



Economic and International Affairs Scrutiny Panel

Quarterly Hearing

Witness: The Minister for External Relations

Thursday, 18th September 2025

Panel:

Deputy M. Tadier of St. Brelade (Chair)

Deputy K.M. Wilson of St. Clement (Vice-Chair)

Deputy M.B. Andrews of St. Helier North

Witnesses:

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

Deputy E. Millar of St. John, St. Lawrence and Trinity, Assistant Minister for External Relations (1)

Deputy M.R. Scott of St. Brelade, Assistant Minister for External Relations (2)

Ms. K. Nutt, Chief Officer, External Relations

Ms. H. de la Cour, Director of Financial and Professional Services

Mr. L. Ament, Head of Competition and Intellectual Property

Ms. N. Moylan, Assistant Comptroller of Revenue

Ms. J. Keir, Associate Director, Financial Services

[13:37]

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

Minister, thank you for attending upon our panel today and we are just going to do the formal introductions for ourselves but also those who might be listening or watching at home or subsequently. This is a hearing of the Economic and International Affairs Scrutiny Panel. I am Deputy Montfort Tadier, the chair.

Deputy K.M. Wilson of St. Clement (Vice-Chair):

Deputy Karen Wilson, vice-chair.

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

Deputy Max Andrews.

Deputy M. Tadier:

Could you introduce yourself and the team please?

The Minister for External Relations:

I am Ian Gorst, the Minister for External Relations and joined by ...

Assistant Minister for External Relations (1):

Elaine Millar, Assistant Minister for External Relations.

Assistant Minister for External Relations (2):

Deputy Moz Scott, Assistant Minister for External Relations.

The Minister for External Relations:

At the table we have got ...

Director of Financial and Professional Services:

Helen de la Cour, Director of Financial and Professional Services.

Chief Officer, External Relations:

Kate Nutt, Chief Officer of External Relations.

Deputy M. Tadier:

Do you want to introduce your subsequent team or as and when?

The Minister for External Relations:

As and when.

Deputy M. Tadier:

As and when. That is fine, thank you. You are all welcome and sorry if there is not enough space for all of you. I am sure the Minister will call on whoever needs to speak at the relevant time. Minister, you will be aware that there is a lot going on internationally at the moment that affects Britain and, probably by extension, Jersey. I am sorry if you have not had sight of all the questions but there have clearly been some developments over the weekend and what is going on globally. The first question I have got for you is to ask what Jersey's position is, and what your position is, on

the U.K. (United Kingdom) Independent International Commission;' inquiry that Israel is committing genocide. Do you have any ...

The Minister for External Relations:

Do you mean the U.N.'s (United Nations), not the U.K.?

Deputy M. Tadier:

The U.N.'s Commission, that is right.

The Minister for External Relations:

Well, of course, the inquiry has made its report and that report goes to the U.N. I think we all agree that what is currently happening is appalling and the evidence that the inquiry has produced no doubt will be used in due course for members of the U.N. to make their decisions. We know there is a Security Council meeting coming in fairly short order. We know that the U.K. has made its position clear about what it is going to call for there. But we also know, of course, that the U.N. itself said that the issue of genocide is something which is dealt with by the International Court.

Deputy M. Tadier:

To ask the question again, do you accept the finding that Israel is committing genocide?

The Minister for External Relations:

It is not for me to either accept or not accept, nor for anyone else. It is evidence that an inquiry set up by the U.N. has now produced its report and that report, I have got no doubt, will lead to actions on behalf of members of the United Nations. We know the actions that the U.K. is already taking. We know the case of South Africa before the International Court and that inquiry report will be used in those processes.

Deputy M. Tadier:

I will ask the question again because I think it is about whether, as a Jersey Minister, do you accept the findings of the Commission that genocide is taking place?

The Minister for External Relations:

It is not for me or for anyone here to either accept or not as I have no evidence before me upon which to make an assessment other than what is happening is appalling. I support the view that the U.K. has taken in regard to that, and I think that is ...

Deputy M. Tadier:

I am not sure why Jersey cannot accept the finding. Also presumably ...

The Minister for External Relations:

I do not think that we are in a ...

Deputy M. Tadier:

Do you disagree with the Commission?

The Minister for External Relations:

I have not carried out the inquiry. I am not in a position ...

Deputy M. Tadier:

Do you trust the U.N.?

The Minister for External Relations:

No, it is an independent inquiry. The U.N. itself, as you know, has said that the Commission was established by the U.N. Human Rights Council in 2021 to investigate violations of international humanitarian and human rights law but it does not officially speak for the U.N. What happens with these inquiries is that then individual members of the U.N. take actions arising out of the inquiry and, as we know, there is a case before the International Court now and I have got no doubt that that case will take the view of the independent inquiry when it is making its findings.

Deputy M. Tadier:

Minister, it sounds like evasion to me that you do not want to give an answer but could I ask a subsequent question? The member states, and European member states, also seem to have taken on board what the Commission has said, that they do accept that Israel is committing genocide and that they have unveiled plans to restrict trade with Israel, to impose sanctions in response to the war. Can you advise if any similar considerations and measures are being considered by Jersey?

The Minister for External Relations:

We remind ourselves, do we not, that the United Kingdom is the sovereign state. We are a sub-sovereign state. We have made our view clear to the United Kingdom and we will continue to do so. It is the United Kingdom that will make decisions in regard to the matters that you are questioning me about. I will continue to make the same case that I have made throughout these appalling atrocities, which is that we will support the U.K. and agree with the U.K.'s position to see an immediate ceasefire, to see a long-term 2-state solution, to see the release of the hostages.

Deputy M. Tadier:

What if we do not agree with the U.K.'s position? What if we have a different position as an Assembly?

The Minister for External Relations:

The Assembly theoretically can opine under its Standing Orders on any matter it wishes but that does not mean to say it falls within its remit to be able to then ... the decisions about foreign relations, as we know, the decision the U.K. is responsible is a matter of international law for our foreign relations. So, it is ultimately their decision which will make a difference or not in relation to the crisis that is currently unfolding.

Deputy M. Tadier:

Are we abdicating in a sense our own responsibility to "big brother" in the U.K. if we have ... can we guarantee that they will also seek to protect us reputationally from actions that we should maybe be taking ourselves in the face of what the Commission has said is a genocide?

[13:45]

The Minister for External Relations:

Legally they are responsible for our foreign relations. You may not like that situation. That raises other questions for us to deal with. We can communicate to them, as we have done throughout this period. We can communicate with them our view; that is what we have done. But it is their decision and they are the ones who will make those decisions as the sovereign state.

Deputy M. Tadier:

If I turn to maybe something which Jersey may have more control over, could you, as the Finance Minister effectively give any guarantees that Jersey is not trading with businesses, or receiving financial flows from the occupied territories which are also not subject to sanctions?

The Minister for External Relations:

I am not aware that they are but had you given pre-notice of that question then of course we could have gone and asked the question of the regulator. But the last time I was advised on such a question the answer was that we were not aware that that was happening.

Deputy M. Tadier:

We are also aware that Israel has a very big tech industry that Jersey has sought to do business with in the past. Is there any risk that Jersey could be exposed to dealing with companies complicit in the war, and would that be a problem?

The Minister for External Relations:

Again, the last time I asked that question I was advised that that was not the case but I can re-ask the question. There is, of course, a more nuanced question about some of technology which has been, or may have been, developed in Israel which is more universally used that may not actually be traceable. But as far as I am concerned, when I have asked the question, the answer has come back in the negative.

Deputy M. Tadier:

Any questions from the panel?

