

0044/13



**Isle of Man**  
**Government**

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**QUARTERLY REPORT  
ON THE ECONOMY**

**TO THE**

**COUNCIL OF MINISTERS**

(for distribution)

**25<sup>th</sup> July 2013**

**1<sup>st</sup> April 2013 – 30<sup>th</sup> June 2013**

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## GENERAL ECONOMY

The latest IMF Economic Report sees a marginally less favourable global outlook than previously anticipated. Global growth has been revised down from 3.3% this year and 4% next to 3.1% and 3.8% respectively, principally on account of the slowing in the BRIC economies. For example the growth rate in China is in decline, and is expected to fall from the current 7.5% to 6% in the second half of the year. Even a small reduction in growth will be felt by many Asian economies that are dependent on China for their exports.

On the plus side, Japan had annualised growth of 4.1% for the first quarter of the year. The yen has fallen by 25% against the dollar since November 2012, which has aided exporters, making them more competitive in overseas markets and providing a boost to the economy.

The USA economy is improving to such a degree that the Federal Reserve has announced a curtailing of their quantitative easing programme, something which has generated a negative reaction in the emerging economies on account of the inevitable fall in yields this will produce. The Federal Reserve has predicted the US economy to grow at a rate of 2.3% to 2.6% in 2013 although spending cuts currently being implemented will restrain output in the short term.

Eurozone output shrank by 0.2% in the first quarter of 2013, its sixth consecutive quarter fall. Declining investment and exports were the primary reason for the continued contraction. The ECB has kept base rates at 0.5% with the Bank announcing that with growth rates weak in so many countries it would likely stay at this level for the foreseeable future. The plight of countries including not only Greece, Portugal and Spain but also France continues to be such that only a reflation of the German economy would appear sufficient to prevent ongoing deterioration. Unfortunately the German government is not inclined to go down this route.

In the UK, interest rates have been kept on hold at 0.5% and the stimulus programme of quantitative easing (QE) has remained unchanged. The arrival of a new head at the Bank, with a perspective somewhat looser in respect of requisite monetary policy, pushes even further outward the time when base rate is likely to be raised.

UK growth in the second quarter has been estimated at 0.5% with the service sector rebounding strongly. Despite reductions in real incomes (UK increases in average earnings are trailing inflation by around 1.5%), much of the growth has come from spending by households, rather than investment by companies or net exports and so there are no real signs of any rebalancing the economy beyond that which has seen further switching of jobs away from the public and into the private sector. Public sector employment has continued its downward trend, falling by 22,000 in the first quarter of this year to just under 5.7m, the lowest figure since 2001. Over the same time period the number of people employed in the private sector has risen by 46,000 to over 24m. Total employment numbers are rising, with a record 29.7m people in work. The jobless rate is down 0.4% from a year earlier, at 7.8%, and the claimant count of unemployment (that most closely aligned with our own measure) is 4.8%.

Despite falls in the real wages, the UK property market is showing signs of recovery. The number of mortgage approvals granted is at three year high. Since its launch last year the government's Funding for Lending Scheme is widely credited with making mortgages more widely available, whilst the more recent Help to Buy scheme on new builds has been another factor. Halifax has reported that house prices in the second quarter were 3.7% higher than in the same quarter last year and that prices are now rising at their fastest rate for nearly three years.

A source of worry has been the stubbornness of the UK trade deficit despite a falling pound. The falling exchange rate will be serving to increase imported inflation but without simultaneously cheapening, and so raising, exports. Despite this source of inflation, price expectations are currently falling, mainly on account of a 25% reduction in global food prices over the last year.

Despite the ongoing travails in the management of public debt (UK debt at the end of May 2013 was £1.19tn, 75.2% of gross domestic product) the IMF has raised this year's forecast for UK growth from 0.7 to 0.9%.

The local economy remains stable and on course for meeting expectations of real growth of 3-4% in 2013/14. Inflation is 2.9% and with global food prices falling and with manufacturers' prices also tightly constrained, the inflation outlook is not threatening. The numbers in employment, as per tax records, are at a record high. Unemployment is at 2.4%, and although the trend in total unemployment is still upwards the 12 month change in the total is now only 64 when between June 2011 and June 2012 the total had increased by 146. And vacancies are continuing to run significantly above the numbers recorded last year.

## **MANUFACTURING**

### **Current Situation**

Global manufacturing executives now rank the UK as one of the top destinations for future profit growth, ahead of established manufacturing economies such as Japan and Germany, as well as emerging economies like India and Brazil. KPMG's 4th annual Global Manufacturing Outlook, which surveyed 335 executives globally, also reveals that companies are increasingly looking to the UK to provide key skills and resources in the supply chain, with the UK being the third most popular destination for increased sourcing. There are signs that these findings are playing out in the Isle of Man within the engineering sector and in particular *aerospace*. Isle of Man aerospace companies are important, valuable and in some cases critical to the UK aerospace supply chain. For example, the recent successful first test flight of the new Airbus A350XWB was enabled by design and stress engineering carried out on the Island as well as engine and undercarriage components manufactured and assembled by Isle of Man aerospace cluster companies.

Sales figures are generally on or ahead of forecast in the second quarter and the resultant orders increasingly put pressure on the local supply chain utilised by aerospace cluster companies. A robust local supply chain may become increasingly more important as some major manufacturers report that they are close to full capacity and are running out of factory space. The pressure to open new factories close to customers' international locations, particularly in the BRIC countries, is also a constant threat.

The aerospace sector continues to advertise for skilled personnel to fill new positions and to benefit from the huge opportunities for growth that exist. However there is also a need to find replacements for retirees, a constant and growing issue - all against the backdrop of a global shortage of skilled engineers. Attracting new skills is difficult and educating and training the next generation must form the basis of the Island's manufacturing strategy now and in the future.

In the Isle of Man's *general manufacturing* sector it is a different picture with sales below prior year levels due to tough UK and EU core market conditions, and in some cases linked to UK austerity measures in local authority expenditure budgets. Overall sales volumes and selling prices remain under pressure, although business in the US is more positive. There are opportunities for resilient and diversified companies as the tough conditions force weaker competitors to fail and market share to be released.

### **Outlook**

Manufacturing offers good growth prospects and over 50 additional jobs a year if skilled workers can be provided. The IOM College is on course to expand its training provision from 12 to 18 places in September 2013. Plans to double this to 36 in 2014 are already in progress. The Department of Economic Development is working with the private sector to help to attract skilled workers needed to fill short-term vacancies.

## **FINANCIAL SERVICES**

### **Current Situation**

A number of businesses in the financial services sector have had to examine their cost base and make reductions, but despite this, statistics have indicated that overall business levels are stable except for falling premium income in the insurance sector. Insurance business generally has been impacted by the issues in the Eurozone and the improved exchange rate with India and the Far East, with the latter resulting in expatriates from the region sending money home rather than buying insurance related products.

