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Economic and International Affairs Scrutiny Panel

Quarterly Hearing

Witness: The Minister for External Relations

Monday, 10th November 2025

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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

Ms. K. Nutt, Chief Officer, External Relations

Mr. T. Le Feuvre, Director of External Relations

Ms. C. O'Brien, Deputy Comptroller, Revenue Jersey

Ms. J. Keir, Senior Policy Adviser, Financial and Professional Services

Mr. D. Marcos, Head of Sanctions

[12:35]

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

Ministers and your team, thank you for attending today. I will open the proceedings for the record and to welcome any members of the public who might be watching and listening either now or on the watch-again facility. This is a quarterly hearing of the Economic and International Affairs Scrutiny Panel. Today we will be discussing matters first of all relating to the draft budget proposals that affect your department but also more general questions about your wider portfolio. I am Deputy Montfort Tadier. I am the chair of this panel.

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.

The Minister for External Relations:
I am Ian Gorst, Minister for External Relations and financial services.

Assistant Minister for External Relations:
Elaine Millar, Assistant Minister for External Relations.

Chief Officer, External Relations:
Kate Nutt, Chief Officer, External Relations.

Senior Policy Officer, Financial and Professional Services:
Julie Keir, Financial and Professional Services Senior Policy Officer.

Deputy Comptroller, Revenue Jersey:
Cora O'Brien, Deputy Comptroller, Revenue Jersey.

Director of External Relations:
Tom Le Feuvre, Director of External Relations.

The Minister for External Relations:
We have got Ian as well, also a Senior Policy Adviser.

Deputy M. Tadier:
Are you comfortable bringing your people in as and …

The Minister for External Relations:

We have got Dan Marcos, Head of Sanctions, who will be joining us online as well if required.

Deputy M. Tadier:
Dan, can you hear us okay?

Head of Sanctions:
Thank you. I can hear everyone.

Deputy M. Tadier:
Thank you. Welcome to all of you. Thanks for attending upon us today. Minister, I am going to start off with some general questions about the budget. I am also mindful of the fact that you have appeared, both of you, before the more general Scrutiny Panel that was convened last week by, effectively, Scrutiny Liaison. That notwithstanding, could I ask you from an External Relations and financial services perspective what discussion and influence you have had in the formation of the proposed budget for this year?

The Minister for External Relations:
I suppose just the normal conversations about various departments like mine who have been subject to the ongoing recruitment freeze and the reduction in the use of consultants and the desire to allocate savings across departments. I think it is fair to say that our more centralised departments have had to take some cuts and some savings and efficiencies in order to balance the whole budget but this year is really no different from last year and we have managed … sorry, next year is no different from this year and we have broadly managed this year to do well. Oddly enough, some of those recruitment savings and those consultancy savings have meant that we have been able to pivot, certainly in the financial services section, towards competitiveness, and that has been a very positive thing. So even though we have had our budget limited and J.F.L. (Jersey Finance Limited) has had a reduction in its grant, which will continue into 2026, we have been able to largely, I think, carry out the functions that are expected of us either through the common external relations policy or the competitiveness work that we have been doing on financial services. Of course you will know that some of the base case monies coming from Pillar Two is also allocated to competitiveness. That is not as much as was previously allocated but there is still the money for next year. That will only be used and available when business cases ultimately come forward.

Deputy M. Tadier:
Thank you. We will come back to Pillar Two in particular later on. Can I just ask about 2 things you mentioned? First of all, how has the recruitment freeze and also the reduction in use of consultants affected your department?

The Minister for External Relations:

Well, as you know, from this year in External Relations we have had to make some savings, about £79,000. What we have managed to do is reduce some of our grant payments, because of the restructuring in the Brussels office, as you know. I think we have touched on that before. Then the balance of that has really been delivered through vacancy management and actual role reductions when people were not in post. I think it is fair to say that we have managed the workload well despite those savings that we will have delivered in 2025.

Deputy M. Tadier:

Can I ask more specifically about the grant to Jersey Finance Limited? Could you remind us what the current grant has been and what the reduction or freeze is for them in the next few years?

The Minister for External Relations:

The grant to Jersey Finance in 2025 was £5,887,000. There was quite a substantial reduction this year compared to 2024. As you know, they have managed within that envelope. One of the things that I was keen, however, to do was to ensure that if we had any underspends, which we had at the end of 2024, to make sure that they broadly had the same budget in 2025 even though they had made the savings, so we topped it up with an underspend. What that meant was they continue on really with their work in the U.S. (United States). Even though they had that headline cut, we managed our budget to allow them to keep the underlying work active.

Deputy M. Tadier:

What is the projection for the coming years?

The Minister for External Relations:

I think it is broadly the same. The grant goes up. I think that is just inflationary numbers. It reaches £6,387,000 for 2026 but, as I say, that is in effect their base. I have got no doubt that during the course of the year when we look to bring forward business plans for the competitiveness funding that there might be other programmes to grow our economy and promote Jersey, which would require funding as well.

Deputy M. Tadier:

Are you satisfied that they have sufficient resources and also are they satisfied, as far as you know, that the budget resources are at least adequate?

The Minister for External Relations:

Well, I think that they are very proactive. They understand the constraints on government budgeting, they understand the pressures that other social departments are putting on the overall budget and they work in a collegiate manner to seek to deliver the core services in a way which is value for money. The reality, of course, is that we could always spend more money promoting ourselves when we look at some slightly larger but comparative jurisdictions, which are jurisdictions that we would like to see ourselves getting a greater share of perhaps the business that is going there. They are spending massively more money than we are for size of finance industry and so we could always spend more. That is one of the reasons that we have allocated the competitiveness money to make sure that we are promoting ourselves in an appropriate way. Some of that will arise out of what the competitiveness report tells us and where we should allocate those resources.

Deputy M. Tadier:
You said that competitive new money is relying on Pillar Two receipts or is that …

The Minister for External Relations:
That is correct, yes.

Deputy M. Tadier:
I will let Deputy Andrews follow up later about the conditionality of that. Could I ask more generally: how does the prioritising consideration vary in budget considerations between your department as External Relations versus financial services remits? Have there been different implications?

[12:45]

The Minister for External Relations:
They are 2 different budgets and they are allocated separately. It, of course, is a good question about whether those 2 budgets are targeted for success for Jersey as an international finance centre or whether there is work arising out of thinking about how Jersey is structured for success in the future that might mean they are allocated in a different way. Only time will tell. Largely speaking, in financial services we had already done some restructuring in expectation of the need to deliver savings. Then we had the saving to J.F.L. budget but, of course, at the same time we had the moving across from the police to the financial services bit or the Department of the Economy of the Financial Intelligence Unit, so it made it look like our budget was increasing but actually it was just a move across. In External Relations it is slightly different because it is a much smaller budget and, therefore, our allocation of savings was smaller, which on the one hand can be more difficult to deliver but I think that we have delivered it in a sensible and pragmatic way that meant very largely speaking the service that we provided has remained.

