Submission to the Economic and International Affairs Scrutiny Panel: review of the Proposed Budget 2027-2030 (P.73/2026)

From Vijay Khakhria, 5 November 2026. Version 3.6, lodged with the panel officer for publication; it supersedes the draft given to the Chair on 27 October.

1. The proposal

A proposed incentive for generative-AI film production made in Jersey would, on the promoters' economic case, route about £24m of production spending through the island over a two-year pilot, with about £14.4m paid to island businesses, for a net cost to the public purse of about £4.8m. Nothing is asked of the 2027 Budget, and nothing is paid out until a finished film has been certified as made here under published human-led rules.

Generative AI is cutting the cost of making a film while film-makers worry about jobs in acting and production, and audiences want to know whether what they are watching is real or synthetic. Jersey can be the first jurisdiction to answer both concerns by tying a film incentive to a published, human-led framework for generative-AI production.

More than 120 jurisdictions operate production incentives worldwide. They subsidise producers to make their films locally, in return for jobs, skills, economic activity and reputation. Jersey has never had one because it lacks the studios, the camera equipment, the production crews, the actors and the musicians, all of which would have to be brought in by sea or air. Generative-AI-assisted film-making needs none of that. It needs technical production staff working on computers connected to remote data centres, and short sessions in which performers' faces and voices are recorded, which existing island facilities can provide.

The scheme proposes a total incentive of £5m for productions made in 2027, paid from the 2028 Budget, and £8.5m for productions made in 2028, paid from the 2029 Budget. Nothing is asked of the 2027 Budget.

Because the incentive is paid only on island spend, the promoters put the net cost of the full two-year scheme at about £4.8m. If the scheme is fully realised and its ceilings grow with success, the promoters' estimate is about 400 full-time-equivalent jobs on the island by 2031.

The standard behind the scheme was brought to Jersey by a group of some forty producers and directors whose names are recognised worldwide.

2. What it brings the island

The economic case submitted to the Economy department models about £24m of production spending routed through Jersey over the two-year pilot, of which about £14.4m is paid to island businesses. For each £1 of net cost to the public purse, more than £3 is spent on the island at the outset, and the ratio approaches £5 as local skills develop. On the central case the net cost over five years is about £4.8m against payment ceilings of £13.5m; on the best case the public purse ends with a net gain of about £12.4m.

- Jobs and skills for young islanders. Each film made under the scheme provides four paid internships for the whole production. A privately funded training operation sits beside the scheme, and producers and directors with names recognised worldwide have offered to mentor young island film-makers. It is a route into a new profession that keeps young people here. On the promoters' estimate the scheme supports about 54 full-time-equivalent new jobs on the island in its first year and, if its ceilings grow with success, about 400 by 2031.
- Visitors in the shoulder months. Each production spends sixteen to twenty weeks on the island with a visiting core of about twenty crew, and producers go where it is cheap, which means out of season: hotel beds filled in the months the island is trying to fill.
- Reputation. Publishing the first human-led rules for generative-AI production will draw the film industry's attention and have Jersey known for something beyond finance.
- Jersey's position on AI. Tying an incentive to those rules puts the island on the answering side of the technology that is already changing its finance industry.
- The new intellectual property law put to work. Jersey needs a base of regular IP legal work before it can attract and grow IP lawyers. Because the scheme requires each film's rights to be held and exploited here, Jersey can build a reputation as a home for intellectual property: more work for trust companies and banks, and an open

door for film and television rights catalogues to be domiciled and monetised from Jersey, with the fee income, reputation and jobs that follow.

- Unusually low risk. The scheme pays nothing in advance and nothing on promises. It incentivises only productions actually created on Jersey, and pays only once a production is complete. It pays only on the production's certified Jersey spend, so public money only follows private money already spent with island businesses, and a share of each film's worldwide receipts is repaid to the Government.

3. Where it stands

- The Economy department asked the promoters for a full economic case and has reviewed it, in successive editions, since the summer. The promoters have answered in full each question the department has raised.
- The department has asked Digital Jersey to consider one pilot production under the Impact Jersey programme. That is a worthwhile exercise, and the application was lodged on 24 and 25 October. But Digital Jersey's Steering Committee judges grant applications against the programme's own criteria. It is not equipped to assess a fiscal incentive, to do the economic analysis, or to measure the jobs, the spend or the international attention a scheme would bring, and it has not been asked to.
- The department has delegated part of the task, and only part. Its letters of 20 and 21 October say that the pilot application is the route by which the proposal will be assessed by those with the relevant expertise, that a scheme at scale would be considered only after the pilot has been through that process, that it will not progress the wider scheme separately in the meantime, and that the 2028-2030 Budget process will be undertaken next year. The Treasury Minister's office wrote on 22 October that the Minister would not comment further at this stage. No part of Government is therefore examining the incentive itself with a view to implementation.
- The wider scheme has to be assessed now if Jersey is to take the enduring position on offer. The first jurisdiction to publish such rules becomes the example everyone else copies, and a standard that the world's leading producers endorse as artists becomes the de facto standard for the industry. That is why the producer group brought it to Jersey.
- In August the department said it would hold a workshop on 9 November at which Ministers could weigh the twelve film-related inquiries then before it, and its letters of 20 and 21 October looked forward to seeing the promoters there. On 3 November it confirmed that the workshop had been replaced by the Jersey Screen Summit, a public, ticketed afternoon run outside Government by Screen Jersey with a departmental grant towards about half the cost. Ministers will attend. Asked where and when the proposal would otherwise be considered, the department referred the promoters to the summit's organiser, who has since invited me to lead the summit's round table on AI. No forum within Government for weighing the twelve inquiries has been named.
- On 4 November, at the Institute of Directors' panel with Ministers, the Minister for Economic Development was asked how Government would help new businesses start. He said: "we are already talking to a number of people who are interested in establishing biopharmaceutical businesses in Jersey, businesses that take advantage of our new intellectual property legislation, and also there's businesses that want to establish AI film producing in Jersey", and that the department is "trying to understand if there are barriers that exist that are preventing them from establishing". That is welcome: it is the first public statement from Government on AI film production, and it sits beside the letters of 20 and 21 October and the referral of 3 November.

