

2016.03.22

### **3.7 Deputy G.P. Southern of the Chief Minister regarding legislating for the publication of financial information by multinational companies registered in Jersey:**

Given Jersey's commitment to support the O.E.C.D. (Organisation for Economic Co-operation and Development) Base Erosion and Profit Shifting Project, will the Chief Minister legislate for the publication by multinational companies registered in Jersey for the amount of revenue, profit before tax and income tax paid and accrued, total employment, capital, retained earnings and tangible assets for each jurisdiction in which they do business and ask the U.K. Chancellor of the Exchequer to do likewise for U.K. registered companies?\*

#### **Senator I.J. Gorst (The Chief Minister):**

I am answering the question because the Deputy has asked me to but just so the Assembly is aware these matters are delegated to the Assistant Chief Minister. In accordance with our declared support for the O.E.C.D. B.E.P.S. (Base Erosion and Profit Shifting) Programme we are progressing with developing legislation to provide for country-by-country reporting in consultation with the finance industry. In drafting the legislation regard will be had for the Island's established policy of compliance with relevant international standards on transparency and information exchange in tax matters. At present the publication of C.B.C. (country-by-country) reports made to the tax authorities is not the international standard. However if this should change in the future I would expect that consideration will be given to following any such standard in its global application.

#### **3.7.1 Deputy G.P. Southern:**

Once again the Chief Minister instead of taking a lead in this area is playing wait and see. Why will the Minister not promote the publication of a register of beneficial owners of companies registered in Jersey as a starting point for further movement in this area?

#### **Senator I.J. Gorst:**

I know the Deputy enjoys playing politics but once again he is absolutely wrong. When it comes to the registration of beneficial ownership, we are leading. We are waiting for ... the Deputy is trying to say not far enough. He seems to be making up standards off the top of his head as he sits in this Assembly. We are leading in this regard. Other jurisdictions, members of G10, 20 and countries around the world, are only now thinking about how they can create a central register of beneficial ownership following the model that we already have in place and have had in place for many years. Our policies always consider what the international standard is. That is a right and responsible thing to do and we will continue to do that. So when other jurisdictions around the world catch up with our leading position then we will consider whether the international standard needs to change further.

#### **3.7.2 Deputy M. Tadier:**

I think the point my colleague was getting at was the publication of this information, so will the Minister inform whether or not that will be made available? Will it be a public registry which anybody can inspect and if not why not?

#### **Senator I.J. Gorst:**

The international standard does not say that it should be that. The Fourth Anti-Money Laundering Directive coming out of the European Union does not say that it should be that. We have one or 2 countries who are suggesting, because of the size of their country, because of the fact that they do not regulate trust and company service providers like we do and therefore cannot have confidence

in the information that they are providing and putting into a central register, they suggest that making it open might have a similar effect. We should be proud of what we do. If the Members opposite who are members of Reform Jersey understood what happened in the financial services sector in our jurisdiction they would not be asking such questions because they would know that the standard that we apply to regulation of trust and company service providers is second to none. They would know that we have had a central register of beneficial ownership for many years and that many jurisdictions are now following up. They would know that the international standard does not say that this information should be public. The point of creating central registers of beneficial ownership is so that that information can be provided to competent authorities and law enforcement agencies in a timely manner. Our system already allows for that. Other countries are scrambling around trying to develop systems that meet the standards that we already meet.

### **3.7.3 Deputy M. Tadier:**

I am sure the industry will be very grateful for the Minister's blustering support and I am sure he is glad that he answered the question in the end and not his Assistant Minister. The point remains that this is secret. It is shrouded in secrecy and the Minister says that we do not provide it publicly because we do not have to provide it publicly. I thought the Minister said that Jersey wanted to be leading in this, not a follower, and if Jersey genuinely wants to lead on transparency should he and the industry not be pushing for a fully public register of beneficial ownership so that Jersey can be seen to have its words matching the practice.

### **Senator I.J. Gorst:**

America, Germany, Japan; many countries around the world disagree with the point of view put forward by Reform Jersey. Why would we support the view put forward by Reform Jersey rather than the view put forward by the international standard setters of the O.E.C.D. and the I.M.F. (International Monetary Fund) and of the European Commission in the Fourth Anti-Money Laundering Directive? We absolutely accept. The important thing is that trust and company service providers are regulated. They have the accurate information. Some of those who are suggesting that there should be a public register cannot even confirm that the information that will be on such a register is accurate and is being updated in a timely fashion. On our register the way we regulate we can be certain that any information provided to competent authorities, to law enforcement agencies, to help in the fight against crime and the financing of terrorism and ... I was on a roll there and I have ... and tax evasion and money laundering needs to be accurate. Our system already provides that. Are Reform Jersey really suggesting that we should stop regulating trust and company service providers, that we should stop having accurate information on who the beneficial ownership of these companies are so we that we can simply have a public register that does not give confidence to anyone and does not help in these important fighting ... what the international community want us to fight and provide accurate information.

