



Economic and International Affairs Scrutiny Panel

Quarterly Public Hearing

Witness: The Minister for External Relations

Friday, 26th April 2024

Panel:

Deputy M. Tadier of St. Brelade (Chair)
Deputy G.P. Southern of St. Helier Central
Deputy K.M. Wilson of St. Clement
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 C.F. Labey of Grouville and St. Martin - Assistant Minister For External Relations (1)
Deputy E. Millar of St. John, St. Lawrence and Trinity - Assistant Minister for External Relations (2)
Mr. G. Pearmain - Director of Financial Crime Strategy
Mr. L. Ament - Head of Competition and Intellectual Property
Mr. T. Wright - Associate Director, Financial Services

[10:32]

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

Thank you for coming in, Minister and Ministers and officers. We are pleased to have you in for the first time in front of our newly reconstituted Economic and International Affairs Scrutiny Panel. We had the pleasure of the Assistant Minister for ... well, rather, the Minister for International Development yesterday and we are pleased to have you back in the new role. I am pleased to see you as well, Minister for Treasury and Resources, in your Assistant Minister role here, and Minister. Just before we start, some housekeeping, so to speak. So obviously this is a public meeting. It is all being recorded. We welcome members of the public who might be listening or viewing online either presently or later. As such, if we can just ask you to keep your mobile phones off. There are

not any members of the public to welcome in person so we do not have to worry about that. We will pass to introductions. So, I am the Chair, Deputy Montfort Tadier.

Deputy G.P. Southern of St. Helier Central:

Deputy Geoff Southern, Assistant Chair.

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

Deputy Max Andrews.

Deputy K.M. Wilson of St. Clement:

Deputy Karen Wilson.

The Minister for External Relations:

I am Ian Gorst, the Minister.

Assistant Minister for External Relations (1):

I am Deputy Carolyn Labey in my capacity as Assistant Minister, E.R. (External Relations).

Assistant Minister for External Relations (2):

Deputy Elaine Millar as Assistant Minister for External Relations and financial services.

Deputy M. Tadier:

Thank you. In a moment ... we have slightly rejigged our questions, although that is not really important for you.

The Minister for External Relations:

Okay. I will jiggle my papers again then.

Deputy M. Tadier:

But before we launch into it, because it is our first meeting maybe just to set the tone, obviously we are here to try and get as much salient information as we can. Over the past few weeks and months as we have been getting to grips with the new portfolios, we have had very many hearings and briefings, sometimes private ones, just to get us up to speed. Those have been very helpful. Some of them have been from your department, Minister, so we thank you for that. Obviously, we have a lot to get through so we will try and be as concise as we can in our questioning and if you can do the same in your answers and it means we can get through as much as we can. Obviously, if we need to come back to things if we do not understand, we will follow up. We may need to stop you as well sometimes and ask to move on, just for time, so we hope that does not come across as rude

in any way. Before we get on to the questions about the delegated responsibilities and what we have here, I just wanted to ask some high-level questions really about the international situation because, of course, that is a key part of your portfolio. We are now 4 years on from the U.K. (United Kingdom) leaving the European Union and, of course, Brexit is something that we still hear talked about and the implications and impact internationally but on our Island. Could you talk to us about some of the work that is ongoing due to that exit of the U.K.?

The Minister for External Relations:

Yes. I think the first thing to say is that what we expected would happen with Brexit, with added friction around trade and people movements, are exactly what has happened and that is where officers, not just in my department really but across departments, continue to have to focus and work. So we all know about the good work that Home Affairs did around allowing French day-trippers to come to France on their I.D. (identification) cards rather than requiring a passport. We know that the U.K. has mirrored some of that for school children to there, following what we have done. But that is only an interim step. We know that there is still going to be electronic visa systems on both sides of the border between the U.K. and the E.U. (European Union). That is taking up quite a lot of time. We have all of the work then which is within my department about free trade agreements which are necessary post-Brexit in order to try and alleviate some of that friction. That, of course, is not just staff in my department but again across departments in the Sustainable Economy Department as well, thinking about the effects there, in the Environment Department when you are thinking about trading standards and standards of goods there. What it also means, of course, is - we knew this - that when the U.K. is no longer around the E.U. table we have to put the resource into our joint Channel Island office in Brussels and we have also had to seek to reinforce our relationship with France because of the implications of the end of the Bay of Granville Agreement and the new fishing agreement. So that is just really a picture of it.

Deputy M. Tadier:

Can I maybe test that last part? We have seen in a small example but an important one, I think, for the tourist industry about French day-trippers and possibly for weekend stays as well. Is there any scope for Jersey or any likelihood of Jersey doing more unilateral work with France directly or do you envisage that things are still going to have to go through the circuitous route of the U.K. for most of our dealings?

The Minister for External Relations:

Well, it is one of those difficult things where there is goodwill on both sides, both here and in Normandy, to do things more unilaterally, but ultimately the process that Brexit delivered is one between the E.U. and the U.K. and then as by secondary nature we saw, did we not, was it last week or the week before where the U.K. had started wanting to speak to individual member states

about freedom of movement for students and Brussels came in over the top and said: “No, just a minute, this is an E.U. competency, it is not a member state competency” at which point the U.K. then said: “Well, we are not really interested in thinking about that with the E.U.” What I think is going to potentially change the dynamic is a change of Government in Westminster. I recently met with Nick Thomas-Symonds - I think it is that way around - who is in the Shadow team. He has been given a mandate to think about how you can deal with some of the friction that Brexit has caused. We know that from what Labour are saying that this is one of their top priorities to try and deal with some of that friction.

Deputy G.P. Southern:

Can I just ask where are we positioned in terms of phyto testing, for example? Our products, our potatoes, fish, milk, et cetera, each one requiring some testing if you are taking it across borders, which it had to under Europe, automatically went through, and now no longer does. Where are we?

The Minister for External Relations:

So the biggest issue there is the fish issue, the export direct into France from the boat. As you know, we support the La Manche in setting up a sieve or a centre whereby these products can just go straight through because they do the work there. We have been supporting them on this particular matter I think since 2019, where even at that stage I had suggested to them that Jersey would part pay because we knew what the friction was going to be. It meant that actually fishermen cannot land directly without a lot of detailed paperwork, which if it passes a certain hour goes out of date and they lose then their fish. They have to bring it back. Interestingly enough, I have a meeting this afternoon because the president of La Manche is in Jersey today and that is another issue that we will be discussing. We are informed that that application now does sit with Brussels and it requires the Commission to give it an all clear in order for the work then to start. But we have been trying to push it for 5 years so we should not be too optimistic that ... we are still some way down the line, I think, before ...

Deputy G.P. Southern:

In summary, we are still stuck, are we?

The Minister for External Relations:

Well, that is a good point. I think, if I am being totally honest with you, I would say we are still stuck but now we are stuck on a different desk nearer to the decision point.

Deputy G.P. Southern:

Okay. We were promised less red tape by Ministers coming in most recently. Can we go any way towards losing red tape?

The Minister for External Relations:

Well, this is not our red tape, is it? This is the problem. It is E.U. red tape.

Deputy G.P. Southern:

We were never consulted in the first place, were we?

The Minister for External Relations:

We did not have a decision because of our constitutional position, yes. We remind ourselves that our colleagues in Gibraltar voted overwhelmingly to stay in the European Union but they were outvoted by the 60 million people in the U.K. Had we had a vote, we would have been in the same position, I think, but the reality is that it was right that we did not have a vote because of our constitutional position.

Deputy M. Tadier:

A lot of future policy seems to be predicated on the presumption of greater ability to work directly with France, and if we give 2 ... obviously fishing is one that has been mentioned, which is still problematic, but we have had 2. If we look at the wind farm, which is perhaps the most feasible, but there has also been the slightly more fantastical talk of a tunnel, which I noticed, Minister, you managed to perhaps keep out of the limelight on, perhaps wisely I would say. Both of those presumed in a sense that we would have access to be able to go to France and to work with France, whereas the reality might be more problematic. Is there a point at which you can see this being resolved, the unilateral agreements and closer working, and when would that happen and who do you think would lead on it from a ministerial point of view?

