

4.14 Deputy T.M. Pitman of the Minister for Treasury and Resources regarding the benefit to other Islanders from 1(1)(k) residents:

As the Minister is looking so tanned and relaxed from his holiday, will he agree to release the report referred to by his Assistant Minister during oral questions on 29th March 2011, which apparently verifies that the benefit to other Islanders from 1(1)(k) residents is over £50 million and if not, why not?

Senator P.F.C. Ozouf (The Minister for Treasury and Resources):

My Assistant Minister has ably answered questions in this area and I ask him to answer the question today.

Deputy E.J. Noel (Assistant Minister for Treasury and Resources - rapporteur):

As the Deputy is aware I inadvertently used the wrong word when I said that the economic benefit to Jersey from 1(1)(k) residents had been verified when I meant to say compiled, and I advised States Members of my error within hours of doing so. The figure of £50 million to £70 million of economic benefit brought to the Island by 1(1)(k)s has been independently compiled. This was done by a law firm based outside of the Island with no vested interest in the Island. The firm which reviewed the 1(1)(k) regime did so on a condition that their full report would not be made public. They felt that the sensitive nature of the subject matter would make it impossible to undertake a full review if the details were to be made public. In particular, they felt that the individuals and the advisers interviewed would be less inclined to participate if their views could not be given in private. However, as already expressed to States Members in my email of 30th March, we will be issuing a progress report into the 1(1)(k) review shortly and this will include extracts from the independent report but I am afraid not the report itself.

Deputy P.V.F. Le Claire:

On a point of order, I do not know by what arrangement the questioner received the answer from the Assistant Minister. If it was by agreement then there is no point of order, but the point of order I am questioning is by convention questions are asked of the Minister. By courtesy they are allowed to be answered by the Assistant Minister if we have agreed by the questioner. It has been the case in the past where you determined a request by me to defer a question from the Deputy of Trinity to the Minister for Planning and Environment on the grounds that the question related to the Minister's department and the answer that I needed I knew the Minister had but the Assistant Minister was not availed of. I think it needs to be quite clear in our minds that if we wish to put a question to Ministers whether or not Standing Orders permit us to press that question to the Minister or whether understanding orders we are allowed to.

The Bailiff:

It is already dealt with in Standing Orders. You may remember that this matter came up and so an amendment of the Standing Orders was made. So, a questioner may, when giving notice of a question indicate that he wants the question answered by the Minister himself, but unless that is done at the time the question is lodged then it may be answered by an Assistant Minister.

Senator P.F.C. Ozouf:

If I may just say, I am more than happy to answer the question but I have full confidence in my Assistant Minister who chairs the 1(1)(k) review, and I think that he is the right person to answer it, but if the Deputy wants me to answer it I am happy to do so.

The Bailiff:

Not now Minister, because that was not the original one that was put in. So, I had seen next Deputy Southern. I am sorry, it is Deputy Trevor Pitman. You want a first supplementary? I beg your pardon.

Deputy T.M. Pitman:

I know it was quite a long time ago, Sir.

The Bailiff:

Yes, it does seem a long time ago. [Laughter]

4.14.1 Deputy T.M. Pitman:

Can I say to the Assistant Minister that I informed his department that I would attempt to seek this document under the same Freedom of Information basis that Mr. J. Mills utilised to get school examination information. Am I right in surmising from his answer that given the Council of Ministers apparent obsession with secrecy this request will likely be denied, yet we will be asked to accept the alleged content on a 'trust me' basis and does he think that is acceptable?

Deputy E.J. Noel:

To quote a former Chief Minister, we have a contractual obligation to keep that report confidential. If we manage to negotiate with the parties involved in that contract then we will be able to issue the report, but at this moment in time we have been able to get their permission to report extracts from the document but not the full document.

4.14.2 Deputy G.P. Southern:

Will the Assistant Minister agree that this is a most unsatisfactory position, and will he agree to release in confidence the report to the appropriate Scrutiny Panel, whichever that might be?

Deputy E.J. Noel:

I believe the appropriate Scrutiny Panel would be Corporate Affairs. I have to take advice on that, whether or not by entering into a confidentiality agreement with the Scrutiny Panel if we would be in breach of our agreement with the provider of the report, but if it is the case that we can release it we indeed, if Scrutiny wish it, will release it.

4.14.3 Deputy G.P. Southern:

Supplementary, if I may? Is the Minister aware whether this report is subject to the Freedom of Information Law in the U.K. since it was obtained through the use of an English company, will he name that company so that at least Members can assess what the report's name is and whether it is accessible through Freedom of Information in the U.K.?

Deputy E.J. Noel:

I am not an expert on U.K. law. I would have to refer that to advice. The report was prepared by a London office of an international law firm. They were supported by a specialist consultancy firm, again from outside the Island. Both firms have experience in advising wealthy individuals and of advising government. I am afraid that at this time I am not able to release their respective names.

