



# Economic and International Affairs Scrutiny Panel

## Quarterly Review

### Witnesses: The Minister for External Relations and Financial Services and the Minister for Treasury and Resources

Friday, 18th November 2022

**Panel:**

Deputy M.R. Scott of St. Brelade (Chair)

Deputy R.S. Kovacs of St. Saviour (Vice-Chair)

Deputy M.B. Andrews of St. Helier North

**Witnesses:**

Deputy P.F.C. Ozouf of St. Saviour, The Minister for External Relations and Financial Services

Deputy I.J. Gorst of St. Mary, St. Ouen and St. Peter, The Minister for Treasury and Resources

Ms. K. Nutt, Director General, External Relations

Mr. G. Pearmain, Director, Financial Crime Strategy

Mr. J. Silverston, Director, Financial Services

Mr. T. Le Feuvre, Director, External Relations

Mr. D. Marcos, Head of International Compliance

[10:01]

**Deputy M.R. Scott of St. Brelade (Chair):**

Welcome to this quarterly hearing of the Economic and International Affairs Scrutiny Panel. This hearing will also incorporate questions based on the panel's reading of the Government Plan 2023 to 2026, which was published recently and which the panel is now reviewing. I would like to draw

everyone's attention to the following. This hearing will be filmed and streamed live. The recording and transcript will be published afterwards on the States Assembly website. All electronic devices, including mobile phones, should be switched to silent please. I would ask the member of the public who has kindly joined us in the room today not to interfere in the proceedings and as soon as the hearing is closed please leave quietly. For the purposes of the recording and the transcript I would be grateful if everyone could, who speaks, will ensure that you have stated your name and role, although we will ask for introductions shortly, which is going to be now. First of all, I would like to draw your attention to the fact that we have 2 hours scheduled for this hearing and quite a few areas for questioning, and quite a few questions. If any do remain at the end of the hearing or we need more detail we will send these to the Ministerial team. If we could first of all start with some introductions. We tend to start with the panel. I am Deputy Moz Scott, and I am chair of the Economic and International affairs Panel.

**Deputy R.S. Kovacs of St. Saviour (Vice-Chair):**

I am Deputy Raluca Kovacs, vice-chair of the same panel.

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

I am Deputy Max Andrews.

**Deputy M.R. Scott:**

Who is also a member of the panel.

**The Minister for External Relations and Financial Services:**

Chair, thank you very much for your warm welcome. I am Deputy Philip Ozouf, Minister for External Relations and currently continuing as Financial Services.

**The Minister for Treasury and Resources:**

I am Ian Gorst, Minister for Treasury and Resources.

**Director, Financial Crime Strategy:**

My name is George Pearmain, I am director of Financial Crime Strategy.

**Director General, External Relations:**

Kate Nutt, director general, External Relations.

**Principal Committee and Panel Officer:**

I am Kellie Boydens, principal committee and panel officer.

**Deputy M.R. Scott:**

Due to the fact that yesterday's meeting with the Minister for Treasury and Resources was cancelled at short notice the panel has taken the decision to merge both the External Relations and Treasury and Resources hearings into one. The hearing today will last for 2 hours. Originally both hearings had a set time of 2 hours, affording the panel a total of 4 hours in which to question both Ministers. However the cancellation of yesterday's hearing has, in effect, reduced the panel's time by half. The panel is of the opinion that given the already short timeframe in which Scrutiny has to review the Government Plan it had little choice in making this decision as each of the hearings is crucial to the evidence-gathering process for the panel's upcoming report. While this is a panel decision, the panel does not feel it is able to ask the full set of questions it had prepared for each of the Ministers as a shorter timeframe would not allow adequate time for the detail required for the responses. It is the panel's intention to invite both Ministers to separate hearings once the transfer order has been signed, which we will discuss shortly, to explore these unasked questions in more detail. We also would like to note that the hearing with the Minister for External Relations and Financial Services was set up in early August and was originally diarised for 21st October. The Minister then asked for this to be changed following which 10th November was agreed upon, which was again cancelled, before finally agreeing on today, 18th November 2022. First of all, could you please explain why we have 2 Ministers sitting before us today and why the hearing, which was due to take place yesterday with the Minister for Treasury and Resources in his capacity as Minister with responsibility for financial services, perhaps, was cancelled at such short notice.

**The Minister for External Relations and Financial Services:**

Thank you, Chair. The panel will be aware that the Chief Minister in making her selection of Ministers made it clear that I was to discharge the functions of External Relations and for the period of time where the transfer order is being dealt with, I would continue with Financial Services, and that would be in time transferred to my colleague, the Minister for Treasury and Resources. That transfer formally has not made itself to be signed off yet but, if I can give some comfort to the panel, that the Ministerial plans and all of the budgets still are absolutely correct insofar as the Ministerial plan, if you could regard it kindly for the panel's consideration, items 7 to 14 are still sitting legally with myself as the Minister for External Relations and Financial Services. Deputy Gorst is an Assistant Minister for External Relations as well and, for the period of time that this continues, will be jointly dealing with me, although I am the Minister for Financial Services. So you have effectively 2 Ministers covering the 2 areas in absolute lockstep. I am sorry for any misunderstanding.

**Deputy M.R. Scott:**

I will be asking the Ministers to keep their responses brief because we have a lot of questions to get through. Why has the transfer of responsibilities not happened?

**The Minister for Treasury and Resources:**

As the Minister said, legally appointing Ministers is a legal position that has to be maintained. The Chief Minister rightly indicated that those transfers would change but she has been focused on delivering the Common Strategic Policy, which we will debate in the States this week. But also under her chairmanship of S.E.B. (States Employment Board) she has to deal with P.52 from last year that Deputy Young brought forward, which required the incoming Government to look at how portfolios were structured and where they sat and how accountability was delivered because there was dissatisfaction with how accountability was delivered previously. So they are undertaking that work.

**Deputy M.R. Scott:**

That necessarily delayed?

**The Minister for Treasury and Resources:**

That is correct because they need to make sure that those accountability lines are clear and some changes will need to be driven out of that proposition. As soon as S.E.B. started looking at that and the Common Strategic Policy, it became apparent that waiting until those had been settled was the right thing to do before transferring something on the one hand here and then having to transfer it back again.

**Deputy M.R. Scott:**

What work is ongoing around strengthening Ministerial accountability as part of the 100-day plan that has prevented the transfer?

**The Minister for Treasury and Resources:**

All of the work that I have just described that S.E.B. is doing. Neither Ministers are sitting on S.E.B. but we know that that work is ongoing to see how the desired requirements of that proposition, which was making it clear to Scrutiny and to the public which Minister was responsible for which functions and a one-to-one departmental substructure under those Ministers. Obviously that is taking some time.

**Deputy M.R. Scott:**

Okay, so notwithstanding this delay, is there anything as a matter of law that prevents the Minister for ... the person described as the Minister for Financial Services appearing before the panel without the Minister for External Relations?

**The Minister for Treasury and Resources:**

With respect, Chair, I see it the other way round. You rightly want to hold to account the Minister who has the legal responsibility and the legal responsibility, as we sit here, rests with the Minister for External Relations and Financial Services. I can come and answer questions, and I am more than happy to do, and in light of your introduction more than happy to set up another meeting. But it is only right that we abide by where the legal responsibility currently lies. I can answer questions this morning; I am very happy to do that. Any decision-making and legal responsibility however lies with Deputy Ozouf currently.

**Deputy M.R. Scott:**

We note from the recent hearing with the Corporate Services Scrutiny Panel and with the Minister for Treasury and Resources that it was stated that the ultimate decision-maker for financial services is the Minister for External Relations and Financial Services. Is this the case?

**The Minister for Treasury and Resources:**

That is correct, yes.

**The Minister for External Relations and Financial Services:**

That is correct, yes.

**Deputy M.R. Scott:**

It was also mentioned at the same hearing that both Ministers are doing the work together and the Minister for Treasury and Resources is involved, briefed on decisions that are being made. How does this work in practice?

**The Minister for External Relations and Financial Services:**

It works in practice that you have 2 Ministers working in lockstep. I ultimately am accountable to you and the Assembly for External Relations primarily and Financial Services, but Financial Services is within the Ministerial portfolio that I hold and in time it will be transferred to the Minister for Treasury and Resources. But what we have found is that there are a number of cross-cutting issues where these are, if you like, if you look at the Government Plans, and you look at the important issues of MONEYVAL, it is not only the Minister for External Relations and/or Financial Services and Treasury, it is also the Minister for Home Affairs with MONEYVAL responsibilities. The National Financial Crime Strategy Group, all of those Ministers sit on there and we are basically working out so that we have the right people in the right place from a functional point of view, which I am very satisfied we have. The legal issues, which you will be absolutely quite correctly pointing out, the ultimate accountability sits with me and it will continue to be so. Deputy Gorst is briefed on matters and he deals with matters on my behalf with my full endorsement. I am keeping in touch with both of those briefs.

**Deputy M.R. Scott:**

With 2 Ministers involved in the decisions and engagement of financial services, in the event of an impasse which Minister has the final say?

**The Minister for External Relations and Financial Services:**

I do.

**Deputy M.R. Scott:**

Thank you. What decisions have been made so far in respect of financial services since this Government was appointed?

**The Minister for External Relations and Financial Services:**

In respect of law, there have been a number of statutes which have been put before. We have the Draft Not for Profit Organisations (Amendment of Law) (Jersey) Regulations 202-, P.104. That has been lodged by myself. The Assistant Minister will be probably the rapporteur for that item. I am responsible for that. There have been various different orders made in respect of sanctions and other matters. I think I have 5 before me. All of those issues, ultimately the legal decisions are mine. But I have a very capable and competent Assistant Minister, which we have previously shared financial services in previous Governments and we are in lockstep. But ultimately, you are quite right, legally it is me but I work with Deputy Gorst absolutely instep. Also the travel requirements of both of us, having been overseas recently, means that we do online briefings with our teams but also physically when physical signatures are required. When some of them are required then Deputy Gorst signs them on my behalf and with me. But I have full confidence for him.

**Deputy M.R. Scott:**

Although you have confirmed your full title is Minister for External Relations and Financial Services, that is not how you are described in the Ministerial plans, which have content under the section for the Ministry for Treasury and Resources relating to financial services while the content for the Minister for External Relations does not. Should not the content for financial services in the Ministerial plans have been attributed to the Minister for External Relations in the Government Plan?

[10:15]

**The Minister for External Relations and Financial Services:**

Government Plans are proposed plans and so if you regard the items within the Treasury and Resources Ministerial Government Plan items 7 to 14, they are clearly financial services not domestic Treasury matters, you can regard those ... with the benefit of hindsight, it might have been

better at the time if those would have been printed within the External Relations portfolio. But they are what they are. It is expected when this plan is executed, in terms of being implemented, that these matters will largely fall within the Minister for Treasury and Resources' remit. This is a proposed Ministerial plan, just like it is a proposed budget. These issues are the legal position that will likely arise in 2023. The fact that they are tabled in one or the other, they are part of Government and they are Government Plans. They remain unchanged legally, Those Ministerial plans items 7 to 14 at the moment fall legally, as you rightly say, within External Relations and Financial Services. Items 7 to 14, I have highlighted them for you, if that would be helpful.

**Deputy M.R. Scott:**

I am just looking at the Government Plan itself at the moment. I am just trying to understand quite how the actual ... just looking at the layout too. I do understand because ...

**The Minister for External Relations and Financial Services:**

This is the amendment to the Common Strategic Policy actually.

**Deputy M.R. Scott:**

Which has been described, along with the Ministerial plans, as part of the Government Plan. If the transfer is not signed before the Government Plan is debated, and perhaps approved, will the Ministerial plans be updated and republished to reflect that the responsibility for financial services still lies with the Minister for External Relations given that they are part of the Government Plan?

**The Minister for External Relations and Financial Services:**

The Government Plan will be debated in the second week of December, and we will make it clear before that time, in line with what Deputy Gorst has said, we will put beyond doubt where that will be. These plans, of course, are the plans for 2023 and, out of courtesy, we will inform the States of where they will actually legally sit. As of today they sit today but they are proposals for 2023. There is some paperwork that needs to catch up but they are the plans for 2023.

**Deputy M.R. Scott:**

Will you be able to do that paperwork through the signing of the transfer before the Government Plan is debated?

**The Minister for External Relations and Financial Services:**

We will, but there may well be some amendments to that transfer but we will say which Minister will be accountable in 2023 for the implementation of those matters. The difficulty is, as you understand, it is a plan which commences legally in 2023. We have not had the debate yet so there is some paperwork and some clarification. What Deputy Gorst and I are absolutely clear about is there are

some important crossovers between both of our portfolios and Home Affairs and we are wanting to put that beyond doubt so that we are absolutely clear. But they are shared responsibilities effectively and that is the kind of difficult thing.

**Deputy M.R. Scott:**

One might note they are a crossover between almost all the Ministries.

**The Minister for External Relations and Financial Services:**

Joined-up government is what you want.

**The Minister for Treasury and Resources:**

Of course the Government Plan is primarily about the numbers and the numbers currently sit within the Department for the Economy, not with each specific Minister per se, and these are some of the issues that Deputy Young was seeking to bring clarity going forward in his P.52, which is why it is appropriate that this length of time is being taken. But if you would find it useful, and I agree with the Minister, Ministerial plans will need to be updated. Whether that transfer goes along absolutely as envisaged or the work at S.E.B. means that there is some other permutation the Ministerial plans will need to be updated; you are absolutely right.

**Deputy M.R. Scott:**

They are, along with the Common Strategic Policy, which does not have numbers in it, actually defined as part of the Government Plan. But I do appreciate why the focus of the Minister for Treasury and Resources may well be on numbers. The Government Plan annexe - that is page 30 - notes that both financial services and financial crime sit under the budget for the Department for the Economy for the term 2023 to 2026. Is it the Council of Ministers' intention that financial services carry on under the Department for the Economy for the life of this Government Plan?

**The Minister for External Relations and Financial Services:**

You put your finger right on to the issue, is that we have a Minister for Economic Development, Tourism, Sport and Culture who you hold to account. You have within that financial services and financial crime, and I am joined along this table by George Pearmain who deals with financial crime. Sitting at the back we have James Silverston, the director for Financial Services. It can be optically unclear where these responsibilities sit. That is exactly what we are trying to make clear politically so that we are absolutely clear where these responsibilities sit because we have inherited a position of the Department for the Economy with these joint functions, which sit in these various different areas. The most important thing is the work is being done irrespective with 3 Ministers on these important tasks.



