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**9 Deputy S.Y. Mézec of the Minister for Economic Development, Tourism, Sport and Culture regarding actions to mitigate any loss of taxpayers' money, and the lessons learnt, in respect of the Jersey Aircraft Registry: [1(202)]**

Following the publication of information that only 2 aircraft have signed up to the Jersey Aircraft Registry, what action, if any, will the Minister's department take to mitigate any loss of taxpayers' money on this project and what lessons, if any, have been learnt for the future?

**Senator L.J. Farnham (The Minister for Economic Development, Tourism, Sport and Culture):**

Can I start by saying there has been no loss of taxpayers' money? The development of an aircraft registry as approved by this Assembly was never intended to be a short-term investment, neither was it expected that it would recover the original investment within a year or even 2 years of becoming operational. This has always at best been a medium to long-term investment for Jersey. I would, however, like to add that the aim of my department is, in the fullness of time, to recover that investment. This is why towards the end of last year we tasked our officers to outline new options to expand and improve the registry. To that end, work is underway to achieve those goals and discussions are taking place with commercial organisations, all of which have broad experience in the sector. These discussions are taking place under a confidential and non-disclosure agreement, so I am sure that Members will understand that I cannot share any details at this stage. To conclude, I would just like to thank Deputy Norton, who has been leading on this for our department, and our officers for their efforts. Although I cannot deny that this is not going to be challenging, I would like to assure Members that we are and will continue to do everything possible to ensure that our aircraft registry is a success given time.

**Deputy S.Y. Mézec:**

A supplementary?

**The Deputy Bailiff:**

Yes, just a moment, Deputy, I think we are inquorate. Yes, could I ask any Members in the coffee room to return to the Assembly? Are we now quorate? Yes, we are. Very well. Sorry, Deputy, please ask your question.

**3.9.1 Deputy S.Y. Mézec:**

If I can remember it. When you compare Jersey's aircraft registry to the registries in the Isle of Man and Guernsey, it is clear that ours is progressing at a much, much, much slower pace than theirs were. In fact, at the current rate, it will take Jersey 200 years before we reach the same number of aircraft as Guernsey. I do not want to mix up any metaphors here but is it not simply the fact that Jersey has missed the boat on this one and would it not be better to just mitigate our losses from this point when it is going to take far too long before we are in a position where this does become a viable investment?

**Senator L.J. Farnham:**

No, I do not agree with that. The Isle of Man started their aircraft registry in 2007. It started slowly and has become very successful. The same happened in Guernsey. They started slightly later but they did get a couple of years more than us and that has proved beneficial. We are late to the market with this, there is no denying that, but there still is opportunity for us to move forward. I think the mistake we possibly made with hindsight - and hindsight is a wonderful thing - is that we

targeted our registry to private and corporate aircraft where, really, we should have gone for the commercial sector as well. But, as I said, work is being undertaken in my department and I will be coming back to the States as soon as possible to change the legislation to enable us to expand our market into that sector which I think will be of great benefit.

### **3.9.2 Connétable J.E. Le Maistre of Grouville:**

Does the Minister know whether our registries, both aircraft and shipping, are financially competitive and do we provide as good a quality service as the Isle of Man and Guernsey who are obviously our immediate competitors?

#### **Senator L.J. Farnham:**

Yes, I think they are and I think we do. I would like to praise our shipping registry in particular for the good work they are doing in expanding that. There are opportunities for us to go into category one shipping and we are having discussions like we are having discussions with the Minister for External Relations and that is an option that we are exploring. As for the Aircraft Registry, yes, we have at least the same, if not better, opportunities in our competitive aircraft registries to grow our market but that is going to take some time and it is going to be challenging, although we have got off to a slow start. In my department, when the ship lets in a bit of water we do not jump, we grab a bucket and we work together and we sort it out, and that is what we are doing here.

### **3.9.3 The Connétable of Grouville:**

Part of the question was: are we financially competitive? It is very difficult to know whether our quality is as good.

#### **Senator L.J. Farnham:**

Yes, we are financially competitive.

### **3.9.4 Deputy S.M. Brée of St. Clement:**

It has been identified that this particular project has cost the Island £860,000 so far. Will the Minister please tell this Assembly how much more money and time he is going to take and spend until he accepts that this is a doomed project due to the lack of expertise and management within his department?

#### **Senator L.J. Farnham:**

That is the spirit; it is always nice to get a strong, supportive message from Deputy Brée. This is not a waste of money, this is an investment in the Aircraft Registry, it is an investment in the future for Jersey. Now, the bulk of the investment has been made, it would be absolutely foolish to walk away from that now. We have a structure in place to take advantage of this. I think the Deputy tends to focus on the cost of everything and the value of nothing. This investment we have made is valuable if we all work together to make it work.

### **3.9.5 Deputy S.M. Brée:**

A supplementary, please? Since November 2015, there have been 2 aircraft registered on the registry. One, a private plane was the test aircraft to ensure the registry worked, the other one is a helicopter. I ask again the Minister to explain why, since November 2015, apparently, his department has done nothing to add any aircraft to the registry through marketing, through promotional activity and also why he does not feel that this would be best placed into the hands of the Ports of Jersey who have the expertise in that area whereas apparently his department does not? Thank you.

