



Economic and International Affairs Scrutiny Panel

Government Plan

Witness: The Minister for External Relations

Friday, 16th October 2020

Panel:

Deputy K.F. Morel of St. Lawrence (Chair)

Deputy K.G. Pamplin of St. Saviour:

Deputy I. Gardiner of St. Helier

Deputy S.G. Luce of St. Martin

Witnesses:

Senator I.J. Gorst, The Minister for External Relations

Connétable R.A. Buchanan of St. Ouen, Assistant Minister for External Relations

Mr. R. Corrigan, Group Director, Economy

Ms. F. Smith, Business Manager, External Relations and Financial Services

Mr. D. Walwyn, Director of External Relations

[11:02]

Deputy K.F. Morel of St. Lawrence (Chair):

Good morning, Minister and Assistant Minister. I hope you are well this morning.

The Minister for External Relations:

Good morning, very well, thank you.

Deputy K.F. Morel:

Thank you for joining us for this public hearing on the Government Plan. It should not take too long. We may even not fill the time, that is always a possibility but we will wait and see how that pans out.

But obviously what we will do is we will start by making introductions. I will start with myself and then go through the panel members. I am Deputy Kirsten Morel, chair of the panel.

Deputy I. Gardiner of St. Helier:

Deputy Inna Gardiner of St. Helier, a member of the panel.

Deputy K.G. Pamplin of St. Saviour:

Deputy Kevin Pamplin of St. Saviour District No. 1 and a member of the panel.

Deputy S.G. Luce of St. Martin:

Steve Luce, Deputy of St. Martin.

The Minister for External Relations:

Minister for External Relations, Ian Gorst.

Connétable R.A. Buchanan of St. Ouen:

Richard Buchanan, Assistant Minister for External Relations.

Group Director, Economy:

Richard Corrigan, Group Director, Economy.

Business Manager, External Relations and Financial Services:

Fiona Smith, business manager, External Relations and Financial Services.

Director of External Relations:

David Walwyn joining remotely, director of External Relations.

Deputy K.F. Morel:

Thank you all for joining us. We will get started. Obviously we have started working our way through the Government Plan and, as always, there is a lot to take in. It would certainly help our understanding if you could run through the process that your department have been through and undertaken in order to arrive at this Government Plan. So with regard to allocation of projects, what consultation you have done, and also perhaps brief us on the status of projects that were identified in the last Government Plan.

The Minister for External Relations:

We are probably quite an unusual department in that ... and of course the effect of COVID has impacted what we spent year-to-date. What you will see is our allocation in 2021 is less than for

2020, and we will go through no doubt some of where that is the case. But we have not spent the money that we had envisaged spending in 2020. If you take the External Relations budget, for example, we have not travelled, we have not filled admin posts and we have not filled those admin posts because we have not been travelling, so we have not had the organisation of travelling. We have not had the organisation of trips that we had expected. We had expected 2020 to be an extremely busy year with C.H.O.G.M. (Commonwealth Heads of Government Meeting), various visits to the Middle East, Africa and the U.S. (United States). None of those have taken place. So we have made savings there in 2020. That money has been handed back and it will be reallocated by Treasury. The same with Financial Services; Jersey Finance Limited have handed back £600,000 from their budget in 2020 for very similar reasons. They have not been travelling. They have not had the same high-profile costly events. Of course alongside that, we have been seeking to do things more efficiently and effectively. Because we have not spent that money in 2020, if we take External Relations first, that means that we have roughly taken the view that in 2021 things are going to take a while to get back up to normal. Some travel is not going to happen in the way that we would have envisaged because of the use of virtual meetings. So David is joining us now virtually. Up until COVID he was in the U.K. (United Kingdom) at least every fortnight, staying over at least one night, if not more, for Brexit-related matters. That has not happened as frequently during COVID, or if at all, and we expect that those sorts of officer meetings will not be as frequent going into 2021, which is why we have been able to take a saving on our budget there. The same with the related administrators that we had thought of employing, that saving has been taken out of our budget, around £71,000. So that is at a high level. Do you want me to just run through the reductions in our External Relations budget for 2021?

Deputy K.F. Morel:

That would be a great help. That is what I was about to ask.

The Minister for External Relations:

Let us do 2020 first. The budget has been reduced by £310,000, so that was 2 administrators at around £71,000, a reduction in travel costs around £119,000. The overseas office grants that we have reduced as well or spent less because of COVID, £35,000. We have not spent the money on the Foreign Office desk costs. That is a saving of £10,000. As I say, we have also made a saving there of bilateral co-operation and staffing in global markets of £75,000, which gets us ... I have not added them up directly but I know that Fiona has, to a variance there of £310,000, during the course of 2020. The 2021 number was reduced by £173,000. Again that is not hiring into post so the £71,000 that we did not spend in 2020 we have rolled over and taken it out of our budget ... for 2020, £71,000 that we did not spend this year we have taken out of the 2021 money. We are not going to be hosting the British-Irish Council meeting when it should be our turn in November 2021 because they have either not happened or will be having the first virtual one this year in

November, so our turn would not be happening in 2021 anyway, so we are not spending that - £65,000 budget that we allocate there - and again, although there will be travel in 2021 when we are taking a reduction of £37,000 anticipated reduction in travel.

