

**4. BILL FOR SECOND READING**

**4.1. Dormant Assets Bill 2018 –  
Second Reading approved**

Mr Shimmins to move:

*That the Dormant Assets Bill 2018 be read a second time.*

**The Deputy Speaker:** Turning to Item 4, Bill for Second Reading, this is in the hands of the  
295 Hon. Member for Middle, Mr Shimmins. I call him to move the Second Reading.

**Mr Shimmins:** Thank you, Mr Deputy Speaker.

I am pleased to bring the Second Reading of the Dormant Assets Bill 2018 before the House today.

300 The Bill has 44 clauses in total, arranged over eight parts with an additional Schedule.

The main aim of the Bill is to enable the proceeds of dormant accounts held by local banks to be transferred to a central fund and to then allow a proportion of the amounts transferred to be distributed to good causes in the Island. The transfer of dormant assets to the central fund will be a last resort for assets whose owners cannot be traced. Customers' rights are protected  
305 under the proposed legislation, as anyone whose dormant account transfers to the central fund will be entitled to reclaim it in full indefinitely.

The principles behind a dormant asset regime have been in place in many other jurisdictions for a number of years. The Treasury has monitored the operation of such schemes and, in conjunction with counterparts in the United Kingdom, Jersey and Guernsey, has worked closely  
310 with locally licensed banks to develop legislation which whilst consistent in its application is also bespoke to suit the specific needs of the Isle of Man.

As an example, most dormant asset legislation applies to bank accounts, although this Bill also focuses initially on the same dormant bank accounts. It is structured in such a way that additional dormant asset classes can be added through separate schemes if future research  
315 identifies these and providing there is sufficient support and benefit from doing so.

The Bill provides for a central Dormant Assets Fund to be established. This fund will be administered by the Treasury who will be responsible for its oversight and a report on activities within the fund will be laid before Tynwald each year.

Dormant bank accounts will, in general terms, include any account held by a bank where  
320 contact has been lost with the owner of the account for a period of at least 15 years. This is an equivalent dormancy period to that in our neighbouring jurisdictions and represents a significant period of inactivity. Amounts in accounts held by Isle of Man licensed banks will be transferred into the central fund annually as they become dormant.

Additionally, when the Bill is enacted banks will be required to transfer any amounts they  
325 hold in historically dormant accounts through the fund and this transfer process will begin within 12 months. However, as this legislation introduces the concept of a 15-year dormancy period, it is important to note that some banks may not have the means to identify their dormant accounts immediately.

In this scenario a transitional period of up to five years is permitted. Therefore while some  
330 banks may be able to begin their transfer obligations immediately, others may require a greater period of time before they are able to begin their transfers.

Mr Deputy Speaker, I would reiterate that customers will not be affected by the transfer of their account to the central fund. Anyone who approaches a bank and can provide evidence to identify a previously lost account will be able to reclaim the amount that transferred in full  
335 indefinitely.

The central fund will be the responsibility of the Treasury, whose key priority in managing it will be to ensure it retains enough money to meet any repayment claims and then to identify surplus amounts that can be made available for distribution. To that end, the Bill also provides arrangements for the distribution of any surplus amounts identified into the local community.

340 The role of dealing with applicants for dormant assets funding and for determining successful applicants will fall to a third party distribution organisation which will operate completely independently from the fund. The Treasury intends to bring forward proposals for the distribution organisation shortly after the Bill received Royal Assent and the appointment will be subject to the approval of Tynwald.

345 Whilst a designated organisation will make its own decisions regarding distribution, the Bill defines a range of permitted charitable purposes. For example, money may be distributed to any organisation, body or individual that is involved in the advancement of arts, culture, heritage, science, education or environmental protection or improvement in the Island. Money may also be distributed to any registered charity for any charitable purpose carried out in the Island.

350 In summary, Mr Deputy Speaker, the Treasury has developed this Bill in close co-operation with the Island's licensed banks, ensuring that where possible it provides consistency with existing regimes, particularly those already in place or proposed in the other Crown Dependencies.