**Senator L.J. Farnham:**

The Deputy is wrong. The first aircraft was not a test, it was an aircraft that belonged to a resident and, if the Deputy did a bit more research, he would find out that a considerable sum of G.S.T. was raised from the transaction. If the Deputy would have listened to my earlier answer, he would have heard me say that with hindsight we would not have just focused on corporate and private aircraft, we would have expanded to the commercial sector. We gave the registry a year for when it became operational and our department did not do nothing. It worked with relevant aviation experts to try and promote and get registrations. It was not successful. We got 2, we had a target of 12, so we are doing something about it. I would hope Members, especially Deputy Brée who is chairman of our Scrutiny Panel, would be more supportive and work in the best interests of Jersey. It is not in the best interest of Jersey to try and say: "We should throw this money away", it is in the best interests of Jersey to get behind this and support it so we can make it work.

**The Deputy Bailiff:**

I have Deputy Tadier, Lewis, the Deputy of St. Mary, Deputy Southern, then I will do a final supplementary with Deputy Mézec.

**3.9.6 Deputy M. Tadier:**

I am loving listening to this "ministry of spin" where the Minister stands up and says: "We had a very low bar target in the first place of 12 per cent. We managed to get 20 per cent of that which is 2 out of 12." Well it is less than 20 per cent, is it not? It is one-sixth and he tries to spin that as a victory. Is it not a bad gambler who says: "We put in so much money, we have clearly lost, we have got to write that off. But that amount of money is far too much, I am going to not only call but I am going to raise into the next round, even though the cards that I am holding are 7-2 off suit." The Minister will know exactly what I am talking about with that.

**The Deputy Bailiff:**

Well could you ask the question, please?

**Deputy M. Tadier:**

Well that could be a question, but I will ask the real question which is, it is not about hindsight, it is about having basic knowledge. When you have got the Isle of Man with a pre-established and long-established aircraft register and you have got Guernsey similarly but also with the competitive advantage of not having to charge G.S.T., it is quite clear to any G.C.S.E. (General Certificate of Secondary Education) or even primary school student that that is not a very good starting position to start off with.

[11:15]

**The Deputy Bailiff:**

Deputy, this is a speech, it is not a question.

**Deputy M. Tadier:**

Does the Minister accept that this was doomed to failure from the start and for whatever reason, perhaps lack of political oversight or whatever, it was not going to work and now is the time for the Minister to put his hands up, accept that and walk away?

**Senator L.J. Farnham:**

Absolutely not.

### **3.9.7 Deputy A.D. Lewis:**

Could the Minister explain as to whether having G.S.T. on corporate aircrafts, for example, is an impediment to acquiring that element of business? Does it make us uncompetitive? Also, if we are looking to create more on the registry than kept and stored locally, is hangarage an issue? There is currently very little hangarage at the airport. If you want to attract owners of large corporate aircraft with highly-valuable equipment, they need to put it in a hangar; there is no hangarage. What is the Minister doing with the Ports of Jersey to alleviate these 2 issues: hangarage so locally-owned aircraft can be bought and used locally and also is G.S.T. an impediment to being competitive?

### **Senator L.J. Farnham:**

Can I just start by talking about hangarage and, yes, there is a shortage of hangarage but that has been identified by the Ports of Jersey in the Masterplan. They are working with the sector to ensure that is addressed but we cannot get more hangarage quickly enough. At the last aviation event that was over here, I was talking to the sales director of one of the world's leading provider of commercial jet aircraft who said he had lost a number of sales to Jersey residents simply because there was not enough hangarage. Turning on to G.S.T., well, G.S.T. is more applicable to the purchase of the aircraft than it is to the registration of the aircraft. Just referring to an answer I gave a minute ago; I believe the G.S.T. raised on the aircraft that was registered here, because it was bought by a local resident, was £360,000 from one transaction. So, in relation to the registration of corporate aircraft, there are already some exemptions that are in place for components of aircraft. The challenge we have is the perception because, although G.S.T. has a very little impact on the registration of aircraft, there is a perception that we have G.S.T. where Guernsey does not. In reality, it makes very little difference but that is a challenge and it is a good question.

### **3.9.8 Deputy A.D. Lewis:**

A supplementary? If hangarage was an issue, and still is an issue in trying to attract local residents to own such aircraft and register them locally, why was that not part of your business plan to create hangarage more quickly? It is not a huge construction issue building hangarage, why is that taking so long?

### **Senator L.J. Farnham:**

I think that sits in with the Ports of Jersey business plan; they have identified it. With hindsight, yes, I think we should have been more attuned to that back in 2011 and 2012 when this idea was being incubated. But the Ports of Jersey are on the case with our full support and I have urged them to work as quickly as they can to provide more hangarage for local aircraft.

### **3.9.9 Deputy D. Johnson of St. Mary:**

The Minister will recall that at the public hearing held last week his Assistant Minister advised that he was confident that there will be further aircraft entered on the register before the end of June. In answer to a further question, the Assistant Minister advised that this would be at no further cost to the States. Would the Minister please clarify and confirm that he agrees with both those statements?

