



Economic and International Affairs Scrutiny

Panel

Quarterly Hearing

Witness: The Minister for External Relations

Tuesday, 10th June 2025

Panel:

Deputy M. Tadier of St. Brelade (Chair)

Deputy M.B. Andrews of St. Helier North

Witnesses:

Deputy I.J. Gorst of St. Mary, St. Ouen and St. Peter, The Minister for External Relations

Deputy E. Millar of St. John, St. Lawrence and Trinity, Assistant Minister for External Relations

Ms. K. Nutt, Chief Officer, External Relations

Mr. T. Le Feuvre, Director, External Relations

Ms. H. De La Cour, Director, Financial and Professional Services

Ms. N. Moylan, Assistant Comptroller, Revenue Jersey

Mr. T. Wright, Senior Policy Adviser, Financial and Professional Services

[14:34]

Deputy M. Tadier of St. Brelade (Chair):

Ministers and your team, thank you for attending upon us today. We will get through some formalities, first of all. This is the Economic and International Affairs Scrutiny Panel. Welcome to any members of the public who are tuning in now or subsequently. We will just introduce ourselves on this side of the table. My name is Deputy Montfort Tadier. I am the chair of the panel.

Deputy M.B. Andrews of St. Helier North:

I am Deputy Max Andrews. I am a panel member.

Deputy M. Tadier:

If I could just ask you to do the same, Minister.

The Minister for External Relations:

Yes. I am Ian Gorst, Minister. Two of my Assistant Ministers send their apologies today. The first one, the Minister for International Development, has, as you know, got the U.N.O.C.H.A. (United Nations Office for the Coordination of Humanitarian Affairs) Pooled Fund Working Group here. No doubt we will talk about that later in some of the question areas that you want to but she sends her apologies that she is hosting that. My other Assistant Minister is otherwise engaged as well, but I am joined by ...

Assistant Minister for External Relations:

Elaine Millar, Assistant Minister for External Relations.

Deputy M. Tadier:

Okay, your officials.

Assistant Comptroller, Revenue Jersey:

Hello, I am Niamh Moylan, Assistant Comptroller in Revenue Jersey.

Chief Officer, External Relations:

Kate Nutt, Chief Officer, External Relations.

Director, External Relations:

Tom Le Feuvre, Director of External Relations.

Director, Financial and Professional Services:

Helen De La Cour, Director, Financial and Professional Services.

Senior Policy Adviser, Financial and Professional Services:

Thomas Wright, Senior Policy Adviser for Financial and Professional Services.

Deputy M. Tadier:

Welcome, and thank you again for coming in to speak to us. Minister, we will jump straight in with an area that has been of topical interest and these were questions raised in the States recently, both in terms of written and oral questions. There is a situation that has been described in that question period and in the media about the airport. Could you just talk to us and outline briefly, as much for

the public record as anything else, what you understand the situation to be at the airport? Thank you.

The Minister for External Relations:

Yes. Firstly, the office of Minister for External Relations is responsible for the legislation covering security at the airport, compliance with civil aviation matters, which of course is separate from responsibility for the actual operation of the ports. That means that the Director of Civil Aviation operates within the remit of the department. They have an escalation procedure that mirrors that used by U.K. (United Kingdom) Civil Aviation Authority. The airport was placed under special attention, that is the lowest level 1, on 10th December. Normally those placings on that level 1 special attention would be confidential between the Director of Civil Aviation or the regulatory authority and the airport, but it became apparent that there was information in the public domain and the Director of Civil Aviation, therefore, provided a high-level brief to me, which I think has now been provided confidentially to the Scrutiny Panel. The Director of Civil Aviation, I suppose, felt that there was a need to place the airport under level 1 special attention, arising out of their restructuring. He did not feel the need to provide me with details on that but simply that the organisational restructure meant that it was appropriate for him to use the escalation process and to carry out reviews and audits on a more timely basis than might have been the case just under normal procedure. I am expecting the Director of Civil Aviation to report back to me at the end of this month. As I understand it, there had been one external audit undertaken, which would be a normal process. The Director themselves or his office have undertaken other reviews as well. He confirms to me that they are confident that the airport remains safe and secure and that Islanders can be confident that it is operating safely and securely, but it is appropriate to put this special attention on the airport while issues that were raised by the D.C.A. (Director of Civil Aviation) are undertaken by the airport. You will be aware that in the States last week I was asked a number of questions and you have seen individuals had spoken to States Members around issues that had happened at the airport. I have, subsequent to the States sitting, written to the D.C.A. about those accusations. I will also expect, when I get that report from the D.C.A., further briefing on those accusations and the veracity of them or not.

Deputy M. Tadier:

Minister, can you just confirm the point at which you became aware of the special attention? That was when it was already in the public domain; is that correct?

The Minister for External Relations:

I do not know if it was in the public domain but I understand that you in Scrutiny were written to by a member of the public. I think the brief was provided to me. I think it is on the 7th or 8th February. I suspect the letter that you received in Scrutiny was dated prior to that. The normal process for

level 1 special attention would not involve anybody outside of either the D.C.A. or the Airport Authority.

Deputy M. Tadier:

Just to confirm, the process that took place, we were contacted by a member of the public. We then wrote to the Minister for Sustainable Economic Development to ask for clarification. Then that was the point at which you were contacted to be given an explanation, is that right?

The Minister for External Relations:

It was more that you wrote to the Minister for Sustainable Economic Development. I became aware of that ...

Deputy M. Tadier:

What did I say? Did I not say that?

The Minister for External Relations:

No, I am carrying on. You also said following on things. I became aware of that and rather I asked the question of the D.C.A. and that brief was then provided. The rationale for not doing it in advance was, as I said, level 1 special attention is the lowest level of the D.C.A.'s escalation process and would not under normal circumstances ... or under circumstances elsewhere where airports are regulated would not involve political or Ministerial briefing.

Deputy M. Tadier:

There are other Ministers involved though, are there not? Just to clarify, who is the shareholder for the airport?

The Minister for External Relations:

Of course the shareholder is the Minister for Treasury and Resources.

Deputy M. Tadier:

I know, Minister, you are not here in that capacity but as it is maybe a joint approach for Ministers, what other ministries were informed, at what point, about the special attention?

The Minister for External Relations:

As far as I know from the D.C.A., no other Ministers were informed, other than myself, at which point certainly the Minister for Sustainable Economic Development became aware. I cannot recall entirely when the Minister for Treasury and Resources became aware, but I would not necessarily expect the Minister for Treasury and Resources to be made aware in her shareholder function.

Deputy M. Tadier:

Do you recall, Minister?

Assistant Minister for External Relations:

I cannot tell the exact dates, no, but I was told there had been a restructuring where there were some very new and capable people were coming in to work in Jersey Airport. I cannot remember when I knew about special attention but my understanding was that it was always that it was a relatively routine matter where you had new personnel. It was simply because there was a change of personnel the D.C.A. was going to keep a closer eye on things until those people settled in. That was my understanding of it and we have a no-surprises policy among myself and the State-owned entities. I may have been told that on an ad hoc basis but I cannot remember timing. I genuinely cannot remember timing.

Deputy M. Tadier:

We are aware of that. We received a confidential briefing, so we are not fully aware of what is confidential and what is not. We will err to the side of caution, I think, to be circumspect but could you tell us, what is the link between the restructuring at the airport and the putting into of special attention?

Assistant Minister for External Relations:

My understanding of it was it was simply because you had new personnel coming in. Maybe it is because of the nature of the role and the restructuring because it was new personnel, it was just keeping an eye on things.