The Minister for External Relations:

Well, each individual department is working on those particular projects. You have the Department for Sustainable Economy doing the ... or the policy people doing the cost-benefit analysis of the connection to France. You have the Environment Department working on the wind farm. What is interesting, and you pick up this point in your question, is that both of those projects rely on European agreement. If you work on the premise of the wind farm needing to connect to Europe in order to sell energy into the European market, that is tied up with the T.C.A. (Trade and Co-operation Agreement), and we know that the access around the energy market which was given great latitude at the start, there will be a review. I think that will be in part of the 2026 review. So we might desire to sell it into the European market. It is not that straightforward. It will require Europe to say: "Yes, that can happen" and what we will need to be very careful of and it would seem to me at this moment in time that that will be tied up with the U.K.'s access to the European market. We will not just be able to go it alone. But they are all questions to be had.

[10:45]

We know from the correspondence from the French Government that they cannot see an early date for connection into France. That is their own view, notwithstanding what the Commission's view might be in Brussels. Then you take the dry land connection to France. If that project, and I have not seen the cost-benefit analysis yet, is premised on the free movement of people and dealing with where they are taxed, that again, the free movement of people, is a thing which is a Brussels competency, not a French competency. So the goodwill that we have in France goes some way and is really important as a starting point, but we need to be alive to the issue that the competency in both of those projects that would be the key to unlocking them is a Brussels competency and not a member state competency.

Deputy G.P. Southern:

Can I just stop you there? T.C.A.?

The Minister for External Relations:

Trade and Co-operation Agreement. So the agreement post the leaving of the European Union.

Deputy G.P. Southern:

Outbreak of ...

The Minister for External Relations:

Yes, sorry.

Deputy M. Tadier:

Sometimes called "tekka" or T.C.A., yes. Minister, we are going to move to another weighty topic that the U.K. is having to grapple with and has implications for Jersey. So it was recently reported that the Safety of Rwanda (Asylum and Immigration) Bill would automatically include Jersey, despite a lack of consultation with the Island's Government. The panel has understood that you have undertaken some actions in this regard. Could you outline and update us on your intentions around that?

The Minister for External Relations:

Of course, the Rwanda Bill is about immigration so it sits with the Minister for Home Affairs and her officials. From my perspective, a P.E.C., a permissive extent clause, should not be included in the piece of U.K. legislation outwith the constitutional norm, which is that the U.K. would consult with the jurisdiction or, in our case, the Crown dependencies before including permissive extent clause.

Sometimes, of course, a permissive extent clause can be asked for by a jurisdiction or by Jersey. Immigration is one of those areas where we probably find most permissive extent clauses because it serves the Islands, not just Jersey but the other 2 islands, to not have to replicate all of immigration legislation.

Deputy M. Tadier:

Can I just interrupt? Does it put us on a ... there is a moral element and I think even the ... I say even, but the Minister for Economic Development may be speaking in a private capacity in the States. I remember he raised issues about the Rwanda Bill extending to Jersey. Ultimately, if Jersey is asked to do things which I think many Members and certainly the public might feel ethically is questionable, how do we draw the line there?

The Minister for External Relations:

So a permissive extent clause does not extend the legislation to Jersey, it just allows for it to be extended should we wish for it to be extended. So the States would still have a decision because the permissive extent clause would need to come to the States for ... the Minister would bring it to the States to agree that it will be extended, and then obviously there is the Royal Court extension bit as well. So it ...

Deputy M. Tadier:

So what would the reality ...

The Minister for External Relations:

My disagreement with them was that they should have consulted us first. They did not. You will know that both the Justice Select Committee said that was inappropriate and they should make sure that in future they do; the Minister in the Third Reading, when he spoke in the House of Commons, recognised that they should have done and said that they will consult in the future. So the reality is, as we sit here, the Rwanda Bill does not extend to Jersey but there is this little clause in it that would allow it to be extended in a simple manner should Jersey wish it to be.

Deputy M. Tadier:

So, in reality, if the U.K. proceed with the Rwanda Bill and essentially they are going to be deporting asylum seekers to Rwanda, is it feasible for Jersey to have a different position? So, in reality, if we have ...

The Minister for External Relations:

Yes, we already have a different position because it is not extended to us.

Deputy M. Tadier:

So if an asylum seeker comes to Jersey ... I know this is probably getting into Home Affairs territory ...

The Minister for External Relations:

It is.

Deputy M. Tadier:

Insofar as there would be a difference, would it create a constitutional issue? If an asylum seeker comes to Jersey they will not be processed in the same way then? Because Jersey would not want to send them to Rwanda necessarily.

The Minister for External Relations:

That is very much outside of my competency, but my understanding would be that we do largely follow the U.K.'s ... we mirror the U.K.'s process for dealing with asylum seekers. I think we have only ... I am only aware of one during my time in government and that process was a process that mirrored what would happen in the U.K. The difference would be that the latest regulations in the Rwanda Bill do not cover Jersey and, therefore, we would just process them in the way that was and not in the way that the U.K. now will do in regard to the Rwanda Bill.

Deputy M. Tadier:

Thank you. So I am going to pass over to Deputy Andrews. Thank you.

Deputy M.B. Andrews:

Minister, I would like to start by asking you a question about: will there be any changes in terms of your responsibilities and focus moving forward compared to that of your predecessor and their role?

The Minister for External Relations:

No, I do not think there will. We are working to the Ministerial Plan. We now will have the overlay, if the States agree it, of the ... what do we call it now? The C.S.P. (Common Strategic Policy). There is a priority there added over the top about red tape, about international competitiveness, so we will then work to that as well. A lot of good work was started over the last 2 years, or I might like to think continued over the last 2 years, and that is what I will continue to do. There are new streams of work which were envisaged but now are getting off the ground, which you will no doubt come on to around diaspora and international identity and those things, but no, we will be continuing as set out in the work plan.

Deputy M.B. Andrews:

Minister, the panel has taken the opportunity to look at the Common Strategic Policy. It is a document that is 16 pages long. I just wanted to ask you: do you see there being any reflection of the Ministry for External Relations in the C.S.P. and, if so, what parts do you believe feature in the C.S.P. that you are responsible for?

The Minister for External Relations:

Well, really there are 2. If we take financial services, that is one bit, but if you take just External Relations, there are 2 bits about External Relations. One is the generic building good relations with partners. The other is really supporting other Ministers and departments with their priorities where they might butt up against either the U.K. or Europe or some other place to help facilitate them with educational exchanges, cultural exchanges, M.O.U.s (memorandum of understanding) around those particular areas. So it is very much you take the C.S.P.; what it is seeking to do is prioritise throughout the next 2 years, because there is not that much left of this term of government. So it is seeking to prioritise what can be done over the next 2 years but there is still that whole host of everyday activity which will be taken on and serviced as normal. So we will carry on doing that. There is, as I said, that priority in the C.S.P. about red tape and international competitiveness we are working on that will fit into both External Relations and the financial services bit of my portfolio.

Deputy M.B. Andrews:

Okay. Thank you very much, Minister. So you mentioned there about the importance of assisting your fellow Ministers in terms of their work streams, but I just wanted to ask you a question about the forthcoming Government Plan. Is there anything in particular that will be brought forward in the Government Plan that will be under your remit that you will be responsible for?