*Banking* deposits and *funds* under management, a good indicator of overall performance, have remained constant despite low interest rates. Anecdotally it is being advised that certain banks are or are considering returning to the mortgage market. The larger banks are currently reporting improved levels of activity. Company incorporations, a reflection of professional services activity, have remained constant, but the rate of deregistration is marginally above the rate of new formations.

The *fiduciary* industry has been through turbulent times with the announcement of UK FATCA and the release of additional information on US FATCA. The Isle of Man's opting for automatic exchange of information with the UK has put pressure on the compliance resources within businesses and some business models will be affected. Strong lobbying on excluding UK Resident Non Domiciles from FATCA reporting has taken place and a compromise is being sought with the UK.

The *pensions* industry has raised concerns on the attractiveness of the Island's offering with changes in Gibraltar and a rumoured return to the market by Guernsey.

## **Outlook**

Key priorities for the next quarter are agreeing the approach to ICB, considering the stance on Solvency II with the life insurance sector and interpreting the final agreement with the UK on the Alternative Investment Fund Management Directive.

Work with banks and insurance companies is key in order that they understand Government's approach and that any changes in structure are favourable to the Isle of Man.

Detailed promotional and strategy plans for the sectors will be finalised over the next quarter, including forecasts of future growth and KPIs.

## **E-BUSINESS**

### **Current Situation**

The sector continues to grow rapidly. There are currently 53 licence holders with a further 5 applications approved and 4 licence applications currently pending approval.

In 2012-13 the Government received approximately £5.6m in online betting duties and licence fees, which is an increase of £1m from the previous year. The number of jobs in the sector continues to grow: the MeGA (the Manx e-Gaming Association) survey indicates there are 775 existing jobs within the e-Gaming sector. These figures are consistent with expected growth forecasts.

The recent announcement of fast-tracking of work permits for ICT (Information and Communication Technology) jobs will come as welcome news to the sector. Employment generally splits between the customer service and technical roles and the fast-track option will assist with marketing the Island in terms of employing the technically skilled work-force. While the majority of employees in e-Gaming are Isle of Man workers, there is a shortage of ICT skills (both on the Island and worldwide) so skilled workers from off the Island are essential to support the sector's continued growth.

### **Outlook**

The prospects for the industry both in terms of organic growth and by the attraction of new business are good. The Department of Economic Development (DED) is working with the regulator, the Gambling Supervision Commission (GSC), and others in Government as well as the private sector on several key areas:

- sector skills – the ability for businesses to find qualified workers and develop their skills is a key constraint on growth. The Department of Education and Children is finalising a new qualification to be provided at the IOM College and which is due to commence in 2014.
- international relations – EU member states and the Commission are considering how best to regulate the European gambling market. An EU White Paper is under development that will form the basis of e-Gaming Regulations in Europe as was hoped for. DED and GSC are seeking to understand the plans and influence them in recognising the Isle of Man as a well-regulated and responsible centre for e-Gaming.
- player protection – a key part of the Isle of Man's well-established credibility in e-Gaming worldwide is its clear requirements for the protection of players' funds. The Department and the GSC are in the early stages of exploring a new opportunity for player protection that may go a long way to removing the problems associated with the limited banking provision on the Island.

## **SPACE COMMERCE**

### **Current Situation and Outlook**

The Isle of Man has for several years been at the forefront of the Space sector, providing world class services based on in depth experience to the global players in the global space industry.

The Department of Economic Development has recently formed a new committee to look at the current and future opportunities for this industry. The new Space Commerce Consultative Committee (SCCC) will refresh the strategy based on the concept of 'clustering' (i.e. working together as a sector to grow capabilities and win business) and will be issuing a survey to the sector in July to gain a full and accurate view of our industry including its size, shape, capability and opportunities.

The SCCC has also formed a sub committee to look at marketing and business development and will look at the Island's unique sales proposition, the global space events calendar and how the Island's reputation as a space commerce hub can be maintained.

The local office of ADS (the UK's premier trade organisation for all companies operating in the UK Aerospace, Defence, Security and Space industries) hosted by the Department has organised a space trade mission to the Island in July.

The number of companies and employees in the sector has remained at a constant level over the last quarter. The sector offers further growth potential and the updated strategy will help estimate how much growth could be in prospect.

## SHIPPING SECTOR

### Current Situation and Outlook

Activity on the shipping register is a good indicator of economic activity in the shipping sector. The table below shows the register continued to grow in the last quarter.

<b>Position as at:</b>	<b>31/3/13</b>	<b>30/6/13</b>	<b>Net Change</b>
Merchant Ships	385	385	-
Commercial Yachts	99	102	3
Demise chartered ships (in)	46	48	2
Pleasure yachts	310	311	1
Fishing vessels	72	73	1
Small Ships	128	126	-2
<b><i>Fleet Total</i></b>	<b>1040</b>	<b>1045</b>	<b>5</b>
<b><i>Total Gross Registered Tonnes</i></b>	<b>14.8m</b>	<b>15.3m</b>	<b>0.5m</b>

The following figures indicate the commercial activity related to shipping during this quarter:

- 32 vessels have been added to the register
- 15 vessels in commercial operation (ships and yachts) have been added
- 13 new ownership companies have been set up in the Isle of Man
- 17 vessels have contracted Representative Persons on the Isle of Man
- 44 mortgages have been arranged through Isle of Man advocates
- 1065 separate transactions have been recorded with the registrars.

The global shipping industry is still experiencing difficult economic times but there are now signs of recovery, with some owners placing orders for ships to be delivered after 2014, predicting a better market. More Asian operators are choosing the Isle of Man and this looks set to continue with the ongoing work with new clients in the region.

The commercial yacht sector in the Isle of Man is still struggling with the changes in VAT which is having an effect on the choice of Isle of Man as a registry option, although many local companies are still able to carry out significant work on-Island by using innovative structures and solutions in other jurisdictions.

## AIRCRAFT REGISTER

### Current Situation

Activity on the Aircraft Register is a good indicator of economic activity in the aircraft sector. The Aircraft Register continues to grow rapidly: May 2013 set a new record for the number of aircraft registered (14) which was immediately surpassed in June (16). During 2012 the Isle of Man overtook both France and the UK (based on figures from the 'Jet & PropJet' corporate aircraft directory) and the Isle of Man is now the world's ninth largest business jet register. The sector now supports around 100 jobs locally and generates significant revenues for local businesses.

<b>Aircraft Register Total</b>	31/03/13	30/06/13	<b>Change</b>
Executive jets	386	417	31
Airliners between commercial lease	72	78	6
Helicopter/turbo prop/small plane	116	117	1
<i>Aircraft Fleet</i>	<i>574</i>	<i>612</i>	<i>38</i>
<b>Aircraft Register Net</b>	31/03/13	30/06/13	<b>Net Change</b>
Executive jets	293	310	17
Airliners between commercial lease	21	22	1
Helicopter/turbo prop/small plane	89	87	-2
<i>Aircraft Fleet</i>	<i>403</i>	<i>419</i>	<i>16</i>

### Outlook

There are now many knowledgeable sources in aviation industry predicting that the world economic recession is coming to an end and the May/June figures could be an early indicator for further growth in the Isle of Man Aircraft Registry.