355 Customer rights are protected within the proposed legislation and detailed safeguards have been built in to ensure the right to repayment is retained indefinitely. At this time it is not possible to clarify the extent of any assets that will become available or when an initial distribution may be made. However, the framework of responsibilities and duties outlined in the Bill will ensure operational costs associated with the regime are minimised, thus making best use of any amounts that can be made available for distribution to good causes in the future.

360 As a final point, I would like to advise Hon. Members that, based on further discussion with the Attorney General's Chambers and following additional feedback received from Members, a small number of amendments to the Bill will be moved at the clauses stage by the Treasury and by Mr Hooper. These amendments do not affect the principles behind the Bill and the Treasury is fully supportive of them. They bring additional clarity in a number of areas and add further operational and administrative detail. These will, of course, be explained fully when they are moved and I hope that Hon. Members will support them.

365 Mr Deputy Speaker, I beg to move the Second Reading of the Dormant Assets Bill 2018.

**The Deputy Speaker:** I call on the Treasury Minister, Mr Cannan.

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**Mr Cannan:** I rise to second and reserve my remarks.

**The Deputy Speaker:** I call on the Member for Douglas East, Miss Bettison.

375 **Miss Bettison:** Thank you, Mr Deputy Speaker.

I rise today to raise a few concerns about the detail of the proposed legislation to deal with Dormant Assets that we have before us.

380 I am broadly in support of the idea of identifying accounts that are long forgotten and removing the risk from the banks of keeping bank accounts unnecessarily. However, we must also remember this is not the bank's money, nor is it the Government's. Each of these accounts will have a story as to why it ended up 'dormant', who did it belong to and why it has not been reunited with its rightful owner.

For me, it is these questions for which I seek further clarity and I am grateful to the hon. mover for his engagement with Members thus far.

385 My first concern is around the extent the word 'assets' reaches. At present we are discussing only bank accounts, and yet we are now seeing other jurisdictions exploring extensions of these powers to properties, policies and other assets. It goes without saying that consideration of any

of these would need very detailed consideration. The Bill as drafted would allow any other assets to be applied by an order. I remain concerned about use of secondary legislation in this manner and note there is also a provision for the definition of 'balance', 'licenceholder' and 'dormant' being made through secondary legislation in Tynwald. These are big changes to be made through secondary legislation.

My next query revolves around the definition of 'dormant'. The Bill states that an account is dormant if it has been open for 15 years, no transactions have been carried out during that period and no record is held of any attempted contact from the account holder or a representative thereof. There is no statement to suggest that the licenceholder is obliged to attempt to make contact with the account holder to notify them of the intent to designate the account as dormant and the procedure that would entail.

In fact my understanding of clause 15 is that the licenceholder simply has to give notice of the balance of the asset in order to comply – would the annual statement meet this requirement or would a separate communication be needed? Surely to demonstrate a level of responsibility and concern for protecting the assets of those we represent, if there was some requirement to attempt to contact the asset holder prior to transferring the account to the dormant assets account, this could provide that reassurance.

You may think this is not such an issue as at any future point the rightful owner can come along and reclaim what is rightfully theirs and has been mistakenly identified as dormant. This guarantee is there and provides me some reassurance. However, were you to reclaim an account that had been mistakenly identified as 'dormant', you would get only the value as at the point it was transferred into the dormant assets account; your right to any interest you would have accrued is lost through this Bill, as is your right to reclaim any costs associated with the closure of the account and the transfer of your assets. I struggle to see how this is 'fair'.

I would be far more comfortable with this removal of interest entitlement if it applied to new accounts that are opened and was included within the terms and conditions of those accounts. I feel far less comfortable with this when applied to accounts where the terms and conditions never instructed that the account must be used once every 15 years and the terms and conditions made no reference to possible loss of interest entitlement if you failed to do so.