Deputy K.F. Morel:

Obviously it is good to see, given the time that we are going through, the economic problems that the Island faces, some reductions, but are you concerned that particularly with regard to the administrators that you are not hiring, is that going to hamper you in your work in any way or do you feel quite capable of being able to continue?

The Minister for External Relations:

That is a very good question. As you know, there is the global efficiencies programme taking place. It has not of course delivered what it was projected to deliver this year. So that money has been rolled over into next year. We are told by that global efficiencies programme that these administration costs will not need to be incurred. We, in External Relations, are team players and so we are giving that programme the benefit of the doubt. We will see how it works in 2021. But we also have to acknowledge, of course, that our department is at the sharp end of needing efficient and effective travel arrangements, needing trips to be extremely well-organised to get best value out of it for Islanders and for the economy. So you could say the jury is out, from our perspective, but we are happy to see if it works. If it does work, that is good. It is a saving. If it does not we will need to revisit it next year.

The Deputy of St. Martin:

For some reason this new laptop does not have a little hand to put up. Minister, we know in diplomatic affairs face-to-face contact and quiet conversations in corridors is vitally important. Without the travel, do you feel you might need more people in the London office who are available to do stuff that is not acceptable online?

The Minister for External Relations:

That is a good question, Deputy, because currently the London office is closed. That is because in the office building, as you know, we have a floor of an office building. In that building a couple of weeks ago there was a case of COVID, so the entire building had to be closed down. So they, themselves, have been struggling to have face-to-face meetings because of the rise in cases in London as well.

[11:15]

That is obviously going to continue throughout the next few months at least, into the new year. But I accept the premise of your question, which is for the work that we do, and it is the same in Financial Services, you can manage so long by virtual meetings but the real value often is the aside conversation that you have often outside of the formally recorded meeting or over a coffee or over a dinner or over a lunch. It is really important that officials do that as much as Ministers because they are building the valuable relationship with fellow officials across Whitehall that can lead to a picking up of the telephone and asking what is going on and having that insight. Virtual meetings have served us well for this period and we will have to continue to do so. I have been able to get to London twice over the end of September, start of October; that is going to come to an end again because of what is happening with increasing numbers. But those meetings, which have been very informal, involving lunches and dinners, are extremely valuable to us being able to read the runes and develop our policy accordingly. I do not think COVID is the end of travel for the sort of meetings we do. The same is true with Financial Services. You have to be in a room ultimately to eyeball, as it were, to be able to have confidence in the person that you are doing business with.

The Deputy of St. Martin:

Your budget for next year, on one hand you will have a lot less travel on normal stuff but if you needed more people in London on the ground, has there been any thoughts about sending Jersey people to London almost semi-permanently or on a longer stay other than a usual overnight or 2 nights?

The Minister for External Relations:

We sort of already have that with the director of global markets. He is based largely betwixt and between, so he will come here for chunks at a time but he is now based in London and the London office allows us to do that. We do have a fully staffed London office of course now, and that is working well. But you are right, we will need to, during the course of the year, make sure that that remains staffed. These reductions do not affect that staffing level in London.

Deputy K.F. Morel:

We will move on to staffing levels. Are these reductions affecting any staffing levels at all or is it just a case of you are not increasing staffing in terms of admin costs but everything else stays the same?

The Minister for External Relations:

It is the latter, that we are just not increasing.

Deputy K.F. Morel:

Thank you. Obviously you have mentioned the COVID crisis, we know the public finances are taking a hit. When you were constructing your kind of spending outlines with the Council of Ministers to deliberate on, what were your main aims when thinking about what you would need to do in the year ahead?

The Minister for External Relations:

It is difficult because I very much believe in ... my political ethos is small government and living within one's means and yet the 2 areas that I and Richard have political responsibility for are very much outward facing about growing our market share, protecting jobs and delivering economic growth, along with Senator Farnham and the political responsibilities that he has. I recognise that the argument I was making around ensuring that we have sufficient money to do those things is quite a difficult argument to make when we are also trying to do things more efficiently and more effectively. But I am absolutely convinced the way that we will come out of this crisis, as we have come out of other crises, is continuing to see economic growth and continuing to see Islanders' jobs protected by good relations around the world and new business flows from around the world.

Deputy K.F. Morel:

I think that is really important because one of the things External Relations does not do is provide front line public-facing services. It might be an area that Government, which is seeking to make reductions in its costs, might look at External Relations in that respect. But you see clear value being driven through the Island through your work in the year ahead?

The Minister for External Relations:

Absolutely. It is going to be the work of External Relations and the Financial Services Division has never been more important than it is now, as we face a global - not just the pandemic of course - recession and the effects that that will have on market share everywhere. We will need to fight even stronger for that market share than we have had to do in the past and these things can be largely unseen but they really do affect Islanders' economic future. That is why we put in place all of the economic measures we did and there is more to come because jobs are important and we cannot separate those people we see, and we saw it in the U.K. yesterday, those people worst-affected by COVID and the health crisis are those that it affects their pocket. It affects their jobs and it effects their businesses they work in. That challenge is not going away. It is only going to increase.

Deputy K.F. Morel:

Perhaps with that in mind, it is not about the future, it is about the past year. What kind of role has the External Relations Department played in terms of dealing with COVID and Jersey's response and recovery from it?