The Department of Economic Development is seeking to start an aviation forum with the Island's private sector to share ideas on how more economic benefits can be generated from the aircraft registered locally and to discuss other matters of mutual interest.

## CONSTRUCTION SECTOR

### Current Situation

Construction industry activity levels continue to be flat, with competition intense for a reduced number of Government projects. Government continues to be a major client, providing projects with a construction cost of £44 million in 2013/14. The construction of a small number of large private houses for wealthy individuals is also providing substantial work for the industry.

Construction remains the sector with the highest level of unemployment. Sector unemployment has reduced from the level of the previous quarter (due in large part to seasonal factors). At the end of June 167 individuals were recorded as unemployed and looking for construction work. This amounts to 15.8% of the total number of those looking for work. Construction workers' wages are still falling, with pay settlements below inflation rates or yet to be settled.

### Outlook

The sector has maintained the number of apprentices since construction started to decline in 2008. However, the absence of growth in demand, coupled with the availability of workers, means that businesses may become unwilling to take on new apprentices. The industry has voiced its concern that if this situation becomes long term it will become de-skilled and much of the capability and quality that has been developed over the past 20 years will be lost.

There remains a lack of demand for new housing and commercial developments, and until this situation changes, the general outlook for the construction industry remains flat.

## CLEAN TECH

### Current Situation

The Department of Economic Development continues to promote inward investment in the Island's clean tech sector including having exhibition stands at the All Energy conference in Aberdeen and the Renewable UK Offshore Wind conference in Manchester. The All Energy conference is the UK's largest renewable energy event which attracted over 8,000 attendees and the Renewable UK Offshore Wind conference attracted over 3,000 industry participants.

The Department continues to work closely with the Department of Infrastructure and the Department of Environment, Food and Agriculture to progress the Isle of Man Marine Plan to develop a stringent consenting regime which will maximise potential economic development opportunities through a sustainable approach to the marine environment. A number of expressions of interest have been received for offshore wind and tidal projects in the Isle of Man territorial seas.

The TT Zero 2013 race was a success with a significant increase in average lap speeds, with electric bikes now matching speeds of petrol bikes in 1975. The event was an opportunity to promote the Isle of Man clean tech sector to visitors that included the Williams Formula 1 team.

Several new clean tech businesses have recently been established on the Island including Advanced Resilient Technology Ltd and Advanced Sustainable Technology Ltd.

### Outlook

The outlook for the next quarter remains positive in the sector.

The annual Energy Expo and Energy Awards will be taking place at the Royal Manx Show. This event is an opportunity to showcase the benefits of energy efficiency and significant financial savings from reducing energy consumption. A clean tech networking event is also being organised to coincide with the Energy Expo to showcase local clean tech businesses.

## TOURISM

### Current Situation

Passenger figures for the quarter April to June are shown below and point to an overall increase in numbers of 2%. All indications are of increased numbers of visitors particularly for the TT period. A Treasury report to be finalised shortly indicates that the big increase in visitors staying in paid accommodation is down to a very successful TT.

	<b>2012 Q2</b>	<b>2013 Q2</b>	<b>Change</b>
Visitors in paid accommodation	44,145	49,111	11%
Visiting friends and relatives	36,128	32,737	-9%
Business visitors	17,153	17,808	4%
Day visitors	3,150	2,466	-22%
<b>Total</b>	<b>100,576</b>	<b>102,122</b>	<b>2%</b>

The Department of Economic Development set out specific targets for growth in its Visitor Economy Strategy published in 2012:

- to increase cruise business by 20% in 2013. This has been achieved as 18 cruise ships booked for 2013 compared to 12 in 2012. A total of 10,000 visitors are expected, with 5,000 crew. There are opportunities to grow Celtic themed initiatives.
- to increase the Group Travel Market by 5% in 2013. Indications are that traditional coach group travel bookings have increased by 1% in 2013. Smaller groups visiting the Island present a great opportunity for business and probably present the biggest growth opportunities to achieve the target.



- to increase the number of non-motorsport event visitors from 11,000 in 2011 to 13,000 by 2015. The prospects for events tourism overall are good for the remainder of 2013. The Department is awaiting confirmation from Pokerstars of a major tournament in the Villa Marina at the end of October, which is expected to attract 500 players. The second quarter has seen a number of large events including the Youth Cycle Tour, the Isle of Man Walking Festival, and a new Celtic Cup Gymnastics event.
- to increase the percentage of 4 and 5 Star accommodation to 55%. There are 455 registered Visitor Accommodation properties on the Island which amounts to 5,649 bedspaces. 57% of properties have achieved a rating of 4 Star or above. Investment has taken place in the sector with 19 new properties registered.
- to register and facilitate development of 10 new tourism businesses per annum. The Department is dealing with 27 leads at present.

The excellent TT coverage on ITV4 courtesy of North One has really helped to generate interest in the TT brand around the world. The aerial footage especially acts as a showcase to promote the Isle of Man's scenic beauty which can only help further promote the Island as a visitor destination.

## **Outlook**

It is hoped that the excellent weather in June and July will continue for the rest of the summer and help the visitor economy.

The new format for the TT Classic festival of motorcycling in late August and early September is already projecting substantial growth, with the Steam Packet reporting bookings 20% higher than last year.

## **FILM & MEDIA**

### **Current Situation**

Isle of Man Government's strategic partnership with Pinewood Group continues to yield improved production flow, an increase in the average project budget size, and better access to film markets for distribution. Consequently the Department of Economic Development is on target to achieve the annual target of at least four productions a year, creating around 4,000 bed nights, 16 trainee placements and over £2m domestic economic spend.

Disney has confirmed the next instalment of the *Star Wars* franchise will be filmed at the Pinewood studios, which continue to run at full capacity. Recent IOM productions *Belle* and *Dom Hemingway* have been acquired for distribution by Fox Searchlight, a subsidiary of Twentieth Century Fox. This ensures a strong recoupment position for IOM investment.

Isle of Man Film and Pinewood Group attended the Cannes Film Festival in May 2013. The event was successful with several trade press announcements regarding productions in 2013 and 2014 including *Our Robot Overlords*, *Take Down* and *Goodbye Christopher Robin* (about AA Milne, author of *Winnie the Pooh*). The Cannes festival remains the Island's key opportunity to buy, sell, pitch, make partnerships and promote the Island as a film jurisdiction to producers and industry press.

### **Outlook**

The Department of Economic Development continues to seek opportunities for media diversification. It is discussing proposals relating to videogames. The UK Film Tax Credit is expected to extend to games in Spring 2014 after EU consultation which will enhance the benefit of a UK/IOM structured videogame company.

