

STATES OF JERSEY
Economic Affairs Scrutiny Panel
Aircraft Registry

MONDAY, 11th JUNE 2012

Panel:

Deputy S.G. Luce of St. Martin (Chairman)
Connétable S.W. Pallett of St. Brelade
Connétable M.J. Paddock of St. Ouen

Witness:

Mr C Strasser, Chairman, Aircraft Owners and Pilots Association, CI Region

Also Present:

Mr. T. Oldham (Scrutiny Officer)

[10.09]

Deputy S.G. Luce of St. Martin (Chairman):

Right, we will start off again and see how we go. I am not going to reiterate the rules we have just said but obviously we will all behave properly. I just want to start off by thanking you for your responses to the review and just point out that this is a very general stage that we are at at the moment and technical and highly specific references to things in general may be a little bit above our heads, but what we are aiming to do here is to gain evidence and get a knowledge of the situation so we can advise Economic Development ... we cannot tell them, all we can do is write a report with recommendations in to see how we feel they should be reacting to (a) the news from Guernsey and (b) the general situation as regards starting a register in Jersey. So if you would just like to introduce yourself and tell us what you do in Jersey. Obviously you are in charge of aircraft pilots.

Chairman, Aircraft Owners and Pilots Association:

Well, I have prepared, Mr. Chairman, a report or a speech or whatever you want and then I am happy to answer questions on that if that is okay with your procedure. That in fact also contains an introduction to myself.

The Deputy of St. Martin:

That is fine. Are you happy with that? It is not particularly long, is it?

Chairman, Aircraft Owners and Pilots Association:

Only about 2 hours. [Laughter]

The Deputy of St. Martin:

Okay, off you go then.

Chairman, Aircraft Owners and Pilots Association:

First of all I have a question. I was told that the minutes of the meetings would be published on the internet usually within 7 days of the meeting. I have been searching for the one from 4th May and I cannot find it. Is there any reason for that?

The Deputy of St. Martin:

We can find out and get back to you on that.

Chairman, Aircraft Owners and Pilots Association:

Thank you. Mr. Chairman, firstly thank you for the opportunity of appearing before this scrutiny panel to present the views of A.O.P.A. (Aircraft Owners and Pilots Association) on the potential of an aircraft registry for Jersey or a joint one with Guernsey for the Channel Islands and to answer any questions thereon. Am I speaking loud enough?

The Deputy of St. Martin:

Yes, that is fine.

Chairman, Aircraft Owners and Pilots Association:

Secondly, may I explain that I appear here as the Chairman of the Channel Islands region of the Aircraft Owners and Pilots Association, as well as a Vice-President of A.O.P.A. U.K. (United Kingdom), which is part of I.A.O.P.A. (International Aircraft Owners and Pilots Association). This organisation has well over 400,000 general aviation pilot members. G.A. (General Aviation) comprises of all aircraft except those operated by the airlines, the military and those operated for hire or reward, considerably outnumbering them by a number of aircraft. In other words there is all the military, all the airlines, all the hire or reward aircraft together and they still do not come up to the number of general aviation aircraft. The opinions I bring to you are purely as A.O.P.A. sees them in their interests and in the interests of Jersey, taking into account the present situation of the States of Guernsey having already decided and contractually commenced the establishment of a Guernsey register. This is detailed in their press release dated 11th May titled Guernsey Aircraft Registry: Unique Private Public Partnership Established. I have no doubt you have seen that press release, if you have not I have a copy here. Before coming here, I have consulted my A.O.P.A. Channel Island region advisory board, all of whom are experienced instrument rating pilots with long and wide aviation, business, legal and corporate knowledge and experience. My evidence is based on our unanimous position. That is the present situation. There are, therefore, in our opinion, just 3 alternatives now open to Jersey. One, acknowledge the research and development so far done by the D.C.A. (Director of Civil Aviation) on behalf of and at the behest of the States of Guernsey and accept their offer of extending all the arrangements made by them for a Guernsey register to a Channel Island one. This would then give equal access to the Jersey Financial Service industry to participate.

