is not just medical negligence that might be the cause of someone's lifelong pain and agony – as I have suggested before, more often it is to do with accidental issues.

425 I dealt with a constituency matter some years ago, where a young man came off a motorcycle – and he was not going at great speed, but he came off it because he had gone over a manhole cover which had been incorrectly fitted, (*Interjection*) which had a residue of rain on it. The person went under a vehicle that was travelling in the opposite direction and that rendered that young man brain-damaged for the rest of his life. His parents had to resign from their jobs – they  
430 were gainfully employed – to look after him 24 hours a day, seven days a week, for years and years, while the courts and the insurance companies argued and finally settled on a quantum. In the meantime, it was the Department that had to pick up the bill. Social Care had to pick up the bill in terms of the allowances. As it happens, very sadly, by the time the quantum was established – because the procedure in law can take a considerable amount of time – the young man died, so he never got to receive or benefit from any kind of financial win.

435 Nine times out of 10 it is to do with an accident that happens, a road traffic accident or an accident at work. I am currently dealing with another constituency matter where it was a road traffic accident. Thankfully, this person has not been rendered brain-damaged, but has been severely physically damaged and is unable to work.

440 So the actual Order, the matter at hand, is very significant and has a major impact on people in the Isle of Man, and it would be foolhardy really to just simply approve it then refer it to scrutiny: it is the cart before the horse.

At the moment, the remit of the Scrutiny Committee is to consider and examine an existing policy. I have always argued that our remit should be automatically extended to consider  
445 emerging policy. However, having said that, if Tynwald Court supports the amendment today, then for the first time Tynwald will be supporting a Department and the Scrutiny Committee

looking at an emerging policy – one which, if we do not consider and scrutinise, could have very significant consequences going forward.

450 I am thankful to the Hon. Member for North Douglas and to Mr Speaker for explaining the situation as a consequence of the advocate's briefing, but the other thing that surprised me is that there is a case before the Isle of Man courts as we speak, which as I understand it... I do not know the particulars of the case or who is dealing with it, but as I understand it, it is likely to reach the Isle of Man courts by next year. I just wonder whether or not that is influencing the decision to try and move today, to try and claw a little bit of money back from that. It would be 455 unforgivable if that were true, and forgive me if I am wrong, but it is very suspicious that there is a case pending and all of a sudden there is a rush. Clearly the Minister is uncomfortable about it, because he would not have suggested referring it. He wanted to refer it himself to make sure that it had been done, it was fair.

460 I would say, Hon. Members, support the amendment of Mr Speaker. I think the Chair of the Scrutiny Committee on financial issues is willing to undertake the task. Let him and his Committee look at it, come back to us and suggest to us whether or not it is fair, whether it is equitable and whether or not we should be supporting it going forward.

Thank you.

465 **The President:** The Hon. Member of Council, Mr Downie.

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

I am a little disturbed at the tone of the debate thus far, because however you may feel about our Treasury Minister, I think he is the last person to ever want to deprive anyone of their 470 rights or an award in court. This is really a matter that is outwith our control.

Just to put a few things into perspective, I attended the presentation – a very capable young lady, but she agreed with me at the outset that we could also have had a lawyer there representing an insurance company who would have put the opposing argument. At the end of the day, when the Deemster, or a High Court judge or whoever, listens to a case for 475 compensation, he has to weigh up the evidence from both sides. It is following that that the compensation levels are worked out should the case be successful from the claimant's point of view.

I think we need to set out here what this is all about. Damages awarded by a court in a personal injury case are intended to compensate the claimant for the loss wrongfully caused to 480 him or her by the injury. In principle, this compensation is intended to put the claimant back in the position they would have been in had the injury not occurred. Compensation should therefore be as full as possible, but should not over or undercompensate the claimant.

Awards can take the form of lump sums, periodic payments or a combination of both. All of these tools are available to the courts. If the award includes a lump sum for the future pecuniary 485 loss – that is loss of earnings or future medical care and expenses – allowance should be made in the calculation of the amount of the award to consider that the recipient is likely to invest the money until it is needed. This is done by means of an adjustment to the amounts awarded by applying a discounted rate. The discount rate is an estimate of the return on the investment of the award. The discount could be positive or negative, depending on the anticipated rates of 490 return for a relevant period.

We all get indoctrinated by pensions and forecasts. All of this area is covered by a thing called *Ogden Tables*, which are not too dissimilar from all of the pension rules and rates that we see. It is a very complex situation.

Let's just take a little bit of time to look at the current position. The law aims to provide full 495 compensation for the loss suffered. To date, there has been no rate set in the Isle of Man and the courts have followed the UK precedent under section 1 of the Damages Act 1996 and applied the discount rate set in this section, which is currently 2.5%.

I think what is required here is some guidance. We know that there is a review taking place in the UK. I am of the opinion that what the UK might introduce is a thing called a periodic system of awards, so that if there is a big fluctuation in the market, the claimant has a right to come back, or in some cases the insurance company might have the right to come back and argue for the issue to be dealt with.

What is missing in all this is three little words, and the three little words apply to the same judge within the UK as in the Isle of Man courts, and they are 'take into account'. Here, in all courts, when we look at a situation, we take into account what has gone on, with the 2½%, what happens in the UK, but we do not have to follow that.

The Damages Act provides for the Lord Chancellor to prescribe a discount rate. The courts are only obliged to take this into account when determining the return to be expected from the investment of the sum awarded as damages. The court in question may take a different rate of return into account if evidence is presented in the case that this is more appropriate. So I would put it to you, Hon. Members, that the courts here can step outside of the 2.5%, based on the situation that is before them.

What happened in the particular case in Guernsey... My reading of that is that the evidence was not properly presented in that court and therefore a much lower award was given. Bearing in mind that in Guernsey there are different circumstances than in the UK, particularly with the health service, with the cost of living and so on, and that was a person who was knocked off their bicycle and very seriously injured, that case finished up going off to a higher court in the UK and the award was amended upwards. There is nothing to stop any award that is given in these courts in the Isle of Man going off to the Privy Council and being reviewed there.

So really, just to come back to the beginning again, I think Mr Teare has a problem with this because we want to be fair and just and upright and be straightforward with this. He has already said on record that if it goes off to the Scrutiny Committee he does not have a problem with this. But I think we owe it to the insurance companies who set the rates, who make the premiums and so on, to have some sort of a benchmark in the system. There is nothing clandestine here and I do not think anybody in this Hon. Court would want to do anything that would prejudice an award given for compensation or otherwise in the courts of the Isle of Man.

I would urge Hon. Members to support the motion that is before you. I am sure it will finish up going to a Committee. I just hope the Committee will not take as long as the UK have taken in their deliberations over this, because it has been going on for several years and I think if at the end of the day we finished up with a periodic system of awards, that would probably be the way forward and satisfy all parties involved.

Thank you.

**The President:** The Hon. Member for Ramsey, Mr Singer.

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

I wanted to thank the Hon. Treasury Minister for indicating to me yesterday his wish to refer this to the Economic Policy Review Committee – not the Economic Affairs Committee; the Economic Policy Review Committee.

Hon. Members of course are aware that the Committee itself, being a parliamentary committee, takes decisions as to what it will and will not investigate. Having had the early notice from the Treasury Minister, I spoke to the members of the Committee and we agreed to receive this item for investigation, if it is referred to us, and produce our report as soon as possible. We could possibly actually commence our consideration at our next meeting on 3rd March – I hope that would be quick enough for Mr Downie. If Members can take that into consideration, thank you.

**Mrs Cannell:** Put the amendment.



550 **The President:** The Hon. Member for Michael, Mr Cannan.

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

I actually just have a question, if I may, for the Attorney General, in terms of what Mr Downie has just stated, as to whether in his opinion there is flexibility under the Order for the judiciary to interpret the varying amounts.

555 Also, according to Mr Downie, a recipient of such an award could appeal to the Privy Council in the event that they were dissatisfied with that award. I would ask for that clarification, if the Attorney General is able to give it.

560 **The President:** The *Acting* Attorney General.

**The Acting Attorney General:** Yes, Madam President, Hon. Members, I can confirm that under subsection (2) of section 24 of the Law Reform Act 1997 the court is not prevented from taking a different rate of return into account if any of the parties to the proceedings show that it is more appropriate in that particular case to do so.

565 So, although the Order fixes a rate by way of guidance under subsection (1) of section 24, there is still subsection (2), which I have just read to you, where the courts can actually take into account another rate which may be obvious in the particular set of circumstances of the case it is considering.

570 That was the case in the Guernsey case which came before the Judicial Committee of the Privy Council (JCPC) in recent years, where the Privy Council took a different view, to the position in the UK, of the 2.5% discount.

Certainly from an Isle of Man court perspective, if an order was made here, that would go to appeal here before our Appeal Court, and with the leave of the Privy Council it could go there for review. So, to answer the Hon. Member's question, it could be ultimately reviewed by the Privy Council in due course.

**The President:** Mr Cannan.

580 **Mr Cannan:** Thank you, Madam President, for that clarification.

In that case, just as a further point... I have every sympathy for the Treasury Minister's case this morning. I think he has put it across well and I am pleased that he is willing to refer it to the Economic Policy Review Committee.

585 I know the Economic Policy Review Committee Chairman has just sat down, but he has said he will look at it at his next meeting – is he also willing to give us an assurance this morning that his Review Committee will undertake to try and conclude this matter as quickly as possible as well, and that we are not going to end up with an extended report here, which may take up to 12 to 18 months to produce?

590 **Mr Singer:** Can I give a personal explanation?

**The President:** I will allow you to.

595 **Mr Singer:** I did, I think, say that if it is referred to us we will produce our report as soon as possible, but we have to make sure that we take all the evidence that is necessary. We will certainly have no wish to delay any result.

**Mr Houghton and Mrs Cannell:** Hear, hear.

600 **The President:** The Hon. Member for Onchan, Mr Karran.

**Mr Karran:** Eaghtyrane, to start off with, I think it is a bit crazy, the whole situation we are in as far as this Order is concerned. It is alright Mr Downie saying you can appeal to the adjacent... You should get justice in your own land. (**Mr Houghton:** Hear, hear.)

605 The situation, as far as the Privy Council is concerned, is I would imagine it would not be the amounts that you could appeal to the Privy Council about; it would have to be a point of law. You would have to find a point of law for going to the Privy Council anyway.

I was going to move an amendment, but we have had the assurances of the Chairman of the Committee as far as that is concerned – then there is no need for a time limit; we just need to support the amendment of Mr Speaker.

610 It does concern me in this Hon. Court... This is a parliament. It is not Mickey Mouse; it is a parliament. 'We will vote for this to bring in secondary legislation, and then if it is wrong we will do something about it.' Then you will be told, like you were told yesterday... where you are told on Budget day, 'If you vote for this it does not mean you have got to vote for everything.'

615 It is absolutely schizophrenic if we, as a parliament, are going to say that, as the mover says, we will vote for it but we will refer it to the Committee anyway. It is crazy!

I am deeply concerned that we have seen, on Item 4 yesterday, about the issues of the differences between parliament and the judiciary and the executive. We have fought for decades to try and get a proper parliament that is independent of the executive, and we are getting there, but I feel that this motion in front of us today is a very dangerous precedent, that we are going backwards into the interference with the judiciary, where it just becomes one big murky bowl as far as the Manx... [*Inaudible*] is concerned, between those who are in a position of power and those who are not.

620 I think the sensible way forward has to be that we have to support the Speaker. That is what a mature parliament would do. We do not want to win if we are not right. That is what we should be looking for: is it right for this to be supported?

I think one of the reasons we have seen such a reasonable input from the Treasury Minister over this is because he has had that much representation. He knows that he is on a sticky wicket on this.

630 I just hope that Hon. Members will not demean this place by allowing such an unprofessional thing... that you are going to support secondary legislation and you are going to agree to those, and then, 'Oh, well, if it's not right...' That is not how a parliament works. Hon. Members, support the Speaker. Do not support the situation with...

635 I have been quite impressed with Mr Downie lately, with his input – which is a surprise – (*Interjection by Mr Downie*) but the point is you should not have to actually go to a foreign country, to a foreign court, to get justice.

640 What you also need to realise is that the Privy Council does not come cheap, and most of these people, if they have to go on a point of law to try to get better compensation and they find a point of law to give them the hook to do it, the problem then is that it will cost us dearly because most of them will be going on legal aid.

