

3. Questions to Ministers Without Notice - The Minister for Economic Development

The Bailiff:

Very well, that concludes question time. We come then to questions without notice and the first period is to the Minister for Economic Development.

3.1 Deputy C.H. Egré of St. Peter:

As the Minister is aware of the ongoing problem regarding the PFOS (Perfluorooctane Sulfonate) contamination of the borehole water supply resulting from uncontrolled discharge of residue from the fire fighting foam used by the Airport Fire Service up to 1996, would he confirm that the States are paying for the legal representation for the affected households and that our own Law Officers Department is at best being tardy in dealing with the issue, thus causing an own goal regarding costs?

Senator A.J.H. Maclean (The Minister for Economic Development):

Yes, the Deputy is quite correct. I am more than aware, as he knows, about this particular long running saga and, yes, I can confirm that in fact an independent firm of lawyers have been involved in this particular process for some time partly due to the specialist nature required and also because they were involved originally when the settlement agreement was negotiated. This whole affair has dragged on for far too long, as the Deputy is well aware. We have worked hard at the airport to reach a solution and we are hopeful that we are very close now with the assistance of Law Officers and Eversheds, the specialist law firm that have been advising, to reach an agreement that will be to the satisfaction of all.

3.2 Deputy S. Pitman:

How long does the Minister think that Scrutiny needs to look at the Depositor Compensation Scheme with a potential liability to the States of £100 million bearing in mind that writing the report, checking for accuracy with witnesses and giving States Members 2 weeks to see the report and any amendment, just those 3 things takes an absolute minimum of 6 weeks?

Senator A.J.H. Maclean:

I would have thought as the Deputy is on the Scrutiny Panel she should probably answer that question with regard to how long it would take. This is an important matter. It is a matter of great importance to the Island, in particular depositors, local residents and international depositors. It is of great importance for the reputation of Jersey that the Depositor Compensation Scheme is introduced. The Deputy is right that this is a costly issue potentially. There is potential liability of up to £100 million. However, the Scrutiny Panel were furnished with information, drafts on 5th May of this year. The full final draft was issued on 2nd June and I would hope that they would have had time to give consideration to the matter to allow the important debate which we will get to hopefully if not later today then in the next few days ... consideration to be able to comment on it so that we could proceed.

3.2.1 Deputy S. Pitman:

Since February the Scrutiny Panel has been asking for information and we know it was out there but the department insisted on not giving it to us and States Members were furnished with a list of how many times we asked the department to give us information. Does the Minister not appreciate that Scrutiny need a significant amount of time to scrutinise this scheme given the considerable public interest and the £100 million from the Strategic Reserve? Does he not believe that this needs good scrutiny?

Senator A.J.H. Maclean:

Yes, this matter does need scrutiny. I fully accept that. As I said a moment ago, I would have been very hopeful that the Scrutiny Panel would have been in a position to at least provide

comments for the debate that we are going to have either today or later in the week. The panel was given draft 14 of the legislation on 5th May. The final draft was draft 20. They have been given all the relevant information since then. There has been a significant amount of information supplied to the Scrutiny Panel and I am disappointed if they do not feel they have had suitable time to at least have made relevant comments in this regard. It is an important matter and we do need to progress with it.

3.3 Deputy A.T. Dupre of St. Clement:

Would the Minister not agree that the new advertising programme should be event themed to encourage specialist groups, i.e. Spring Walking Group, Jersey Live, Branchage Film Festival? If not, why not?

Senator A.J.H. Maclean:

I agree with the Deputy entirely, and I have to say that a certain amount of our advertising is targeted towards specialist events and we have a number of very good events that occur in the Island and they are targeted both with direct mail ... there are many different ways as I am sure the Deputy will appreciate in marketing to these things. Walking is one of the most successful events that occurs on the calendar and we get a large number of walkers coming to the Island so I do agree with her.

3.4 Deputy J.M. Maçon of St. Saviour:

Could the Minister inform Members when Depositor Compensation Schemes were introduced in the following countries: United Kingdom, France and Germany? If the Minister does not know exactly when, can the Minister confirm that in these jurisdictions Depositor Compensation Schemes were enacted years ago?

Senator A.J.H. Maclean:

I am afraid I cannot give the exact dates but I know in the early 1970s schemes were introduced, I believe, in the U.K., and in Europe later than that, but certainly a number of years ago. The nearest jurisdiction to us, of course Guernsey, as the Deputy may well be aware, enacted a scheme towards the end of last year in a direct result. They had to move particularly quickly due to a bank default that they had.

3.5 Senator B.E. Shenton:

Given the Minister likes to spend money on bollards, state of the art control towers, multi-million pound airport refurbishments, could he tell the House what his relationship with the angry men is like at the moment? **[Laughter]**

Senator A.J.H. Maclean:

What a very good question. I should first correct the Senator. I am not particularly keen on spending money on bollards. However there are certain requirements, a register of requirements, for a modern airport to ensure that it has an up-to-date control tower and various other areas where expenditure, significant expenditure, is necessary and I do appreciate it is taxpayers' money. What we have to deliver is value for money, and I am confident that my department delivers value for money in the majority of areas where it delivers the services that are required.

3.6 Deputy A.E. Jeune:

At the beginning of June we understood that Economic Development, along with T.T.S. and Planning and Environment, would be carrying out a review of the abattoir and would be reporting at the end of July. Would the Minister advise of the progress of this report and the anticipated date for its publication and if he cannot confirm it, can he give us the understanding that it is coming through on time?

Senator A.J.H. Maclean:

Yes, I have no reason to believe that the report is not progressing to the timescale stated. I am more than happy to check that out and advise the Deputy when I know the answer.

