

Mark Kemp – Rushen

Political Questions (2016)

Why do you want to be a member of the House of Keys?


I believe that I am now mature enough and knowledgeable enough to operate as a politician and as a departmental minister. I am mortified at the state of the Island and with how poorly our finances have been handled and I am tired of hearing that “lessons will be learned”. I want a better future for the people of the Island and I believe that unless people like myself stand, the future will be a bleak one.

I left accountancy to enter teaching to make a difference, to give something back but with the Education budget being reduced by almost £9M inside four years (a cut of nearly 10%), I don't feel I am able to make enough of a difference and so I am running for MHK to stand up for our children and their futures.

I appreciate that some candidates have only answered a handful of questions but if you are to have faith in me, I need to be able to attempt to answer questions pitched at me. I want an honest, open and transparent government and for me, that starts here.

If you were elected, what would your priorities be on a national level?

- 1) Budget reform and creating a surplus
- 2) Pension reform and securing our futures
- 3) Government reform (this becomes a gateway for further reforms and removes the LegCo obstructions to sensible reforms and solutions)
- 4) Improving education provision and securing sufficient funding for all basic provisions as well as for evolving the curriculum.
- 5) Healthcare – radically improve the provision of services at Nobles and introduce a renowned change manager (CEO) with a track record of transformative and positive change
- 6) Grow the tourism sector – we have so much to offer and so much we can work with
- 7) Enforcing FOI across government and ensuring it isn't met with excuses or obstructions.
Additionally, let's get some statistics published across gov't that mean something. Let's make the government accessible to all and stop the spin and rhetoric; let's deal in facts. Government has to become more transparent and it has to be accountable, no more "Lessons will be learned."
- 8) The MUA have a huge fibre optic



network, bought with the MEA loan. It's been doing very little over the years compared to what it could achieve and creating a competitive home network (rumoured to be available with the installation of lines when electricity lines were re-laid) is a must if the MEA, now the MUA is to pay off its huge debt and the public are to have access to sufficient bandwidth to cope with the 'internet of things' and more video and audio consumption.

- 9) Tackle fuel poverty. How can an Island with "30 years of unbroken economic growth" have this problem?! This begs the question about the quality of economic growth. The Cantril Self Anchoring Striving Scale (Cantril Ladder) is a useful measure of a nation's wellbeing and I'd very much like to see this growth in GDP measured against a wellbeing index because I believe there's a growing wealth gap on the Island.
- 10) Ensure disability access and rights are enforced following the introduction of the DISABILITY DISCRIMINATION ACT ('DDA').

Many of these reforms can be happening at the same time. Some will

If you were elected, what would your priorities be on a constituency level?

depend on the cooperation and abilities of the new faces that could get elected as so far, LegCo and at times CoMin have sought to block sensible initiatives or have buried their heads in the sand.

We must work to secure the future and make the Island an attractive place to move to again.

- 1) Encouraging business' to move to Rushen. I have already spoken to a dance studio and they are keen to expand into Rushen (this would be great for local children) and if elected, I will continue to source more businesses, both finance related and other.
- 2) Work with Rowany Golf Course to secure their place in the South, perhaps by way of redesigning the course to be 3 x 6 hole course and this encourages passing trade, lunch time golfers and so on. If Rushen can attract business' to set up here, then Rowany can benefit along with the rest of Rushen. This is just an idea, I need to speak to the members and the management.
- 3) Sell the Marine Biological Station, create a marina and redevelop the adjacent and surrounding



area to include cafes, bistros and
dive shops.

- 4) Getting the Ballakilly recreation area set up and introducing a skate park and possibly an outdoor velodrome or finances and business case permitting, an indoor velodrome with other facilities. I have also been approached about in-line skating.
- 5) Exploit Port St Mary beach – instead of a raft, have a floating 'Tarzan Tower' that allows 40 children to play on it, and line the promenade with kiosks and vendors, even encourage local business' to provide these in the summer months. Encourage beach tourism.
- 6) Getting an active police presence back in Rushen – none of this, "we have a counter in the Port Erin Station" then back tracking to say "we have a counter service at the commissioners." The South needs an active presence and residents need to feel safe, especially following the spate of unsolved robberies.
- 7) Ensuring we have sufficient affordable houses.
- 8) Getting the roads and pavements in Rushen fit for use and dealing with derelict buildings.