**The President:** I would just ask the Acting Attorney General to comment on the point made by the Hon. Member, Mr Karran, with regard to the Privy Council.

645 **The Acting Attorney General:** Madam President, Hon. Members, perhaps I did not make myself very clear, or clear enough.

Subsection (2) of section 24 of the Law Reform Act 1997 does in fact to give our local courts the opportunity to ignore the 2.5% discount. So that would not just be at the court of first instance; it would also be our own Appeal Court. It is that decision which would then go to the Privy Council, and that does not just have to be on a point of law.

650 Certainly I am sure the Privy Council, following its own decision in the Guernsey case in recent times, would feel enabled to consider any dispute coming out of our own courts as to whether the 2.5% discount rate ought to be applied or not, because that is the decision which

655 the Privy Council made a reference to the Guernsey court. It felt, in that particular case, that it ought not, and it applied a different rate.

So I am quite confident our own local courts could entertain a challenge to the 2.5%, for the reasons I have just explained.

660 **The President:** The Hon. Member, Mrs Beecroft.

**Mrs Beecroft:** Thank you, Madam President.

I am going to try not to be repetitious, because I think Mr Speaker, Mrs Cannell and Mr Karran have made absolutely valid points.

665 I do thank the Speaker for his amendment, because I was feeling exceptionally uncomfortable with what was before us today and was going to vote against it. At least if this amendment is accepted we have a chance of a Committee looking at it and informing us better.

670 I would like to put on record my concern about the explanatory memoranda. I thought that we were able to place reliance on those, and if we are not being given the full picture when we are being given explanatory memoranda I do have concerns. In this case, we patently were not, because there is definitely another side to this.

There was no consultation whatsoever with the advocates' firms over here. They found out by chance. I do not believe that is acceptable. That gave me great concern. The fact that we are being asked to approve this today and then for it to go to a Committee gives me even more concern.

675 I think the courts in the Isle of Man have done a very good job of looking at what is actually at the crux of all this: people who have been injured, people who have been damaged, people who are vulnerable. They have decided – for the last... was it 13 years – how much, what discount should be applied, what these people should get; and they have done a very good job without our interference up to now. So what is the rush? Why should we pass this today (**Mr Houghton:** Hear, hear.) before we have had the benefit of what the policy committee can tell us?

680 All we have heard is from one advocates' firm – one advocate who very kindly came and explained it to us (**Mr Houghton:** Hear, hear.) and sent us e-mails. I think we owe that person a debt of gratitude for this, Madam President.

685 I would like to put on record as well my real concerns about the way things are going, and I mean that. Again, it seems to be another pattern that is emerging. We had the sewerage charge: 'Trust us, vote for this, bring it in; then we will try and make it fair at some date in the future.' Now we are being asked: 'Trust us, vote for this, then *after* you have put it there, *after* you have voted for it, we will ask a Committee to look at it.' This is a pattern that I find unacceptable in this Court, Madam President.

690 I hope Members will support the Speaker with his amendment, and if that fails I hope they will vote against this.

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

695 **Mr Watterson:** Thank you, Madam President.

This has turned into something of a lively debate, and I am a bit surprised that it has.

Like a few other Hon. Members – there were about eight of us – I went to the presentation given by the local advocate, and it was a very interesting presentation. It was a very one-sided presentation, but it was a very interesting presentation.

700 I think what has happened here is that a lot of Members have, because of perhaps the lateness of the hour of that briefing, (*Interjection*) accepted the one-sided argument at face value and have not perhaps had the opportunity of looking at the other side of this.

I would perhaps just like to share some of my experience of having to deal with some of the maths behind some of the calculations we have talked about in the seventh edition of the

705 *Ogden Tables* – not an easy read, a 75-page document, and even that is the bluffer’s guide, the published edition, and there is an awful lot more that goes behind that.

This is a complicated and technical subject and I am not going to get down into the calculations of it, you will be relieved to hear. But I am somewhat surprised by the outrage and the claims of injustice that have come out as a result of the debate today, which I do not think are particularly warranted.

710 The courts are currently operating in a vacuum, where there is no guidance set down as was envisaged when the law was passed in 1997. We are perhaps lucky that most of the cases that happen in respect of either medical negligence or injury and accident are actually dealt with out of court, and there are a few reasonable incentives there for both parties to come together and agree the factors, based on what are pretty well-known principles and concepts – and agreement and mediation are quite successful in this field.

715 The principle is simple: large lump sums of money granted to settle a claim are reinvested in low-risk investments such as a bank account or a bond and drawn down when they are required on an annual basis. Especially in serious cases, we are talking about large sums of money, as in the case that Mr Houghton gave there. We are talking about millions of pounds, and if we are not talking about millions of pounds then the effect of the discount rate is significantly reduced.

720 In the absence of the discount rate – if no discount rate is implemented – the lump sum is overvalued. You can invest the money, you can gain interest on it, you can gain an increase on the value of that lump sum over the years; but if you do not take account of that, that lump sum will be overvalued.

725 What we have also lost sight of in the debate, I think, is that it is only one element of that formula. That is just one component of a formula – a complex formula, but that is just one part of it. There are *many* assumptions built into that formula and calculations done, and the discount rate is only one part of it.

730 Another far bigger part, I would argue, is life expectancy and also future earnings. If you are dealing with the claim of a young person, critically injured, then these are far bigger factors than the discount rate is. We are talking about lost earnings going forward 20, 30, 40 years – a pension entitlement that that person would have had if they had carried on working. And even the assumption of mortality itself – how long the person is expected to live as a result of their injuries and how much has been taken off their life... These are also factors that are taken into account in that calculation when determining the quantum of the claim, and these are far bigger estimates than the discount rate is – and the discount rate is an estimate as well.

735 We cannot sit here in 2014 knowing what interest rates will do for the next 5, 10, 20 years. Nor can we tell what is going to happen with inflation over the next 5, 10, 20 years. We have to make certain assumptions at a point in time, because there is no facility within the law at present for periodic review. In the UK there is the ability for staged payments and the ability to review, and I think that is something that is valuable and something that we should move towards – it makes it fair on both sides – but that is not what we have at the moment.

740 The Act states that Tynwald can set a discount rate. It is clearly envisaged that Tynwald should set a discount rate. It goes on to say – the Act – as the Attorney has clarified, that the court shall give consideration to the discount rate, but it may set that aside for some or all of the claim. It does not have to go to the Privy Council, and that was also confirmed. The courts can set aside this Government-set discount rate, the parliamentary set discount rate, for some or all of the claim. So there is a judicial override for fairness.

750 That was demonstrated in the Guernsey case. In the *Helmut v Simon* case, we saw a negative discount rate in the case of future earnings, accepting that future earnings would be expected to rise and not fall or stay the same. So, on the basis that in a typical career, notwithstanding Hon. Members in this place, your wages are expected to go up as you get promoted through the ranks and you will have a career progression, that has got to be taken into account and that was done using a negative discount rate, and the courts were quite free to go down that road.

It has been asserted that the 2½% is immovable, but there can be significant variation on this, and this is where I perhaps differ from the advocate who came in. She said that you cannot move from the 2½%, that the case law in England is that it does not happen. Well, you do just a modicum of digging and you find out that actually that does not seem to be borne out in –

760

**Mrs Beecroft:** Point of order, Madam President. From my recollection, the advocate who came in did not say that you could not divert from that. She said the courts were reluctant to because it was open to challenge. She said they could, but they did not do so. That is my recollection of what she said.

765

**Several Members:** Hear, hear.

**The President:** That is not a point of order; it is a point of clarification.

770

**Mr Watterson:** I do not particularly disagree with that – it is that they do not do it. That is what was said in the presentation: that they do not do it. Well, when you start looking at it, they *do* do it.

Look at the cases of *Conner v Bradman* and *Clarke v Maltby*, where actually radically different discount rates were applied because of the different circumstances. When you start investigating it and picking it apart and seeing whether it is accurate or not, you can quite clearly see that there is evidence there to say that other discount rates have been used: in fact, discount rates ranging from the negative all the way up to 5%, which is double what we are talking about here. So 2½% there is not an unreasonable benchmark.

775

The principle of what we are talking about here – the principle of setting the discount rate – is in the UK law and it is in Manx law. (*Interjection by Mrs Cannell*) I have not heard anybody here yet argue with the principle of setting a discount rate – not that I am aware of. No-one has said that discounting these things back, making sure that the lump sum reflects the future cashflows and that a discount rate should be applied... The advocate did not say that and I do not think anyone here has said that. No-one, I think, is disagreeing with the principle.

780

It is then a case of what rate should there be. At the moment, there is not a rate, so we have set a rate in the Isle of Man – or we are proposing a rate from the Council of Ministers – of 2½%. So, is that right? Well, we cannot be exactly sure. This is not a precise science any more than predicting mortality – how long somebody is going to live – or indeed what their future earnings would have been.

785

790

**Mrs Cannell:** All the more reason it should be scrutinised.

**Mr Watterson:** And I could not agree more that it should be scrutinised; but we need a starting point to scrutinise, and without this Order there is no starting point to work from.

795

**Mrs Cannell:** Yes, there is: there is a... [*Inaudible*] to it.

**Mr Watterson:** There is no rate set by Tynwald, and therefore I would be worried. The courts may take the view that no discount rate is required on the basis of the comments that have been made today by some Members, and I welcome the undertaking by the Hon. Member for Ramsey that this would be consulted upon in a timely manner.

800

Nought per cent as a discount rate would be fundamentally wrong: it would overvalue the quantum of a claim. Two and a half per cent might not be right, it might not be perfect, but it is reasonable: it is a flexible figure, it is a benchmark, it is a starting point.

805

**Mrs Cannell:** It is under review.

**Mr Watterson:** To wrap up... I am conscious that I have gone on for some time, (Mr Henderson: Hear, hear.) but I want to put on the record why I think that this is quite a reasonable figure and quite a reasonable principle.

There is no doubt about the principle of a discount rate; it is accepted widely. The rate is a benchmark, it is not set in stone, and case law shows how it is not set in stone (A Member: Hear, hear.) and that the judiciary have moved away from it when it has been necessary.

It will get scrutiny, and it will get scrutiny pretty quickly from what the Hon. Member for Ramsey has told us. I welcome that and I think it is quite right, but there has to be a starting point. *(Interjection by Mrs Beecroft)*

I would ask Hon. Members not to leave the law and the courts in limbo on this. Let us put the discount rate in place, let us have it scrutinised and let us see if there is something so fundamentally wrong with it that it needs to be changed. I do not think that there is, Madam President, and I would ask Hon. Members to reject the motion, given the undertakings that we have for effective scrutiny, and support the motion as it was written.

**A Member:** Reject the motion.

**Mrs Cannell:** Be proactive and support the amendment. *(Interjections)*

**The President:** The Hon. Member for Douglas East, Mr Robertshaw.

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

I rise just on a moot point, and the Hon. Member for Onchan must forgive me if I have misunderstood him but I was a little alarmed in my understanding of what he said when he referred to JCPC as a 'foreign court': it is no such thing. JCPC is *our* senior court.

I happened to be in attendance at JCPC a few weeks ago. Whilst it sits, it *is* the Isle of Man and the Manx flag is erected. It *is* our senior court – and it happens to be also the senior court of a lot of other small jurisdictions – and woe betide us if we start turning away from the importance of having *our own* appeals court. As seen in the newspaper only today, yesterday a certain young lady called Miss Holt will be extremely pleased that the Isle of Man continues to have its own appeals court.

**Mrs Cannell:** Sorry, point of order, Madam President. The Minister said yesterday, in a long and protracted –

**The President:** Which point of order are you raising?

**Mrs Cannell:** He has just named somebody who cannot defend themselves, *(Interjections)* and yet he objected to it being done yesterday.

**Mrs Beecroft:** Hear, hear. One rule for everybody.

**The President:** I do not think that person needs to protect or –

**Mrs Cannell:** Hypocritical.

**A Member:** No, it's not.

**Mrs Cannell:** Yes, it is.

**The President:** Hon. Members, when you do raise points of order, you are supposed to tell me which number order you are raising. **(Several Members:** Hear, hear.)

The Hon. Member of Council, Mr Wild.

**Mrs Beecroft:** Ministers don't.

**Mrs Cannell:** No, Ministers never name the Standing Orders.

865 **Mr Wild:** Thank you, Madam President. I will be brief.