Isle of Man Film is assisting Mannin Shorts with the organisation of the annual film festival weekend at the Broadway Cinema 14<sup>th</sup> to 16<sup>th</sup> September 2013. The festival is to be hosted by Mark Kermode, film critic and patron of Island of Culture 2014.

Filming of *Our Robot Overlords* has been confirmed for the period 2 July to 25 July 2013. The film is a sci-fi drama starring Sir Ben Kingsley and Gillian Anderson. The film's below-the-line budget is £6m, generating estimated local spend of £800,000. Five trainees have been appointed to the production, alongside 30 temporary jobs.

The next production, *Take Down*, is anticipated to arrive for a five-week shoot in September 2013. *Take Down's* current budget estimate is £5m.

## **AGRICULTURE**

### **Current Situation**

Manx farmers suffered substantial livestock losses as a result of the snow in late March. Between 25<sup>th</sup> March and 3<sup>rd</sup> May the Department of Infrastructure's (DoI) fallen stock service collected an extra 470 cattle and calves, and 12,841 sheep and lambs over the average of the previous three years. The cumulative effect of the snow following on from a very wet year in 2012 has put a significant dent in farmers' confidence (and incomes) right across the industry.

July Tynwald approved detailed proposals for the distribution of a £600,000 financial aid package for farmers whose livelihoods were badly affected by the weather. The Department of Environment, Food and Agriculture aims to distribute this funding in August. This assistance, coupled with a significant improvement in the weather, has subsequently improved confidence.

Urgent refurbishments at the Meat Plant are being discussed, combined with an appropriate level of transitional subvention. Isle of Man Meat, the Department of Infrastructure, the Department of Environment, Food and Agriculture and Treasury are working to develop options so that the issue can be resolved.

Live exports of beef cattle aged between 18 and 30 months are up slightly so far this year, compared to 2012. This age group of cattle is important as it represents the mainstay of IOM Meats throughput. A recent change in IOMM's pricing policy has made it more competitive against prices offered by exporters and hopefully this will reverse the trend. Live exports of cull cattle are substantially down. The price changes are also intended to address the rapid increase in sheep exports over the last four years.

Isle of Man Creamery is progressing with its restructuring. The initial phase of the restructuring of the business has begun, with financial support from Government.

### **Outlook**

Agricultural policy was the subject of a number of Tynwald and Keys questions during the quarter. Following a question regarding Equivalent Returns to producers, the Department of Environment, Food and Agriculture set out its position in relation to Manx farmers receiving equivalent returns to their UK counterparts, as referred to in a 2008 Vision document. The passage of time has resulted in several interpretations of the Department's commitment and responsibility regarding equivalency, leading occasionally to unachievable expectations from the industry. In his response, the Minister highlighted the enormous shift in the Island's financial landscape since the original commitments were made and recognised that the Department alone could not guarantee an equivalent return for agricultural products. The whole food chain has a responsibility to ensure that farmers receive reasonable returns and there are sustainable profits for the whole food chain. This message was subsequently relayed to the industry via the Department's newsletter.

May Tynwald also resolved "That the matter of current agricultural policy, particularly in respect of the Countryside Care Scheme, the meat plant and associated matters, be referred to the Environment and Infrastructure Committee to report by December 2013." The enquiry has opened with an initial request for evidence to be submitted before 31<sup>st</sup> July 2013.

The May sitting of Tynwald also accepted a report by the Council of Ministers on Environment and Infrastructure Policy. The report makes 27 recommendations, all of which were approved. Two key recommendations for the Department of Environment, Food and Agriculture are that it establishes a realistic strategy for food security and that it engages with the farming industry to seek enhanced voluntary access and increased biodiversity and landscape management.

The shape of the EU's Common Agricultural Policy (CAP) for the period to 2020 was agreed in June after lengthy negotiations. The CAP budget for 2014-2020 will be 13% less than allocated for 2007-2013. National Governments will now have to make their decisions on how they wish to implement the reforms. Consultations are likely to begin in the autumn. England, Wales, Northern Ireland and Scotland will all run their own consultations. Until national choices are made the precise shape of EU farm support will remain unclear, though levels will be reduced.

## **FISHERIES**

### **Current Situation**

Within the EU significant reductions in the number of overfished stocks have been widely reported, indicating reductions from 95% of North East Atlantic stocks overfished in 2005 now down to 39% of stocks overfished in 2013. In particular it appears cod stock recovery in the North Sea is now well underway and it is hoped a similar recovery will become evident within the north Irish Sea.

The first week of the season was slow with low catches reported, probably due to the cold water temperatures. The expected influx of Northern Irish vessels to the fishery did not initially materialise, most preferring to stay outwith the 12 mile limit to fish prawn grounds. However prawn catches were similarly low with reported low prices, again potentially a reflection of the colder winter. By mid-June however, the West coast prawn fishery did appear to be improving.

By the end of June and warmer weather conditions, queen scallop fishing was picking up and the rate is being closely monitored to ensure the Total Allowable Catch set by the Queenie Management Board is not exceeded, which is likely to result in another early closure of the fishery. In the meantime discussions have commenced regarding 2014 management options.

Following the closure of Baie Ny Carrickey to scallop fishing and the agreement to licence the Baie Ny Carrickey Crustacean Fishery Management Association to manage the closed area for crab and lobster fishing on a trial basis, the Department of Environment, Food and Agriculture has released a consultation document seeking views on the extended closure of the Baie, and also views on the potential for closed areas in other parts of Manx territorial waters.

### **Outlook**

In mid-June EU member states agreed to reform of the Common Fisheries Policy (CFP) to make fishing more sustainable environmentally, economically and socially. Provisions within the new CFP include the elimination of discarding unwanted fish overboard, fisheries management at a regional level for shared fisheries, and more sustainable fishing practices to set fishing rates at sustainable levels. The basic regulation is expected to come into effect by January 2014.

Within the Manx territorial waters, new byelaws for the 2013 season introduced a range of measures intended to slow down the utilisation of the MSC accredited Queen Scallop fishery. These included a delayed start to the season, an increased Minimum Landing Size, increased net mesh size, and further restrictions on the dredge fishery, including a delayed start until 1 October. The fishery was forced to close early in 2012 and it is hoped these new measures will allow the fishery to continue further through the season.

## **RETAILING**

### **Current Situation**

Retail activity continues to be flat, consistent with the UK. The number of empty shop units in the main Douglas high street remains high by Isle of Man standards but has remained at a constant level since the previous quarter's report. Quarterly meetings between the Department of Economic Development, the Douglas Development Partnership (DDP) and the main estate agents are attempting to address this issue.

A consensus agreement on the scope of the Retail Sector Strategy has finally been reached and the strategy document itself is well advanced with completion scheduled for the end of the summer.

