

Treasury Report: Cabinet paper: Extending the retail deposit guarantee scheme

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| Date: | 6 August 2009 | Report No: | T2009/1839 |
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Action Sought

| | Action Sought | Deadline |
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| Minister of Finance (Hon Bill English) | Forward the attached Cabinet paper and cover letter to Cabinet Office. | 6 August to forward the attached updated paper and cover letter to the Cabinet Office. |
| Associate Minister of Finance (Hon Simon Power) | Note contents, including Vote Finance departmental expense implications, for which you have delegated responsibility. | 10 August 2009. |

Contact for Telephone Discussion (if required)

| Name | Position | Telephone | | 1st Contact |
|---------------|-----------------|----------------------|----------------------|--------------------|
| Joanna Gordon | Manager | [Withheld – privacy] | [Withheld – privacy] | ✓ |

Minister of Finance's Office Actions (if required)

Lodge the attached updated Cabinet paper and cover letter with the Cabinet Office once the Minister has approved it.

Enclosure: Yes

Treasury Report: Cabinet paper: Extending the retail deposit guarantee scheme

Executive Summary

1. We previously provided you with a copy of the draft Cabinet paper on extending the retail deposit guarantee scheme (DGS) (T2009/1791 refers). We also provided your office with an Aide Memoire about residual DGS policy issues (4 August 2009). The residual policy issues covered are whether collective investment schemes should be eligible for the DGS extension, the end date of the extended scheme and the legislative process.
2. The paper has been amended as follows:
 - More specificity has been provided about what specific government priorities the additional funding for Vote Finance in Budget 2009 was for.
 - The paper states more clearly that the additional fee revenue collected during the extension period will offset the operational costs of the scheme.
 - Collective investment schemes will be excluded from the extended DGS (the case for this is discussed in the Aide Memoire, 4 August 2009).
 - Urgency is recommended for the legislative process in order to provide the market with certainty. This could apply to all or part of the legislative process.
3. A final regulatory impact statement has been included in the paper. The statement reads as follows:

“A Regulatory Impact Statement (RIS) has been prepared, and the regulatory impact analysis (RIA) and RIS have been independently reviewed by the Treasury’s Regulatory Impact Analysis Team (RIAT). RIAT considers the analysis to be adequate according to the adequacy criteria.”
4. This report requests that once you have approved the paper you forward it to Cabinet Office along with the attached letter explaining why it is necessary for this (late) paper to be included on the CBC agenda.

Recommended Action

We recommend that you:

- a **note** the attached Cabinet paper updates the version provided to you on 31 July (T2009/1791 refers); and
- b **note** that a cover letter is provided to explain why it is necessary for this late paper to be included on the CBC agenda.

Joanna Gordon
**Manager – Financial Markets and Institutions
for Secretary to the Treasury**

Hon Bill English
Minister of Finance

6 August 2009

Chair
Cabinet Business Committee

Dear John

I am writing to seek permission to submit the Cabinet paper "Extending the retail deposit guarantee scheme" as a late paper to CBC. The paper needs to be considered in order to provide certainty to the market soon about the future of the guarantee scheme.

Yours sincerely

Bill English
Minister of Finance