Deputy K.M. Wilson:

Just to follow up on that. Could you just explain what Jersey does when there are businesses operating in war-torn zones. How do you protect Jersey's interest on that basis?

The Minister for External Relations:

That is a slightly different question because it would be, I think, in breach of regulatory standards for Jersey firms to be operating directly. Having said that, of course, they may be operating in a jurisdiction and then a war breaks out, they will then have to manage that in the best way that they think best manages the risk to themselves, to their employees. So, really I think we would take each case on its own merits given the individual attributes of any given situation.

Deputy K.M. Wilson:

Would you need to take some advice from the U.K. on that basis?

The Minister for External Relations:

I do not think we would take advice. I think what would happen is, as an individual seeking to travel into an area of turmoil, one would contact the relevant U.K. authorities. That is exactly what we would expect Jersey businesses to do who were operating in any such area. Sometimes I think we have helped certainly individuals. We have probably been approached by companies as well who might be doing inward visits, and we would liaise with the Foreign Office and support them in the best way because the Foreign Office will have the intelligence on the ground.

Deputy M. Tadier:

Minister, do you anticipate that we may see some behavioural change just organically from any parts of the industry? For example, we think of the Co-op, which brought its own sanctions in to stop some ... not sanctions but boycott certain products. Are we likely to see that in other industries, do you think, changing their behaviour about what countries they might do business with based on international pressures?

The Minister for External Relations:

I think that goes really without saying. We see that happening in regard to all sorts of issues. Whether there is a wave of opinion on social media. Companies make changes to what they sell, to their marketing strategy, to their geography, where they are operating based on all sorts of things. Of course, if a company looks at the risk it also looks at the profit and it makes changes based on all of those things.

Deputy M. Tadier:

If you are happy, we are going to turn to a related question that Deputy Andrews will ask about engagement with E.U. member states.

Deputy M.B. Andrews:

I just wanted to ask you, Minister, about whether any discussions have taken place with any diplomats or politicians from European states in particular in the last quarter? Regarding anything more significant.

The Minister for External Relations:

Just regarding ...?

Deputy M.B. Andrews:

Have there been any developments, for instance, with yourself and any particular politicians or diplomats in the European states discussing anything that is significant to Jersey?

The Minister for External Relations:

We have an ongoing programme of conversations with ... whether that is U.K. politicians or diplomats globally or more European based. Of course, we have had a recent visit of the Portuguese Ambassador. I attended an event with the French Ambassador. I will be attending the party conference events later this month, I attended the Reform Party conference event earlier this month, and there was diplomatic engagement at those events as well. It is not a surprise, just as the chair has been asking questions about the crisis in the Middle East and Ukraine, it will not be a surprise that those conversations include those issues.

Deputy M.B. Andrews:

Have you been speaking to anybody in particular in the finance industry who want to be connecting maybe more with certain areas of Europe, and if so, what are you doing to try and achieve that?

The Minister for External Relations:

Well, you know and you have got a topic area around competitiveness further on the agenda. There we are talking to industry around how we can support them. We do this whenever we meet with industry - the industry bodies or individual firms - asking them how we can support their growth agenda, and those conversations have taken place in regard to Europe as well.

Deputy M.B. Andrews:

Also, just touching on, you mentioned about you attending the Reform conference in the U.K. Obviously, you do speak to politicians who are currently in the Labour Party, where do you think we are going as an Island in terms of what is currently happening in the U.K. and what does that really mean for Jersey?

The Minister for External Relations:

We in Jersey have to, I think, build relationships with all sorts of politicians, certainly in the U.K.; so all stripe of politician. But also more globally as well and sometimes we get criticised for having those conversations with various partners. I make no apology for that. I think it is important that we have those conversations so that what Jersey does, whether that be cultural, historical or economic is understood by those parties with whom we are engaging.

Deputy M.B. Andrews:

In terms of, say, the current predicament that the Island is faced with, and in particular when we are looking at the U.K., the Monetary Policy Committee, I believe they are meeting today. I think it might even be announced ...

The Minister for External Relations:

They have met and there is no change to the interest rate.

Deputy M.B. Andrews:

No change, okay, that is to be expected. In terms of you trying to see out the rest of this term in office, what message does that really send out to businesses in Jersey, and what will be the impact for our Island economy?

The Minister for External Relations:

In regard to ...?

Deputy M.B. Andrews:

In terms of when we are looking at the U.K. situation, in terms of the way the base rate has been set and how it has been maintained?

The Minister for External Relations:

We are in monetary union with the United Kingdom. Sometimes that might be frustrating, as the chair finds it frustrating that we are a sub-sovereign in the way that he has been questioning already this afternoon. But that is what we are. If we are to consider changes to those issues they are massive changes, and we would have to think very carefully about whether the benefits really outweighed the individual frustrations that we might have in any given case.

Deputy M.B. Andrews:

In terms of where we are now, Minister, do you think that we will probably see more positive changes by the time that the States Assembly enters the period of purdah or do you expect there to be ...

The Minister for External Relations:

Positive in regard to ...?

Deputy M.B. Andrews:

Well in terms of the economy. Is there going to be a bit more of an uplift in the economy or not?

The Minister for External Relations:

The best we can do is look at what the Fiscal Policy Panel, who are the independent experts, forecast is going to happen to Jersey's economy. I do not have those forecasts in front of me, that really would be for another panel there. But they are expecting growth so we would expect that to happen. We have a whole stream of work in the Financial Services directorate to try and ensure that not only do we have growth now but we have growth in the medium and long term as well.

Deputy M. Tadier:

I think the real question everyone wants to know, and of course we need to make sure you call the party by its full title, Reform U.K. at their conference ... when is it by the way?

The Minister for External Relations:

No, it has been.

Deputy M. Tadier:

It has been already, has it not? Of course it has. Did you need to bring your own flag to that or do they provide you with one?

The Minister for External Relations:

I have never taken my own flag to any of the party conferences that I have attended.

Deputy M. Tadier:

I wonder, maybe you could fly the Jersey flag next time you are there and see what their reaction is.

The Minister for External Relations:

Well, I could if I could find one that said Reform Jersey on it perhaps, Chair, yes.

Deputy M. Tadier:

We may be able to come to an accommodation for that. Minister, we are going to just turn to some more questions about the relations with the E.U.; I suppose our immediate neighbour, France. How are you deepening relations with France at a national or regional level and can you give us any updates about work that is going with at the Bureau des Îles Anglo-Normandes regarding trade, transport, fisheries, cultural links, et cetera?

The Minister for External Relations:

Yes. We, over the previous quarter, have engaged with our French colleagues at regional and national level. Of course, we know that there has been a change again in Paris very recently and that they are suffering their own economic and political challenges. We will be hosting the Normandy summit in Jersey later this month. There will be a Brittany summit in October. Some of my colleague Ministers were in Normandy at the beginning of this week - in the weekend and this week - visiting the nuclear reprocessing plants there, so working on emergency planning. All of the issues that you mention are issues that we continue to engage with on a weekly and monthly basis.

Deputy M. Tadier:

I have got a question here which you probably would have got. I apologise if it is better dealt with as a written question but, in terms of the overseas offices in London, Brussels, Normandy, are you able to provide us a breakdown of staffing numbers, budgets? Or if not in great detail, just an overview of how the resources are divided between those. Of course, you can talk to their importance as well and why we have them.

The Minister for External Relations:

The line of questioning that you have had shows why it is important for us to engage. Sometimes perhaps even just to differentiate to ensure that there is an understanding that we are different from the United Kingdom. We may be a sub-sovereign but we are autonomous in all domestic matters, except as we have considered, defence and foreign relations. So it is really important that we have that engagement so in B.I.A.N. (Bureau des Îles Anglo-Normandes) we have got a staff of 3 and in the Brussels office we have got a staff of 4.