**Deputy M.R. Scott:**

Can I repeat the question? Is it the Council of Ministers' intention that financial services carry on under the Department for the Economy for the life of this Government Plan?

**The Minister for External Relations and Financial Services:**

Those matters, as the Minister has said, are subject to discussions with the Chief Minister and S.E.B. in relation to ...

**Deputy M.R. Scott:**

So you have not decided, is that the crux? Because basically we just need to understand quite clearly whether that is your intention or whether you just have not made the decision?

**The Minister for External Relations and Financial Services:**

The legal responsibility for political matters rests with me. The way that the civil service is organised beneath that is the matter which is the implementation that we are working on to put that in a clearer and more understandable way. There have been a number of lack of clarities, as Deputy Young pointed out. The Assembly made it very clear that they want a clear line of responsibility between a Minister and their department and the Department for the Economy currently has this number of constituent parts. That is what we are seeking to achieve. What we are absolutely clear ...

**Deputy M.R. Scott:**

Which is why we are asking your intention.

**The Minister for External Relations and Financial Services:**

The intention is to clarify it and make sure that the departmental matters are clear so that you can ... you ask politicians those questions. We have officials that work beneath that. It has been unclear as to where some of those officials are reporting to because they are reporting to 2 and sometimes 3 Ministers. Politically, you ask me.

**Deputy M.R. Scott:**

I am asking you.

**The Minister for External Relations and Financial Services:**

And I am saying politically the legal position is with myself. The fact that we are dealing with some civil service reorganisation under the direction of the Chief Minister, those issues will be announced as properly but it would be not appropriate to deal with matters concerning individuals in a political session. There is implementation in a political direction.

**Deputy M.R. Scott:**

I am taking it that it is being discussed and has not been decided. Right, thank you.

**The Minister for External Relations and Financial Services:**

It has not been ultimately decided, correct.

**Deputy M.R. Scott:**

So it has not been decided, so the Government Plan remains perhaps not particularly ...

**The Minister for External Relations and Financial Services:**

It is clear, Chair. Politically it is clear.

**The Minister for Treasury and Resources:**

Can I just say, legally it is clear. Every Government Plan has to be presented under the legislation at the time. The proposition arising from Deputy Young means that there may need to be amendments to the way the governance structures, and that is the work that S.E.B. is undertaking, which is why my position is quite clear. S.E.B. are undertaking that review and thinking about where things sit. There will need then to be the changes to Government Plans going forward. But that is how it always is.

**Deputy M.R. Scott:**

So the extent to which you can reorganise the civil service to support intentions regarding Ministerial responsibilities?

**The Minister for External Relations and Financial Services:**

Correct.

**Deputy M.R. Scott:**

I am going to pass on to Deputy Kovacs now.

**Deputy R.S. Kovacs:**

I will do more into the Government Plan and more exactly under the revenue expenditure growth. We note from the Government Plan that the Department for External Relations is due to receive additional funding for the Jersey London office of £200,000 year-on-year for the life of the plan, and note the cost for the London office currently of total £545,676 broken into rent, business, straight service charge, events, promotional and salaries. What is the additional funding of £200,000 to be used for?

**The Minister for External Relations and Financial Services:**

This has been something that I have had to try and get my head around. If I draw your attention to the net revenue expenditure for the Government Plan at page 102, you will see the net expenditure for the Ministry for External Relations is £3,088,000. Within that is, as you rightly point out, a £200,000 bid for growth. In reality it was not growth, it was a cut made by the last Government in respect of the Jersey London office. It was never discussed. It was not a cut that could ever be done and it is a curious situation that you have had to effectively regard a growth bid to reinstate a cut that could never be done. But all that matters is that kindly the Minister for Treasury and Resources has reflected that and approved that that £200,000 should be reinstated, and hence that is very clearly reinstated. It is not growth, it is the correction of a non-achievable and quite frankly crazy cut for the London office. So the London office has now got its £200,000 that it should never have had taken away. In addition to that, we have been successful in getting a £92,330 addition in the budget for the work of the important areas of sanctions. However you would like to see, my director general has been kind enough to give a more visual split because you can cut our budget as a matrix department in a number of different ways, and maybe it would be helpful if I could show you a pictorial form for your notes so I can show ...

**Deputy M.R. Scott:**

Show the split of the £200,000 extra funding?

**Director General, External Relations:**

No, it does not.

**The Minister for External Relations and Financial Services:**

It is not extra funding.

**Deputy M.R. Scott:**

Okay, perhaps we could take that and we will look at it.

**The Minister for External Relations and Financial Services:**

Would you like to add something?

**Director General, External Relations:**

No, I was simply going to just reinforce what the Minister said; the 200K related to discussions under the previous Government in relation to efficiencies and one of the ideas that was put forward was a joint London office with Guernsey.

**Deputy R.S. Kovacs:**

That is what I wanted to ask as well after.

**Director General, External Relations:**

That was not ever really agreed with Ministers. It was not agreed with Guernsey but it got baked into the efficiencies as part of discussions under the last administration. Thus the growth figure of 200K replaces what would have been taken.

**Deputy R.S. Kovacs:**

Why exactly was it not able to happen jointly with Guernsey?

**The Minister for External Relations and Financial Services:**

May I answer that? The Jersey office has always been a Jersey office only. For some reason a previous individual, long since now departed, believed that there would be scope potentially to work with Guernsey. Guernsey do not wish, for reasons that are nothing to do with us, to have an involvement in the Jersey London office, so it was a cut that was never achievable. The fact that this was regarded as a growth bid is simply an inherited position but it is absolutely beyond doubt that the £200,000 that could have been achieved by Guernsey was never achievable. It was never discussed and it has been reinstated. I am sorry if that has been unclear, it has been as unclear for me as it is for you. Our new Minister for Treasury and Resources has also dealt with that.

**Deputy M.R. Scott:**

We got the answer, thank you.

**Deputy R.S. Kovacs:**

Because you have mentioned the additional funding of £92,000 for a sanction officer. Will this role be based in London?

**Director General, External Relations:**

No.

**The Minister for External Relations and Financial Services:**

No.

**Deputy R.S. Kovacs:**

Is that a current sanction officer existing in Jersey?

**The Minister for External Relations and Financial Services:**

In Jersey, yes.

**Deputy R.S. Kovacs:**

Will there be an additional sanction officer?

**The Minister for External Relations and Financial Services:**

Indeed.

**Deputy R.S. Kovacs:**

How many sanctions officers do we currently have?

**The Minister for External Relations and Financial Services:**

That is an interesting question.

**Director General, External Relations:**

The International Compliance Unit consists of head of international compliance, Dan Marcos, he is here with us and the deputy, which is a new role because there is plenty going on in that area as well, and also in preparation for MONEYVAL is the new post, and that is the £92,000. That is based in Jersey. The team consists of 4; that is the head, the deputy, we have aviation as well sitting within that area and then there is a support officer too.

**Deputy R.S. Kovacs:**

This additional one will be in respect of MONEYVAL mainly?

**Director General, External Relations:**

Yes, but also because clearly unfortunately the conflict in Ukraine is not coming to an end and we cannot see that happening any time soon so there is a desperate need for more resource, particularly in respect of licence applications at the moment.

**The Minister for External Relations and Financial Services:**

It might be just helpful if I point out that we have been drafting in people that have been working on international trade in order to deal with sanctions.

[10:30]

We have had to reduce work, and Deputy Gorst previously has had to basically reduce effort on our international trade work in order to deal with sanctions. Therefore, this new post will mean that that is going to be able to ... those individuals can concentrate on their job, which is international trade, European and global trade.

**Deputy R.S. Kovacs:**

Do you envisage needing any additional funding during the life of the Government Plan and, if so, for what purpose?

**The Minister for External Relations and Financial Services:**

I hope the panel would understand that the international environment in respect of sanctions is extremely difficult. Day by day we have been seeing more and more named individuals. Unlike other jurisdictions, I hope we are standing out as being absolutely in lockstep with sanctions that also reflects the amount of frozen assets that have been dealt with. I cannot comment on the legal case of the £8 billion that the law officers have advised us is an ongoing issue of a court case. In addition, we have sanctions and maybe I could ask George Pearmain, who heads up this important work, together with Dan, to make any helpful observations for the panel.

**Director, Financial Crime Strategy:**

I think strategically it is important with sanctions that we identified for some time that we would need to monitor the level of resource needed, and this was some time before the Russia/Ukraine conflict. So we had already taken steps under the last Government to increase the planning for resources. As the Minister has mentioned, the Russia/Ukraine conflict has increased that need but in many ways that is stress-testing the unit to make sure that it is working as effectively for Jersey as possible. That remains very much the intention of the Island and very much the state of intention of Ministers. That will be kept under review and we will of course ... MONEYVAL is not just a process for evaluation, it is also a chance for us to learn. We will also learn with recommendations from that, and that will be within the Government time and Government Plan timeframe. There may be the need to reflect on those recommendations, which may of course result in a request for increased resources in due course.

**The Minister for External Relations and Financial Services:**

May I make one more comment on budget because there is one other allocation addition, which you did not ask about?

**Deputy M.R. Scott:**

Very briefly please, Minister.

**The Minister for External Relations and Financial Services:**

That is £125,000 for the British-Irish Council for 2023. That is the only other addition that we have requested and we have been approved for.

**Deputy M.R. Scott:**

Why is that necessary please?

**The Minister for External Relations and Financial Services:**

British-Irish Council, Jersey has not opened it ...

**Deputy M.R. Scott:**

In additional funding.

**The Minister for External Relations and Financial Services:**

Additional funding in order to host the British-Irish Council in Jersey. So you have seen the Prime Minister attended last week with the Chief Minister. We are very pleased to be able to be hosting the British-Irish Council of what will be a very important time; we have the money to do it.

**Deputy R.S. Kovacs:**

The proposed budget for External Relations makes references to grants and subsidies payments of £1.134 million. Can the Minister explain what this grant will be allocated for and how are they selected?

**The Minister for External Relations and Financial Services:**

Those are the overseas offices. When I showed this pictorial graph, it may be of assistance for you to actually show that grants of £1.1 million are effectively there but they cover staff costs in relation to the different offices because the offices are not government departments; they are run under limited companies both in London and in Brussels. Those are grants, effectively, for staff. It might be helpful if I provide you with a different cut of the same numbers so that you can see what numbers are staff and grants which are staff, and that is what this pictorial graph will be. It all adds up to £3.088 million. It has some scribbles over it.

**Deputy M.R. Scott:**

Okay, if we could have a separate copy of that. Thank you, Minister.

**The Minister for External Relations and Financial Services:**

It is not finalised, it is an indicative one to help.

**Deputy M.R. Scott:**

If it helps to send us this information straight after the hearing instead we would happily have that.

**Director General, External Relations:**

That would be helpful, Chair, thank you.

**The Minister for External Relations and Financial Services:**

Depending on your questions, we will cut it in any way you want to be asked it.

**Deputy M.R. Scott:**

We appreciate the additional information.

**Director General, External Relations:**

We will send it on, thank you.

**Deputy R.S. Kovacs:**

Thank you. I will look in more detail.

**The Minister for External Relations and Financial Services:**

It can be quite confusing so we will help you in all we can.

**Deputy R.S. Kovacs:**

The budgets for the Financial Services and Financial Crime team are listed as £6,498,000 for Financial Services and £1,040,000 for Financial Crime year-on-year for the life of this Government Plan. Are there any plans to increase the number of staff, bearing in mind the legislative programme plan and the prospective work of the MONEYVAL assessment?

**Deputy M.R. Scott:**

Other than the additional sanctions officer.

**The Minister for External Relations and Financial Services:**

Very good question. In respect of the MONEYVAL work, this is one of the issues which of course is commanding not only mine but Deputy Gorst and the Minister for Home Affairs' money. I am sure we are going to come on to the MONEYVAL issue. As you know, we are being assessed in Jersey in 2023. We have over 100 actions. There was a training project last week.

**Deputy R.S. Kovacs:**

We will have some questions on MONEYVAL after.

**Deputy M.R. Scott:**

Can we discuss it at that point?



**The Minister for External Relations and Financial Services:**

In terms of the budget, Assistant Minister.

**The Minister for Treasury and Resources:**

There are no proposals currently to increase the budget for the Financial Crime section. They have had substantial increases in preparation for the MONEYVAL assessment. Nor is there currently in 2023 proposals to increase the Financial Services budget. They currently have 6 staff. The majority of that money of course is a grant to Jersey Finance. Jersey Finance's 4-year budget comes to an end at the end of 2023 and our starting conversations with them about their budget going forward, it will be another 4-year budget, so I think we can expect increases in 2024, 2025; the following 4 years, in effect. But we do not yet know what that will be because we have to go through a process of understanding, if they are going to request an increased budget, what they are going to do with it and then approve it.

**Deputy M.R. Scott:**

Will this be after the value for money review of the A.L.O.s (arm's length organisations) that have been mentioned in your Government Plan?

**The Minister for Treasury and Resources:**

Yes, it will.

**Deputy M.R. Scott:**

So it will take that into account?

**The Minister for Treasury and Resources:**

Yes, it will.

**Deputy M.R. Scott:**

I am moving back into the area of the Common Strategic Policy and the Ministerial plans, which are part of the Government Plan. Both the economy ...

**The Minister for Treasury and Resources:**

The Government Plan is the proposition of the articles that we will agree. The Ministerial plan, I know we discussed it earlier, is the plan that Ministers intend to do to deliver the priorities in. They are slightly separate documents in the States.

**Deputy M.R. Scott:**

They are but they ...

**The Minister for Treasury and Resources:**

They agree the Ministerial plans as such.

**Deputy M.R. Scott:**

They have been presented as being part of the whole package so I am just explaining why we are asking these questions at this point. We will be debating the Common Strategic Policy very shortly. Both the economy and skills section of the Common Strategic Policy, fourth paragraph, and the Ministerial plan in paragraph 10, refer to the continued success of our financial services industry. How does the relevant Minister define success in light of its reduced productivity in real terms?

