

2019.11.25

**1 Deputy G.J. Truscott of St. Brelade of the Minister for Economic Development, Tourism, Sport and Culture regarding the Jersey Aircraft Registry: (OQ.286/2019)**

Will the Minister state how much has been incurred to date on forming, maintaining and marketing the Jersey Aircraft Registry; and will he also update the Assembly on how many additional aircraft have been added to the registry since Ports of Jersey assumed control?

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

Senator Pallett has responsibility for this area, so will be taking that question.

**Senator S.W. Pallett (Assistant Minister for Economic Development, Tourism, Sport and Culture - *rapporteur*):**

I thank the Deputy for the question. Previous answers in this Assembly have established that just under £900,000 is being spent on the creation and the operation of the Jersey Aircraft Registry since the Assembly adopted the legislation in 2014. As Members are aware, the decision was taken in 2017 to suspend further development until a new business model could be found. Since that time there have been no new registrations. In early 2018, it was agreed that Ports of Jersey would manage the Jersey Aircraft Registry in much the same way that they manage the British Registry of Ships in Jersey. I am extremely pleased to advise Members that Ports are finalising the terms of a contract with a commercial third party, who will operate the registry following a public procurement exercise. The commercial operator will work with Ports and Government to relaunch the Jersey Aircraft Registry with a new business model. Further legislative development will be necessary, but this work will be undertaken in-house at no extra cost beyond officer time. A successful aircraft registry is an important addition to Jersey's offer as an international finance centre and I am optimistic about its future, despite its troubled start.

[14:45]

I would just like to add, we would have liked - and I am speaking specifically to the Chairman of the Economic and International Affairs Scrutiny Panel - to have given you a briefing before we answered this question today, but unfortunately, I think, the timing of the question did not give us the opportunity to do that, but we will.

**3.1.1 Deputy G.J. Truscott:**

I thank the Assistant Minister for his reply and this was literally ... the question was borne out of curiosity in looking for a progress report. Plainly it was disappointing that no sales had been achieved and the best part of £1 million spent on the Registry. I think because there are sensitive negotiations, commercial negotiations ongoing, I am possibly a bit reluctant to continue asking questions on this. From my point of view, I look forward to an announcement from the Assistant Minister at some point.

**Senator S.W. Pallett:**

I know there was no question there, but I could add that the final stage of the tender considered 2 applicants, although a slightly higher number showed some early interest. One of the 2 were based overseas and one in Jersey. It is, in fact, the Jersey-based entity that was the successful bidder. Although it has business interests in the U.K. (United Kingdom), it has an existing Jersey business

presence already and will be employing Jersey staff to develop proprietary systems and to run the registry.

**3.1.2 Senator S.C. Ferguson:**

I am sorry, I may have just missed it. How many planes have we on the register at the moment?

**Senator S.W. Pallett:**

I should not say “pleased to announce”, but we still have the one plane on the register. I will say that I am extremely grateful to that one owner, who has been extremely loyal to the Registry through what has been some very difficult times. I thank him for his patience during this period.

**3.1.3 Senator S.C. Ferguson:**

Can we ask who the owner is?

**Senator S.W. Pallett:**

I do not think that is appropriate.

**3.1.4 Deputy K.F. Morel of St. Lawrence:**

I was just wondering, being less reluctant to continue with questions as Deputy Truscott was, it was mentioned by the Minister £900,000 had been spent on setting up the Registry and, obviously, they have been in talks with the business to take over the running of that Registry. I was wondering if that £900,000 will be passed over to that business in the form of a liability, given that they will be benefiting from the work that has already been done? A liability to be paid back to the States of Jersey, they will be benefited from the work that has already been done by the States of Jersey.

**Senator S.W. Pallett:**

No, I can confirm that that is not the case. The new commercial operator will be taking a risk in their own right in taking on the Registry and are going to invest a great amount of their own money into a new Registry. There are benefits to Jersey more widely rather than just in the States. It is not money that we will see returned to the Government of Jersey, but there are opportunities, I think, through tactical income in future to return some of that to general reserve but, no, the cost will not be passed on to the operator. It is a very exciting opportunity but I think it would be wrong to pass those costs on to them at the start.

**3.1.5 Deputy K.F. Morel:**

Given that, therefore, £900,000 is to be written off essentially, or it is £900,000 for one aircraft on the Registry, which is obviously not great value for money, would the Minister be able to inform the Assembly of what lessons have been learned from the setting up of this Registry, with a view to not spending £900,000 and sending it down the drain?

**Senator S.W. Pallett:**

I think, if we look back, the opportunities that a Jersey Aircraft Registry offered Jersey were good. Unfortunately, I think the model that we set the original Aircraft Registry up was flawed and we have to accept that we did not do enough work with that. It is hoped now that anything that comes out of the new business model will be built on more unique selling points. I think there were issues around what the unique selling points would be around our own Registry. There are also some legislative issues that we did not resolve early on that hamstrung the opportunities for that Registry. Lessons learnt. I think to make sure that whatever model is brought forward is the correct one and

it is sold on unique selling points that are not already in the market. We were, in some ways, developing something that was very similar to other jurisdictions. I think it is a very difficult market to gain new registrations in. But I am hopeful that the new operator, when we can finally announce them and it is for them to show what their model is. I think it is going to come forward with a very ... using new technology I think a very exciting prospect for Jersey in the registry market.