4.14.4 Deputy M.R. Higgins:

I am extremely confused by some of the answers we have got. We are being told, I think, first of all that it is an independent report. Can the Assistant Minister tell us first of all was the report commissioned by any States body to that law firm to gather all the data? If it was not how has he got access to this report and how can it be verified?

Deputy E.J. Noel:

The report was commissioned by an officer at the time of the Chief Minister's Department, who is now an officer in the Treasury Department, and under the arrangement with the law firm concerned and the specialist consultancy firm concerned a distribution was agreed and, in my capacity, I was included in that distribution.

4.14.5 Deputy M.R. Higgins:

A supplementary? If it was commissioned by someone within the States surely it is a States document and therefore access to it should be available, and it is totally unacceptable for the Assistant Minister to say: "Oh, it is independent, it is this that and the other" and yet no one except him will ever have sight of it. It is totally unacceptable. Does the Assistant Minister not agree?

Deputy E.J. Noel:

I do not agree with Deputy Higgins. We would not have had that report if we had not agreed to the author's request that it be kept confidential.

4.14.6 Deputy S. Pitman of St. Helier:

I do not think the Assistant Minister has answered why the report was commissioned by Treasury and if so ...

The Bailiff:

Can you come to your question, Deputy?

Deputy S. Pitman:

Will the report contribute to part of the criteria when assessing the tax of 1(1)(k)s and if not why did the Assistant Minister mention this at the last session when the question was asked?

Deputy E.J. Noel:

I believe that Deputy Shona Pitman has answered her own question. The report was commissioned to enable us to carry out a full review of the impact and benefits that our high net worth individual offering is. Attracting high net worth individuals to the Island is beneficial to Jersey and we want to enhance that benefit, hence the reason for commissioning the report.

4.14.7 Deputy S. Pitman:

A supplementary? Can the Assistant Minister tell us if the report will contribute to part of the criteria when a 1(1)(k) comes into the Island and wants to live in the Island?

Deputy E.J. Noel:

The report is being used by the working group to enhance our offering to high net worth individuals, so we are in a better position to extract more tax and more benefit out of them and to attract more individuals to come and relocate to the Island, to bring their families, to bring their businesses, so overall the Island population benefits.

4.14.8 Deputy P.V.F. Le Claire:

I am sure that will be a great relief to the people that had to wait 20 years for their qualifications. I have never heard anything like it in my entire time in the States that a department can commission a document with an outside firm, and that the Minister answering the questions cannot even tell us what the name of that firm was. Can I ask please before the proposition comes that we can have a long debate to get this out into the open? I am sure it is coming. How much did this report cost?

Deputy E.J. Noel:

Firstly, I do not believe anyone in the Island now has to do 20 years before they get housing qualifications. Everyone is equal now. I believe we all have to do 10 years.

Deputy P.V.F. Le Claire:

A point of correction. I said it will come as a great relief to those that had to wait 20 years.

Deputy E.J. Noel:

To answer Deputy Le Claire's question, the cost of the report was £65,600.

4.14.9 Deputy J.M. Maçon:

Yes, the Assistant Minister talked about the working group. Can the Minister please inform us who sits on that working group?

Deputy E.J. Noel:

It is a political working group. It is made up of the Minister for Housing, the Connétable of St. Clement in his capacity as Assistant Minister for Economic Development, and myself.

4.14.10 Deputy G.P. Southern:

Will the Assistant Minister examine the possibility of issuing this report in a redacted or anonymised form so that we identify the evidence that supports the position that the Treasury has taken on this particular issue before he brings any proposition on 1(1)(k)s to the States for debate?

Deputy E.J. Noel:

I can only repeat that I already expressed to Members in my email of 30th March that we will shortly be issuing our review, and that it will include extracts from the independent report. That is all I have to say.

4.14.11 Deputy G.P. Southern:

If I may, a supplementary? The publication of the extracts is exactly what they did with their consultation on personal income tax, or personal tax options earlier in the year. Does the Assistant Minister not agree that this is an unsatisfactory way of proceeding with Government? We should have the evidence. If this House is to accept a new policy on 1(1)(k)s it must have the evidence and all the evidence on which to base its judgment. Surely the Assistant Minister must agree that is the way forward that we should be proceeding in Government.

Deputy E.J. Noel:

When we bring our proposal to this Assembly we will back it up with a report that does contain the evidence.

4.14.12 Deputy T.M. Pitman:

The Assistant Minister referred to Government. Does he not agree that certainly I thought 53 of us were in Government, and without a willingness to share such claimed information with all Members and thus respect them, does the Assistant Minister not accept that many of us, like the majority of the public I suggest, will continue to be highly sceptical about such claims and that can only be a negative thing?

Deputy E.J. Noel:

I disagree with Deputy Pitman. I do not believe that we have 53 Members in Government. I believe we have 53 Members in the Legislature. The Government is made up by the Council of Ministers.