[14:00]

In the London office we have got a staff of 4. The total number of staff of the department, including those 11 is ... it sounds odd but it is 31½ because that is full-time equivalents rather than actual staff.

Deputy M. Tadier:

Would there be an expectation that most of those staff would be multi-lingual?

The Minister for External Relations:

Certainly the 3 in B.I.A.N. are multi-lingual. I am trying to think whether most actually are more multi-lingual. Whether they actually use their language. In global relations we have got 2 Spanish speakers, we have got a Portuguese speaker, we have got French speakers, we have got Arabic speakers, so I would say the majority are, thinking about it, right across.

Chief Officer, External Relations:

That is across the department not just the overseas offices.

Deputy M. Tadier:

Is that a useful resource to have?

The Minister for External Relations:

It is very useful, yes.

Deputy M. Tadier:

Like pushing on an open door perhaps with that question. Minister, could you tell me briefly just about the Brittany summit? Is that something new? Is that the first time it is going to be hosted?

The Minister for External Relations:

No, it is not. Perhaps it is the first time that I have not been able to attend because I will be in New York that week. In effect, it replicates what we have done for a long time with Normandy. We have had a strong relationship with Ille-et-Vilaine in Brittany for a number of years. I am trying to think. Is it 5 or 6 years roughly?

Chief Officer, External Relations:

Ille-et-Vilaine?

The Minister for External Relations:

No, with Brittany itself that we have signed an ...

Chief Officer, External Relations:

No, that is relatively new. The last couple of years, I think. The Ille-et-Vilaine is more established.

The Minister for External Relations:

I would say about 5 years but it might be slightly less.

Deputy M. Tadier:

Is that largely centering around Saint-Malo? Is it to do with Saint-Malo and the ports, is it to do with the wider ...

The Minister for External Relations:

It has really historically come from that Saint-Malo relationship but of course, as you know, the offices for Ille-et-Vilaine is in Rennes and the parliament for Brittany is in Rennes, so we have been going to Rennes and having that positive engagement. Then we have agreed that it would make more sense because things like economic development moved from the department to the region and so we said ... some of the things that we want to talk about and that they would like to talk about are economic and yet they are undertaken by a different part of the French Government, and that is why we broadened it out those few years ago.

Deputy M. Tadier:

Have you got any questions at this point? I will just ask one more on this line of questioning and it is really to do with moving on to the E.T.A. so, the Electronic Travel Authorisations. Have you got any updates for us on that and maybe where the questions and the implications are around that? We know we avoided perhaps a maybe longer debate with that because there was an amendment which got withdrawn, but do you think we are in a positive position with that?

The Minister for External Relations:

Of course, that is something that falls under the responsibility of the Minister for Justice and Home Affairs. The States approved the proposal in the States last week. Thankfully recognising that the E.T.A., is a U.K. system and we will be piggybacking off the back of that. So, even though I think the amendment was presented with good intentions to ensure that we preserve Jersey's autonomy, and I fully understood that, in this case this is not a Jersey system. It is a U.K. system that we will be piggybacking off. As far as I am aware from the Department of Justice and Home Affairs, progress is being made.

Deputy M. Tadier:

In terms of the interaction between yourselves and Home Affairs, can you advise what engagement has happened between the U.K. and the E.U. partners to mitigate impacts on travel, tourism and businesses that might have an effect on Jersey? Have you had lots of representations from industry about concerns around that?

The Minister for External Relations:

We have represented Jersey's view for a number of months and years now, certainly in Paris, regionally and also in Brussels. Whether that is some of the reason that this has taken longer than it might have done, and this being a continued deferral of the implementation, is difficult to say because I do not think we will be the only ones lobbying for a simplification and a deferment. Judgment day, as it were, is now approaching and the deferrals have come to an end and it is now being implemented. Our concerns have always been around the added layer of bureaucracy. Although, rightly, the Minister for Justice and Home Affairs pointed out that it is about protection at the border. But it has also been about capacity particularly at the ports that we would use in France having sufficient capacity to deal with what will now be the new requirement on the French side. But also, capacity on our side; that we have sufficient capacity to deal with it as well. I think a fair assessment would be that when it is initially implemented Islanders will find it bureaucratic, with the best will in the world, but perhaps the second, third and fourth times that we need such a document it will become smoother and easier. But, initially, on entry into Europe, it will not be at all because biometrics will need to be taken.

Deputy M. Tadier:

With that in mind, is there any realistic hope that Jersey might ... I know it is a slightly different question than just E.T.A.s now, but in terms of Jersey controlling its own borders, maybe having derogations for allowing people to stay longer with a French identity card, are these realistic possibilities or is it very much the policy of one step at a time?

The Minister for External Relations:

Well, we had a debate recently, as you know, in the States about these particular issues and the balance that the Minister for Justice and Home Affairs has to find is one of being pragmatic with one of ensuring that we have got secure borders. I think the previous Minister for Justice and Home Affairs managed that balance well. I think the existing Minister for Justice and Home Affairs is managing that balance well. Some of us would like to see that extended, if at all possible, for the well-articulated reasons, and we will continue to make that case, as we made that case again in Paris and in Brussels, that we believe that we do have the ability to manage our borders in a slightly bespoke way to the way that the U.K. does. You will see, however, that from the U.K.'s perspective it is a very politically charged issue and even post that debate U.K. shadow Ministers, and even some U.K. Ministers, were questioning of that ability, but we stand by our ability. We make the case

for our ability and we hope that carefully it can be extended into the future, but again we have to be realistic.

Deputy K.M. Wilson:

Minister, I would like to come to Pillar Two. Could you just provide an update for the panel on where Pillar Two is up to, please?

The Minister for External Relations:

Well, as you know, the legislation has been through the States. As you also know, the U.S. (United States) continues to want a side-by-side solution but those conversations continue at the O.E.C.D. (Organisation for Economic Co-operation and Development) and, as we sit here, it is still not possible to say whether that will or will not happen or in what way it will happen.

Deputy K.M. Wilson:

Could you give us some indication as to why there is still some concern about making this happen? What are the barriers to that?

The Minister for External Relations:

I suppose the barriers obviously are that the U.S. wants its system to be acknowledged as the same and equal to the O.E.C.D. system when quite patently it is not.

Deputy K.M. Wilson:

If there was no agreement reached, how do you see the whole environment being as a result of that position being taken by the U.S.?

The Minister for External Relations:

That is difficult for us to second guess. We know that there is now starting to be some noise from the U.S. Congress that they want to reintroduce the, I think it was, 899 clause. That will not be necessarily straightforward. They would need to find a new piece of legislation or have a standalone piece of legislation to bring that back as a countermeasure. Of course, the G7 commitment to allowing side-by-side still stands. That is not being overturned and, as I understand it, there is a lot of lobbying and pressure being put on the O.E.C.D. to allow a side-by-side system. Interestingly, of course, we know that in France the courts have just said that its digital services tax is appropriate and is constitutional, which will strengthen the French Government's view, which is counter to the U.S. view, which is digital services tax is discriminatory and unconstitutional. I think there is a lot of political will to try to solve some of the issues. The problem is really how that would work in practice from a technical perspective because we can all see that with one system of taxation that is different

from another system of taxation there is going to be all sorts of unintended consequences. You cannot just miraculously say they are both the same when technically they are not.

Deputy K.M. Wilson:

What sort of impact do you think that will have for us?

The Minister for External Relations:

I think, on the one hand, certainty for business would be positive, but our system we developed was in line with the O.E.C.D. standard but in the way that we thought best served Jersey's interests and Jersey's business interests. So if it is not resolved, the legislation that we have currently got remains in place.

