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5 Senator P.F.C. Ozouf of the Minister for Economic Development, Sport and Culture regarding the administration by Locate Jersey of applications for high-value residency from so-called Russian ‘oligarchs’: [OQ.65/2018]

In light of the recent response from the international community to the Russian Federation, will the Minister advise whether changes have been made to the way in which Locate Jersey deals with applications for high-value residents and so-called Russian ‘oligarchs’ and whether any safeguards have been put in place to ensure the Island’s international reputation is protected?

Senator L.J. Farnham (The Minister for Economic Development, Sport and Culture):

No changes have been shown to be necessary to date to the way in which Government deals with applications for high-value residency. I would like to remind Members that in determining applications for 2(1)(e), residency officers in my department work closely with their colleagues in the Treasury, Chief Minister’s Department and the Social Security Department and collaborate with officers of the Jersey Financial Services Commission and the States of Jersey Police as part of the process. In cases where the application is for a high profile person who we believe would attract media attention the application is referred to the Assistant Chief Minister, as the Senator knows, because he has been involved in the past of further vetting of such persons, at the very earliest opportunity, usually before the application is received. The Chief Minister and his colleagues will obviously take this into account and the reputation of the Island when deliberating the issue. Can I finish by saying that it is unfortunate that recent geopolitical events have led to a deterioration in relations between Russia and certain other countries and this is likely to be a consideration for a future Government and a future States Assembly, but I am sure the Senator and Members can rest assured that the Government will liaise very closely and do everything it can to work with other countries to ensure our reputation is protected.

3.5.1 Senator P.F.C. Ozouf:

Can I just clarify that? Can I just clarify, the Minister is deft at not saying who is responsible for the policy? Could he confirm that it is Locate Jersey who initiates the policy in relation to marketing and, ultimately, he will take political responsibility for Locate Jersey? He is responsible and it is Economic Development that is the department that is focusing on which high-value residents they are trying to attract and, therefore, if that is the case it is surprising that in light of the recent geopolitical events and real concern about oligarchs that there is not a review that is being carried out.

Senator L.J. Farnham:

My department is responsible for Locate Jersey. Locate Jersey’s job is to attract high-value residents and other global businesses and develop inward investment but it is fair to say that the process is robust and albeit blind to race, colour, creed agenda. That is because we work within a highly regulated area. As the Senator once said to me a long time ago: “Only ask a question if you know the answer.” Well, he knows the answer to the questions he is asking today. Most high-net-worth applications are made by companies who themselves are well-established and highly regulated and we work with, as I have said, within a highly regulated regime so the system is robust and there is no policy to determine an application purely on the nationality of the applicant. As I have explained previously, there is a robust process to which we follow and my department is responsible for Locate Jersey but the Chief Minister’s Department is responsible for the final say.

3.5.2 Deputy S.Y. Mézec of St. Helier:

Could the Minister inform the Assembly of the Russian applicants for the 2(1)(e) scheme to Jersey? How many of them have first had a period of residency within the United Kingdom and how many of them are coming directly from Russia? He also referred to the various bodies that they would engage with before accepting an application, could he inform the Assembly whether or not there are any U.K. (United Kingdom) agencies, any U.K. Government departments that were engaged with before accepting a 2(1)(e) application from a Russian citizen?

Senator L.J. Farnham:

It is not our policy to discuss individual applicants and there are so few Russian nationals as part of this scheme that I would be reluctant to do so because it would enable identification of such members. Yes, the U.K. agencies are consulted on occasion when necessary.

3.5.3 Deputy S.Y. Mézec:

Supplementary. I mean given the geopolitical situation we face I think that answer was very unsatisfactory. Could I just ask him if there have ever been any applications from very wealthy Russian citizens that have been refused?

Senator L.J. Farnham:

I am not entirely sure. I would find it highly unlikely because usually the application process - and that is the process before the application is made - tends to act as a very good filter and any applicants that are likely to be refused do not make it through to the final application.

3.5.4 Connétable C.H. Taylor of St. John:

Having seen some of these individuals that we are talking about on television they invariably are escorted around with armed bodyguards. Would the Minister undertake to ensure that such activity is illegal on the Island and that if they come here they leave their bodyguards behind?

Senator L.J. Farnham:

I am not sure that I am empowered to answer that. Of course I agree with the sentiment. We live in a peaceful Island and we want it to stay that way. There are laws to protect society and any protection provided to certain individuals visiting or resident on Jersey would have to be lawful and that is perhaps ... the details of which is a question for the Minister for Home Affairs.

3.5.5 Deputy G.P. Southern:

The Minister mentioned the word "robust" I think it was 4 times, a robust process for assessing these candidates. Could he give details of what that robust process is and could he wind the question a little away from Russians, say how many applicants have had their application refused, the 2(1)(e) subjects, in the last, say, 5 years?

Senator L.J. Farnham:

Enquiries from potential high-net-worth residents are directed towards Locate Jersey who exchange information and ask clients to complete profile templates and provide copies of passports and relevant documentation. Checks are carried out on a well-check and significant desktop research is conducted. If the client is considered to be high profile the information is passed on to the Assistant Chief Minister for political consideration. The enquiry is then passed on to the Financial Services Commission and the States of Jersey Police for their comments and if the client fails any of these tests the process would stop there.

[10:15]

There are a number of other areas but in the interests of time I will not go through them now but I do undertake to provide that to the Deputy. I do not happen to know exactly how many applications have been refused in the 5 years but I can find that out, although to say again, I think it is unlikely that many are refused because the process before the application is made filters out a lot of those that would be refused.

Deputy G.P. Southern:

Would he circulate that to the whole Assembly rather than just me?

Senator L.J. Farnham:

Yes.

3.5.6 Senator P.F.C. Ozouf:

The Minister said: “You never ask a question without knowing the answer” and I would have thought that after 19 years, or nearly 19 years, in the Assembly that the Minister would have done a bit of a better job in answering these questions. Would he, in this final supplementary, concede in any way that he is concerned about the news that has been on every single newswire, every single newspaper, around the world about Kremlin links with oligarchs? While we never disclose individuals, will he give the Assembly the assurance that Islanders will no doubt be wanting to know, that there are the highest controls and checks being made not only on the applicants that have been given theoretically a licence to buy but have not yet bought and that if there is new information, which there is in abundance, about the Russian Federation and their activities, particularly those around the Kremlin, that he will do what this question is asking to do; review the situation and put Islanders’ minds at rest that we are not going to be a shady place for shady people with links with a brutal and horrific Kremlin alleged regime? Does he not recognise that there is a serious issue for many Islanders?

Senator L.J. Farnham:

Yes, I do and, of course, I am concerned, as I think all Islanders are, and most people in the civilised world are concerned about the position that is currently developing. Paramount is Jersey’s reputation and its security and the security of our people but I am also satisfied with the robustness of our procedures. I am satisfied at the level of our regulation. We are one of the most well-regulated jurisdictions in the world and I do undertake to continue, and I am sure whoever follows us into government will do the same, undertake to ensure that that process is continuously reviewed to ensure it is fit for purpose and we are guaranteeing Islanders’ security and we are making the right choices