Deputy M. Tadier:

Sorry, I will not be dominating all of the questioning, but going back to something you said earlier, is there a sense in which talking about top-ups being given to financial services at the end of the year from underspends or from competitiveness, is there a risk that we are treating financial services or J.F.L. differently to other A.L.O. (arm's length organisations) who may not have such a guaranteed, if it is guaranteed, source of income from such underspends?

The Minister for External Relations:
I think each Minister is allocated their budget and they decide how they are going to allocate their budget. For me, promotional work, which we outsource to Jersey Finance Limited for Jersey and its wider economy, is critically important. So I will ask my officers to manage the budget in such a way, or I did, that we had the underspend so we could contribute to the corporate savings target, through a reduction in budget, but I could cushion them against that from an underspend in the previous year. I very much prioritise making sure that Jersey is appropriately promoted and that we are competitive. Other Ministers prioritise their budgets in the way that they see fit as well.

Deputy M. Tadier:
So there would not be a general overall discussion or philosophy about any new money that becomes available or underspends being targeted to things that would effectively result in economic growth, which I think is your ethos here?

The Minister for External Relations:
That is my ethos, yes. I cannot answer on behalf of the Minister for Sustainable Economic Development but I think he does the same in his budget as well.

Deputy M. Tadier:
Okay. Thank you.

Deputy M.B. Andrews:
Minister, I will be moving on to Pillar Two receipts. I just wanted to really start by asking you: what do you intend for Pillar Two receipts to deliver, as that forms part of your strategy?

The Minister for External Relations:
As you know, we have been very cautious in our calculation of potential Pillar Two receipts and so what we have done is basically taken banking institutions and looked at their current income and forecast income through the filter of the new regime, which has given us what we have called a base case of just over £50 million. In the last budget we had the same forecast, roughly. In this budget it remains the same and it continues. That base case we expect to continue but we know that there is a lot of work still ongoing at the O.E.C.D. (Organisation for Economic Co-operation and

Development) and Cora is directly involved in that, and that the U.S. want their regime to be considered as an equal regime by the side. That will potentially affect in 2026 any potential upside. We do not know the detail of that yet. We expect there will be upside in 2025 but again we do not know the quantum of that, so we have very carefully said we are just going to work to the base case scenario. The base case scenario was in the previous budget allocated to financing the borrowing on the hospital and to competitiveness and the remainder into the Stabilisation Fund. As you know, the public finances have weakened since that budget was proposed and agreed by the Assembly and so it remains that now we have money allocated from that base case to financing the borrowing on the hospital and a smaller, in effect largely halved, allocation to competitiveness work. As I said earlier in answer to the Chair, we are still needing to provide business cases for the allocation of that during the course of 2026.

Deputy M.B. Andrews:
What elements of the competitiveness are likely to be impacted from what you originally had anticipated the full amount to be used for?

The Minister for External Relations:
We were just looking at our best roughly divvying up of what this money would be based on uncertain forecasts. We have had to be pragmatic, as I described earlier with my overall budget. Of course we would all be happier from an economic competitiveness and greater perspective if we had that larger number allocated but every department has had to be almost suck it up in order to fund the social expenditure that is required. We did not have detailed business cases for the 50 and we are now working on more detailed cases for the smaller number and that will come out of the wider competitiveness work which, as you know, is not due to complete until March, I think it is, of next year.

Deputy M.B. Andrews:
I just want to ask about what is the competitiveness financing going to be intended for? What elements are we going to be improving and do you think all those elements are going to improve financial services while maintaining our competitiveness against other jurisdictions as well?

The Minister for External Relations:
If we think what are some of the things that we are going to need to do, I think we have just touched on looking at where are we already placing our bets when it comes to promotion and do we need to double down on any of those or are there any new markets that we need to think about. So that is one quite big bet, even if you take it away from are we working with institutions in that sector to think about promotion in a way that we perhaps have not done in the past, so we will do that. Then you have got the tax work. Even the Pillar Two and the wider tax work, we know that there is an

opportunity in that implementation to think about digitisation and a portal that can make, in time, everybody's tax experience better and more digitally enabled. I expect that we will be looking at some of that. You have also go the digitisation work that needs to be undertaken with the register and the work that the J.F.S.C. (Jersey Financial Services Commission) does. This idea that how do we overcome the friction and the bureaucracy that is all of the A.M.L./C.F.T. (anti-money laundering/countering of financing of terrorism) process, so it would not be surprising again if there was some allocation to that sort of work as well. I have to ask ourselves is the policy work fully funded or are there more policy things that we should be doing? How are we welcoming new business to Jersey; what does that mean? Does that require more funding? How are we gathering intelligence and information from what others are doing? We are not at that point of saying: "This is where our money will be allocated" but we can think about the broad themes.

Deputy M. Tadier:
Thank you very much. That is fine for now. Thank you, Deputy Andrews. I will pass on to Deputy Wilson at this point.

Deputy K.M. Wilson:
Building on what you have just said, Minister, could you tell us in what other ways you are encouraging continued investment in Jersey apart from financial services? What assurances can you provide to businesses to support confidence in the Island's economic environment?

The Minister for External Relations:
Of course it depends which hat you are asking me to wear. As the Minister responsible for the financial services with the support of the Minister for Treasury and Resources, we are absolutely committed to sustaining and growing Jersey as a business and financial services centre because that is the core of our economy. Without it growing and winning new business, the rest of the economy suffers as well. I was going to come on to if I am wearing my External Relations hat that really is about us supporting other Ministers in the work that they are seeking to develop. That is a slightly different ...

Deputy K.M. Wilson:
Could you give us an example of how you are doing that?

The Minister for External Relations:
We get approached by Ministers to support with whatever work they are doing. Of course, as the Minister for Treasury and Resources said, in the wider budget there is money allocated for other sectors of the economy as well.

Assistant Minister for External Relations:

The business support package has had £10 million this year and £10 million next year. To the extent that this is left to this year, it is there next year, and that is providing schemes that businesses ... a business can apply for grant funding on a match basis if they are doing things to develop technology and productivity, enhancements. A specific sum has gone to Visit Jersey. Visit Jersey has had some additional funding for that. There are packages available or funding available for people to upskill their employees. For apprentices, the apprenticeship scheme has not been as well taken up as we might have hoped but we think that is possibly because with the trainee wage having been removed, people have not been taking on apprentices. Now that the trainee wage has been reinstated, we are hopeful that we will see more applications for apprentice funding. That covers a broad range of things of the economy, and construction and retail. It is all the businesses that we thought were most likely to be impacted by the increase in the minimum wage to the living wage.

Deputy K.M. Wilson:

I think that question was more about on an External Relations basis.

The Minister for External Relations:

Yes. I was going to answer. I just thought you might be interested in that because it is in the budget and it is a considerable amount of money. There are a number of ways that we do the other thing in External Relations and if I think about the M.O.U. (memorandum of understanding) with Antigua about the exchange of people, similar is happening in Kenya and I was with the Ghanaian High Commissioner last week and they would like a similar type of M.O.U. for movement of people, which will support industries right across Jersey's economy. We have got M.O.U.s around education and language, again trying to do similar things. We are working with the U.K. (United Kingdom) Government and the Environment Department here on the common understanding and the S.P.S. (Sanitary and Phytosanitary) agreement. That is about promotion of business and easing friction from business. That is them at a high level. Tom, I do not know if you want to ... Tom leads on the inter-country pieces of work.