**The Minister for External Relations and Financial Services:**

The issue of productivity is also somewhat of a misnomer. The productivity is looking at the actual profit divided by the amount of people that are concerned. We have seen a depressed profitability within, certainly, banks because of the low interest environment. As soon as you see an increase in the profitability of banks in terms of the numbers you will see that productivity number in theory go up. But is it real productivity? You have to split out what productivity is and what productivity is almost as a result of the changing interest environment, which is going to increase the profitability of banks. You can then also layer on what the real income is terms because of course we have inflation racing away with itself. I am very clear that we need to separate out the productivity and the real productivity, not just simply the statistical productivity, of which panel members will understand it is a bit strange that you simply say productivity is an unintended consequence of interest rate environment and we will say to you that is not real productivity. We want to see real productivity in terms of the various parts of the economy. I am, having been recently re-elected, extremely impressed with the fact that our financial institutions are having to go forward with a whole series of administrative matters. We are putting greater and greater burdens on compliance in the likelihood of us needing to make changes for MONEYVAL and profits. It earns long-term profits by reputation, but you cannot put a number on effectively the cost of compliance. But it needs to be borne in mind. If you take those 2 points, productivity does not include increasing profitability and the compliance, which has to be met.

**Deputy M.R. Scott:**

Moving on then. Given the local finance industry has shrunk in real terms, 16,900 jobs in Jersey are at risk at automation by 2035, according to the PwC report, and almost half of approximately 5,000 new local jobs in the next 2 decades have been forecast as likely to be in servicing an ageing population. With references to your Ministerial plan, in what way do you anticipate that the Financial Services policy framework will facilitate the digital transformation of the finance industry to enable

the financial industry's continued success that might not be achieved by the industry without government action?

**The Minister for External Relations and Financial Services:**

That is a very good question. The financial policy framework that was published in December 2021 has within it, under strategic priority 5, to maintain strong adherence to international standards. That is the work that is going on this year, the training session we had for the MONEYVAL session 2 weeks ago, and all the work that we have done in preparation for MONEYVAL, which will go through to 2023. I would say that that is our absolute priority in the short term. You are quite right to speak about the medium and longer term, and the long-term arrangements that we will be needing because of the result of technology. In the short term we are wanting to absolutely ensure that we are absolutely in line with the best practice internationally for compliance. I think the questions that you are relating to in relation to productivity and financial services and the increasing move to tech, are going to be issues that we will be dealing with in the latter part of 2023 and over the Government Plan, as made very clear, we need to look at these things over a 4-year period. These are not issues which we are dealing with at the moment because the priority is dealing with the compliance issues, the sanctions issues, and the immediate issues that we are dealing with in the next 9 months.

**Deputy M.R. Scott:**

Nevertheless, they are part of the content of the Common Strategic Policy and so having an understanding of what financial commitment the Government is intending to make in the future with respect to its statements are of interest to the panel. The Common Strategic Policy states the intention to invest in the financial services industry and the Ministerial plan refers to creating the environment required to enable its continued success. In which particular areas of the finance industry has the Minister identified a need for investment and what environmental change has he identified as necessary to enable its continued success please?

**The Minister for Treasury and Resources:**

As the Minister has said, MONEYVAL has the necessity to increase compliance and all of those issues, anti-money laundering, countering the control of terrorism, all of those things, which for some firms are very bureaucratic and person hungry. The Minister will be, in the coming days, because a piece of work has just come out that was started months before the Minister was in office, it will be coming to him, and one of those pieces of work is a further consultation about amending the anti-money laundering handbook to give greater certainty to industry around the use of technology for how they handle A.M.L. (anti-money laundering) issues. You are absolutely right about the facilitation. Government does not need to think about putting money directly into technology. It does though need to think about the legislation that is in place, which will be coming before the Minister, and also the relationship with the regulator so that the regulator is giving certainty to

industry as well about what systems might be appropriate and that they might have confidence in. So there is work that has been started, will be coming to the Minister for a decision - bits of it - but it is all interconnected together. The Minister is meeting with the regulator again on Monday and all of these issues about the facilitation are part of the agenda of that meeting.

**Deputy M.R. Scott:**

In the Ministerial plan from Treasury and Resources, it is mentioned that there is an intention to implement a comprehensive framework for pension regulation. What is meant by this please?

**The Minister for External Relations and Financial Services:**

That is something that will be coming forward. These are Ministerial plans, which are plans to do work. We are not intending to do anything in respect of pensions because simply of bandwidth until the latter part of 2023. But we will be happy to come and brief the panel on the specific plans that we have for that. This is not something that is being attended to at this present time.

[10:45]

We will be dealing with that in sequence in the latter part of 2023.

**The Minister for Treasury and Resources:**

The Minister again is right, it is work that was started previously, it went out to consultation. That consultation is coming back to the Minister and he will be making decisions during the course of 2023.

**Deputy M.R. Scott:**

Very briefly, Deputy Gorst, if you could just say what is the problem you are intending to address?

**The Minister for Treasury and Resources:**

It is the regulation of pensions and pension providers, and making sure that it is fit for purpose and providing protection for the public.

**Deputy M.R. Scott:**

Also in the Ministerial plan for Treasury and Resources it is stated that as part of the Financial Services policy framework you wish to build on enhancing industries' ability to take advantage of the opportunities created by FinTech. What is stopping you from taking these opportunities now as opposed to enhancing them?

**The Minister for Treasury and Resources:**

There is work that officers have been undertaking, together with J.F.L. (Jersey Finance Limited), to think about and understand and share best practice because some firms right now are using technology in an incredibly smart way to help deliver improvements in productivity. We have got a bank on the Parade that is using A.I. (artificial intelligence) to deal with A.M.L. and customer due diligence processes. But they are not all at the same place and so officers in financial services are working with J.F.L. and have got a working group set up and it is about encouraging exchange of best practice and then taking up of best practice and importantly, as we have just said, through those working groups to think about legislative change that might need to be delivered, and regulatory change that might need to be delivered.

**Deputy M.R. Scott:**

So for the purposes of the public and for the transcript, J.F.L is an acronym for Jersey Finance Limited and it seems that this initiative will be led by Jersey Finance Limited.

**The Minister for Treasury and Resources:**

No, it is led by ... government is the body that decides legislative change is needed. Government is the body that ultimately holds the regulator to account through the regulatory law. J.F.L. does a number of things - we all know about the promotional work - but it also facilitates a coming together of views of industry and expert advice, which is provided to Government free of charge and therefore these working groups, which officers lead, help facilitate these changes.

**Deputy M.R. Scott:**

So just for me to understand more clearly the intentions. So you have referred to some financial organisations being a bit more sophisticated in terms of FinTech than others, and you are saying you are going to enhance the ability of industry to take advantage of the opportunities created by FinTech, bearing in mind that some are more sophisticated than others. It will not be led by Jersey Finance, so how ... what exactly is it that you are proposing to do?

**The Minister for Treasury and Resources:**

Well, it is not led by Jersey Finance, is it?

**Deputy M.R. Scott:**

But what we are talking about is that ...

**The Minister for Treasury and Resources:**

It is a collaborative work for sharing ideas through a working group; working group of Jersey Finance members with government officials leading and on it. I do not know; George, you are part of these groups ...

**Deputy M.R. Scott:**

Is this an initiative where you have the more sophisticated businesses volunteering information to assist the businesses that are less, so that has been established that they will do this?

**The Minister for Treasury and Resources:**

It is a combination of, yes, that, but also learning from where businesses have got different approaches elsewhere.

**Director, Financial Crime Strategy:**

I can give a practical example if it helps. So FinTech's option is a partnership between everyone. It is the government, the regulator and the industry, and the most recent example is digital I.D. (identification). So we have been out for a significant consultation around the adoption of digital I.D. We have received a lot of consultation responses. We presented to 300 people at the Radisson this week, and on 1st December a consultation response paper will be published and that proposes, as the Minister has said, legislative change along with guidance change. There are a number of local digital I.D. providers as well who are very interested in that, and that will hopefully drive those who have to make their own business decisions to adopt digital I.D., which will benefit the customers. It is about the Government allowing that path to make those decisions to be as easy as possible.

**Deputy M.R. Scott:**

So could that help with K ... sorry, I am about to use an acronym.

**The Minister for Treasury and Resources:**

Know your customer.

**Deputy M.R. Scott:**

Know your customer, okay.

**Director, Financial Crime Strategy:**

Absolutely, and the whole driver is to do that.

**Deputy M.R. Scott:**

Thank you, that is much clearer to me. Thank you for that.

**The Minister for External Relations and Financial Services:**

Chair, may I add one important point on that?

**Deputy M.R. Scott:**

We are running behind so please be brief.

**The Minister for External Relations and Financial Services:**

So it is about data analytics. It is both data analytics within government that is going to be very important to show that we are simply not having a swivel chair on each Suspicious Transaction Report in our E.C.C.U. (Economic Crime and Confiscation Unit) but we have a data analytic ...

**Deputy M.R. Scott:**

E.C.C.U. being?

**The Minister for External Relations and Financial Services:**

The Economic and ...

**The Minister for Treasury and Resources:**

Economic Crime Unit.

**Director, Financial Crime Strategy:**

The Confiscation Unit.

**The Minister for External Relations and Financial Services:**

Yes. It is really important that we are learning from the exemplar of Singapore where they are doing much more data analytics in terms of suspicious transactions. We want to basically be a best practice jurisdiction, as Singapore is doing. I met the Deputy High Commissioner in London 2 days ago where we will be strengthening ... we will be moving the office for Jersey Finance to Singapore. That is going to be learning from Singapore who are doing some great work in terms of data analytics. That then covers a number of different bodies, both government, the regulator, Jersey Finance and indeed, using Digital Jersey as well, where they have a pot of money which we will be seeking to use some of this to advance some of these things in the fullness of time, towards the back end of next year.

**Deputy M.R. Scott:**

So which pot of money is that? Is that something for ...?

**The Minister for External Relations and Financial Services:**

There are a number of pots of money. But what you want to know ...

**Deputy M.R. Scott:**

But within Digital Jersey.

**The Minister for External Relations and Financial Services:**

What you want to know is we are absolutely prioritising FinTech. Both FinTech within government, within regulator and within the regulator's entities. It is a massive, important opportunity to be better, smarter and more efficient.

**Deputy M.R. Scott:**

The same Ministerial plan also states that you will be enhancing consumer protections through implementing a consumer lending legislation, and a comprehensive framework for pension regulation. In what way and how will this be delivered?

**The Minister for Treasury and Resources:**

There is, again, a piece of consultation which is proposed that Deputy Millar, working with the Minister, will bring forward. I do not know the status exactly of that consultation. I do not know if James is behind? You will need to come to a microphone. This is James Silverston, who is Director of Financial Services.

**Director, Financial Services:**

Thank you. So on consumer lending legislation, as you say, we have a commitment to introduce ... we will be lodging consumer legislation by the end of next year. So we will be consulting over it in the spring. The primary legislation is currently being consulted on but with an industry group and with consumer representation, just to make sure we are getting the right balance. We will be reconfirming the policy steers that we sought from Ministers, and then we will be consulting on that in the spring. Clearly, in parallel with that, the regulator has a lot of work to do to ensure they are in the right place to be able to regulate when it comes in as well, and to develop the detailed guidance. So the intention is we consult in the spring over primary legislation and the broad framework for the secondary legislation. Then we lodge by the end of the year.

**Deputy M.R. Scott:**

Thank you, that is brief. Has anybody else got anything to ask, thank you? What is meant, please, by: "Developing and implementing a strategic road map for sustainable finance as part of the Treasury and Resources Ministerial plan"?

**The Minister for External Relations and Financial Services:**

I will start with that one, if I may, Chair? Sustainable finance was a very thoughtful and very good part of strategic priority 2 on page 18 of the Financial Services policy framework. We have a helpful amendment before the States, in one respect that is wanting to focus on sustainable finance



initiatives in relation to net zero and COP27. I was very pleased that the Assistant Minister for the Environment attended COP27. We are very clear that green finance, which almost is a subset of sustainable finance, is going to be a key area where we have identified where Jersey can excel. We will be developing a green finance initiative in addition to what the Financial Services framework says. We have done some research on this. I am to receive a PwC report about this, though that is confidential, but happy to share that with the panel. James, would you like add anything on that?

**Director, Financial Services:**

I think the Minister has covered it. We will be consulting over a strategic road map in the spring, the PwC work will be informing that. Not just what you see as well; there has been quite a lot of other work working with the regulator, getting views from industry as well. It is important we set out the general direction in terms of what the legislation might look like. How this fits internationally. What skills we need, et cetera. So basically setting out the direction for the Island in terms we wish to travel and what kind of commitments we might want to make. So again, this will be consulted on in the spring. I would be very happy to give you a more detailed briefing on it as you wish.

**Deputy M.R. Scott:**

Consulted in the spring. Thank you. I am going to now pass to ... unless anybody is going to ask a question. I am going to pass to Deputy Andrews.

**Deputy M.B. Andrews:**

Thank you for all being in attendance today. I just wanted to ask a question in relation to free trade agreements. Since the U.K. (United Kingdom) left the E.U. (European Union) they have entered into free trade agreements with Australia, New Zealand and Singapore. So I was hoping if you may just provide us with an update in terms of the benefits of potential increased trade flows with those countries.

**The Minister for External Relations and Financial Services:**

Indeed, thank you, Deputy Andrews. Free trade agreements are one of those subjects which I have been doing an awful lot of work on to try and find my way through to find out what the arrangements are. They have also been subject to discussions with the U.K. You will be aware that that is a competence that then reverted back after Brexit to the U.K., and the U.K. has undertaken a number of free trade agreements. In fact the Australia trade deal was being debated in the House of Commons just a couple of days ago. I think it is quite important that we separate from Jersey's position that a lot of these trade agreements could be dealing with, from the U.K. perspective, on goods. Now, we do have domestic competence to decide whether or not we are going to allow chlorinated chicken, or other things like that, domestically. Our main focus, as far as External Relations and Financial Services and with the Economy Department, is what are the benefits now

and into the future of these free trade agreements? Also, what is the disbenefit? One could almost have a bit of F.O.M.O., a fear of missing out, on free trade agreements. It is quite difficult, frankly, to identify absolutely the quantitative and qualitative benefits of them are. Some of them are signalling ... sitting next to a former governor of the Bank of Japan, and talking about C.P.T.P.P. (Comprehensive and Progressive Agreement for Trans-Pacific Partnership) of which Japan is the largest partner of that.