The Minister for External Relations:

As I have been away, I do not think we have made that much progress on the Government Plan other than the high-level framework, which is you have the priorities in the C.S.P. which need to be funded, so how you are going to manage that within the budget. So that is for this year, so you have to make reductions in the growth money in order to start those things this year. The bigger question is then what do we put in the Government Plan for next year to deliver those priorities. So I would expect ... I do not think that there is going to be that much within my personal remit requiring monies in that Government Plan. There are some questions about the financial intelligence unit as it moves to needing to be independent prior to and post Moneyval and whether we will be able to allocate more funds to that. These are open questions. There is the other thing about the pillar 2 work that will need some seed funding for Systems and People, as I understand it, but that is not my direct involvement. That is the Minister for Treasury and Resources' Revenue Jersey Department.

Deputy G.P. Southern:

Can I ask you about revenue? You mentioned the fact that we need a competitive tax rate to compete with others.

The Minister for External Relations:

Yes.

Deputy G.P. Southern:

Who are those others? Who are we competing with?

The Minister for External Relations:

Well, that is a good question because who we might have thought of as our historic competitors I do not think they are. In the fund space they are Luxembourg. In the private wealth space they are Singapore and Hong Kong. In private wealth, trust and various other spaces they are U.S. (United States) states. So the days when people thought: "Oh, well, we have lost a bit of business to Guernsey" or "We have won some business from Guernsey, we are doing well", those days really are largely over. We have to think about where our main competitors are and they are those areas, those jurisdictions which I have just said. That might not be totally obvious now but it will become more and more obvious as we transition to the new global tax rate and we see some international finance centres need to consolidate.

Deputy G.P. Southern:

We heard yesterday from the pillar 2 people talking about the problems associated with pillar 2 in that the U.S. states that you mentioned are rejecting our version of it. Where do we go from here?

The Minister for External Relations:

One of the reasons that I was in the U.S. last week, as well as attending the I.M.F. (International Monetary Fund) World Bank spring meetings, was to talk with U.S. Treasury, talk with staffers on the Hill on both sides of the aisle, because there is currently a mismatch between the new international tax rates globe and the U.S.'s, who already have a worldwide income system called G.I.L.T.I (Global Intangible Low-Taxed Income). The O.E.C.D. (Organisation for Economic Co-operation and Development) have recognised that there is a mismatch so they have given them an extension. What we are saying is that we do not want that mismatch to inform decisions detrimental to Jersey because of a mismatch in the international system. The open question is, of course, what will happen in the U.S. Will they seek to amend their legislation to remove that mismatch or is this a mismatch which is going to last longer? Those are open questions. What we rightly need to do is comply with the new international approach, which we will do with an income inclusion rule and a new domestic tax, bringing in the 15 per cent for in-scope companies, but also for an interim seeing how we can deal with that mismatch for U.S. companies.

Deputy G.P. Southern:

Thank you.

Deputy M.B. Andrews:

Minister, I know obviously you have appointed 2 Assistant Ministers and I was just wondering what responsibilities have been delegated to those Assistant Ministers.

The Minister for External Relations:

Well, firstly, from an E.R. perspective, in my absence they both have full responsibilities, so either of them can act on any part. I want to say the Deputy of Grouville but I am not allowed to say that anymore. Deputy ...

Assistant Minister for External Relations (1):

Just need to add a bit.

[11:00]

The Minister for External Relations:

... Labey of Grouville and St. Martin, she is taking responsibility for the diaspora programme, the Jersey Identity programme where it crosses over and the work there, the relationship with honorary consuls, relationship, therefore, with parts of Europe, and there is a full list there which you could read out, yes. It is in the ...

Assistant Minister for External Relations (1):

It is in the document I cited yesterday.

The Minister for External Relations:

It is in that document.

Assistant Minister for External Relations (1):

Article ...

Deputy M.B. Andrews:

Okay. That is fine.

The Minister for External Relations:

But let us just for the record keep going.

Assistant Minister for External Relations (1):

Okay.

The Minister for External Relations:

Yes, diaspora, honorary consuls, European communities in Jersey and in their home nations, New Jersey, cultural and educational diplomacy, collaboration with not for profits, twinning and co-operation and thinking about where we can use those into the future. The Minister for Treasury and Resources has, as I said, the full authority and also supporting for financial services as well.

Deputy M.B. Andrews:

Okay. Thank you very much, Minister.

Assistant Minister for External Relations (2):

Sanctions.

The Minister for External Relations:

Yes. I took that as full authority, but yes, sanctions and asset freezing.

Deputy M. Tadier:

Yes. Does Deputy Millar have any direct delegated responsibilities from External Relations?

Assistant Minister for External Relations (2):

Yes.

The Minister for External Relations:

Yes. Sorry, they are the sanctions and asset freezing.

Deputy M. Tadier:

Sorry, did you say that already? I did not ...

The Minister for External Relations:

Yes.

Deputy M. Tadier:

Sorry, I missed it. Thank you. I am sure you have your work cut out in other ways anyway. Thank you. Deputy Southern, are you happy to carry on?

Deputy G.P. Southern:

Yes, by all means. Something much more mundane, Depositor Compensation Scheme, which has just been taken over by the Jersey Resolution Authority. Can you please tell us something about the reasons for this change?

The Minister for External Relations:

It is about to. It is not fully there yet. So, as we know, we start from the position of post the financial crash that Depositor Compensation Scheme was introduced to give confidence to depositors. But of course equally as important is if a bank is going bust or goes bust how we resolve the whole bit of it, not just for depositors as well. It really is becoming ... and I think it is the right approach for us to think not just about depositor compensation but the whole resolution of a bank that might go bust in Jersey. That is why we are creating the resolution authority and then going to put in, in effect, rather than having 2 different authorities because I think they actually do work together, then you just have the one authority. But we also remind ourselves that currently 12 of the 18 banking groups operating in Jersey have bail-in resolution strategies at group level, so that is 94 per cent of deposits in Jersey are covered by their parent company strategies as well. So we are well covered, but what we are trying to do with that resolution authority is mirror best international practice.

Deputy G.P. Southern:

Has there been discussion or consideration of raising the amounts straightforwardly in order to compensate for inflation?

The Minister for External Relations:

It is always an open question. What we have prioritised is creating the resolution authority. The Minister for Treasury and Resources is just whispering in my ear and saying that the board are looking at it, but we in the department, once we have the resolution authority up and running, will probably do a more formal review with that as its target.

Deputy M. Tadier:

It might well be that the board will be looking for political direction on that. I think from what we have understood is it is considered to be a political decision.

The Minister for External Relations:

If that is the case, I do not know what political direction the former Minister for financial services gave them but I am ...

Deputy M. Tadier:

Presumably ...

The Minister for External Relations:

While at the same time of believing that deposits are well covered in Jersey, I do think that we need to keep an eye on the international approach and make sure that we are not falling behind. So if they were asking me for a political steer it would be that they should carry out that work with a view to raising that amount.

Deputy M. Tadier:

Is it not simple that if we take into account the rate of inflation since the scheme was set up and the amount would stay the same at £50,000, that is dwindling. So at some point that £50,000 would become fairly negligible in the grand scheme of things. Is now not the time to make a decision that we want to uprate that?

The Minister for External Relations:

No, but that would be a good political rationale that I would use in order to inform the new board's review and the work that they would do. I do not think it is something that we should just jump to without understanding the other implications, particularly around the cap and the period because they all work together.

Deputy M. Tadier:

Is there a risk that if your department does not do it, then a Back-Bencher may lodge this as an amendment?

The Minister for External Relations:

Well, they could lodge an amendment to ask for it to be looked at and I would support such an amendment because I ... as the Minister for Treasury and Resources just said ...

Assistant Minister for External Relations (2):

It will be the ...

The Minister for External Relations:

... they either are looking at it or it will be looked at once the ...