Deputy K.M. Wilson:

Could I just ask us to focus on ... because I think what you have described is the central tenet of Jersey's economy. You have also just described a number of enabling External Relations exercises. We are interested to know for the growth to the economy and diversifying the economy, what other products and services from an External Relations perspective are you working on to support people to invest in Jersey to deliver those new products and services?

The Minister for External Relations:

Shall we just cover off with Tom? That follow-up question is really a different thing, which is not encouraging people to invest in Jersey. There are 2 elements to that.

Deputy K.M. Wilson:
Yes, and I am more interested in the trading element.

[13:00]

The Minister for External Relations:
So there is element of investment into capital and we have seen some partnership agreements to do that, but then there is also investment as in using Jersey for direct investment anywhere around the globe, and that gives value to Jersey's economy because it creates jobs and it provides a tax take as well. Tom, I do not know if you want to ...

Director of External Relations:
Yes. On the agreement side, the examples that the Minister mentioned are relevant in terms of supply of people. One of the challenges that we, as External Relations, have been trying to address is that post- Brexit there have been substantial movements of people and it is a different labour market. It is not a Jersey problem, it is a global problem but some of the things that you can do are to put in place the right frameworks that allow for people from other jurisdictions to come and work across our economy, whether it is hospitality, tourism, other forms of services, agriculture, but for Jersey to be an attractive place for them to come, we have M.O.U.s in place that provide standards in treatment that ensure that they get the right information about suitable jobs in Jersey. We partnered with J.C.I.S.(Jersey Customs and Immigration Service) to deliver some of that. It is also things like double taxation agreements. I suppose historically perhaps we thought about double taxation agreements from a business perspective but they also govern how individuals are taxed. If you are moving between jurisdictions in a year then having certainty over how you are being taxed in one place or the other, which is what a double taxation agreement can do, is an important part of the package. We do try to think through those sorts of initiatives to contribute to a much broader set of economic interests, recognising of course that financial services is the engine. There is all the activity around that, hospitality, restaurants, and all that activity requires staffing and people. External Relations is playing an active role in trying to set up the right frameworks to enable more people to choose Jersey as somewhere to live and to work.

Deputy K.M. Wilson:
Thank you for that. What you are describing are processes that will enable a workforce to support the economy in terms of what we currently provide at this moment in time. Is that correct?

Director of External Relations:

It is not just process. It is also legal rights and obligations, the framework really, yes.

Deputy K.M. Wilson:

I think what we are trying to understand is whether there is any opportunities through the work of External Relations to pick up the Minister's point around developing capital investment in the Island such that it brings new industries or new kinds of products and services to the Island.

The Minister for External Relations:

The first point I will make - and I will come back to Tom - is things like I was in, was it last month or the month before, Bahrain signing the double taxation agreement. That is important because it allows the certainty and understanding of how those investments are going to be treated. Take Bahrain for example, an investor from Bahrain had - I think they have just changed it - an investment in a telecoms company here. That was directly providing - JT may have another view on this - competition and lowering the prices in the telecoms market for Islanders. That was through investment from the Middle East. They might seem quite dull and boring but they do actually start to facilitate because they give the legal certainty. I am not sure that it is External Relations job to go and look for other strings to our economic bows but if we do see things that are working elsewhere and we are engaged with countries elsewhere, then of course we feed them back and we facilitate connections and meetings and considerations of these particular things. The other thing I will say is that I have always been one of those people that I am quite happy for people to look about diversification but I am focused on making sure that the financial services industry is diversified and that is why we do all the work that we do about product refreshment, changing our legislation, making it up to date, thinking about if there are other products and streams that we can bring into financial services that we have not historically done. That is a lot of the work that Julie's team does as well. It is also fair to say ...

Deputy K.M. Wilson:

Sorry, Minister, can I just stop you here because I think the Chair wants to come in at that point.

The Minister for External Relations:

Yes, of course.

Deputy M. Tadier:

I think I am trying to tie in a couple of different themes, so I am going to park it. I want to ask you about other External Relations matters relating to Guernsey and France but if I can just come back to a point that I think is also related, the traditional model of the 3-legged stool in Jersey's economy, if we take it to be agriculture, tourism and hospitality, and then finance. We also know that there has been a demand from financial services that if there is any income, for example, that has been generated from Pillar Two that, yes, that can be invested in competitiveness, but employers want to see it invested in the local infrastructure too so that Jersey becomes an attractive place to work. I think we have established that already. Is there a tension - and I also want to refer to the Fiscal Policy Panel's paper just a few days ago - about the implications, for example, of things around the move to a living wage, the cost of doing business in Jersey, the inflationary pressures that there are currently in Jersey including around goods and services with trying to recruit and maintain staff in that sector? Are there some inherent contradictions that you are aware of that are affecting, in particular, the financial services industry that you need to take action on? Is that too broad a question?

The Minister for External Relations:
I am not quite sure because you have weaved all over the place there. Let us just be clear, those financial services might be an international export business but the people living in Jersey and working in Jersey experience Jersey's everyday existence, so staff working in financial services as well feel the high cost of housing, feel the high cost of living, feel the high cost of childcare. I have to be careful, as the Minister for financial services, that I do not tread on other Ministerial toes in the policies that they are bringing forward other than to say these are issues which need consideration because they affect everybody in Jersey. They do not just affect one particular part of the Jersey community; they affect everybody.

Deputy M. Tadier:
I suppose what I am asking is that the Fiscal Policy Panel basically talk quite a lot about inflationary pressures. They talk about annual food rates of inflation comparing it to the U.K. At the same time, they attribute the increase in the living wage as one of the factors putting pressure on businesses but the reason for the living wage is to make sure people can stay and afford to live in Jersey. How does one resolve that problem and what is the implication for the sectors under your remit?

The Minister for External Relations:
I think you are trying to drag me into an argument which really is not within my remit and as much as I would like to be dragged into that argument, I am not sure it is sensible for me to do so. It is a good question: how do you encourage higher paid jobs in those sectors which have traditionally been lower paid jobs because you know that those individuals are finding the cost of living difficult? You can have a political argument about that but there is no doubt that the majority of our inflation in Jersey is imported. However, there is this level of inflation that is not imported, which we have not always been very good at acknowledging or accepting and some of that is about pay rises. It is just not the living wage; it is also what Government pays its employees. That directly feeds into inflation, but it is quite difficult to get the balance right.