**Deputy R. S. Kovacs:**

Can you explain the CPTPP?

**The Minister for External Relations and Financial Services:**

CPTPP, of course. The Comprehensive and Progressive Trade Pacific Partnership Agreement. CPTPP. I can get the letters out. That one is being trailed as very important. We were not able to be fully in that agreement because our I.P. (intellectual property) legislation was not underway. You could say that the U.K. was rather more difficult than they should have been in respect of some of the free trade agreements that we have. We are looking forward to the free trade agreements, particularly that is signalled with the G.C.C. (Gulf Cooperation Council), and having had discussions yesterday with the Ambassador of Kuwait and also other of the G.C.C. partners. We already have, as you will be aware, very significant relations with Gulf states and it is about market access. The question we are asking with the U.K., is what are the additional market access that could arise from a G.C.C. trade deal with the U.K.? I have to say, Deputy, we are not clear of that at the moment. We are seeking clarifications of that and we are going to be meeting Greg Hands, who is the Minister for Trade and Minister Freer, who used to be a Minister for Trade, has been very helpful in helping us getting a better hearing for the Crown Dependencies, and of course Jersey, in those free trade agreements.

**Deputy M.B. Andrews:**

So in respect to free trade agreements, would you say that Jersey is very much reliant upon intangible service exports, as it currently stands?

**The Minister for External Relations and Financial Services:**

We are a service-based economy, are we not? I mean, that is the vast majority of our G.V.A. (gross value added). We already have excellent market access into the areas that we are looking for, but we are looking at growing our global footprint in terms of trade and services. The question that we are asking, which is quite difficult to understand, frankly, from some of these free trade agreements, is what actually are those advantages directly for us? What I do not want to do is to spend huge amounts of time on free trade agreements, where there is not actually a tangible benefit for Jersey. We think there are. We have not got F.O.M.O. We have not got fear of missing out, but we have

got F.O.L.O., fear of losing out, where an unintended consequence of a trade agreement could prevent market access that we have on areas, such as professional services equivalent, in respect of various different items.

**Deputy M.B. Andrews:**

Also, Minister, could you just highlight the process that we go through when we do enter a free trade agreement, as well?

**The Minister for External Relations and Financial Services:**

The process that I have inherited is not the process that I want to have going forward, which is why we are asking the U.K. to be taking the interest; they are responsible for our international negotiations. We would like to be far more involved in some of the trade deals that deal with trade in services at an earlier position. We do not accept that we should be locked out just simply because of our intellectual property. We do not actually have an intellectual property business in Jersey here, so need to talk about what those risks should be. Director General, would you like to make some observations if that would be helpful to the Deputy?

[11:00]

**Director General, External Relations:**

Just a couple of observations, in terms of benefits and why we are doing it. I think just following up on what the Minister said, it is just about future proofing, making sure that we are not closing ourselves off to markets in future because you cannot see what is going to happen down the line. It is about opportunity. It is about visibility. It is about relationships. We are a global, outward-facing jurisdiction and F.T.A.s (free trade agreements), trade blocs, are the way of the future. We need to assess and be part of that direction of travel. In terms of the process, for every F.T.A. we do a very extensive cross-government assessment of what it requires. What legislative changes might be required, the pros and the cons. So that is done in partnership with other departments, as well, and that is fed back to the U.K., as the Minister said.

**Deputy M.B. Andrews:**

Okay, thank you very much. In relation to Jersey, do you believe there is an opportunity for us to have enhanced autonomy in terms of the decisions we are making internationally?

**The Minister for External Relations and Financial Services:**

That is a really interesting question because autonomy ... we would not ever imagine that we would have a free trade agreement right because it does not really, in a sense, exist in that sense. What we want is the U.K., when they are negotiating free trade agreements, to have very careful note and

for us to have early sight and ability to influence the U.K. in that. We may well ask whether or not the U.K. is itself a competitor to us. Sometimes that, and having spoken to Lord Beith and Lord McNally, who were the 2 Liberal Democrats peers in the Coalition Government that made it very clear that the U.K., sometimes their overseas trade policy will differ from ours. Seeing their Lordships this week, it was very clear that we need to assert absolutely that ability to be able to say in this area Jersey has a particular interest, and in these areas ... it is all about basically ensuring that our export, our trade and services export, remain competitive and that we can benefit from that increasingly globalised trade and services business. This evolving issue in terms of trade is evolving. The U.K. is learning, and I think they are learning, fast, to be better negotiators. The U.K. has not done this for decades. They are having to basically do much more about that, and we must assert Jersey's right to be part of those free trade agreements, and that is why I am very pleased that Greg Hands, the Minister for Trade in DIT (Department for International Trade) has agreed to see us and we will be seeing him in the next couple of weeks.

**Director General, External Relations:**

Just to follow up on that, the free trade, which is a multilateral trade programme, it is really important to note as well that although the U.K. is responsible for us internationally, we are able to get entrustments from them to develop and pursue our own bilateral trade programme. I am sure you will have questions on that to follow, I just wanted to ... in terms of autonomy, there is more that we can do, and in fact we do do, and we pursue.

**Deputy R.S. Kovacs:**

Can I just ask, how do you make sure that Jersey is involved at the earliest opportunity in this?

**The Minister for External Relations and Financial Services:**

By being persistent and being around in London, and by being absolutely talking to both Ministers, Back-Benchers, using our A.P.P.G. (All-Party Parliamentary Group). I am absolutely delighted having met Minister Mike Freer in London yesterday morning with the Chief Minister. He was actually a Trade Minister, and he has been very helpful in terms of talking to Ministerial colleagues in the U.K. I should point out, of course, there has been turmoil in the U.K. We did not know which Ministers to actually go to. That has only been something that we have been dealing with in the last couple of weeks. Well, you have the same Ministers here, we have not changed.

**Deputy M.B. Andrews:**

Minister, what implications have there been since Brexit for the Island?

**The Minister for External Relations and Financial Services:**

Goodness me, Deputy, that is a big issue. Brexit has had a number of, I would have said, if I may, obvious issues. Brexit saw the ending of the Bay of Granville agreement in terms of fisheries. That area I am absolutely clear that it is Deputy Renouf, who is the licensing authority, but as you have seen we are in lockstep with Deputy Renouf. I was in Brussels last week seeing Commissioner Sinkevicius with responsibility for E.U. fishing matters alongside Guernsey. We can go into some detail about fishing if you want, but I would need Deputy Renouf alongside me because we are in lockstep on that. In terms of Brexit, we have seen an absolutely catastrophic, if I may say, fall off in day-trip visitors from France because of the requirement, notwithstanding, that Dublin, who is within the C.T.A. (Common Travel Area) has identity cards on some areas that they allow as a travel document. Passports are what is required and we are working ... I do not wish to say anything that we hope to have, but we hope to find a solution for day-trip visitors. It is unacceptable from Jersey's perspective to have had a Brexit situation that means that we have had such a catastrophic fall from day-trip visitors from France. I am working with the Minister for Economic Development, Tourism, Sport and Culture and the Minister for Home Affairs to find a solution to do that, in lockstep with the Chief Minister. We are working on it, I have not got a solution to tell you today.

**Deputy M.R. Scott:**

Just may I interject just to say that Deputy Renouf is of course the Minister for the Environment?

**The Minister for External Relations and Financial Services:**

Thank you. Yes, Minister for the Environment with responsibilities for fishing licences.

**Deputy M.R. Scott:**

No, that is fine, I just saying.

**Deputy M.B. Andrews:**

Also, I will just move on to bilateral agreements. In terms of monitoring the success of those agreements, what agreements have actually been very beneficial for Jersey in terms of seeing increased flows?

**The Minister for External Relations and Financial Services:**

So that, I think there we are talking about, and we can exchange these terms, of course, we are talking about bilateral investment treaties.

**Deputy M.B. Andrews:**

Yes.

**The Minister for External Relations and Financial Services:**

So bilateral investment treaties have been one of the important areas that External Relations has been working with. Of course External Relations look to other departments and notably the Economy and Financial Services to see where a bilateral investment treaty can be. It is part of signalling, frankly. It is about a signalling, about the respect to which 2 jurisdictions will have. The bilateral investment treaty in respect of the U.A.E. (United Arab Emirates) has been signed, we are getting through the Common Strategic Policy and Government Plan, and I am going to be agreeing with Ministerial colleagues when the U.A.E. bilateral trade agreement is going to be brought forward for States approval, because the States is sovereign; you and the States Assembly passes that. The bilateral investment treaty with the U.A.E. has been, I think, quite an important document. A signalling document even before, and of course it is up to the States whether they approve it, in terms of signalling that we are effectively running a bilateral investment treaty which is of global standard. There are lots of old bilateral investment treaties. There is one with Singapore, for example. Singapore wants to update it with the U.K. We want to pursue bilateral investment treaties where it is in Jersey's economic interest to do so.

**Director General, External Relations:**

What I would say is this piece of work, led by Tom Le Feuvre, involved extensive engagement with industry prior to embarking on negotiations for the first B.I.T. (bilateral investment treaty). We tend to do it as a combination. So the B.I.T. that would sit alongside a double taxation agreement, because the tax protection of the D.T.A. (double taxation agreements) goes alongside the investor protections of the B.I.T. The feedback from industry is that that package is really important for business flows. If you look at what other jurisdictions, like-minded jurisdictions are doing, like the Netherlands, like Singapore, they have large treaty networks like this. We do not have the data at the moment because it is a very new thing for us, but it is a proven and widely-used set of agreements in order to encourage trade and economic growth.

**Deputy M.B. Andrews:**

So, in terms of, say, our position currently with the U.A.E., what types of financial service business will be benefiting from the current arrangement that we have?

**The Minister for External Relations and Financial Services:**

May I introduce the director of External Relations, Tom Le Feuvre, who deals with the bilateral investment treaties programme under the global relations programme?

**Director, External Relations:**

We already have a double taxation agreement with the U.A.E., so to that extent financial services firms, indeed any Jersey company, already benefits from the provisions. Particularly in relation to preferential rates of withholding tax; so on interest, royalties, dividends, cross-border flows. The

bilateral investment treaty acts in conjunction with that. There is a definition of qualifying investor, again it is a broad definition. What that does, however, it is not so much a benefit to the company, it is in the event of a dispute that there is a route for independent arbitration. So that is providing investors with additional protections as opposed to companies with a preferential tax rate.

**Deputy M.B. Andrews:**

Okay, thank you very much. I was also wondering as well, when it comes down to bilateral investment treaties, how the legislature are able to pass such bilateral investment treaties however, when we are looking at, say, a free trade agreement that in principle cannot be passed by our legislature. So can it be explained why that is?

**The Minister for External Relations and Financial Services:**

I mean the issue with B.I.T.s is that we require an entrustment from the U.K., in order to sign that. That is the same thing with the D.T.A.A.s, the double taxation avoidance agreements, and also linked to that are asset recovery agreements. Without wanting to get acronymed out, we have got 3 different types of international agreement which in some cases we do not always need entrustment for the last one. But we do need them. Jersey has 15 full and 12 partial D.T.A.s. B.I.T. represents a new area, as we have said, for Jersey. We signed the first one with the U.A.E. in 2021. You will be aware, Deputy - I think you would be aware - that we are in negotiations with Ghana in respect of that. There have been discussions of that. We have also signalled that we are wanting to sign a bilateral investment treaty with Rwanda. We are in discussions with that Government in respect of the model treaty. We very much want to ensure that the bilateral investment treaties ... they are important because they show direct benefit and I am happy to provide a paper, maybe, on that, as Tom has said. They basically are of value because they show Jersey's interconnectivity with priority jurisdictions around the world. We, clearly, have heard from the Island's financial and professional services, is that B.I.T.s and D.T.A.s, as Tom explained, are crucial in the decision of investors when they are weighing up jurisdictions. So centres such as the U.A.E., Netherlands, Singapore, Switzerland, they have very large bilateral investment treaty networks. We are putting in place that we want the tax certainty that we have got, but we also want the investor certainty. That money is not coming directly into Jersey but it will be the capital warehouse pass through that is really important. Tom, I think I have covered everything?

**Director, External Relations:**

Just very briefly, to your point around what is the mechanism for different types of agreement to go to the States or indeed to be subject to forms of public scrutiny. At the very outset of the programme on B.I.T.s, we did a consultation within industry on what was the demand and interest in it, and what sorts of provisions would be important for Jersey's industry. So that was the very first stage, and that was a long time ago in 2015. We then got an industry working group that we engaged on it; so

there is a version of participation there. Different jurisdictions around the world do different things in terms of how ratification works. For example, the U.K., when it comes to its double taxation agreements or its old investment protection agreements, which are akin to bilateral investment treaties, they have a negative consent procedure where they essentially table them but they do not necessarily have a proposition. In Jersey, for D.T.A.s we have historically done reports and proposition and that is because there is a small change to underpinning legislation to add the name of a jurisdiction in terms of the tax provisions. For bilateral investment treaties, it is a new thing. It is something that we are working on. The difference there is there is no underpinning legislation. It is just an agreement between 2 jurisdictions to provide certain protections to qualifying investors and provisions around independent arbitration. There is not legislation that would need to be amended or approved. However, what we would certainly wish to do is to speak to you as a panel on the detail of the treaty, and we did that with your predecessor panel. We certainly can do that again if that is of interest. Before any treaty would be concluded, before the domestic procedures would be included, we would expect to do a full Scrutiny briefing with the text. But also a States Members briefing has been done with agreements of this type in the past. There are different options available to us.

**Deputy M.R. Scott:**

Can I just ask a question here? As we have mentioned mechanisms, and there has been this raising of entrustment agreements, which seems to be something relevant to this. To what extent are you seeking these entrustment agreements? How much more broadly are you trying to seek control and ...

**The Minister for External Relations and Financial Services:**

Can I just apologise for having stepped out? I would encourage everybody to get a P.S.A. (Prostate-Specific Antigen). I am 52 and I needed a P.S.A., so forgive me if I need to just go out and go to the bathroom. So apologies.