[10:15]

Option 2: start the whole lengthy, costly process of creating a separate and competing Jersey register. Option 3: do nothing. Only option 1, which offers an excellent ready-made solution makes any sense to A.O.P.A. from an aviation perspective. However, from a taxpayer and benefit to a potentially involved finance service industry also,

only option 1 makes any sense. A further and important consideration is the issue of G.S.T. (Goods and Services Tax) on aircraft goods and services applicable only in Jersey. This started at 3 per cent, is now 5 per cent and is more than likely to increase further at some time in the future. It started as being limited to aircraft under 3 tonnes and amended this year to aircraft under 8 tonnes. It applies even to aviation fuel being exported from Jersey, which to the advantage of Guernsey is duty free but not G.S.T. free. We are still waiting for this to be zero-rated by the Jersey Treasury. This has been going on for some time. Whether option 1 or 2 is chosen Jersey G.S.T. on all aircraft goods and services needs to be zero-rated to make it a competitive level playing field. Let me conclude by expressing surprise that the D.C.A. for Jersey has not been made aware of the appointment of this scrutiny panel or its brief, nor invited to attend its meetings. I hope that after having heard all the evidence the scrutiny panel will recommend to the Minister for Economic Development to proceed urgently with option 1 with the essential addendum that Jersey G.S.T. on all aircraft goods and services be zero-rated. I would be happy to answer any questions.

The Deputy of St. Martin:

Thank you very much for that. There is a lot of information there which I think will probably answer some of the questions that we want to put to you anyway but we will come back to those. If I could just deal initially with the question that you raised right at the end there about the D.C.A. I would just like to assure you that at the beginning of this review we did attempt to contact the D.C.A. but we discovered in very short order that we needed to work through the Chief Minister's Office in Jersey because the D.C.A. is responsible to the Chief Minister. We now have a letter from the Chief Minister saying that we can speak to him directly, this is the D.C.A.

Chairman, Aircraft Owners and Pilots Association:

The Chief Minister of Jersey or Guernsey?

The Deputy of St. Martin:

The Chief Minister of Jersey because it works slightly differently in Guernsey. I believe the D.C.A. is responsible for commerce and employment whereas in Jersey the D.C.A. is responsible to the Chief Minister and not to Economic Development. Anyway, we have got over the issues of how we approach him and we are now at liberty to approach him directly. He is aware we are doing a body of work because I have a briefing paper here from him which has come via the Chief Minister's Office in which he acknowledges the fact that we are reviewing the situation. Having said that, we do have him on a list of people that we would like to speak to and may well need to speak to before we conclude this report.

Chairman, Aircraft Owners and Pilots Association:

Good, he is a very capable man.

The Deputy of St. Martin:

I think, to be fair, we may well have spoken to him sooner if we could have resolved the issue of whether we were allowed to approach him directly or had to work through the Chief Minister's Office. Anyway, that is now resolved, we have a submission from him but we will also, I suspect, be wanting to talk to him directly before we finish this review.

Chairman, Aircraft Owners and Pilots Association:

Just as a matter of interest, he is away on a course all this week so you will have difficulty getting in touch with him this week.

The Deputy of St. Martin:

If I could just move on to some of the questions we had prepared for you. The first one was to do with the general feel for a Channel Island registry but I think you have answered that in the 3 options, and you are quite clear as to what you want to do there and those questions and answers that you posed, as I said, will answer some of the questions we have already. So I think what we might do is to move straight to question 3 which Constable Paddock would like to put to you.

Connétable M.J. Paddock of St. Ouen:

Yes, where do you see the advantages of registering over here?

Chairman, Aircraft Owners and Pilots Association:

Can you define "here"?

The Connétable of St. Ouen:

Channel Islands.

Chairman, Aircraft Owners and Pilots Association:

Channel Islands or Jersey?

The Connétable of St. Ouen:

Channel Islands.

Chairman, Aircraft Owners and Pilots Association:

Channel Islands. The advantage is to me against the Isle of Man the fact that we are far more independent of the U.K. Government than the Isle of Man is. They are still saddled, although there are exemptions, with V.A.T. (Value Added Tax) similar to the U.K. I thought I had covered that. Excuse me one second. I missed a part of my report which will answer this. I will go to my page 2, if I may. As with many other issues it is often the express desire for both Islands to co-operate more and to seek ways of achieving joint Channel Islands organisations. In fact probably the first time one civil servant was appointed to look after the interests and regulations of both Islands was the appointment of Fergus Woods as the Director of Civil Aviation of both Guernsey and Jersey, a cost saving to both Islands, he has done and continues to do a remarkable job to advance the aviation status of both Islands as well as the Channel Island control zone which is administered by Jersey A.T.C. (Air Traffic Control) but regulated by him. I am given to understand that it was originally the intention of both Islands to research the possibility of an aircraft register to compete with the existing one in the Isle of Man, the other Crown dependency. This task was obviously given to the D.C.A. who reported separately to the relevant Minister of each Government. It appears that somewhere along this process Jersey procrastinated whereas Guernsey decided to go ahead with further development. Ultimately this led to their decision to go ahead with a register based on a public private model requiring no additional civil servants and no cost other than the already expended research and development costs of finding a suitable operator and drawing up and getting approval for a register. It is worth emphasising that their brief was to enable Jersey to join and