I think the briefing by the advocate – and I will not mention any names – was very helpful, and I thank her. I also thank my hon. colleagues, Mr Houghton and Mr Thomas, for facilitating the presentation. It helped my understanding. It led to me having questions which I then clarified with the Treasury team, which gave me a balanced view.

870 To me, this is simply an exercise of the Treasury providing guidance to courts – and it is only guidance – until the Economic Policy Review Committee can examine and report back. This feels a practical response to me as an interim measure. Therefore, I do not think the amendment is relevant.

875 **The President:** The Hon. Member for Middle, Mr Quayle.

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

I find the argument finely balanced, and I just thought I would maybe bring a different aspect to it. In a previous life, I have worked in the insurance industry. In the insurance premium you look at setting your rates on claims experience in those areas and what is the cost going to be in that area of providing a claim.

I have a lot of constituents who are in the medical profession and I do have concerns that, if we have legislation that is different or slightly different from the UK... if the Treasury Minister is saying to us that there may be problems with our doctors, surgeons etc getting affordable insurance to cover their practising, then I think we have to be careful that we are not accidentally making cover more expensive for our surgeons and therefore driving procedures either off the Island or just not happening at all and the waiting lists going up.

885 So I do have concerns and I am minded to support the Treasury Minister if he can give some sort of feedback on what the thoughts are on where the insurance rates may go if we follow a different route than the UK are recommending. *(Interjections by Mrs Cannell and Mrs Beecroft)*

**The President:** The Minister to reply.

**The Minister:** Thank you very much, Madam President.

895 This has been an interesting debate and I think really there has been a very valid concern about the impact upon those people who are unfortunate enough to have to bring forward a personal injury claim.

What I am trying to do here, and what I did articulate, I hoped, in the original part where I moved the motion, was that we were trying to give guidance, and that has been confirmed by the learned Acting Attorney. We are trying to give guidance to the Court; it is not set in stone.

900 We do appreciate that there is an issue at the moment. It has been brought to our attention by this case which happened in Guernsey, and I think it is only fair to the courts and also to the insurance companies that we give a degree of certainty. It is not 100% certainty, because it is only guidance; nothing more than that.

905 If I could just go down through some of the contributions rather than going through them in detail, Mr Houghton seemed to feel that the people who would be affected would be insurance companies. If I could just remind him that when I opened this debate I did mention that in our medical facilities we do self-insure, so this is not a liability which is picked up by insurance companies in total. Part of it will fall back on Government, and if there are increases in claims, it will have a knock-on effect on the Department's budget.

910 As I did say when I introduced the motion, the intention is that the insurance premiums will now go back to Departments and the cost of insurance will go back to Departments as part of

the rebalancing process. So, inevitably, if we do see an increase in the cost of awards, it is going to have quite an impact on activity, and that is also something else which we must have a look at, as I mentioned, in private practice too – because it is not only the cost of insurance. There seems to be a feeling that insurance will be available at a price, but if the awards rise to such an extent, the insurance companies could well pull out of the market or reduce cover. So it should not be assumed that cover will be available full stop. That is not the case.

What the Government is trying to do – what I am trying to do – is bring a bit more clarity to it, and what I have said is that if we send it to the Economic Policy Review Committee now, it is creating uncertainty, and in bringing forward this motion I wanted to deal with uncertainty in the short term, acknowledging that it needed a wider review in the longer term. So I feel that I have addressed both issues in a pragmatic and careful way. (**Two Members:** Hear, hear.)

Mr Speaker said that there is a danger of moving prematurely, when he put forward his motion that it should be referred now rather than being agreed now. As I have said, we do need to deal with uncertainty – that is the biggest problem – and the reason I am moving now is because uncertainty has been created and I feel it would be unwise to refer it to the Committee without making a decision. It only generates more uncertainty, and that is something that we should not allow. We should deal with it.

I would just like to thank my colleague, Mr Watterson, for his detailed riposte. It was very helpful and it also made it abundantly clear that, once again, based on precedent and the cases he mentioned, it is guidance – it is guidance for the High Courts – but it is not rigorously followed. The learned Attorney made that point as well: he confirmed it is guidance. So, what I am saying is that this is not set in stone; it is guidance for the courts.

Interestingly enough, one part of this argument has been, ‘Well, look at the low returns that financial instruments generate now’; but the other part of that equation is inflation and the way that inflation would erode any monetary award. We are currently going through an unusually low level of inflation. The UK is slightly under the 2% target rate and the fear now is that inflation could get close to zero: we could enter into a deflationary period. So an award in monetary terms and what that award would buy will become more valuable. This is a completely new scenario and this should also be taken into account when we are having a look at awards and how they are set.

So, to say that we should just concentrate on the financial returns is, I would suggest, somewhat one sided. We need to have a look at the inflation aspect as well, and I am sure that that is something that the Committee will have a look at.

Mr Wild, the Hon. Member of the Legislative Council, was quite correct – a briefing by one party. I feel that we have brought forward a practical response. It will give the Committee an opportunity to take briefings from all parties, so there will be more representative input.

The Hon. Member for Middle, Mr Quayle, said that this uncertainty will impact on premiums, and I have been advised... not as a threat, but actually I just bumped into a member of the insurance industry and they said to me that it is inevitably going to impact on both premiums and the availability of insurance companies.

With that, Madam President, I beg to move the motion standing in my name and I urge Hon. Members to vote against the amendment moved by Mr Speaker.

**Mrs Cannell:** Contradictory.

**The President:** Hon. Members, the motion before the Court is set out at Item 11 on your Order Paper.

To that, we have an amendment in the name of Mr Speaker, and I put the amendment to you first. Those in favour of the amendment, please say aye; against, no. The noes have it.



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

*In the Keys – Ayes 10, Noes 13*

<b>FOR</b>	<b>AGAINST</b>
Mr Hall	Mr Quirk
Mr Karran	Mr Crookall
Mr Ronan	Mr Anderson
Mr Singer	Mr Bell
Mr Houghton	Mr Quayle
Mr Henderson	Mr Teare
Mrs Beecroft	Mr Cannan
Mrs Cannell	Mr Cregeen
Mr Thomas	Mr Robertshaw
The Speaker	Mr Shimmin
	Mr Cretney
	Mr Watterson
	Mr Gawne

965      **The Speaker:** Madam President, in the Keys, 10 votes for, 13 against.

*In the Council – Ayes 1, Noes 7*

<b>FOR</b>	<b>AGAINST</b>
Mr Turner	Mr Corkish
	Mr Wild
	Mr Crowe
	Mr Downie
	Mr Butt
	Mr Braidwood
	Mr Coleman

**The President:** In the Council, 1 vote for and 7 votes against. The amendment therefore fails to carry.

970      I now put to you the motion as printed, Hon. Members. Those in favour, please say aye; against, no. The noes have it.

**Mr Downie:** Madam President, Members are leaving before the vote.

**A Member:** Where has Mrs Cannell gone?

975      **The President:** Division called.

*Electronic voting resulted as follows:*

*In the Keys – Ayes 15, Noes 7*

<b>FOR</b>	<b>AGAINST</b>
Mr Quirk	Mr Hall
Mr Ronan	Mr Karran
Mr Crookall	Mr Houghton
Mr Anderson	Mr Henderson
Mr Bell	Mrs Beecroft
Mr Singer	Mr Thomas
Mr Quayle	The Speaker
Mr Teare	
Mr Cannan	
Mr Cregeen	

Mr Robertshaw  
Mr Shimmin  
Mr Cretney  
Mr Watterson  
Mr Gawne

980

**The Speaker:** Madam President, 15 votes for, 7 against.

*In the Council – Ayes 8, Noes 0*

<b>FOR</b>	<b>AGAINST</b>
Mr Corkish	None
Mr Wild	
Mr Crowe	
Mr Downie	
Mr Butt	
Mr Turner	
Mr Braidwood	
Mr Coleman	

**The President:** In the Council, 8 votes for, no votes against. The motion therefore carries.

985 **The Minister:** Excuse me, Madam President, if I could just catch your attention for a minute, is it in order for a Member of this Hon. Court to leave during a vote?

**Two Members:** Hear, hear.

990 **The President:** No, it is not, and I shall speak to the Member when she returns, or after the sitting.

**Several Members:** Hear, hear.

995 **The Minister:** Thank you, Madam President. *(Interjections)*

**A Member:** Discourtesy.

**12. Post office counters –  
Encashment of benefits –  
Motion carried**

The Hon. Member for Douglas North (Mr Houghton) to move:

*Tynwald is of the opinion that the Social Security Division must promote and maintain the option for claimants to be able to encash their designated benefits at post office counters.*

**The President:** Item 12, Hon. Members. I call on the Member for North Douglas, Mr Houghton, to move.

1000

**Mr Braidwood:** Madam President, before Mr Houghton starts, I would wish to declare an interest in this Item on the Order Paper.

1005 Although under Tynwald Standing Orders I have not a direct pecuniary interest, I feel it is appropriate that I withdraw from this Hon. Court because it may be seen that there is a perception of bias with my wife being designated official at Windsor Road post office.

**The President:** It is in order for you to absent yourself, Hon. Member.

The Hon. Member –

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

1010 At the outset of my speech, and in order to be transparent, just like the Hon. Member of Council, Mr Braidwood, I would declare that I am a former sub-postmaster but now have no financial interest in the post office business. However, a family member does operate a sub-post office. It is my experience as a former sub-postmaster, with an overall service in the Post Office amounting to a quarter of a century, which has inspired me to move this motion today.

1015 In October last year, I led with a number of parliamentary Questions to the Minister for Social Care following concerns circulating within his Department that he was, at that time, considering the withdrawal of payments of pensions and other benefits from post office counters. Mr Robertshaw's replies to those Questions were far from reassuring.

1020 This sparked a significant level of concern from communities, who together with Members of this Court clearly understood that if the payment of pensions allowances and other benefits were withdrawn from post office counters, not only would the future of post offices be put in jeopardy but so would many other community-based retail outlets be at risk of closure. (**A Member:** Hear, hear.)

1025 Madam President, the Post Office pays out around £75 million in cash each year in respect of the following benefits: State Retirement Pension; Income Support; Child Benefit; Jobseeker's Allowance; Incapacity Benefit; Widow's Pension; Attendance Allowance; industrial injury payments; Disability Living Allowance; and Employed Person's Allowance, formally known as FIS. This is hard cash which circulates the Island's retail sector on a weekly basis.

1030 The Post Office currently has 25 retail outlets, two of which are Crown Post Offices at Regent Street and Ramsey, and there are 22 other sub-post offices on the Island. When I began working in the Post Office in 1975, there were around 35 sub-post offices in existence at that time.

1035 The Hon. Member of Council, Mr Corkish, Chairman of the Post Office, wrote to Members in November last year, expressing concerns regarding the intentions of the Minister for Social Care. In his letter, the Chairman stated: 'The Post Office is very concerned about any acceleration in the loss of cash transactions and the knock-on effect on cash volumes circulating in the Island.'

1040 If the entire Social Care transactions I have listed migrate to electronic means, 18 out of those 22 sub-post offices would lose anything between 20% and 53% of their variable income from the Post Office. Madam President, between 20% and 53% of their income would be lost. There are more than 60 people employed in sub-post offices whose jobs could be under threat and the consequential effects on other retail outlets would be devastating.

The Chairman of the Post Office has also done his best to attempt to negotiate with the Department of Social Care on this matter and has offered to provide an alternative modern card-based system to allow benefits to continue to be paid at post office counters.

1045 However, Mr Robertshaw did not listen, and in January this year his Department wrote to all those in receipt of Child Benefit, informing them that they must complete a reapplication form for claiming Child Benefit before April 2014. On this application form it states: 'If you are not already getting paid Child Benefit by direct credit transfer, it will start to be paid by direct credit transfer from April 2014.' The application form asked for details for payment of Child Benefit directly into a bank account. At the bottom of the form, it states: 'If you do not have a bank or building society account, please contact the Department.' It does not state anywhere on the form that the customers can continue to collect their Child Benefit at a post office counter.

1050 Madam President, when the Minister was questioned in another place, he would not admit that he instructed his Department to withdraw the option of payment of Child Benefit at post offices – but he clearly did.

1055 When he was put under pressure during questioning, he had to admit that if customers insisted, they could still have their Child Benefit paid at the post office. There must be many recipients of Child Benefit who have by now already completed the reapplication forms and

1060 returned them to the Department of Social Care, switching payment into their respective bank accounts; and as such, the Minister is already responsible for causing collateral damage to the viability of post offices, which will take effect from April this year. This will have a devastating knock-on effect to many other shops in communities throughout this Island.