**Deputy M.R. Scott:**

No problem. I was simply trying to get an understanding about the entrustment agreements and exactly what you are seeking in terms of your increase.

**The Minister for External Relations and Financial Services:**

The political question is, is that we signal to the U.K. in advance of the country we want to have a bilateral investment treaty with. We then undertake those negotiations on the global standard of the B.I.T. We then hold negotiations with countries such as Ghana, and then when that discussion is then completed we then bring forward the finalised B.I.T., and then we receive Ministerial consideration upon advice. We then will share those conclusions with Scrutiny...



**Deputy M.R. Scott:**

Entrustment agreements are relevant to your ability to enter into B.I.T.s?

**The Minister for External Relations and Financial Services:**

We cannot enter into a B.I.T. without an entrustment agreement.

[11:15]

**Deputy M.R. Scott:**

Can entrustment agreements give you scope to enter into other types of agreements, other than B.I.T.?

**The Minister for External Relations and Financial Services:**

No, it is basically an entrustment per B.I.T. per country.

**Deputy M.R. Scott:**

All right, thank you.

**Deputy M.B. Andrews:**

I am just a bit conscious of time. I think we want to maybe, move on.

**Deputy M.R. Scott:**

Yes, by all means. I mean because we have actually learnt ...

**The Minister for Treasury and Resources:**

Deputy Andrews asked a question about free trade agreements and under the previous Government we took to the States a framework in which Ministers could then go away and be included in them, so that did happen. But you cannot come to the States in advance before signing up to each one individually. But that is something that I know is on the Minister's agenda to keep under review.

**The Minister for External Relations and Financial Services:**

Some of these issues will be commercially sensitive because some of the reasons why we would want to enter into a B.I.T. relates to a particular area of business within the financial services or tech industry, for example. Some of that is we are signalling, but we are signalling to you, we will very happily brief you on B.I.T.s in more detail. It is quite complicated but it is simple. U.K. required entrustment, negotiation, bringing it back to States for approval within the framework that the Assistant Minister has said.

**Deputy M.R. Scott:**

Sure, and perhaps what we mean by our tech industry. I am going to move on to Deputy Kovacs now.

**Deputy R.S. Kovacs:**

Just one quick question still on the trade. Besides Brexit, what other barriers have you identified for doing trade?

**The Minister for External Relations and Financial Services:**

The fact that the U.K. has departed ... you will, of course, recall that we had our special Protocol 3 arrangements that effectively meant that we were in for goods, in terms of the common market that went then forward. But all that has gone now, so effectively, the U.K. has now lost all of its trade arrangements that are not simply already in place and we are an unintended consequence of that. If you think about the fishing difficulties that we have in terms of fishers landing their catch in ...

**Deputy R.S. Kovacs:**

That is because it was Brexit; that is Brexit.

**Deputy M.R. Scott:**

Minister, may I interject just because the question was other than Brexit? Basically, what barriers to trade, other than those that have resulted from Brexit? It was just to expand the question you have already answered.

**The Minister for External Relations and Financial Services:**

I do not think there is any more but we want to trade more in services globally more. We want to be part of the global Britain agenda.

**Deputy M.R. Scott:**

Okay. In terms of barriers other than the fact that we need to go through the U.K., is there anything else?

**The Minister for External Relations and Financial Services:**

Bilaterally we can certainly have access to markets that do not require the U.K., where it is a regulatory alignment, where it is equivalent, et cetera. It is a big subject. It is difficult to answer it in 30 seconds.

**Deputy M.R. Scott:**

Yes, I think we will move on to the next section.

**Deputy R.S. Kovacs:**

Related to your international bases and building relationships, you have recently returned from a trip to France as part of your role of External Relations; what was the purpose of this trip?

**The Minister for External Relations and Financial Services:**

Chief Minister, when she appointed me as External Relations, absolutely and ...

**Deputy R.S. Kovacs:**

We can be as brief as possible because we have a lot of questions, if you can.

**The Minister for External Relations and Financial Services:**

Yes. France, our absolute requirement is to basically restore good and co-operative relations with France, both in terms of national government, in terms of regional government, both in Normandy and in Brittany. There are a number of areas of the French areas which we have got. There are certain issues which we wish to have from France; better port opening times, equivalent in relation to our fishery products but also there are issues in terms of energy security, which are live issues. Very, very concerning issues in terms of the blackout, the likelihood in France because of electricity supply problems. In terms of our shopping list for France, we want a French one from us, a solution for day-trip visitors, which we are trying to do. We referred to that previously. Also, the Minister of the Economy is very keen to see enhanced trade imports from France for goods. As we deal with the really difficult cost-of-living issues, if we can find solutions to goods imported from France and not having to go all the way through to the U.K. and back round - I have heard stories of goods having to go via Amsterdam into Jersey - with a direct trade link with Jersey and France using either Condor or Manche Iles Express or another provider, we think that there are opportunities to have greater competition and lower prices in respect of various goods.

**Deputy R.S. Kovacs:**

What discussions have you had in this, how do you see this happening and how soon?

**The Minister for External Relations and Financial Services:**

I expect to be concluding my overall conclusions from France as what we wish to have from France, what we can offer to France, and we also need to be aware of course of the difficulty such as I am quite clear that the port opening times are a targeted measure to make our life more difficult for our fishers. I have made that very clear to the préfet in France. I am having ongoing discussions. I was very pleased at our diplomatic dinner 2 nights ago that we had another senior representative from France. The panel will know that I went straight in to the French Embassy within days of going there.

My French visit was very well received and it is about mood music, that is why we did T.V. (television) appearances, et cetera, explaining what Jersey is.

**Deputy M.R. Scott:**

Can I just ask, in terms of the energy security discussions that you had, yes? How did you get on? What progress have you made in terms of securing energy?

**The Minister for External Relations and Financial Services:**

That was your question, was it, that the Chair has taken? Very good ...

**Deputy M.R. Scott:**

No, I have not taken a pre-prepared question.

**The Minister for External Relations and Financial Services:**

No, do both together.

**Deputy M.R. Scott:**

I was asking a follow-up question, Minister. Could you please just respond to it because we have got limited time?

**The Minister for External Relations and Financial Services:**

Energy security is a massive issue across Europe. We currently draw our power obviously from electricity sources from France. We are alerted by the J.E.C. (Jersey Electricity Company) of the potential that that power source could be compromised but we have back-up generators, both in Jersey and Guernsey, which is on fossil fuels. But as Europe wishes to - and quite rightly we understand that - effectively, move away from Russian-imported fuels; they are having to pivot towards getting alternative energy supplies. This is causing absolute chaos across Europe and we do not wish to add to European issues and where we can basically have energy security, which we do have here because we have got back-up generators we will do so. I want to give a very clear message that Jersey has a very good deal with E.D.F. (Électricité de France). We are the 10th largest customer, that very foresight decision made no doubt by my predecessor with the J.E.C. for an 18-month period means that we do not have anything like the electricity costs of other places. But we are looking at both this winter and next winter; this problem is not going to be going away.

**Deputy R.S. Kovacs:**

I am very sure the back-up plan and this contingency plan for Jersey, are you confident that it is sufficient to cover the needs for Jersey in case ...

**The Minister for External Relations and Financial Services:**

More than.

**Deputy R.S. Kovacs:**

Okay.

**Deputy M.R. Scott:**

Have you met with E.D.F. or is it just purely at a political level ...

**The Minister for External Relations and Financial Services:**

This is at a political level.

**Deputy M.R. Scott:**

... that you have had the discussion?

**The Minister for External Relations and Financial Services:**

Yes, and there are ongoing discussions about that, which I am happy to brief you confidentially about.

**Deputy M.R. Scott:**

Thank you.

**Deputy R.S. Kovacs:**

It has been reported in the press recently that you believe allowing French visitors to use identity cards to travel to the Channel Islands would help revitalise the tourist industry post-Brexit. Can you explain how this would be different to boosting visitor numbers than visiting with a passport?

**The Minister for External Relations and Financial Services:**

The difficulty that Brexit happened was that passports were the sole identity document which was permitted to enter into the Common Travel Area. At present an identity card, which a French person will have ... it is compulsory to have an identity card with you at all times. Identity cards are held by all French citizens as a matter of law. Only 50 per cent of the French population, I think it is 54 per cent of the French population, have passports. They regard that as a valid identity document. The U.K., who does not have identity cards, has passports. We think if we can find a solution, and I do not want to promise that we can find a solution but we are working on it and this is an area where, again, External Relations is working in step with our Minister for Home Affairs, Deputy Miles, in respect to what the Border Force will allow. We currently allow it for schoolchildren; that is in advance of the U.K. Ministers in the U.K. were very interested in that in the last few days. Whether

or not we can extend it further are the subjects of ongoing discussions. If we can we would see Manche Iles Express not having kind of the problems that they are having where the business model simply does not work. I am working on it with Deputy Miles. We hope to come to a conclusion and we are working really hard on it but it is not easy.

**Deputy R.S. Kovacs:**

How do you see this impacting the travel within the Common Travel Area if it is accepted?

**The Minister for External Relations and Financial Services:**

We do not see that Jersey is a risk because of our excellent Border Force and the work that Customs and Immigration do. We could envisage, potentially, if we could have identity cards where, effectively, we would identify the French individual coming on a French identity card. We would require them to have a French identity card, a return journey and they would be, effectively, counted in and counted out. This is all about data, collecting the right data. If we can find a solution it will be a big boost to our local tourism industry but it will also be important for Manche Iles Express itself and Condor. At the moment simply the ferry fall off in usage is now resulting through in much less frequent services. I have said we regard here in the Jersey the mainland is France; we are used to getting on ferries, we are used to going for lunch in Carteret. We have had difficulties in both the passport post that exists in France but also for the French, and I think this is something where we can positively work with our French colleagues on. They want to come to Jersey. Normans and Bretons want their visitors to those places to come to Jersey; we want that too. We are trying to make it happen.

**Deputy R.S. Kovacs:**

Okay. Have you discussed these possible implications, like opening the door to U.K., for this with the House of Commons Select Committee when you have been there?

**The Minister for External Relations and Financial Services:**

Yes.

**Deputy R.S. Kovacs:**

What was ...

**The Minister for External Relations and Financial Services:**

They are not Ministers, they are Members of the House of Commons. But we are raising awareness of this very difficult issue, also discussed it with a British Ambassador in Paris and I discussed it also in Brussels. I think as there is an *autant totale*, if I may say, between the new Prime Minister and President Macron, I think there is a willingness to basically put behind us the difficulties of the Anglo-

French relations. We have almost been the poster child of some of the difficulties with that and I regret very much that those issues were brought into such sharp refrain by the sending in of a warship when we had the Normans. It is a really important issue, Deputy.

**Deputy R.S. Kovacs:**

You said the French are having the national idea as a legal entity document, so the same are having other European nationals. Are you considering to expand that facility?

**The Minister for External Relations and Financial Services:**

I think we need to take it step by step. I think it is French nationals that we need to be absolutely prioritising in the first instance. These are big issues, as you can be aware. I am absolutely clear that we absolutely need to send a clear message of confidence to our tourism industry here. This is where Deputy Morel is in France today. We need to find solutions to it and we are really trying. It is a massive priority.

**Deputy M.R. Scott:**

I think you have answered the question, thank you.

**The Minister for External Relations and Financial Services:**

Thank you.

**Deputy R.S. Kovacs:**

Okay. Will the Minister indicate if new business streams involving taxable income are being developed and, if so, what they are and how they will form part of the Government Plan in this term of Government?

**The Minister for External Relations and Financial Services:**

That is quite a large question; new forms of government income. Could you just simply help me out there? What would you like me to respond to?

**Deputy M.R. Scott:**

Maybe Deputy Andrews can expand on this.

**Deputy M.B. Andrews:**

Yes, more to do it was mentioned about has income taxation been lost with overseas workers? More specifically saying financial service firms or where we are speaking about intangible service exports. Is this something that is on the agenda of the Council of Ministers' list?

**The Minister for External Relations and Financial Services:**

I must say I found those comments previously by the previous Government rather curious. I do not simply see how you can, when there is a worker working for Jersey overseas, tax that individual. We obviously, as Minister and members of Jersey, we want Jersey income to be taxed. I am sitting next to our Minister for Treasury and Resources. We simply, simply cannot have a situation where a worker working for Jersey in financial services or digital working in Estonia or England or Germany be taxed here. What we want to do is to get that added value of that business basically taxed in Jersey. It is a big subject. I do not understand how the previous Government said these things; I think it was nonsense.

**Deputy M.R. Scott:**

Thank you. We will move on.

**Deputy R.S. Kovacs:**

You both also took a trip to the U.S.A. (United States of America) recently, Deputy, as it is stated that you wanted to improve ties when it comes to financial services, trade and tourism. How are you planning to do this?

**The Minister for External Relations and Financial Services:**

Thank you. I went with my colleague, the Minister for Treasury and Resources, to Washington to go to the annual I.M.F. (International Monetary Fund) World Bank meetings. I said to the team: "Look, get me into Newark Airport, which is in New Jersey because it is cheaper and I can also go to New Jersey." New Jersey represents a very historic relationship; we have rekindled that. I was very pleased to go to the capital Trenton to basically rekindle those relationships with New Jersey. As you will have seen, we got on to the media, we got an awareness of Jersey, which I think was really ... Paul Croll was in the interview. But certainly we were out and about raising the flag for Jersey in New Jersey. The other thing I would say, which I am extremely pleased to see, is just how successful Jersey Finance has been in terms of building a funds-capability service and capital-raising in New York.

[11:30]

I am extremely impressed that there has been an increasing use of our financial services industry and capital-raising in New York from here in Jersey, and certainly that was a function of it. New Jersey of course is right on the border. The Statue of Liberty is in New Jersey. Jersey City, they are busy, their area of financial service ...

**Deputy M.R. Scott:**



Minister, could you please answer the question?

**The Minister for External Relations and Financial Services:**

I am answering the question, Chair. I am ...

**Deputy M.R. Scott:**

No, you are not. The actual question is: how are you planning to improve ties? Just specifically what might you be doing there?