How well do you think the present administration has handled the major challenges of the past five years?

Badly. There are serious questions over tender outcomes and business deals and I believe we're all tired of "commercial confidentiality" clauses – this must stop, government spending has continued unabated and with reckless abandon. Pensions and healthcare (especially Nobles), the elephants in the room have been ignored until very recently and education has been pushed aside. Emergency services are in disarray thanks to cuts, relocations and a lack of communication from above, and the number of public employees has grown. Why hasn't the budget been balanced, why are ministers allowed to spend surplus monies, why are we lending money to hotel groups, why are we spending so much on consultants, why are we gambling public money on speculative investments like Pinewood, where's the Media Development Fund monies, did we protect our investments on the eve of the BREXIT result and have we even bothered to come up with possible alternatives to trading with Europe and the UK?

My honest opinion is that we've just had the worst administration in memory.

What are the main political and social issues facing the Isle of Man in the next five years?

- 1) Budget and pension reform
- 2) BREXIT fallout
- 3) Reducing the size of government – look at the Cabinet office for example
- 4) Healthcare reform
- 5) The UK's sabre rattling over reducing their corporation tax rate (possibly to 10%, though it's slated to reduce to 17% from 20% by 2020, a huge drop from the 33% New Labour inherited in 1997 and the lowest in the G7)
- 6) Government reform
- 7) Ensuring FOI isn't obstructed and tenders are fair and abide by best practice
- 8) Ensuring our children have the right education and one they deserve as well as a future and an island to come back to. From the DED consultation document, item 2, page 8 'Proposals to Accelerate Economic Growth', "Census data indicates that the great majority of students supported through the Isle of Man Government grant system do not return to the Island once they have graduated from university." I was quoted "85% of graduates" but I am waiting for this to be confirmed in writing.
- 9) Growing and diversifying the

economy and encouraging inward investment

10) Ensuring employers adhere to the impending disability discrimination act.

11) Bringing down the cost of utilities and food (fuel poverty and the growing use of food banks).

12) Equality - ensuring the DDA is enacted and enforced and ensuring there are equal rights for fathers where parental rights are concerned.

There's a lot of work to be done and not a lot of time within which to act but I look at how Iceland has transformed itself yet again and I am filled with hope.

How would you deal with the challenges referred to in the previous answer?

You will find more detailed answers and solutions on my website (when launched) and Facebook page.

However, to give you a flavour of how to meet the challenges identified, see below:

BREXIT

The BREXIT offers some opportunities in terms of tourism; a weaker pound would encourage more tourists to holiday locally. Manufacturing could really capitalise in terms of exporting goods to Europe and the rest of the world, and

again the weaker pound excites this although the cost of raw materials would increase if exported in from outside of the UK. Right now Britain's productivity is poor so the IOM could steal a march in some areas. Also Britain has a major skills shortage in terms of the type of people needed to negotiate an exit and a new trade deal, HSBC's Senior Economic Advisor believes it'll be Spring 2017 before Article 50 is actioned and a potentially a further three years after that before Britain has a new trade deal. There's plenty of opportunity for the IOM inside of that window.

Economy

The Douglas masterplan could become a reality with foreign investment; investors would be buying up land much cheaper from their perspective with the drop in strength of the pound and as with all economic cycles they would be waiting for an upturn in the pound and the British economy (which always affects us) before selling. Revenues from wind power, gas reserves, the use of the MUA fibre optic cable could all help make this a reality as there would be money set aside to entice developers through grants and loans. The Island through private investment could develop the Castle Mona and Summerland sites into working hotel/casino complexes as with

any other run down or dilapidated sites on the promenade; with careful planning and policing these could become successful additions to the masterplan that generate significant tax revenues and provide many jobs. Obviously this is part of the longer term strategy.

Interest rates are mooted to be dropping in August, is there potential to borrow to get the Douglas masterplan off the ground, or to borrow to refinance the MEA loan?

See later in this document for more on economic growth.