### **Senator L.J. Farnham:**

As I remember it, the Assistant Minister was hoping to come back with what we are doing in the next stage by the end of June. We cannot guarantee, and I would not guarantee, how many and when aircraft are going to be registered. I will guarantee there will be future registrations and over

a period of time that will build up. Towards the end of last year, it was identified that the current strategy was not proving effective so we significantly reduced the amount of expenditure that the administration of the aircraft registry was utilising. That has been reduced now while we are in discussions with third parties to a very low amount, for example, we are covering the legal requirements for insurance and so forth.

**3.9.10 Deputy G.P. Southern:**

Given the absence of any plan going forward, as the Minister so often wants to say, what targets will the Minister admit to and in what timescale in order to assure himself that the scheme that he is going to devise over the coming 9 months, let us say, to the end of the year, to make it successful is working and worth maintaining?

**Senator L.J. Farnham:**

There is a plan and the plan is, despite the Reform Party's best efforts, is to make this work. We want success for the Aircraft Registry. I am not going to fall into the trap now of naming targets and objectives. The objective is to make this work and I hope States Members will get behind it. I know the Council of Ministers are supportive and my department is working very hard and we will undertake to do whatever we can to make this a success.

**3.9.11 Deputy G.P. Southern:**

Supplementary, if I may? Would the Minister not agree that his plan to make things better is to make things better and would be appropriate to attribute to Baldrick?

**Senator L.J. Farnham:**

Sorry, I missed the last. Could you repeat ...

**The Deputy Bailiff:**

I am afraid I did not hear the last part either. It was a reference to Baldrick, was it?

**Deputy G.P. Southern:**

Yes, Sir. "I have got a plan."

**Senator L.J. Farnham:**

Pots and kettles, I will leave at that.

**The Deputy Bailiff:**

I think that is ... we will move on to the final supplementary from Deputy Mézec in that case.

**3.9.12 Deputy S.Y. Mézec:**

When they can come up with such great detail like this it is so difficult not to have confidence in their abilities, is it not? A couple of months ago I asked a written question of this Minister asking him to list everything that he had done in office that he believed could present a tangible effect on economic growth and 7 items on that list were to do with the Aircraft Registry, which we now know has had no tangible impact on economic growth and simply has a theoretical impact in the future, which on current trends will be 200 years in the future before we are even on par with Guernsey. Is it not in the best interests of Jersey to recognise when the Government has made a mistake and cut their losses at that point? Is it not better for taxpayers to say: "We are not going to waste money on something that is going to take so long and perhaps never see a return to taxpayers", whether it is on the Aircraft Registry, whether it is on the Innovation Fund and that it is in the people of this

Island's best interest to have a Government that recognises when it is just not good at something, is that not the better way forward?

**Senator L.J. Farnham:**

No, what absolute rubbish. The Deputy is on form this morning. He has given us more rubbish than he normally does.

**The Deputy Bailiff:**

I think you might afford the President an opportunity to speak before criticising him for not having done so. I point in the general direction from whom said: "He does not get pulled up." You really cannot say that it is rubbish. You can say you do not agree but to stand up and simply comment that what someone else has said is "absolute rubbish" is not very parliamentary.

**Senator L.J. Farnham:**

Well, I have to disagree with what the Deputy says. What are we doing? We are going to make this work. The Deputy can cast all sorts of aspersions. But what have I done for the economy? What has the Reform Party done? What they do they do absolutely nothing, except protest all the time. That is all they do. They protest and complaint and protest and complain. They do not come up with any solutions. Do you know what would be in the best interests of Jersey? Is for the Reform Party to come along with some advice. They like giving out advice, come and talk to me, come up with some ideas for making the Aircraft Registry work.

**Deputy S.Y. Mézec:**

Yes, close the Aircraft Registry down, that is our advice.

**The Deputy Bailiff:**

Senator, this is not an opportunity for an attack on a political party or indeed an attack directly at Government. The question that has been asked of you is simply: "Would it not be better in circumstances such as this that the Government accepts that it is not working and effectively walk away from it?" That really is the question.

**Senator L.J. Farnham:**

I was just getting warmed up as well, Sir.

**Deputy M. Tadier:**

Would the Minister give way?

**Senator L.J. Farnham:**

No, I am not giving way.

**The Deputy Bailiff:**

You cannot give way in questions.

**Deputy M. Tadier:**

I was going to say he will have lots of time in the ...

**The Deputy Bailiff:**

Can you really ... please do sit down.

**Senator L.J. Farnham:**

Tempting though it is to be beguiled by the Deputy's wit, I am not giving way.

**The Deputy Bailiff:**

Let us just answer the question.

**Senator L.J. Farnham:**

I do not agree that it is in the Island's best interests to throw in the towel after investing a significant amount of money in an Aircraft Registry.

**The Deputy Bailiff:**

That ends the period of Oral Questions. We come on to Questions to Ministers without notice. The first question period is the Minister for Social Security.