Assistant Minister for External Relations (2):

It will be considered as part of the overall move. Once they have merged they will look at that because I think everybody is aware of that. I know the chair is. He is very engaged with that particular subject, so I think it is something and I think it would be ... I do not think it is necessarily something that you can just index link. You do have to look at the international framework. You

have to look at the nature of the deposit base in Jersey, the extent of the deposit base in Jersey, and, as the Minister says, the cap, the overall cap on deposit protection. Bear in mind that are we protecting local residents or are we protecting people who are not in the Island? So it is a quite complex area just to find little bits and pieces here and there and do it piecemeal. I think it does have to be done in a very coherent and thoughtful way. Sorry to interrupt.

Deputy M.B. Andrews:

Can I, sorry, just ask one quick question? In the case where the Government have then got to pay out monies, where are the funds coming from?

The Minister for External Relations:

So the strategic reserve underwrites the scheme.

Deputy M.B. Andrews:

Okay. Thank you.

Deputy G.P. Southern:

The functions are supposed to be transferred by January 2025. Is there space in that interval for consultation with the industry?

The Minister for External Relations:

I think there is. There has been quite a lot of consultation with industry and that will continue, but you do not need to hear me waffling. Tom, if you want to step forward. Tom is the policy lead in this area and has been working very closely with the Jersey Bankers Association in bringing this forward. So we have consulted and we will continue to consult through that process, will we not?

Associate Director, Financial Services:

Yes. That is precisely the case. We have consulted earlier this year publicly on the plans that have been laid out with regards to transferring the scheme into the resolution authority and closing the D.C.S. (Depositors Compensation Scheme) board. In the development of those plans, we have been working closely with the existing D.C.S. board, so that is the Jersey Bank Depositors Compensation Board, and the resolution authority to essentially understand the challenges and nuances that we should be focusing our attention on to make sure that when we get to 1st January 2025 there is a scheme that can be operated by the authority.

Deputy G.P. Southern:

Thank you. Could I move on again, coming down to even more mundane, I think, consumer lending law.

Deputy M. Tadier:

We like mundane here.

Assistant Minister for External Relations (2):

It is very important. [Laughter]

Deputy G.P. Southern:

I am sure it is very important and you are going to tell me how important it is. As our question, the panel is aware that consumer lending legislation can soon be anticipated. That is a wonderful phrase. Can you please provide us with a brief update on progress?

The Minister for External Relations:

From my perspective, the consultation has closed. Officers are ready to brief me on the results of the consultation and then the publication, I think, of the consultation document for us then to make some decisions, but this is something that again the Minister for Treasury and Resources is very close to and committed to.

Deputy G.P. Southern:

I was expecting her answer rather than yours.

The Minister for External Relations:

Okay. I just want to give you a high-level answer on that where I was.

Assistant Minister for External Relations (2):

I am not up to date with it but I do know there was a public consultation. There was further consultation with interested parties who had some further concerns, some of which we have taken on board and the law will reflect the outcomes of consultation. I think there is a report coming shortly.

Deputy G.P. Southern:

Coming shortly. When do you expect to be able to proceed with some legislation or is that too early to say?

The Minister for External Relations:

Quarter 3, quarter 4 this year.

Assistant Minister for External Relations (2):

Yes.

Deputy M. Tadier:

Can I just ask a general question? We tend to ask other Ministers the same. What tends to be your lead-in time for legislation and law drafting? How long do you tend to have to wait from giving instructions and then seeing the law coming out the other side ready to lodge? Is it like a piece of string or ...?

Assistant Minister for External Relations (2):

Yes.

The Minister for External Relations:

Yes. I just think every bit of legislation is different in my experience. Treasury legislation, for example, that needs to be done for the Budget is quite quick. Complex legislation like consumer credit where you are having to think about unintended consequences can take quite ... firstly, you are having to think about where on earth you are going to ... are you going to do a standalone piece of legislation or are you going to tack it on to another bit of legislation? So this is one of those bits that I think is really quite complex and difficult and, therefore, takes a long time.

Deputy M. Tadier:

Is it a year, 2 years, 3 years?

Assistant Minister for External Relations (2):

I do not think it is as long as that. I think there can be issues where you do drafting instructions and you think, well, we have covered everything and here is all our policy issues and it goes to the law drafter and the law drafter will say: "But what about this? Here is a new policy piece that we have not covered. What do you want to do there?" So there can be a bit of back and forth with law drafting and law drafting will sometimes ... I am trying to think of an example. I had one in Social Security and I cannot remember what it was now, where we had given instructions and law drafting said: "That does not work very well" so we had to reconsider it. It happened fairly quickly. It was a relatively straightforward piece of law, but sometimes they will identify things when it comes to the actual drafting where they have to come back. I am told there is a ... I think law drafting is one of these areas they sometimes feel a bit ...

Deputy M. Tadier:

Unloved.

Assistant Minister for External Relations (2):

... unloved and there is a sense sometimes that there is no time for law drafting. I know the principal law draft ... but the head of that department will say there is this notion that they do not have time to do everything. But they have done some recruitment and they have some good people and they do have capacity for drafting but it just takes time drafting law.

Deputy M. Tadier:

It depends on the quality of the instruction and the policy framework that is given to them.

Assistant Minister for External Relations (2):

The instruction and what policy is given and ...

Deputy M. Tadier:

Thank you. I know we have gone slightly down a ...

Deputy G.P. Southern:

The last one from me ...

The Minister for External Relations:

Can I just say in my experience when people blame the Law Draftsman for things is that that is passing the buck and it is not them at fault.

Deputy M. Tadier:

Thank you. We may tell ...

Deputy G.P. Southern:

I will remind you of that when ...

Deputy M. Tadier:

We may tell that to some of your ministerial colleagues in the future.

Assistant Minister for External Relations (2):

I think you are right. The instructions might not be as complete as they could be.

Deputy M. Tadier:

Thank you. Sorry, Geoff.

Deputy G.P. Southern:

That is all right. I am on to pension regulation, again comprehensive framework for regulation of all pensions due to be completed shortly. Again, that magic phrase, shortly. Some problems in the way. What progress have you made?

The Minister for External Relations:

Firstly, I have not yet looked at where we are with the pension regulation. It was initially envisaged that we would bring in the States employees and the teachers' pension scheme. That is not quite as straightforward as we had envisaged. The ombudsman has raised some issues there, I think, and concerns that need to be addressed. I have since coming back to this job not actually looked at where we are or picked that up.

Assistant Minister for External Relations (2):

I am not completely up to date. I think some of the issues we had is that these changes, as the Minister says, will bring the public schemes in. That also brings them within the remit of the Ombudsman, so a person could make a complaint to the Financial Services Ombudsman. We have been liaising for quite some time with the Committees of Management of the 2 pension schemes. We have been having to liaise with Committee of Management and part of the issue, aside from the regulatory legislation, is that the rules of the public schemes are themselves set in law and they are too restrictive. They do not help.

[11:15]

There are things that private pension scheme trustees could do that the public trustees and the Committees of Management are not able to do. So, for example, if a complaint is made in a private scheme, the trustees could agree to settle. They can agree a settlement with the Ombudsman. The public trustees cannot do that. So we also need to change the law of ... we need to change the legislation relating to the public schemes to give them the flexibility to deal with the Ombudsman. That is one of the examples. So, although it seems the regulation is one part, it then has a knock-on with the legislation affecting those schemes. That was the ... but I am not aware of timing.

The Minister for External Relations:

Tom, do you ...?

Associate Director, Financial Services:

Yes, what we have laid out there is that initial phase and I think, given the size of the work it has been phased with that initial phase 2 focus on the remit of the Ombudsman. As we say, we are at that point where we have been engaging and have received comments back from the Channel Islands Financial Ombudsman on the draft legislation. From what I understand, they are the final

comments such that we can take those back to the drafter to turn that piece of legislation around to progress that phase. After that phase, then we will consider turning our attention to the wider regulation, which would require far more scoping work.

Deputy G.P. Southern:

That is fairly comprehensive. Any idea of timings in there? By the end of year 2?

The Minister for External Relations:

I do not have any idea of timings but I would personally like to get it over the line within the next 2 years.