Deputy K.M. Wilson:

Can you advise on the projections for the Pillar Two tax receipts in that scenario? Are they going to be more or less what you were expecting?

The Minister for External Relations:

You will know from looking at the budget and ... no, actually it was a conversation with the Corporate Services Scrutiny Panel and not yourselves. Looking at the budget, that because overall corporate income tax forecasts for this year are down slightly the forecasts for the base case Pillar Two is also down.

Deputy K.M. Wilson:

Is that going to affect the position on the Strategic Reserve or any plans for borrowing?

The Minister for External Relations:

It has affected the amount of allocation for the competitiveness agenda and it has also affected the allocation that had been intended to go into the Stabilisation Fund, which now will not be. The element of the allocation that is being protected is the financing of the borrowing for the hospital.

Deputy M. Tadier:

Can I just ask, could you put some numbers around the projections? What were you anticipating and what is it actually likely to be?

The Minister for External Relations:

I do not have those figures in front of me. I think it was 52 and it has gone down to 42, something like that.

Deputy M. Tadier:

So this idea about any excess money going into the Strategic Reserve, was it ...

The Minister for External Relations:

The Stabilisation Fund.

Deputy M. Tadier:

The Stabilisation Fund, that is academic now?

The Minister for External Relations:

Well, it is not proposed in the current budget.

Deputy M. Tadier:

There is a shortfall from that. How is the shortfall going to be filled?

The Minister for External Relations:

No, there is not a shortfall. In that respect, the forecast income is down because of the forecast corporate income tax being down. Do not forget, we made a very base case analysis and we said that those who are currently paying at 10 that come into the scope of Pillar Two will just take what they have currently got. We will rebase it to 15 and that will be our Pillar Two number. We have not factored in any potential upside.

[14:15]

If the forecast for 2025 is reduced, as it is, then when you do that rebasing it reduces as well. It is not directly connected with Pillar Two.

Deputy K.M. Wilson:

Just coming to the budget, are you able to advise us on the priorities within the budget insofar as the extent of External Relations?

The Minister for External Relations:

It has not really changed because the budget is flat, other than the savings allocation that we have got. As we know, the budget number on the departmental line is a budget number without any pay increase allocated. It is almost the opening number. It will change when the pay agreement is reached and allocated through. Yes, of course, we have had to reprioritise because we have had to take our share of the allocated savings but we still believe that we can perform our functions within the reduced budget when it comes to External Relations.

Deputy K.M. Wilson:

Could you just give us some detail around what you decided to ...

The Minister for External Relations:

Our budget for 2026 will be ... do not forget there is 2 lots of budget. This is just External Relations not the Financial Services budget. This year the budget was £3,498,000 and next year it will be £3,445,000. We have got some efficiency savings, about 52, and we have got a reduction in what we had previously asked for, for grace, between 25 and 28 and that is 27.

Deputy M. Tadier:

Can you tell us what the £52,000 of efficiencies relates to?

The Minister for External Relations:

It is our share of the allocation of the new efficiency.

Deputy M. Tadier:

It just strikes that off the top?

The Minister for External Relations:

Yes.

Chief Officer, External Relations:

We made that this year via vacancy management, so when staff leave you may have a bit of a gap before you reappoint, which generally naturally happens anyway. We have reduced the grant to the Brussels office. We have managed to do that because its status has been reclassified under Belgian law. So that has meant that we have been able to make a saving there, and we have reduced the travel budget slightly and we have regraded ... we have looked at required delivery.

Deputy M. Tadier:

How does the reclassification end up in a saving?

Chief Officer, External Relations:

It is because it is to do with the tax status of the office. That has been agreed. The Belgian authorities have agreed to that and that status, I think, lasts for the next 8 years.

Deputy M. Tadier:

Thank you. We will no doubt drill down into this more as we get into the budget but it has obviously dropped and we are starting to get to grips with it.

The Minister for External Relations:

We were hoping we will not need a Budget Scrutiny hearing because it is really flat.

Deputy K.M. Wilson:

It leads to the question about whether or not any of those changes that you have just highlighted would impact on your department's delivery at all?

The Minister for External Relations:

I do think that departments should seek to try to deliver efficiencies, and that is what we have done. We are playing our part in doing that where we can. Of course, that does put more pressure on the staff and the department. We would be wrong to suggest it does not, but I think that we will still be able to carry out the broad range of our functions during 2026 in largely the same way that we have done in 2025.

Deputy M.B. Andrews:

Can I ask, Minister, with the recruitment freeze coming to fruition, has that impacted your department in any shape or form?

The Minister for External Relations:

I think it has impacted every department. Do not forget that we were only talking about ... today we have just talked there about External Relations and all those things stand. In the section that Helen heads up, the Financial Services section, we have got a budget there this year of just over £11 million. Again, we will have our savings allocated. Helen has managed her budget in such a way through the recruitment freeze and the consultant freeze to allow us to be able to do all of the competitiveness work. While on the one hand it has been more challenging from a staffing perspective, it has also allowed us to do other things that we would not have been able to do had we not followed that model.

Deputy M. Tadier:

Minister, can I ask a question that does not always get asked in these kind of hearings? We know that the savings programme has been going on for a while, the recruitment freeze, et cetera. Has that had any impact on staff morale? Have staff had to maybe dig deep in order to ... I am sure they all love turning up to work but have you noticed any signs in terms of staffing?

The Minister for External Relations:

I suppose that is possibly a difficult question for the Minister to answer. I enjoy turning up for work and, therefore, I think everybody else working in my section enjoys it in the same way, and I hope that they do. I think we are extremely fortunate to be working and serving Jersey in these 2 particular portfolios. I am not aware that there was anything negative in the Be Heard survey that would indicate that there are difficulties, nor am I aware that ... I am looking at either of my colleagues ... there is undue staff sickness arising out of such concerns, but Kate and Helen can answer for themselves in that regard if you wish.

Deputy M. Tadier:

No, it was not necessarily a negatively framed question. Has there been a recognition maybe across Government that it has been a difficult period perhaps for Government in tightening its belt and that staff have been going the extra mile in some cases to meet the required savings?

Chief Officer, External Relations:

Could I just come in there from an External Relations perspective? I know you were asking about broader Government but one of the things we have done is to invest quite heavily in our people and culture offer, the well-being offer across the department. I think Government more broadly has responded as well. You look at things like the staff awards that happen every year as well. So you are looking at celebrating commitment and delivery. I think there is recognition that while on the one hand obviously we are having to tighten our belts and maybe that does have an impact on staffing levels and potentially morale, I think there is a lot of work going on to make sure that also staff feel supported and recognised for their efforts and good work is celebrated as well. I think that is going on across Government, but certainly in External Relations that is something I feel very strongly about.

Deputy M. Tadier:

Yes, good.

Deputy K.M. Wilson:

Could I just ask a supplementary? In terms of keeping the workforce happy and whatever and also trying to hit some of those financial efficiency savings, I was interested in the way that you talked about the fact that this is really just cutting the expenditure on certain things. What kind of transformation is going on within each of the portfolios to drive sustainable efficiencies? I think what you talked to us about does not seem sustainable. It seems as though it is just to manage the current position. Could you talk to us about that kind of transformational work or approach?

The Minister for External Relations:

I think it is quite difficult with a small department to think of it in that way. Both are very small departments with very few employees. I think it is difficult to necessarily think of it like that. Having said that, the Brussels office is a sustainable change, so that will happen year on year. With staff turnover, I think it is always appropriate to manage that staff turnover and think about if you can do jobs differently or you can combine roles. Interestingly, that, of course, is something that we did in the Financial Services Directorate. We took 2 directors, created one director and then created deputy directors underneath, thereby creating a sustainable change in the structure of the department, but I still would say, I think, that is quite difficult to do in a department where you have got very few people, but we are doing our best.