Deputy M. Tadier:

Okay, but new personnel happen all the time.

Assistant Minister for External Relations:

It was not necessarily raising a concern. It was just you have a new person and we will just keep an eye on things.

Deputy M. Tadier:

I presume airports all the time bring in new personnel and they do not automatically go into special attentions. What is the ...

Assistant Minister for External Relations:

I do not know the reason. Perhaps it is because of the nature of the roles.

[14:45]

The Minister for External Relations:

Yes, sorry, if I can help. It is because of the substantial restructuring. It is not just a new person coming in to operate the X-ray machine or another new person coming in to work at the gates. It was a substantial restructuring of the airport and it was that substantial restructuring where people were being either made redundant or retiring and new people coming in. To the Minister's point, at that point when you have got a substantial restructuring of senior management roles, bearing in mind the airport is not a massive organisation, I am only a layman but even I can see it seemed sensible that you would undertake audits on a more timely basis and that the D.C.A. would be reviewing the operation and how that restructuring was working in practice.

Deputy M. Tadier:

Do you have any questions?

Deputy M.B. Andrews:

No.

Deputy M. Tadier:

No. Does anyone else want to ...

Chief Officer, External Relations:

I was simply going to say, as the Minister said, I think it is a standardised part of the process that the D.C.A. follows under the various levels. For level 1 an organisational restructure, such as that that the ports went under, would automatically come to the attention of the D.C.A. and he would conduct an additional audit out of the normal cycle. That is just it is part of a process that he ...

Deputy M. Tadier:

Sure. Just that that bit is understood but that does not necessarily automatically lead to the putting on a special attention level 1, does it?

Chief Officer, External Relations:

I think it does. I think level 1 kicks in when there is a significant restructure such as they have undertaken. It is just that that is what happens, it is part of the process.

Deputy M. Tadier:

I am not sure if that is our understanding. I understand that restructuring can happen in any airport and that does not mean they will automatically go into special attention.

Chief Officer, External Relations:

I think because of the nature of the restructure in ports and the size of the restructure that was undertaken and the roles that were within scope, that was deemed relevant to level 1 and that is why it got caught by the D.C.A.

Deputy M. Tadier:

Okay. I think we are in a difficult position. My understanding might be slightly different to that. What I would ask, Minister, is that there are 2 things. First of all, these are clearly sensitive issues, there is an element of confidentiality that needs to be respected around airport security, but in terms of the public interest being served here, what seems to have happened here is that there is a whistleblower, for want of a better word, has contacted the panel but also other States Members put some information out in the public domain. How do we scrutinise that and how do we ensure that the restructuring that has been going on at the airport, that you are satisfied with what is going on, what is the appropriate level of Ministerial and political oversight for an entity which is still 100 per cent States owned?

The Minister for External Relations:

I will come back to the bit about into the public domain. My responsibility - once the D.C.A. confirmed to me in February that the airport was under special attention and that was because of that substantial restructuring and the matching of roles and the experience and all of those things - was to ask the D.C.A. quite simply, because I see it quite simply as is the airport safe and secure and can Islanders be confident that the airport is safe and secure? The D.C.A. clearly said to me - I think he said it in the briefing note as well - that as far as he was concerned the airport were responding to his requests that arose out of them being under special attention and that they were taking the actions that were required to give him confidence and that he was, therefore, confident that the airport was safe and secure. As we sit here, the airport is still in special attention and I will be, as I say, expecting not only his report at the end of this month but also a briefing on the answers to those questions that I am not sure if they were the questions that the whistleblower made. But I have become aware through media as well that the questions that were asked of me in the States Assembly last week, whether there was a connection between those instances and the concerns that were around the restructure. Of course, once I have got both that report and a briefing on those issues, then I will have to think very carefully how and what information can be put into the public domain, recognising that level 1 special attention would normally be between the regulator and the airport. As I said in the States Assembly, I think that this has become a matter of public interest and it is really important that we get the balance right between putting information in the public domain and protecting security procedures because protecting security procedures means that the airport can operate safely and securely and not be the subject of bad actors seeking to use those processes

for various actions. I am not yet able to tell the Scrutiny Panel exactly how I will manage the information that needs to be placed, I think, into the public domain but we are having active consideration about how that can be done and what will be put in. I suppose to some extent it might depend on whether special attention status level 1 is maintained for a future period. If that is the case, then I suspect more information needs to be put into the public domain. If it no longer is in special attention, then that will be a different scenario again but still Islanders need to have reassurance around the safety and security of the operation of the airport.

Deputy M. Tadier:

I suppose in future, would you speak to the airport and Ports of Jersey about maybe a no-surprises policy? We get the relationship between the D.C.A. and the airport is one thing but the relationship between the airport and Government is perhaps something which is within your purview. I see that there are 3 Ministers who are stakeholders; you have got the Minister for Treasury and Resources, yourself and the Minister for Sustainable Economic Development. Would you have expected to be told of these kind of things or would you be interested in knowing of these things on a confidential basis so that you can be prepared if these things do come out?

The Minister for External Relations:

That is a question that really is quite impossible to answer because there has to be Chinese walls between a regulator in Government and the day-to-day operation of Government, which is overseen by the Minister for Sustainable Economic Development, and the shareholder function, which is overseen by the Minister for Treasury and Resources. My focus has to be entirely on the role of the Director, the office of the Director of Civil Aviation and on safety and security. Having a conversation with the Director of Civil Aviation to see if we can get information, despite the normal process of it remaining confidential as an early warning, I think there is merit in that, but it has to come through that channel and not from any other channel because there has to be that Chinese wall.

Deputy M. Tadier:

Thank you. Are you happy with that?

Deputy M.B. Andrews:

Yes, indeed, yes.

Deputy M. Tadier:

Yes, thank you. We will move on. Thank you for taking those questions at fairly short notice, Minister. I will just pass over to my colleague Deputy Andrews for the next section.

Deputy M.B. Andrews:

Thank you, Chair. Moving on to MONEYVAL and the report that was published on 24th July of last year, already nearly one year, Minister, I just want to ask you, first of all, are we in a good position in terms of delivering upon the findings of the MONEYVAL report and, if so, will many of the things that have been identified be delivered upon before the next election?

The Minister for External Relations:

I suppose the first thing to say is that it was important that we got a good report from MONEYVAL because it was only in getting a good report that meant that we were not grey-listed and that we did not have to go through that, what we all know is a very damaging process but also a very painful and costly process. Of course we want to meet the international standards, the 11 immediate outcomes, and we did very well on that, but with any international standards process like this there is always room for improvements and there is always changes in the way that you are being assessed. We know that we are moving from the fifth to the sixth round of assessment. The basis for assessment will change again. Officials are only right now this week at Strasbourg - I think it is Strasbourg - at the sessions now where those sixth rounds are being kicked off and almost starting. What we have done in government is to merge those 2 bits of government together. Helen is now responsible for both financial services policy and financial crime policy as well. That all comes together under her anyway that we did not do before. We have taken this opportunity post the report to focus now on our competitive advantage. That does not mean that we are not also doing the work that came out of the recommendations of the report. As you will be aware, this quarter we have got the proliferation financing risk assessment that is being published. We have got typology reports on dual-use goods, which will support detection and compliance in the private sector. We have got the J.F.S.C. (Jersey Financial Services Commission) consultation paper published proposing enhanced criminal background checks for individuals in key roles. We have got the ongoing work of the F.I.U. (Financial Intelligence Unit).