Healthcare

The hospital desperately needs a Chief Executive with a proven track record of transforming failing hospitals, and let's be honest, despite the fantastic work of the foot soldiers in there, it is failing. It's top heavy in management, low on nurses and low on quality care but healthcare isn't just about cures and treatments, prevention and exercise should become top priorities and in doing so, this will save millions of pounds in the longer term. Bringing back matrons and increasing nursing staff (paid for by releasing unnecessary management) would complement the new CEO as well as

aligning with the 'Care Quality Commission' and the 'UK's NHS Trust Development Authority'.


Budget

As previously mentioned, changing the way the IOM budget is prepared is key to financial reform and stability – zero and priority based budgeting is a must as well as the preparation of business plans; savings can be found just from this process, no more spending because we have money left over! Contractors must work with penalty clauses and the cost of work completed must be accessible, at least to MHKs and perhaps to the public.

Energy and fuel poverty (I am waiting for statistics)

Energy and fuel poverty (tackling the items below will help to eradicate fuel poverty and it should allow us to top up our reserves and invest in new industries):

- We must utilise the £1.5B of gas reserves in our territorial waters and select an operator that will provide the best return possible for the IOM. It is estimated that the economic benefit to the Island from drilling this reserve is £100M over 20 years (starting in 10 years time) but can we start sooner and get a better return as this is based



on the UK tax model? The Norwegian model levies higher taxes (78% for oil extraction) and they only utilise 4% of the tax take, saving the rest in a sovereign oil fund which is their pension fund.

- I have been told that the IOM won't receive any financial benefit from potential windfarms in Manx waters beyond payment to lease our seabed. Any contract must be made public and the IOM must explore a percentage based agreement as part of the lease. If 1MW generates circa £600K profit (pre-finance and post maintenance) then 700MW should generate £418M of profits per year to the operator (at 35% efficiency), so an agreement whereby the IOM levies 10% tax or charge could generate significant revenues for the Island of around £42M per year.
- Also, with fibre broadband the Isle of Man becomes a real competitor to the UK in terms of attracting more ebusiness and companies reliant on utilising fast speeds and large bandwidth. As part of a wider looking picture where the IOM is looking to diversify and grow the economy,

utilising the MUA fibre optic cable to its fullest is a must. I appreciate this makes e-Ilan a competitor to Manx Telecom, Sure and Wi-Manx but competition is good for the consumer and it's up to the private companies to innovate.

- I believe that the MUA are paying for the upkeep on the gas spur to the Island. . .why aren't Manx Gas paying for the upkeep, particularly as when installed their profits were rumoured to surge by some 300%?
- There needs to be an independent energy watchdog with real powers as the OFT have shown themselves to be toothless.

Education

Regarding education, the Finnish model can teach us so much about achieving more through less (see my website and manifesto for more). Also, the Finnish model builds a strong bond of trust between parents and teachers.

Some students can't engage with the school process and so we need to reintroduce a vocational provision and utilise our unique ability to flex the curriculum and timetables of students. Additionally, all students would benefit from a more meaningful education on

matters such as tax returns, bank statements, how to act in the workplace and what to expect etc. Regardless of what Junior Achievement do on these topics, I believe the schools need to introduce them as part of the PSHE provision.

I am attempting to write a certificated course for school leavers looking to enter the finance sector and this is something I am doing in my free time which has been welcomed by the wider business community. I am also attempting to set up internships with business' so that students have opportunities and are upskilling from an early age as well as learning how to be responsible adults. See my manifesto, website and Facebook page for more.

Is the ICT University another Isle of Man Business School waiting to happen? £17.6M was lost on the IOM Business School, and even accepting that some students successfully earned degrees, this is a lot of taxpayers money. ICT Limited bought the Nunnery and Sangster's Field for £3M under market value on the understanding that education provision would have started by the time 12 months had elapsed from point of sale (this being January 2016) otherwise an educational covenant

would be called in whereby ICT Ltd have to pay the government £2M (being the difference between sale price and government valuation of The Nunnery only), this according to Hansard. Has educational provision started and if so, is it through an arrangement with the University College of Man and if this is the case, is this in line with the covenant or do ICT owe the taxpayer £2M?