Assistant Minister for External Relations (2):

I think we also had an issue in that the person, the officer, who was driving that piece of legislation left and her replacement started I think in January, is that right?

Associate Director, Financial Services:

Yes.

Assistant Minister for External Relations (2):

So that person then has to get up to speed with drafting and then take it forward. So there was a personnel ...

Deputy G.P. Southern:

Which maybe takes us on to staffing numbers.

Assistant Minister for External Relations (2):

... issue as well.

Deputy K.M. Wilson:

Just as a follow-up to that, is that deliverable within 2 years?

Associate Director, Financial Services:

I think one of the key things here from my perspective is I do not actually work as a policy officer on that so I do not have the insight to answer that question.

Deputy K.M. Wilson:

All right. Okay.

Deputy M. Tadier:

Shall we move on to the next section and pass over to you, Deputy Wilson?

Deputy K.M. Wilson:

Thank you. Okay. Minister, I am going to talk about the Proceeds of Crime Law. The panel understands that continued work to review and reform the Proceeds of Crime Law is being undertaken. Can you please outline the purpose of these changes and provide an update for the work?

The Minister for External Relations:

I am not quite sure where the question comes from. The Proceeds of Crime Law is obviously amended. It ends up being quite a live document. I think that post the Moneyval review we will think about the entire Proceeds of Crime Law framework and whether it would be ... and I take the view that it would be better if we had a new framework within which to deal with all of these matters rather than what is now somewhat complex because we have just added bits on and changed bits over the last how many years? Quite a lot of years, George. So that is not work that has yet started, as far as I am aware. I have not been briefed on it having started, but it will start. It will be one of the actions post the Moneyval report.

Deputy K.M. Wilson:

Okay. Just in terms of the proposed changes, where do you see the improvements? What sort of areas are you looking for to improve upon through those changes?

The Minister for External Relations:

Clarity, simplicity, making sure that everyone knows what their obligations are in any given situation. That will need to change. We also need to, in light of the report as well, think about how we are regulating across the board. Are we ensuring that we are a modern regulator that regulates appropriately for the risks of the jurisdiction and takes a risk-based approach to regulation? So they will all really sit together, but if you want a nice technical answer I am sure George will give you that.

Director of Financial Crime Strategy:

I am happy to come in if that helps the panel. So I think the panel is likely to be picking this up from the previous Government Plan where we had put in a placeholder for amendments to the Proceeds of Crime Law. Now, a number of amendments were made in 2023 prior to the Moneyval on-site visit to ensure we had the best possible position for technical compliance. They were relatively small technical changes. There was also a placeholder in there if anything needed to be more fundamentally changed, and that is more what the Minister has referred to. We want to take the recommended actions from the Moneyval report, which currently is still in draft and will be delivered

to us ... well, will be finalised in May and then published in July as a learning point for developing P.O.C.L. (Proceeds of Crime Law), as a modern P.O.C.L. As the Minister mentioned, the Proceeds of Crime Law has been in place since 1999, 25 years now. It needs a holistic review. Other jurisdictions have looked at this and there is a lot of learning I think we can get from them. The other point is that the Financial Intelligence Unit regulations sit under P.O.C.L. They are regulations made subordinate to P.O.C.L. They will require amendment later this year to, as the Minister mentioned earlier, allow the F.I.U. (Financial Intelligence Unit) to become a fully autonomous and independent F.I.U. So there will be proposals coming later in the year for a targeted amendment to those regs. The intention at the moment is that there is a preference for the F.I.U. to be in a standalone piece of legislation rather than P.O.C.L. so that will be a technical amendment. But as the Minister says, the intention post-Moneyval is to go through a much more holistic review of P.O.C.L. but we will also look at how the supervisor and other agencies work, which is a more strategic review before we get to the underlying legislation.

Deputy K.M. Wilson:

Sure. Okay. Thank you very much. I just want to come on to the Register of Names and Addresses (Credit Reference Agencies) (Jersey) Order. Can you provide an update as to the work undertaken by the Government to enable Islanders' access to credit facilities? Has there been any measurement of the increase to access of these credit facilities following the work that you have undertaken?

The Minister for External Relations:

I will give you a high level. The work arising out of the order to the Names and Addresses (Credit Reference Agencies) Order, which falls under the Chief Minister's Office, not mine, so just in case ... I am not seeking to tread on somebody else's toes. The officers have been working with credit reference agencies. That work is ongoing. What is of interest, of course, is since ... and it was the Minister for Treasury and Resources that did this. In her former role she spoke to banking institutions. We have seen more entries into the market. Some Islanders will have had fliers through their door offering them credit cards from a local bank. My understanding is that they are in that process. They have done some trial work on it and then they have people making applications. So we have seen some really positive movement there, but what we want to do is continue to make sure that other institutions feel as confident as that one, and there is another one as well doing it, in order to continue or reintroduce credit cards.

Deputy K.M. Wilson:

Okay. Have you got anything to add on that at all?

Assistant Minister for External Relations (2):

No. I think as the Minister says there are ... I met with most of the banks and there are numerous reasons that they have specified for why credit cards are difficult. Some of it depends on the structure of the bank, some of it depends on technology. It depends on Jersey basically competing for the provision with much bigger jurisdictions. But hopefully this work will take away one of the very consistent difficulties, which was lack of an accessible electoral roll. So that will address that problem. But we know there was a little bit of a downturn, that one of the banks is producing credit cards for people who do not bank with them. There is a new provider, new entrant, other banks who I think were unsure about continuing the provision or are working to reintroduce that provision. Some of the reasons I thought seemed a bit odd, questions about enforcement. The one thing I would say is that what we have done with the consumer credit is say that we will not cover ... our consumer credit legislation will exempt credit card providers who are regulated in other reputable jurisdictions because the last thing we want to do is create another hurdle for a credit card provider to become regulated and deal with a whole new regulated framework in Jersey. So a U.K. credit card provider will not have to register in Jersey. Most of them will already be regulated in some capacity.

Deputy K.M. Wilson:

Okay. Thank you for that. Just on the issue around the registry of names and addresses again, do you anticipate any changes being made to that at all? If so, can you outline what the purpose and the timeline of those changes might be?

Assistant Minister for External Relations (2):

Changes to ...?

Deputy K.M. Wilson:

To the Register of Names and Addresses Law itself.

Assistant Minister for External Relations (2):

As I say, that is with the ...

The Minister for External Relations:

I am not aware that there was any need.

Assistant Minister for External Relations (2):

... Chief Minister. No.

The Minister for External Relations:

I am not aware that there is any need to make any changes in light of this order. It is about satisfying those who will ... that is the Chief Minister being satisfied that those that will have access under this

order comply with data protection standards and all of those things that you would expect, not that we need to change the ...

Deputy K.M. Wilson:

Need a new law.

The Minister for External Relations:

Yes.

Deputy K.M. Wilson:

Okay.

The Minister for External Relations:

That is not to say other departments might have changes to the names and addresses register that we are not sighted on.

Deputy K.M. Wilson:

Yes. It is the law specifically.

The Minister for External Relations:

It is the order that we are thinking about.

Deputy G.P. Southern:

How accurate do you think the names and addresses register is? That is the fundamental question from years back.

The Minister for External Relations:

It is more accurate than it used to be, I am informed.

Deputy G.P. Southern:

That is a magnificent tribute.

The Minister for External Relations:

I am informed.

Deputy G.P. Southern:

Fair enough. I am sure we will come back to it sometime.

Assistant Minister for External Relations (2):

I think keeping any register of names and addresses absolutely up to date is always going to be a problem because someone needs to tell Government. It is a Government list. Someone needs to tell us it has changed. It needs to be inputted properly, the changes inputted properly. I think it is as correct as the last amount of information we have been given.

Deputy G.P. Southern:

No matter how many times Mickey Mouse appears on the register?