The recently announced rise in the minimum wage has not been well received by the Retail Committee of Chamber of Commerce and they plan to make their feelings known to Government.

The Central Douglas Masterplan Committee and the Central Douglas Masterplan Officer Group have now been formed and meetings started. An invitation for interested commercial organisations to come forward was recently advertised and the suppliers brief for the invitation to tender has been completed.

The previous quarter highlighted further difficulties caused by the heavy snowfall and road closures, particularly affecting retailers in Kirk Michael and Peel. Currently, the Island is experiencing a prolonged period of hot and

sunny weather which may adversely affect footfall as locals seek to maximise leisure time and keep retail purchases to essentials only.

The Retail Customer Skills Training Course has completed its first year with 132 individuals trained with post-course completion feedback remaining excellent. The Department of Economic Development is seeking to extend this into a second year and the Isle of Man College is looking to introduce more formal retail-based training and accreditations.

## **Outlook**

The outlook for the Island's retail sector remains challenging. Most analysts are forecasting little retail sector growth in the UK, with most of the projected growth going to internet retailing. One analyst is forecasting 20% of UK shops will close over the next 3 to 5 years.

Douglas Development Partnership has arranged with a different market organisation to that which visited last year, to provide a continental market between 24th August and 1st September.

**ECONOMIC INDICATORS**

**A. GENERAL**

**1. Labour Market**

**a) Unemployment**

	<b>2011</b>			<b>2012</b>			<b>2013</b>		
	<b>Males</b>	<b>Females</b>	<b>Total</b>	<b>Males</b>	<b>Females</b>	<b>Total</b>	<b>Males</b>	<b>Females</b>	<b>Total</b>
March	626	265	891	735	296	1,031	855	353	1,208
June	604	242	846	699	293	992	722	334	1,056
September	637	253	890	702	312	1,014			
December	713	266	979	741	279	1,020			

**b) Employment**

	<b>Number of Employers</b>	<b>Number of Employment Records</b>	<b>Number of Persons in Employment</b>
Quarter 1 2007	3,851	51,740	44,751
Quarter 2 2007	3,899	52,150	44,812
Quarter 3 2007	3,907	53,001	45,389
Quarter 4 2007	3,928	53,347	45,689
Quarter 1 2008	3,937	53,053	45,544
Quarter 2 2008	3,953	53,677	45,968
Quarter 3 2008	3,964	53,998	46,198
Quarter 4 2008	3,979	53,853	46,232
Quarter 1 2009	3,986	52,704	45,676
Quarter 2 2009	4,003	53,586	46,192
Quarter 3 2009	3,998	54,210	46,720
Quarter 4 2009	4,026	54,103	46,617
Quarter 1 2010	4,037	54,038	46,572
Quarter 2 2010	4,066	55,286	47,339
Quarter 3 2010	4,073	55,426	47,349
Quarter 4 2010	4,103	55,396	47,257
Quarter 1 2011	4,126	55,236	47,191
Quarter 2 2011	4,135	56,229	47,886
Quarter 3 2011	4,140	56,666	48,160
Quarter 4 2011	4,154	56,540	47,991
Quarter 1 2012	4,170	56,203	47,811
Quarter 2 2012	4,040	56,990	48,338
Quarter 3 2012	4,186	57,474	48,517
Quarter 4 2012	4,198	57,387	48,350
Quarter 1 2013	4,232	57,282	48,277
Quarter 2 2013	4,253	58,146	48,873

**c) Self employment - ITIP 'A' Cases (self-employed) and 'C' cases (employed and self-employed)**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Quarter 1	7,369	7,708	7,840	7,945
Quarter 2	7,379	7,568	7,689	7,819
Quarter 3	7,372	7,510	7,692	
Quarter 4	7,477	7,471	7,755	

**d) Job Vacancies**

**Vacancies notified during the Quarter:**

	2011			2012			2013		
	F/T	P/T	Total	F/T	P/T	Total	F/T	P/T	Total
Quarter 1	1,337	381	1,718	1,048	397	1,445	1,126	434	1,560
Quarter 2	1,236	475	1,711	1,101	403	1,504	1,258	575	1,833
Quarter 3	1,134	498	1,632	1,039	569	1,608			
Quarter 4	764	417	1,181	834	369	1,203			
<b>Total</b>	<b>4,471</b>	<b>1,771</b>	<b>6,242</b>	<b>4,022</b>	<b>1,738</b>	<b>5,760</b>			

**e) Unemployment and Vacancies by Occupation**

	No. of unemployed at end of June		No. of vacancies notified during June		No. of vacancies remaining at end of June	
	2012	2013	2012	2013	2012	2013
Farmwork	13	15	6	0	0	0
Engineering – skilled	14	14	14	22	12	14
Factory Work – unskilled	18	24	0	0	0	0
Construction – trades/skilled	110	90	32	27	17	18
Construction – unskilled	75	82	5	9	2	6
Banking and Insurance – administration	28	41	11	29	4	19
Finance and Accounting – professional	16	13	14	19	8	10
Health and personal care	16	35	56	65	26	33
Education/teaching	9	8	15	20	15	18
Other professions	26	14	6	10	8	8
Management and Consulting	39	20	14	11	5	8
ICT	10	17	7	10	4	7
Rest of administrative/clerical	84	84	18	26	8	15
Drivers	31	29	20	19	9	9
Hospitality	142	125	100	122	57	91
Domestics and Office Services	32	52	27	22	7	8
Retailing/Sales/Buying	112	148	66	48	38	26
Other/not classified	217	67	3	15	3	1
No previous job		178				
<b>Total</b>	<b>992</b>	<b>1056</b>	<b>414</b>	<b>474</b>	<b>223</b>	<b>291</b>

**f) Work Permits**

**i) New Work Permits Issued**

	2010	2011	2012	2013
Quarter 1	708	604	500	353
Quarter 2	812	751	546	598
Quarter 3	699	827	713	
Quarter 4	597	572	491	
<b>Total</b>	<b>2,816</b>	<b>2,754</b>	<b>2,250</b>	

**ii) Renewals**

	2010	2011	2012	2013
Quarter 1	1,014	775	670	524
Quarter 2	1,081	859	746	678
Quarter 3	866	840	781	
Quarter 4	1,027	722	637	
<b>Total</b>	<b>3,988</b>	<b>3,196</b>	<b>2,834</b>	

**iii) Employed Permits**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Quarter 1	1,578	1,250	1,061	807
Quarter 2	1,728	1,461	1,190	1158
Quarter 3	1,421	1,567	1,352	
Quarter 4	1,490	1,175	1,039	
<b>Total</b>	<b>6,217</b>	<b>5,453</b>	<b>4,642</b>	

**iv) Self-employed Permits**

Quarter 1	144	129	109	70
Quarter 2	165	149	102	118
Quarter 3	144	100	142	
Quarter 4	134	119	89	
<b>Total</b>	<b>587</b>	<b>497</b>	<b>442</b>	