Considering the money given away, the Island must be more cautious in the future and perform due diligence before having to back track and find solutions to these deals. I would like to open this deal to public scrutiny to ensure what has been agreed was in the interests of the taxpayer and indeed that clauses/arrangements have been met. There have been considerable delays with The Nunnery and ICT Limited (formerly a charitable foundation) and one feels obliged to question the Economic Development Minister over the impact on University College of Man staff morale and logistics, and on the taxpayers purse.

Using research on IOM spend on education as a percentage of GDP verses a sample of OECD countries and the OECD average, the IOM does not fare very well, even before the huge cuts in education spend. In 2012 the OECD

average spend was 5.2% of GDP and the IOM was circa 2.39% (46% of the OECD average). Assuming the OECD average doesn't vary over time, the 2015 numbers show a decline in the IOM spend verses GDP of 2% (now 38% of the OECD average). We must look to spend more on education in the coming years as the children of this Island are our future. It's appalling that the Island continues to sell assets under market value, spend money because there's some left in the budget and spend on Rolls Royce schemes when we are lacking behind a good portion of the world in education spend.

I would like to see pre-school education fees covered by the government as well as families are being crippled by nursery fees. With families having less to spend, the wider economy suffers.

The TT

Slashing TT entertainment funding from around £230K to £65K was hardly a smart move when trying to promote the event but perhaps money had to be clawed back to pay for the consultants for the TT World Series (this could rise to £450K), either way, visitors come to the Island for the races and the entertainment. Government claim they are trying to raise the TT's profile but they keep getting it wrong. The TT is the one thing

that people all around the world know about the IOM and we managed to annoy a lot of people with a half-hearted attempt at entertainment this year and to add fuel to the fire, Greenlight Media used to contribute £100K to the government (and filmed at their own risk).

I would ask the Economic Development Minister whether the incumbent media company are generating and have been generating a profit for the government. I would also ask the Minister to explain the Vision 9 fiasco and why the TT World Series tender was so flawed and why the TT Event tender allowed for only two days of preparation time as opposed to the usual 30 days; there were no local tenders but as Vision 9 had already prepared for the World Series tender, they had a head start on any other invitees. The TT is, according to the DED worth £28M to the IOM economy but another local company surveyed around six thousand, five hundred people out of forty five thousand visitors (at the time) and extrapolated that the TT was worth closer to £50M to the Manx economy. Why, if this is our main attraction and key to the economy are we reducing spend on entertainment and treating the tender process so glibly?!

How would you deal with the issue of public sector pension reform and the public sector pension deficit?

What I will also say here is that we still haven't balanced the budget and we have crippling debt and a pension black hole. Brave choices need to be made with the pensions and before we can tackle anything else we must get the budget system under control and strive to make less punitive savings. We can start with a zero based and priority based budget and we can look closely at how we're being charged for capital projects because there are big savings to be had there.

You will find some of my answers located in other parts of this questionnaire but if you have a specific question, please email me at mark@reclaimyourisland.im My manifesto and website will also have more answers on them when they go live.

Public sector

Capping lump sums would be a start but we can't suddenly decide to tax these lump sums when people have been working for 30 years and planning their retirement. For anyone with less than say 15 years of service, we can explore taxing the lump sum; it won't be popular but drastic action is needed and it could be taxed at a favourable rate.

An increase in contributions could help but we must not implement increases that restrict a person's ability to spend (we must ensure the money supply is healthy) or save (usually when people save, it's to spend at a later date).

The final salary aspect of the public sector pension has crippled the PS reserve. Again, one can't change this for those on the cusp of retirement who've made plans but for new entrants it can be changed and again, for anyone with 20 years of service and less, they can be moved over to some form of cash purchase scheme. Those who are say 15 years + off retirement age (down to 20 years of service) can switch to an average salary scheme and so we are incrementally fixing the problem and helping workers to plan for their future rather than panicking about it. The current arrangement is dependent on new entrants coming on stream and their contributions ensure pension payments continue, and so we must find a way to phase out new entrants and the final salary aspect without jeopardising or bankrupting the scheme.

A phased increase in the public sector retirement age would also help, say from 55 to 58 (now) and possibly to 60 by the

next election. If we're healthier and living longer, perhaps working until we're 60 isn't the worst thing? The move to 60 will need public consultation.