changing it to a Channel Island register. I understand that this offer is still open today and I would expect it to be reasonable to be conditional on Jersey reimbursing Guernsey by sharing the so far incurred costs. It also needs to be understood that as neither Jersey nor Guernsey are contracting states to I.C.A.O. (International Civil Aviation Organisation), which is the international aviation organising body, their register, just like that of the Isle of Man, has to be a sub-register of the U.K. one. The U.K. C.A.A. (Civil Aviation Authority) has therefore to be consulted every step of the way. There is, in my opinion, no reason why any or all of the Crown dependencies should not apply to I.C.A.O. to become a contracting state. Like, for example, Monaco which does not even have an airport. However, that is a political decision and not relevant to this consideration. So there is room, in my opinion, for a separate register for the Channel Islands. As I have already said, we have missed the boat for a separate Jersey one and never mind missing the boat, I think right from the start we should only have looked at one together for lots of reasons. So I think it could be successful if we go ahead because it will not have a cost factor to either Island but it will be of benefit to the service industries, the finance service industries like bankers, lawyers, all the people who are involved with making companies and/or licensing approval matters.

Connétable S.W. Pallett of St. Brelade:

Could I just ask a question on that? In Fergus Woods' representation, one of the comments he makes is that the main driver is to establish an aircraft registry as an economic enabler. It has been said all along that the registry will not make any money in itself, it will be the by-product of it that will be make the money. I suppose in many ways the registry is sort of a bit of a red herring because the economic benefit will come from, as you say, people coming here investing money into the Islands. That has been proven in the Island of Man where ... one thing that was stated from them was that it has generated £1 million from your local banks, advocates and others. Presumably that is where you see the main benefits of the registry so where the registry is is almost irrelevant.

Chairman, Aircraft Owners and Pilots Association:

No, I would not agree with that because if Guernsey go ahead and we do not participate in any shape or form and we take option 3 and do nothing, then our finance industry will not have any benefit whatsoever.

The Connétable of St. Brelade:

I am not saying that, I am not saying do not take part. I am not saying do nothing at all but if Guernsey purely have their registry there are still offshoots and by-products and benefits to Jersey.

Chairman, Aircraft Owners and Pilots Association:

Why?

The Connétable of St. Brelade:

Because we are only a very few miles away and people could still hangar their aircraft here. There will be potential maintenance benefits from that.

Chairman, Aircraft Owners and Pilots Association:

We do not have maintenance here any more.

The Connétable of St. Brelade:

But we could do. We could provide infrastructure for it, even though it was a Guernsey registry.

Chairman, Aircraft Owners and Pilots Association:

Yes. Well, we have had the possibility of providing an infrastructure for years and the last proper service organisation for the type of aircraft envisaged here was at Aviation Beauport and they have closed it down.

The Connétable of St. Brelade:

But what I am saying is that there is an opportunity if Guernsey do go it alone and we decide that we are going to let them do that, that we could piggyback off of their registry in terms of ...

Chairman, Aircraft Owners and Pilots Association:

But why should they allow our finance industry, our lawyers and so on to have access to their facilities?

The Connétable of St. Brelade:

Presumably there would be nothing stopping ...

The Deputy of St. Martin:

I think what Steve is trying to say is if Guernsey did a standalone registry in Guernsey that was not the Channel Islands would they be in a position not to accept clients from Jersey? Could they pick and choose?

Chairman, Aircraft Owners and Pilots Association:

Yes, they could.

The Deputy of St. Martin:

They could. So they could refuse to ...

Chairman, Aircraft Owners and Pilots Association:

Yes, yes.

The Connétable of St. Brelade:

But there would be no benefit for them to do that, surely? They would be looking to register ...

Chairman, Aircraft Owners and Pilots Association:

Of course, because they are looking after their finance industry not ours, if we have not gone along with them.