**The Minister for External Relations and Financial Services:**

I was coming on to say the importance of Jersey City as being a big financial services centre right on the other side of the Hudson River. There are an awful lot of financial services, almost if you take Canary Wharf, the Canary Wharf of New York is in New Jersey and that is why New Jersey really matters, from both cultural ties, having school kids coming to Jersey and vice versa but also from financial services. You have Jersey City as, effectively, the Canary Wharf of New York and that is why I was there and I will go back, and I will want to strengthen good relations and support the work of Jersey Finance to do that. It is more work in Jersey City and in New York, which is complimentary, and that is why I was there and I am prioritising it. I said I would do it and I have done it and it worked.

**Deputy M.R. Scott:**

Right, so school trips. In terms of the ties and just being specific, you contemplate there being an exchange of schools and is there anything else specifically than you visiting? Are you planning to kind of develop some sort of formal agreement or something like that? I think that is ...

**The Minister for External Relations and Financial Services:**

I stood on the election platform of action not words.

**Deputy M.R. Scott:**

Yes.

**The Minister for External Relations and Financial Services:**

Okay. We are acting to pursue arrangements with schools in New Jersey and I am working with the Minister for Children and Education on these partnerships. I was delighted to see J.C.G. (Jersey College for Girls) already have students coming into Jersey and I would like to see a greater number of schoolchildren being exchange visits. I also visited Princeton University and I would like to see an exchange programme between Princeton University and our people here. We obviously send

university students off to the U.K. primarily. I think there is a more global reach; that we need to be more global and look for our students ...

**Deputy M.R. Scott:**

A student exchange as well.

**The Minister for External Relations and Financial Services:**

Absolutely and Princeton University, that is why I visited there.

**Deputy M.R. Scott:**

Thank you.

**Director General, External Relations:**

Minister, I will just very, very quickly come in, I know time is ... but we also have the twinning agreement with Trenton and that covers a number of different co-operation areas and the New Jersey Big Data Alliance agreement, which Digital Jersey are collaborating on as well. You have got 2 other streams there; digital and there is some trade and economic co-operation within the twinning agreement.

**The Minister for External Relations and Financial Services:**

On the digital side, I attended a conference in Princeton on the data-sharing agreement that was signed with Digital Jersey. That is another example of your Minister for External Relations and Financial Services working with other Ministers, dealing with the data and changeability. There is an exciting opportunity that I am advised into using of our trust structures for data trusts and we are going to be doing some more work on that. There are a number of streams that are falling out from the United States visit and particularly in New Jersey.

**Deputy M.R. Scott:**

What data gets exchanged?

**The Minister for External Relations and Financial Services:**

A big subject, Chair. This is the use of trusts for data.

**Deputy M.R. Scott:**

Right, okay, thank you.

**Deputy R.S. Kovacs:**

Very quickly on the Hautlieu exchange programme collaboration. Can you give an update on what has happened so far in that collaboration with the school in Oregon?

**The Minister for External Relations and Financial Services:**

It has been very successful. It was basically used as an exemplar about how we can do with other schools and it is a great example of how we can have exchange programmes with students from the United States. It was fantastic to see those young ladies here in Jersey sitting with other members of the schools here in J.C.G., and we would like to see more of that incorporating other schools. By the way, those students at J.C.G. were also from La Rocquier and Les Quennevais and Grainville and I was very pleased to see that. It is a great example; we want more of that and we are going to get that. My trip is going to result and you are going to see more exchange programmes as a result of that.

**Deputy R.S. Kovacs:**

Okay, thank you. We know from your trip to Brussels that you and other European Union country representatives discussed solidarity with European Union partners on Ukraine, including sanctions. How can the islands work with the European Union on new shared challenges, such as energy security and existing areas of co-operation on climate change, financial services and, in particular, sustainable finance?

**The Minister for External Relations and Financial Services:**

May I first of all make an absolute complimentary remark to the work of C.I.B.O. (Channel Islands Brussels Office) in Brussels? I was incredibly impressed by the work of C.I.B.O.

**Deputy R.S. Kovacs:**

C.I.B.O.?

**The Minister for External Relations and Financial Services:**

Sorry, the Channel Islands Brussels Office. Please forgive me. A budget of £360,000 that we have there with our staff working there. We have 4 members of staff working in that office but are supported by a global relations team in London and here in Jersey. Brussels was a fascinating place. All matters seemed to be the topic that all Commissioners and other E.U. Ambassadors wanted to talk about was the conflict in Ukraine, the difficulties that is happening as a result of the energy security issues I mentioned earlier is enormous. Where we can be a co-operative partner, I think we can show very clearly that we have been in step with sanctions, the fact that we have sanctioned so much Russian money, that we have got court processes underway; that has not gone unnoticed in Europe. Being in solidarity with our Polish community, I was first to ring the Polish Consul in relation to the horrific situation that happened on the border with Poland. It is about being

a co-operative European partner in relation to these issues. Brussels' agenda is becoming very clearly focused on the war in Ukraine. The economic fallout to that we are seeing both in the U.K. yesterday and across Europe. We are seeing the global economy going into recession and you can take that from ...

**Deputy R.S. Kovacs:**

But what plans are in place for collaborative working?

**The Minister for External Relations and Financial Services:**

It is about explaining what we are doing and what we are not doing and the fact that we are in step with the U.K. in respect of sanctions. We will be changing our law because we have to because we are going to be moving towards obviously just reflecting U.K. sanctions but they are pretty well in step with the E.U. sanctions, to be honest. But also where we can use the capital warehouse that we have in Jersey for beneficial effect in investing in Europe in clean technologies. That is what we referred to earlier with the green finance initiative. We see some of the sticky money, the sticky resources in the Jersey capital warehouse. If that can be pivoted towards investments in clean tech and renewable energies across Europe and that has been very welcome in Europe I must say.

**Deputy M.R. Scott:**

That is what you discussed.

**The Minister for External Relations and Financial Services:**

One of the number of things we discussed.

**Deputy M.R. Scott:**

No, that is okay. Thank you.

**The Minister for External Relations and Financial Services:**

Fishing, financial services, beneficial ownership register, financial services, energy, COP27, all of those issues were part of that.

**Deputy M.R. Scott:**

Okay, thank you.

**Deputy R.S. Kovacs:**

Just very briefly, in what way will Jersey support and stand side by side with Ukraine, other than sanctions?

**The Minister for External Relations and Financial Services:**

I think we stand out as being the leading jurisdiction per capita contribution to Ukraine. I know our Polish Consul has some ideas about house-building, which he briefed me on; I am very pleased to hear that. We are in very close contact with the E.U. Ambassadors of Poland. Her number 2 came to the dinner we had on Wednesday, and I cannot tell you how well we are received as being in step. Jersey is almost unique in having understood what occupation meant and that means that that is well understood. I think that they understand just how caring we are about the atrocities that have been currently underway and that goes a long way. When you speak to somebody and you speak to them, as we are doing here, it made a big difference. But I was humbled by quite the extent to which the torment is going across Europe.

**Deputy R.S. Kovacs:**

Okay, thank you.

**Deputy M.B. Andrews:**

Okay, thank you, Minister. Moving on in terms of recruitment of foreign labour. Of course we have got an undersupply of labour at the moment in the Island and I was wanting to know: have there been any discussions with other politicians and other governments to, potentially, try and initiate recruitment programmes and especially for specific sectors as well?

**The Minister for External Relations and Financial Services:**

I am just looking to my notes so that I can be succinct in your answer.

**Deputy M.R. Scott:**

That would be appreciated.

**The Minister for External Relations and Financial Services:**

We said there is a recruitment crisis. Can you just point me to the page?

**Director General, External Relations:**

I am not entirely sure that is in your pack, Minister. However ...

**The Minister for External Relations and Financial Services:**

It is.

**Director, External Relations:**

It is in the Global Relations.

**The Minister for External Relations and Financial Services:**

Global Relations, thank you. I am going to go straight to it so I can be succinct. Global Relations 5, thank you, got it. In respect of this very important area, we have been working as a Council of Ministers on the recruitment issues and we have got a Labour Shortage Taskforce Group, which I am trying to identify, and helping us identify where the labour market shortage is and where we can get overseas markets. Currently External Relations is working with colleagues across government to think about where those workers can be best found from. There are short-term issues. We do need to be quite careful about the permit policy, which is a domestic competence. The last Government did not seem to realise that work permits are a domestic competence of Jersey. Somebody from around the world, Brexit having changed everything, everybody who is not U.K. requires a work permit. You can have a work permit but you have to link that directly with the employer. What has happened is, effectively, while we had the Work and Housing Law, which was passed - I did that one - you have now moved almost the control into Customs and Immigration, which is why you have seen so many additional work permits. In terms of jurisdictions, we are looking at leveraging our relationships that we have already got across Africa and Asia. We have an arrangement with Antigua and Barbuda. But at the moment the work permit system labels currently the last Government did not update it but they said unskilled workers that can come in just for 6 and 9 months. Hospitality workers cannot simply be brought in and brought out. You want long-term staff for hotels that we want to have an extended season. What we are looking at is we are looking at those work permit rules, not within my domain, within the domain of the Minister for Home Affairs. But the Chief Minister is chairing herself H.A.W.A.G. (Housing and Work Advisory Group) and we are dealing with H.A.W.A.G. so that we can deal with these issues as a collective group of Ministers. The recruitment crisis is acute, it is problematic; it is one of the reasons why I stood.

**Deputy M.R. Scott:**

Just a couple of questions to follow up, please. The Labour Shortage Taskforce Group consists of whom?

**The Minister for External Relations and Financial Services:**

Myself, the Chief Minister, the Minister for Economic Development, Tourism, Sport and Culture, the Minister for Social Security and the Minister for Home Affairs.

**Deputy M.R. Scott:**

Thank you. Can I just clear something you said: are you saying that there is an intention to move away from work permits specifically linked to the employer?

**The Minister for External Relations and Financial Services:**

No, sorry, you are quite right, no ...

**Deputy M.R. Scott:**

No, sorry, because you mentioned that, so I thought you must be changing it but maybe ...

**The Minister for External Relations and Financial Services:**

You are absolutely right.

**Deputy M.R. Scott:**

Okay.

**The Minister for External Relations and Financial Services:**

You are absolutely right. At the moment there is no preferred employer, if you like, that can have work permits. The work permit is applied for by the employer and then it is matched by an individual. It is an incredibly cumbersome process and costs a great deal of money. Ministers are very concerned about the fact that employers, notwithstanding our minimum wage and our living wage, a lot of these employees that are here for 9 months see that their salary packages are being reduced by having the cost of the work permit and the flight costs amortised over 9 months. We are looking at some of these issues and we are looking in detail there is some best practice. We are looking at an ethical framework document that is going to be created for what is, effectively, a drastically changed labour market. I should declare an interest, I set up a recruitment agency prior, so I am not going to have anything to do with it.

**Deputy M.R. Scott:**

Fine. Thank you for declaring that. Just in terms of preferred employer, can I just ask a little bit more about that? Are you sort of suggesting some sort of kite-marking scheme or ...

**The Minister for External Relations and Financial Services:**

We think that that would be a very good idea, Chair.

**Director General, External Relations:**

Yes.

**The Minister for External Relations and Financial Services:**

That basically we would have, effectively, employers that show that they are ... we had some situations with some nationalities where the worker arrives and they think they are coming into the United Kingdom. We want basically some of the recruitment firms ... you have got this issue, if you have got a Kenyan or a Philippine individual, they might not even know unless they are briefed about

what the place they are coming to is. We know it is Jersey and we expect recruitment agencies and employers to be absolutely clear that these people are coming and are going to be very welcome to Jersey. We are also looking at, effectively, ensuring that each worker - the recruitment agency that I was involved in did it - but we would like to see that there is a welcome pack which shows what the rights of those workers are and their responsibilities. But it is really not helpful at all to the employers that basically they are having to take people on a 6-month, 9-month. There is a cow farm that brought people on 6-month visas and cycled Brazilians every 6 months. This is incredibly complex. It is bad for the individuals, it is bad for the animals and we need to ...

**Deputy M.R. Scott:**

Could we just get back to preferred employers and the kite-marking, I mean just how you select ...

**The Minister for External Relations and Financial Services:**

That is what I am trying to say, with a kite mark of an employer that would be kite-marketed, that would treat their employees to the standard that we would expect to anybody else ...

**Deputy M.R. Scott:**

There will be an audit in that respect.

**The Minister for External Relations and Financial Services:**

Yes, exactly.

**Deputy M.R. Scott:**

Right, thank you.

**The Minister for External Relations and Financial Services:**

These are emerging policies.

**Deputy M.R. Scott:**

Indeed, thank you, Minister.

**The Minister for External Relations and Financial Services:**

But I hope you can see that it is important.

**Deputy M.R. Scott:**

Thank you, Minister.

[11:45]



**Deputy M.B. Andrews:**

Deputy Ozouf, in terms of when we are speaking of, say, a timeframe, how long do you think it will be before there will be action taken?

**The Minister for External Relations and Financial Services:**

We are taking action now. The Minister for Home Affairs is already taking action where there have been some difficulties with migrant workers. I must say that I have been surprised to say that there has. From External Relations point of view, we have a sort of extant responsibility for these different nationalities of workers that are coming, and so we want ourselves to be regarded as a jurisdiction of best practice in respect of that. We are identifying some employers that do not appear to be abiding by those practices that we would expect as States Members.

**Deputy M.B. Andrews:**

In terms of, say, when the Council of Ministers was newly formed, had there been any discussions with new countries, potentially, where there have not been any discussions before?

**The Minister for External Relations and Financial Services:**

I think, if I may say, we want to make sure the countries that we are getting workers for, they are being treated absolutely properly and fairly before we start basically getting any more. I think to be clear, in the past we have had communities that are from a number of jurisdictions. We have seen arrivals of Portuguese, of Polish, of Romanians and now additionally Kenyans and Rwandans and also Philippines. We need to get these absolutely clear and standards to be put beyond doubt. It is a very live issue, Deputy. We are very concerned about it. We are looking at it and that is why the sub-Ministerial group has been formed specifically to deal with this.

**Deputy R.S. Kovacs:**

Have you got consultation from these employers and the employees from these minority nationalities on what exactly the need is?

**The Minister for External Relations and Financial Services:**

We are talking to both Consuls, we are talking to the individual groupings in hospitality, we are talking to the farming community and we are talking to businesses across. But this is a big and complex problem and we are dealing with it and we are tackling it, to come to some sort of conclusions with the Minister for Home Affairs on a new work permit system, which is not pejorative, which says you are a temporary unskilled worker. I have not met one single worker that comes to Jersey unskilled but the work permit at the moment is labelled unskilled short term; absolutely wrong.