Deputy K.M. Wilson:

Okay. I think what we might do is come back to that because in terms of some of the leadership challenges that each of the departments have got through the budgets are to demonstrate how you can do things differently and what connection you are making with things like technology developments, those sorts of things, rather than just relying on moving people around.

The Minister for External Relations:

We are doing all of that as well as part of our work. We are happy to answer any follow-up questions that you might have.

Deputy M. Tadier:

We are going to move on to intellectual property. We are mindful of the Assistant Minister's presence and we would like to engage her. Deputy Scott, welcome to the panel. I think we last had a briefing via a letter in February this year about the Draft Trade Marks (Jersey) Law and the intellectual property law that is coming forward. Could you provide an update about those 2 laws and where you are at with them?

Assistant Minister for External Relations (2):

The 2 laws? Sorry, could you just say the 2 laws again?

Deputy M. Tadier:

Yes. The Draft Trade Marks (Jersey) Law and the draft register of intellectual property law.

Assistant Minister for External Relations (2):

Thank you. I think when we last were talking about that we were due to have a consultation on the draft law. That has taken place. I think there were about 11 responses or was it 7?

Head of Competition and Intellectual Property:

We consulted twice. I think the first consultation had around that number, the second slightly less, but there have been a number of informal approaches that have taken place as well.

Assistant Minister for External Relations (2):

That has been quite useful because it is a very technical area and there have been some technical changes to the law. If I start talking about things like “period of opposition” you might not know quite what I am talking about, but basically when you are in need of intellectual property rights there is a period where people might object. There has been more alignment. We originally were aligned with Guernsey, 20 days to allow people to oppose. Now we are going for 60 days, which is more aligned with the U.K. We felt it was better to go for the international best practice and get that balance between being agile while giving people the right to exercise those rights.

Deputy M. Tadier:

Could I ask, going back to the consultation, was it one consultation that you held for both laws together or were they separate consultations for each law? Are they a package in that sense?

Assistant Minister for External Relations 2:

It was really focused on the trademarks law.

Deputy M. Tadier:

It was about the trade marks. That was the consultation, okay.

Assistant Minister for External Relations (2):

Yes. I do not know if you have seen that draft law but it is a lot sooner in terms of ... it is basically just providing for the J.F.S.C. (Jersey Financial Services Commission) to take over the registry and to administer the main registry for trade marks. I am hoping, I am aiming to lodge that on 14th October as we just make those final tweaks. I think another area that was discussed was to do with the transition arrangement. I have got to say that the officers working on this have worked incredibly hard and done some amazing work because it involves talking to W.I.P.O. (World Intellectual Property Organisation) and Lukas might have to tell me what W.I.P.O. stands for again.

Head of Competition and Intellectual Property:

World Intellectual Property Organisation.

Assistant Minister for External Relations (2):

Yes. What you may recall is that the trade mark law is ... we have got the ability to ... or at least people have the ability to register trade marks worldwide through a protocol that has been set up by the Madrid treaty and the lease agreement. Now I have completely lost my thread, sorry.

Deputy M. Tadier:

That is okay.

Deputy K.M. Wilson:

You were talking about the transition.

Assistant Minister for External Relations (2):

Yes, the transition. What we have got at the moment is that because the U.K. is operating part of that system on its own that people can have rights that extend to Jersey and they are not on our register.

[14:30]

So there has been a fair bit of discussion with W.I.P.O. We have found that we can get all that content transferred on to the register so that we are well aware of them and we can enable those rights to continue as uninterrupted and then being renewed at the time expected. That is incredibly technical but we have made some headway there, which has led, I think, to the delay of the law from what we originally intended.

Deputy M. Tadier:

Just to get back to what the purpose of the law of the trade marks is, it is a one-stop shop, essentially. You register your trade mark in Jersey and then it is registered. You just need to do it once.

Assistant Minister for External Relations (2):

You have got the ability ... I find it much easier just to imagine that you get a form and you can tick lots of different countries and you can do that from here in order to register. I keep saying I am very much looking forward to people creating more intellectual property here that can be easily done.

Deputy M. Tadier:

Is it going to be positive for the economy?

Assistant Minister for External Relations (2):

Well, it supports an innovative economy. It does not do the innovation for people but if we realise the ambition, and it is a very important ambition, that we create rights ... I know you are very interested in creative arts but if you have got something that is created that is sold that you want to trade mark or patent or whatever, that has a value in itself and that is good for the economy. So it facilitates that because at the moment if you did design something like a patent here ... sorry, we

are talking trade marks. If you had an international business, you started it here and you had a trade mark, you would have to go to all these different countries to register that trade mark because they are not part of the treaty. We are very much hoping that we are going to support the extension of that treaty.

Deputy M. Tadier:

Can you advise us what overall model you envisage for the registrar of intellectual property? What will the powers be, the general approach of the process and the service standards, the fees, et cetera?

Assistant Minister for External Relations (2):

The general model? Do you want me to point to something that exists in the Island right now and say it is like that?

Deputy M. Tadier:

You can answer as you wish but I think that is the intention. What is it going to look like, effectively? What is the model?

Head of Competition and Intellectual Property:

The second piece of legislation, as the Minister mentioned, will set up a new office, which will function under the umbrella of the Jersey Financial Services Commission, which holds, of course, various registries in the Island. The law will set out the functions and the powers of the registrar within which they must operate. It is very much set up in accordance with international best practice, we think, in terms of the powers. The trade marks law is modelled on present U.K. legislation. What we currently have is the Judicial Greffe that operates the intellectual property register, but particularly the introduction of a primary system of trade mark registration will require a lot more work on the part of the registrar and, therefore, it is not feasible for that to remain with the Judicial Greffe. That move to a digital sophisticated offering within the Jersey Financial Services Commission.

Deputy M. Tadier:

Will you need to be present in Jersey to make an application or can you apply from anywhere in the world?

Assistant Minister for External Relations (2):

It is basically if you have got a German business that wants to protect its trade mark in Jersey, it can go to any of the offices in the jurisdiction that is part of the treaty network and, again, fill in one of these forms and say: "I want it protected here and there", and Jersey may well be on the form. Jersey will get a part of the fee.

Deputy M. Tadier:

In terms of enforcement, people would presumably register a trade mark here to get protection for their trade mark in Jersey but how do they make the decision about whether that is worth their while to do?

Assistant Minister for External Relations (2):

It comes down to the value that we give to the trade mark, and that is pretty subjective. It is a bit like the goodwill of a business. It is brand recognition.

Deputy M. Tadier:

What are the costs for Jersey in terms of enforcement of that? Is there an enforcement branch presumably that someone is paying for their trade mark to be enforced?

Assistant Minister for External Relations 2:

I think that is a court matter because we are talking about infringement proceedings at that point. That is a court matter.

Deputy M. Tadier:

Depending on what we are talking about, is it something that Trading Standards are empowered to deal with if it is something as simple as maybe selling a branded T-shirt?

Head of Competition and Intellectual Property:

There is the work of Trading Standards when it comes to infringing goods entering into the Island but, as the Minister rightly pointed out, if a person believes that someone else is using their mark without authorisation, that person can start private action through the courts.

Assistant Minister for External Relations (2):

It is evidence. It is evidence of a property right. Just as if you have got a house or something and somebody has breached your rights, you go to the court.

Deputy M. Tadier:

Can I just ask in terms of the timeline, what is the timeline for bringing these?