Madam President, this potential crisis must be immediately halted. My motion reads:

‘Tynwald is of the opinion that the Social Security Division must promote and maintain the option for claimants to be able to encash their designated benefits at post office counters.’

1065 The motion is straightforward, and if it receives support of Hon. Members today it will give the Department a clear message that it must promote, by advertising or otherwise, on benefit application forms and by public notices etc, and must continue to maintain the option for claimants to encash their pensions or any other benefits at post office counters. My motion does not, of course, debar those who wish to have those benefits paid into bank accounts.

1070 In closing, it is critical that the public must be made aware that they can continue to collect their pensions, allowances and other benefits at the post office, as they have always been able to do in the past.

I beg to move.

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

1075 **The Minister for Social Care (Mr Robertshaw):** Thank you, Madam President.

I am very pleased to second the motion, and I doubt there will be a single Hon. Member who would not wish to support (**A Member:** Hear, hear.) the continuance of the service available through our post office counters. (**Three Members:** Hear, hear.) I think we are all agreed on that.

1080 The motion is easy to support and I do not really think it is the issue here. What is more challenging, the real issue, is just how we arrive at a sustainable post office counters service in a dramatically changing world in order that the will of this Hon. Court – assuming Hon. Members choose to support the motion – can be realistically carried out over the foreseeable future.

1085 Looking again at the motion, it states, and I quote, that we ‘must promote and maintain the option for claimants to be able to encash their designated benefits at post office counters.’ So how exactly do we promote and maintain the option? This is where the proposer of this motion and I part company.

1090 The proposer’s contention – and I hope I am being fair to him here – is that if my Department would only promote the traditional voucher option through the various benefit application forms, all would be well and the post office counters would prosper. Further, he has tried to enhance his argument by portraying me as somehow the villain of the piece, or more exactly – and here I quote from *Hansard* – as a ‘cavalier’ and ‘dangerous man’ who ‘must be taken out of office’. (*Laughter*)

1095 **Mr Houghton:** How did you know?

**Mr Quirk:** You said ‘as soon as possible’, though, didn’t you?

1100 **Mr Robertshaw:** In other words, it is all my fault, and if I would just go away everything would be alright. Well, of course, nothing could be further from the truth, and here I must, rather sadly, again part company from the occasional colourful language and quixotic unreality of the proposer’s mindset to the more difficult reality of the real problems that fall to us to solve.

1105 I have always believed, both throughout my life in business and now – and particularly now, as we face a series of really significant challenges in Government – that the first step to solving a problem is always to face up to it honestly and openly and acknowledge its existence. That is

exactly what I have done with regard to post office counter services. If we wish to retain them, then let us please be honest enough to recognise the truth: that there is less and less Government business going through them; that the people of the Isle of Man are changing the way they handle money and payment transactions, and indeed how they used the postal service as a whole.

1110

It is just very unfortunate that the Hon. Member for North Douglas cannot find it in himself to face up to these changes. It is not that he has not been told the facts before. The Minister for DSC before me – the Hon. Member for Middle, Mr Martyn Quayle – must have also been, to borrow the Hon. Member’s measured tones, an equally ‘dangerous man’ –

1115

**Mr Houghton:** What happened to him?

**Mr Robertshaw:** – for back in 2010, on a Question on the same subject, again posed by the Hon. Member for North Douglas in another place, he presented the Hon. Member with the truth about the fundamental changes that were taking place: namely, that more and more people were opting for payment of their benefits through their bank account and that the vast majority of recipients were now paid that way.

1120

Fact: between 2008 – before *this* ‘dangerous man’ was in this Hon. Court – and last year, the number of those being paid their pension through the Post Office dropped 33%. Fact: the figure for the same period for Child Benefit was a drop of 35%. This is just a snapshot in time of a much deeper and more profound decline.

1125

Madam President, with his background in sub-post office work, the mover must have long understood the problems, so it is particularly disappointing that he has neither really faced up to them nor come forward with any viable or cost-effective solutions himself. A great shame.

1130

You do not, however, need to have been a sub-postmaster to know that there is always an irreducible minimum cost for the delivery of a service; it is the same in any business. The very traditional voucher system is old-fashioned and *very* expensive to run. For DSC, there is understandably a significant charge made by the Post Office for the service, and further very significant costs internally within my Department to manage the process from our side. It is but a short step from there to acknowledge that as business migrates to other forms of payment, the unit cost of delivering and encashing a voucher will climb remorselessly. We cannot afford it.

1135

So we have two distinct challenges: (1) how to maintain post office counter services not only for those who cannot or will not wish to be paid through other means, but also for the communities they serve; and (2) how do we make that process as cost-effective as possible?

1140

To repeat myself, the first step is to acknowledge these challenges, however uncomfortable some might find them to be.

Both my Department and the Isle of Man Post Office have readily acknowledged the challenges ahead and are working towards solutions and hope to build a new future for post office counter services around card system, the supply and operation of which the Chairman of the Post Office has indicated to me he is keen to bid for.

1145

The Post Office will also readily acknowledge that a card system reduces the production and distribution costs of cheques and vouchers, as well as helping the reduction of fraud by real-time time control and the introduction of a two-step authentication process.

My Department and the Post Office would wish to see cash withdrawals at post office counters and kiosks. We would both wish to see this as the first step to developing other services and help to turn our post office counters once again into real community hubs: a one-stop shop.

1150

Nothing would give me more pleasure than seeing a seemingly intractable problem turned into an exciting opportunity. Last time I used such words in another place – it was on the same subject – the Hon. Member’s response was to mock such a concept. More specifically, *Hansard* shows that when I used such language, the Hon. Member for North Douglas asked me to

1155

consider my position, and here I quote, before I do any more 'damage'. (Mr Houghton: That's right.)

1160 It is regrettable that he is unable to see the opportunities ahead, so what I would like to do is spend a couple of minutes helping came to understand (*Interjection*) why the future of post office counters and kiosks is potentially exciting, but only if we respond to the challenge. Everything is changing, and quickly.

1165 Let me start really close to home for a few seconds with my own family business: one by one, my customers are moving from paying by cheque to credit transfer; one by one, my suppliers are moving to presenting their invoices by PDF attachments to emails – this is at their request.

1170 It was not long ago that you could not use a credit card in M&S, and now you can pop in – as I will at lunchtime, hopefully – for a couple of items and slip out again using a card on a self-service till in moments. For large purchases, we of course nearly all use cards and PINs, all of us. People are beginning to use the close proximity facility on their credit cards for purchases of small items; and depending on the age cohort, there is a growing appetite for credit transfers using iPhones. So, be it the actions of businesses or consumers, the trend is towards electronic transactions, and this impacts on the routine footfall in local branches.

1175 Indeed, the clearing banks themselves are keen to phase out the use of chequebooks altogether in the few years ahead. Going to the bank is increasingly more about specialist transactions rather than daily routine, and this is all having the effect of closing small rural branches – as the Speaker will know to Laxey's cost, in January I think it is; and the Member for Michael will recall that a few years ago their local branch also closed in Michael.

1180 With the right products and consumer service – and both of these would be a prerequisite – this creates opportunity for the post office counter or kiosk to step into the vacuum created. Add to that the Isle of Man Post Office's ambition to expand the services available to customers through the use of... for the sake of a name, a 'service access card', and the reason for visiting your local post office counter starts to multiply again.

1185 Let me go even further. The day before yesterday, my Budget speech focused on the fundamental change required in the relationship between Government and people of the Island: that we need to personalise service delivery to individual need. I used the analogy of the changing relationship between the providers of television programmes and the viewer and that technology and the TV remote put the viewer in charge. The same principle applies to the service access card: it puts the individual citizen in charge. I believe this creates the opportunity for the card to be something people would want to use, and this would, as a consequence, significantly strengthen their relationship with their local post office counter service.

1190 Please do not think the challenge to keep our post office counters sustainable is just or simply about benefit transactions: it is not. Every time a business transaction moves online as I have described, every time the Treasury Minister is able to tell you that yet more people are completing their tax returns online, every time one of us sends a birthday card, get well card or Christmas card through one of the online services rather than send a card by post – and I can say that now because the Member for South Douglas has sold his shop – every time we send an e-mail or talk to someone on Skype rather than send a letter... Every single time we do that, we sell one less stamp through the Post Office.

1200 We can maintain our post office counters, but it will not happen by sticking our heads in the sand and pretending it is not happening. It certainly will not happen by hanging on, with gritted teeth and white knuckles, to what has gone before.

Please support this motion, but support it for the right reasons: support it because you really do wish to see innovation and change succeed and you wish my Department and the Isle of Man Post Office well in our determination to seek such an outcome.

1205 Sometimes, Madam President, we have to change to stay the same.  
Thank you. I beg to second.

**The President:** The Hon. Member of Council, Mr Corkish.

**The Chairman of the Isle of Man Post Office (Mr Corkish):** Thank you, Madam President.

1210 As Chairman of the Isle of Man Post Office, I thank the Member for Douglas North for bringing forth the motion.

I am very pleased that the Minister for DSC has seconded after, it may be said, some very fractious moments in the recent past between his Department and the Post Office. Together, jointly, in acknowledging each other's business positions, we are now, I hope, more attuned to each other's needs and damage limitation to the infrastructure of Isle of Man plc.

1215 Madam President, I welcome the motion and support it because I believe it provides choice to our customers in the way that they can receive their benefits. However, I do believe that the motion highlights the issues facing the Post Office retail network, and a lot of that has been addressed certainly by the Minister in his speech.

1220 The Department of Social Care is a significant and very important customer of the Post Office. I believe the distribution of benefits in cash is something that many customers, notwithstanding the speech of the Minister, still want; and that these transactions are fundamental if the Post Office retail network as we know it today is to survive. I will remind Hon. Members that around £74 million of benefits is distributed in cash each year and how important that hard currency is in keeping the wheels of our economy well oiled. It is a fact I have stated many times before.

1225 The Post Office recognises the tremendous value and importance of local post offices in the communities around the Island, and I am sure that is shared by lots of Members here; but it also understands and *has* to understand the changes in social habits which for a number of years now have been eroding the number of customers visiting post offices – a fact shared by other Members certainly with the Minister. Managing this balance is a challenge which the Post Office has and will continue to deal with, and we accept the facts outlined by the Minister.

Madam President, we all recognise this inevitability in the decline in customers using post offices because of the changes in social trends. Our strategy is to react to this in a balanced and sympathetic measured way, wherever possible, as we have to change the shape of our network.

1235 However, as alluded to by the Minister, I am pleased to be able to report to this Hon. Court that we are currently working with the DSC, acknowledging that economic challenge, to examine the options for payments to be maintained through post offices using a card-based system. (**A Member:** Hear, hear.) I am confident that this initiative will reduce costs for the Department whilst maintaining the distribution of benefits in cash at post offices, thus aiding the continued viability of this valuable networking community.

1240 Madam President, the need to balance our national Budget is challenging us all. Yesterday's Budget speech of course illuminated all those challenges to us. Every Department is under significant pressure to find the most cost-effective way to deliver services. We accept that face-to-face transactions are expensive and there is a drive across Government to move transactions online, but I see the Post Office retail network as a valuable asset we already have and something we should not sacrifice inadvertently. Should we lose it, we will never get it back. (**Mr Houghton:** Hear, hear.) This is the dilemma we face then, Hon. Members.

1245 The Post Office retail network has much more to offer and is a ready-made one-stop shop. We have been talking about this for a long, long time. It is a one-stop shop for the delivery of Government services to the public around the Island, so I would encourage all Departments to consider using it for the common good.

I thank Mr Houghton for bringing this motion, which I support.

Thank you, Madam President.

1255 **The President:** The Hon. Member for Castletown, Mr Ronan.

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

I too welcome this motion and thank the Hon. Member for bringing it to this Court at this time. I also wholeheartedly support the comments of my hon. colleague, the Chairman of the

1260 Post Office, and thank the Minister for Social Care for seconding this motion. That was a nice surprise but very welcome, (**Two Members:** Hear, hear.) and I thank you for that, sir.

Throughout my time as a Member of this Hon. Court, I have made no secret of my passion and my support for the local communities around this Island. I cannot overstate my belief in the importance of the cash distributed by the Post Office in the form of benefit payments in  
1265 supporting local communities in these very difficult and challenging times.