**v) Indefinite Permits**

Quarter 1	2	1	1	2
Quarter 2	8	1	2	0
Quarter 3	1	7	0	
Quarter 4	1	0	2	
<b>Total</b>	<b>12</b>	<b>9</b>	<b>5</b>	

**vi) Temporary Permits**

Quarter 1	1,720	1,378	1,169	875
Quarter 2	1,885	1,609	1,290	1276
Quarter 3	1,564	1,660	1,494	
Quarter 4	1,623	1,294	1,126	
<b>Total</b>	<b>6,792</b>	<b>5,941</b>	<b>5,079</b>	

\* Provisional

**2. National Insurance****Number issued to foreign nationals**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Quarter 1	75	95	60	80
Quarter 2	108	143	98	100
Quarter 3	136	109	99	
Quarter 4	66	61	100	
<b>Total</b>	<b>385</b>	<b>408</b>	<b>357</b>	

**3. Child Benefit****Net transfers, children and adults**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Quarter 1	20	26	-9	70
Quarter 2	38	34	26	46
Quarter 3	30	80	46	
Quarter 4	231	148	-22	
<b>Total</b>	<b>319</b>	<b>236</b>	<b>41</b>	

#### 4. Inflation

	2010	2011	2012	2013
March	5.0%	6.7%	3.0%	3.3%
June	5.3%	6.4%	2.5%	2.9%
September	4.7%	5.9%	2.8%	
December	5.5%	4.7%	2.5%	

#### 5. Passenger Arrivals

	2010	2011	2012	2013
Quarter 1	110,633	106,774	107,086	109,971
Quarter 2	197,468	199,000	195,368	200,556
Quarter 3	216,500	210,564	209,158	
Quarter 4	128,707	127,969	131,001	
<b>Total</b>	<b>653,308</b>	<b>644,307</b>	<b>642,613</b>	

\* Provisional

#### 6. Business Visitors

	2010	2011	2012	2013
Quarter 1	17,506	16,202	14,784	16,097
Quarter 2	17,823	15,609	17,153	17,808
Quarter 3	20,436	23,023	18,117	
Quarter 4	14,591	13,332	15,508	
<b>Total</b>	<b>70,356</b>	<b>68,166</b>	<b>65,562</b>	

\* Provisional

#### 7. Non-Business Visitors

	2010	2011	2012	2013
Quarter 1	23,074	22,201	27,746	26,081
Quarter 2	77,343	85,143	83,423	84,314
Quarter 3	88,580	89,280	89,154	
Quarter 4	28,435	29,694	28,586	
<b>Total</b>	<b>217,432</b>	<b>226,318</b>	<b>228,909</b>	

\* Provisional

#### 8. Postal Traffic (Index of Volumes:1<sup>st</sup> Quarter 2005=100)

##### a) Letter Mail

##### i) Inward

	2010	2011	2012	2013
Quarter 1	128	124	131	87
Quarter 2	100	114	105	76
Quarter 3	126	112	105	
Quarter 4	140	139	115	



**ii) Posted (IOM Delivery)**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Quarter 1	73	72	74	62
Quarter 2	76	75	67	66
Quarter 3	72	71	63	
Quarter 4	85	83	76	

**iii) Posted (UK & International Delivery)**

Quarter 1	72	61	63	67
Quarter 2	68	66	62	64
Quarter 3	63	61	62	
Quarter 4	79	78	83	

**b) Parcel Mail****i) Inward**

Quarter 1	139	127	145	104
Quarter 2	137	104	124	114
Quarter 3	167	82	118	
Quarter 4	194	163	143	

**ii) Posted**

Quarter 1	71	57	71	71
Quarter 2	86	71	71	57
Quarter 3	71	71	71	
Quarter 4	86	71	71	

**9. Electricity Consumption (Thousand Units)****i) Domestic**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Quarter 1	53,664	60,174	50,373	51,798
Quarter 2	41,725	38,342	39,268	42,433
Quarter 3	33,110	32,487	33,178	
Quarter 4	34,134	40,129	39,570	
<b>Total</b>	<b>162,633</b>	<b>171,132</b>	<b>162,389</b>	

**ii) Non-Domestic**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Quarter 1	58,815	62,155	55,658	56,938
Quarter 2	52,841	48,844	49,556	43,488
Quarter 3	52,577	50,093	51,451	
Quarter 4	55,893	53,742	54,267	
<b>Total</b>	<b>220,126</b>	<b>214,834</b>	<b>210,931</b>	

**iii) Total**

Quarter 1	112,479	122,329	106,030	108,736
Quarter 2	94,565	87,186	88,824	85,920
Quarter 3	85,687	82,580	84,629	
Quarter 4	90,026	93,871	93,837	
<b>Total</b>	<b>382,758</b>	<b>385,966</b>	<b>373,320</b>	

## 10. Housing

### (i) Total number of residential property sales over the 12 months to June:

	2010	2011	2012	2013
Houses only	1,363	1,389	1,449	1,264*
Flat/apartments	281	271	219	253*

### (ii) Average residential property price over the 12 months to June (£):

Houses only	282,240	291,059	278,430	263,768*
Flat/apartments	174,311	167,848	161,337	160,228*

\* Provisional – final sales figures will be higher

## 11. Planning applications approved

	2010	2011	2012	2013
Quarter 1	487	370	495	387
Quarter 2	361	460	478	412
Quarter 3	486	494	422	
Quarter 4	421	439	400	
<b>Total</b>	<b>1,755</b>	<b>1,763</b>	<b>1,795</b>	

## B. FINANCIAL AND RELATED SERVICES

### 1. Banking

#### (a) Number of Licenses

	2011		2012				2013	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Deposit Taking	33	33	33	33	33	32	32	30
Investment Business	67	66	64	64	64	62	56	55
Services to Collective Investment Schemes	70	66	65	64	65	65	63	63
Corporate Services	185	185	182	183	183	184	183	181
Trust Services	130	130	129	131	131	133	131	128
Money Transmission Services	4	4	4	4	4	6	6	6
Management/Administration Services							9	9

#### (b) Deposit Base (£ Billions)

	Total Bank Deposits	Sterling	Non-Sterling
March 2007	57.42	40.14	17.28
June 2007	61.02	41.71	19.31
September 2007	62.25	42.56	19.69
December 2007	63.36	42.24	21.12
March 2008	65.59	43.36	22.23
June 2008	66.26	43.90	22.36
September 2008	66.26	43.13	23.13
December 2008	69.96	43.71	26.25
March 2009	66.95	43.26	23.69
June 2009	63.46	42.65	20.81
September 2009	63.34	41.58	21.76
December 2009	63.10	39.26	23.84
March 2010	63.09	38.85	24.24
June 2010	63.77	38.58	25.19
September 2010	62.09	38.59	23.50
December 2010	62.21	37.96	24.25
March 2011	59.53	37.49	22.04
June 2011	59.41	37.53	21.88
September 2011	59.62	36.87	22.75
December 2011	57.23	36.38	20.85
March 2012	57.55	36.45	21.10
June 2012	56.97	36.44	20.53
September 2012	56.98	36.13	20.85
December 2012	56.45	36.32	20.13
March 2013	59.84	35.99	23.85