**Deputy M.R. Scott:**

But this kite-marking scheme, therefore, would this apply to certain sectors? Like finance industry, is it going to apply to employers?

**The Minister for External Relations and Financial Services:**

I think we need to deal with in agriculture ...

**Deputy M.R. Scott:**

We have got migrant workers, are you focusing on specific sectors in this respect?

**The Minister for External Relations and Financial Services:**

We are.

**Deputy M.R. Scott:**

Which ones, please?

**Director General, External Relations:**

Tom has been very heavily involved in the working group.

**The Minister for External Relations and Financial Services:**

Yes, I know. Please, Tom.

**Director, External Relations:**

If I may. I think as the Minister said, and as the panel is aware, this is quite a complicated issue and that is why there is a cross-government taskforce and there are different aspects of it. But insofar as the international aspect of it relates to the work of External Relations, that is about putting in place agreements with target jurisdictions that provide for the marketing of opportunities in Jersey. There may not be the same level of awareness in certain jurisdictions about jobs in Jersey. It is also about working with, for example, the Jersey Hospitality Association, as with Antigua and Barbuda, to your point to make sure we have an accurate assessment of what jobs are needed, when, with which employers and what terms and conditions should govern those workers coming to Jersey. The role for External Relations is part of this bigger process but we can speak really to that part that we deliver, which is putting in place agreements that market the opportunities but also protect better the responsibilities of the employers in respect of those employees.

**Deputy M.R. Scott:**

Thank you. I have hospitality, any other sectors, agriculture?

**Director, External Relations:**

The ones that we have identified early on are hospitality, construction and healthcare. That is work we have done with the Economy Department to assess where the needs are. That spans both private sector requirements but also public sector requirements.

**Deputy M.R. Scott:**

Thank you.

**The Minister for External Relations and Financial Services:**

Can I just make one important point which links into the D.T.A. and bilateral treaties that we have? Where this is a D.T.A. for people coming into Jersey they will not suffer double tax. We have some of those; for example, Rwanda, we have a D.T.A. We do not have a D.T.A. with Kenya. But also we can use Social Security by having reciprocal agreements with social security agreements. I am working with the Minister for Social Security to identify her priorities because there are some jurisdictions where we do not have those reciprocal agreements with Social Security. We, as External Relations, act on the requests of other Ministers and there are a number of agreements in both D.T.A.s and Social Security which we think could improve the situation for incoming migrant workers. That is where you can see that there is a nexus, both External Relations, as Tom has just said, but also bilateral agreements that we can do and we are lacking in some of them.

**Deputy M.R. Scott:**

You are looking to extend and D.T.A. of course is double tax agreements, you are looking to extend the ...

**The Minister for External Relations and Financial Services:**

Where there are problems. We do not even have some D.T.A.s with countries that we have got big migrant communities anywhere and of course ...

**Deputy M.R. Scott:**

Do you have just a list of where you are working in this area in terms of getting new D.T.A.s that you might send us?

**The Minister for External Relations and Financial Services:**

As I have said, we are working with the Economy Department to work out exactly which are the priority countries. It is a fast-changing world and we will bring you priorities in this.

**Deputy M.R. Scott:**

You will come back to us.

**The Minister for External Relations and Financial Services:**

You can see there is a matrix here. There are countries, individuals where the skills are, where they come from, how easy it is to get their visas, how basically ...

**Deputy M.R. Scott:**

Okay. We look forward to following up on this.

**The Minister for External Relations and Financial Services:**

Thank you.

**Deputy M.B. Andrews:**

In relation to our relationship with the U.K., of course it has only been recently that it is the legislature we have reconstituted. Of course there have been several issues with the Prime Minister being replaced in the U.K. In terms of the level of progress that we are hoping to achieve, has that been hindered somewhat?

**The Minister for External Relations and Financial Services:**

I would say a little bit. Of course what we have is we have got from an official point of view the officials do not change in the U.K. and our officials have great relationships with the M.o.J. (Ministry of Justice), with Treasury, with D.I.T. (Department for International Trade). There is also the political side where you have to have political relationships and that is my job, together with Ministerial colleagues. Yes, it has been a bit uncertain. Who I am writing to, I have written to a number of Ministers because they have changed. But I am hopeful, as I think we all are, that there is going to be a more settled Ministerial responsibility, certainly as far as M.o.J., Dominic Raab holds that portfolio. He has delegated that to Mike Freer: "Delighted that you could come within 4 days of being appointed to Jersey, very welcome." Saw him again 2 days ago. Now we know who is in D.I.T., Greg Hands, been working with him. We will be working with the other Ministers. We are catching up, we need to be co-operative but we of course cannot criticise and we just have to work with whoever the U.K. elects.

**Deputy M.B. Andrews:**

In relation when you said you were delayed a little bit, what aspects would you say overall you have been delayed in?

**The Minister for External Relations and Financial Services:**

Trade.

**Deputy M.B. Andrews:**

Trade.

**The Minister for External Relations and Financial Services:**

Yes, you well know I think that there has been a massive change. The Prime Minister sets the tone and there have been some changes in relation to that. Change in Chancellor, all of these things. It would not be appropriate to go into individual details. All you want to hear from me is that we are on the case when Ministers get appointed and getting straight to see them and we are, and that is why I have been in London for the last week.

**Deputy M.B. Andrews:**

Minister, would you say ...

**Deputy M.R. Scott:**

Excuse me, sorry, I am temporarily leaving the room and I am passing the chair to Deputy Kovacs.

**The Minister for External Relations and Financial Services:**

Thank you, Chair.

**Deputy M.R. Scott:**

I will be back soon.

**The Minister for External Relations and Financial Services:**

Acting Chair.

**Deputy R.S. Kovacs:**

Yes.

**Deputy M.B. Andrews:**

Sorry, so in terms of the appointment of the new Chancellor, do you feel that there is now more stability for the Island as well in terms of the level of trade that has been going on in recent times?

**The Minister for External Relations and Financial Services:**

I was delighted that the Chief Minister could meet directly with Prime Minister Sunak at the British-Irish Council last week. I know she had some good discussions with him. The Prime Minister sets a tone but also it is the individual Ministers that are responsible. I am not sure I can add much further than what I have already said. But it is really important we have those direct and personal relationships with Ministers at a political level supported by officials. You have got the slightly odd

situation in the U.K. as well that they have spats, their special advisers to Ministers and that sort of changing piece. But we map all of these issues, we map who we need to speak to as when, and I need to be in touch with any Minister that could intentionally or unintentionally benefit or compromise us and we are alive and well. The Economic Crime Bill is something we are looking at in detail at the moment.

**Deputy M.B. Andrews:**

Okay, thank you very much.

**Deputy R.S. Kovacs:**

Just because we have 7 minutes out of the time allocated, can I just ask because we have a more questions after, if you can stay another 10 or 15 minutes?

**The Minister for External Relations and Financial Services:**

We would be delighted.

**Deputy M.B. Andrews:**

Yes.

**The Minister for Treasury and Resources:**

I will need to leave at 12:00 pm but that is not a problem; it is not a problem.

**The Minister for External Relations and Financial Services:**

I am accountable, I am here.

**Deputy R.S. Kovacs:**

Okay. Yes, just to try to respond to as many as possible.

**Deputy M.B. Andrews:**

Moving on, sorry, to legislative priorities. We note as a panel from the Ministerial plan that amendments to financial sanctions legislation are due to be lodged. Could you just be a bit more specific in terms of what that will involve?

**The Minister for External Relations and Financial Services:**

Happily. That will be some changes; I will ask Dan or George to come and join us here. In respect of sanctions, that is about the competence; that is about the E.U. versus U.K. sanctions. We will be following instead U.K. sanctions. There are some other drafting issues we need to deal with sanctions. George, these are not announced yet but, please, if you can ...

**Director, Financial Crime Strategy:**

To one sanction side, one side is just adhering to the international standards changes and the other is, as the Minister has mentioned, the E.U./U.K. sanctions point.

**Deputy M.B. Andrews:**

Okay, thank you very much. In terms of a timeline as well for the legislation, how long will it be?

**Director, Financial Crime Strategy:**

My understanding is Q1 next year for lodging; Q1 and Q2 is the estimated time for that.

**Deputy M.B. Andrews:**

Okay, perfect. Also in terms of when we are looking at the draft regulations prior to lodging, would that be possible for us as a panel to just have a breakdown just to have a look at that and to provide Scrutiny?

**The Minister for External Relations and Financial Services:**

Of course, willingly. Willingly. I would alert the panel for anything that was really controversial. I do not think these things are particularly controversial; they are housekeeping matters. If I may say but more than happy, Chair, to brief the panel as appropriate.

**Deputy M.R. Scott:**

Thank you.

**The Minister for External Relations and Financial Services:**

We will always bring stuff to you early if it is majorly important.

**Deputy M.R. Scott:**

Right.

**The Minister for External Relations and Financial Services:**

You will understand that quite a lot of it is housekeeping and this is in the housekeeping area.

**Deputy M.R. Scott:**

I have resumed the Chair and we are just going to move on to some questions, please, bearing in mind that Deputy Gorst cannot stay too long and we will be moving on to questions about financial services. I will ask Deputy Kovacs to continue, if that is all right, Deputy Andrews.

**Deputy R.S. Kovacs:**

We are on financial crime. What is Jersey doing to combat this financial crime, both now and in the future?

**The Minister for External Relations and Financial Services:**

You can go ahead, and I will fill in.

**The Minister for Treasury and Resources:**

The thing that it is doing and focused on now is preparation for the MONEYVAL assessment. They are the body which will assess Jersey's compliance with the F.A.T.F. (Financial Action Task Force) requirements. That has been a process that we have been delivering on and making changes on for a number of years now. That affects not only government but also all of the agents, relevant agencies across the Island. It is law officers, prosecution service, E.C.C.U., as the Minister just said, it is the police service and it is the regulator as well. We have put in place a new structure with a political oversight group. The relevant Ministers sit on the group, the relevant principals of those authorities together and we have a national co-ordinated strategy. We have done all of the work around risk assessments for anti-money laundering and risk assessment for countering the financing of terrorism. We have made several changes to legislation and processes. We are coming now to what we might refer to as the sharp end, having to complete our questionnaire and preparing ourselves for the on-site visit of the evaluators.

**Deputy R.S. Kovacs:**

Okay, thank you. In relation to financial cybercrime, how is Government combatting it and is it something you are doing alone or external parties involved?

**The Minister for Treasury and Resources:**

Do you want to talk directly about that?

**Director, Financial Crime Strategy:**

Yes, so cybercrime specifically relates now to the Cyber Emergency Response Team, which is being led out of ... it has been an initiative, it sits under the Minister for Economic Development, Tourism, Sport and Culture, coming out of the Economy Department. It is important to note the C.E.R.T. (Cyber Emergency Response Team).je works very closely with other authorities but notably the police with the Jersey Financial Services Commission and directly with the industry. You may have noted recently that cybersecurity month occurred in October and I think that probably more ... if you were not hearing about financial crime prevention you were hearing about cybersecurity prevention or cybersecurity I should rather say. There is a lot of work going on there and we do work in lockstep together.



**Deputy R.S. Kovacs:**

Okay, thank you. How involved are you in the industry to ensure they are doing all they can to combat financial crime, while minimising excessive compliance burdens and red tape?

**The Minister for Treasury and Resources:**

That is part of the programme that we have; the political oversight group, we have got the national structure but throughout all of this process, so changes in legislation, preparation for MONEYVAL, the M.O.T. (Ministry of Transport) review that we did, all of those things, we have been doing in consultation and in engagement and in education with the industry and of course the regulator is responsible for regulating and supervising to make sure that the industry is doing that in practice.

**Deputy M.R. Scott:**

External parties?

**The Minister for Treasury and Resources:**

Sorry?

**Deputy M.R. Scott:**

There were external parties involved.

**Director, Financial Crime Strategy:**

Yes. If I may add, Minister, the Combatting Financial Crime Together campaign that we have been running for the last year is kind of the ... I guess that is the tangible result of that. We have conducted a number of live events this year, a number of which you have been invited to and I know some of you have attended; both the physical and virtual.

[12:00]

We cover a significant amount on that. It is very much about bringing people ... bringing forward together; that is very much the view.

**Deputy M.R. Scott:**

No specific agencies mentioned yet but you were going to say ...

**The Minister for External Relations and Financial Services:**

All the agencies involved.

**Director, Financial Crime Strategy:**

All the agencies.

**The Minister for External Relations and Financial Services:**

All the agencies, Chair, all of them.

**Director, Financial Crime Strategy:**

Jersey Finance and the industry, everyone.

**Deputy M.R. Scott:**

All the external agencies.

**The Minister for External Relations and Financial Services:**

Absolutely; the regulator, Jersey Finance, law officers, all the rest of it, and if I may say that combatting financial crime has been used by Australia now, so we should have been doing that for that. What I would say on that, an indication that you have got multi-Ministers dealing with it, F.A.T.F. want to see political interest and involvement and commitment of that. When we look at the Cayman, Malta, Gibraltar assessments that are being made, it is very clear that while there have been supervision law enforcements and sanctions issued and beneficial ownership registers, what they want to see is Ministers taking an active interest, not just when the report comes out but prior, which is why Deputy Millar and myself, in the absence of Deputy Gorst, attended that training session 2 weeks ago. We are looking at it. The point that I made about data analytics in the leadership of Singapore, Ministers are interrogating the data to understand it and then inform and give our officers the right resources in the right places in order to do that. I cannot tell you how we are going to deal with MONEYVAL because it is like an assessment. I cannot tell you what examination result we are doing. All I can say is we are working jolly hard across Ministers in order to deal with the MONEYVAL assessment, which is complex. Of course it will be tough for Jersey and it rightly should be.

**Deputy M.R. Scott:**

Yes, thank you. I do know that we had some questions on MONEYVAL that I suspect we will be submitting in writing given the timings about that. Just in terms of the Financial Services policy framework, accepting the MONEYVAL kind of input, is there any other kind of ... how else do you expect it to be updated, other than to respond to MONEYVAL in any way?