4. The point for the panel

The scheme works financially whether Jersey announces first or second. What is lost by going second is the global spotlight. The first jurisdiction to publish the rules gets the industry's attention, the trade press and the productions that come to be seen working under them; the second gets the same scheme and none of the attention, and Jersey's reputation loses its chance to shine. Nobody in Government is examining the scheme between now and the Budget work "next year", so the question for the panel is not whether the scheme is sound but whether Jersey intends to be first. Unless it decides, another jurisdiction will publish in the meantime.

The objections most often raised, and the answers:

- Jersey cannot offer a tax rebate. True, and none is asked for: the incentive is a cash rebate on certified island spend, paid only after the finished film exists, so the public purse is never ahead of the production.

- Bigger places with deeper pockets already do AI. They do, and none has tied an incentive to published human-led rules. The opening is to be first with the rules, not first with the technology.
- Why would the work happen in Jersey? Because nothing is paid on work done anywhere else (section 5).
- What if no film is finished? Nothing is paid.

5. Ensuring actors, crew and production technicians come to the island and create here

The scheme rules make spend on the island the only route to the incentive:

- nothing is paid by the Government until the certificate described below has been issued;
- all production funds are handled by an independent local production services company, a service any islander or island business can offer; it books the hotels, the meals, the office space and the transport, so it can prove where the money was spent;
- the film's rights are lodged in a Jersey company using Jersey IP lawyers, with worldwide sales routed through a Jersey bank;
- a local independent accountancy firm certifies that the expenditure is correct and that the standards have been met;
- only then does the Government pay the incentive.

Because the rebate is a share of certified island spend, work taken off the island is work the production is not reimbursed for. The incentive itself keeps the actors, the crew and the technicians here.

A cultural test for visiting productions. Conventional location shoots bring the island little that lasts unless the story is set here, and the United Kingdom applies a cultural test to its own film credit for that reason. A production that comes because a corner of Jersey resembles somewhere else (the trade calls it doubling) leaves a hotel bill and a credit line, and other small jurisdictions that paid without asking, the Isle of Man and Malta among them, have the audit reports to show for it. Public money for location filming should buy Jersey as Jersey, and any support for it arising from the 9 November summit should pass a tiered cultural test: the story set in Jersey, Jersey talent cast and Jersey crew hired, the money spent here, the island named in the film's promotion, and more paid, not less, for a film that speaks Jèrriais. The scheme proposed here needs no such test, because its value lies in the work created and the rights held on the island. The case is set out at vijaykhakhria.com/coiwlua9.

6. What the panel might ask the department

This submission asks the panel to consider putting six questions to the department, at the hearing on 13 November or in writing, and recording the answers:

- (a) what plan and timetable the department has, within the 2028-2030 Budget work, for assessing fiscal incentives for film and creative-AI production, and which officer is responsible;
- (b) whether the Common Strategic Policy's growth tests will be applied to such incentives, by whom and when;
- (c) now that the 9 November summit is a public event outside Government, what process the department will use to weigh the film and AI proposals made to it, and how what Ministers hear on 9 November will reach a decision;
- (d) whether the Technology Accelerator Fund's programme plan for 2027 gives any priority to AI, including creative AI;
- (e) whether any support for location filming arising from the summit will be conditioned on a cultural test, as the United Kingdom's own credit is;
- (f) what the discussions with businesses wanting to establish AI film production in Jersey, which the Minister described on 4 November, consist of; what the next steps are and when they fall; and whether this proposal is among them.

A recommendation that the department assess the case for film and creative-AI incentives within this Budget cycle, and report to the panel by a fixed date, would allow a decision before other jurisdictions act.

7. Declaration

I have led the design of the scheme and the economic case since April 2026 at my own cost. I hold a declared, modest interest in a group that would offer production services under the scheme, in competition with any island business that chooses to; any pilot slot is an open call under published rules and I take no part in selection. I am a

non-executive director of Jersey Opera House and of Andium Homes and a member of the Statistics Council; none has any interest in the scheme. I am content for this submission to be published and would be glad to give evidence.

The scheme on one page is at vijaykhakhria.com/bmf9ewgl, which links to the visual explainer and the short films; the resident track for young Islanders is at vijaykhakhria.com/qx1orlta.