### 2. Insurance

#### (a) Number of Insurance Companies

	2011			2012			2013		
	Life	Captive	Total	Life	Captive	Total	Life	Captive	Total
March	16	107	156	16	96	148	16	93	143
June	16	106	155	16	94	144	16	93	143
September	16	105	154	16	92	141			
December	16	102	150	15	93	142			

**(b) Life and non-Life Premiums (£ billions)**

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
31 December	7.4	10.1	8.9	7.5

**3. Funds under Management****(i) All Schemes (\$ billions)**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
March	32.5	28.1	22.6	21.7
June	31.4	29.6	21.9	
September	27.1	27.9	21.9	
December	27.9	22.3	22.3	

**(ii) Life and non-Life Insurance Funds (£ billions)**

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
31 December	47.1	55.2	55.3	58.6

**4. Ship Registration****i) Number of Merchant (non-Demise) Ships Registered**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Quarter 1	342	352	376	385
Quarter 2	345	362	389	385
Quarter 3	341	365	396	
Quarter 4	344	373	391	

**ii) Gross Registered Tonnage**

Quarter 1	9,768,848	10,742,793	12,624,625	14,039,974
Quarter 2	10,297,483	11,193,208	13,362,004	14,439,946
Quarter 3	10,620,385	11,831,113	14,030,406	
Quarter 4	10,731,313	12,349,670	14,137,586	

**5. Company Registration****i) New Companies Formed**

	<b>2011</b>			<b>2012</b>			<b>2013</b>		
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
Quarter 1	304	69	260	275	45	252	246	42	286
Quarter 2	282	31	335	266	95	281	221	47	268
Quarter 3	256	82	264	250	56	231			
Quarter 4	243	79	307	227	75	234			
<b>Total</b>	<b>1,085</b>	<b>261</b>	<b>1,166</b>	<b>1,018</b>	<b>271</b>	<b>998</b>			

- (a) refers to formations under the 1931 Act  
(b) refers to conversions to 2006 Act companies  
(c) refers to new 2006 Act companies (excluding conversions)

**ii) Companies Removed**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Quarter 1	1,729	1,084	1,026	1,014
Quarter 2	481	361	417	335
Quarter 3	650	456	327	
Quarter 4	370	353	374	
<b>Total</b>	<b>3,230</b>	<b>2,254</b>	<b>2,144</b>	

\* includes conversions to 2006 Act incorporation

**iii) Total Companies on Register**

	<b>2010</b>		<b>2011</b>		<b>2012</b>		<b>2013</b>	
	<b>(a)</b>	<b>(b)</b>	<b>(a)</b>	<b>(b)</b>	<b>(a)</b>	<b>(b)</b>	<b>(a)</b>	<b>(b)</b>
Quarter 1	24,077	4,706	22,696	5,701	21,582	6,726	20,447	7,633
Quarter 2	23,877	4,954	22,617	6,001	21,431	6,990	20,333	7,804
Quarter 3	23,530	5,312	22,417	6,973	21,354	7,175		
Quarter 4	23,461	5,619	22,307	6,542	21,207	7,396		

(a) refers to incorporations under the 1931 Act

(b) refers to incorporations under the 2006 Act

REVENUE ACCOUNT

30<sup>th</sup> June 2013

	Actual 2012-13 £'000	Actual to 30 Jun 12 £'000	% of Actual	Estimate 2013-14 £'000	Estimate inc. Supp. Votes 30 Jun 13 £'000	Actual to 30 Jun 13 £'000	% of Estimate
<b>Income</b>							
Customs and Excise	296,000	73,500	25%	312,000	312,000	78,000	25%
Income Tax	185,979	35,448	19%	191,000	191,000	34,437	18%
Other Treasury Income	15,210	234	2%	13,900	13,900	114	1%
<b>Total Income</b>	<b>497,189</b>	<b>109,182</b>	<b>22%</b>	<b>516,900</b>	<b>516,900</b>	<b>112,551</b>	<b>22%</b>
<b>Expenditure</b>							
Net Voted Services	534,318	130,003	24%	547,862	547,862	131,020	24%
<b>Surplus (Deficit)</b>	<b>(37,129)</b>	<b>(20,821)</b>		<b>(30,962)</b>	<b>(30,962)</b>	<b>(18,469)</b>	
Add:							
Transfers from/(to) Reserves	15,000	(5,000)	(33%)	31,000	31,000	-	-
Add:							
Balance b/f 1st April	56,660	56,660	100%	30,066	30,066	34,531	115%
<b>Balance c/f</b>	<b>34,531</b>	<b>30,839</b>		<b>30,104</b>	<b>30,104</b>	<b>16,062</b>	

SUMMARY

1. Compared with the same period last year income at £109.2 million is £3.4 million (3%) higher, whilst Departments' net payments at £131.0 million are £1.0 million (1%) higher.
2. Customs' net cash receipts of £78.0 million for the 3 months to 30 June 2013 have been adjusted to the proportion of annual estimate for the year and are £4.5 million (6%) up on last year's position. It is currently anticipated that the Customs Estimate for the year will be attained.
3. Income Tax receipts at £34.4 million are £1.0 million (-3%) lower than the same period for last year. It is currently anticipated that the Income Tax Estimate for the year will be attained.
4. 'Other Treasury Income' includes £10.8 million from interest on investments, including income from Reserve Fund investments, which is remitted quarterly in arrears. It is currently anticipated that the 'Other Treasury Income' Estimate for the year will be attained.
5. At this, the first quarter stage of the year, taking normal seasonal patterns into account and assuming year-on-year accruals are unchanged, there are no indications yet that any Department will definitely overspend their revenue Vote. However, some Departments are continuing to experience significant financial pressures and will find it challenging to remain within their Votes for the year.
6. A transfer from Reserves of £31.0 million was included within the Budget presented to Tynwald in February 2013 (Page 19 of the Budget (GD No. 01/13)).
7. The actual balance brought forward at the 1 April 2013 of £34.5 million was £4.4 million higher than the "Probable" shown in the Budget in February 2013, as a result of income being £4.5 million higher and expenditure being £4.9 million lower than "Probable", with the transfer to the Housing Reserve Fund of £5.0 million approved in 2012 being applied in 2012-13.