I have spoken to many people in just the past few days researching this item, trying to check if I am being representative of reality. Many people I have spoken to do have an account that just sits there – a rainy day fund; an account they choose not to access for fear they might spend it all. It often does not have a card, a cheque book, a paying-in book because that is sort of the point of it. They do not get statements, but they are safe in the knowledge their account is sitting there with their money in. Will we be removing their entitlement to interest accrual, however small, and adding unnecessary tiers of bureaucracy for many people through the implementation of the law?

In clause 18, subsection 3, there is mention of the licenceholder remaining liable for interest that accrued before the transfer but was not actually transferred. I wonder if the hon. mover might talk about the circumstances in which the licenceholder would not transfer the interest accrued. And just who sets the 'reasonable' charges for closing the account and transferring these assets? Well, it seems that is down to the licenceholder or the bank. I am unclear if this must be consistent or indeed if each licenceholder can suggest their own charging structure, but who makes the final call on what is reasonable? (**A Member:** Hear, hear.)

I wonder if we could also understand what a 'reasonable excuse' would consist of for a licenceholder not complying with anything, as referenced throughout the Bill. This is a question I have explored at length as a teenager trying to avoid homework, but surely such vagaries do not have a place in the law.

The details surrounding the 'distribution policy' will also obviously be key. How can we structure the fund to protect it from needing taxpayers' money to repay claims, because this must be the absolute last resort? Although I recognise it would be repaid, there is in the short

term a cost. Was consideration given also to publishing a list of transferred dormant assets to encourage the return of funds to their rightful owners?

I wonder also if we could have some surety around the definition of 'charitable purposes' in clause 25? In theory, could the money be given to a fund that focuses on education advancement through charity, with the caveat that it be spent on a specific project that meets, for example, the needs of DESC, therein supplementing the Government's revenue budget?

For me, there are a number of questions that remain and I would appreciate clarification from the Hon. Member. I would also like to continue the discussion with him around how we can make this legislation the best it can be – and I do appreciate his time so far.

Thank you.

**The Deputy Speaker:** Thank you.

I call now on Mrs Corlett, Member for Douglas Central.

**Mrs Corlett:** Thank you, Mr Deputy Speaker.

Following on from that actually, Miss Bettison has made or touched on the points I would like to make, and whilst I am in broad agreement with this Bill my concerns are that there is a difference between what a bank may consider to be a dormant asset and what a customer may consider to be their savings.

Some of these accounts will be money which people have put away for a rainy day and think themselves fortunate not to have had to delve into it. I have an account that was opened for me by my parents when I was born. It has been added to over the years but I have not touched that account in the last 20 years. It is not a lot of money but it is my money and I know it is there if I need it.

My concern is that I can find nothing in this Bill that dictates that a bank has to inform a holder of a dormant account that their account will be closed and their money transferred to the Dormant Assets Fund. Clause 15 does state:

... that a licenceholder must give notice of the balance of every dormant asset to the person in whose name the asset is held at that person's last address known to the licenceholder, unless the licenceholder reasonably believes that writing to that address may lead to a risk of fraud.

So my understanding of this is that the licenceholder or bank simply needs to send a statement to the account holder. That is it. There is nothing else that I can find in this legislation that ensures the account holder, if contactable, will be informed as to what is going to happen to their money. Surely Mr Shimmins would agree with me that there is a gap in the legislation here and that in my opinion clause 15 does not go far enough.

Of course the safety net is that the money can be reclaimed from the Dormant Assets Fund if it actually belongs to you, but from the information we have been given, the amount a person can reclaim will be minus any bank charges that are incurred for the transfer of the money and the closing of the account, and no interest will be accrued once the money is moved. This disadvantages the asset holder and seems to differ from the UK legislation, which actually states that:

... (b) the customer has against the reclaim fund whatever right to payment of the balance the customer would have against the bank or building society if the transfer had not happened.

On that basis I would just like to ask Mr Shimmins, does he believe that what he is proposing is in fact fair?

Thank you.

