



# TYNWALD COURT OFFICIAL REPORT

RECORTYS OIKOIL  
QUAIYL TINVAAL

## PROCEEDINGS

DAALTYN

HANSARD

**Douglas, Tuesday, 15th September 2015**

*All published Official Reports can be found on the Tynwald website:*

[www.tynwald.org.im/business/hansard](http://www.tynwald.org.im/business/hansard)

*Supplementary material provided subsequent to a sitting is also published to the website as a Hansard Appendix. 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.*

**Volume 132, No. 19**

**ISSN 1742-2256**

## **Business transacted**

<b>Questions for Written Answer .....</b>	<b>2369</b>
1. Isle of Man on financial blacklist – Reason for inclusion .....	2369
2. Local government borrowing – Restrictions on HSBC and other agreements .....	2369
3. Competitive tender for contracts – Savings by year, Department and contract .....	2370
4. Retendering for child care services – Calculation of savings achieved .....	2371
5. Manx-based residents and companies – Recognition by foreign jurisdictions .....	2371
6. Glyphosate use in streets and parks – plans to restrict use of.....	2372
7. Patient and public representation in groups – Boards; Quality and Improvement stakeholders; lay member of Corporate Governance .....	2373

# Tynwald

## Questions for Written Answer

### CHIEF MINISTER

#### 1. Isle of Man on financial blacklist – Reason for inclusion

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

*Why the Isle of Man has been put back on a blacklist, notwithstanding the actions the Isle of Man Government has taken in relation to the finance industry?*

**The Chief Minister (Mr Bell):** It is unfortunate that the District of Columbia Council did not take the opportunity to consult with the Isle of Man or to research the excellent record the Island has in respect of complying with international standards and working constructively with international bodies prior to including the Isle of Man on a list of 'tax havens' in the *District of Columbia Fiscal Year 2016 Budget Support Act of 2015* recently.

Previous legislation had not identified specific jurisdictions but the latest Act extends the definition of 'tax haven' to a list of 39 countries, which includes the Isle of Man.

In writing to the Chair of the District of Columbia Council to express concerns at the inclusion of the Isle of Man on this blacklist, I set out the commitment the Isle of Man has made in relation to co-operation and transparency and demonstrated substantial evidence in this regard. I also outlined the Isle of Man's international tax compliance with the United States, so clearly demonstrating why the Isle of Man should not appear on this latest list.

Nevertheless, the Isle of Man has no control over the drawing up of arbitrary lists which, as we know, appear from time to time or the criteria on which they are based, which varies. For example, lists may be drawn up of jurisdictions which have low tax rates. In the United States several such arbitrary lists have appeared over the years which have simply been copied without any properly researched rationale or based on the perspective of the political mover of the legislation.

It is for this reason that we work continually to raise our profile and protect our reputation externally in matters with the potential to impact adversely on our economy.

### TREASURY

#### 2. Local government borrowing – Restrictions on HSBC and other agreements

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

*What restriction there is in (a) the HSBC Bank Plc Local Government Borrowing Agreement and (b) any other agreement which means local authority borrowers cannot borrow from other lenders?*

**The Minister for the Treasury (Mr Teare):** The HSBC Agreement does not restrict the local authorities from borrowing from other lenders. However, the Treasury will not guarantee such borrowing unless the rates are more attractive, the petitioning process has been followed and the necessary Treasury concurrence is in place.

The Treasury is not aware of any other agreement which means local authority borrowers cannot borrow from other lenders. The local authority fixed-term loans currently remain with the Isle of Man Bank.

### 3. Competitive tender for contracts – Savings by year, Department and contract

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

*If he will provide a breakdown by (i) year, (ii) Department and (iii) contract of the savings made by putting contracts for goods and services out to competitive tender?*

**The Minister for the Treasury (Mr Teare):** Savings are normally calculated using a baseline comparison in which the price of the winning tender is compared with a baseline figure derived from either historical spend for pre-existing contracts or for new expenditure the budget allocated for the purchase.

For example, if a Department historically spends £10,000 a year on office cleaning and following a competitive tender exercise the winning tender price is £9,000 a year, a saving of £1,000 a year would be recorded.

Recorded savings by Department for each year from 1st April 2011 (when records began) up until 30th June 2015 is shown in the table below:

Department	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
DED	£111,713	£211,010	£146,835	£294,131	£290,407
DEC	£11,634	£28,805	£35,327	£38,214	£20,209
DEFA	£97	£0	£0	£0	£991
DHSC				£620,171	£2,283,753
DHA	£607	£0	£80,761	£565,635	£108,141
DOI	£276,912	£428,468	£158,575	£372,592	£387,504
Treasury <sup>1</sup>				£145,414	£82,750
Other	£3,475	£7,908	£11,876	£6,130	£55,455
DCCL	£18,376	£31,554	£173,344		
DOH	£21,921	£76,806	£219,834		
DOSC	£15,299	£19,234	£93,890		
Treasury <sup>2</sup>	£21,712	£16,786	£113,675		
<b>Total</b>	<b>£481,748</b>	<b>£820,570</b>	<b>£1,034,117</b>	<b>£2,042,287</b>	<b>£3,229,210</b>

Note<sup>1</sup>: Including Cabinet Office, Office of Human Resources and General Registry

Note<sup>2</sup>: Including Chief Secretary's Office and General Registry

Due to binding commitments given to third parties during the tender process Treasury is unable to publish the saving breakdown by individual contract.

In addition, it should be noted that a Department's ability to achieve savings by tendering their contracts are affected by a number of factors. For example, the total value of a Department's third party spend will directly impact on their ability to achieve savings in the

tender process. Those Departments with the highest third party spend will be more likely to achieve savings through tendering.

