

### **3.10 Senator P.F.C. Ozouf of the Chairman of the Economic Affairs Scrutiny Panel regarding the progress of a Depositor Protection Scheme:**

Mindful of the urgency of having a depositor protection scheme to protect individual's deposits and the significant efforts taken to bring legislation to the Assembly as soon as possible, could the Chairman confirm that his panel will complete its report on the draft legislation and not delay the debate on 14th July 2009?

#### **Deputy M.R. Higgins (Chairman, Economic Affairs Scrutiny Panel):**

As someone who has a particular interest in deposit compensation schemes, the Minister can rest assured that I and the other members of the Economic Affairs Scrutiny Panel will work as fast as possible in our scrutiny of the proposed legislation but there is no possibility that we can complete our work by 14th July to enable it to be debated on that date. The panel will be working on it throughout the summer recess to enable it to be brought to the Assembly as soon as possible.

#### **3.10.1 Senator P.F.C. Ozouf:**

I am deeply disappointed to hear what the Deputy says. Is the Deputy not aware that the advice that Ministers have and the information from the regulatory bodies and the international advisers to Jersey say that this scheme cannot wait and should be passed by this Assembly in July and not wait until September?

#### **Deputy M.R. Higgins:**

In answer to the Minister, no, we have not been given that information by anybody. In fact what I can tell this House is that since February, the Economic Affairs Scrutiny Panel has been seeking information from Economic Development and repeatedly - in fact 2 or 3 times a month - seeking the Oxera Report and the background information on this. We finally received the Oxera Report, which the legislation is supposed to be based on, on 1st June. We also received on Friday, 4 volumes of information relating to deposit protection that we have been seeking. We cannot start our scrutiny until we have this information. So all I can say is the panel is going to review it as fast as they can with the information we have. You can rest assured it will be a thorough but very quick investigation.

#### **3.10.2 Deputy T.M. Pitman:**

Would the Deputy just clarify for the House - and he has probably indicated an answer already - whether he is happy with the co-operation he has received from the Ministers on this important issue?

#### **Deputy M.R. Higgins:**

I might say I am extremely disappointed. In fact the Economic Affairs Scrutiny Panel believes it has been misled on occasion by the Economic Development Department. We have gone to quarterly meetings with the Minister and the officers and asked them for the Oxera Report and other information and we were led to believe there was absolutely nothing. In March we found out the department was consulting on a draft law. We were not given that in March. I received a copy from someone in the industry. That was the first indication that we had that they were ... sorry, not the first indication but an indication that they were consulting on something. The panel would have worked in co-operation with Economic Development and the Minister for Treasury and Resources going forward from February. We even set aside time to

hold Scrutiny hearings. When information was not forthcoming, we went on to other projects which we have been working on. Now that we have just almost completed one, we are commencing work on Thursday. We will be interviewing the Minister and going forward from that time.

### **3.10.3 The Deputy of St. Mary:**

There is a more fundamental problem here. My understanding is that this law is now on draft 18; it is somewhere in the high teens anyway. Would the chairman agree that it would have been absurd to start scrutinising drafts 1, 2, 3, 4, 5, 6, 7 and 8, or even to have scrutinised all the drafts, one after the other?

### **Deputy M.R. Higgins:**

Again, I believe that because these things are constantly evolving, it is a waste of the committee's time to go through each draft in turn so, no, I do not think it would be appropriate to go through each of them. But I think having the Oxera report, I know that the department was given an interim report in February of this year which basically contains ... in fact the May report contains virtually the same information. If that had been provided to us, then the panel could have been far better prepared and informed to be able to proceed with this particular inquiry.

### **3.10.4 Senator A. Breckon:**

I wonder if the chairman of the Economic Affairs Scrutiny Panel can say whether he is aware of any consultation that was taken on with the general public to establish if they thought it was a good idea that the Strategic Reserve, their reserve, was used for a commercial guarantee and transactions.

### **Deputy M.R. Higgins:**

I can confirm there was no public consultation. The only consultation that has taken place was with the Jersey Bankers' Association and through Jersey Finance. There has not been a public consultation exercise. I might add, the £100 million that is allocated from the Strategic Reserve does give me concern, and members of my committee concern; it is one of the things we want to review. I might also add, there are other aspects of the scheme which give us concern. For example, it only applies to individuals, so no small businesses covered by the scheme. For example, pension funds which obviously in a time when we have an ageing population and we want to encourage people to save, their money will not be covered by the fund. As I say, not all of these depositor schemes are funded by government. I know it is partly funded by the banks but there is a considerable liability to the public purse in the worst scenario.

### **3.10.5 Senator S.C. Ferguson:**

This particular scheme is talking in terms of £100 million from the Strategic Reserve which equates to just over £1,000 for every person, every man, woman and child in the Island, and would the Chairman agree that, with such large sums involved, it is absolutely essential to scrutinise it correctly? **[Approbation]**

### **Deputy M.R. Higgins:**

I could not agree more with the Senator's comments. It must be scrutinised and scrutinised in detail.

### **3.10.6 Senator P.F.C. Ozouf:**

The Deputy said that he was not aware of the concern among industry and from Ministers' advisers of the fact that this scheme or the non bringing into force of this scheme will have potentially severe issues for financial services. If he would be willing to meet with advisers and understand the importance of bringing this scheme into force, would he do so and would he not potentially agree that the legislation could pass on 14th July and if he is concerned about it, he brings forward amendments in September or in October? Would he confirm also that the current situation means that Jersey is the only jurisdiction, including the Isle of Man, the U.K., Switzerland, Singapore and the whole of the E.U. (European Union) that does not have depositor compensation? Is he happy to block that arrangement for Jersey?

**Deputy M.R. Higgins:**

First of all, I would say that as the Minister himself has told us, and the Chief Minister, we do have a depositor protection scheme in the Island because he gave a political guarantee to the public of this Island [**Approbation**] that all retail deposits would be covered to an unlimited extent. Now, in fact, the guarantee that he has given, if it is worth any value, is worth more than the proposed guarantee scheme. I must also say that, no, there is not sufficient time to be able to go through the law and to be satisfied ourselves before 14th July for it to go through. I would also point out too, I have been pressing Ministers about depositor protection schemes since I came into this House and the point [**Interruption**] ... what have I done? We have been waiting and, in fact, I am quite happy to circulate to the House, this is a copy of all the requests and so on and conversations that we have had on depositor compensation and I will ask the usher to distribute it to Members. So, as far as I am concerned, there is no delay on the part of the Scrutiny Panel. We will go through it as quickly as possible and make sure the scheme is the best for this Island and the people of this Island. [**Approbation**]

**3.10.7 Deputy E.J. Noel of St. Lawrence:**

Just really a matter for clarification from the Deputy, he mentioned that Scrutiny could not start until they had the information. Am I right in hearing that the Scrutiny Panel has not started the scrutiny yet and they intend to do so this Thursday?

**Deputy M.R. Higgins:**

The Scrutiny Panel has been requesting information, and to be able to review something of this complexity - it is a complex scheme - we require the information. Four of these files were received on Friday. This is the information we need to go through to be able to scrutinise it properly, so it is not a question of our delay. We will start this Thursday and work through the summer recess to get the scrutiny finished so we can get this legislation on the books; something I have longed for.