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**The Deputy Speaker:** I call now on the Member for Ayre and Michael, Mr Baker.

**Mr Baker:** Thank you very much, Mr Deputy Speaker.

485 I stand in general support of the principles of the Bill and with what Treasury is trying to achieve by bringing this forward and I thank the Hon. Member for Middle for his positive engagement to date.

490 I have one major concern which I would like the Hon. Member to reflect on. There is a comprehensive list of potential beneficiaries set out in clause 25, but there is one absolutely glaring omission for me, which is that of sport. Sport, as we all know, plays a huge part in the fabric of our Island life and it underpins our international brand in a very favourable way.

Sports clubs and associations are largely volunteer-run and tend to operate on very limited resources. They are often not registered charities. Sport also fits perfectly with the key priorities of the Island and of Government, as set out in the Programme for Government.

495 I had hoped to hear, when Mr Shimmins mentioned about the potential for amendments to come forward, that there would be some reference to this within his comments, but it was not referenced. So I do believe it is important to raise this now.

500 Sport touches so many aspects of our life and underpins a healthy lifestyle, community engagement, has positive mental health benefits and brings people together of all backgrounds, age groups and genders. In my view, sport is a jewel in our Island's crown and I can see no good reason why sports should be excluded from receiving funds from this scheme.

505 The other purposes are very worthy, there is no doubt about it: arts, culture, heritage, science, education, health, environmental improvements; those are all great and worthy things – but so is sport. It may be argued that sport has a funding stream already, but so do many of those. It may be argued that sport falls within the remit of the Department of Education, Sport and Culture, but so do many of those. They would have touched on the word 'Culture' within the remit of the same Department. We know that heritage falls within some of the public bodies, as do arts, education, health and environment.

510 So I am struggling to see any good reason for sports to be excluded. I would hope that Mr Shimmins will give us some assurances that the amendments being brought forward by Government on this will encompass this point. If they will not then I think it is likely that I will bring an amendment in my own name to address that.

Thanks very much, Mr Deputy Speaker.

**The Deputy Speaker:** Hon. Member for Ramsey, Mr Hooper.

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**Mr Hooper:** Thank you very much, Mr Deputy Speaker.

520 Firstly I would like to thank the Treasury for bringing this legislation forward. I think it is quite long overdue, I quite support the aims behind the Bill and I would also like to thank Mr Shimmins for his engagement so far, it has been quite positive.

I share a number of the concerns that have been raised today by Hon. Members, especially in respect of fees if the legislation requires the bank to close the account and allows the bank to charge what they consider to be a reasonable fee, with no structure, no restriction, I do not see any good reason why you should not be able to reclaim that fee if at a future point you manage to reclaim the rest of the balance of the asset.

525 I also share the concerns raised by Mrs Corlett around the notice being given to the account holder. There is a clause in the Act that specifies Treasury may in regulations specify what that notice might contain, but I think, like the Hon. Member from Douglas Central, I would feel more comfortable with some of that being specified in the primary law itself.

530 But the real thing that brings me to my feet is in respect of the charitable purposes in the Bill. They are quite restricted, as Mr Baker has already pointed out, and we are at the moment progressing a Charities Registration and Regulation Bill through the Branches, it is currently in Legislative Council, and I would like a firm commitment from Treasury at this point that when that Bill goes through and is approved and gets Royal Assent, that they will amend the list of charitable purposes in this Bill to match that in the Charities Registration Bill that is currently