Assistant Minister for External Relations 2:

Coming back to that, I think, as I have said, I am aiming to lodge on 14th October. The officers will be very happy to give you a briefing on that.

Deputy M. Tadier:

Both of these laws?

Assistant Minister for External Relations (2):

Yes, we are going to do them at the same time.

Deputy M. Tadier:

That would give you enough time to debate it at the last sitting in 2025, is that, or before?

Assistant Minister for External Relations 2:

We would be debating in November.

Deputy M. Tadier:

Is it 6 weeks lodging for that?

Head of Competition and Intellectual Property:

The week commencing 25th November is the date, subject to other States business, potentially that could be used for the trade marks and registrar law.

Deputy M. Tadier:

Thank you. Any other questions on that?

Deputy K.M. Wilson:

Yes. Could I just ask you, Minister, what sort of engagement did you have with stakeholders on the introduction of the new laws and have you got any sort of concerns being raised from them at all at this stage as to the transition to this new arrangement?

Assistant Minister for External Relations (2):

There has been extensive ... when I say extensive consultation, it has ... you have to bear in mind that the people who know about this stuff ... in fact I am quite amazed how many intellectual property officers we have in this Island. How many have we got?

Head of Competition and Intellectual Property:

At least 3 major ones and then there is probably at least one more that I know of, but for an Island the size of Jersey, it is a substantial industry.

Assistant Minister for External Relations (2):

It is pretty technical but they very much know their stuff. They know how the systems work and how the international systems work. We have been really grateful for their input. There have not been any who have said they are not happy that we are doing this and they responded to what we are doing and ...

Deputy K.M. Wilson:

They know what to expect.

Assistant Minister for External Relations (2):

Yes. Where we have had a bit more discussion - and again it is relatively straightforward given it is such a small community but a very important one and potentially a very valuable one - has just been about how the transition provision should work. There was initial debate about whether we should just have a period where ... or, if you like, accelerate the time within which property rights expire so that we could re-register them, but we have found a way round that. They did not really want people to be saying: "Jersey is trying to make a buck from us by removing us of their property rights."

Assistant Minister for External Relations (1):

I do not know if it is worth saying but the concept ... sorry, I am not close to this but the whole notion of these registers moving from the Greffe to J.F.S.C. has been going on for about 10 years. It has been under discussion for 10 years, so if we are eventually going to make it happen that is great.

Assistant Minister for External Relations (2):

It is not the most logical place for them but given that we did not have ...

Deputy M. Tadier:

It has been given up willingly, I think, has it?

Assistant Minister for External Relations (2):

Yes.

Deputy M. Tadier:

Thanks for that and we will look out for the lodging. Deputy Andrews, you have got a different line of questioning.

Deputy M.B. Andrews:

Yes. Moving on to MONEYVAL now, Minister. I just wanted to know ...

The Minister for External Relations:

Can we just change the cast again, please?

Deputy M.B. Andrews:

So moving on to MONEYVAL, I was wondering, Minister, if you just give the panel an update from the 2024 MONEYVAL evaluation report and the list of priorities and whether any are outstanding and, if so, what work is being done to address those areas?

The Minister for External Relations:

It is an ongoing programme really. Helen can speak more about this but we have internally tasked the actions or put the actions into 4 thematic areas: around risk there are 14 actions; law enforcement, prosecution and financial intelligence there are 32 actions; terrorist financing and proliferation financing there are 12 actions; and regulation and supervision there are 23 actions. All the actions are underway and we are tracking them. The most notable actions are, as you will have seen, the proliferation financing risk assessment was recently published offering jurisdictional specific analysis of threats and vulnerabilities. We have issued a typology report on dual-use goods. The J.F.S.C. has done a consultation on enhanced criminal background checks for regulated individuals in key regulated roles and the F.I.U. (Financial Intelligence Unit) relocation and change is ongoing. Helen, is there anything else you want to add?

Director of Financial and Professional Services:

As the Minister said, this is really embedded in business as usual for the directorate now and bringing together both sides of the financial services and financial crime policy areas means that we can just continue to work on these actions. The financial crime regime is hugely important for our reputation as an I.F.C. (International Finance Centre) so it is not something where we are going to take our eye off the ball.

Deputy M.B. Andrews:

Thank you very much. I just wanted to also ask, Minister, obviously this covers several departments and I just wanted to know what discussions are taking place with other Ministers and other officers in other departments?

The Minister for External Relations:

We have put in place, prior to the assessment, what you would call a national structure, which is a political steering group, as it is called, where all Ministers and relevant officials come together so that the decisions are made collegiately in a joined-up way rather than it is just being driven by one individual aspect. It last met last month, I think.

Director of Financial and Professional Services:

Yes. The next one is in November, I believe, but the agencies are talking on a daily basis. We held an all-agency away day, so bringing together our department, External Relations and Sanctions, the police, F.I.U., J.F.S.C., any others that I may have forgotten, in July just to make sure that everyone is being held accountable and answering to each other on where we are in those actions that need to be delivered.

Deputy M.B. Andrews:

Also, what about the regulator? What role are they still playing in this? Also, do you get feedback from industry in terms of how things are progressing as well?

The Minister for External Relations:

They are involved in this discussion.

Director of Financial and Professional Services:

We have just developed, very recently, a new reporting framework. All agencies have access to that and can directly update the actions that were allocated to that agency. It is in the initial testing phases but that is perhaps something we can talk you through next time or when we next meet.

Deputy M.B. Andrews:

Who is managing that function?

Director of Financial and Professional Services:

That is me. I am heading up the overall team and we have got a head of delegation to MONEYVAL as well.

Deputy M.B. Andrews:

Okay. I guess in a way it is about trying to draw upon everybody to have an interdependent approach moving forward.

Director of Financial and Professional Services:

Yes, and I think the relationships now, having gone through the very recent assessment, are in a great place so that everyone knows who the key players are and that this is really important for Jersey as an I.F.C. So everyone is on the same page, everyone is willing and putting in the work and knows what actions are on their to do list.

Deputy M.B. Andrews:

Minister, to you, what are your main priorities with everything that is outstanding that ought to be finalised before the period of purdah?

The Minister for External Relations:

I suppose making progress on F.I.U. I think everything else is making progress well, so I think that is one thing that we would like to see additional progress made on between now and the election.

Deputy M.B. Andrews:

Okay. Thank you, Minister. Thank you, Chair.

Deputy M. Tadier:

Deputy Wilson, you have got some other questions.

Deputy K.M. Wilson:

Yes. Minister, if I could just turn to the competitiveness programme, could you provide us with an update on the work being undertaken as part of the financial services competitiveness programme?

The Minister for External Relations:

Yes, I can but perhaps maybe ... as you know, there are 4 workstreams, one which involves international tax, one which was quick wins that we have Mourants for, one which is more of a medium and long-term strategic approach, which is using McKinseys, and then finally our wise heads piece of work that will bring all of that together and produce something that can be published. Helen, do you want to ... Helen is involved in all of them but leading on 2.