**CAPITAL SPENDING**

**1<sup>st</sup> April 2013 to 30<sup>th</sup> June 2013**

**1. Introduction**

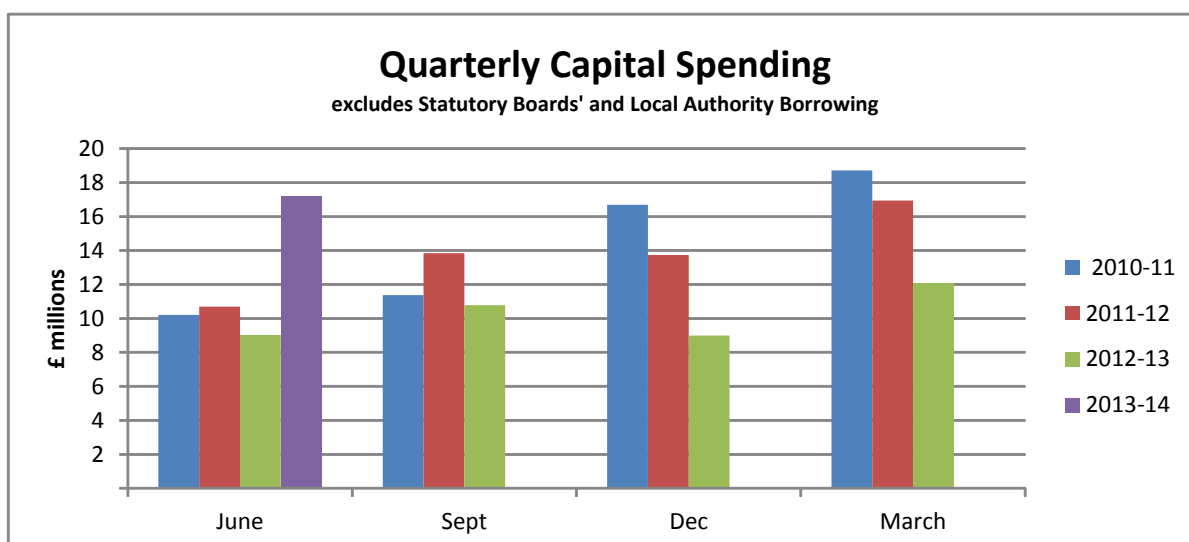
Government Departments' capital spending, excluding borrowing authorities and land purchases, for the first quarter of the year to 30<sup>th</sup> June 2013 was £7.33 million against an estimate of £7.63 million (96%).

This spending represents 16% of the full year estimate. Spending over the same period last year was £9.03 million (15% of full year estimate).

**FINANCIAL POSITION**

	1 April to 30 June			Forecast for Year			
	Actual 2012-13 £'000	Actual 2013-14 £'000	2013-14 as % of 2012-13	Revised* Estimate 2013-14 £'000	Treasury Forecast 2013-14 £'000	Forecast Under- Spend £'000	Forecast as % of Estimate
Government Total	9,029	17,179	190	46,542	37,233	9,308	80.0%
Statutory Boards' Spending	1,849	1,950	105	54,765	49,359	5,406	90.1%

\* Revised Estimate 2013-14 refers to original 2013-14 Budget plus supplementary votes approved by Tynwald



## 2. Capital Spending Summary 1 April 2013 to 30 June 2013

(includes Statutory Boards' spending, excludes Statutory Boards' borrowing)

	Original 2013-14 £	Revised 2013-14 £	Actual spend £	spend against original est %	spend against revised est %	spend against YTD est %
Community, Culture & Leisure	6,237,000	6,237,000	556,208	8.9	8.9	44.4
Economic Development	1,570,000	1,570,000	34,344	2.2	2.2	26.4
Education & Children	7,433,494	7,433,494	962,619	12.9	12.9	80.4
Environment, Food & Agriculture	2,071,000	2,071,000	444,432	21.5	21.5	84.4
Health	3,243,031	3,243,031	121,214	3.7	3.7	48.5
Home Affairs	3,295,170	3,295,170	194,320	5.9	5.9	112.7
Infrastructure	14,166,359	14,166,359	12,478,047	88.1	88.1	591.3 *
Social Care	7,815,042	7,815,042	2,376,635	30.4	30.4	128.5
Manx Museum & National Trust	710,554	710,554	11,577	1.6	1.6	8.0
<b>Government Total</b>	<b>46,541,650</b>	<b>46,541,650</b>	<b>17,179,395</b>	<b>36.9%</b>	<b>36.9%</b>	<b>225.0%</b>
Treasury (Contingency Fund)	1,000,000	1,000,000	0			
	<b>47,541,650</b>	<b>47,541,650</b>	<b>17,179,395</b>			
<b>Statutory Boards' Spending</b>						
MEA	38,462,000	38,462,000	148,000	0.4	0.4	17.1
Sewerage Schemes	10,526,836	10,526,836	1,476,409	14.0	14.0	93.2
	<b>96,530,486</b>	<b>96,530,486</b>	<b>18,803,804</b>			
Water Schemes	3,200,000	3,200,000	311,327	9.7	9.7	51.9
Post Office	2,576,099	2,576,099	14,236	0.6	0.6	45.6
	<b>102,306,585</b>	<b>102,306,585</b>	<b>19,129,367</b>			

\* DOI's year to date spend is distorted by significant land/property purchases totalling £9.85m

Spending analysed by type of scheme  
for the period 1 April to 30 June  
compared to same period last year

	2012-13 £	2013-14 £	2013-14 spend as % of 2012-13 spend %	Actual spend by Statutory Boards £	2013-14 £
Construction	5,862,291	3,460,214	59.0	0	3,460,214
Engineering	562,993	1,412,785	250.9	1,935,736	3,348,521
Plant / Equipment	2,232,273	1,054,409	47.2	14,236	1,068,645
Land Acquisition	0	9,850,000	0.0	0	9,850,000
Loan Schemes	329,209	1,395,410	423.9	0	1,395,410
Other	42,437	6,577	15.5	0	6,577
	<b>9,029,203</b>	<b>17,179,395</b>	<b>796.6</b>	<b>1,949,972</b>	<b>19,129,367</b>



**GOVERNMENT CASH AND INVESTMENTS****Value of Externally Managed Investments**

As at 30 <sup>th</sup> June 2013	<b>Book cost £ millions</b>	<b>Market value £ millions</b>
National Insurance Investment Account	661.4	697.1
Reserve Fund	359.0	380.1
Hospital Estates Development Fund	43.9	46.0
Manx Currency Account	32.1	33.8
Public Service Employees Pension Reserve	224.0	241.1
	1,320.4	1,398.0

**Note:**

Each of the funds has its own investment strategy according to its investment needs. Treasury's investment strategy for those reserve funds which have a significant exposure to equities is to maximise the total return on the funds over the long term. The short term fluctuations of market values are therefore considered of less importance than the long term return on investments held.

**Bank Deposits and Call Accounts Held in Local Banks**

Fixed term deposits and call accounts directly held by Treasury as at 30<sup>th</sup> June 2013 totalled:

Sterling	£219.32 million
Euro	€0.024 million