535 with Legislative Council. The reason I am asking for that is along similar lines to those Mr Baker  
has just outlined. Unfortunately – I have tried engaging with the Attorney General’s office and  
with Treasury on this particular point – this Bill is not about increasing the breadth of charitable  
purposes on the Isle of Man and I was quite surprised to learn that the promotion of sport itself  
is not a charitable purpose on the Island. It just is not, I was blown away by that. The provision of  
540 sporting facilities is a charitable purpose and that actually falls within the advancement of  
education category that already exists in this Bill. So in order for us to expand the remit of this  
dormant asset fund to include things like the promotion of sport, we actually need to change  
charities law to make sure that that is a charitable purpose, at least this is how it was explained  
to me, because I had exactly the same concerns. I was proposing a similar amendment myself,  
545 just to get it sorted, but it turns out that is not technically going to be possible as part of this Bill.  
And so the only thing we can do is either delay this Bill until the Charities Registration Bill comes  
through or get a firm commitment from Treasury, at this point, that as soon as that Bill is  
enacted they will use the regulation making powers that are contained in this Bill to immediately  
change the charitable purposes to match those in the Charities Registration Bill. So as long as the  
550 Treasury can make that commitment today that will satisfy me and I hope that will provide some  
reassurance to other Hon. Members as well.

**The Deputy Speaker:** I call on the Member for Onchan, Ms Edge.

555 **Ms Edge:** Thank you, Mr Deputy Speaker.

I just wonder if the Hon. Member that is moving the Bill could clarify has he thought of what  
proportion of the fund would be used for the purposes that have been outlined in the Bill? I do  
share concerns with regard to the charities legislation as well when there are two pieces  
legislation coming through that we need to make sure that it is relevant in both.

560 But what really I am concerned about, and I will move an amendment once I have met with  
the people if it is thought appropriate, is with regard to the capacity of an account holder and  
the capacity for them to be aware of any of this and really I suppose the question that I would  
ask the Hon. Member is if there is power of attorney in place for somebody it will not necessarily  
be sitting with a bank account and how are they going to deal with that? But if an amendment is  
565 required to ensure that if there is a power of attorney in place for an individual that that is  
included.

Also I know a number of people ... I am a grandmother, and you open bank accounts or  
savings accounts for youngsters when they are born. They do not necessarily know that that is  
sitting there, and sometimes you would say they can have it when they are 21 – well, 21 years is  
570 not a long time in a young person’s life. I am just wondering how that would be covered because  
I imagine on the Isle of Man there is a large number of accounts in that sort of area, where  
grandparents might have passed on, the individual might not know it is there. So I would just like  
to seek some clarification on that, please.

575 **The Deputy Speaker:** Mr Callister, fellow Member for Onchan.

**Mr Callister:** Thank you, Mr Deputy Speaker.

I echo everything that has been said this morning. I think Mr Shimmins has done an excellent  
job up to this point. My only point of concern, which has not already been picked up by  
580 Hon. Members this morning, is related to the distribution of funds and we are looking to set up  
another organisation to actually disburse those funds as and when necessary. But when I looked  
through this Bill over the weekend I thought that we could potentially use an organisation such  
as the Manx Lottery Trust to distribute those funds and I would welcome the thoughts of  
Mr Shimmins and Treasury if we could possibly use an organisation like that, that is already  
585 established, it is already in place, already has the mechanism, the oversight to distribute these  
funds without actually setting up an additional third party to deal with this matter.

Thank you, Mr Deputy Speaker.

**The Deputy Speaker:** I call on Mr Shimmins to reply.

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**Mr Shimmins:** Thank you very much, Mr Deputy Speaker, and thank you to all the Hon. Members who have raised some really good points. It is super that so many Members have engaged and looked through this important proposed new legislation in some detail.

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I will come to each of the Members in turn, if you will bear with me. So first of all, the Hon. Member for Douglas East, Miss Bettison, raised a number of points. The first point she raised was about the Bill proposes that it covers dormant assets but actually it only details at the moment dormant bank accounts, and that is deliberate because we want to take this a stage at a time and we are behind other jurisdictions in bringing forward this legislation so we can benefit from their experience, particularly on dormant bank accounts, which is the case in the United Kingdom. The United Kingdom has just recently gone out to consultation looking to extend to other asset classes, taking people's views on board, so they are talking potentially about life insurance policies and investments and then they will consider that feedback and then bring, I guess, legislation as appropriate if they consider that is the right thing to do. In Jersey, for example, who are slightly ahead of us, their legislation also covers precious metals and stones, so it is diamonds and things like that. We are also very interested in contact with them about their experiences in that. And to date, my understanding is the experience in the UK and Jersey has been very positive, so many of the issues that a number of people are rightly concerned about have actually come through in practice elsewhere and we are learning from them how those have been handled.