### **3.1.6 Deputy R. Labey of St. Helier:**

I wanted an answer to the original question too as to how many planes there were on the registry now, which Senator Ferguson asked. Could I ask instead: how many aircraft are registered on the Guernsey registry?

#### **The Bailiff:**

It is a matter for you, Senator, but ...

#### **Senator S.W. Pallett:**

I think it is around about 400, but I would be taking a guess.

#### **The Bailiff:**

Yes, it is not obviously within your area of political responsibility and, therefore, it would have been proper to decline that question, if you had wanted to do so.

#### **Senator S.W. Pallett:**

Again, I think it is around 400 to 500. Completely different model in terms of how they operate, but we have to accept they have been more successful in attracting planes than Jersey have. Again, the hope is, with this new technology, new way of looking at aircraft registry, I think it is an exciting prospect for Jersey.

### **3.1.7 Deputy K.G. Pamplin of St. Saviour:**

Not for the first time, Deputy Labey is in my head, because that was the chain of thought of my question. Are there any lessons, referring to the original question, learning from our neighbours, are they seen as our competitors, or is there much to be learned from what they have done that can send this forward?

#### **Senator S.W. Pallett:**

I think there was an opportunity to work more closely with our neighbour at the early stage. Unfortunately, that did not work out. My own personal opinion, I think that was potentially a mistake. So, there are lessons to be learned from that. Again, I go back to the model itself. More thought should have gone into it. I think it was flawed from day one with the actual Registry itself. There were technical difficulties with it as well that made it very difficult to operate without the necessary legislative changes. They will have to come to this House at some stage. There are parts of legislation that will need to change and it will be an opportunity for Members to discuss it when we bring it to the Assembly.

### **3.1.8 Deputy M.R. Higgins of St. Helier:**

I do not want to prolong the Assistant Minister's agony. Could he tell us what type of aeroplane was registered? Was it a business jet, was it an airliner, or a little Piper Cherokee?

#### **Senator S.W. Pallett:**

I can confirm it is a private business jet; moderate size.

**3.1.9 Connétable J.E. Le Maistre of Grouville:**

Does G.S.T. (Goods and Services Tax) play a factor in the fact that Guernsey have more planes registered than we do?

**Senator S.W. Pallett:**

I think that was a potential issue with the original model that was put forward in Jersey. It may be an issue that we have to resolve moving forward, but it is not something that is currently being discussed in terms of the negotiations. But clearly, without G.S.T., that is going to be a benefit.

**3.1.10 Deputy G.P. Southern of St. Helier:**

I am not sure if I have heard an answer to this question yet, but is it the Minister's opinion that the absence of G.S.T. in Guernsey was a contributor to their success and our failure and is it proposing to make registration of aircraft exempt from G.S.T. in the future?

**Senator S.W. Pallett:**

I think added to the difficulties in terms of the Register and what it was providing, am I bringing forward an exemption to G.S.T. at the current time; no, I am not. I am not saying it might not happen, but at the current time there is no intention to do that.

**3.1.11 Deputy R.J. Ward of St. Helier:**

I just wondered if there are any generic lessons to be learnt from the failure of this fund, but also the Innovation Fund and the Canbebdone Productions Fund that also had money from the Department, whether any generic lessons can be learnt about future investments, which we can take away from this Assembly?

**Senator S.W. Pallett:**

Not guilty on the first 2, as I was on one of the Scrutiny Panels that reviewed them. I think we, at that time, saw potential issues that maybe the Minister at the time should have picked up. Generic lessons is just to get the model right. The Innovation Fund, for example, there were recommendations put forward by the Scrutiny Panel that, I think, would have been wise to take up at that time. I think the same applies to the Jersey Aircraft Registry. All I will say again is the model was flawed. It was already going to be in difficulty in terms of attracting aircraft in what is a hugely competitive international environment. We have looked back and considered where else we could have made changes, but I think once it was launched on the model it was based on, the business model it was based on, it was always going to be difficult to attract aircraft.

**3.1.12 Deputy R.J. Ward:**

Is one of the flaws in the model, given that we have not changed and given that this Assembly has declared a climate change emergency, even having the aircraft registry in its current context?

**Senator S.W. Pallett:**

It is an extremely good point and I think something that Government will have to consider, moving forward. The aircraft industry itself, as we know, is going to have to look at carbon neutrality and look at the amount of carbon it pumps into the atmosphere. Travel will change, I have got no doubt. Probably within 10 years we will all have our travel limited in one way, or another. We will have so many air miles that we can go on holiday each year, or something of that nature, to try to prevent

the amount of travel, or the amount of pollution that we put into the atmosphere. But we are not going to solve that this afternoon.

**3.1.13 Deputy G.J. Truscott:**

I thank the Members that have asked the questions, because I have gone through my list that I had here and you have done a very good job. I might commend you all. When will the Assistant Minister be intending to come ... will he be making a statement in the Assembly once the negotiations have been hopefully successfully concluded?

**Senator S.W. Pallett:**

I am hopeful that contract negotiations are nearing completion. So I would say weeks rather than months. I expect it to be weeks. In terms of relaunching the Registry, there are some technical issues that we need to resolve with the Director of Civil Aviation. Once we are through that then I think we can begin registering planes back on to the current Registry. In terms of the new business model, that is something that they have got to develop. That is not something I have got any information on at the current time. We have obviously seen their business model, but it is going to take some time to develop. It is new technology and, as I say, if it works in the way that they believe it is going to work, it has got a hugely exciting prospect for Jersey.