Deputy M.B. Andrews:

Yes. Minister, just touching on from the point that you mentioned for regulating the Jersey Financial Services Commission, how well placed are they now, compared to last year, following on from the publication of the MONEYVAL report?

The Minister for External Relations:

If we just step back from the MONEYVAL process for a minute, they will of course have to keep doing the things that are necessary to ensure that we can be compliant, but we come back then to the work of the Competitiveness Programme and we are working with Helen's team and Helen, as an individual, is working very closely with the regulator in various pieces of work around the Competitiveness Programme. The regulator themselves are thinking about their own strategic

direction and they are engaging with us on that as well. They are also doing work around the registry and thinking about what does a register look like for the future. There is a lot of ongoing work.

Deputy M.B. Andrews:

There are questions about the Competitiveness Programme that will be followed up by Deputy Tadier.

The Minister for External Relations:

Okay.

Deputy M.B. Andrews:

But I just wanted to ask whether you are confident that the Jersey Financial Services Commission have all the resources available for them to discharge their duties as a regulator?

The Minister for External Relations:

That is an interesting question because I normally get told that they are over-resourced and over-staffed. During the process of the MONEYVAL assessment we did do some international comparisons between the resource and the headcount at the regulator. Unless I am misremembering, it was broadly in line with international comparisons and, therefore, I think that they are appropriately resourced and staffed. Of course use of technology is, potentially, going to change some of that and the need for the resourcing the way that they currently have it, but that is a future question.

Deputy M.B. Andrews:

Are you confident that progress is being made in terms of seeing industry embrace some of the findings that were made in the report? Have you seen some of those changes being implemented as well?

The Minister for External Relations:

I think obviously MONEYVAL is really focusing on the agencies and the things that they need to do and all of the agencies are doing their work.

Deputy M.B. Andrews:

Yes, okay. Thank you very much, Chair.

Deputy M. Tadier:

Thank you. Minister, we are going to talk a little bit about the Competitiveness Programme, hopefully, if that is okay, which you have touched on already.

The Minister for External Relations:

Yes.

Deputy M. Tadier:

My first question is, what do you see as the growth opportunities for Jersey's finance sector in the short and medium term?

[15:00]

The Minister for External Relations:

If I had an answer to that I would not need to do the work, is the flippant reply. This work really is about ensuring that we strengthen our competitive edge in that global marketplace, that we improve our regulatory and business environment, that we make sure that we are positioning Jersey internationally correctly and that we are preparing for future challenges and opportunities. I suppose if I had one mission that I think we are about it is seeking to ensure that we strengthen Jersey as the go-to jurisdiction for those who want an international finance centre and want that denominated in sterling. The sterling international finance centre of choice is what I am seeing as the overarching mission to drive all this work forward and that is why we have got these 4 streams of work to deliver on.

Deputy M. Tadier:

On the one hand, is there any tension or overlap between enhancing what Jersey's financial sector already does well or looking to develop new ways of working that maybe can attract and enhance growth?

The Minister for External Relations:

It is various, is it not? Yes, I think in the premise of your question it really is that we need to do both. I know it is a truism to say that if you are standing still you are going backwards, but in this sector that is the case. If you not winning a new business you are not winning new funds, you are not winning new family officers, you are not winning new deposits, then you are, ultimately, going backwards, but the core strength that we have, which is that government regulator and the industry work closely together, that we can be fast and nimble, that we can have appropriate regulation. Those core things need to be revisited and strengthened because 60 years of being a successful finance centre inevitably means that in places we have become bureaucratic, in places we have not been innovative or flexible. Somebody was saying to me the other day, and they are right, that new industries flourish outside of regulation; that is just their very nature because they are new, nobody has thought about how to regulate them or what regulation is required. We can all think of some of

those industries. The challenge for a mature industry like financial and business services in Jersey is how you reimagine that regulation and make sure that it is not stifling the growth of the sector. Yes, it meets with the international standards but it does so in an appropriate, risk-managed, balanced way.

Deputy M.B. Andrews:

Can I just ask, Minister, you have spoken about regulation but also have you received any feedback from any entities regarding the cost of doing business in Jersey?

The Minister for External Relations:

I always think that is a really interesting question. If we want to go into any detail but Helen is leading the workstream - to just make sure I get its name correct - the business and regulatory environment workstream. She has used a local law come consultancy firm. They have gone out to industry, they have had something like 100 interviews. They had user workshop groups; that was conducted in March and May. She has done that in concert with Revenue Jersey and the J.F.S.C. Sorry, just go back to your question again.

Deputy M.B. Andrews:

This was about have you received any responses from any entities regarding the cost of doing business in Jersey?

The Minister for External Relations:

Yes. Interestingly, the cost of doing business in Jersey is not the cost of company fees and things like that. It, to some extent, is the cost of time and that is related to bureaucracy and the way that we currently regulate. We know that Jersey lawyers are not the cheapest in the world. Jersey banks are not the cheapest in the world. Jersey trust companies are good value for money but I have got to be careful not to be partial. We know that you have got that cost base built in. The real cost of doing business in Jersey is much more about the time, the cost of time. If we can narrow down, if we can use technology and reduce all of that time cost, then our core costs are comparable with and better than other jurisdictions that we compete with.

Deputy M.B. Andrews:

Yes, but do you see it being a potential problem if we see firms adopting, say, artificial intelligence, for instance, and will we then see an actual displacement of labour or do you not have any concerns about that? Do you think people will be fine?

The Minister for External Relations:

I do not see it as a problem. I see it as a great opportunity for business and financial services. It comes back, again, to your point about cost. If you can do things more effectively and more efficiently and they take less time, then the on-cost to the client is reduced. I think that we have got to be careful not to think sci-fi when we think about A.I. (artificial intelligence). We have just got to think about large language models and the use of information, combined with technology, that will help us do lots of analytical work in a shorter time. I was talking to somebody last week about a piece of technology that would answer the question that we have been struggling with in Jersey for a long time. I want to come and set up, say, a company in Jersey. I have an introducer, a London law firm. Firstly, of course I have had to give all my C.D.D. (client due diligence) stuff to them. They introduce me to a Jersey law firm, unless it is a sub. They have to provide it all again. We introduce you to a trust company; they do it all again. The bank wants it all again. This is a piece of technology whereby you can provide the source information once, it has an audit of where it has come from and then others can use that information because they are networked into it. You provide it once, trust company, lawyer, bank. They do all their risk assessment and they have their internal risk profile but the source document is produced once in this technology. There is no reason to my mind why the regulator cannot do that as well. We are using technology to reduce that time.

Deputy M.B. Andrews:

Yes, but, Minister, do you expect the number of jobs in finance to diminish with the adoption of technology or do you happen to believe that there will be a creation of new jobs as well?

The Minister for External Relations:

That will, to some extent, depend on how successful we are, not just with this piece of work but with all of our support for economic work, because what we are seeking to do is recognise there are all these headwinds, which I think can be used positively and win more work and attract more businesses to Jersey. People are then moving through the skills level, because if we can only win quality business, that quality business requires human interaction. It does not require human interaction all the way down the line but it does require human interaction at certain levels. That is what Jersey is skilled at and that is where we should focus our growth potential and let A.I. and technology deal with the other jobs where we know that they are going elsewhere anyway. We have been outsourcing some of the sorts of jobs that tech can now help us with to other jurisdictions for a long, long time anyway. We must focus on making sure that we grow and that we have a sustainable financial services centre in the continued trajectory of the high value so that we can maintain and grow what we have got.