The Minister for External Relations:

Of course you know we helped and supported around 500 Islanders who found themselves cut off in various places around the globe. Some of those we were able to help repatriate. Some of them we were literally just giving moral support while they were in lockdown conditions elsewhere and we could not get back. We of course supported some Island residents to go back to their country of origin as well. What my officials in External Relations also did was support the work around the border policy, and they worked with Blue Islands on that lifeline link. Then they worked on developing the travel policy and traffic light system, and all of those things, supporting colleagues, obviously supporting colleagues in Health, S.P.P.P. (Strategic Policy, Planning and Performance), and Digital Jersey as well. They had a proactive role in that right at the start but not been so involved more recently because it was handed over to almost business as usual. My colleagues in Financial Services were right at the heart of developing the economic support package. As you know, Senator Farnham currently his economy section is not overwhelmed with staffing and that is something that is being corrected with the new target operating model. So my staff in Financial Services and Financial Crime work to deliver the co-payroll scheme, together with colleagues in Customer and Local Services. They develop the loan guarantee scheme and other such things as well. We have tried to use people with expertise in the areas that are going to benefit the COVID response.

Deputy K.F. Morel:

That is really interesting, thank you. Another thing which is not going to go away very quickly, as much as we would like it to, is Brexit and we have seen it has raised itself in local headlines recently as well in the last few days. One of the things you do not seem to have any specific inclusion in the Government Plan are spend for Brexit-related matters. But I imagine there are free trade agreements, negotiations that you will want to maintain links with, depending what the U.K. does in those sorts of areas, and other matters perhaps like the fishing one we are seeing at the moment. How is Brexit being accounted for in your spending for the year ahead? Do you think that you may need more in order to deal with Brexit-related matters?

The Minister for External Relations:

It is a very good question. As you know, we have sort of repurposed all of those people in External Relations who were dealing with Brexit because they are now dealing with the future economic relationship with Europe, and they have become the international trade team; so they are dealing with those issues. The reality, as we have said before, of Brexit is even if there is no deal and the Prime Minister decides tonight to call off the talks, it does not go away. You are constantly having to have conversations with Europe about the latest directives, about whether you want to access that market and the effects that it will have on us, those people's work will not

stop. It just has changed in some way. But the international trade team are already now working with the Department for International Trade in the U.K. around the future free trade agreements. That work is challenging for the U.K. but it is also challenging for us, because in my department they are just co-ordinating their desires of other departments and what they would like out of any new free trade agreements. We think what we have put in for 2021 is sufficient but, as you will know from looking at the broader economy area, as you are doing, there is money for the future economy allocated but not earmarked, if that makes any sense. There is a pot of money that is there. It could be used for those sorts of things and it also can be used for ideas coming out of the Economic Council and things like that.

Deputy K.F. Morel:

That is interesting. What processes will you use to determine where that money goes?

The Minister for External Relations:

It will not be me per se, it will really fall under the Minister for Economic Development, Tourism, Sport and Culture and the Minister for Treasury and Resources, and the process will be sadly somewhat bureaucratic, because we are Government, so they will have to have business cases made and then considered to a framework and then decided by Ministers.

Deputy K.F. Morel:

Are you satisfied that you will have the resources you need to deal with future trade agreements, things like this?

The Minister for External Relations:

Yes, I am.

Deputy K.F. Morel:

If we just go down looking a bit at the figures. One of the things that I found fascinating about External Relations over the past year or so, and in fact came up through the review that we recently published, was trying to understand exactly how much money the External Relations Department does spend. It is not as easy as you might think. We can see that resources mapped to your ministerial allocation for next year are £10.8 million, and that rises to a height of £11.2 million in 2023 before coming back down a bit in 2024. But equally we can see in the annexe to the Government Plan that a table for External Relations net revenue expenditure of £2.997 million, it is pretty much the same each year. Are you able to explain the difference between these 2 figures? Why one is £3 million and one is £10.8 million?

[11:30]

The Minister for External Relations:

You have hit upon a point that I have been annoying officials about, which is this plan is not necessarily as straightforward to understand the matt black to ministerial responsibilities as we might like or the average reader might like.

The Deputy of St. Martin:

Written by accountants by any chance?

The Minister for External Relations:

I am not sure it is quite as clear as accountants would like either because it mixes up the departmental structure, it mixes up ministerial responsibilities. It mixes up growth money from last year with growth money to this year. As you know, in our particular budget, money that was marked as growth money was not growth money, it was just being previously funded from contingencies but really was base budget money. But it is still showing as growth money and therefore is confusing even more. Greater minds than mine decided that was the right approach to take. But if you take the £10.9 million, roughly speaking 70 per cent is Financial Services and the other is External Relations. The reality is I probably should change my name to the Minister for External Relations and Financial Services. We have never quite got around to doing that but certainly there is a lot of confusion from time to time when you look in this document and it is not clear. But that is roughly the split.

Deputy K.F. Morel:

I understand.

The Deputy of St. Martin:

I was just thinking to myself to ask whether the Minister would want to comment on the confusion - he used the word "confusion" and I would agree with him - between the civil service layout and responsibilities and ministerial responsibilities, which seem to be more confused than ever these days with the Ministers in this Government not having clear set responsibilities with civil servants under them and how that makes accounts and future financial plans like we are looking at, at the moment, even more difficult to understand. Because if the Minister is confused by them we are doubly or triply confused, I would suggest.