Assistant Minister for External Relations (2):

Well, if someone notifies us of a change that affects that register, that change should be made and it should be made accurately. That is what you would expect.

Deputy G.P. Southern:

Yes.

Assistant Minister for External Relations (2):

One would expect those changes to be made accurately.

Deputy K.M. Wilson:

Okay. Thank you.

Assistant Minister for External Relations (2):

Customer databases are difficult in any organisation.

Deputy G.P. Southern:

I am sure.

Deputy M. Tadier:

Thank you. Deputy Andrews.

Deputy M.B. Andrews:

We have already touched a bit on Moneyval earlier on with officers but I was just wondering, Minister, whether you could just provide the panel with an update on Jersey's Moneyval assessment.

The Minister for External Relations:

Yes. Thank you for accepting the briefing from officers earlier in the week. That is appreciated. As you know, there is a formal process through which we are currently going. We have had the on-site

visit. The assessors then produce a draft report. We engage with the draft report. That draft report is then sent out to relevant Members. They then culminate in a plenary session where they comment and make arguments to or for various elements of that report and then it finally gets published in July. It of course all must remain confidential until the publication date on 24th July.

Deputy M.B. Andrews:

Can I just ask, Minister, have you read the entire report?

The Minister for External Relations:

Have I read the entire report as we sit here? No, I have not read the entire report, but I can assure you that I have many officials who have read the entire report and they have engaged me in all of the elements of the recommendations and the report as well as the political steering group, which is a group that is made up of relevant and associated agencies.

Deputy M.B. Andrews:

Yes.

Director of Financial Crime Strategy:

Maybe if I can just add, so the political steering group meets on a monthly basis and is briefed in detail on the progress of the report - in fact, we met yesterday morning - and at that the political steering group will consider potential policy reactions to the recommended actions and are advised on how to deal with the technical process of the report. Because we have to remember that the process itself is a technical process of compliance with the standards. The reaction to that, the policy reaction, is of course very political, so we are just reaching the stage now where the report has stabilised and Ministers are now going to be in the next few months considering our action plan to respond to that. The intention is to in July publish an action plan alongside the report so that there is a very clear direction of travel for the Island post-Moneyval.

[11:30]

Deputy M.B. Andrews:

Thank you very much for providing that clarity for me. Secondly as well, the Financial Intelligence Unit, that was mentioned a bit earlier on in the public hearing. I just wanted to ask what exactly would you like to see happen to try and maybe improve the provision that is currently within the Financial Intelligence Unit and when could we be looking at those changes coming to fruition?

The Minister for External Relations:

Well, I think the first thing to say is that they already have made great changes, had extra resource and extra staffing, and they are in a lot stronger position than they might have been historically and they should be congratulated for that. You will know that we have a new ... I am not quite sure what his title is but a new head of that department, that division, and he is very keen that, okay, we need the Financial Intelligence Unit to comply with the international approach because we want the very best intelligence in order to be able to deal with all that needs to be done. But he is also very keen to think about, okay, how do we, though, use that Financial Intelligence Unit to really benefit everyday Islanders? How do we look at trends in financial crime? We all know that with cybercrime we are not just talking about very wealthy individuals and family offices and all of those things and banking institutions that we might traditionally think of about financial crime. We are talking about everyday Islanders who are being scammed over the telephone. So he is very much committed to using that intelligence and those trends to support Islanders in advance of being the subject of those sorts of scams because they are becoming more and more prevalent. One of the events that I was engaged at thanks to the work of J.O.A. (Jersey Overseas Aid) last week at the I.M.F. was with the Toronto Centre, and the president of F.A.T.F. (Financial Action Task Force) was there alongside me speaking. This is one of their priorities moving forward to think about how we tackle financial crime undertaken in the world of cyber.

Deputy M.B. Andrews:

Can I ask, Minister, have any discussions taken place between you and the new Minister for Home Affairs regarding the Financial Intelligence Unit?

The Minister for External Relations:

Well, the Minister for Home Affairs sits on the political steering group so she is party to all of those conversations and discussions.

Deputy M.B. Andrews:

Yes. Okay. Thank you very much, Minister. Back to you, Chair.

Deputy M. Tadier:

Can I just follow up? You mentioned, I think, an important issue about people being scammed, but is the bread and butter of the F.I.U. really to do with higher level international crime, organised crime, funding of terrorism, et cetera?

The Minister for External Relations:

I think historically it has been that but I think that the intelligence that has been gathered and the trends that are then being seen can be used to really support Islanders across the Island, rather than just this narrow focus that we might think of it as having.

Deputy M. Tadier:

Okay. Thank you. I am just going to move on to a very specific question about the J.F.S.C. (Jersey Financial Services Commission) data breach. Following the publicised data breach earlier this year concerning Jersey Financial Services Commission and its registry, please can you provide an outline of the work that you and your officers have been undertaking in response to that?

The Minister for External Relations:

The main piece of work, of course, is the root cause analysis to understand how this breach took place.

Deputy M. Tadier:

What can you tell us about how it took place?

The Minister for External Relations:

We face that ever-growing difficulty that the first priority was supporting the J.F.S.C. to support, firstly, the need to contact individuals whose data was breached, and all of that process. So closing down the vulnerability right at the start, then reviewing the system to see if there were other vulnerabilities and ensuring that they were closed down, then getting an independent cybersecurity expert to look at the system as a whole and try and understand more what happened and whether everything was cleared out. We had an independent body that helped us review the work that the commission had undertaken. We have also had an independent body to review the scope of the root cause analysis, which is now being undertaken. Until we have that root cause analysis, which I suspect we will also have an independent review of the root cause analysis from Government, we will not be able to say anything about what actually caused that.

Deputy M. Tadier:

Okay. Can I just ask, it was reported in the media you commented saying: "I am assured by the J.F.S.C. that they have resolved a vulnerability that affected a limited number of entries"; that that limited number, it seems like, was in the region of 67,000 individuals, potentially. So it is not an insignificant breach. Do we know how many of those on the list effectively may have had their information accessed, or is it simply a potential access?

The Minister for External Relations:

I do not have all those details in front of me now, but I can certainly supply them to you because they were put into various buckets. There were some individuals whose information was already in the public domain by virtue of other bits of information on the registry. Then there were further

buckets which were considered to be people at higher risk. They use that E.U. thing there. But I can get you those numbers and provide them to the panel, if you would like.

Deputy M. Tadier:

Thank you. I guess something for us to understand either now or at some point is: has there been any tangible consequence as a result of the breach?

The Minister for External Relations:

That is a very good question to which there is not a good answer as we sit here, because we would only end up knowing those individuals whose data have been breached. So they have been contacted by the J.F.S.C., they will have spoken to their service providers, and it will only be that feedback loop whereby we know if there has been any tangible consequences to them as individuals.

Deputy M. Tadier:

Do we know if there has been any?

The Minister for External Relations:

I have not been made aware of any at this point. But that is not to say that there have not been.

Deputy M. Tadier:

Have you been able to judge whether any reputational damage has occurred as a result of the breach?

The Minister for External Relations:

That is a difficult question to answer as well, because you have the high level ... lots of jurisdictions have had similar data breaches. Lots of institutions have had data breaches, when I have been speaking to them about it. They have then relayed an issue that they have either had as a country or as a company. On that level, we might be able to say that it has been managed well. What we do not know, of course, is individuals, what they might think and whether they have the same understanding that in the modern world these things happen, even though we might think we have got the best safeguards in place. That is not to say we should not keep working on those safeguards and strengthening them. We should, of course. It is those individuals and families that we do not know about the reputational issue of. Again, I have not had any that have contacted me with a negative response.

Deputy M. Tadier:

Thank you.

Deputy K.M. Wilson:

Can I just ask: are you happy with the timeliness of the response and the pace of the root cause analysis, and what do you expect in terms of an outcome to that?