Deputy M. Tadier:

Going back to Deputy Wilson's point, is there a sense, though, in which the growth can also be imported? The growth is reduced in financial services, and we are told that is largely down to interest rates, whereas the growth in other sectors, which could have a tangible benefit to the economy maybe, is more within our control. Are those …

The Minister for External Relations:

Well, it is interesting, is it not, because as the F.P.P. (Fiscal Policy Panel) say, the growth within the other sectors is largely connected with an increase in the living wage. The increase in the living wage has grown the overall size of that bit of the economy but it has also led to inflationary pressures and so getting that balance right is difficult. I am one who has always been sceptical about understanding the underlying figures in the growth in the economy because when there are high interest rates in a banking-based economy then the overall size of the economy grows so you have got the growing economy. Interest rates are reduced; they might be reduced to deal with inflationary pressures. We have the benefit of a smaller inflation import number. It looks as though our economy has shrunk but our economy has only shrunk statistically. What is important is the number of people still employed, the number of firms still here, the number of new funds being written, the number of various … all of the things that go to make up the financial services industry and the health of that is a better indicator of how we are doing …

Deputy M. Tadier:

We have seen job growth, have we not?

The Minister for External Relations:

… than the overall G.V.A, (gross value added) figure because of the uniqueness of our economy.

Deputy M. Tadier:

Thank you. I think we got to the points I wanted to make. Thank you.

Deputy K.M. Wilson:

Okay. I am just going to move on to the budget, if I may, around the £24.9 million allocated to a number of areas of expenditure that are determined by a pre-agreed formula, and this includes technical adjustments to increased budgets for financial services for the regulation of non-profit organisations.

The Minister for External Relations:

I do not have that part of the budget in front of me because I was only … I think you are referring to the money that comes out of the dormant bank accounts to fund the Office of the Charity Commissioner.

Deputy K.M. Wilson:
Yes.

The Minister for External Relations:
Sorry, so your question was?

Deputy K.M. Wilson:
What we want to know is whether or not the expenditure is determined by a pre-agreed formula.

The Minister for External Relations:
I am not sure it is a pre-agreed formula. I think it is more the reasonableness of the size of the office in relation to the size of the sector. I do not have the official who deals with it here, but I know that - and I say this as a compliment - she is a stickler and she makes sure that when the budget forecast comes in that it is reasonable. I can certainly, if you have got follow-up questions, provide more detail on the process that she goes through, but I certainly have no concerns about the work that she does in this regard.

Deputy K.M. Wilson:
Okay, and in terms of helping us move on, could you also tell us what extra work the budget allows within this envelope of expenditure and are there any elements in the budget that allow for growth in this area at all?

The Minister for External Relations:
I think the law is quite clear, there are 2 elements that money can be spent out of the dormant bank account. One is the money given directly to charity through the Jersey Community Foundation and the other is the running of the Office of the Charity Commissioner. As I say, the individual involved controls that, both the amount that is provided to the Charity Commissioner … the Charity Commissioner is not a full-time role and has got very small back-office provisions. I think there are 2 - I am not even sure that they are full-time - employees and then the allocation to charities is done very much in line with …

Assistant Minister for External Relations:
Jersey Community Foundation.

The Minister for External Relations:

It is a process whereby Jersey Community Foundation talks to us about the need of the charitable sector at any given point - even though we have just moved to a 3-year funding envelope for them - talks to us about needs in the charitable sector, talks to us about the bids that they are getting from charities for the various work that they are doing and the applications that they have got. We then overlay that with the performance of the fund, recognising that the fund is a contingent liability for the Government and may be called on at any time to be repaid, and we work with Treasury around the returns and allocating the returns. Historically, we have always only tried to allocate the returns so that the fund was growing in real terms. As we have moved to the 3-year budget, we are slightly eating into that real-terms growth but likewise we are seeing other dormant bank account monies put into that fund, so it currently stands just somewhere over £60 million, I think it is. It still remains a healthy fund, but we remind ourselves it is a contingent liability of the state.

[13:15]

Deputy K.M. Wilson:

Okay. Thank you.

Deputy M. Tadier:

Thank you. Minister, I am just going to turn to questions around the Technology Accelerator Fund in more detail.

The Minister for External Relations:

I am happy to hear your questions, but it does not fall directly within my remit unless you are going to ask me about something that you might think would be.

Deputy M. Tadier:

Yes, it is a good point.

Deputy K.M. Wilson:

Yes, it is to do with the A.I. (artificial intelligence) stuff so I could just ask a question?

The Minister for External Relations:

You want to talk about A.I. That is fine because we have got Julie with us.

Deputy M. Tadier:

I will let you lead on that.

Deputy K.M. Wilson:

I think our question is in terms of what is available in the budget and given that A.I. is going to be an essential tenet of progression, if you like, in the financial services industry in particular, could you give us an indication of what your plans are, what you are investing in and how much you are allocating to support this?

The Minister for External Relations:

There are 2 answers, I suppose, to this. One is, again, it would not be surprising if there was some potential use around the competitiveness and money to kickstart and facilitate work in this area. I am just saying that would not surprise me. Secondly, which is really where we are more engaged, is the work that Julie is ongoing from a policy perspective and an acceptance perspective and a regulatory framework perspective so, if you do not mind, I will just ask Julie to say a bit more.

Senior Policy Adviser, Financial and Professional Services:

Yes, of course. We are working with the regulator to issue guidance, although the regulator will be issuing guidance in the use of A.I. in financial services shortly. I think that is anticipated in the next couple of months but in terms of internal policy or guidance issued by the Government, that is not really somewhere as a department we are going at the moment. We are working with the regulator to do it that way so there is no direct funding needed in that respect.

Assistant Minister for External Relations:

Can I just add something? The conversations I had in Washington, industry are doing this on their own. One of them, I think, said: "We have rolled out A.I. to 65,000 staff worldwide." They are already using this themselves and they do not need us to tell them to do it or to subsidise them to do it because they see the benefits. I think when we get to policy and regulatory aspects, that is where our role might come in, but I think financial services is very open and probably actively investigating and investing in it because they see the benefit it will bring them if used properly.

The Minister for External Relations:

I think that is right. If you go down the Esplanade to some of the big banking institutions, some of those big banking institutions are already using A.I. from an A.M.L./C.F.T. transaction monitoring perspective, which is a really positive thing. The challenge, I suppose, for Jersey as a jurisdiction is those large institutions are, but some of the smaller institutions, which maybe have different ownership structures, let us put it like that, might need some framework changes and support from a framework legislative base to enable them to win the funding, as it were, to implement A.I. The other thing that we are thinking about is … okay, it is not that there are 2 schools of thought to A.I. We know that some more … how can I describe it? It is not mundane jobs, more …

Senior Policy Adviser, Financial and Professional Services:
Process-driven.

Assistant Minister for External Relations:
Repetitive processing.

The Minister for External Relations:
… process-led jobs, A.I. is going to affect them. As a jurisdiction we have a choice to lean into that and think about how we can win that business and lead that business rather than having it done to us by others and that is some early stage thinking.