Deputy K.F. Morel:

Well said.

The Minister for External Relations:

Did I say I was confused, Deputy? I said they could be confusing. That is a very different thing. Let us just be clear, the Government Plan approach is a new approach. It had its first year last year, we are into the second year this year, and often when you are getting through a process like this, it becomes clearer that there perhaps are other ways of making the numbers clearer. I think it is fair to say that when you see this document in written form, what does jump out at you is that it does not follow the legal form of Government because the legal form of Government is that Ministers are still corporation sole and have clear and direct political responsibility and legal responsibility for matters. What has happened is, it has perhaps evolved to look more at departmental structure; which is not the legal structure, it is the departmental structure. But equally, of course, one of the real benefits of this new approach is that you can follow it from a strategic priorities perspective. That has been a real improvement because you can see whether Ministers are putting the money where they say the strategic priorities were. That is a benefit, maybe we need to look again at how it is structured with regard to departmental and officer structure as opposed to the legal form of Government. But we are for ever making improvements. Just round this briefing now, we have just found some more improvements that we can make for next year.

The Deputy of St. Martin:

But would you agree, Minister, with different structures for the civil servants and from Ministers, it is always going to be impossible to come up with a plan which ticks both boxes.

The Minister for External Relations:

No, I do not think so. For my part, it is absolutely clear that the most important, of course, has to be we are a democratic Government therefore it has to be the legal structure of Ministers. Ministers are held to account for what happens in their department and ultimately how money is spent in their department through their accounting officer and the principal accounting office, so to my mind that democratic structure every day of the week trumps the departmental structure in how we should be communicating.

Deputy K.F. Morel:

Thank you. I think it is interesting, there is confusion caused by the way the Government Plan is written but I think you have explained why that occurs. I think there still needs to be some more clarity, as you said, from that legal position because that is where you are being held to account and that is where we have to try and hold you to account. Out of interest, with regard to the 70 per cent that you spend on Financial Services, can I just clarify that that 70 per cent sits within the Office of the Chief Executive, so you are drawing the funds from there as opposed to the Economic Development Department?

The Minister for External Relations:

Yes, that is right. When it comes to the target operating model of course you will know that. That little bit of an element is still to be resolved whether a new department in its entirety should be formed or the Economy Department, which would then have Senator Farnham and myself as lead Ministers. I think that is perfectly clear, and I do not think that would be confusing at all, or whether it remains sitting in the Office of the Chief Executive. I have a preference that it would be a separate department because I think that brings some of the clarity, and it cannot confirm where Senator Farnham is on that matter but you can ask him directly.

Deputy K.F. Morel:

We will be sure to let you know. One thing, you talked about growth funding but can you confirm that you do not have any additional revenue programmes for 2021? We were not able to find any and can you just confirm that that is the case or have we missed it?

The Minister for External Relations:

No, I was just looking to ... I cannot find any either because there are not any but I was just looking for that confirmation. There are not, no.

Deputy K.F. Morel:

The same with us, we just wanted the confirmation in case the pages had stuck together.

The Deputy of St. Martin:

Can I just ask the Minister then, given that the U.K. Government are negotiating F.T.A.s (free trade agreements) around the globe, and given what might happen there, do you not feel there might have been scope for something in that direction? You do not have any additional funding next year; we have got Brexit and I know that we had to spend a lot of money preparing but we still do not have many of the detailed decisions out of Brexit. Should you not have been allocating even more contingency funds to cope quickly with the results that come out of these negotiations, whatever they are?

The Minister for External Relations:

I am very fortunate to be surrounded by first-class officials who, as I say, have been from the Brexit unit, being repurposed into the international trade unit, and they are doing a first-class job in chivvying along their colleagues around the departments in providing the information that is needed. I think you will see in the economic section, and I am looking to Mr. Corrigan at the other side of the room here, a good 2 metres away, there is ... it is probably not in his bit now. It is in the I.H.E. (Infrastructure, Housing and Environment) bit. There are other bids within the Government Plan to support the individual departments in that piece of work because I think from a co-

ordinating point of view we are appropriately equipped and staffed. There is that question across the other departments that they have got bids in to do that. But equally, we do have those other reserves or contingency money looking at future economy issues, which if necessary could be used for that. But I do not see any need in my section for extra money during the course of next year for that work. But other departments might require it.

Deputy I. Gardiner:

I have a question. Minister, during the COVID your department supported honorary consuls and you co-ordinated some response to be done by different departments but your department as there upfront supporting consuls through the COVID crisis. Based on what has happened during this year, do you think you might need enhanced funds to support them and to develop their relationship and their roles going forward?

The Minister for External Relations:

It is a very good question. We have supported them in a way that we have not done previously. The difficulty for us is that they are appointed by another country - rightly so - and are attached to the relevant embassy and in the United Kingdom and back in the country of origin. So it is difficult for us. They are rightly representing the interests of their member country citizens and so there is a balance to be struck between how we support and the support provided by, for example, the home country, as it were. Can we review that balance and look to strengthen it going forward in light of what we have learnt from COVID ? I think we absolutely can and we will be doing that.