Deputy M.B. Andrews:

Thank you, Chair.

Deputy M. Tadier:

Minister, I would like to ask some questions about risk appetite in the context of competitiveness. I have got an allotment, I do not know if you are aware of that, and I operate quite ...

The Minister for External Relations:

I did not know that. No, Chair, I did not know that.

Deputy M. Tadier:

I operate quite an unregulated system with my allotment.

The Minister for External Relations:

We can talk about cabbages outside of this.

Deputy M. Tadier:

We can do. It is not quite election time yet, Minister. Yes, I operate an unregulated system, by and large, in my allotment and I find that it has caused quite a lot of growth to occur in the allotment but it is not necessarily the type of growth that I want. Is there a reasonable analogy that can be made with Jersey's finance sector in terms of the risk between regulation and, therefore, promoting good actors and conventional, if you like, versus complete unregulation on the one hand, deregulation, which might resolve in a lot of growth but the need for weeding out to take place later on? What do you see as a sweet spot in terms of where Jersey needs to be from a regulatory point of view?

The Minister for External Relations:

I do not see it in terms of allotments, it will not surprise you in that regard.

Deputy M. Tadier:

I thought you might enjoy that analogy.

The Minister for External Relations:

A good regulatory and a sound regulatory environment, meeting the international standards, is the basis upon which we have been successful for these last 6 or more decades. The question is: does the bureaucracy that we have in place and does all of the legislation we have in place enhance or diminish from what we are doing? Does it manage the risk or does it give the impression of managing the risk because you have got all these boxes ticked? I think we are going to say we have got fantastic organisations, we have got great lawyers, we have got great trust companies and banks. They understand their clients, they can get to know their clients. They can understand the risk of individuals and businesses and go back to what we really think and what really helped us in the past, which is we really are thinking proportionately and in a balanced way about risk. These

conversations are live. I have been having these conversations with interlocutors because it is a really important question: is the legislation and the bureaucracy that we have got in place dealing with risk or is it just making us uncompetitive? In lots of cases or in a number of cases it is making us uncompetitive and it is not helping us manage the risk. The MONEYVAL assessment, I think it gave us the highest possible grading for understanding risk. If we understand risk out there in industry, we understand it from a policy perspective because we know a centre of cross-border flows brings with it risks. We understand those risks. Then we ask the question: is the way that we are dealing with regulation appropriate to those risks and is it helping us mitigate and manage those risks, because that is what we are trying to do?

Deputy M. Tadier:

Okay. Have there been any specific actions formed in the Competitiveness Programme in terms of likely ...

The Minister for External Relations:

We have got these 4 workstreams, which I know you know about already. The first one is international tax. There are lots of ongoing actions around international tax, not least thinking about delivery of Pillar 2 and all of that work. In workstream 2, the one that Helen is leading with ... is it a public event? A public industry event that we are going to invite all States Members to on 23rd July where we will talk about the actions that we have been taking and further actions that we will then take throughout the rest of the period of this programme and beyond. There are a number of actions that Helen is implementing now but we are going to bring those all together at the July event. Hopefully, at least some members of the panel can attend that. Then we have got the external growth strategy work that is just in progress. Others, finding somebody to undertake that work, we have not signed and sealed that yet. It is being led by J.F.L. (Jersey Finance Limited) and then we have got the bringing of it all together in workstream 4, which is into next year.

Deputy M.B. Andrews:

Minister, can you outline whether there are any implications regarding resourcing for the Competitiveness Programme?

The Minister for External Relations:

As you know, the previous Government Plan forecast a number for Pillar 2 receipts. We are working through the F.P.P. (Fiscal Policy Panel) economic assumptions and the Income Forecasting Group.

[15:15]

That may have implications for the amount that we have earmarked for the future competitiveness work, but the current work that we are undertaking is all being undertaken within the existing budget that the States agreed for the Financial Services Division, the Economy Unit, last December.

Deputy M.B. Andrews:

Yes. Can I also ask if ...

The Minister for External Relations:

Was it November? Did we do the budget in November last year? November, sorry.

Deputy M.B. Andrews:

Can I also ask a further question regarding the recruitment freeze? I was wondering whether this had impacted your department and have there been any implications where roles would have otherwise been filled?

The Minister for External Relations:

We will just take each division slightly separately there. It is no doubt the case to my mind that the consultancy and recruitment freeze to date has meant that we have got funding available within Helen's section to allow us to undertake the work that we did in workstream 2, using a local consultancy and law firm and that was very well received in industry. The work that we are going to be signing and sealing in workstream 3, using an external global consultancy body as well, means that we will be able to fund that from within our existing budget. While the Chief Minister, of course, has been really firm in the criteria for exceptions to consultancy work and there is some other bits of work within the department that we are not doing because we have not got permission to do that, it does allow us to focus on this work. There is a recognition, of course, that there are certain pieces of work ... and Health are the same, they have to have external consultants to help with them. Infrastructure are the same. Here, if we are serious about making sure our economy remains competitive and grows, we need the support of externals as well. Although it has been a really rigorous process, there is a recognition by the C.E.O. (Chief Executive Officer) and the Chief Minister that this is work that needs to be undertaken. We restructured in financial services, as I said, post-MONEYVAL, and that was to reduce our cost base, reducing senior roles, which meant that we had more junior roles to be able to fill to take up some of that work. We are recruiting for some of those but not all of them, but we are managing, I think, which is what the Chief Minister and the C.E.O. want. We are doing more within our existing budget because we are managing to control these very things. In External Relations we are also managing our budget and managing headcount as well.

Deputy M.B. Andrews:

Okay, that is very good to know. I will just move on to the next section regarding the banking review and I just wanted to know, Minister, what stage are we at in regards to this review?

The Minister for External Relations:

The banking questions I am going to pass to my Assistant Minister, or I do not know if you want to do it or you want Tom to do it.

Assistant Minister for External Relations:

I think the banking review happened really over what started in 2021 and 2022, which generated a series of pieces of work, some of which have progressed, some of which have not progressed, but I think the banking piece because in the wider Competitiveness Programme the banks really are quite fundamental to the whole financial services framework in Jersey. It does not make any sense to leave them out of that piece of work. The whole bank review piece will roll into the competitiveness piece of work as well.

Deputy M.B. Andrews:

Okay, that is very good to know because that was something that the panel were pondering. Minister, I do need to ask, you mentioned about some pieces of work that have not been continued and I just want to know, why has that been the case?

Assistant Minister for External Relations:

I think that it is virtually largely due to resources. Tom, you have got more detail.

Senior Policy Adviser, Financial and Professional Services:

I think there are some pieces ... for example we looked to open banking, but this is one of the pieces that is on hold as we look to the competitiveness piece of work. We have talked with the panel previously about open banking, open financing, which is enabling the intermediary platform base service providers to sit in between banks and maybe financial institutions or consumers. Even though that is something we see is a global trend, it is something that we need to consider where, as Jersey, it is right for us to take that piece of work. I understand it has been put on hold to consider within the broader context of the competitiveness review, at least the strategic piece of work within competitiveness review. The banking review work, that is a series of work performed in 2022, did feed in many directions, purely because it is quite a broad considered piece of work. Inevitably, because banks crisscross the whole of society and the whole of industry, it is fed into the other pieces of work which we have been doing, for example the consideration of the regulatory environment, which, again, it identified the need to look into that. That is exactly why that is then forming part of that piece of work, along with other reasons why it then formed part of that piece of work. The review also identified the need to continue to deliver other items that we had on the cards,

for example we had a piece of work on digital I.D. (identification) that we have moved over the line and we delivered upon. There are still things to deliver on that from a strategic perspective.