Deputy M. Tadier:
Minister, can I jump in here? It is a related question to A.I., I suppose. We know that there are going to be good applications, neutral and bad applications of A.I., which are harmful. I have had some correspondence from someone in the industry who says that when it comes to cyber security, Jersey has almost no rules or there is no guidance being issued by J.F.S.C. to the financial services industry and that the lack of guidance is so poor that most trusts or businesses are effectively turning to rules set by the Guernsey regulator to try to establish best practice in the industry. Is that an area which you have been made aware of or is it something that you would be happy to look into?

The Minister for External Relations:
I am not sure it is … obviously, I have not had sight of the full message. I think it would be a slightly unfair characterisation of what Jersey per se is doing because the Cyber Security … do they call themselves an institute these days?

Assistant Minister for External Relations:
Cyber Security Centre.

The Minister for External Relations:
They have issued guidance, and they are doing very good work, which of course is something in Guernsey that is not happening, but it may be what we find is happening is in Guernsey the regulator is doing some of that work, so the question is: are they properly married up and co-ordinated? That is certainly something that we can take away and ensure that they are, if there is a feeling that some sectors of industry would like the regulator to do that as well as the Cyber Security Centre, so it is joined up.

Deputy M. Tadier:
Maybe a joined-up thing, yes. I accept that is only one voice.

The Minister for External Relations:
No, no, but it is important to listen to all voices.

Deputy M. Tadier:
It is related … sorry if we have not put this explicitly on the questionary but I suppose we are mindful of also the J.F.S.C. data breach earlier in the year and we know that the Information Commissioner has issued formal reprimands, but they cannot fine a government body. Can we be given reassurance that there is enough being done here and that there is enough of a disincentive generally to make sure that no more data breaches would occur?

The Minister for External Relations:
I am advised and assured that they have made the necessary changes and enhancements to ensure that those breaches do not occur again, but what I think is also important is that we recognise that some of the U.K.'s blue-chip institutions probably could have sat in front of you and made the same commitment and they have in fact been ultimately found wanting. I know that from the regulator's perspective, they are extremely mindful of how sensitive the data is that they hold, a bit like Revenue Jersey, extremely sensitive data, and therefore they have got to have the best available systems to them. We also know, of course, once something has gone wrong, it is how we then deal with it and how we move forward which is the most important thing as much as we apologise for the error in the first place, but I am advised that all of the areas that were open have been closed and the system has been changed to ensure that it does not happen again. I do not know if you want to add anything else.

Senior Policy Adviser, Financial and Professional Services:
No, nothing.

The Minister for External Relations:
No.

Deputy M. Tadier:
Thank you.

Deputy K.M. Wilson:
Can I just pick up on the comment that the head of Jersey Finance, Joe Moynihan, said that he did not expect that the headcount would significantly change, but you have just suggested that it potentially will.

The Minister for External Relations:

I think he would have said he did not expect the headcount to significantly change within the framework of the budget.

Deputy K.M. Wilson:

Of the budget.

The Minister for External Relations:

That is the budget, but we still have got that allocation for competitiveness to the side which has not been allocated to any particular head of expenditure.

Deputy K.M. Wilson:

His statement was that he did not expect A.I. adoption to drastically reduce headcount in Jersey.

The Minister for External Relations:

Oh, sorry, you went back to A.I. I thought we were about the budget there.

Deputy K.M. Wilson:

He also referred to a report that was done by Grant Thornton looking at the impact of A.I. on the financial services. Is this the work that is going on at the moment in terms of responding to that report or are you considering any aspects of that report in terms of preparing your plans for A.I. going forward?

The Minister for External Relations:

I have not read that exact report. I think that J.F.L. would have been talking about how we respond to it and the jobs that will be maintained and available and how we pitch towards that, but Tom is directly involved in the competitiveness work, of which this part, so he might have some comments to make.

Director of External Relations:

It is certainly a theme that has come up within the competitiveness review, and we would expect that because businesses are preparing for this technological shift, just like everybody else is. I think one of the things that underpins that jobs comment - and obviously I cannot speak and would not seek to speak for Joe - is that it links back to some of what the Minister was saying. For certain kinds of more process, administrative roles, it has already been the case with Jersey that there is a significant amount of outsourcing that happens to other centres. That is just part of globalisation that if you can book some of that elsewhere and if a service provider can do it to the same standard but can do it at a competitive rate, then naturally that will happen. I think where we see some of the early adoption of A.I. continuing will be in those kinds of activities. I suppose the argument could be made that those roles and activities have already been outsourced to another centre; they are not here in Jersey. Therefore, if there is tech adoption that means that that is done by A.I. instead of people, then that might not necessarily be people who are already working in Jersey, but there is a "however". I do not think anybody should be too confident about making predictions about how A.I. is going to have … it is going to have a transformative effect, and we know that financial services, from the work on competitiveness, is a sector that will be significantly affected. One of the things when we are thinking about jobs, for example, in Jersey, is looking at the broader systemic effects so I think one of the things that will happen with A.I. is that the tech companies and the owners of that technology stand to - some of them anyway - make very significant sums of money. There is going to be lots of profitable new kinds of business activity. Jersey, in terms of our finance industry, has always been engaged in wealth management, asset protection. That is a core part of why people use Jersey as a stable location for onward investment of some of those flows, so that in turn creates activity for people to service some of those demands. I think Joe was probably just trying to reflect that, that it is a nuanced picture. It is not the case precisely that you lose some and you gain others, but history would show over recent years that there is always that balancing effect.

Deputy K.M. Wilson:

I think the concern is more about the pace of change and the Minister alluded to leaning in, but we are just trying to establish how on top of this are we in terms of trying to make things … I am going to move on, if that is okay, because we have got …

The Minister for External Relations:

Just to say that is what we are thinking about, but we remind ourselves our best success is when we are a fast follower. I mean when I speak to investors, and somebody was speaking to me at the end of last week, everybody knows they have got to invest in it and do A.I. but nobody can really tell you exactly whether the bets that they are going to make will be successful and so that fast-follower is quite, I think, a good model for us to continue to use.

Deputy M. Tadier:

Can I just ask, because I do not think any of us necessarily profess to be experts in the world of A.I., but there is a sense in which, of course, it is not new technology. A calculator is A.I. and it has been around for a long time and does save a lot of time and resources. Is there a wider Government strategy and are there inter-Ministerial discussions about what the implications of not just A.I. but of outsourcing to automation might have in terms of the unintended consequences, especially for the tax receipts et cetera and social security contributions, and to where the potential for growth versus losses is? Is that something being discussed sufficiently or at all? A simple yes or no is fine.

Assistant Minister for External Relations:
I think it is something we just need to monitor and see what happens. I think the advantage of A.I. could be that instead of doing dull process work, people are doing work that generates better returns and better salaries.

Deputy M. Tadier:
I know what the advantages and the disadvantages are but are the discussions taking place?

The Minister for External Relations:
I think the direct answer to your question is there are conversations taking place in pockets from various Ministers who might be speaking to other Ministers. I am not, as we sit here, aware of an overarching workstream that is taking place but that might just be my ignorance.