The Minister for External Relations:

I do not have a timeline for receipt of the root cause analysis, as we sit here. We, in Government, supported the J.F.S.C. in the work that they were doing to ensure that it was timely and that those whose data had been accessed were appropriately informed in a timely manner.

Deputy K.M. Wilson:

Would you have a view as to what would be timely, to reassure people that there is some grip on the security and the controls that are needed?

The Minister for External Relations:

I have had an independent review of the system as it currently stands and can be confident, as you ever can be with a system, that those processes and security are in place as we sit here. That is not an issue. The issue is how did it arise in the first place? Because that may then give rise to some more fundamental questions about whether that system is suitable for the longer term, as we need to make further changes to the register in compliance with international standards.

Assistant Minister for External Relations (2):

The priority, quite rightly, was to close the vulnerability when they discovered there was this issue. I think the first priority was to close it and make sure it ... there was an ongoing problem, and I think that was the right thing for them to do, is to deal with the problem immediately. Then working out what happened will take a bit more time.

Deputy M. Tadier:

I will bring in Deputy Southern, and then we will move on.

Deputy G.P. Southern:

To talk about something basic, which is the collecting of tax. We have seen current and past year changes. We have seen computer access and data submission. We have seen married women's tax bill, all those changes. How is the Treasury coping with all these changes and how well do you think you are doing? Because it is coming up to crunch time. I have got my tax waiting for me at home.

Assistant Minister for External Relations (2):

Is that a question for this hearing?

The Minister for External Relations:

Probably not, but you can give a high-level answer. It arises out of are we mindful of the cyber risks to our systems as well, does it not, really?

Assistant Minister for External Relations (2):

Yes. Obviously there is work ongoing in terms of enhancing and improving our systems. That work has been ongoing for some time. It is continuing. We are very aware of the cyber issues. We still have ... I do not have the figures. I saw them recently. I think we are now at more than 40 per cent of people submitting online. I could be wrong. It is a couple of weeks since I looked at the material. But we still have people putting in paper returns, which you would think ...

Deputy G.P. Southern:

They will continue.

Assistant Minister for External Relations (2):

They will continue for some time, yes. But the online system is getting traction. The online system, when you use it, is very good. It is very quick, it is very easy. It would seem to me that the cyber risks are lower but you cannot discount them. But yes, it is something we are very much aware of and work is ongoing on improving our systems. Then, of course, the systems will have to be developed. We will be developing systems this year to deal with ... over the course of from now until 2026, we will be developing the systems to deal with independent taxation and software developments. That work will happen. Yes, obviously it is something we are aware of.

Deputy G.P. Southern:

I suppose the question is: are you confident that you can cope with all this change and are coping?

Assistant Minister for External Relations (2):

Yes, I believe so. Yes.

The Minister for External Relations:

What I think we might ... we do not know yet because the root cause analysis is not complete. But I would expect that root cause analysis of the J.F.S.C. system will be informative for Government to think about its very sensitive systems because, outside of the police system, it has to have national security information and free flow. The 2 most important systems, I think, and I could be misspeaking here, would be the regulator and the register, which we have had this breach on, and the information held by the Tax Department around sensitivity. I think we can probably learn from what happened

here in that system going forward. M and D (Modernisation and Digital) certainly have been doing so and rechecking things.

Deputy M. Tadier:

Can I just make one ... it is more of a point, but maybe you could pass this on. When it was reported - certainly one media outlet - that the initial forensic review found the leak was caused: "by a misconfiguration in its third party supply registry system", which seems fairly opaque and does not really cast a lot of light, I guess the question is: will you make sure that if this kind of thing happens, not just for the J.F.S.C. but certainly with internal systems, that either you ... if you cannot say anything, you do not, but if and when you can, that there is clarity around exactly what went wrong in layman's terms, I think, rather than just saying "misconfiguration"?

The Minister for External Relations:

We will hopefully get to that clarity with the root cause analysis. Of course, as you know, when something goes wrong like this it engages insurance, it engages software providers, it engages the entity itself. It is not always straightforward. People say things; insurance ask you not to say things around liability, back to your question about reputation and onward issues. So it does become challenging. If you are not careful, you end up with that sort of ... I am not sure how to describe it. You are the linguist.

[11:45]

Deputy M. Tadier:

I am sure it is factually correct, but not necessarily helpful. It raises more questions. Shall we move on to the next section? Thank you.

Deputy K.M. Wilson:

I am going to ask about the intellectual property framework. The panel recently received a briefing regarding the framework. Can you briefly outline the progress that has been made? Also, we understand that there is new legislation that will be required. You previously notified the panel in November 2023 of that. Can you also identify what this will entail and the timeline for its production and its debate?

The Minister for External Relations:

Yes. Thank you. Jersey's I.P. (intellectual property) legislation is being updated to ensure that we comply with best (a) international practice and (b) so that we can, in future, should we so wish - and we do but we need to come back to the States with this - take part in the service chapters of the F.T.A. (free trade agreements) programme, and Lukas is heading up that. So we are moving from

a secondary registration system to a primary registration system and all of the changes that are needed there with new legislation, but also extension of international conventions that cover this area. But Lukas will be able to give you a more detailed timeline and where he is at.

Head of Competition and Intellectual Property:

Thank you, Minister, and thank you, panel. As you may know, the I.P. framework in Jersey consists of a number of quite distinct areas of intellectual property legislation. We have got trademarks which the Minister just referred to, where we have a system of secondary registration, which we are looking to replace by a system of primary registration so that rights holders can come directly to Jersey and register their trademark here in the Island, rather than having to go first to the U.K. and then re-registering here, which will be the largest piece of work in this programme of reform. Law drafting instructions are in the process of being prepared and once they have been finalised - and we are working very closely with our Law Officer's Department because this is a very technical and complex area of legislation - they will then be submitted to the drafting office for the draft legislation to be prepared, with a view to hopefully lodging that by the end of this year, or otherwise very early on next year. There are a number of other changes in the pipeline as well, which you will see a little bit earlier, hopefully. We talked about the patents and designs regulations in the briefing we provided a few weeks ago. These require a number of minor changes. We are not making any wholesale changes to the system of registration, so that will remain secondary for both patents and designs in Jersey. However, we do need to make a number of minor changes to allow Jersey to seek the extension of a few international treaties in those areas, which are often listed as mandatory in free trade agreements. Those regulations are in the process of being finalised by the drafter at the moment, and we do hope to lodge those shortly thereafter once they have been finalised. But also I should note that they have to be reviewed as well by the U.K. Intellectual Property Office because, at the end of the day, Jersey would have to seek the extension of the U.K.'s ratification of those treaties. So we do need to know that what we are proposing to do and what we are proposing to bring to the Assembly meets the requirements so that once the Assembly has had a chance to review and, if content, adopt those regulations, we do not then get told by the U.K. that we are not doing enough, so that we can then have a smooth progress to extension.

Deputy K.M. Wilson:

Just on the issue around the trade, what sort of pre-emptive work is going on to enable the Island's continued participation in the trade agreements requiring legislation?

Head of Competition and Intellectual Property:

Specifically on the I.P. front?

Deputy K.M. Wilson:

Yes.

Head of Competition and Intellectual Property:

We did a consultation on trademarks towards the end of last year, to seek views from stakeholders on the proposed change to a system of primary registration. The response was very good, very positive, very helpful as well. Some useful insights from industry, which we are taking forward. A response paper was published last week by the Minister, which we shared with the panel as well. So we would happily answer any questions you have on that. We are working very closely as well; on the one hand we have got the legislation development, but on the other hand we need to look at the registry infrastructure. Whereas currently a system of secondary registration essentially only requires the registrar to review the certificate from the U.K. to see whether that is a valid one, whereas if you have a system of primary registration, one has to do the examination on-Island, so that will have to be set up properly as well. A lot of work is being put into that at the moment as well.