Deputy K.F. Morel:

Excellent question, thank you. Minister, going on looking at a bit of the detail in the plan, we have External Relations continuation of funding, which last year was set at £1.2 million rising to £1.4 million this year. That has been reduced to £1.234 million, is that continuation of funding part of the money that you were talking about a few minutes ago, the base budget which was still in ...

The Minister for External Relations:

Yes, that is exactly right, Chair.

Deputy K.F. Morel:

So as a result of that, we have kind of already discussed it, but are you happy that or how will that cut impact your work? Obviously we talk about admin staff, things like this, but are you happy it will not affect your work?

The Minister for External Relations:

No, you are absolutely right. You have spotted it. That is the 2 administrative posts carried forward that we are not going to fill, the British-Irish Council amount and the reduction in travel amount.

Deputy K.F. Morel:

Also £1.2 million from last year, you mentioned £300,000 was not spent?

The Minister for External Relations:

Yes.

Deputy K.F. Morel:

Is that £300,000 all from that £1.2 million?

The Minister for External Relations:

Yes.

Deputy K.F. Morel:

In the 6-month report it says that the Jersey London office received an increased grant to support the promotion of Jersey's constitutional position and interest through U.K. engagement. How much funding has been given in that area? How is that work progressing?

The Minister for External Relations:

The London office is really largely staffing costs and they are now fully staffed. So we slightly restructured that because of, as we have said, the director of global markets is now based out of London so we do not have a head of London office in the way that we had before. We have the director of global markets and we have a director of U.K. engagement in that way. Then we have 3 other people. So they are fully staffed. That money is being utilised.

Deputy K.F. Morel:

Here is a cheeky question. Given the recent issues around fishing that we have seen in the media this week, how is promotion of Jersey's constitutional position going?

The Minister for External Relations:

It is going terribly well. Terribly well.

Deputy K.F. Morel:

All 600 M.P.s (Members of Parliament) appreciate it, do they?

The Minister for External Relations:

Not all of them, no. The Assistant Minister would like to say something.

[11:45]

Assistant Minister for External Relations:

You raise a good point but I think in response we saw the incredible value of our London office when we had the registers issue and what could have been a constitutional crisis because through our contacts in London we were able to get that taken off the Bill as it went through. It avoided what could have been a very large constitutional crisis. It is only due to the contacts that we have in London that that happened. We have people who work incredibly hard going around M.P.s and officials talking to them and making ourselves known that we are here and we cannot be ignored. Until you see it in action you do not realise how valuable and how much work is done on our behalf in London.

Deputy K.F. Morel:

Do you think you will be able to continue that work effectively in the coming year?

Assistant Minister for External Relations:

On the assumption that we can get back to London for travel purposes, yes, because the London office prefers to take these meetings for us but they have also been doing a lot of work on their own without us being there. But from Jersey's point of view, the sooner we can get back to travelling to London the better, frankly.

The Minister for External Relations:

Right now, as we sit here, they are following a programme of making contact with contacts, talking about the P.E.C. (permissive extent clause) and how it is inappropriate and doing a lot of legwork, which I will then follow up with parliamentarians during the passage of this Bill through both Houses. We are never 100 per cent successful. You can have this, you can sometimes have another government department that, from our perspective, just does not see sense or understand our arguments but, broadly speaking, across the suite I think we can congratulate our officials because they do a sterling job.

Deputy K.F. Morel:

At the time, like this week, I do not want to go into the details of the week, but because of the restrictions on travel, not just on you but also on our staff in London, as a matter of interest, how are they finding the ability to contact people, help them understand the situation given they are not able just to go and knock on somebody's door.

The Minister for External Relations:

There is an odd combination so this week - I have not travelled - I have had 4 engagements with U.K. parliamentarians this week already. Short half-hour slots, which is ... to get that number, we have saved 2 flights, we have saved on overnight accommodation, we have saved taxi or tube fares, all of that stuff. In some respects, I can have more engagements like that more frequently here in Jersey but equally it is not quite the same because the screen is in between us. You can have a really good productive conversation but you are not building the relationship quite in the same way because we all need that human face-to-face interaction, being in the same room. We all know it is different.

Deputy K.F. Morel:

Absolutely.

Assistant Minister for External Relations:

But we are also missing a lot of social events that we normally go to, embassy parties and things organised by some of the groups that we belong to where you do get to meet a lot of U.K. M.P.s and you end up having informal discussions, which is just not happening at the moment. So, it will be good when the crisis is over and we can get on with that sort of engagement because, although we are maintaining good relationships virtually, it is no substitute for breaking new ground and making new relationships with people through attendance at all sorts of events that go on in London, which we regularly go to.

Deputy K.F. Morel:

Yes, that is understandable.

The Deputy of St. Martin:

Minister, you mentioned the director of global markets and could I just go back to that? In the past, we have had McKinsey. We were looking at Brazil and B.R.I.C.S. (Brazil, Russia, India, China and South Africa). More recently, we changed direction to Africa. Are we still looking to spend money on new markets outside of the work that we would be doing with Brexit and outside of work that we would be doing with any future F.T.A.s that we might piggyback on from the U.K.? Have we got or are we spending, intending to spend, money on developing markets, those markets which we have done more recently before COVID?

