

2018.03.19

4 Deputy S.Y. Mézec of St. Helier of the Minister for Economic Development, Tourism, Sport and Culture regarding plans to re-launch the Jersey Aircraft Registry: [OQ.55/2018]

Will the Minister update Members on the plans to relaunch the Jersey Aircraft Registry, including details on timeframe and budget?

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

I wonder if Deputy Mézec would allow Deputy Norton to take this question, as he has been leading on this.

Deputy M.J. Norton of St. Brelade (Assistant Minister for Economic Development, Tourism, Sport and Culture - rapporteur):

As Members will know, my department has spent a number of months trying to determine whether a different business model can yield the benefits to Jersey outlined when the legislation to establish the Jersey Aircraft Registry was established by the previous Assembly. I am pleased to be able to inform Members that this work has now been completed and that we have concluded that a new business model can, once fully implemented, add to Jersey's offering as an international business and finance centre of excellence. Now in order to maximise the opportunity presented by the registry the Minister has written to Ports of Jersey outlining our wish for them to assume oversight of the operations of the registry. Similar to that, that they successfully have, with the ship's registry. Other than officer time in necessary legislative development the remaining cost to the department will consist of the non-recoverable charges of those services of a registrar. I hope this can be concluded during the remainder of March and April. This will allow the programme of legislation development to be agreed over the summer and the Jersey Aircraft Registry relaunched, we estimate, in the middle of 2018.

3.4.1 Deputy S.Y. Mézec:

The reason I have asked this question was simply after reading the transcript from the recent quarterly public hearing with the Scrutiny Panel about this, and what I wanted to try to find out is: what really is the detail behind this new scheme and how can we be assured that it will be successful where the current one has not been successful? What is the offering that it will be making that will make it more likely to succeed? Do we have any detail about this at the moment?

Deputy M.J. Norton:

The detail that we have is that we are relying on the expertise and the knowledge and the natural home for an aircraft registry, in my opinion, which of course is Ports of Jersey, as I have already outlined. All I can say is that we need to widen the scope of our services that the Jersey Aircraft Registry can offer the market. This is why further developments to our suite of legislation will be necessary. The business model will be approved by the Minister for Economic Development, Tourism, Sport and Culture and, of course, Ports of Jersey, who will be handling it.

3.4.2 Senator P.F.C. Ozouf:

It is good to hear that the Assistant Minister is now working to find a realistic solution to the aircraft registry. Would the Minister confirm that the department, in discussions with Ports of Jersey, is now no longer proposing to sell the aircraft registry to a French company? Would he agree that moving ahead, would it not be better in discussions with Ports of Jersey, to focus around potentially creating

the airport as a special trade zone, whereby a real focus on export services could be really a boost to the Jersey economy without depleting local revenues?

Deputy M.J. Norton:

I thank the Senator. I do not know where he gets his information from but there has never been a plan to sell the aircraft registry to any nation, let alone be it a French company. There has never been that plan, so where he gets his information from I am slightly at a loss to comment any further on. What I can say is that Ports of Jersey, and ourselves, have been working, and I know you are happy that I have started working on this. I have been working on it for 18 months. We have now got to a conclusion that there is a new model and a new way forward and that new way forward will have benefits for Ports of Jersey, that is why it is going there. That will include hangarage. That will include aircraft operators and many other areas, as well of course our financial services, which will benefit the most from this.

3.4.3 Senator P.F.C. Ozouf:

Sorry, my question also included that a special trade zone that has been so successful with the aircraft registries in Switzerland and other places such as that.

Deputy M.J. Norton:

Yes, anything such as that, of course, may well involve question marks over G.S.T. (goods and services tax). There are 2 parts to G.S.T. The first part to G.S.T. with regard to aircraft registries is that Jersey's aircraft registry, in order to compete, must be on a level playing field and have exactly the same international standards of taxation that other aircraft registries enjoy that we do not. Secondly, there is then a question about G.S.T. on privately owned aircraft within Jersey, and that is something that would come back to this Assembly for.

3.4.4 Deputy S.M. Brée of St. Clement:

My recollection of events is that in 2014 the States Assembly approved the establishment of an aircraft registry. The aircraft registry itself was launched in 2015. As I understand it, it currently has, and I am sure the Assistant Minister will correct me, one aircraft on it. Could the Assistant Minister confirm how much money has been spent on the Jersey Aircraft Registry to date?