Moving away from pension specific solutions and into the wider picture, part of the solution is to encourage growth in the economy and dedicate some of that growth to the various pension pots.

If we can create jobs and encourage people back to work (long term benefits and job seekers) and we can encourage students to return to the Island quicker or straight away (or even at all, some never come back), then we can generate more tax revenues and decrease the welfare burden thus ensuring there are more contributions and more in government reserves. We are paying out £40M per annum now and this will rise to circa £100m by 2022, so not only do we need to soften the outgoings of the public sector liabilities but we need to do something to bring in money to bolster reserves.

In terms of people living longer, let's give people the knowledge and the means to live healthier lifestyles thus reducing the burden on the health service. Here again, there will be money that can be moved over to easing the pension

deficit. Of course, these last three points are part of the longer term strategy but they are no less important in the grand scheme of fixing this problem.

State pension

The introduction of a workplace pension scheme will help to ease the reliance one has on the state pension.

We must do what we can to put money back into the NI Fund (see above comments). It is imperative that moves are made to give people comfort that their pension will be there for them when they retire. Perhaps we can explore placing the pension contributions into a private pension scheme which is NOT run by government and this would eliminate the temptation to dip into pension reserves for capital projects and the like. We must do everything we can to ensure good governance and get the money ring fenced. This can be done with all new starters and once the existing liability is under control other funds can be transferred across. The key is ensuring there is sufficient money available to pay existing liabilities. Incidentally, the NI Account increased in value by £41M to the 31 March 2016 so let's recognise good news when it happens.

**What has changed in the past five years for Isle of Man residents for the better?
(Please give examples)**

Not much. There is now more equality legislation and there's a move to encourage business to the Island with the EDF but little else has changed. We now have a Freedom of Information Act but it's being doled out piecemeal and now Government are complaining about the workload this entails (tough luck I say, if this is the price of democracy, then so be it).

**What has changed in the past five years for Isle of Man residents for the worse?
(Please give examples)**

Too much to list here but when my faculty can't afford to buy sufficient text books and teachers have to make do with broken laptops/Macbooks because Treasury have squeezed the Department of Education's budget then we know that we have big, big problems. This is especially demoralising when one considers that shared canteen services are £1.2M over budget when the move to a centralised provision was supposed to save money.

Amongst our woes are food and fuel poverty. We also have "leaders" that bury their heads in the sand over pensions, debt and budget reform. Year on year it gets worse and every five years we vote back the same people. We must bring in fresh blood, new ideas and a hunger for reform or we will be bankrupt by the end of the decade.

A partially centralised police force that was operating under budgeted numbers hasn't filled the population with a sense of safety, especially following the burglaries.

The hospital is in a worse state than ever.

The pensions liability has soared to over £3B.

Despite all of this, I would say that with radical reform (as previously mentioned), inward investment, a diversified economy, a larger working population and money from the use of the MEA fibre optic cable, from our gas reserves and from wind energy, the Island can weather the current storm and come out the other side with replenished reserves and a genuine ability to flourish.

Is the Isle of Man too reliant on any one sector of its economy?

eGaming. It's a fragile marriage where one partner is always looking for a better deal. I used to work in the sector and I know that the poker rooms could up and leave once other markets open up.

There's been so much talk about egaming and ebusiness being our fastest growing sector etc but with reference to the above, this can change overnight

If you feel it is, how would you further diversify the Manx economy?

and let's not forget that the many payroll companies that were based over here are in decline or have gone for the most part and banking is also in decline (let's see how the alternative banking regime does before we celebrate it) so in fact the growth in egaming is skewed by other parts of the economy contracting. I'm not disputing that there has been growth but we are up against it with Malta and Gibraltar and their offerings.

We have opportunities to grow and diversify and as an Island we used to be good at it but certain people are too protective of the status quo.

Green technology, Pharma and nano technology should all be encouraged to start up or progress their operations on the Island. We could be a test-bed for green initiatives and technologies, i.e. solar or kinetic roads as opposed to ridiculous fancy and over-priced promenade schemes. Power could be channelled back into our grid and sold into the UK for example.

Robotics and AI are advancing at pace and whilst we can't attract the bigger players we could offer incentives to start-ups and young companies.