[10:30]

Is that what they are really suggesting?

### **The Deputy Bailiff:**

Final supplementary, Deputy Southern.

### **Deputy S.Y. Mézec of St. Helier:**

I have had my light on. Do I not get an opportunity to?

### **The Deputy Bailiff:**

Yes, you have but we are well over the time and I am conscious of the fact that the Chief Minister also has questions without notice coming up.

**Deputy G.P. Southern:**

I shall be making a complaint to P.P.C. (Privileges and Procedures Committee). I think the way you are running this question session is absolutely not in the Back-Benchers' interests at all and that is the second time I have been cut short.

**The Deputy Bailiff:**

Actually you have been invited to do a supplementary. Deputy, if the Chair is speaking Members stop speaking. Deputy, you have been invited to make your final supplementary question. The reason that the Chair has taken the view that it has is that we have already run more than 7 to 8 minutes for this question. I am conscious that we wish to give the opportunity for everyone who has asked a question to have it answered and I am conscious that the Chief Minister also has questions without notice so there will be a possibility of expanding this later on. That is the reason for the Chair's decision. Would you like to ask your final supplementary?

**3.7.4 Deputy G.P. Southern:**

Yes, and questions without notice can be used to develop answers which we receive in this particular session. So I asked the Chief Minister, instead of asking us whether we want further secrecy, why does he want to preserve the secrecy that already exists there and what has he, and the industry, got to hide? So why not publish?

**Senator I.J. Gorst:**

We have got absolutely nothing to hide and that just goes to the very heart of the misunderstanding that Reform Jersey has about what is an important pillar of our economy. Of course, client confidentiality and security of information and ensuring that data protection legislation is appropriately in place is important to many people who use Jersey as a jurisdiction. But we are transparent. We provide the information when it is requested. We have signed up to the Common Reporting Standard. We have signed up to the U.S. (United States) F.A.T.C.A. (Foreign Account Tax Compliance Act). We have signed up to U.K. F.A.T.C.A. so that the information that we hold appropriately and securely and accurately about who owns the companies in this jurisdiction can be provided to other countries when they have got concerns, legitimate concerns, about that information and it can be provided appropriately and we can be assured that it is absolutely accurate. I have sat on panels with N.G.O.s (non-governmental organisations) and other people around the world discussing this very issue and the Members opposite do not even understand why it is that they might want this information to be public. They do not understand that the issues that are ...

**The Deputy Bailiff:**

Chief Minister, as I said, exactly the same to Deputy Southern. If the Chair speaks then Members stop speaking. It is incumbent upon Members to respect the timing that the Assembly has lodged through Standing Orders for questions without notice. Now, we have a number of questions to get through. It is really important to keep questions concise and answers concise. So that if you have a further sentence or so in your answer, Chief Minister, then feel free to deliver it otherwise we will move on to the next question.

**Senator I.J. Gorst:**

That is part of the problem. The Deputies opposite ask what appears to be a simple question but these are extremely complex issues involving the international communities and it is incumbent upon me when misinformation or misinformed questions are asked in this Assembly that I set the record straight.

**Deputy M. Tadier:**

May I ask a point of order?

**The Deputy Bailiff:**

If it is a point of order.

**Deputy M. Tadier:**

It is a point of order. It seems to me that we are told that when we have debates it is not question time. When we put questions to Ministers we do not expect to be asked questions back especially when we do not have a chance to reply. I know there is a fine line between rhetorical questions and genuine questions but it seems to me that unless we are going to change question time so that the opposition Members are asked questions then it should be an opportunity for Ministers to be held to account not for the opposition.

**The Deputy Bailiff:**

Well, it seems to me that how a Minister answers a question is entirely a matter for that Minister. If the Minister answers it with reference to rhetorical questions then they are judged or not judged on the basis of the answers that they are giving. Now, clearly it cannot turn into a question time, put back in the direction of the original questioner, but I am not sure that was a point of order on which a ruling was required.

**Deputy M.R. Higgins:**

Can I just ... point of order as well?

**The Deputy Bailiff:**

Well, a point of order is a question on which the Chair needs to make a ruling. Is this a question on which the Chair needs to make a ruling?

**Deputy M.R. Higgins:**

Yes, it is. Previous Chairs have told us that the answers should be given in 90 seconds. The answers that are being given by the Ministers today are just stonewalling and waffle. So, can you hold them to the 90 seconds?

**The Deputy Bailiff:**

Well, it may be surprising, 90 seconds is quite a long time and I have been measuring the 90 seconds and it has been exceeded on one or 2 occasions but not regularly.