

2.13 Deputy G.P. Southern of the Minister for Economic Development regarding the tax status of new businesses which have set up in Jersey in the last 4 years in sectors such as oil, gas and mining:

Could the Minister state whether the 87 businesses which have been set up in Jersey in the last 4 years, in a wide range of sectors such as oil, gas and mining, are currently paying any company tax? Could he advise what part tax neutrality plays in their business models and given that the Minister for Treasury and Resources has made a commitment to tax these companies, how sustainable is their presence in Jersey?

Senator A.J.H. Maclean (The Minister for Economic Development):

I would like to thank the Deputy; his question goes right to the heart of our plans to return Jersey's economy to growth. As my recent visits to China and Israel have confirmed, Jersey has much to offer, not just tax neutrality, and we have much to gain from inward investment, most notably diversification of our economy and job creation. The Deputy refers to 87 businesses that relocated to Jersey between 2008 and 2010. Of these, 27 are financial services businesses, some of which will be regulated by the J.F.S.C. (Jersey Financial Services Commission) and therefore subject to 10 per cent corporate tax. The Deputy, however, may be confused by the statement of the Minister for Treasury and Resources in the 2011 budget that he would tax profits arising from the exploitation of land in Jersey and importation of oil. However, the oil, gas and mining companies to which the question refers are headquarters for international mining operations. These companies do not import nor surprisingly do they drill for minerals in Jersey and are therefore not impacted. They are zero rated for tax purposes. We need more inward investment, not less. We need more jobs, not less and, to deliver this, we need an internationally competitive tax system. Zero/Ten is just that and I trust the Deputy agrees.

2.13.1 Deputy G.P. Southern:

An answer from the Minister for Treasury and Resources suggests that he is examining a 10 per cent or an extension of 20 per cent rate to just these companies which currently are zero rated. What part does tax neutrality play in the arrival of these companies and are they sustainable at all?

Senator A.J.H. Maclean:

The first part of the Deputy's question, I do not believe he is correct. In fact, there is a written answer which I would refer the Deputy to, 6900, and also 6863, which give further details of what the Minister for Treasury and Resources has said in relation to a report which is going to be published before the summer in this regard. As far as tax neutrality is concerned, I have already pointed out, yes, it plays a part, of course, but it is not the only part as far as inward investment is concerned as we have seen once we have travelled to Israel, China and other places. Jersey is extremely attractive for many reasons: its stability aside from anything else, the level of professional services that we find in the Island, its proximity particularly to this cluster of mining companies. We are very centrally located for where their operations are, and that is extremely attractive and convenient.

2.13.2 Senator L.J. Farnham:

Could the Minister tell the Assembly, please, how many jobs these 87 businesses have created?

Senator A.J.H. Maclean:

Yes, in fact, there were 87 businesses in 2008-2010. We have brought in a further 56 businesses in the period 2011 to date. In total, it is almost 1,000 job opportunities that have been created in the Island from inward investment. Importantly, 95 per cent of those job opportunities have been for local people. That is what is important and that is the value of good quality inward investment. [Applause]

2.13.3 Deputy J.G. Reed of St. Ouen:

Just to follow up from Senator Farnham's question, could the Minister provide details of the actual jobs that have been created by these 87 businesses?

The Bailiff:

I think he just has, has he not, Deputy?

The Deputy of St. Ouen:

No, he did not. He gave an estimate of job opportunities, not actual jobs that have been fulfilled.

The Bailiff:

I see, all right, thank you.

Senator A.J.H. Maclean:

I will get back to the Deputy in due course on the actual jobs as opposed to job opportunities. The Deputy will be aware that in order to extract the jobs that have been fulfilled from the opportunities that have been created, there is a differential, which I accept. That does take some more time to ascertain and we are working on that at the moment but there is no doubt that the level of job opportunities is significant and I can tell the Deputy, if it is of help to him, and particularly with regard to the oil, mining and gas company sector of which there have been 11 businesses, there are 59 jobs created there of which only 2 were non-locally qualified.

2.13.4 Deputy G.P. Southern:

I thank the Minister for directing me to question 6900, where it says clearly from the Minister for Treasury and Resources that he remains committed to bringing forward measures to deal with the issue of non-finance businesses and that the options under consideration include the extension of the 10 per cent or 20 per cent tax bands. What will that do to the viability of these companies which he is so proud of locating to Jersey?

Senator A.J.H. Maclean:

The Deputy is predetermining that there is going to be a change. I think it is fair to say that the Minister for Treasury and Resources is not going to do something that is going to compromise inward investment and compromise the significant value that it brings to our economy. I think the Deputy will have to wait further until the report is published and I think that it will probably make it perfectly clear to him.

2.13.5 Deputy G.P. Southern:

And, if I may, is it the Minister's impression that that will then negate the promise he made to this House almost 2 years ago to do something about taxing these businesses?

Senator A.J.H. Maclean:

I take it that is a question to the Minister for Treasury and Resources.

Deputy G.P. Southern:

To the Minister for Economic Development; is it his impression?

Senator A.J.H. Maclean:

No, it is not.