45       Conversely, those Departments with a comparatively low spend will have less need to tender their requirements and therefore less opportunity to record a saving. Moreover, the values of individual contracts also have a direct impact. For example, if the value of the majority of a Department's contracts is below the tender threshold then any savings achieved through the renewal of those contracts is not recorded in the table above.

50       In addition, contract renewal dates also have an influence, if a Department is still within a contract term they will not have had the opportunity to tender the requirement and therefore achieve a recorded saving. Furthermore, savings achieved by simply reducing third party spend such as, for example, not renewing contracts are again not recorded in the table.

55       Therefore, the data set out in the table above should not in any way be considered as an absolute measure of a Department's ability to achieve efficiencies and reduce spend.

#### **4. Retendering for child care services – Calculation of savings achieved**

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

*How he calculates the savings achieved by retendering for child care services when the Isle of Man Children's Centre contract was not renewed?*

**The Minister for the Treasury (Mr Teare):** Savings are normally calculated using a baseline comparison in which the price of the winning tender is compared with a baseline figure derived from either historical spend for pre-existing contracts or for new expenditure, the budget allocated for the purchase.

60       As the child care services contracts referred to in the Question were in the most part pre-existing the baseline figure was that of the historical expenditure recorded by the Department of Health and Social Care and reported to Treasury at the commencement of the tender process.

The reported saving is the difference between the recorded historical expenditure and the price of the winning tender.

#### **5. Manx-based residents and companies – Recognition by foreign jurisdictions**

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

*What action he is taking to ensure that authorities in (a) the United States, (b) Spain and (c) other foreign jurisdictions recognise Manx-based residents and companies for tax and other legal purposes?*

65       **The Minister for the Treasury (Mr Teare):** The Isle of Man Government promotes the reputation of the Island, and of the businesses that are based here, by keeping at the forefront of compliance with international standards of tax co-operation and transparency

To give a few examples:

70       • We were one of the first non-EU countries to automatically share bank account information with European Union member states.

- The Island is committed to the automatic sharing of certain tax information with the United States of America, under the American FATCA legislation.
- In October last year I signed an historic agreement in Berlin placing the Isle of Man in the first group of countries in the world to move to a new global standard of tax information exchange, based on the FATCA model.

The Isle of Man has entered into a number of Tax Information Exchange Agreements (TIEAs) and Double Taxation Agreements (DTAs) over recent years.

The main purpose of TIEAs is to promote co-operation in tax matters through the exchange of information to assist countries in combating tax avoidance and evasion by their taxpayers. Their importance has grown as a result of the emphasis placed on tax avoidance and evasion by a number of international organisations including the OECD and G20.

DTAs are primarily aimed at the development of trade and investment between the countries concerned, the avoidance of double taxation and the prevention of tax evasion. It is every country's right to charge income tax on its own residents and also non-residents investing into that country. A DTA usually offers a number of benefits which can include certainty of taxing rights in respect of income derived by a resident of one country from sources in the other country or a reduction in non-resident withholding taxes.

Therefore, the taxation treatment of Isle of Man based resident individuals and companies is dependent on the type of agreement that has been entered into between the countries.

I can confirm that the Isle of Man does not have a DTA with the United States or Spain (though we do have a TIEA with the USA).

However, I would draw to your attention that where income has been subject to tax at source in a country which does not have a DTA with the Isle of Man, the Assessor may give tax relief for the withholding tax that has been suffered in order to prevent the income from being taxed twice.

Full details of all DTAs that the Isle of Man has entered into can be found at:

<https://www.gov.im/categories/tax-vat-and-your-money/income-tax-and-national-insurance/international-agreements/double-taxation-agreements/>

## ENVIRONMENT, FOOD AND AGRICULTURE

### 6. Glyphosate use in streets and parks – plans to restrict use of

The Hon. Member for Douglas West (Mr Thomas) to ask the Minister for Environment, Food and Agriculture:

*What plans he has to restrict the use of Glyphosate in streets and parks?*

**The Minister for Environment, Food and Agriculture (Mr Ronan):** There are currently no plans to restrict the use of Glyphosate in streets and parks.

Glyphosate has been approved through the application of UK and EU processes as safe and effective and is currently under review as part of a regular, cyclic programme by the European Food Safety Authority with findings due to be reported by the end of 2015.

We will monitor the outcome of the review and in the interim we will be continuing to advise business and private users to comply with manufacturer's storage, handling and application instructions.

**HEALTH AND SOCIAL CARE**

**7. Patient and public representation in groups –  
Boards; Quality and Improvement stakeholders; lay member of Corporate Governance**

The Hon. Member for Douglas West (Mr Thomas) to ask the Minister for Health and Social Care:

*On which groups patient and public representatives will serve, and how duplication with service in other committees and forums by members of the Health Services Consultative Committee will be avoided; which stakeholders will be invited to sit on the Quality Improvement Programme Board; and who the independent lay member of the Corporate Governance Board is and how he was recruited?*

**The Minister for Health and Social Care (Mr Quayle):** The Department of Health and Social Care is committed to patient and public representation, where appropriate, on various committees etc.

Groups currently having patient and public representation include:

- Corporate Governance Board
- Health Protection Committee
- Learning Disability Partnership Board
- Maternity Liaison Group
- Patient Safety & Quality Committee
- Patient Safety & Quality Forum
- Quality Improvement Programme Board

A Health Services Consultative Committee member sits on the Quality Improvement Programme Board.

The independent lay member and chair of the Corporate Governance Board is Mr Ian Thompson, who has served as chair of other health groups.

Mr Thompson's original appointment was as chair of the board overseeing the West Midlands reviews, the remit of which was later extended to cover clinical and general governance. When the Corporate Governance Board was formed, Mr Thompson agreed to chair it during its first year of work.