We should also remember that outside of the main post offices in Douglas and Ramsey – as we know, called the Crown Post Offices – most post offices in the community are teamed up with local businesses. The cash paid out in benefits circulates directly into these businesses and is their life blood. I also strongly believe that a significant number of the recipients of benefits  
1270 want to be given the option to be paid cash if they choose to do so.

I welcome the open and constructive dialogue now underway between the Department of Social Care and the Post Office over the introduction of a service access card, which will continue the role of the community post office in distributing benefits, and hope that this will provide some cost savings to the Department and will greatly assist the sustainability of the post office  
1275 network in the future – which, in my eyes, is absolutely essential to our towns, villages and regions. I am pleased the Department is following this direction, as it encapsulates the thoughts and wishes I had when I was a Member of the Department.

Finally, Madam President, a word of caution. If the Department – and I hope after today it is not the case – should believe it necessary to revert to plans to remove cash payments through the Post Office, I believe – as I did when I was a political Member for the Department of Social  
1280 Care, and this is the point, to me – it is essential that they and the Treasury should undertake a full economic impact study (**Mr Houghton:** Hear, hear.) of the effects on the Island of removing £74 million in hard cash out of circulation and the impact that will have on the post offices and the communities and jobs around our Island. Madam President, I think that is it in a nutshell for me, and that has been my point all along.

I fully understand the needs and... [*Inaudible*] drive and vision of the Minister for Social Care. Nobody has more respect for him than me in this Hon. Court. There is just one point we have a slight disagreement on.

1290 **Mr Robertshaw:** Not any more.

**Mr Ronan:** But to be honest with you, the point I have to reiterate... We all understand the change in demographic of how people want their benefits paid and how they want whatever they get by your Department, and we understand all you are saying about the payments through  
1295 banks and it being a fact that we are changing. Yes, we all know that; but the point is it is this lump sum of cash and the benefits it has on our communities.

I urge whoever makes the decisions in the future to remember that one point. We need to understand, if we remove that cash out of our communities, what impact it would have. (**Mr Houghton:** Hear, hear.) We keep saying in this Hon. Court we are poor on facts and data.  
1300 This is one important fact and data we must have, because it affects the lifeblood of communities, towns, villages, little shops. It is the glue that holds us together.

Madam President, I will be supporting Mr Houghton's motion, and again I thank him for bringing it to this Hon. Court. Thank you.

1305 **The President:** The Hon. Member for Douglas East, Mrs Beecroft. (**Several Members:** South.) Sorry? (**Mrs Beecroft:** South.) Sorry.

**Mrs Beecroft:** Thank you, Madam President.

I rise to support the motion and to congratulate Mr Houghton for bringing it to this Court.  
1310 I, like him, became rather uncomfortable with what was going on during Question Time, because the Minister seemed very reluctant to answer the question about people having the



choice. He said they had the choice, but when he was questioned it actually came out that the choice was not on the form. Mr Houghton showed me the form afterwards and it definitely was not there. So, when the Minister says, 'How do you promote the fact; let's promote and maintain the option,' I would say one way of promoting it is actually putting it on the form and letting it be known that people have a choice – because that was not happening and I felt that people were being funnelled down this way: 'If you haven't got a bank account, get in touch with us'; not, 'You are able to carry on collecting it at the post office, if that is your wish.'

1315  
1320 I am not arguing with all the facts and figures that the Minister produced about the trends and everything else. We all know that we are getting into more and more of the digital age and more and more transactions are online and things are moving quickly; but what we cannot forget is that a lot of our people, particularly the elderly, do not move at that pace. I think that is demonstrated... that certainly yes, the trend is going that way and there will come a point in time possibly, but when there is £74 million-worth of choice being made, I think that is very substantial. Okay, the trend is going down, but it has not gone down enough when you have 1325 £74 million-worth of choice being collected at the post office.

As Mr Ronan says, it is going straight into circulation. Some of that would definitely go into circulation any way, but when it is cash in your hand and you go to the shop and you spend your money, it makes a difference to the local economy.

1330 I think we have to remember the social aspect as well. Sometimes people only go out once a week – again, particularly the elderly – to collect their money; they have a chat with their friends. Even if that friend is only the person over the counter at the post office, it gives some of our elderly that additional personal contact with the outside world that possibly otherwise they would not have.

1335 I am not going to go on about this, but I do thank Mr Houghton for bringing this motion and I will wholeheartedly support it.

**The President:** The Hon. Mr Speaker.

1340 **The Speaker:** Thank you, Madam President.

I shall not be repetitive, because I think the case for (**A Member:** Well made.) outlining how important post offices are as commercial hearts of small communities in particular has been well made by the mover, the last Speaker, and Mr Ronan and other speakers. (**A Member:** Hear, hear.)

1345 I would say to members of the community, members of the public: use it or lose it. (**Several Members:** Hear, hear.) It is a two-way thing. There is no point the public complaining to us about post offices disappearing if the public themselves are not prepared to make the conscious decision to do business at the post office. Equally, we have a duty, as representatives of the public, to make it as convenient and easy as possible for members of the public to do so and actually to be able to exercise that choice; and if that makes the design of forms such that the 1350 default position is not paying into a bank account, but to make it possible and convenient to use the post office, then we must do so.

I think in terms of policy and strategy, there has certainly got to be recognition, and I think many of us do recognise the social value of post offices in a situation where the economic case is either fine or not there at all, and if there is a social premium to be paid I think we have got to be honest and recognise that this is what we want to see. If post office networks are to continue, there might be a price to pay for the hidden benefits to those communities in terms of social cohesion.

1355 Mr Robertshaw reminded the Court of, I think, the realities – the changing social patterns of how people do business and households conduct their household business affairs.

1360 It was very disappointing, if not understandable, that one of the Island's largest banks closed its branch in Laxey, which had been there since 1895 and itself had been very much the business heart of the community. But with changing business and personal banking transaction patterns,

1365 they made the commercial decision to close. What was very disappointing, however, was that  
they were not able, after due consideration, to transfer the retail counter banking service to the  
local post office, which was a matter of 50 yards away. The reason given for that was that a  
precedent would be set and there would be detriment to other branches of the bank in areas of  
the Island where there was a post office but no bank, in that banking business would migrate to  
the local post office, (**Mr Houghton:** So what?) and that would diminish the turnover at branches  
1370 of the bank.

I said, Madam President, that it was necessary for members of the public to use it or lose it,  
and I take this opportunity to congratulate those members of the public – a number of whom  
are in my constituency – who took the trouble to notify me that they went out of their way, at  
some trouble and inconvenience to them, to have Child Benefit actually paid at the local post  
1375 office. Instead of accepting the default position presented to them, they took the trouble to do  
that. You need to go out of your way and take conscious actions to do that. They did it because  
they recognised we do not want to lose our local post office – in Laxey, in that particular case. So  
I congratulate them and I would advocate others to follow that example.

I support the motion wholeheartedly.

1380

**A Member:** Hear, hear.

**The President:** The Hon. Member of Council, Mr Wild.

1385 **Mr Wild:** Thank you, Madam President.

I agree entirely with the sentiments expressed by my hon. colleague for North Douglas,  
Mr Houghton. This is a community issue and an important issue.

Banking strategists forecast an ongoing move from cash and cheques to electronic  
transactions managed by the customer and generated by the customer, and that is having an  
1390 impact on the banking branch footprint not only on the Island but across the world. I think that  
my hon. colleague for East Douglas, Mr Robertshaw, delivered an excellent summary of the  
economics of this development.

It almost reminds me of King Canute: the world is changing and we need to adapt, rather  
than try and stop it. Post offices have evolved and need to continue to evolve. Take the example  
1395 of say a petrol station, which I can talk about personally as I worked in one as a student in the  
1970s. At that time, a petrol station sold petrol, oil and spark plugs. Today, if I visit my own local  
petrol station, it still sells petrol, oil and spark plugs, but it is also an off-licence, a newsagent, a  
tobacconist, a food retail outlet, and it sells wood and coal.

The card system sounds like a very exciting opportunity to me and we need to work together  
1400 in Government to maintain our community post offices. I also agree with Mr Speaker: either use  
them or lose them. The outlets need to become one-stop shops underpinned by the postal  
services.

I support the motion.

1405 **The President:** The Hon. Member of Council, Mr Downie.

**Mr Downie:** Thank you, Madam President. I will be brief.

Basically, I rise to support the motion. We are in a world of change and I think it is up to us to  
come up with a compromise that works in the Isle of Man.

1410 I am sure the Hon. Minister for Social Care, Mr Robertshaw, will agree that some of his clients  
just will not be able to get bank accounts (**Mr Robertshaw:** Yes, absolutely.) and we have to find  
a way to make sure that they are serviced in an adequate manner.

At some stage in the future you might want to bring measures in that have been successful in  
other countries, like Australia, where what they can spend their money on is actually in their  
1415 best interests – they are not going off and spending the money on something else.

I think what has happened in recent years is that the post office, in my opinion, appears to be the last man standing now as far as the managing and the organisation of cash. If you ask most people in small business today... If it was not for the post office, they would find it almost impossible to find a service somewhere else, because really the banks are not interested or the banks want to put a significantly high cost on these things. (Mr Wild: Correct.)

1420

To coin the phrase, man cannot live by bread alone – but man cannot live by plastic alone either. (A Member: Hear, hear.) No matter how you dress it up, we are still in a society where we need to have some cash. (A Member: Hear, hear.) As other speakers have said, the Post Office is responsible for the distribution of about £74 million around the economy of this Island, and if anything happened to upset that I think we would be having all sorts of other problems here.

1425

I do not think the problem is insurmountable. I think the DSC understands the predicament the Post Office is in, and likewise the Post Office knows that it must step up to the plate and modernise its business and bring in other elements to make it successful.

1430

I just take my hon. colleague, Mr Wild, to task here. If garages are still selling spark plugs, that is possibly one of the reasons why they go out of business, because if you look at the opportunity to use a spark plug now... We have moved on: we are either on diesel engines, or fuel injected.

1435

**Mr Wild:** I realised that when I said it!

**Mr Downie:** And the same thing applies to the Post Office: it has got to rebrand itself, it has got to look at new opportunities, and it has got to work with other areas to make it successful.

I am supporting the motion today. Thank you.

1440

**The President:** The Hon. Member for Onchan, Mr Karran.

**Mr Karran:** Eagh Tyrane, I think what has come out of this debate today is more important than just the issue of the Post Office.

1445

If there is a real commitment for a card system, one of the things that the likes of us were concerned about and made representation to the Minister about was the issue where I had a horrendous case not so long ago, where we ended up with a situation where they could not give them money because it was all going on bank charges. So I think that this is something that the Post Office and Social Care need to develop, this card system where they can get their cash at the post office, where they can have the opportunity to use that card system on a credit basis... of having the credit in the debit system. That will give them the flexibility to go where they want to go.

1450

I think it is important that we look outside the box on this subject, because the thing is that that could help to stimulate the Post Office into a small bank – a small people's bank – where people can use that bank, where the likes of people can actually maybe get a proper bank account through the Manx Post Office. So I think there are great opportunities in that we have managed to get the people out of their silos on that subject.

1455

Only for the fact, Mr Speaker, that we got them to talk about the Government account as far as when RBS took over the Isle of Man Bank with the NatWest scenario... His bank in Laxey would have been closed many years ago, because that was part of the conditions when we were trying to get executive Government to operate there.

1460

So, as far as I am concerned, I hope that we will see a commitment from the Post Office to actually become a small people's bank on the back of that, with the backing of Social Care, to make it feasible for such a proposal so that people can put it on their card – they can have their family allowance on a card. In the future that is the way forward.

1465

I am glad that we have seen the impasse over, as far as that is concerned, because both sides, believe it or not, are right. The fact that we cannot stay how we were, as far as the Post Office is

1470 concerned... As far as that is concerned, Mr Houghton is wrong. But as far as the issue of the arrogance of 'it has got to all go through the banks,' when it will be eaten up with service charges, that was... [*Inaudible*] and I wish the Chairman well on the card system.

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

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

1475 I am only brought to my feet as this debate has widened. It is a forward-thinking debate. It is a debate in which lots of people are coming together.

1480 The concept of banking through the Post Office has been brought up. I think we should also record that next week the Manx Credit Union is launching itself and I would encourage the Post Office and the Department to actually think about how the Manx Credit Union can be involved in this process.