The Minister for External Relations:

Well, we are not changing strategy, so we continue to think that there is great opportunity in the U.S. market. That has obviously been highlighted over the last couple of years. That was reiterated by

the McKinsey work. We continue to think there is opportunity in the Middle East market and in the African market. Of course, in the Far East and Chinese market, that work is probably going to be dialled down slightly, but there is the other Asian market where there might be further opportunities that we are looking at. So we know that there are conversations ongoing with Jersey Finance as well about the markets that their members are looking to. So you have markets round Malaysia, for example, and the other Asian countries there where we think there might be good opportunity. There is also not just the country market but the sectoral market, so thinking about green investment, thinking about responsible investment. There are opportunities there as well that we think we can go after. But the global markets team is going to continue to focus on U.S., Africa and Middle East.

Deputy K.F. Morel:

Thank you. Moving on to another of the projects outlined from last year and moving forward into this year is the Financial Stability Board. Last year, a project was identified to create the Financial Stability Board with revenue of £150,000 per year for each year between 2020 and 2023. The status of this project has now reduced and it has been reduced by £100,000 for each year, so from £150,000 to just £50,000 per year. Can you tell us what the impact of that will be and whether there is other funding going into the Financial Stability Board or how the board is going to operate in the coming few years with only £50,000 a year?

The Minister for External Relations:

So, I think, Chair, we might have touched on this before. If we have not, then I apologise. This is really covered by the Chief Minister, so I am not directly involved in the decision-making to reduce the funding, but my understanding is that it will continue but it will be able to function ... I am looking at an official now because he might be able to say more. It will be able to function with that reduced budget but just in a slightly different way. But the Chief Minister will be able to give you more colour to that answer. Do you want to add anything, Richard? Okay, no, he does not want to add anything to my answer.

Deputy K.F. Morel:

No problem. It is interesting because I believe the Financial Stability Board comes under the External Relations remit in terms of the Government Plan, but I understand you are saying that it is really being overseen by the Chief Minister. When it comes to accountability, would you say that lies with the Chief Minister rather than yourself, although, like you say, we are seeing it in the External Relations part of the Government Plan?

The Minister for External Relations:

Yes, it does, yes. It could be fairly described as a miscategorisation in that regard.

Deputy K.F. Morel:

Yes, thank you, that helps. In which case I will save those questions, the questions that were going to fall out of that, for the Chief Minister. Thank you. Anti-money laundering and countering the financing of terrorism: obviously, we have seen the national risk assessment work that has been introduced to us recently. It was hugely interesting, but we have also seen that the budget for this year has been reduced by £50,000, from £1 million to £950,000. That £50,000 reduction, do you think that is going to impact the project in any way?

The Minister for External Relations:

Richard will come in, but I am informed that that small reduction will have no effect upon the work that they are carrying out. They are an area which again are now fully staffed and working productively. Richard, do you want to add anything?

Group Director, Economy:

No, I will just echo the Minister's point there. I think the figures for 2020 were in anticipation of hiring a team. We have now hired that team; we know what the running costs are of the team and, therefore, we have reduced that figure down accordingly.

Deputy K.F. Morel:

Okay, so you are not having to hire people or you have hired fewer people?

Group Director, Economy:

No, we have the full complement of staff and the run rate of costs is a little bit lower than we had originally envisaged and, therefore, we have identified that saving ...

Deputy K.F. Morel:

Sorry, Richard, we are having real problems hearing you. You will have to start that again, sorry.

Group Director, Economy:

Can you hear me now?

Deputy K.F. Morel:

A bit better, yes.

Group Director, Economy:

So the run rate of expenditure for staffing does not ...

The Deputy of St. Martin:

Sorry, Richard, it is impossible to hear what you are saying, which is crazy given you are just literally metres away from the Minister. I do not know what is wrong with your microphone.

The Minister for External Relations:

You switch yours off. Sorry, so you did not hear anything that Richard said?

Deputy K.F. Morel:

No.

The Deputy of St. Martin:

He would be better probably just talking into ... we might even hear him on your microphone, Minister.

The Minister for External Relations:

No, you need to put your thing off because it is ...

Group Director, Economy:

It is off.

The Minister for External Relations:

No, it is not. It is now, I think. No, it is still on. I can still hear a reverb. No, it is still there. All right, that is better. So, what he was saying I will answer for him.

The Deputy of St. Martin:

Is this the ploy to allow the Minister to say what the officer was about to say?

The Minister for External Relations:

No, not at all. You know what it is like when you are in the same room and you are moving computer because of directional microphones. If you do not switch one off and then switch the other on, you get this horrendous feedback. So what he was saying is everybody is now employed but the overall cost is slightly less than we had provisioned or budgeted for and, therefore, we do not need that extra money.

Deputy K.F. Morel:

That is fair enough.

The Minister for External Relations:

But do not tell the officials because they will think they should have bargained harder. **[Laughter]**

Deputy K.F. Morel:

Minister, if you could pass this on to Richard. Last year £1.5 million was set aside for the A.M.L. (anti-money laundering) and C.F.T. (countering the financing of terrorism) work. Of that £1.5 million, how much was spent?

The Minister for External Relations:

Do you want to try again?

Group Director, Economy:

Yes. Can you hear me now? Is that better?

Deputy K.F. Morel:

I can, yes.

Group Director, Economy:

Oh, hooray, okay, good. You would think we would have mastered this by now, would you not?