Are you in favour of increased independence from the United Kingdom?

I'd focus more on encouraging a start-up mindset with the population too. This can begin in the schools. The Enterprise Development Fund, although five years late is a step in the right direction provided it is managed properly. Use of the fibre optic cable could help to encourage digital entrepreneurs (people who specialise in creating and selling digital goods and services) to set up on the Island.

It isn't all about diversification though, we should be taking advantage of what we have; natural beauty. . .the tourism sector needs a boost and some radical re-thinking. There are opportunities to be had, especially with a weaker pound and foreign holidays costing more at present.

We need inward investment, people or companies willing to spend money in the Island, whether that be on relocating or setting up a business.

Absolutely, however we must be sensible and recognise that we simply cannot "go it alone". We must "hitch our wagon" to someone.

The BREXIT has offered us opportunities to form our own trading links around the

world should we go fully independent or piggy back (perhaps) on an EFTA agreement, however with many nations now expressing an interest in setting up free trade agreements with Britain, perhaps we shouldn't be so hasty to go it alone, perhaps just renegotiate our standing with the UK.

The Lieutenant Governor may as well not exist for what his purpose is, but if we are to be forced to keep him then we must push back and say that the UK will pay for him and that he can be the Lt Gov' for all the Dependencies.

We must be able to make our own laws without interference. We are a mature island nation with international links, we can be trusted to make our own laws without Privy Council ratification or authorisation. The world and the economies are changing and so must we but we can't do this if we are under constant threat of reprisal from a petulant UK Government looking for a scapegoat or if we are in fear of being bullied for having a more competitive tax structure than the UK or parts of Europe.

Whichever way BREXIT goes, we must be ready with a plan, a back-up plan and a contingency to the back-up plan.

If you are, in which areas?

Are you in favour of parliamentary reform in the Isle of Man?

100%, yes!

If you are, which aspects of the parliamentary system would you change?

Abolish LegCo and introduce a salaried legislation oversight body, paid by the hour but if we have to keep LegCo (for whatever reason, and I don't believe that we do have to keep them) then they must not be allowed to hold ministerial or department positions and MLCs must not be allowed to vote on anything.

Abolish the role of President and merge the duties therein with the Speaker's.

A Chief Minister can be elected by his fellow MHKs but must publish a vision for his tenure prior to voting which must be open and the results available to the public. If we are still attached to the UK then all meetings with the UK should be conducted with an attaché and the proceedings should be minuted and be publicly available.

There should be more independent scrutiny committees with real powers.

MHKs should be paid a higher fixed

Who should have the responsibility of electing the Chief Minister?

salary and should not be paid uplifts which essentially buy patronage to the Chief Minister.

I would also like to see matters of a high national importance brought to the Island's population for an opinion poll or in certain cases for a referendum, however we must ensure the public are fully informed on a matter before taking something to a referendum.

Are you in favour of the nationalisation of air and/or sea services to and from the Isle of Man?

MHKs, but this should be an open vote where the public can see who's voted for whom. Additionally, an MHK shouldn't put their name forward for CM unless they have a 5 year plan which gives the MHKs something to base their vote on. LegCo should NOT get a vote.

Are you in favour of renewable energy projects in Manx territorial waters?

No. The IOM should focus on other aspects of the economy and encourage competition with suppliers – leave it to the experts. Setting up contracts in a sensible manner with penalty clauses and promoting competition are all good ways to approach this topic.

Yes, provided they don't create eye sores which blot the view from land or obstruct our shipping links to the UK, Ireland etc. Also, as long as the IOM gets a share of the benefits beyond just

Are you in favour of an increase in means testing for financial support and/or services provided by Government?

If you are, in which areas?

leasing the sea bed or waters. See earlier answers.

There are some fantastic projects under way around the world and we could with our weather and tides be a test bed for new technologies thus encouraging employment, taxes, status and companies relocating. Additionally, we could end up with an energy surplus that we can sell to the UK/Ireland etc.

I believe that means testing should only be used to assess how much someone should receive. Checking that someone should be on benefits is another matter and should always be handled with care. We've just seen how poorly Treasury and Dependability have handled assessing people, let's not make the same mistakes.

See above.