Also, I would like to think that there is an alternative, with the Treasury and perhaps the Office of Fair Trading thinking about basic banking products more generally.

Thank you, Madam President.

1485 **The President:** The mover to reply.

**Mr Houghton:** Madam President, thank you very much, and I thank all the speakers. There were nine of them in the debate. I was very grateful for the comments. I will go through one or two of them, if I may.

1490 In opening, my confidence was lifted, and it is not very often... (*Laughter*) No, but seriously, Madam President – when the Minister for Social Care seconded the motion. (**A Member:** Hear, hear.) I was forewarned that he may. When it was put to him by my hon. colleague, he nearly fell over the sword-bearing table and broke his neck – but he did not, and he stood up and second it.

1495 I thank him and I appreciate the remarks that he made, but he asked me a question: how does he promote and maintain this option, which of course is in the motion? How does he sustain it? How does he do it?

1500 Here are three ways of doing it, Minister, and I would like you to take this back to your Department – one more urgently than the other two: that he puts down at the head of all his benefit application forms 'the post office' for payment as the first option – *an* option. That is what the motion says: *an* option. So he does that as the first option and sees that no further application forms leave his premises without the post office as the first option. I think that is supported by every Member in this Hon. Court, (**A Member:** Choice) as an option. But he makes sure not one form goes out from his office in the future without the payment in cash at post office counters as one of the options.

1505 A second one, where he wanted to know how he could promote the option, was to advertise: you can collect your benefits through post office counters. Just like I asked the Manx Electricity Authority some time ago – they would put the option that you can pay your electric bill... [*Inaudible*] at a post office counter – the same thing here. So he advertises it anywhere he possibly can. He has supported it, he has stood up front today – he is to be admired for that and he has done it.

1515 This is the third request that he has made of me, which I would like to state that he does and he makes sure he does the minute he leaves here today: that he writes to all of those Child Benefit applicants to whom he has already done so, who now have to fill in a reapplication form, alerting them that if they have not already done so they can have the option of having their Child Benefit paid in cash.

1520 The reason why I specifically ask this, Madam President, is this: there will be a great number of those reapplication forms already submitted to his Department with now a migration into bank accounts. All of those reapplications that he has received in his Department, and the rest who have no need to be urgently written to, and especially because he can identify the ones who already have the option of withdrawing cash at post office counters... that they may still do so, and if they would like to, 'would you tick this box and send the form back in the envelope' to his Department so that they can have their Child Benefit paid through post office counters.

1525 That is an absolute must, because there is already collateral damage being done in this area and the only way that we can... [*Inaudible*] it is the Minister... Because he has been so supportive today, I would ask that he does that as a matter of urgency, and write to Hon. Members telling them that indeed he has done so.

1530 Madam President, he has every right to – this is what the boxing matches are all about in this Department, of course... He said I was unrealistic... [*Inaudible*] in some of my requests, and then he said I was quixotic. I would simply turn that back round on the Hon. Member and say that actually some of *his* ideas are quixotic and they need a quick fix like this one, so I would ask him to go back to his Department and take that back with him.

1535 The Hon. Member, Mr Corkish, was the next speaker. He very importantly stated that they are developing this electronic card system, for which I congratulate him and the Post Office.

I also thank the Hon. Member, Mr Ronan, for his very supportive comments. He mentioned that there should be an economic impact assessment on all of this. I would support that, but I do not really think you need that. I think all Hon. Members of this Court, including the Minister for Social Care, have seized on this, that communities need as much support (**Mr Corkish:** Hear, hear.) as this Court and the Government can possibly bestow on them. We do not need some bureaucrat to go round collecting figures in some survey to know what we should know in the first place, and in fact we do know. So yes, have one by all means to tell us what we should already know, and if we do not already know it we should not be here.

1540 I thank the Hon. Member for South Douglas, Mrs Beecroft. She wishes to see the promotion and maintenance of the option, and of course, as she quite clearly said, as I have already said to the Minister, the main option needs to go on each application form – at the head of it, in bold writing. That is an option that claimants then cannot get mixed up with.

1545 The Hon. Member for Garff, Mr Speaker, made a quite important point, which hopefully will be taken to people on the outside, because we see people doing things online and all the rest of it. Yes, that is the modern way. Nobody can stop that – that is how Government have to be open for business.

1550 But a lot of people like going to the post office and you cannot be getting that date stamp on your document, on your driving documents. I am sorry, in a former life, when I had a uniform on me, if somebody said, 'Oh, I've done it online,'... [*Inaudible*] 'I don't believe you.' But if he says, 'Oh, just hang on...' date stamp, with such-and-such a post office stamped on the form to say the tax disc has been paid and the insurance is up to date... Date stamp on the form: you cannot beat that. I have seen loads of problems with people who have supposedly done something online and they have got themselves in real trouble because they have got no real evidence when they need to produce documents at a police station.

1560 As the Hon. Mr Speaker said, use it or lose it. I could not agree with him more. He goes on to say his local bank... and it is very sad to say, but it was not being used. The local Isle of Man Bank in Laxey has closed and the bank officials, who really should be criticised by this Court, are not interested in setting up an arrangement whereby in Laxey – and I can also think about Kirk Michael... Those Isle of Man Bank customers should have the ability to be able to use the post office to transact their cash transactions, drawing cheques and paying money in.

1565 Some Hon. Members may not be aware, but Barclays already do that in designated post offices, and they should be commended. Barclays should be commended for doing that. When they closed their bank in Onchan, they transferred that business –

1570 **The President:** Hon. Member, can I just ask you if you think you are earning any support for the motion by replying in such great length and putting the case again?

**Mr Houghton:** Madam President, I am just making a point, and it is not criticism, this, only to banks – they need to wake up and smell the coffee too. (**A Member:** Roses.)

1575 I thank the Hon. Member, Mr Wild, for his philosophical comments and his support; the comments of Mr Downie; and the comments of Mr Karran, where he mentions the Post Office should be thinking of opening its own Post Office style bank account, and that could be tied in with the Treasury if there were people who were willing to listen to that. That would be a wonderful idea. It would work, and also the cash holding at Post Office counters would be able  
1580 to deal with any transactions of any level.

Finally, I thank the Hon. Member, Mr Thomas, for his forward-thinking points about what is likely to come in the future with credit unions, and that could interface with the Post Office.

1585 So, all in all, Madam President, I thank all Members. I would be grateful for not a majority support, but the support of everyone today – unanimous – so the message is loud and clear that this Court supports post offices and it supports communities.

I thank you. I beg to move.

**Two Members:** Hear, hear.

1590 **The President:** Hon. Members, the motion before the Court is set out at Item 12 on our Order Paper. Those in favour, please say aye; against, no. The ayes have it.

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

*In the Keys – Ayes 23, Noes 0*

**FOR**

Mr Quirk  
Mr Hall  
Mr Karran  
Mr Ronan  
Mr Crookall  
Mr Anderson  
Mr Bell  
Mr Singer  
Mr Quayle  
Mr Teare  
Mr Cannan  
Mr Cregeen  
Mr Houghton  
Mr Henderson  
Mrs Beecroft  
Mrs Cannell  
Mr Robertshaw  
Mr Shimmin  
Mr Thomas  
Mr Cretney  
Mr Watterson  
Mr Gawne  
The Speaker

**AGAINST**

None

1595

**The Speaker:** Madam President, 23 votes for, none against.

*In the Council – Ayes 7, Noes 0*

**FOR**

Mr Corkish  
Mr Wild  
Mr Crowe  
Mr Downie  
Mr Butt  
Mr Turner  
Mr Coleman

**AGAINST**

None

1600 **The President:** And in the Council, 7 votes for and none against. The motion therefore carries.

**13. Procedure for e-petitions –  
Referral to Standing Orders Committee –  
Debate commenced**

The Hon. Member for Douglas West (Mr Thomas) to move:

*That Tynwald refers the matter of Standing Orders relating to public petitions and memorials to the Standing Orders Committee for inquiry and to report; and that as part of its inquiry the Committee should consider and report on the advisability of establishing a procedure for e-petitions.*

1605 **The President:** Item 13, Hon. Members – but before we start, could the mover indicate how long he might wish to speak? If it is very long, we may adjourn at this point. (**A Member:** Hear, hear.) Hon. Member, is your speech a long one?

**Mr Thomas:** No, Madam President.

1610 **The President:** No. In that case, the Hon. Member for Douglas West, Mr Thomas.

**Mr Watterson:** We'll have you for misleading the Court! (*Laughter*)

1615 **Mr Thomas:** Madam President, Hon. Members, I move that Tynwald refers the matter of Standing Orders relating to public petitions and memorials to the Standing Orders Committee for inquiry and to report; and that as part of its inquiry the Committee should consider and report on the advisability of establishing a procedure for e-petitions.

1620 During the debate on this motion, Hon. Members will be able to share their thoughts on the nature of and process behind, although not the substance of, the 6,314-signature toilet tax e-petition which was referenced in the Tynwald public petition of Amy Burns, which Members of this Court unanimously agreed to record in the minutes of this Tynwald sitting – one reason I brought this motion.

1625 This current sewerage charge e-petition is merely the largest e-petition to date. Others, with hundreds of signatures, have been presented in public for healthcare regulation – that was referenced by the Health Minister in an explanatory memorandum, I remember – pre-school and car park charges. There have also been 2,500-plus-signature printed petitions in recent years for pre-school and student fee awards.

This Hon. Court has a long tradition of petitions. Back in the First World War... In the exhibition in the Manx Museum, 'This Terrible Ordeal', there is an exhibit of one from nearly 100 years ago. In 1956-57, this Hon. Court modernised its Petition for Redress of Grievance and

1630 Tynwald Hill procedures. This motion gives us an opportunity in 2014 to extend that modernisation and enhancement of democracy to include e-democracy, enhancing dialogue with everyone we represent. So, in that sense, this e-petition review can be seen alongside the decision we made recently to have a listen-again facility for these debates.

1635 Though we have got that great tradition, we have actually fallen slightly behind other parliaments across. For instance – and I will not give details now, given the request to be brief, but the UK, Scotland and Wales have procedures. I have circulated information about that and I would encourage the Committee to actually look at that information.

1640 Of course, e-petitions are not fully inclusive. The voice of the person who has never logged onto the internet and perhaps never started up a computer is just as worth hearing as someone who clicks on the internet, if not more so.

1645 And there are issues with e-petitions, of course. Amongst other things, we could have a procedure to assist members of the public to draft a petition in a decorous way, we could have a system to take signatures in a way that we are all happy with, and we could have a system so that issues that are identified in petitions... We would need to have a system, in fact, so that those issues could come to us in a proper way for us to consider debate. Questions would be... how many signatures would we need? If we take the UK example, we would only need 100 signatures, but that does not seem realistic given the great appetite for these things in the Isle of Man; so perhaps 240 for some that we might consider, perhaps 2,400 for some that we would have to consider, or whatever. These are issues for the Committee to consider.

1650 Of course, there is a difference between the Isle of Man and everywhere else, including the rest of the British Isles. For instance, I am bringing this motion today and it would be very hard for somebody like me to bring a motion in Westminster – and that is a point that the Committee can consider. It is different. Anybody can approach me, and they do approach me, and they approach every other colleague in this Hon. Court. You do not have that opportunity in a bigger country with larger constituencies, and that is another difference.

1655 Basically, the point I am making is that we have a great tradition of updating our petitions and memorials system and I move that we continue that tradition of updating and modernising and enhancing democracy by reviewing e-democracy inside the Committee to which I would like this matter referred.

1660 Thank you, Madam President and Hon. Members.

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

**Procedural –  
Leave of absence**

1665 **The President:** At that point, Hon. Members, I think we will adjourn; but before we do so, I just want to make a point.

1670 It is an obligation of Members to be present in the Court unless they have leave, for good cause, to be absent. I can announce that the Hon. Member for Rushen, Mr Skelly, and the Lord Bishop do have leave to be absent today for personal reasons; and that the Hon. Member of Council, Mr Downie, and Mr Crookall will also have leave to be absent for a short period this afternoon, should it be necessary, as they are attending a funeral.

1675 In the case of other Members, it is an obligation under Standing Orders to be present when a motion is put *and vote*. It is not acceptable, and can be viewed as a disservice to the Court, if a Member leaves while the motion is being put, as the Hon. Member for East Douglas, Mrs Cannell, did this morning. It is not only a disservice to the Court; it is a disservice to the constituents whom you represent. I would like Hon. Members to bear this in mind in future.