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So what I can assure Miss Bettison is we are looking at bank accounts at the moment, we will take it one stage at a time. Should we decide it is appropriate to extend the remit of the dormant assets regime we will, of course, consult with the relevant stakeholders involved in managing those assets and also we will come back to this Hon. House and debate, I am sure at some length, whether that is the right thing to do or not. But it is absolutely key to stress at this point we are only looking at bank accounts, but it makes sense to put in place a framework should we wish to extend to other asset classes in the future.

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In terms of the other points from the Hon. Member about the duties of a licenceholder in contacting a customer prior to the funds being transferred to the dormant asset fund, those are outlined in the Bill, but I would be delighted to engage further with the Hon. Member and others who have raised this concern. I would point out to Members that banks have been required to conduct various due diligence exercises on their customer basis over the last few years so they have written out a number of times to customers requesting – sometimes to customers' irritation – confirmation of identity and address. So generally banks have a file and they will have processes by which they seek to discharge their responsibilities, which they take very seriously, to contact their customers because clearly they do not want to be transferring lots of customers to the dormant asset fund only for them to turn up in future. They will conduct, I am sure, extensive inquiries to try and reunite these customers or ascertain do they wish to continue to have their account. This is really for customers where they have been unable to contact them. So I can provide some assurance but I would be delighted to discuss that in some detail with Hon. Members.

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In terms of the question about interest, when pulling this legislation together it has been very important to have a consistent approach with the other Crown Dependencies. So if you look at the Jersey legislation, which is in place and working well is my understanding, interest does not accrue once the balance has been transferred to the fund and that reflects the length of time that these funds have laid dormant and the attempts that the licensed banks have already made to contact the customers to ascertain do they wish to continue to hold the account. The question of recalculating interest is a good one. However, it does create increased complexity and cost and, when looking at this legislation, one of our objectives has been to try and keep the

640 costs to a minimum because the more costs and complexity we introduce into this process the  
less funds that will be available to transfer to the charitable causes. So there is a balance there in  
terms of complexity and cost versus the concerns that the Hon. Member raises. We are seeking  
to strike a sensible balance but also a consistent approach with the other Crown Dependencies  
in this matter, recognising that many banks are represented in all the Crown Dependencies and  
645 from their perspective they would like to see as consistent approach as possible. I would, of  
course, absolutely reaffirm that the customer's rights are not impacted in terms of reclaiming  
these funds and that will be maintained indefinitely and that is absolutely critical as we look at  
this legislation.

In terms of the specific query on clause 18(3), which is about the accrued interest, it is the  
expectation that accrued interest will be applied to any account prior to being transferred to the  
650 dormant assets fund. What that clause, I believe, seeks to state is that in the event that  
inadvertently it is not applied prior to the closure, then the bank will remain liable up to the  
point of the transfer for accrued interest. In terms of the reasonable excuse, that is a legal term,  
I believe it is a consistent term with other pieces of legislation, so I will seek guidance and revert  
directly with the Hon. Member to clarify that technical point.

655 The distribution approach I think was another point that the Hon. Member raised in terms of  
could this be used effectively to offset Government spending, I think was the suggestion. Let me  
be absolutely clear, Hon. Members, that is not the case. There is absolutely no interaction  
between general revenue and the money held in this fund. In the dormant assets fund  
effectively Treasury is acting as a facilitator here, collecting funds from dormant assets, from the  
660 banks then an independent distribution organisation will decide which good causes and charities  
on the Island will receive the funds, but it is not in any way to replace general revenue  
expenditure. I think I have covered the points raised by the Hon. Member, if I have I missed  
anything out I would be delighted to discuss them further with Miss Bettison.