Deputy M.B. Andrews:

Thank you very much for your time for responding to me on that question. Minister, I just wanted to ask, are you aware of how many banks operate in the Island?

Assistant Minister for External Relations:

I want to say 19.

Chief Officer, External Relations:

There are 19 licences, yes.

Deputy M.B. Andrews:

Yes, some are in a group.

Assistant Minister for External Relations:

Nineteen licences, which may be within the same group. There may be more than one licence within a particular banking group, depending on how they structure their operations in Jersey.

Deputy M.B. Andrews:

Minister, I also just wanted to ask a question regarding, what actions do you believe ought to be taken to encourage more businesses, more banks to come to the Island?

Assistant Minister for External Relations:

Hopefully, the competitiveness review will help us with that. I think the J.F.S.C. has some quite strict policy in terms of which banks they would allow in. You had to be in is it the top 500? I think that has been relaxed a little bit for quite some time.

Deputy M.B. Andrews:

Yes, to 1,000.

Assistant Minister for External Relations:

I think really last year or the year before there were lots of enquiries but setting up a bank in a new jurisdiction is quite a big piece of work. I think, clearly, the main clearing banks are here. There were banks that were here previously who have gone and it may be they will come back. Often banks make decisions based on wider global strategies. There are some banks who have been here, they have divested operations, they then buy back into those very same operations as their

strategy. Their own outlook changes, what they want to do or not do in Jersey; the roles have changed. Yes, if we have more banks coming that is a good sign. I think some of the smaller ones have left; maybe they just did not have the scale here.

Deputy M.B. Andrews:

Minister, are you aware of the reasons that have been given by some of the banks who have perhaps relocated, say, within the last few years?

Assistant Minister for External Relations:

Not specifically but ...

Senior Policy Adviser, Financial and Professional Services:

I think if we look to the last few years, you are talking more one of consolidation within industry. You have seen banks purchasing other parts of other banks and that is really a trend that has started from 2009 onwards of de-risking in banks, de-risking probably more from a commercial perspective to consider and focus their own product lines and services. We have seen that de-risk and we have seen that consolidation. The industry looks very different from 20 years ago as in terms of banks; you cannot see so many licences. I think, as the Minister says, it is one of considering where we want to make sure we have got the environment where the right banks can come to the Island. At the same time, I think this piece of work that is going on with competitiveness will allow us to consider services that we may wish to encourage on Island and how we make the environment to enable that, but then recognising there might be limitations in that and there will be an inevitable need for some services to be sought.

Deputy M.B. Andrews:

Thank you.

Deputy M. Tadier:

Thank you, Minister. I would like to just move on, maybe briefly, to the area of double taxation, so D.T.As (double taxation agreements), as we might call them. I am specifically going to start with a question about where we are in working on a double taxation agreement with France because it does seem to be an area of public interest. We do routinely get correspondence from constituents because they are, potentially, retiring there and at the moment they seem to be in a financially adverse position because of the lack of a double taxation agreement. Could you talk to that whether globally you are supportive of moving to that position and what the challenges are and the steps are to get there?

The Minister for External Relations:

I do not think it is that there is not any support. Of course there is already a partial D.T.A. from 1964, which eliminated double tax on aircraft and shipping. That does not really ...

Deputy M. Tadier:

Does not help my constituent.

The Minister for External Relations:

... deal with the individuals or your constituent, does not help your constituent probably. Pension income is also protected from double taxation through an article included in the French Tax Information Exchange Agreement from 2010. We have had numerous engagements with the French Government, be that in Paris, be that through the embassy in London, be it through on-Island visits. It is an issue that we continually raise about upgrading, in effect, our current treaty arrangements. Unfortunately, a full D.T.A., we have been clearly told, is not of interest to the French at this time but we will continue to make the case because we recognise the broader benefit.

Deputy M. Tadier:

Is there any extension of a partial D.T.A. that might be of benefit to ...

The Minister for External Relations:

That is where the conversation really focuses on. I use the word "upgrade" but you use the word "extension". That partly is where our conversations are focused. Tom, you are the international ... or Niamh. Have either of you got anything else to add?

Director, External Relations:

I just wondered, Niamh, on D.T.A., whether you wanted ...

Assistant Comptroller, Revenue Jersey:

I would say that we do periodically reach out to the French authorities, most recently in connection with discussions around B.E.P.S. (Base Erosion and Profit Shifting), the O.E.C.D.'s (Organisation for Economic Co-operation and Development) Base Erosion and Profit Shifting project and its impact on double tax agreements. I think it is very clear and it has been very clear on multiple occasions, as the Minister said, that the appetite just is not there, unfortunately, on the part of the French.

The Minister for External Relations:

But we will continue to raise it, as Niamh said she does as well.

Deputy M. Tadier:

Do you feel that you have got a handle on what the issues are from the Jersey perspective, so from the user's point of view who might be facing double taxation or would you value hearing from more members of the public?

The Minister for External Relations:

I think maybe with the taxpayers - and I suspect you have got a handle - if any members want to write into the Revenue Jersey, then please feel free to. What is the word I should use? I should not use the word "ammunition" but if there is further evidence that we can present to the counterparty on what the benefits would be, then that is always useful.

Deputy M. Tadier:

We also note the amended taxation agreements with Ireland and Mauritius. Where are we with those? Have they been implemented?

Director, External Relations:

Those have been completed. We have completed the updates to them. Those were done to maintain Jersey's alignment with international minimum standards. Niamh just mentioned B.E.P.S., which is Base Erosion and Profit Shifting, for anybody who is listening who is not an expert on all this stuff, and that requires us to make amendments to our treaties to bring them into compliance. That has been done and that work is completed. I think in the coming months there are going to be some more updates to Jersey's existing treaties for perhaps compliance and I think we have quite a well-established process of notifying the panel in advance of those being presented in the usual way. We are also engaged in a broader ongoing programme of discussions with other D.T.A. partners. With any luck, the Minister will be making some outbound travel over the course of the autumn to allow for signing of those concluded texts.

Deputy M. Tadier:

I notice there is a British-Irish Council coming up, is there?

Director, External Relations:

Yes.

The Minister for External Relations:

On Thursday and Friday this week.

Deputy M. Tadier:

On Thursday. Will double taxation agreements figure in any of those discussions?

Director, External Relations:

It should not be this time. It is a good question because we signed the update to the Irish agreement in the margins of a prior British-Irish Council meeting. They can act as a good forum for bilateral business but we have already done that this time round.

[15:30]

Deputy M. Tadier:

How do you identify more generally where the double taxation might be beneficial and then feasible if you have a way of going through that process?

The Minister for External Relations:

Maybe you can talk about the matrix, please.