We will now adjourn, and the adjournment will be until –



**Mrs Cannell:** Madam President, a point of clarification: when you have to go, you have to go. (**Several Members:** Oh!) If there is a call of nature, nature comes first.

1680 **The President:** I will leave Hon. Members to judge –

**Mrs Cannell:** Are these sorts of rules not archaic and out of step with modern thinking; (**Two Members:** Shame!) and is it not time that they were looked at and reviewed, Madam?

1685 **The President:** If the –

**Mrs Cannell:** I am aware that you are –

**The President:** Take your seat, Hon. Member.

1690 If you wish to challenge the Standing Orders, there is a process for doing so, (**A Member:** Hear, hear.) not simply when you have been challenged today. If you needed to go, you could possibly have absented yourself (*Interjection by Mrs Cannell*) before I was in the process of moving the motion. The motion was being put.

1695 I will leave it to Members of the Court to decide whether or not they felt it was a deliberate action to avoid voting. (**A Member:** Hear, hear.) You, Hon. Member, have explained why you had to leave. I will accept your explanation. It will be for other Members to decide whether they do.

**Mrs Cannell:** Madam President –

1700 **The President:** The adjournment is –

**Mrs Cannell:** Thank you for accepting my explanation, but I do take exception to you humiliating me as a backbencher, in a full assembled Court, for leaving the Chamber to go to the toilet. I think it is time *you* started to change the way in which you –

1705

**Several Members:** Oh! Shame!

**The President:** Hon. Member, you will be in danger of breaching yet another Standing Order in your attitude towards the chair. (*Interjection by Mrs Cannell*) I do not accept that Members cannot wait for a fraction of a minute to take the vote.

1710

Hon. Members, the adjournment will be until 2.30 p.m.

*The Court adjourned at 1.04 p.m. and resumed its sitting at 2.30 p.m.*

**Procedure for e-petitions –  
Referral to Standing Orders Committee –  
Debate concluded –  
Motion carried**

**The President:** We continue with our debate on Item 13, Hon. Members, if any Member wishes to speak. If not, I will call on the mover to reply.

1715 **Mr Thomas:** Thank you, Madam President.

I would just like to thank my seconder and hope that everybody will vote to refer this to the Standing Committee to show respect for e-democracy and to continue this wonderful tradition of ours of modernising and enhancing governance through the petition and memorials system.

1720 **The President:** The motion before the Court, Hon. Members, is set out at Item 13 on your Order Papers. Those in favour, please say aye; against, no. The ayes have it.

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

*In the Keys – Ayes 16, Noes 0*

<b>FOR</b>	<b>AGAINST</b>
Mr Quirk	None
Mr Ronan	
Mr Anderson	
Mr Singer	
Mr Quayle	
Mr Teare	
Mr Cregeen	
Mr Houghton	
Mr Henderson	
Mrs Beecroft	
Mr Robertshaw	
Mr Shimmin	
Mr Thomas	
Mr Cretney	
Mr Watterson	
The Speaker	

**The Speaker:** Madam President, in the Keys, 16 for, no votes against.

1725

*In the Council – Ayes 7, Noes 0*

<b>FOR</b>	<b>AGAINST</b>
Mr Corkish	None
Mr Wild	
Mr Crowe	
Mr Downie	
Mr Butt	
Mr Braidwood	
Mr Coleman	

**The President:** In the Council, 7 votes for and no votes against. The motion therefore carries, Hon. Members.

#### **14. Alternative methods of budget setting – Motion lost**

The Hon Member for Douglas South (Mrs Beecroft) to move:

*That Tynwald is of the opinion that the Treasury Minister should investigate alternative methods of budget setting, including, but not limited to, the zero-based budget, priority budgeting and sunset review process; and report back to this Court by July.*

**The President:** Item 14. I call on the Hon. Member for Onchan, Mrs Beecroft, to move.

1730

**Mrs Beecroft:** Thank you, Madam President.

Before I start, could I just point out I am not actually from Onchan. I know it says so on the Order Paper. It is still South Douglas – I have not moved. *(Interjection)*

**The President:** Sorry, Hon. Member, would you repeat that?

1735

**Mrs Beecroft:** It says on the Order Paper, and I think you just said, 'Mrs Beecroft from Onchan'. I was just pointing out I have not moved constituency; I am still in South Douglas. *(Laughter)*

1740

**The President:** We are not doing very well on that today, are we? *(Laughter and interjections)*

**Mr Corkish:** It is the review of the boundaries!

1745

**The President:** Right. It is on the Order Paper – we apologise for that mistake. The Hon. Member for Douglas South, Mrs Beecroft.

**Mrs Beecroft:** Thank you.

1750

Hon. Members may remember that I brought a similar motion to this Court for debate a couple of years ago. It did not find favour then, but I am the eternal optimist – my glass is always three quarters full – so I hope that the events since I brought my previous motion may make Members look more favourably on the idea.

I will be brief today, because it has been a long session. **(A Member:** It has.) It has. I am not sure I can be as brief as the previous mover of a motion, but I will do my best.

1755

**A Member:** Hear, hear.

**The President:** There is no time limit, Hon. Member.

1760

**Mrs Beecroft:** Thank you, Madam President.

**Mr Watterson:** I have got plans this weekend. *(Laughter)*

1765

**Mrs Beecroft:** I am not asking that Treasury adopt any form of zero-based budgeting. All I am asking is that it – and its many other forms – is looked at, is thought about, together with anything else that Treasury may want to consider.

1770

I am also asking that, as part of this consideration, Treasury look at sunset reviews. Before I move on to zero-based budgeting, I would like to clarify what I mean by that. We have all come across a similar thing in legislation, where if legislation is not renewed it automatically ceases, and it is a similar thing in budgets. If you have an idea and you want to trial it, instead of it just rolling on year after year, you put something in that says unless it is renewed we stop doing it. It forces a proper review and a decision-making process, that you look at the idea, the new initiative, whatever it is, and you weigh it against set parameters for judging whether it worked or not. Maybe you decide that you will try a different tack, but again you have to review it sensibly – set new parameters if you are going to carry on, new targets; or stop doing it. I think the current system does not tend to allow us to do that as much as possibly we should be doing.

1775

But I will move on to zero-based budgeting. As I said, there are many different forms of this. I am not going to go into them all because I really would bore Members to death, but I am sure Members will remember some of the ones that I mentioned last time – so you are aware that there are more than just the plain zero-based budgeting, because I will acknowledge that in its true form it is very labour intensive, very time consuming and sometimes the ends have not justified the means. But there are many different forms of zero-based budgeting that evolve from that, with all their different names, all the different elements, all the different pros and cons, the advantages and disadvantages that go with the different types.

1780

1785

My personal favourite would be priority budgeting. I did not include it in the motion deliberately, because I would be excluding all the other types, because it is only one of the ones

1790 that has evolved from the true form. But priority budgeting actually gets away from the silo thinking of budgeting and it would mean that, if it was in place now, Government would first allocate funds to areas where it has a statutory obligation – such as education, health, the Police Force etc – and it would fund these to appropriate acceptable levels. Then, with whatever funds were left, it would fund things in order of *national* priority and which tied in with the stated aims of Government. So here it would have to comply with the three stated aims of balancing the Budget, growing the economy and protecting the vulnerable – plus the Treasury Minister’s statement that his Budget had to be fair. So, whatever was being considered, it would have to fit into one of these.

1795 I do know that the Treasury Minister has altered the budget setting process quite a bit, and I congratulate him for doing so, (**A Member:** Hear, hear.) but I think that there is still room for improvement, and I think that the Budget on Tuesday showed that.

1800 Liberal Vannin voted against the Budget – not because we were being awkward, but because there were some fundamental issues in it that we could not support. I will use of few of these to illustrate my point today.

The reduction in personal allowance for those of pensionable age from £2,020 to £1,000 in our view did not tie in with the aim of protecting the vulnerable. I know the Treasury Minister has a different view on that, but that is our belief.

1805 There was no increase in the tax cap or any criteria to be complied with before it could be claimed, and we believed it was not fair.

The sewerage charge was admitted not to be fair, but it was still included in the Budget before Tynwald Members had even voted on it.

1810 There was £1.3 million allocated for new buses, and I do not think this fitted in with anything, and particularly not the national priorities had we been using priority-based budgeting. Minister Cregeen did make a point of coming to talk to us afterwards and explained the rationale for this allocation of money, and I do thank him for that – it was considerate. But – and I did tell him this – in my mind, that was not the place for those explanations. A spend of £1.3 million on new buses should have been a decision of Tynwald *after* we had all heard the rationale... and which I have no reason to doubt was robust.

1815 So, I do not feel that I am being overly critical of our current system when I say that improvements could be made.

1820 The Government Officers Association in Canada undertook the most extensive piece of research into this very subject. They discovered that the majority who had tried some form of zero-based budgeting found it to have advantages and continued to use it. When they looked at the make-up of those who would not use it, they found the majority of them had not even tried it. They had closed their minds. They had just said, ‘No, we don’t want to do it, we don’t want to look at it.’

1825 So all I am really asking is that Treasury keep an open mind and look at it, and anything else that they may wish to look at at the same time. I do not feel that is an unreasonable request, and I hope that Hon. Members agree with me and support this motion.

Thank you, Madam President. I beg to move.

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

1830 **Mr Ronan:** Thank you, Madam President.

I am happy to support and second this motion today.

1835 Zero-based budgeting took a prominent place in my manifesto in 2011, when I said currently Government allocates funds to its Departments at the start of the year and any funds left over at the end of year historically result in a lower allocated amount the following year. This results in wastage, as no Department wants a reduction in funds available. I would advocate that we adopt a zero-based budgeting policy, whereby funds are distributed on the basis of need. All

expenditure should in future be justified by a business case. I said, in 2011, 'I am confident this will be one of the crucial factors in reducing our expenditure.'

1840 Madam President, I still hold those same views today; and having seen money in areas wasted and inconsistent approaches to spending and savings across Departments over the past two and a half years within Government, a new approach, in my opinion, is urgently needed, be it zero-based budgeting or a more forward-looking prioritisation-based expenditure model.

1845 What I do wish to see in budget preparation and management are clear priorities being well supported; money allocated on the basis of need, not want; managers being challenged to find cost-effective ways to improve delivery; opportunities for outsourcing being generated from within; expenditure being prioritised based on central policy objectives; improved communication and co-ordination, based on what people are set to achieve; and the opportunity to flex spend into emerging areas and priorities by stopping doing historic work that often has declining value to the taxpayer.

1850 I am aware that the downside of a change in approach will be a large amount of initial work. There will be a major training challenge, and in some areas it may be difficult to predict benefits and outcomes of expenditure. However, we must move away from a system where we just do everything the way we always have done before. This is too inflexible and makes us slow to change, and does not reflect our future priorities.

1855 Madam President, I strongly support this motion before us today.

**The President:** The Hon. Member for Ayre, Mr Teare.

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

1860 As the Hon. Member mentions, this was on the Order Paper some two years ago; and this, to me really, although it has been dressed up slightly different, is effectively the same motion.

I have to say, on what I have heard so far I feel that we do not have a great deal of disagreement; *but* – and I would put a capital B on that 'but' – there are areas where I would take issue with her. I will just deal with the points that she raised and also her seconder raised.

1865 What I can do is reassure this Hon. Court that all £920 million of gross Government spending was reviewed and prioritised by Council in coming to the figures which were presented to this Hon. Court earlier this week. I said in March 2012, and I quote from *Hansard*:

'I do not want to spend the next four months navel-gazing into alternative methods of budget setting.'

1870 I think that with the pressures that we are under, not only as Treasury but as a Government and as an Island, that statement rings even more true today.

1875 We are spending more and more time seeking out efficiencies. The Business Change Steering Group has reviewed all of our services to see if there are different methods of delivery. The result has been the movement of £28 million and 350 staff to new Departments, shared service centres, to drive out efficiencies, and quite literally hundreds of reviews have been undertaken.

This ties in with a comment made by the Hon. Member for Castletown, Mr Ronan. He said that managers must be challenged to find efficiencies. As a member of the Business Change Steering Group, he will be aware that that is exactly what we are doing: we are challenging Members and managers to find efficiencies. So far, we have identified over £10 million. We have achieved £3.7 million, we will have £7 million actually in the bank by the end of the next financial year, and we feel that £10 million is achievable.