[14:45]

Director of Financial and Professional Services:

The second workstream is definitely the most progressed at the moment. The sound business practice policy has been revised and was signed off just last week, or earlier this week, by the committee, so we will just have some final engagement with industry on that to make sure we have captured all their points before publishing. You will have seen our control of borrowing framework consultation has gone live. That runs until the end of this month. We have hosted a number of drop-in sessions as well during that consultation period and had some really good engagement of an industry working group, especially for some of the detail. It is quite a technical piece and it touches all kinds of areas, so as we unravel that we want to make sure that we have got the oversight in the right places still but in a much more efficient way for the Island. Schedule 2 is one of the challenging areas for industry. Now that we have done the data collection exercise that we needed to do to be able to risk assess some of those activities within schedule 2, the money laundering order, we are starting to assess whether there are low risk activities within that that do not need to be within that full regime any more, to again alleviate some of that burden on areas of the industry

and the general public as well. The private or the domestic lending exemption order that was made very recently was very much focused on the domestic market and local people. We are looking at the reliance regime. There are 2 elements to that. There is a legislative element about how regulated businesses can rely on the C.D.D. (customer due diligence) that has been done by other regulated businesses and how we can make that work in practice, because there has not been as much uptake as we would have hoped, but also there is a wider digital solution that will drive efficiency for the industry. Then finally we are looking at beneficial ownership thresholds. At the moment on incorporation of an entity we collect at a much lower threshold than we do on an ongoing basis, so we are just looking to see if we can align that to take away the differentiator.

Deputy M. Tadier:

What is the threshold, do you know?

Director of Financial and Professional Services:

It is 10 per cent on incorporation and then 25 per cent on an ongoing basis. Internationally the standard seems to be at 25 per cent, so if we can just raise that it may again alleviate some pressure for the industry.

Deputy M. Tadier:

Is there any downside to that? Is there any risk?

Director of Financial and Professional Services:

We are working through a bit of risk assessment at the moment and we will bring that to the Financial Crime Political Steering Group for their ultimate determination as to whether it is something we can tolerate as a risk for the jurisdiction.

Deputy K.M. Wilson:

In terms of the work that you are doing around some of the funds, can you give us some more detail on the Jersey Private Fund?

Director of Financial and Professional Services:

Yes. As of 6th August we had refreshed the Jersey Private Fund offering. This was a really popular vehicle for the jurisdiction. We have seen other jurisdictions make similar changes and we just wanted to make sure that we remain competitive. So that is removing the cap on the investor numbers, enhancing the time within which the authorisations are turned around by the regulator. There is one other thing. Aligning the definition of a professional investor, just broadening that so more people could access this but still keeping it a safe, reasonable framework. It has been well received by industry. We are hearing positive feedback that it still remains an attractive product, but

there is a whole host of work more generally around competitiveness and probably the longer-term third workstream will pick up some of this funds work as well.

Deputy M. Tadier:

You talked about the turnaround time for the regulator. Is that something the regulator is on board with? Do they think they can ...

Director of Financial and Professional Services:

Absolutely. I think this was a real example of Government, industry and regulator coming together to make real enhancements that everyone could get on board with to a popular product for the jurisdiction.

Deputy K.M. Wilson:

Does that have any impact on the sound business practice policy that you are developing at all?

Director of Financial and Professional Services:

It may do. The sound business practice policy looks at particular activities. For example, until recently digital assets were in there. We have developed other guidance and regimes for digital assets, so it no longer needs to be in there. You might see funds investing in that class of assets but on the whole the J.P.F. (Jersey Private Fund) is probably caught more by the control of borrowing framework at the moment, so that is something we really need to pick up to make sure that we do not create a more burdensome regime as we remove the control of borrowing framework.

Deputy M. Tadier:

I was just going to ask as an overall theme, how do you balance the requirement for the time that it takes to do due diligence with the risk of speeding things up and maybe not allowing enough time and, therefore, the risk?

Director of Financial and Professional Services:

The due diligence is undertaken by the regulated entity rather than the J.F.S.C., so all of that should have been undertaken before the application is made to authorise.

Deputy M. Tadier:

Is some of this about reducing duplication? Are there elements of that?

Director of Financial and Professional Services:

Not necessarily the J.P.F. stuff but the wider C.D.D. work where we will look at the money laundering order. At the moment, what you find is C.D.D. is required to be done by every regulated entity and

most businesses coming to Jersey will interact with more than one regulated entity. They will have a trust company, they will have a lawyer, they will have an accountant, and there is replication of some of that C.D.D. We are just trying to work through how we can make sure that the ...

Deputy M. Tadier:

Remind us of C.D.D.

Director of Financial and Professional Services:

Customer due diligence. To make sure that the right level of understanding is there of the person that you are dealing with without having to duplicate. It is a balance.

Deputy K.M. Wilson:

Finally, could you tell us about the work that you are doing, or the panel is doing, that is related to the financial services competitiveness programme, particularly around Jersey Finance and Jersey Financial Services Commission? How is that working?

Director of Financial and Professional Services:

They are part of workstream 3. It is no secret, I do not think, that we have appointed McKinsey to support us with this work. They hit the ground running in July and have had a whole host of engagement both on-Island and with off-Island decision-makers who might use Jersey for their business. They have produced a very early draft of the report and we are testing some of those ideas at the moment. As part of that consideration they will be looking at not just Jersey Finance and the role of the regulator but also the Government function as well and how we act collectively, I expect, as a jurisdiction, to ensure that we are getting the right levels of work and we have got the opportunities for growth.

Deputy K.M. Wilson:

Is this going to be incorporated into your next financial services update in terms of some of the outputs of that? Do you have some idea of what you might share in that update?

Director of Financial and Professional Services:

At the moment we have got a rough agenda that is circulating between us, Jersey Finance and the Commission. We are looking at McKinsey coming to do an update for us, although we have not defined what that looks like because this is the third workstream of 4, so we will not have fully concluded that work until next year. The J.F.S.C. want to use the opportunity to do a bit of an update on their strategy and we will do some more deep dive into the second workstream and the tax piece that Paula and her team are leading on. The date is in the diary for 24th November in the afternoon.

Deputy K.M. Wilson:

Just for clarity, these 2 workstreams are critical in order for you to progress to the other 2 workstreams; is that right? There is a sequential process here.

Director of Financial and Professional Services:

Yes. The second workstream that I am mostly focused at the moment is really about clearing the deck so that we have got the best possible platform to launch the growth that should come out of workstream 3 and ultimately 4. The international tax strategy as well will feed into workstream 4, so 2 is well underway and I am confident that we will deliver on those elements that have been brought to our attention so far, and then everything else is on track at the moment.

Deputy M. Tadier:

Minister, I would like to use the last few minutes, if that is okay, to talk about the Crypto-Asset Reporting Framework. I do not know if you need to rearrange your team.

The Minister for External Relations:

Yes, please.

Deputy M. Tadier:

I am sorry if people have not been utilised to their full capacity.

The Minister for External Relations:

I think everybody has been utilised, even if some quietly in the background have been shifting forward.

Deputy M. Tadier:

Indeed. Can you just give us a brief explanation of what the Crypto-Asset Reporting Framework is, what the interest is from the O.E.C.D. in it and why we are involved and what our involvement is?

The Minister for External Relations:

Why we are involved is a good question, but it is an evolving international standard so that is ultimately why we are involved. It is a framework that has been developed by the O.E.C.D. The G20 asked them to do it and it is about forming a reporting or exchange of information process for, in effect, crypto assets that would not have fallen into the existing reporting framework, which is C.R.S. (Common Reporting Standard). That is it, basically, in a nutshell. We do not have very many structures that it would currently apply to but obviously between jurisdictions there is a lot of information that flows between jurisdictions so those jurisdictions can understand what is happening, or out of other jurisdictions.

Deputy M. Tadier:

Is this anti-money laundering or is it do with tax? Is it to do with all of those things?

The Minister for External Relations:

It is mostly thinking about whether it is appropriately taxed, is it not?

Deputy M. Tadier:

When we talk about crypto ... we do not have wealth taxes in Jersey but other countries may have. Is that issue? They want to know whether people are holding assets in crypto that they need to be declaring or is it something more than that?