Director, External Relations:

Yes, sure, I am very happy to do that. There are 2 aspects, I think, to where we think about the benefit to Jersey. Taking them in turn and not in order of priority, I think historically and primarily when we thought about 4 double taxation agreements, we had been thinking about the benefits to Jersey companies that can be provided. The focus there is around understanding which markets, which jurisdictions are particularly important for Jersey businesses. We have quite an established methodology for looking at jurisdictions and trying to identify whether there is value and growth for Jersey businesses. That is because of the provisions in the double taxation agreement that are most relevant to cross-border flows, that is around rates of withholding tax where that is the tax that is levied on interest dividends, royalties and we are looking to secure a favourable treaty rate that is lower typically than the national rate. The other area that is also relevant is more linked to your earlier question around the impact on individuals. Formal agreements do not just confer benefits to companies, they also do it for financial persons, for people. There we have done some work recently to think about, where are the jurisdictions where we are increasingly seeing nationals of other jurisdictions coming to work for Jersey? The sorts of issues that D.T.A.s can sort out is where you may have an individual who is spending part of a given tax period working in Jersey, for example during a busy summer season, and then returning to a home jurisdiction. You need agreements between those 2 places to work out, who has the taxing rights over what and when. That clarity can be a useful tool in our armoury when we are trying to attract workers to come. We have an established process and I am very happy to offer a more detailed briefing on exactly how our methodology works. We are thinking about jurisdictions. We call it our horizontal analysis that we do and we have done that for other previous panels. The other thing I would say just more generally is all of these questions, at the risk of sounding like the Competitiveness Programme, have lots of things going into it but they are relevant for the competitiveness work under workstream 3. In

particular where that is thinking about overseas value pools, which are the priority growth, sub-geographies and sub-products for Jersey, that should give us some fresh information about what we are seeing out in the market and where we think some of the business of the future could lie for Jersey.

Deputy M. Tadier:

Can I just ask, there presumably has to be benefit or perceived benefit on both sides, both for Jersey and the signatory on the other side?

Director, External Relations:

Yes.

Deputy M. Tadier:

When it comes to the B.E.P.S. or the Base Erosion and Profit Shifting, is that something that is put in by Jersey usually or is that a counter-requirement which is often put in by the other country?

Director, External Relations:

I will start and I do not know if Niamh wants to go in. Jersey's model treaty includes all the B.E.P.S. minimum standards because Jersey is a full B.E.P.S. associate; we have signed up to it. When we are going out to negotiate, our treaties have all of those provisions. The updates for Ireland and Mauritius, by way of example, are because we had agreements that predated those changes coming into effect. All jurisdictions that sign up to it have to bring into effect those new provisions into their existing treaties. You are absolutely right to say that all treaties are a matter of negotiation. If we have negotiations with a fellow B.E.P.S. associate, then of course on both sides you will have a match in terms of those provisions because they apply equally to all treaty partners, but it is true that not everywhere in the world is signed up to the B.E.P.S. programme. I do not know, Niamh, whether you want to add to that.

Assistant Comptroller, Revenue Jersey:

I think that was a very good summary. Ultimately, it is negotiations and increasingly we are seeing that our partners are also looking to other models, particularly the United Nations model, which is slightly different in different areas. It varies on the balance of the agreement with each partner jurisdiction.

Deputy M. Tadier:

Thank you. Thank you for that. I am going to move on to some questions about trusts, if that is okay? Specifically, the Trusts (Jersey) Law 1984, make sure we are all on the same page.

The Minister for External Relations:

The amendments to it, yes?

Deputy M. Tadier:

Yes. I am mindful, I think we are making good progress but we are in the last half an hour of our hearing so I will try and keep the questions punchy and maybe if we can do the same with the answers. The panel understands that the amendments to the Trusts Law can be anticipated to be lodged shortly. Can you provide a brief outline of the purpose of these amendments?

The Minister for External Relations:

Yes. So, as you know, the Jersey Trusts Law is a flexible piece of legislation by intent but from time to time, if there have been specific issues brought to our attention or specific judgments that need clarification in the legislation, then that is how we deal with it. They are quite technical really. One area is confirmation of priority of claims between a former and current trustee on the one hand and a secured lender on the other, given the recent case of Re Z. This amendment will clear up that position and give clarity to secured lenders that they do have priority and insolvency over a trustee. Then we have got the change around beneficiaries' ability to call for the termination of a trust in certain circumstances that is confirmed as being where other beneficiaries cannot be appointed. Then we have got changes around clarifying that a sole trustee cannot resign if that would mean there are no trustees for the trust. At that same point we went out thinking about in that consultation, we also started to think about data trusts, but we need to do further work on that as well and there are some minor corrections as well.

Deputy M.B. Andrews:

Can I just ask, Minister, you mentioned about if there was one sole trustee who was in a position where they wanted to resign and it would obviously not be tenable for them to do so, but I just want to know whether there are any implications if there is somebody who has to maintain themselves as a trustee who does not want to hold that position any further?

The Minister for External Relations:

Of course, there are, because what needs to happen is that one needs to find a trustee that the trust can be assigned to. That is something that normally there would be support for from the J.F.S.C. to do that assignment, but it is really important that the trust itself does not fall over because there is no trustee.

Deputy M.B. Andrews:

Do you think there could have, perhaps, been an elaboration in terms of there being a defined and explicit process in regard to the appointment of a new trustee to replace the person who wants to step down?

The Minister for External Relations:

I do not think so. I think flexibility is key to enable it to happen. The other option would have been of course - which is something that whenever we have looked at it, it just becomes costly and bureaucratic - the use of a public trustee, but this is sort of a way of solving that problem.

Director, Financial and Professional Services:

Yes, Jersey's Trusts Law is probably the greatest asset of the private wealth industry in Jersey. What we do not want to do is codify absolutely everything and not to forget that trustees have fiduciary duties that will be ongoing until that point that the trust is under administration somewhere else.

Deputy M. Tadier:

Thank you. Is that generally how it works? There would be a court judgment and that might indicate that there are amendments that need to come forward.

The Minister for External Relations:

It would either be that and the industry working groups would want clarification or we would look at it and think: "That is not how it has been working in practice, so we need to make that change so it does work and it is clear." Sometimes a judge in their judgment will suggest that there should be clarificatory amendments made as well.

Deputy M. Tadier:

Okay. There was a consultation undertaken in 2024, I think - is that right - on proposed changes. Were the stakeholders supportive of the changes that have been put forward?

The Minister for External Relations:

Yes. So let us just say it is an iterative process and we have got to be careful we do not praise her too much. We have a good trust person in the department. She is well respected in the trust industry, and she has got a good grip of the details and the implications. She manages all of this dialogue with the Trusts Working Group, and she has not said that there are any concerns, more, I would suspect, that there was full support for it.

Director, Financial and Professional Services:

Yes, absolutely, and there will be a response to that consultation forthcoming. I think just with the pressures we have on the legislative timetable this year, we want to finalise the legislation for drafting before we can put forward that, but there is ongoing engagement with those who responded and a specific Trusts Law Working Group.

Deputy M. Tadier:

Can I just ask in terms of numbers, what are the kind of numbers we are talking about with stakeholders who actively respond or are involved, first of all, within that working group but more widely? Is it fairly niche, if I can use that term?

The Minister for External Relations:

I think it is safe to say it is fairly niche. I do not know how many people are on the Trusts Working Group.

Director, Financial and Professional Services:

I do not know the numbers off the top of my head. There are normally around 10 representatives, I would say, on average from the different trust companies' law firms as well and the J.F.S.C. would normally attend the working groups.

Deputy M. Tadier:

Thank you. That is fine. Deputy Andrews, are you happy to carry on with banking recovery and the compensation scheme?

Deputy M.B. Andrews:

Yes, indeed. The panel has previously raised questions, Minister, regarding the Depositors Compensation Scheme and the panel also understands the response you provided in terms of not bringing forward any proposals before 2026. However, after such a date, is the Minister of the view that something ought to be changed, and if not, then why not?

Assistant Minister for External Relations:

Sorry, proposals for ...

Deputy M.B. Andrews:

Changing the amount.