Deputy M. Tadier:
Do you think that that would be desirable or necessary at some point? It is really a Ministerial question, it is not …

[13:30]

The Minister for External Relations:
No, they were just reminding me, as you will know, that Digital Jersey just created the A.I. Council, of which all sorts of bodies and, I think Government, have been invited to join and that is a good thing. That is, as I understand it, going to be looking from across the economy and across the Island. I think your point is more about from a governmental perspective, a public finances perspective, a quality of life perspective and I think it is a point well made. I think those conversations are happening in pockets and maybe now is the time to raise it up to a strategic dialogue.

Deputy M. Tadier:
Okay. Thank you.

Deputy K.M. Wilson:
Okay. Thank you. In the panel's comments produced in November last year scrutinising the Budget for 2025-2028, the panel made the following recommendation: "The Minister for External Relations and the Minister for Sustainable Economic Development should undertake a formal consultation on the current budgeting process for arm's length organisations that includes the timeframe for agreement and payment of grants to A.L.O.s by no later than 30th December 2024." Could you provide the panel with an update on the progress made to undertake this recommendation and in

doing so what consideration, if any, was given to the creating of the Budget for this year with regard to this recommendation?

The Minister for External Relations:

Sorry, Vice-Chair, could you just remind we whether we accepted that recommendation?

Deputy K.M. Wilson:

I do not have access to it at this moment in time but let us assume you did not because you would have been able to tell me about the work.

Assistant Minister for External Relations:

Maybe it was not fully …

The Minister for External Relations:

Yes. I think that is probably right or we might have partially accepted it, or we might just have avoided accepting or not accepting it sadly. I think from our perspective working with Jersey Finance and the arm's length organisation, one of the things that we did in order to soften and ensure that they could deal with the reduction in this year's grant was to make sure that we tightened up all of those things, that payments were made in a timely manner, that the information provided, I think, was templated and as far as I am aware - I have not been advised otherwise - that has gone a lot more smoothly in 2025, but unless Julie knows to the current … no, which I think is what you were driving at in your recommendation.

Deputy K.M. Wilson:

Yes. Okay. Will we see any of that activity reflected in the Budget for 2026-2029?

The Minister for External Relations:

Well, other than I think that is the process that we are now following, that more timely issuing of grant payments and giving of in-year certainty and that will continue throughout this Budget.

Deputy K.M. Wilson:

For all of them.

The Minister for External Relations:

I can only speak on behalf of the ones which I am responsible.

Deputy K.M. Wilson:

Okay. Can you just clarify for the public record which ones you are?

The Minister for External Relations:
Jersey Finance Limited.

Deputy K.M. Wilson:
Okay. Thank you.

Deputy M. Tadier:
We had some questions down here on Pillar Two again, but I think they may have been partly covered at the beginning. I do not know if we have explicitly asked you, Minister, though, about what you think the projected level of Pillar Two receipts are likely to be. Are you able to tell us that?

The Minister for External Relations:
I do not think you have asked me, nor do I think I have replied to it.

Deputy M. Tadier:
Would you like to answer?

The Minister for External Relations:
No, thank you. I think we are sticking to the sensible base-case scenario. Interestingly, Guernsey in their budget last week suggested that they thought our approach was one which they might like to follow. We do, of course, know that there will be for 2025 some upside. We cannot quantify that yet but what concerns me is that any potential upside for one year cannot be banked on for future years because of the ongoing conversation at the O.E.C.D. and therefore we should only be allocating, as we are, the base case so that if we are going to put that into budgets, at least we can be as robust in that forecast and as confident in that forecast as we possibly can. If we were to try to calculate any other upside, we could not be confident in its quantum nor in its continuance.

Deputy M. Tadier:
Thank you. Is the reason for the uncertainty from year to year also to do with tax deferrals and so we do not know what tax will be declared in any one year?

The Minister for External Relations:
No, because under Pillar Two, it works on your accounts so, of course, losses can be carried forward. We know that and that has always been the case in Jersey. It is about the changes to the international regime itself.

Deputy M. Tadier:

Okay. Thank you. No doubt there will be further questions in the future and not just from our panel, but I do not know if you have got any other points?

The Minister for External Relations:
No, I was just asking Cora if she wanted to add anything.

Deputy Comptroller, Revenue Jersey:
I think that covers everything.

Deputy M. Tadier:
I know we are not specifically here to have a hearing about it, but it is just important to touch base.

Deputy K.M. Wilson:
There is just one question on impacts on trade that Jersey undertakes with other countries. Is there any impact being felt at this moment in time around the establishment of all of these new tax frameworks?

The Minister for External Relations:
That is a good question. We have engaged heavily with institutions that use Jersey and intermediaries and advisers to seek to mitigate any potential nervousness as the U.S. and the O.E.C.D. continue to work through what the regime will look like going forward. I think largely we have been positively received and the legislation that we have got in place has been positively received but we are very clear that should this new agreement be reached, then we will have to consider if our legislation still provides those base, core policy aims that we set off with, which are complying with relevant international standards, making sure that there is as level a playing field as possible, making sure that we are doing it to comply with international standards and not to raise revenue. Raising revenue has been a positive side effect but that has not been our policy aim, and it will not be our policy aim and that tax neutrality will remain core to what we do in the future and then this thing about bureaucracy, making sure that the Jersey approach to this is as bureaucracy free as possible. Those are roughly the core principles that we started with, and we will need to make sure and review what we have got if there is this change to ensure that what we have got really falls true to those principles.

Deputy K.M. Wilson:
Thank you.

Deputy M. Tadier:

If I can move on to wider economic considerations, and this talks about crosscutting collaboration between yourself and the Economic Development Department. If we think about your role as Minister for External Relations outside of Jersey Financial Services, what interaction would you have in stimulating the economy from external inward investment, perhaps not necessarily related to financial services, and where does the line fall between the role of economic development?

The Minister for External Relations:
I think we have touched on some of those in answer to the questions of the Vice-Chair about how we are supporting broader economic initiatives. I suppose one of the things that we do, which we know that the Sustainable Minister … the Minister for Sustainable Economic Development, not the Sustainable Minister for Economic Development …

Deputy M. Tadier:
It is a key point to make.

The Minister for External Relations:
… is passionate about our relationship with France and seeking to want to open up trade routes there. We facilitated for him a number of inward trips into France through the offices of our B.I.A.N. (Bureau des Îles Anglo-Normandes) and he attended most recently the Brittany Summit. He was involved in the Normandy Summit here and he is very active at trying to build that relationship and strengthen that relationship in France. We provide all of the support for him to do that.

Deputy M. Tadier:
Can I ask then, we are mindful of the fact that a lot of your work is much further afield, whether it is through bilateral treaties, et cetera, but when it comes to our 2 closest neighbours, so France and Guernsey, shall we say, are you concerned that there has been a cooling of relationships between those 2 neighbours, at least in some part when it comes to France and certainly with Guernsey that we are not in the position where you would want to see us as the Minister for External Relations?