Deputy K.F. Morel:

We were doing very well, no technical problems, until then but ...

Group Director, Economy:

That is okay. Yes, so the run rate of expenditure for this year has been quite markedly lower because part of the original allocation in 2020 included a component that was the subject of a grant to Jersey Financial Services Commission so that they could fast-forward building up their additional strength in their A.M.L. supervision team. The J.F.S.C. (Jersey Financial Services Commission) have identified an internal mechanism for funding that, which meant money did not have to be granted from the Government to support the introduction of that team. Therefore, that has just been recouped as a saving for the Government.

Deputy K.F. Morel:

Brilliant, thank you. We will move on to Jersey Finance while we are talking about that. Last year an additional revenue project was identified for Jersey Finance. Again, this has been reduced from 830 down to 400. The planned uplift was apparently hampered by the pandemic. It was an uplift in marketing efforts. Can you tell us what marketing efforts will no longer be taken forward and how this will affect the work of J.F.L. (Jersey Finance Limited)?

Group Director, Economy:

Jersey Finance have not been able to conduct the same level of travel this year due to COVID, so they have returned £600,000 to us intra year 2020. Going forwards in 2021, what we have done is we have pulled back the level of funding for Jersey Finance ...

Deputy K.F. Morel:

We cannot hear you again, sorry.

Group Director, Economy:

So, just to recap, £600,000 has been returned in this year because of reduced spending due to COVID.

[12:00]

Going forwards, Jersey Finance had money for the New York office. That will continue, that £350,000, and we are looking for Jersey Finance to find additional efficiencies over time in terms of how they go about their business, but also if there are new opportunities that they identify they will be able to bring forward business cases to the Minister and that will be the subject of bids in to the £15 million allocation that Senator Gorst referred to a little bit earlier.

Deputy K.F. Morel:

To your knowledge, do J.F.L. feel comfortable with the reductions that they are seeing?

Group Director, Economy:

They are satisfied and fully supported and obviously going into 2021 they continue to have quite an uncertain outlook in terms of their ability to conduct that outbound travel programme quite as aggressively as they would like. That said, they have adapted very well to it this year and that is providing some really useful learning points about how they deliver their programme efficiently going forwards as well.

Deputy K.F. Morel:

You mentioned the New York office, £400,000 being consolidated into the baseline budget for the New York office. Can you confirm how has that first year been? Obviously, it was an unusual year but, to your knowledge, how has the New York office performed?

Group Director, Economy:

So, we will see better metrics from Jersey Finance in the partnership meeting that the Minister holds with the Jersey Finance chair and chief executive next month, so we will see up-to-date information then. However, all of the signs are very encouraging, both the level of activity and engagement that

Philip Pirecki, the U.S. appointee, has been able to have. It has just been a different type of engagement. It has been over Zoom rather than face to face in the way that he would like and a little bit less travel up and down the eastern seaboard as well. But what we are seeing is a very good activation in terms of the level of interest from U.S. private equity managers increasingly using Jersey structures, and some of those using Jersey for the first time. So, it is encouraging in terms of what we are hearing from Jersey Finance, but more importantly perhaps is what we are hearing from industry members, who are seeing increased U.S. business flows beginning to come through now as well.

Deputy K.F. Morel:

Is it just the one member of staff in the New York office?

Group Director, Economy:

It is at the moment. They just have one member of staff. Jersey Finance would tend to take serviced office space, so it really is just Philip in a room almost, because the idea being that he should be out and about meeting people, rather than being desk bound. So if he had too luxurious an office environment maybe it would encourage too much of the latter.

Deputy K.F. Morel:

Out of interest, has he had the opportunity to travel to Jersey or did he know Jersey before?

Group Director, Economy:

So he was born in Jersey but from a U.S. family background, so he speaks more with a New Jersey accent than a Jersey accent. But he has worked in the U.S. for over 20 years so has a really good understanding of the U.S. market but also very strong personal affinity to our Island here.

Deputy K.F. Morel:

Yes, fascinating. It will be interesting to see once you have had that meeting next month. If you are able to report and get back to us as a panel, that would be really interesting to know. Thank you.

Group Director, Economy:

Yes.

Deputy K.F. Morel:

Just while you are on, the £600,000 that has returned from Jersey Finance, does that just go back into the Consolidated Fund and spent wherever in Government or does it stay within the department and the Financial Services area?

Group Director, Economy:

That would be money that would be taken back by Treasury ultimately as an underspend from the department's perspective, because even in a scenario where the department might have an alternative idea for spending that money, really you want to reprioritise across the whole of government rather than just reprioritise back within a single department or ministerial portfolio. So the Minister has been satisfied that the money is returned for that greater reprioritisation.

Deputy K.F. Morel:

Brilliant, thank you. Is it as simple as Jersey Finance had £830,000 last year from the Government, they have returned £600,000, so they just spent £230,000? Is that the way to read it? Is it as simple as that?

Group Director, Economy:

I think that is a fair way to look at it. Arguably, they are up £230,000 on the year. They have returned a substantial part of the growth monies back to Government, yes.

Deputy K.F. Morel:

Thank you, Richard. Panel members, any questions?

The Deputy of St. Martin:

Minister, can I just say that the Prime Minister apparently has just said that it is time to get ready for a no deal. Do you feel you have enough money in your budget for next year if that is what happens?