Deputy K.M. Wilson:

Okay. Thank you. Noting its relevance to the Island's economy, Minister, can you please confirm the ministerial oversight of the project and the ongoing costs following any formation of a registry?

The Minister for External Relations:

It is a good question because it is currently sitting with me or came into the E.R. bit of Government because of the F.T.A. implication. But really it will sit with the Minister for Sustainable Economic Development. I think the budget that we have got this year was £340,000, but we are proposing to spend £270,000, is that right, Lukas, something like that?

Head of Competition and Intellectual Property:

In the region. The Government Plan that was approved by the States Assembly had an amount of £300,000 in going forward, but we are looking to spend in the region of £240,000. But ultimately, we do hope that this registry would allow the registry to start generating revenue. Currently, revenue generated through the registry is very low. However, if we look at comparable jurisdictions across the world that have made these changes, including Guernsey, their registry has now been able to generate a significant level of revenue. We are not saying that that will be available in Jersey from day one, but there is certainly potential to generate revenue that would offset part of the running costs. But that is more of a medium to long-term ambition.

Deputy K.M. Wilson:

Okay. Thank you. If I could turn to trade agreements now, the panel notes that the November 2023 hearing and in relevant correspondence the subject of trade agreements was discussed with the

previous Minister. Can you please outline the work you are undertaking in progressing or altering trade agreements held by the Island?

The Minister for External Relations:

I suppose there are 2 elements to that. One is the U.K.'s free trade agreements programme, which is ongoing, and officers continue to engage with the Department for Business and Trade. They are mid-negotiation of a number of agreements. The one with the G.C.C. (Gulf Co-operation Council) was ... I think they were hoping to complete it in short order. That is not quite happening.

Deputy G.P. Southern:

G.C.C., sorry, again?

The Minister for External Relations:

Gulf Co-operation Council; 5 members of that.

Deputy M. Tadier:

Can you tell us who the 5 members are, if you know, roughly?

The Minister for External Relations:

The U.A.E. (United Arab Emirates), Saudi Arabia, Kuwait, Oman and Qatar. The U.K. is also following on its continuity agreements, which are, in effect, replicating what the E.U. had with other countries. You will know Lord Cameron was in Kazakhstan signing that continuity agreement there. We continue to work and this is what has really started Lukas's work, to have the Comprehensive and Progressive Trans-Pacific Partnership agreement, C.P.T.P.P., extended to us. It was ratified in the U.K. We are in for goods, but we have got the ability to have an extension, in due course, for services. That is why we need to make sure we are compliant with those service chapters. The U.K. is also mid-negotiation with India and Canada. On the other side, we have got our own deals that we are seeking to make bilaterally double taxation agreements and bilateral investment treaties.

Deputy K.M. Wilson:

Thank you. I was just going to ask that as well. In a letter on 5th December last year, the previous Minister indicated that Ministers and officials continue to engage with Scrutiny Panels on a regular basis regarding conclusion and ratification of Jersey's international trade agreements. Can you please identify at which point you would expect this panel to be informed of such notifications? Are there any trade agreements that are concluding that you wish to inform the panel of at this point?

The Minister for External Relations:

Yes, that is a good question. You will recall that the States agreed a proposition from - I wanted to call him Senator Bailhache, but I cannot - Deputy Bailhache, about how we deal with these agreements domestically. That work is ongoing. There was a legislation advisory panel meeting yesterday. I have not been briefed on the outcome of that panel, but there is a very early draft law that is being, in parliamentary language, kicked around to make sure that it actually works in different scenarios for different types of trade agreements. So if we take, for example, the Kazakhstan Continuity Agreement, I will be proposing to produce a report to the Assembly. I think that is probably the most straightforward agreement in that it is simply a continuity pre-Brexit relationship there. The others we continue to work through how best to deal with those.

Deputy K.M. Wilson:

Just for the purposes of keeping the public informed, how often do you review these agreements?

The Minister for External Relations:

Do I review them? Most of them are absolutely new. So we have not got to the review point. The important thing with agreements is that you comply at the start, so you then do not really need to review them because you comply on day one. Or where there are some where we may ... C.P.T.P.P., for example, where services could be extended at a later date, then we are doing all this compliance work now so that we can get that extended. So it is important that we comply at the start so the agreement just stays.

Deputy K.M. Wilson:

Thank you. Just moving on to European policy, did you want to pick that one up?

Deputy M. Tadier:

I think we have probably covered that one.

Deputy K.M. Wilson:

Yes, at the beginning, sorry.

Deputy M. Tadier:

We are lucky we have got a few minutes left and we are virtually at the end. We have got a choice of talking about Island identity and diaspora.

The Minister for External Relations:

Yes, do that, then Deputy Labey can ...

Deputy M. Tadier:

Or joint offices with Guernsey, so there is probably not much of a choice, although we can follow up with a written question. I think it is important to bring in the Assistant Minister here to talk about Island identity and diaspora. Can I just focus on the diaspora element of it? There are clearly Jersey-born people living abroad, some of whom may well want to come back at some point in the future; some of whom may not. We know that, similarly, Jersey has also got a lot of people who make Jersey their home, who were not born here. That has been the tradition and continues. In terms of the Jersey diaspora, can you outline what the purpose of the project is and what the elements of it are?

Assistant Minister for External Relations (1):

Yes, it aligns quite well with the global relations strategy and the 3 key aims set out there, the last one expanding the Island's international connectivity. It is not just Jersey-born people that live abroad, it is anyone that feels they have an affiliation with the Island. They could have worked here for a few years, now live in Australia or whatever. It is to keep, if they want to obviously, with people around the globe. We are hoping to send out an annual newsletter so that they can keep abreast of what is happening here, but also to discover if they can assist us. If they have certain skills, qualifications or contacts in their chosen residence, we can liaise with them. It is all part of the outward-facing international element of the work.

Deputy M. Tadier:

Can I ask a specific question? Although it is a moot point whether Jersey is a nation or not, Jersey ...

Assistant Minister for External Relations (1):

I think it is. It is a small nation.

Deputy M. Tadier:

Let us go with the basis that it is, rather than debating that. It is not uncommon for a lot of countries when they have elections to cater for their nationals who are living abroad. So Jersey has very strict ... not strict, but it has a different system whereby people who live here after 2 years can vote but, of course, if you do not live in Jersey, even though you might consider yourself to be a Jersey national, you do not have any say over the future direction of the Island. Is that something which you would consider an interesting area to look at and maybe change?

Assistant Minister for External Relations (1):

It is certainly an interesting area. I think this would probably fall under P.P.C. (Privileges and Procedures Committee) to have a look at.

[12:00]

But it is of frustration to my children born, brought up here, now 2 of them live away, who cannot vote. Yes, I think it is something that definitely should be looked at.

Deputy M. Tadier:

They may not be able to vote depending where they live, somebody may not be able to vote anywhere, I guess.

The Minister for External Relations:

But it would not be able to be based on nationality. It would have to be a system based on previous residency in Jersey or place of birth.

Deputy M. Tadier:

I am not giving an opinion one way or the other, but certainly I have heard campaigners talk about that in the past, about if you are going to talk about a Jersey diaspora and have any meaningful link to Jersey, if you do not have any rights in respect even to come back and work necessarily, those might be all areas that ... although you do not have remit over, you may wish to consider. I do not know if you agree with that.

Assistant Minister for External Relations (1):

Like I say, I think it is a very interesting point and certainly one that we could explore with P.P.C.

Deputy M. Tadier:

Sorry, I realise I am probably conveying more information there than asking questions, but I did finish with a question. Do we have any other business or questions? No. Can I thank you, Minister, and your team, for coming in, and going through that? I think it is very helpful. If we do need to follow up on anything, we will be doing that in writing. But I think we pretty much covered what we need to for today, and wish you all the best for the next few years in your varied portfolio.

The Minister for External Relations:

Thank you very much.

[12:01]