The Minister for External Relations:
It comes back to balance again, does it not? We have always got to put Jersey's interests first and then we have got to seek to mitigate any potential relational or diplomatic fallout from putting Jersey's interests first and that is what we do. Individual Ministers make their decisions, and we then seek to advise that they do so in such a way that will limit any diplomatic fallout or seek to bridge divides if they arise. From my perspective, I think our relationship with our French neighbours is positive at a personal and a departmental perspective.

Deputy M. Tadier:

Do you think the oyster exporters, Minister …

The Minister for External Relations:

Well, I am coming to this point now. It has been always fair to say that our relationship in Paris has been more challenging. It has been positive regionally but more challenging to get traction in Paris and, of course, we know that post Brexit, all of that friction, which can seem bureaucratic and form-bound, has real effects upon real people's lives.

Deputy M. Tadier:

Can I challenge the idea that we have got good relations with regions now? I mean we have seen the oyster exporters having their stocks refused on some occasions, apparently due to fairly spurious and pedantic bureaucracy. We have also seen questions about St. Malo's port and what kind of access our ferries get there. Has there been a downturn in relations with even the regions in France?

The Minister for External Relations:

I do not think we can base the quality of our relationship on whether one official has behaved in a certain way and, as you well know, there are the state-appointed officials and there are the regional-appointed officials and then there is the political overlay. It is fair to say that there can be officials who are pedantic over the filling-in of paperwork and we can have that with an official, it does not need to be French. Sorry, officials. We can have Jersey officials who are pedantic about paperwork and Islanders have to live with that every day.

Deputy M. Tadier:

Minister, this is not a hypothetical. I was at the Jersey Farming Conference and question was put to the Minister for Sustainable Economic Development about that issue about shellfish exports. We have had one issue to do with paperwork, a wrong number being put on it, but then there is the whole issue of ice not containing the right type of water and it is not meeting the right standards so these are clearly things which are to do with whether or not France considers it in the public interest for them to enforce. What is your role as Minister for External Relations in trying to smooth over that excessive bureaucracy?

The Minister for External Relations:

Every time any incident is brought to our attention, we seek to reach out to the French, either the departmental council or the official directly that has been making the decision. The relationships that our officials have from the Caen office with relevant officials is very positive but, as I say, it is not always possible to overcome if you have got an official that says: "The rule says you have got to have filled the form in in this way." We, in our culture, tend to be more pragmatic, do we not? I think that is not necessarily the same in some European cultures and we are very much up against that, but not only do we raise those issues with our French counterparts, we raise those issues with our counterparts in Brussels and we raise those issues with our counterparts in the United Kingdom. Sometimes we feel as though we are making progress and other times we feel as though we are on backward steps again, but we will continue to do that, as I know the Minister for Sustainable Economic Development will do, because we recognise the drastic effect that it is having on not only the oyster industry but the wider fishing community per se.

[13:45]

That is why we have been to Paris, we have been to Brussels, we have been regionally, talking about (inaudible). It is why now we are absolutely focused on being included in the S.P.S. agreement that is in the common understanding between the U.K. and the E.U. (European Union). I will be in Paris from next week and I will be in Brussels next week making these exact same cases about why it is important that the rules are stuck to that were negotiated in good faith and that pragmatism because we believe it is absolutely in the interests of the French to be pragmatic about the bureaucracy because, as we know, the oysters are bought as seeds, they are brought here, they are raised quickly because of our tidal flows and good husbandry and then they can go back and be quality products in the European market. What is not to like? It is good for them; it is good for us.

Deputy M. Tadier:
Are you mindful to reiterate the point that Jersey is different from the U.K. and also, if it is a consideration for the French, that we also did not start Brexit? It is nothing to do with us. Is that somewhere at the back of their minds perhaps?

The Minister for External Relations:
Well, it is a good question because I do sometimes worry that it is, that they do worry that we are doing things as a forward movement for the U.K., but we are absolutely clear that what we do is in our own interests and it is for Jersey's interests and it is not the U.K.'s position that we are following.

Deputy M. Tadier:
Thank you. Deputy Andrews, I think we are on question 25, if you want to, for our purposes about competitiveness. Are you happy to ask?

Deputy M.B. Andrews:
Yes, yes, absolutely. I know we have touched on several elements to do with the Competitiveness Programme before but, Minister, you mentioned about the full amount that was probably originally intended for investment in financial services for the sake of competitiveness and obviously now we have got the cost of the hospital to consider as well with the Pillar Two tax receipts, so I just wanted

to really ask you, Minister, how much of an impact will the investment have for financial services and how much will be allocated towards financial services as well?

The Minister for External Relations:

I think we discussed the allocation earlier and the approach that we were going to be taking to it earlier. Of course, I would have liked the full amount. I think every Minister would say that they would like the full amount of their budget and would not want to make any savings. I make the case that the competitiveness of our economy is vitally important to every Islander's future and that is why I strongly made the case that the allocation that was, even though it was much reduced, should be maintained in the budget and it is.

Deputy M.B. Andrews:

How is this potentially going to affect us when we have got potentially other jurisdictions who are going to be investing a considerably higher amount of their Pillar Two tax receipts into their financial services?

The Minister for External Relations:

Of course, we do not know yet what other jurisdictions will be doing in regard to Pillar Two. If we look at some of our more immediate neighbours, they have just simply allocated it into their everyday budget. Others we expect might do different things with it and, as you know, we have not just allocated that amount there, but we are also continuing to think about Q.R.T.C.s (qualifying refundable tax credits) as incentives for investment. We were considering whether we could have something as an amendment to the Finance Law later this year, but I think from our conversation last week that was looking more unlikely. So it is not just one thing that will maintain our competitiveness, it is any number of things as well the resource being allocated.

Deputy M.B. Andrews:

Sorry, you just mentioned an acronym. I was wondering if you could just inform me what the acronym is?

Deputy Comptroller, Revenue Jersey:

Yes, it is a Pillar Two tax incentive called the qualifying refundable tax credit.

Deputy M.B. Andrews:

Oh, sorry, yes. Okay.

Deputy Comptroller, Revenue Jersey:

The Minister introduced an innovation incentive which we will be getting the first results from in the corporate income tax returns filed at the end of this month. We will be doing an exercise to review that incentive and to get feedback about whether it hit the mark, whether it needs any adjustment and whether it can be converted into a Pillar Two compliant tax incentive as well, which would help improve some behavioural change, support behavioural change.

Deputy M.B. Andrews:
Thank you very much for that clarification. Minister, obviously the Pillar Two tax receipts will be enabling to a certain extent for financial services but how much is financial services already evolving and making the change naturally to make sure that they are competitive without any Government interference?

The Minister for External Relations:
I think it is, as the Minister for Treasury and Resources said earlier, different firms and institutions are doing different things. Some are pioneering and they have got the resource of large, multinational institutions behind them and they can bring some of that investment here and some of that technology here. Other sectors of the economy are global firms with a Jersey presence, and they are serving their client in the best interest of their client and therefore they have to advise their client to structure and use the jurisdiction which is best for their client and so it is not a firm necessary driven decision. We, as a community, have to decide whether we want to be competitive in that process and offer the things that we have been talking about into the future because if we do not, then those firms who have got an office in the Cayman Islands, an office in New York, an office in Hong Kong, will advise their clients to go where they can best meet their clients' needs. We are a jurisdiction of choice, and we have got to remember that which means that we, as a government and as a community, have to be attractive to that investment, those structures and those clients.