Thank you very much to Mrs Corlett, the Hon. Member for Douglas Central. You are not  
665 alone, many people do have rainy day nest eggs, and that is a sensible thing to have in this time,  
you never know when you might need to call on a bit of cash to meet an unexpected  
requirement. Again, I think that situation is the licensed bank will make every attempt to contact  
the license holder. It is not their desire, in any way, to transfer funds from a rainy day nest egg  
from a customer. This dormant asset fund will hold dormant accounts where banks have been  
670 unable to contact the customer. The specific concern about the notification, I take on board the  
points she made, and I will be delighted to discuss that further with Mrs Corlett ahead of the  
clauses stage. You also asked similarly in terms of is it fair about the interest accrual. The  
experience that has been elsewhere is these dormant accounts have lain for a very long period  
of time and in most cases they are not receiving a great deal of interest because banks generally  
675 continually refresh the terms and conditions, particularly on the savings accounts that they  
offer. So any interest is generally minimal and the complexity of recalculating interest over a  
period of time should not be underestimated because it raises a number of questions about is it  
an instant access account, is it a notice period account, is a term account, different rates apply,  
and then you also look at interest accrual. So whilst it may seem a relatively simple matter,  
680 different banks will have different interest rates, they will have a range of different accounts  
which they tend to retire and then introduce new ones. So I hear what you say, and I understand  
the point you are making. Again, I would stress that we do wish to be consistent with banks  
across the Crown Dependencies in this matter and we are seeking to strike a balance between  
the cost of operation and ensuring that customer rights are absolutely respected.

685 Thank you very much to the Hon. Member for Ayre and Michael, Mr Baker, who raised a  
point which I think a number of Members have mentioned to me in actual fact about why is  
sport not included as a charitable purpose? And I am grateful to my hon. colleague from  
Ramsey, Mr Hooper, who touched on that subject also in some detail. I can tell you it was the  
Treasury's intention that sport would have been included as a charitable purpose and defined as  
690 so, but the advice that we received was that under the existing Manx legislation relating to

charities that the advancement of sport on the Island is not a charitable purpose. So it would be inappropriate, and potentially would be conflicted, if we were to use the Dormant Assets Bill to redefine that scope of what constitutes charitable purpose in the Island at this stage. It is good we have got a new Charities Bill so the question is would we delay until the new Charities Bill comes in, in which case this matter may well be resolved. I would put to Hon. Members that we do not want to delay. We are behind in terms of dormant assets legislation, so we really want to proceed. It is the Treasury's intention to introduce an amendment to ensure that sport is included in purposes, but again, I would stress to Hon. Members, Treasury's role in this is as a facilitator; it is not to decide where the money will be spent. I am sure many Members would welcome sport being added to that list of charitable purposes and, as I say, we do just need to wait in terms of that process for the Charities Bill to go through, but hopefully that clarifies point. I certainly agree with many of the aspects of the positive advantages that sport brings to the Island and so I very much support many of the points that you made.

Turning to Mr Hooper, the Hon. Member for Ramsey, I am grateful for Mr Hooper's keen interest in this Bill and as I mentioned we are pleased to accept a number of amendments which will just help clarify some points in the Bill. He also covered the question of sport not being included specifically in the charitable section and hopefully I have addressed those.

Ms Edge, Hon. Member for Onchan, asked what proportion of the funds will be allocated. That is not a question I can answer at this stage, but will be one that we will be carefully considering, because we obviously want to distribute as much as possible to good causes on the Island, but we also need to safeguard to make sure that we have sufficient funds in the dormant asset fund should account holders reclaim the funds, and bear in mind that they have a right to reclaim indefinitely. Now, we understand from the UK, who have been running a similar regime for many years now, that approximately 40% of funds are transferred from the dormant asset fund to charitable, though they will still be holding obviously a sum in case people do reclaim in future. So I give that figure not to suggest a similar figure will be here, but just as an indication of what the experience has been elsewhere. In the UK they also have a benefit of scale. So we have a smaller situation here and we need a very careful calculation which will be based on the number of accounts and the sizes of the balances. So if we get lots and lots of small balances then it might be able to distribute a higher percentage than actually if we have a small number of accounts but each of those has a very large amount in it. So there is a piece of analysis that needs to be done in terms of that risk based approach. So that would be something that Treasury would be working with but also learning from the experience in other jurisdictions.