**The Minister for External Relations and Financial Services:**

Is that just in terms of international standards section 5?

**Deputy M.R. Scott:**

I believe that you are updating the Financial Services policy framework and that to some extent would be in response to MONEYVAL.

**The Minister for External Relations and Financial Services:**

No. It is basically MONEYVAL is part of ... probably the most important short-term issue of international standard compliance. Where I said earlier I think there could be an addendum done to the financial services thing is in terms of green finance. These documents ...

**Deputy M.R. Scott:**

Right, so we are back on green finance.

**The Minister for External Relations and Financial Services:**

I think we should regard these things as very much living documents. They are indicating directions of travel and where there are specific issues, as dealt with by James Silverston, where we see these particular new things. If you are small you need to be fast-moving and nimble and where we see there is an opportunity, which green finance is even more important than when it was published at the end of 2021, will add to it. We will add addendums to it as appropriate where to do it.

**Deputy M.B. Andrews:**

Minister, in relation, say, to green finance, do you think this is probably one of the bigger areas moving forward over the next few decades in terms of where we are going to be seeing private capital investment in?

**The Minister for External Relations and Financial Services:**

Without question and that is why we are identifying it as a new separate screen and calling it green finance.

**The Minister for Treasury and Resources:**

But not the next decades.

**Deputy M.B. Andrews:**

No.

**The Minister for Treasury and Resources:**

Much quicker than that they say is ...

**Deputy M.B. Andrews:**

Much quicker.

**The Minister for External Relations and Financial Services:**

We want it faster.

**Deputy M.R. Scott:**

To what extent will the policy framework recognise and address the current financial services landscape, if you like, insofar as the impact of a number of business owners and employees being mid-50s and close to retirement with less appetite to work full-time?

**The Minister for External Relations and Financial Services:**

I think it is a skills issue, is it not, which is what we spoke about before?

**Deputy M.R. Scott:**

It is a people issue about who will work.

**The Minister for External Relations and Financial Services:**

Yes, it is a skills issue with having the right skills in order to service our financial services industry and I cannot really add any more to the comments I made earlier about what we are doing in terms of skills overall. This is very much a short, medium and long-term issue. We do have, as also France has got, the issue of people retiring. Post-COVID there are not enough workers around. We need to try and work out how to do that. Can we incentivise them? Can we encourage them back? Is it flexible working? Is it greater female participation? Can we rely on people outside of the Island in order to work for Jersey in these areas, subject to regulatory control? All of these issues are live issues.

**Deputy M.B. Andrews:**

Minister, would you, potentially, be looking at maybe market incentives in terms of maybe, say, there being amendments to taxation to try and get people back into the workplace in specific areas?

**The Minister for External Relations and Financial Services:**

I am not sure it is tax, Deputy.

**Deputy M.B. Andrews:**

It was just an example, for instance.

**The Minister for External Relations and Financial Services:**

No, I am not sure it is tax but we are open to any sort of suggestion, such is the acute recruitment crisis that we are seeing. But that is a recruitment crisis on the back of a very buoyant economy

and that is business coming to Jersey, as we said, from New York, which is business, which is a new line of business, which we are very excited upon. The experience shows in the past that where there has been international turbulence there is a flight to security and safety. When we look at the strength of our public finances, people are not wanting surprises in terms of what we are going to do in terms of tax. We are benefiting when other jurisdictions are not in a turbulent way because we have been prudent in our financial services and we need to continue that. The magic money tree that was around in the last Government is gone, so we are being absolutely clear in terms ... it never existed but it was talked about. It was not there. I may be unfair but we are the Island of sound money, that is how I described my colleague at Treasury and Resources at the E.U. dinner; we are the Island of sound money and that is going to be a very important selling point, in addition to the strength of our judiciary, the strength of our regulation; we are the Island of sound money.

**The Minister for Treasury and Resources:**

Chair, unfortunately I do need to depart but we are absolutely ...

**Deputy M.R. Scott:**

Thank you.

**Deputy R.S. Kovacs:**

One quick question before you go.

**The Minister for Treasury and Resources:**

... happy to provide any written ...

**Deputy M.R. Scott:**

Yes.

**The Minister for External Relations and Financial Services:**

You can ask me anything.

**The Minister for Treasury and Resources:**

Yes, indeed.

**Deputy R.S. Kovacs:**

No, from both of you, can you, just for the public, highlight what your personal objectives are as priorities for 2023?

**The Minister for External Relations and Financial Services:**

What, you want a quick answer, Deputy?

**The Minister for Treasury and Resources:**

Mine is to maintain an Island of sound money, public finances that are in balance, building on the stable foundation that we have got and making sure that what we do is sustainable and affordable.

**The Minister for External Relations and Financial Services:**

My objectives are to ensure that we have great relations with those jurisdictions that we need to. I can alert to you, to the panel, for the first time that we have approved our Common External Relations Policy. I hope you have received a copy of it confidentially. I am not able to speak publicly about it, that new and exciting updated document. I will be probably likely making a statement to the States and revealing it to the States on Tuesday. But you will see the work of my priorities. It is U.K., France and the rest of world prioritised by country. I am absolutely over the moon with the services I have from my External Relations. We have been covering an awful lot of ground. You have asked me about the U.S., you have asked me about France, Brussels and London and look at what we have done already and we have not even published our plan.

**Deputy R.S. Kovacs:**

You are able to stay for 10 minutes or ...

**The Minister for External Relations and Financial Services:**

I will willingly.

**Deputy M.R. Scott:**

Thank you, Deputy Gorst.

**The Minister for Treasury and Resources:**

Thank you very much.

**The Minister for External Relations and Financial Services:**

I am grateful for the Assistant Minister and the other team. As you will understand, they are important issues which we are dealing with as well, but we are here for you and I can answer anything.

**Deputy M.R. Scott:**

That is good to know. Minister, in the context of Financial Services policy framework, we also wonder the extent to which it is going to be recognising and addressing the housing and living costs

as a major contributor to the Island's human resource strain among the younger population and the role as a potential disincentive for external investment.

**The Minister for External Relations and Financial Services:**

Sorry, external investment in respect of ...

**Deputy M.R. Scott:**

Housing and living costs, so 2 aspects.

**The Minister for External Relations and Financial Services:**

You are obviously right. Firstly, we have seen the extraordinary increase in house prices over the last 4 years where an average 3-bedroom house has gone up in excess of 60 per cent, 70 per cent. We are seeing that Jersey has become or became quite unaffordable for many people. Many people think that financial services people earn lots of money. The reality is a lot of them are on some high salaries but we have been finding a real problem with recruiting. This is before the financial crisis undertook way in the last few months; that Jersey became uncompetitive. Also, the cost of living in Jersey being so very, very high, you would forgive me for reminding you that I was responsible for the Competition Law and C.I.C.R.A. (Channel Islands Competition and Regulatory Authorities). I want to see a greater focus and I know the Minister for Housing and Communities is doing that in housing supply. There is no doubt at all that we have got an insufficient housing stock to meet the population; that has been an interesting situation, the family breakups, this has followed COVID, families deciding to reorganise themselves in terms of that, not particularly convinced that there are many empty properties around but those that are decisions are being announced now. We need to be absolutely clear that we are going to have the right housing stock in the right place and it is going to be built and from financial services recruitment this has been a real problem.

**Deputy M.R. Scott:**

Thank you. On that score, there has been a pattern, and I suspect it is going to be a continuing pattern, perhaps you may agree, of consolidation of businesses, both locally and globally. To what extent would the Financial Services policy recognise and address that?

**The Minister for External Relations and Financial Services:**

We have seen consolidation happen within banks over a long period of time. We have seen a lot of consolidation in the trust sector, a lot of trust companies that were previously part of accountancy and law firms have been sold. Some of them have then gone into private equity; they have then merged themselves. I think what we want from a policy point of view to ensure is that notwithstanding there is inevitable consolidation of groups. I am happy to say a lot of consolidation into Jersey but we also want to see a competitive landscape of some new and upcoming firms in

these different areas that will serve those bespoke needs. You are dealing with, effectively, a number of industries within professional financial services, you are dealing with accountants, you are dealing with law firms, you are dealing with trust and company service providers, you are dealing with specialist funds administration firms and you are looking at all of those issues in terms of wanting to have a competitive offer for those clients that want to use Jersey.

**Deputy M.R. Scott:**

Given the economies of the scale and the size of the jurisdiction and the challenges for our workforce, how realistically can you support competition within these areas?

**The Minister for External Relations and Financial Services:**

You would know from your own esteemed professional career that you will see upcoming smaller firms. We have seen a number of law firms which are now focusing on domestic law; that is great. We have seen a number also of new firms that are concentrating on international law. In terms of trust and company service provision we have seen consolidation in some. We have seen bringing to Jersey some trust companies. We think we can see but I cannot really answer that because you have got to take each subsection of the individual financial services sectors. As you said before, Deputy Chair has said, is that there is such a move, you cannot really almost pigeonhole sometimes an entity that when is a finance firm not a tech firm? You have got all these sort of moving parts that are going on and I think technology represents that enormous opportunity to be a more competitive outreach for Jersey. People that use Jersey should have competitive suppliers of those different services and that is what we want to see from a policy point of view.

**Deputy M.R. Scott:**

In that respect though you did mention the development of people who come up with their own individual, if you like, specialism. Is there not a kind of conflict when you are saying you want there to be competition but you might not be really quite addressing the fact that there will be this consolidation that naturally takes place as a result of ...

**The Minister for External Relations and Financial Services:**

But both are happening, are they not?

**Deputy M.R. Scott:**

Right.

**The Minister for External Relations and Financial Services:**

We cannot control consolidation, it is happening. It happens from time to time at various different paces and different sectors. We saw it in the early 2000s in terms of banks. Then we basically



relaxed our banking policy approval relationship in order to encourage new banks from new different jurisdictions. You think also banks that operate but do not call themselves a bank that are, effectively, credit card and bank account people. You have got a whole massive changing landscape and we need to be nimble to understand what the barriers to entry are for these new services but they need to be within the remit of our regulated requirements of Jersey. James, do you want to add anything?

**Director, Financial Services:**

I think that takes quite some time, if you take the banks as an example, we have like 20 banking licences here, our first priority is to ensure it is an environment where the banks that are here want to stay. Secondly, we look for specific opportunities in terms of where they want to move one. From a regional basis you can understand how a bank with, for example, opening an office in Singapore, south-east Asian footprint may very much want to come here to service their international customers. You look for particular opportunities but it is the whole of those 10 pillars and the quality framework which work together.

**The Minister for External Relations and Financial Services:**

We want an ecosystem which is deep and wide in terms of its knowledge and its capability, with increasingly specialisation in best both areas.

**Deputy M.R. Scott:**

Have you got any more questions that you wish to ask in specific?

**Deputy R.S. Kovacs:**

The MONEYVAL we will send in writing, those are quite complex.

[12:15]

**Deputy M.R. Scott:**

Yes, we will send some additional questions about MONEYVAL.

**Deputy R.S. Kovacs:**

I do have a last one.

**Deputy M.R. Scott:**

You have a last one, so you do have a question, all right.

**Deputy R.S. Kovacs:**

What measures are you and will you be taking to minimise your carbon footprint as the Minister for External Relations and Financial Services and to encourage foreign dignitaries to do so?

**The Minister for External Relations and Financial Services:**

What a good question. It is very difficult, as your Minister for External Relations and Financial Services that wants to have face-to-face meetings and is expected to have face-to-face meetings in my areas. Of course I have not actually discussed and resolved a policy but you cannot not have your Minister for External Relations and Financial Services getting on planes and meeting people. There is no alternative but to have face-to-face meetings. I learnt that in New York, in Washington and in Brussels and in London. I try and be a good citizen in terms of being carbon aware. I can practice as I preach. We can use transitional fuels in our cars but I need to get on planes and fly. I do it at least cost but there is no alternative. You would not have been happy if you saw me on a screen. I cannot be a ...

**Deputy M.R. Scott:**

I do not think you can say that necessarily.

**The Minister for External Relations and Financial Services:**

Pardon?

**Deputy M.R. Scott:**

I am just saying that you are making an assumption there, so just pointing that out.

**The Minister for External Relations and Financial Services:**

I think it would be disrespectful if I was not face-to-face with you today. I have come back from London to be here directly with you because I think it would be disrespectful to the panel to be trying to say that I am on Teams. You want to see me. Maybe another hearing you may be happy to have me on Teams.

**Deputy M.R. Scott:**

Exactly.

**The Minister for External Relations and Financial Services:**

But as the first public hearing I thought it was showing absolute disrespect to you not to be here in person.

**Deputy M.R. Scott:**

Thank you, Minister. But what we have accepted is the possibility that we would be prepared to have Teams meetings if that served the environment.

**The Minister for External Relations and Financial Services:**

Thank you.

**Deputy M.R. Scott:**

I am just trying to bring that in a context of the relationships that you are developing with foreign dignitaries.

**Director General, External Relations:**

Just very quickly, I would like to say that External Relations, like all the other government departments, are considering our carbon footprint and we are having discussions with the carbon neutral team about how we might improve that footprint. It is difficult for us for the reasons the Minister has just said but that does not mean we are exempt from those considerations, so we are part of the programme.

**Deputy M.R. Scott:**

Thank you.

**The Minister for External Relations and Financial Services:**

I was delighted that Deputy Jeune could be basically doing almost an External Relations role in Sharm El-Sheikh; she got on a plane, I did not but she did a great job and that is really good.

**Deputy M.R. Scott:**

Thank you very much, Minister, for attending our hearing today and for addressing the panel's questions. Thank you as well to the support team, government officers who have contributed today and to a member of the public who has watched this hearing. Thank you to our own panel's officers as well. Thank you. I declare this hearing over.

**The Minister for External Relations and Financial Services:**

Can I thank you for your courtesy and for your brilliant questions?

**Deputy M.R. Scott:**

Thank you, Minister. I think what I also want to point out is we will probably also send you some questions about the funding of FinTech.

**The Minister for External Relations and Financial Services:**

Willingly, absolutely.

**Deputy M.R. Scott:**

We'll send that and what the panel wants to know is about.

**The Minister for External Relations and Financial Services:**

Okay, great. All right, thank you. Your questions were brilliant. Thank you.

[12:18]