Deputy M.B. Andrews:
Also, I know Digital Jersey is accountable mainly to the Minister for Sustainable Economic Development but what level of engagement have you had with Digital Jersey as well as the Minister for Sustainable Economic Development about competitiveness in Jersey's financial services industry?

The Minister for External Relations:
The C.E.O. (Chief Executive Officer) has been involved in the competitiveness but, Tom, maybe you want to just comment.

Director of External Relations:

Yes, they have been involved in the competitiveness work. They have also been involved in some of the thematic sections. There was recently a workshop facilitated on different online platforms/portals for K.Y.C. (know your customer) where that is an area that we know we hear from businesses is a regular pain point and there is the potential for technology to help us with that. Digital Jersey was part of that round table. They have also been contributing to the evidence that is collected under workstream 3, which has been led by some external consultants, as you know, and I know that they were part of that interview process so, yes, they have been involved. Your earlier question just about evidence around F.S. (financial services) businesses and engagement, one of the things I should say is they have very much given of their time over the course of the last 6 months to be very actively involved in a number of different fora that we have run under competitiveness. They fielded lots of people giving their expertise and I think that, in a way, speaks to the latent demand for some of these measures on competitiveness. It is definitely out there in the industry, people are hungry for it and we have, of course, got an event on 24th November where there will be an important update from the Minister about the work that we have been doing with them.

Deputy M.B. Andrews:

Yes, just in terms of the Competitiveness Programme workstream, do you see this being something that will have to remain in place indefinitely or do you think there is only a certain amount of work that will have to be conducted for a certain period of time before we might need to then look at something else that will be in place?

The Minister for External Relations:

Pivoting our resource to ensure that we are focused, as an Island, on Jersey being and maintaining its competitiveness is not one-off. These workstreams to some extent are one-off but they will flow into lots of other workstreams. We have got to balance the making sure that we are compliant with international standards and all of the work that Ian is responsible for ensuring we are doing as a jurisdiction, but rather than just focusing on and putting all our resource on that, we have got to balance that with making sure on the other hand we are competitive and as bureaucracy-free as possible and that we are implementing the standards in a proportionate way for a small international finance centre and that is where we are trying to get to.

Deputy M.B. Andrews:

Also, just in regard to the implementation of this all, and obviously we have got a representative from the Corporate Department in Treasury, and I just wanted to know how difficult it has been for this to be implemented in time.

The Minister for External Relations:

Sorry, I am not quite sure what you …

Deputy M.B. Andrews:

The Pillar Two regime.

Assistant Minister for External Relations:

The law has been passed already.

Deputy M.B. Andrews:

Yes, but just in terms of how difficult that has been to get it all functioning in time?

Deputy Comptroller, Revenue Jersey:

Yes, so there are a few different strands. We got the law implemented before the end of last year so this year we have been working on I.T. (information technology), getting the I.T. on board and the work started on the development of the portal. Registration is our first activity. We have 32 groups already registered for the new Pillar Two tax. I think we are in a good place to get the remainder done by the end of the year and then the next phase will be getting the payments starting from next May, so all under control. We have also been slowly and carefully putting people into the roles in accordance with the business case, whether that is administrative or technical.

Deputy M.B. Andrews:

Okay. Thank you very much. Thank you, Chair.

Deputy M. Tadier:

Have you been able to do that all in-house or have you needed to get outside help?

Deputy Comptroller, Revenue Jersey:

A mixture. Some of the roles have been filled within existing Revenue Jersey. Some are potentially going to be filled from the wider government pool and then one or 2 specialist technical international tax roles, we will be getting from external sources.

Deputy M. Tadier:

Thank you. I have got one question, and I know we are running out of time; it is going back to a question about Digital Jersey. Clearly, you have explained that Digital Jersey provides a lot of support directly or indirectly for financial services. Is there an argument to be made that the grant funding from Government should be a mixture of funding from not just Economic Development but perhaps from External Relations as well?

The Minister for External Relations:

The money for Digital Jersey is given to the Department for the Economy.

Deputy M. Tadier:
It is.

The Minister for External Relations:
In a way it does not matter. It could be given half there and half given to me. I do not know if it really would make any difference.

Deputy M. Tadier:
I am using as a precedent, I suppose, it is a much smaller grant that is given to the Alliance Française and I think they get a combined funding from Education, External Relations and Economic Development, mindful of the fact that they provide value to all those 3 key stakeholders and it might become relevant, of course, if Digital Jersey's funding is under threat.

The Minister for External Relations:
The Alliance is slightly different in that I think it was a way of finding money without too much pain to any one department, if I am honest, and that is where we were able to also provide the additional support on that methodology. Everybody recognised the value it gave but nobody wanted to pay the whole amount of money, so it was divvied up to save the pain. I am not sure that is quite the same with Digital Jersey. I think the majority of people recognise the value. I think this is the same with all A.L.O.s really; everybody recognises the value. It is about around the edges are they focused, in my mind, for economic growth and the future and do we need to - all of us - ask Government to sharpen their pencil and try to do more with either the same or slightly less? We have been asking the A.L.O.s to use that same principle.

Deputy M. Tadier:
I suppose, just more generally, you are speaking about the value of Digital Jersey. Are you quite clear about what their mandate is for the wider Government departments? Are they, for example, the delivery arm of Government for digital services or is their raison d'être slightly different?

[14:00]

The Minister for External Relations:
You are asking the wrong person because I was involved at the incorporation, of course, and I remind ourselves that we needed something to kickstart the thinking and the support for digital work right across the economy. I think at the start there was a potential or a belief that they could have helped a bit more with Government digital services, but it was never, I do not think, put into their

mandate. In hindsight some of that has caused friction because they are a representative body of the digital ecosystem; they have got membership. They are also trying to encourage people to train and study to be ready for the forthcoming digital economy. They are also trying to promote that local industry and grow it so in hindsight you can see that could have caused friction when a government is trying to introduce digital services and trying to do a procurement process. To me it is disappointing, if it has been, that that has been the case because I think that working together constructively and collaboratively with them can bring far greater benefits than we are currently seeing and if we can all recognise the importance of this going forward, I think that we can get more out of where each other wants to get to.

Deputy M. Tadier:
Yes, thank you. I mean it is not completely left field. We are mindful of the fact that there may be apprenticeships, retraining, people might want to go from fairly analogue-based jobs to work in digital or financial services and I think that is something we are also mindful of more widely. Any further questions from our side?

Deputy M.B. Andrews:
Not from me, no. Thank you.

Deputy M. Tadier:
Minister, any further comments?

The Minister for External Relations:
No, thank you.

Deputy M. Tadier:
Minister, finally, thank you again for coming in today and making the time for us. We appreciate it and I will ask for this recording to stop now.

[14:02]