Assistant Minister for External Relations:

For changing the amount. I think the focus at the moment is on merging the Depositors Compensation Scheme into the Jersey Resolution Authority, which is a completely sensible thing to

do because it is important that if there was a failure that the depositors compensation would be paid quickly and effectively and within international standards. By moving it into the J.R.A. (Jersey Resolution Authority), that facilitates that process, so it makes administrative changes. It means you have got one point of decision making and that will take some time to bed down. The deposit level that we have at the moment is the same as Guernsey and the Isle of Man. The question of raising it does come up, but we have to remember that we are a small jurisdiction, and we have to have limits that are proportionate and appropriate for Jersey. Once this is bedded down, the question of limits would possibly come up for review at that point, but it is not on our workplan at present.

Deputy M.B. Andrews:

Okay. What discussions have taken place with the J.R.A. in terms of bank recovery and resolution since you took office?

Assistant Minister for External Relations:

Well, there will be ongoing discussions with them. I mean, they are there. I think what the J.R.A. do is they work with the regulator and other stakeholders - I am going back to a previous life on this - in terms of working out what would happen if there was a bank failure. Lots of work goes on all the time so the Commission will regularly be looking at bank prudential status, how stable they are. They do stress testing exercises. They do view bank finances because the last thing that anybody wants is a bank failure, particularly not against a systemically significant bank in Jersey. They conduct that ongoing work and then they should be ready to use the tools so that if there was some kind of flag - let us say an amber flag in the first instance - raised about a bank, they could be speaking to that bank with the regulator to look at what can be done in the immediate instance to avert any form of failure. They will work through a number of resolution tools, which may be bailing in senior creditors, if you want to put it that way, and various other resolution tools in terms of more capital raising to avoid a failure.

Deputy M.B. Andrews:

Have any issues been raised during your time in office regarding, for instance, some of the balance sheets of some of the banks?

Assistant Minister for External Relations:

Not that I am aware of, but I do not think they would necessarily ...

Deputy M.B. Andrews:

No, not specifically.

Assistant Minister for External Relations:

That would be very commercially sensitive.

The Minister for External Relations:

I mean we know, obviously, what is happening, what the U.K. thinking has been about the required capital. There are often conversations from time to time about: “Is the required amount of capital necessary or could we look at that and adjust it downward?” I mean that is ...

Deputy M.B. Andrews:

Can I just ask, Minister ... obviously I do not want to ask questions that are potentially politically very sensitive but have you noticed there is a change when you are speaking to your counterpart in the U.K., who is now part of the U.K. Labour Government compared to the Conservative Government, and the perception of what they view Jersey to be as an international centre?

[15:45]

The Minister for External Relations:

When you say “my counterpart”, there are many counterparts. If you think about our counterpart in Treasury, she is an individual who worked for City U.K. and knows the City of London and knows offshore international finance centres very well. We have good support from Lord Ponsonby. We have got a good relationship with Nick Thomas-Symonds at the Cabinet Office. We have got a good relationship with the Business Secretary, so we are constantly seeking to build understanding and knowledge and value that Jersey brings to the U.K. economy. You look at the Department for Business, their own figures show that Jersey is responsible for about 10 per cent of foreign direct investment into the U.K. economy. That is not a Jersey figure. That is a U.K. departmental figure. We think that the Jersey financial services sector brings value to the U.K. economy and supports the new Government in its agenda for jobs and growth.

Deputy M.B. Andrews:

Yes. Thank you very much, Minister. Obviously, the panel understands that. P.42/2025 has been lodged, and I just want to understand what is the rationale behind the lodging of such a proposition and why will it be so crucial that it is passed in the Assembly?

Assistant Minister for External Relations:

Which is ...

Deputy M.B. Andrews:

This is regarding the Bank (Recovery and Resolution) (Jersey) 2017 Law.

Assistant Minister for External Relations:

Yes, P.42, as I say, that is the piece of law that will move the Depositors Compensation Scheme into the J.R.A. It does not affect the scheme. The scheme itself continues as is but it will make some administrative enhancements. It will also make some enhancements to the resolution law itself to ensure that can work in a practical fashion. For example, at the moment the Depositors Compensation Scheme law itself, which I think goes back to about 2009, 2010 ... well, I was talking about it in the late 1990s. It says that if you are a depositor, you must make an application for payment. You will have to provide certain information and what we would like to work towards, what we were aiming to work towards, is a position where the J.R.A. could just receive depositor data from the banks and could just pay out cheques automatically, can pay them out within, I think, 7 days, which is meeting international standards. It is enhancing the scheme and making it better while at the same time, with the whole resolution framework, trying to avert the possibility of a failure and the need for compensation in the first place, because the last thing that anybody wants is a ... a bank failure would be very stressful for depositors who are owed money by the bank, because it is a debt, obviously, but it would be very stressful for everybody involved. Everybody who ... whether you are a borrower, because does your loan become repayable? If you are a borrower, you still have contractual rights as a borrower and the bank cannot just come and say: "I want your mortgage money back next week", but it would be incredibly stressful for everybody. The whole resolution framework is trying to make sure that our banks are on a sound financial footing and if there is any wobble, that they can be supported and returned to sound financial footing rather than collapsing.

Deputy M.B. Andrews:

Okay. Thank you very much, Minister.

Deputy M. Tadier:

Can I just ask, is the £100 million limit that is being removed, is that for the global amount that can be compensated? It is not per company, is it, because there is a cap for £50,000?

Assistant Minister for External Relations:

I think that is global.

Senior Policy Adviser, Financial and Professional Services:

What is being removed is the £100 million cap on payouts that exists in the current scheme and what that means is when you hit that payout then you would have to seek any monies that you have not received from the liquidator. What removing that cap means is that the scheme, through the operation of the authority, could continue to try and make faster payment by recovering the money from the liquidator. They probably have the ability as a pool of depositors to claim that money from

the liquidator and distribute it through their processes with some ... I would not say relative speed but with more efficiency.

Deputy M. Tadier:

Can I go back to the £50,000 cap? The U.K. increased their figure from £50,000 to £85,000, I think, back in 2010. Does Jersey's Government not look at reviewing that periodically? In real terms, that value is declining year on year for investors.

Assistant Minister for External Relations:

Yes, but it has to be something that is proportionate and appropriate for Jersey and our banks in Jersey. We talked earlier about the cost of doing business and if you increase that amount, you also increase, potentially, the cost for other banks in doing business because they have to have that contingency in mind.

Deputy M. Tadier:

The scheme is there as an insurance policy.

Assistant Minister for External Relations:

No, there is no insurance policy. It is funded by the banks and in the initial stages ... well, initially you would ... I was told when we were doing the resolution law that in the vast majority of cases, the vast majority of depositors will always get their money back but there has to be an interim payment. The Government make an interim loan of £100 million and the banks, I think, also contribute, do they not, so the more you are required to pay out initially, the more demand there is on the loan and the ...

Deputy M. Tadier:

But do you accept the fact that it is going down year on year in real terms?

Assistant Minister for External Relations:

It is not increasing, but I think it is not necessary something that you would index link because I think for very many people, £50,000 would be a vast amount of money to have in the bank. For some people, it is a drop in the ocean.

Deputy M. Tadier:

It was a lot more when the scheme started, though, was it not?

Assistant Minister for External Relations:

Yes, but again, it is something that will be reviewed in due course, but it is not on the schedule at the moment.

Deputy M. Tadier:

Is there a competitiveness risk here if the U.K. has got £85,000 but if the E.U. (European Union) has got £100,000 as its standard?

