

2019.04.30

**12 Connétable J.E. Le Maistre of Grouville of the Chief Minister regarding the number of permissions for residency granted each year to High Value Residents: (OQ.97/2019)**

Has any consideration been given to introducing a limit on the number of permissions for residency in the Island granted to high-value residents in any given year?

**Connétable C.H. Taylor of St. John (Assistant Chief Minister - rapporteur):**

The short answer is yes. I am told that it was in the early 1970s, 1971, that the need for high net-worth individuals was recognised and a suggested figure of around 15 a year was felt to be right. This has been regularly reviewed and it is constantly being monitored.

**4.12.1 The Connétable of Grouville:**

The figures: I looked at from January up until the end of November last year, 25 high net-worth residents were allowed in. Using the figures from January 2014 to the end of November 2018, 97 high net-worth individuals were allowed into the Island. That is pretty much 20 a year. Does the Minister not think that letting so many multi-millionaires into the Island is bound to be pushing up the retail price index, the price of houses and price of housing?

**The Connétable of St. John:**

When you look at a short period of time, figures can be skewed. If you look over the 10 years, for the last 10 years, the figure is 15 a year that have come in. Do I believe that 3 per cent of the people coming into the Island are going to push up the retail price index? I think the answer is no, because such a small per cent, just 3 per cent, of immigrants, less than 3 per cent, have come into the Island during the last 10 years. The third question that he asked was pushing up the price of housing. The ownership of housing is restricted. A high net-worth can only own one property. There is a slight loophole in that they can own share transfer properties, because that is not deemed as home ownership, for some reason. There are no figures to support this theory at all.

**4.12.2 Deputy K.F. Morel:**

When was the last time this purported need for high-value residents was assessed? When will it next be assessed?

**The Connétable of St. John:**

It was assessed in 2010, that was when the last formal assessment was made. It has been regularly kept an eye on and it is currently under assessment with the new Migration Board.

**4.12.3 Deputy M. Tadier:**

I may remember incorrectly and the Assistant Minister will tell me if I am wrong, but I seem to recall, before he was an Assistant Minister, the Constable making statements in this Assembly that he did not think that what is now called the 2(1)(e) system was fair at all and it was prejudicial, certainly to Jersey-born wealthy people, who do not get the same tax breaks that 2(1)(e)s do. Does he still stand by those comments, or has he had a change of heart? What is his personal opinion on the regime?

**The Connétable of St. John:**

I would agree with the Deputy, in that his memory is not quite correct. I have made comments that there are certain local individuals, who have substantial incomes, who pay more than £145,000 a

year in tax; however, there are other ways in which tax mitigation can be made by various people of that type of income. The high net-worth people are a valuable part of our Island economy. They create business, they create jobs and they create investment.

**4.12.4 Deputy M. Tadier:**

May I have a supplementary? Does the Assistant Minister believe that the way 2(1)(e)s are able to jump the housing queue is inherently equitable?

**The Connétable of St. John:**

I do not fully understand the question as to how they jump the housing queue. They are granted residential status, because the benefits they will bring the community are substantially greater than the effect of taking one unit of housing out of the sector. The houses they tend to buy are restricted in price and they are not affordable, in many cases, to local individuals.

**4.12.5 The Connétable of St. Lawrence:**

Will the Assistant Minister remind the Assembly of who it is who makes the decision on whether, or not, someone is entitled to move to the Island as a high-value resident? Also, the assessment criteria for the making of that decision.

**The Connétable of St. John:**

Thank you, Connétable. The assessment is brought forward to myself, as the Assistant Chief Minister and the decision ultimately is mine. However, the assessments are brought forward by officers, who carry out a significant amount of work and one of the issues I did when I took office was to open it to the full H.A.W.A.G. (Housing and Work Advisory Group) Committee. The reason for this was that I could have a broader spectrum of decision-making and, largely, I am very pleased to say that the decisions by H.A.W.A.G. have supported my own feelings.

**4.12.6 The Connétable of Grouville:**

It is clear that, because we attracted 25 such residents last year, the Island is attractive to these individuals. Would it not be better to raise the threshold of their tax, thus attracting fewer entrants, but generating the same amount of money?

**The Connétable of St. John:**

I will just correct the figure: last year was 18 and the idea of fewer but higher ... this is a competitive area, in that there are many jurisdictions trying to attract the benefits of high net-worth individuals. So, we need to be competitive with other jurisdictions and I believe it is at the moment just about right.

**The Bailiff:**

We come to question 14, which Senator Ferguson will ask of the Minister for Infrastructure and can I say that this question and also question 16 and 18 I will allow a relatively small amount of time to, because the Minister is up for questions without notice.