Deputy M.J. Norton:

I thank the Deputy for his question. He is absolutely right with his dates and, yes, that is the case in terms of it did start when approved by this Assembly in July 2014. In terms of money that has been spent to date - it is the same question the Deputy asked the last time this question was raised - it is exactly the same amount that has been spent since the last time he asked this question. In fact, just under £900,000 has been spent on the establishment and operation of the Jersey Aircraft Registry. Part of that, between a third and a half - I think it is nearly £400,000 of that - has been on the development of online registered software. That was developed by Jersey Finance. That registry software was not only for the aircraft registry but was in fact for software registries that are now in use, such as beneficial ownership. There are many others as well. That software is not just for aircraft registry and some of those funds, of course, have gone on to other things as well. In answer to the question, just under £900,000 has been spent, and he is absolutely right with his figures and everything else.

3.4.5 Deputy S.M. Brée:

I was wondering whether or not the Assistant Minister could confirm how many aircraft are currently registered. He did not quite confirm that point.

Deputy M.J. Norton:

I am sure I did say that he was absolutely correct in his assumption that we currently have, and aircraft registries do change; we had one, 2 and 3 and then 2, and we are back to one at the moment because aircraft move on and off registries. But we do in fact have one aircraft on that registry, which is why we are relaunching with a new business model for exactly that reason.

3.4.6 Senator P.F.C. Ozouf:

I offer no criticism whatsoever to the Assistant Minister but just as the question that Deputy Mézec... because he has inherited effectively something that was completely unsustainable. Just as the question that Deputy Maçon asked about disciplinary actions and the C. and A.G.'s report into the failure of officers in relation to the Innovation Fund, surely a failure and a scale of lost opportunity in building a Jersey Aircraft Register of this magnitude with one aircraft, surely would he not confirm that he has asked, or he will be asking, for a review into the performance of the failure of officials who advised the Minister originally to undertake this, because it is a serious matter that Jersey is effectively an international laughing stock with an aircraft register of one aircraft, when other jurisdictions have got literally hundreds and are doing very well out of it?

Deputy M.J. Norton:

Of course the Senator is absolutely right. It has been pretty much - and no one can put it in any other way - been a failure of an aircraft registry, which is why, after one year of it being in operation, I stopped it being in operation so we could look for a new business model. Now the question asks, just to refer to the question, the question does refer to update plans on the relaunch of the aircraft registry and the timeframe and the budget, which I think I have answered. If you want me to go back over to 2014, 2015, 2016 and 2017 we can do so. But they are not really related to the question going forward of the aircraft registry. What I can say is that at the time there were, with good intention, an aircraft registry was brought about. It was unfortunate that there was a breakdown in negotiations before my time in this Assembly, between Guernsey and Jersey, who were going to launch a Channel Islands registry. Guernsey went off and launched the Channel Islands registry on their own. How very clever of them. We ended up launching our own aircraft registry and did we miss the plane, did we miss the flight? Possibly we did. We were going after a market with no differentiation between us and everybody else, and they were already well ahead of us. What we need to do is look ahead. What we need to do and what we have done is have what we believe is a very, very good business model. We have taken some very, very good advice from around the globe and we are very excited about what we see over the next 5 years. Aircraft registries, and I must make this to all Members, are never judged over one, 2, 5 years. An aircraft registry runs for 30 to 40 years and most agreements, for most of the successful aircraft registries, run over 30 or 40 years. That is what they are based on and they are not based on the income of fees. They are based on the secondary benefits to a finance centre. We have an excellent finance centre. We have an excellent offering. I am sure, in time, we will have an excellent aircraft registry.

3.4.7 Deputy S.Y. Mézec:

I welcome the comments from the Assistant Minister and, like every Member of this Assembly, I obviously want my constituents to get the best value for money out of this. It is clear that that has not happened up until this point. Just what worries me right now is the lack of detail about what this new relaunched aircraft registry will look like and how will it be different from the one that proceeded it. Is it going to be different just in terms of its management or will it be different in terms of the service that it offers. If it is going to be different in terms of the service it offers could we have more information about what it will look like so that we can have guarantees that it will not

simply be a repeat of what happened previously and that it will not be able to differentiate itself from other aircraft registries?

Deputy M.J. Norton:

I thank the Deputy and I understand why he is asking that question. I would be only too delighted to tell you exactly what we are going to do so that we can let the Isle of Man and Guernsey and the Cayman Islands and every other aircraft registry know exactly what we are doing. We have spoken globally to aircraft manufacturers and we have spoken globally to registrars from around the world. We have spoken to Ports of Jersey who are managing a very successful shipping registry. In the last 2 years 1,900 transactions and 287 new registered vessels in a shipping registry. They are very good at doing it. Let us be very clear, civil servants are not particularly good at running an aircraft registry. We believe Ports of Jersey will be. They will be engaging the right experts to ensure that this Island benefits from an aircraft registry.