Assistant Minister for External Relations:

I would be surprised. Well, it is something I would be surprised ...

Deputy M. Tadier:

Is there a reputational problem?

Assistant Minister for External Relations:

No, because local people are not going to move their money to the U.K.

Deputy M. Tadier:

Is it fair just because they cannot move their money that they are treated less than they would be elsewhere?

Assistant Minister for External Relations:

They are not treated less, that is the whole ...

Deputy M. Tadier:

Well, they are. The savings are not guaranteed to the same level.

The Minister for External Relations:

You are asking questions about what does it mean to be a small place with a different infrastructure around you. I think, as the Minister said, the most important thing is that we have got a functioning resolution authority. That means that banks are going to remain liquid and viable because nobody ever wants to get to the stage where a bank collapses again. That is why the focus has been on that and bringing that in together means that they can operate together. In due course then, once that is bedded in and working, then that is the right time to do a review, but we should not automatically assume that increasing that cap would be the right answer coming out of any review.

Deputy M. Tadier:

At what point would you envisage reviewing the cap?

The Minister for External Relations:

We said, did we not, as Deputy Andrews said, starting the review in 2026. It might take slightly longer than that, but it is about bedding down the new structure and then moving on to that.

Senior Policy Adviser, Financial and Professional Services:

Yes, that is where we are looking at doing this and, just to note, you were mentioning about the time difference. £50,000 Ian said there, that was in an environment where there was not a resolution framework. The resolution framework has obviously been a bit more front and centre of our minds as something to deliver on because it is recognised as the more appropriate tool for addressing what a larger or systemic bank ... so something that they use in the terminology has critical functions. The larger banks, which maybe you or I would bank with, would be considered systemic and global and larger and, therefore, resolution would be the more appropriate means of protecting and mitigating the bank failure issues. Nevertheless, we recognise on the face of it £50,000, you look at it and there is a need to constantly consider the policy position and that is why we have mentioned it is something that when we have delivered this stage, we will then move towards considering how the ...

The Minister for External Relations:

It remains with the other Crown dependencies.

Assistant Minister for External Relations:

Yes.

Deputy M. Tadier:

Minister, we are coming up to time. Can I turn my attention to something which I think is of public interest, which is the situation in Gaza? We know that there is O.C.H.A. going on. You referred to it with the Minister for International Development, who is also one of your Assistant Ministers, and I understand that has given rise to some public interest in Jersey about humanitarian aid. Have you seen an increase in contact from your constituents and from members of the public asking Jersey's Government to take some kind of action, even if it is symbolic, to show discontent or displeasure with Israel?

The Minister for External Relations:

Have I seen more engagement? I have had quite a lot of engagement throughout this period, so it is difficult to say that there has been more per se, but I suppose I sit here and say I fully understand the frustration the Islanders feel and I feel as I read the analysis of what is happening on the ground and the humanitarian outrage of, I am informed, people actually starving. I have been clear, as have my Ministerial colleagues been clear with the U.K. Government, that they must do absolutely

everything that they can to ensure aid gets through and they have condemned the actions of Israel in its blockade of aid in the strongest possible terms, and I support that. We remind ourselves that the Jersey Overseas Aid Commission is well regarded by U.N.'s O.C.H.A., particularly when it comes to investing in pooled funds, and a lot of the discussions that are being had here on-Island, in Jersey today, are talking about how to deal with this humanitarian disaster that none of us wants to see. The tools available to us are, as we know, quite limited. I have not only spoken to U.K. Ministers and parliamentarians and written to them on a number of occasions, I have also facilitated other Jersey parliamentarians to speak to U.K. Ministers. The Jersey Overseas Aid yesterday had an update around aid and its ability to get into Gaza. Although they have given to date something like £1 million to support humanitarian activity in Gaza, some of that has gone to those who would provide the aid, and they are informed that it is not being able to get through, so it is waiting to access Gaza. They have made a decision to give further aid, but they cannot give it at this point because they cannot have confidence that that aid is getting through. Today, in light of that decision yesterday at Jersey Overseas Aid, the Minister for International Development and myself have written to the U.K. Foreign Office, the Minister responsible for the Middle East and the Minister responsible for International Development at the Foreign Office in strong terms saying: "We have aid that should be on its way. Can they do everything within what is possible for them to make sure that that aid gets into Gaza and that there is a channel of aid into Gaza that does not put at risk Palestinian individuals?" Jersey Overseas Aid, rightly, are not prepared to use the process that is the one that we are seeing that aid is getting there but as Palestinians get to that aid, they are being shot. We also, of course, see this afternoon that the U.K. Foreign Secretary has announced sanctions on to Israeli Ministers. As we sit here, I do not know if we have got confirmation that the legal instrument has yet been made. The announcement was made earlier. Once that legal instrument is made, those sanctions will automatically apply here in Jersey as well.

Deputy M. Tadier:

Do you know who the Ministers are? I am not kept up to date.

The Minister for External Relations:

On those 2 individuals, do we have the ...

Director, External Relations:

Yes, it is Ben-Gvir and Smotrich and it will be both travel bans and asset freezes.

Deputy M. Tadier:

If I come to that point - we are almost at the end of our allotted time - earlier last year the States did agree, and following your amendment, Minister, that part C of the proposition was that international law should be adhered to in order to prevent death and harm and, of course, the International Court

has issued an arrest warrant for Benjamin Netanyahu, as Prime Minister, for suspected what we might call war crimes. Do you accept the International Court's position on that?

[16:00]

The Minister for External Relations:

We stand aligned with the U.K. that accepts the ruling of the International Court.

Deputy M. Tadier:

Would that be enforced in Jersey?

The Minister for External Relations:

What covers the U.K. is extended to Jersey and would be enforced in Jersey, yes.

Deputy M. Tadier:

The decision you talked about from the U.K. to sanction 2 other individuals, what implications might that have for Jersey?

The Minister for External Relations:

As I just said to you, the announcement was made between our 2 Scrutiny hearings ... no, when we were in the last private Scrutiny hearing the announcement was made. The legal instrument had not been made as I came into this meeting. I have not had confirmation yet that it has been made. As soon as the U.K. Government has made that legal instrument, then it will have automatic effect in Jersey so those 2 individuals will be banned from travelling to Jersey and their assets will be frozen. That will require industry to review those names and take the relevant action that they do whenever any sanction is implemented.

Deputy M. Tadier:

Okay. Do you think what is happening with the blockade in aid, including potentially aid that Jersey is involved with, that ultimately there is a case for regime change in Israel and that it is the Israeli Government that needs to have a change of leadership?

The Minister for External Relations:

It is not for me to ... I try not to get involved in democratic decisions in the United Kingdom, let alone further afield, but it is true that Israel is a democracy and therefore they are held to the standard of being required to comply with international law and that international law also covers how they conduct military operations.

Deputy M. Tadier:

Minister, we will leave that there. I think we have come to time. Do you have any points that you would like to convey to us or add on any aspect of what ...

The Minister for External Relations:

I do not think so unless any ... no.

Deputy M. Tadier:

Deputy Andrews, I should have asked you, of course, first.

Deputy M.B. Andrews:

No, there are not further questions from me.

Deputy M. Tadier:

All right. If we have got any questions that we have not covered today, are you happy for us to submit that in written form?

The Minister for External Relations:

Yes.

Deputy M. Tadier:

Thank you for taking the time to speak to us today.

The Minister for External Relations:

Okay. Pleasure as always. Thank you.

[16:03]