

5.2. Preferential Payments (Amendment) Bill 2016 – Third Reading approved

Mr Teare to move:

That the Preferential Payments (Amendment) Bill 2016 be read a third time.

The Speaker: Preferential Payments (Amendment) Bill.

I call on the mover, Mr Teare, to move the Third Reading.

Mr Teare: Thank you, sir.

The Preferential Payments (Amendment) Bill 2016 will amend the Preferential Payments Act 1908 to give preferential creditor status to eligible deposits within the rules of the Depositors' Compensation Scheme Regulations 2010, as amended, ahead of other preferred creditors after liquidator expenses and secured creditors.

The Bill will allow Treasury by order, subject to the approval of Tynwald, to add to, vary or reduce the types of debts which are to be afforded preference to other debts.

It also provides Treasury with the power to recognise the depositor compensation scheme of another jurisdiction as a preferred creditor if the scheme is equivalent, analogous or similar to the Isle of Man's Depositors' Compensation Scheme.

Mr Speaker, I beg to move that the Preferential Payments (Amendment) Bill 2016 be read for the third time.

The Speaker: The Hon. Member for Middle, Mr Quayle.

Mr Quayle: Thank you, Mr Speaker.

I beg to second.

The Speaker: Hon. Member for Onchan, Mr Karran.

Mr Karran: Vainstyr Loayreyder, I have to say that obviously I will be supporting the Third Reading of this Bill.

Whilst it deals really with the one issue, as far as the Depositors' Compensation Scheme is concerned, I was disappointed in the clauses stage that the opportunity for the Member for Rushen could not have moved his amendments to this Bill, because I think it raises a number of important issues that, from time memorial, we seem to not address, as far as the issue of the preferential payments is concerned, when we look at this issue on a broader scope than this one singular issue, as far as the Depositors' Compensation Scheme – which I am glad, Vainstyr Loayreyder, has been changed from the open cheque book when we were talking about KSF and the almost situation of hysteria that we had to pay out whatever was going to happen. I am really pleased those points, being left on one's own, have been addressed.

I am glad to see the situation, as far as this Bill giving them that opportunity. But I am sad that this Bill has been a missed opportunity, because I do believe that the points the Hon. Member for Rushen has raised about preferential payments – particularly in these difficult times – might have developed into a broader debate on the issues of how far too often we find that Government manages to be sorted out ... as a first preferential payment is concerned under the present legislation, but we find the likes of the construction industry, time and time again ... Where we have these structures that happen; where people run up horrendous debts and the ordinary people outside Government have to walk away from the financial liabilities. It would have been nice to have seen this Bill developed on a broader front, as far as this is concerned.

I have no objections to voting for this Bill, but what I do have objections to is that, once again, we are being very selective, when we look at the whole issue of preferential payments ... is concerned. I think it was a missed opportunity that the Hon. Member for Rushen did not take that opportunity to broaden the debate, because I think maybe if Government was not in a such fortunate position, they might actually address the other issues of how lots of businesses seem to increasingly – and it is going to get worse for the economy going down – end up being affected severely – if not bankrupted innocently – by other parties, whilst Government is there to claim whatever is there and everybody else gets nothing.

The Speaker: The mover to reply, Mr Teare.

Mr Teare: Thank you, Mr Speaker.

The Hon. Member raises a good point. This Bill, we thought, was not a vehicle for that, what we want to do is just to focus solely on the Depositors' Compensation Scheme. He also mentioned that this would reduce the demand on the taxpayer and bring it down to a level that we could hopefully cope with.

The subject of Treasury preference has come up before and Hon. Members will appreciate it is not exactly straightforward. I have been concerned that Treasury has been relying on preference to a certain extent and giving more credit where the credit was not due. So Hon. Members, if the preferential creditors' section to give preference to Treasury was reduced or eliminated, then that would mean that by inference Government and Treasury would have to adopt a more proactive debt collection policy – and that might not be popular in some quarters, which might lead to representation being made to Hon. Members.

So, with that, Mr Speaker, I beg to move the Third Reading of this Bill.

The Speaker: Hon. Members, I put the motion that the Preferential Payments (Amendment) Bill be read for the third time. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.