The Minister for External Relations:

These whole frameworks are exchanging information so you would expect that we have the information in regard to a Jersey structure that might have investors from A.N. Other country. Those A.N. Other countries may have obligations to report on their tax return, for example, to their home jurisdiction and so it is just that flow of information so that both sides can see that it is being reported appropriately.

Assistant Comptroller of Revenue:

If I may add as well. Sorry, apologies, Minister. It runs across the range of taxes from income taxes to capital gains taxes to wealth taxes and in some cases inheritance taxes as well. It depends very much on the structure of the jurisdiction of the investor.

Deputy M. Tadier:

Is there an issue by the very nature of crypto that people can have crypto secretly, of course? You could say that they can have the same with other types of money but there seems to be ... is the use of crypto difficult to police in a way that ordinary money is not as easy?

The Minister for External Relations:

No, because this is about structures. You have got to remind ... firstly, all of this is evolving when it comes to crypto and how it is held in funds and all of those things, which is separate from this, of course. This is a tax reporting framework. You, as an individual, can hold crypto that does not come within any ambit of any regulation anywhere but then you can have a fund that might hold crypto or might have its own ... what is it? The decentralised exchange thing and some of those are within recognised pools where there is appropriate regulation. Then you are moving away to others where there is no regulation in the pool of who comes in and out of the particular fund. It is very much an evolving landscape, but this is about those structures. It is not about you as an individual living in

Jersey and us sending information to where you were at university because you happen to have some crypto.

Assistant Comptroller of Revenue:

If it is helpful, just by way of additional ... the reporting obligation falls on the service providers, so those businesses that help customers to make transactions in crypto assets. In Jersey they will either be regulated as virtual asset service providers or they will be financial services businesses and, therefore, they are already subject to anti-money laundering obligations. I think there is something about, as we are designing this, that we do not have to write into the law how to identify beneficial owners because we have ...

Deputy M. Tadier:

In terms of the consultation, we understand it ran from November last year to February earlier this year. Can you tell us what some of the themes were and what the engagement was like in that process?

Assistant Comptroller of Revenue:

We got 11 responses in total to the consultation. That went across a range of financial services companies to advisers to industry representative bodies as well as service providers. We felt that 11 responses was quite a good range across the industry. It covered 3 separate amendments. One was the introduction of legislation to implement the C.A.R.F. (Crypto-Asset Reporting Framework), one which is about implementation of amendments approved by the O.E.C.D. to the existing Common Reporting Standard, and then the third was to look at potential administrative improvements to the operation of the tax reporting frameworks generally.

[15:00]

Not surprisingly, the majority of responses were about the existing framework. We had a lot of responses about penalties, which we expected to get, and that was very useful feedback. In terms of the proposals in terms of the way we have proposed to implement the C.A.R.F. and the amendments to the C.R.S., business made very few comments. I think they generally welcomed the fact that we were building on existing frameworks and quite predictable legislation that has already been in place. There were some requests for guidance, which we will be addressing. In one case we have had to refer that request back up to the O.E.C.D. because it to do with the interpretation of the standard as opposed to something that we can opine on here, but it was quite positive.

Deputy K.M. Wilson:

Does this increase any regulatory burden on those who are trading in crypto?

Assistant Comptroller of Revenue:

It is an additional reporting obligation on businesses that assist people to trade but it builds on existing client due diligence. There is additional client due diligence that needs to be done because they now need to identify the tax jurisdictions or tax residence and the taxpayer information numbers of their clients, which they have not had to do before, and they will have to make reports to Revenue Jersey on an annual basis from 2027. So, yes, it is additional.

Deputy M. Tadier:

But it is only knowing what they will be doing for other types of investment.

Assistant Comptroller of Revenue:

The O.E.C.D. very much based this around the existing Common Reporting Standard and although some of the information is slightly different because it is a different asset class, it is quite a familiar pathway, I think, to businesses.

Deputy M. Tadier:

Okay. What is the next step in this that we can expect as a panel in terms of legislation or the next steps?

The Minister for External Relations:

The draft legislation ... have you issued that yet for targeted consultation, which is this month, next month?

Assistant Comptroller of Revenue:

It will be issued in the next week or 2 for targeted consultation and our intention is to lodge it in the second half of October for debate before the end of the year.

Deputy M. Tadier:

Thank you. We look forward to that. I do not know if it is going too far to ask about this. It is related. Are there any conversations going on in Government as to whether Government should hold its own crypto assets?

The Minister for External Relations:

I am not aware of those conversations, if they are going on. I do not know if you are.

Assistant Minister for External Relations 1:

No, I am not aware.

Deputy M. Tadier:

What is the thinking more widely? Feel free to bring in your officers. I have had people ask me about why Government are not doing this.

The Minister for External Relations:

That is a good question because with the Financial Services Director we are just focusing on it from an industry perspective and what it means and what structures should or should not be in Jersey from a risk perspective and a supervisory perspective. We are thinking about it. I have not personally been involved in any conversations in regard to Government hold crypto but then I am not directly ... I could not give you here without notice a direct answer to all of the investment pools within the Common Investment Fund as it stands and all of the investment funds, because some may be holding crypto assets. I cannot answer that question directly.

Assistant Minister for External Relations 1:

I do not remember having discussed it. Obviously we are advised by the Treasury Advisory Panel and they do help us appoint professional investment managers.

Deputy M. Tadier:

Is it on their radar though?

Assistant Minister for External Relations (1):

I suspect what it comes down to is what the risk objective is, what your risk appetite, risk profile, is and for a Government to put £3 million into crypto assets and find the following day that they are worth zero, even though that may be a very small amount lost in terms of the overall performance of the fund, it will be very controversial. I have not been involved and, like Deputy Gorst, there could be a fund which has a small amount of crypto tucked away but those are all invested in line with objectives and policy by the investment managers and reported on in due course anyway.

Deputy M. Tadier:

Is it something that you would consider raising at some point at Council, looking at what other countries are doing in terms of diversification of assets?

The Minister for External Relations:

It is not an issue that would need to be raised at the Council of Ministers. I think it is an issue that the Minister would take back to her department and have a conversation with the advisory panel.

Assistant Minister for External Relations (1):

It is a very expert field.

Deputy M. Tadier:

I think there is a difference between whether the Government just holds some assets in crypto and whether it sets up its own fund and to what extent it really backs the idea of crypto.

The Minister for External Relations:

With the greatest respect, Chair, you are starting to sound Trumpian.

Deputy M. Tadier:

No, I am just putting questions that I know some Members ... if we are regulating crypto it is because people are investing heavily in crypto, businesses are diversifying into it and I am just wondering at what point that is in the radar. I think these are the questions people in ...

Assistant Minister for External Relations (1):

People in businesses can choose to do what they want with their money but we are effectively investing public funds and I think until such time as we feel crypto is more of a known quantity ...

Deputy M. Tadier:

These are taxpayers asking. They talk about investing their money, so I am just asking the question. That is it, I have asked the question.

Assistant Minister for External Relations (1):

Their money. As I say, we can all decide what to do. It is a very volatile area.

The Minister for External Relations:

The question about whether our existing funds or whether we are considering crypto I think is a legitimate question that we can take away. I think the question about the Government creating its own crypto fund is a much more complicated and difficult question to answer because it is not something that the Government has itself got into previously in regard to really any investments like that. It would make much sense if it would be through the C.I.F. (Capital Investment Fund) rather than the Government creating that fund because I cannot see that there would be fundamentally a mood for the Government to create a fund when there is so much private provision of funds that Islanders could invest in.

Deputy M. Tadier:

Any other questions? Minister, thanks to you and your team for coming and answering our questions and we look forward to seeing you when we next sit.

The Minister for External Relations:

Thank you very much.

[15:07]