1885 I think that is a clear illustration that we have implemented a cost-improvement programme through internal audit to measure and develop the capability to manage delivery of change with our reduced financial resources. Quite literally, we are getting more from fewer staff by managing performance and also reducing sickness.

The Hon. Member who moved this motion did say that Treasury has moved on and moved forward, and I thank her for that. She did say that we should be reviewing on the basis of priority

1890 budgeting; but with respect, that is exactly what we are doing. The Council of Ministers, as part of its budget setting process, reviewed all services, what we did, and the funds flow follows that prioritisation. But I have to acknowledge – and this is a fact of life – that everybody's idea of what constitutes a priority is going to be different, and this happens in this Hon. Court. The Hon. Member from South Douglas will feel that her priorities should prevail. I might well have a different view. So actually what constitutes a priority is difficult to spell out from time to time.

1895 What we are doing, and what I did say in the Budget speech, is we are bringing out – and we will bring it back to this place for a full debate – a financial strategy, and that will enable us to plan for the future – not for the next General Election, but for the next generation. We need to look further forward, so that fiscal planning is going to take a terrific amount of time.

1900 I will explain the other issues that Treasury is currently grappling with. I concede that improvements could be made, but as I have said, we are moving on an evolutionary path and we are moving, I feel, in the right direction. To accept this motion would really run the risk of bringing something else on to the Treasury's table – the Treasury's plate, as it were – when we have a myriad of other issues to deal with.

1905 The Hon. Member for Castletown mentioned the spend-it-or-lose-it scenario: if you do not spend it, it is going to be taken out of your budget. Well, actually, we do not do that. If there is money left in a Department's budget at the end of the year, we will discuss with them the reason. It might be just quite simply timing differences. Expenditure which they thought they would incur has not been incurred for whatever reason – maybe they did not get the quotes in on time, so they did not actually undertake the transaction that they thought they were going to undertake. We will make allowances for that in the subsequent year's budget.

1910 But what we are doing and what we have said we will do is continue to monitor the rate of spending to try and cut back on the so-called 'mad March spend'. I think a good illustration of how we are actually engaging with the public in a wider domain, in a wider area, is we are now making financial information available on the net. So our constituents, Members of this Hon. Court, will be able, in a very short period of time, to go in and have a look at where the money is going, and also they will be able to make their own decisions whether the rate of spending is accelerating towards the end of the financial year. I think that is going to impose discipline not only on Treasury, but on Departments as well. So I feel that we are moving definitely in the right direction, and if we accept this motion today, I feel it is going to be a distraction from the business of Treasury.

1920 Just to give Hon. Members an illustration of the current challenges that we face, we have to conclude discussions on the new revenue sharing arrangements. I did say earlier on this week that we have to analyse a terrific amount of data as part of the household expenditure survey, and I will just repeat that. We have to undertake a detailed analysis of households' spending over a period of time, so they put the supermarket till rolls on their expenditure survey forms and then our team has to go through and identify each item of expenditure and allocate it back to the respective sort source code. So, as you can imagine, it is taking time – a *massive* amount of time. I need to get the VAT resolved as quickly as possible to give us certainty to plan for the future, and I really do not want to be side-tracked at this moment. Treasury, like other Departments, has reduced its staff. We are having to do more with less, and I cannot take on something extra.

1930 One of the other things we are embroiled in at the moment, which has major issues for the economy of this Island, is the so-called Vickers Report – the Independent Commission on Banking in the UK – where retail operations are being divorced from the wholesale operations. We have to negotiate, in conjunction with the other two Crown dependencies, on the best approach for our economy, and that in itself is going to take time.

1935 Earlier in this sitting, we have mentioned rating reform. That is something else that falls on Treasury too. In the middle of it, we will be taking in Social Security, means testing and the benefits system going forward. So, to use a colloquialism, it is not going to be a laugh: we have some serious challenges and we have some difficult issues.

1940 With respect to the Hon. Member, while I do anticipate her motives, I would say two things: the first is that we are, some would say, hyperactive at the moment; and the other side of the coin is we need to concentrate our resources on the problems that we have on our desks at the moment, without diverting attention. If we get things wrong on any of these issues that I have mentioned, it is going to have major problems for the economy.

1945 What I am asking Hon. Members to do, whilst recognising the points that the Hon. Member has raised, is not to vote for this. I am trying to make it clear that we are dealing with some very significant issues, and any further dilution in our resources, in our attention, would not be, in my view, to the benefit of the Island. We cannot be distracted at this particular difficult moment in time.

1950 With that, Madam President, I would like to respectfully call on all Members to oppose the motion.

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

1955 **Mr Karran:** Eaghtyrane, if ever there was a classic example of ‘You’re not in our gang; I’m not in your gang,’ and all this sort of carry on... (*Interjections*) I think it really is quite sad. Here is a Member who knows about accounts, who understands about the issues of balances, companies’ balances and the likes, and here we have a situation where what we are seeing now is the playground mentality. I think what really blows him out of the water is the fact that the Member for Castletown has the good grace to second this proposal, because he knows it is not working.

1960 I need no lectures about the ‘mad March spend’. We had a period of time when Minister Gelling did try to address this issue, and we actually got somewhere on that issue in much better financial times. Unfortunately, familiarity and power breed contempt, and we all slipped back again... that issue is unfortunately failing us greatly.

1965 It was only the other week I had somebody on about the fact that an individual was being hired to do a job from one of the agencies simply to keep this post open. The individual was rather concerned about having to go there, because he had nothing to do; but if they did not fill the post with an agency staff, then the post would be lost – and they wanted to keep the man headcount because we are coming up to the end of the financial year.

1970 So let’s get back into the real world. Let’s be a national parliament and let’s look at the issues. I think that the mover is well equipped to go into the details of why we should not do this.

1975 We are very aware of the issues about the Vickers Report. One of the things I have been looking at for a long time is the idea of an insurance-based depositors’ compensation scheme, because there is horrendous liability there. That was one of the reasons why I did not support the open cheque affair – and to be fair, the Treasury did take it on board later with KSF. They did limit the liability, which was a good move – another non-achievement of trying to get common sense is this Hon. Court.

1980 I think the thing is today, Hon. Members, we can either vote on party lines or we can actually vote as a parliament. Most of you in here are supposed to be independents. Obviously, the Council of Ministers will have to vote on their party line. I would hope Hon. Members would see this as a genuine attempt to try to help ease the problems of Government. This will be up to this Court to decide. But do not be deluded: everything in the Treasury is not rosy at the present time. Many of the things that they are supposed to be improving have improved in some respects, but in other respects, like the ‘mad March spend’ and the fact of keeping places open to keep your man headcount up are still problems.

1985 Hon. Members, vote for the motion as it stands. It just means that they have got to come back and account for what they are doing. That is what a proper parliament does: it holds executive government to account.

1990 I hope Hon. Members will have the maturity to support the spirit of the motion, and the fact that a member of the Business Change Group has seconded the proposal... I hope Hon. Members will not be saying... into the situation where you have got to have the royal patronage

of being with the right gang in order to get common sense to prevail. Let common sense prevail and do not allow a situation for it to be simply voted down because of the issue of who has brought it here.

1995

**A Member:** Vote!

**The President:** The mover to reply.

2000

**Mrs Beecroft:** Thank you, Madam President.

I will be brief, because it is obvious which way the vote is going to go again.

There are some things that I would just like to address, particularly from Minister Teare, but first, I would like to say thank you to my surprise seconder – it was not expected, but I thank you and I thank you for your support. And of course I thank my colleague, Mr Karran.

2005

If we turn back to what Minister Teare said to me as far as the motion went, I hope he accepted that when I congratulated him on the progress that he has made it was a sincere congratulations, but I was also sincere when I said there is still a lot of room for improvement.

2010

He has done a lot to help the finances – I will not deny that; but if he looked at other systems, I am sure that they would bring better benefits. I just cannot understand the logic of not looking at something, particularly when he said to me, ‘But we’re already doing this.’ Then he tells us, ‘But it’s going to be an onerous task – we haven’t got time to do all this.’ (**A Member:** Yes.) I am sorry, but that is a contradiction, Madam President. You are either doing it, so you say, ‘Well, we’re doing it already’ – end of story... but you cannot say, ‘Well, we’re doing it, but to have a look at doing it is going to take us... this mammoth task that is going to take us away from the Vickers Report and all these other important issues.’

2015

It has to be one or the other, and if they are doing it, they are not telling us what the national priorities are after the statutory ones, which is the whole point of priority-based budgeting: you set out what your priorities are before you start allocating the money. You say, ‘These are our statutory obligations. We have to fund these. What is the acceptable level?’ For example, how many policemen do we actually need to fund? And then, once you have done all your statutory obligations to an acceptable level, you move on to your other things, but you have that list of priorities drawn up as to what you are going to fund and in what order.

2020

None of us here have ever seen a list, I am pretty sure. I certainly have not. I do not know what the national spending priorities of this Government are in any order.

2025

**Mr Downie:** You will, if you find out.

2030

**Mrs Beecroft:** That is what focuses the mind on what we are meant to be focusing on: what our priorities are as a national Government; where should our energies be focused; where should our funds be focused?

2035

Again, Minister Teare said he has a lot on his plate, and I accept that. I know he has got a lot of challenges; but again, if he has done most of this work or all of this work already, I am not asking for anything that he is not doing... I am just asking for him to formalise it and to publish national spending priorities. It would be nice before the budgets were actually formed, so we knew what they were. Maybe we could judge the budgets against the stated priorities there. That would be a huge advance, I believe.

2040

I do not understand the resistance to looking at something, I really do not. It is not that onerous, and most organisations in the real world actually use priority-based or zero-based budgeting, particularly in the times when they have financial problems. They use these systems to get them *out* of financial problems. That is why they came about in the first place: they were invented because they had problems, and they invented these to deal with those problems. So I do not know why we are so resistant to looking at something that is tried and tested and proven.



2045 I am sorry, Madam President, I could go on, but I will not because I know that Members have made up their minds. Obviously, from the Treasury Minister's response, I know the block vote is going to go against me, but I do think it is sad. I do think it is sad that we have a Government that has a closed mind to new ideas that could help.

Thank you. I beg to move.

2050 **The President:** The motion before the Court is set out at Item 14 on your Order Paper. Those in favour, please say aye; against, no. The noes have it.

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

*In the Keys – Ayes 6, Noes 17*

**FOR**

Mr Hall  
Mr Karran  
Mr Ronan  
Mrs Beecroft  
Mrs Cannell  
Mr Thomas

**AGAINST**

Mr Quirk  
Mr Crookall  
Mr Anderson  
Mr Bell  
Mr Singer  
Mr Quayle  
Mr Teare  
Mr Cannan  
Mr Cregeen  
Mr Houghton  
Mr Henderson  
Mr Robertshaw  
Mr Shimmin  
Mr Cretney  
Mr Watterson  
Mr Gawne  
The Speaker

2055 **The Speaker:** Madam President, in the Keys, 6 votes for, 17 against.

*In the Council – Ayes 2, Noes 6*

**FOR**

Mr Butt  
Mr Turner

**AGAINST**

Mr Corkish  
Mr Wild  
Mr Crowe  
Mr Downie  
Mr Braidwood  
Mr Coleman

**The President:** In the Council 2 votes for, 6 against. The motion therefore fails to carry.

**15. State Pension Scheme –  
Motion withdrawn**

The Hon Member for Castletown (Mr Ronan) to move:

*That Tynwald is of the opinion that no review of, or changes to, the State Pension Scheme should be implemented until Tynwald has agreed an affordable, sustainable and fair replacement for the current public sector pension scheme.*

2060 **The President:** Hon. Members, that concludes the business on our Order Paper, Item 15 having been withdrawn.

**Procedural –  
Members' presence in the Chamber**

**The President:** Just before the Council leave, I would like to say that, in view of my comments before lunch, it is less than satisfactory that seven Members of the Court were not present this afternoon when the Court reconvened and were not present for the first vote of the afternoon. It is not good enough, Hon. Members.

The Council will now withdraw and leave the House of Keys to transact such business as Mr Speaker may place before it.

*The Council withdrew.*

## House of Keys

**The Speaker:** Hon. Members, the House will now stand adjourned until our next sitting, at 10 o'clock on Tuesday next, 25th February, in our own Chamber.

*The House adjourned at 3.04 p.m.*

2070