Ms Edge also raised a number of good points which I am sure other people will think that is something that may well impact in. Those are about the ongoing customer mandate between an account holder and that particular bank. The examples that were provided were potentially someone who has lost capacity, so a power of attorney may be put in place which would effectively govern the signing arrangements on that bank account. The other example was what about an account in the name of a child, which particularly a parent or a grandparent had put in place. Both of those are not uncommon examples, what I would suggest to Hon. Members is that whatever signing instructions are in place on those accounts – and also for limited company accounts, because it is not just personal accounts which may be dormant, it may be a limited company or another non personal type account – it will be the legal contract between the account holder and the bank which is governed by that mandate which will be in place which will be what the bank will consider in terms of that approach.

I would, however, just provide another level of comfort to Hon. Members that in the case of where a power of attorney is in place there is generally a lot of contact between bank and customer in that scenario so it is highly unlikely that an account in that scenario would be transferred to dormant assets because there would have been regular contact to put that in place. And similarly with an account in trust for a child, again, there that tends to be an arrangement, banks tend to contact their customers to say now you are 16 or 18, whatever, each bank will have its own arrangements, they will be practically saying would you like to open

745 up another type of account with us rather than these funds which tend not to sit around and often in those circumstances the parent or grandparent is known to the bank so there is an ongoing relationship. Dormant assets are for accounts where that relationship is not in place, the contact has not happened for at least 15 years, despite attempts from the bank to contact the account holder. So I hope that clarifies the points that Ms Edge has raised.

750 The last Hon. Member to raise points was Mr Callister. Thank you, Mr Callister, Hon. Member for Onchan. He was concerned about, and I think a number of other members touched on this, a few points which hopefully I have already covered, but also the question of charges. What is a reasonable charge? So that will be determined ... each bank will have its own range of tariffs and they will apply a reasonable charge. Now, I do not envisage that banks will in any way seek to profiteer by charges in this scenario. Banks will take their responsibilities seriously but it would be wrong, I would suggest, for this House or Treasury to determine what a particular bank should charge for a particular service. But speaking to the Bankers' Association, who are very supportive of bringing this into place, that is absolutely not their intention. They are very supportive, they want to make this work well and they want to resolve any minor issues without causing complaints, and that is their general approach on these matters.

760 So Hon. Members, I would just reiterate that this legislation is long overdue and Treasury is delighted to bring it forward and thank you very much for all your questions and queries. If you have any additional queries the Treasury team and I will be delighted to speak further with you.

So thank you and I beg to move.

765 **The Deputy Speaker:** Mr Callister, do you have a point of order here?

**Mr Callister:** Yes, thank you, Mr Deputy Speaker.

I was going to ask Mr Shimmins if he could just clarify with regard to distributing the funds through an organisation such as the Manx Lottery Trust which is already established. It could save cost. I noticed in his summing up that he did not actually answer that question.

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**The Deputy Speaker:** Would you like to respond, Mr Shimmins?

**Mr Shimmins:** Thank you, Mr Deputy Speaker, and thank you, Mr Callister, for raising that.

775 He raises a good point. It is not our intention to set up an additional distribution body, it would be inefficient to do so, but it would be wrong for us to be presumptuous about any particular body to take on this important role. Thank you for raising that point and sorry that I, as an oversight, forgot to come back to him on it.

**The Deputy Speaker:** Thank you, Mr Shimmins.

780 Hon. Members, the question at Item 4 is that the Dormant Assets Bill 2018 be read for a second time. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

Thank you.