The Minister for External Relations:

Yes, I have.

The Deputy of St. Martin:

Thank you.

Deputy K.F. Morel:

Do Islanders have enough money in their pockets, Minister, to deal with the inflationary aspects of the no deal?

The Minister for External Relations:

I think they do. That, of course, remains uncertain and if the Prime Minister is today going to decide to withdraw from the negotiating table, we have been preparing for such an eventuality for the last 3 years. It will not be easy, but I have no doubt whatsoever that Islanders, together with businesses

both on and off Island, will come together to make sure that we can get through such an eventuality and still continue to thrive out the other side.

Deputy K.F. Morel:

That is interesting. Thank you. Deputy Gardiner?

Deputy I. Gardiner:

No, thank you, I have no questions.

Deputy K.F. Morel:

Minister, just before we go, with regard to that no-deal possibility, which obviously is not confirmed - it is just media reports - how will that affect your work in terms of reaching out to Europe, particularly France? I know I kind of ask this question lots of times but I guess I just need lots of reassurance. Is that the end of our relations with Europe?

The Minister for External Relations:

Of course, I woke up this morning with 2 issues on my mind. Well, maybe 4, Chair, because I have yourself as Scrutiny, I always take that very seriously, and then I am supporting the Minister for Treasury and Resources with a Scrutiny session later today as well. But the other 2 non-Island issues were the election of a new Chief Minister in Guernsey, and we have seen that vote. Perhaps I can record my thanks to Gavin for all of the work that he has done on behalf of the Channel Islands. I have thoroughly enjoyed working with him. He can be proud of the way that he has represented the Channel Islands and Guernsey, and I have been privileged to do that alongside him, and I thank him for his service. I, of course, welcome and congratulate Peter into his new role and I look forward to building a relationship and working with him, because it is absolutely critical that we as the Channel Islands meet these challenges together. Be in no doubt that there are challenges, not just in regard to no further negotiated outcome but also from international bodies around the globe, but we meet them together. The other was the one that you have just alluded to, Chair, and that was that today could be the day when the U.K. Government decides not to continue any negotiations with Brussels and to leave the transition period with no further negotiation. We have been preparing for that eventuality. We know that there will be challenges, but I believe that by, as I have said, standing together as an Island we can deal with those challenges. The focus, of course, for Islanders and around the globe has been the pandemic, and that is right, for the last several months and will continue to be into the new year. There are opportunities for islands like ours and economies like ours in a post-Brexit world, but it might be, as we have said, a little bit choppy in getting to those opportunities. Some of those opportunities are around forging a new relationship for the Islands with Europe in a way that we could not do while we were not members of the European Union but the United Kingdom was.

Deputy K.F. Morel:

It is interesting and I am sure the panel wishes you luck with building those relations and charting the way forward for those relations. Also, I think we echo your views with regard to the previous Chief Minister in Guernsey and the new one as well. Thank you. Deputy Pamplin, any last questions from you?

Deputy K.G. Pamplin:

Yes. I cannot let it go now that the Minister for External Relations has noted the change of leadership in Guernsey, that his first range of international relations will be building those relations with Guernsey. I quote the new Guernsey Chief Minister when he said that Guernsey had a much better run Bailiwick, that they can get things done, people will want to come and work there, and that the Jersey Government are a bunch of bumbling idiots. The challenge starts right now to build relations between Jersey and Guernsey, would he not agree?

The Minister for External Relations:

Well, let us not misquote the new Chief Minister. He has only been in post for a couple of hours ... well, not even a couple of hours. I think it was about 10.50 a.m. when I was informed of that fact, or something like that. His quote was, Deputy, that others had said that to him, so it was not directly attributable. He said that others in his particular profession had said that to him. So it would be nice for us to get back to an old position that we used to have where we gave each other the benefit of the doubt, and I certainly give my Guernsey colleagues the benefit of the doubt because my experience of them is that they have worked in a productive way with me and with Guernsey Ministers in delivering what we agree together is the best for the Channel Islands. We have a joint Caen office, we have a joint Brussels office, and I look forward to working with the new Chief Minister representing the Channel Islands, Guernsey and Jersey in the United Kingdom, across the world stage. I see no reason that that should not continue. As you know, Deputy, it is always easy to divide, to pick up on an off-the-cuff comment here or there, to criticise each other, but that will not serve either Island well, nor the residents of either Island. It is really important at this crucial time that we work together with our colleagues in Guernsey.

Deputy K.F. Morel:

Does that answer your question, Deputy Pamplin?

Deputy K.G. Pamplin:

Sure does.

Deputy K.F. Morel:

Thank you, and a fine question it was, too. Brilliant. There are no other questions from the panel, Steve or Inna?

Deputy I. Gardiner:

Thank you.

The Deputy of St. Martin:

No. I thank the Minister for his attendance.

Deputy K.F. Morel:

Absolutely, and likewise so do I. Minister, Assistant Minister and officers, thank you very much for speaking to us and taking the time to speak to the panel. It was really helpful. Thank you very much.

The Minister for External Relations:

Thank you very much. Thank you, Chair. Thank you, panel.

Deputy K.F. Morel:

Panel members, we will go back to our first meeting.

[12:12]