3.7 Deputy T.M. Pitman:

Could the Minister clarify for the House when exactly the Depositor Compensation Scheme was first worked upon?

Senator A.J.H. Maclean:

Yes, indeed. I believe towards the end of last year when my predecessor instructed a review to be undertaken into Depositor Compensation Schemes. That process started at the end of last year. The actual legislation itself commenced or the Law Officers I believe began work on it at the beginning of this year.

3.7.1 Deputy T.M. Pitman:

Could I have some clarification? I was really alluding to what I believe was a scheme worked upon nearly 4 or 5 years ago, and could the Minister clarify that and what was the level of compensation and how was the funding for that scheme going to be arranged?

Senator A.J.H. Maclean:

I believe that the Deputy is referring to a scheme which, in fact, the current chairman of the Economic Affairs Scrutiny Panel, Deputy Higgins, was involved in when he was an employee for the Jersey Financial Services Commission. Yes, a draft scheme was prepared I believe by Jersey Financial Services Commission at that time. However, it never received approval and, in particular, I understand it did not receive funding agreement from the industry.

3.8 Deputy R.G. Le Hérissier:

Given the statement of Senator Maclean's co-conspirators, I think that he has been dragged into the culture of it all. Would he say there is absolutely no hope in his department for efficiency savings any more?

Senator A.J.H. Maclean:

No, I do not agree with that. In fact, I never believe there is a situation where you cannot deliver efficiency savings. Any organisation has the ability to deliver services in a more efficient manner and I do not think that is a situation that we should ever deviate from.

3.8.1 Deputy R.G. Le Hérissier:

Would the Senator therefore be advising the rump of the angry men that their view is wrong and that there are enormous opportunities for cost savings throughout the States which he is, at the moment, actively pursuing?

Senator A.J.H. Maclean:

I do believe there are opportunities for efficiency savings within the States. I think the low hanging fruit, and this description has been used before, has been delivered in many respects. There have been efficiency savings. There have been great strides to improve the efficiency of the States. The point I was making was that no organisation is never in a position where it cannot deliver further and better efficiencies, and I think that is something we need to keep our eye on.

3.9 Senator A. Breckon:

Back to depositor protection, I wonder if the Minister could explain what the urgency is now when his predecessor up to 12 months ago said there was no need. Indeed, he actively resisted any such scheme because we only had the top 500 banks in Jersey.

Senator A.J.H. Maclean:

Yes and, in fact, my predecessor was absolutely right in that respect. Jersey is a well regulated financial services centre. We are in a fortunate position where we do have banks from the top 500 but it is not just that; that is just one of the criteria. The banks regulated here are well regulated and I think the urgency that we are now seeing with regard to the need for a Depositor Compensation Scheme is because international standards have moved on. We are in a position where our banking industry themselves have come forward. They are recognising the need for a Depositor Compensation Scheme. There is a risk that business could be lost to the Island. We are seeing in some cases individuals who have deposits here are not depositing additional funds because of the fact that we do not have a Depositor Compensation Scheme. We do not want to run the risk in this current economic climate of losing business and that is something that there is a significant risk could occur if we do not deliver a scheme.

3.9.1 Senator A. Breckon:

Can the Minister and perhaps his predecessor appreciate that it is perhaps the little old person in Albert Street that is worried about their savings, not just the international finance industry?

Senator A.J.H. Maclean:

Absolutely, I agree with the Senator entirely, and that is again a very good reason why a Depositor Compensation Scheme, although we have a political guarantee in place, we should bear in mind that the political guarantee is unlimited. We want to move away from that position to a statutory scheme that ensures it protects everyone, local residents and international resident depositors as well.

3.10 Deputy D.J.A. Wimberley of St. Mary:

To take the Minister back, he has told Members that the final draft reached Scrutiny on 2nd June, would he care to tell Members how many weeks there is between 2nd June and now, bearing in mind that has been said already; writing a report, checking for accuracy and giving States Members 2 weeks takes 6 weeks, so therefore the Scrutiny Panel would have had no time to have had any hearings or engage an adviser.

Senator A.J.H. Maclean:

I am sure the Deputy can work out that the timescale between 2nd June and the current date, but the first draft which was, in fact, draft 14 of the legislation was delivered at the beginning of May. I accept there is a lot to go through with regard to reviewing for Scrutiny the Depositor Compensation Scheme. This is not reinventing the wheel. There are schemes like this elsewhere. Guernsey has a scheme. This scheme is very similar to what is in place in Guernsey. I would hope that the Scrutiny Panel will take a pragmatic view with this and allow the debate to proceed to get into position so we can have a statutory scheme in the Island immediately for the benefit of local residents and our international vitally important finance industry.

3.11 The Deputy of St. John:

If a new deep water berthing is to take place in the main harbour of St. Helier, this in itself brings income to Jersey. Have the Council of Ministers given their support to this excellent money raising project? If not, why not and are the Council and the Minister dragging their feet at a time of recession?

Senator A.J.H. Maclean:

The Deputy of St. John asks a very pertinent question, a very valuable question. He is absolutely right, there are opportunities. I was, for example, very pleased to see the new vessel, Tickled Pink, recently a Jersey registered vessel, come into the Island demonstrating the value to our ship's registry and wider economy. I can tell the Deputy that the Council of Ministers have not specifically discussed this particular issue because it is a matter for the department. But the department, I can reassure the Deputy, is committed to these areas. There are opportunities.

Obviously, we have to do appropriate cost benefit analysis to ensure that it is going to work but we are progressing these issues and I support his view.

The Bailiff:

I know there are a number of other Members who are still on the list but I am afraid that brings time to an end.