The Connétable of St. Brelade:

I can see your point but I cannot see how they could prevent Jersey from providing services in Jersey for ...

Chairman, Aircraft Owners and Pilots Association:

It is the registrar's decision who they accept for registration. They are on record as having said that they will accept, for instance, my aircraft or any other currently resident aircraft in Jersey. So as far as the general aviation in Jersey is concerned, the existing resident general aviation they so far have said that they will accept on their register. But they will not go on record of saying that they will accept anybody else unless they go through the proper procedures in Guernsey.

The Connétable of St. Brelade:

So really what you are saying, what we are trying to drive at, is we need to be part of it?

Chairman, Aircraft Owners and Pilots Association:

Could you say that again?

The Connétable of St. Brelade:

What I am trying to get around what I was saying was really we need to be part of it in whatever shape or form?

Chairman, Aircraft Owners and Pilots Association:

Absolutely, yes. Why should they give us ... let us look at it in realistic terms, why should they give us the benefit of it, having expended all this money and effort, without our doing anything towards it?

The Deputy of St. Martin:

So there would be specific differences between a Guernsey registry and a Channel Island registry?

Chairman, Aircraft Owners and Pilots Association:

Yes.

The Deputy of St. Martin:

From a Jersey point of view there is a specific benefit to having a Channel Island one as opposed to going off to Guernsey to register with Guernsey?

Chairman, Aircraft Owners and Pilots Association:

Absolutely.

The Deputy of St. Martin:

If you could pick 2 or 3 reasons why a Channel Island one is better than a Guernsey alone, what is the main one?

[10:30]

Chairman, Aircraft Owners and Pilots Association:

The main one is that first of all we do not have to go through the procedure of starting from scratch, reinventing the wheel. They have done all that. They have found a competent global company to do the operation of it so that they do not need one additional civil servant. We would have to find a similar company to do that for us. They have obviously found one, which one must presume is the best one to do the job, which have international experience of running the operational side of a register. So

why should we go through all that expensive procedure when it has already been done?

The Deputy of St. Martin:

If we did nothing and decided not to have a registry in Jersey but Guernsey go ahead on their own, is that beneficial?

Chairman, Aircraft Owners and Pilots Association:

No.

The Deputy of St. Martin:

How is a Channel Island registry more beneficial than just having a registry in Guernsey?

Chairman, Aircraft Owners and Pilots Association:

We are going to get the equal benefit to our finance service industry.

The Deputy of St. Martin:

But would we not get that benefit with just going to Guernsey to register with the Guernsey registry?

Chairman, Aircraft Owners and Pilots Association:

I do not think so. Why should they give us that benefit?

The Deputy of St. Martin:

So you feel that if they just went alone on their own and we do not do anything at all we would apply to register planes in Guernsey and they might say no?

Chairman, Aircraft Owners and Pilots Association:

No, no, they will say yes for those that are already resident here, like the aero club.

The Deputy of St. Martin:

But new business they would say ...

Chairman, Aircraft Owners and Pilots Association:

But anybody else coming from Timbuktu they can say no if it comes through us.

The Deputy of St. Martin:

So you feel they would pick and choose a bit depending whether the extra financial services was going to Guernsey, they might say yes ...

Chairman, Aircraft Owners and Pilots Association:

No, they will say it has to come through our financial services.

The Deputy of St. Martin:

That is very clear, okay.

Chairman, Aircraft Owners and Pilots Association:

Otherwise they could do it for any country in the world.

The Deputy of St. Martin:

Yes, I just wanted to be specifically clear why Guernsey on their own is not as good as a Channel Island registry from our Jersey point of view.

Chairman, Aircraft Owners and Pilots Association:

Would you let them piggyback on you if you had done all the expensive work?

The Deputy of St. Martin:

Yes, I know exactly where you are. On a similar vein, the 2 Islands have different legislations, are there any particular hurdles that you see or is it going to be a big job for Jersey to change the legislation required to move into a Channel Island registry?

Chairman, Aircraft Owners and Pilots Association:

Well, the structure at the moment is that we both separate A.N.O.s (Air Navigation Orders) which rule the legal operation of aircraft in our respective airspaces. The D.C.A. is also not a D.C.A. for the Channel Islands, although he is the same person he is the D.C.A. for Guernsey and the D.C.A. for Jersey. He looks after their Air Navigation Order and he looks after our Air Navigation Order. They are not identical. They are very similar because they are basically based on the U.K. one. So it already needs for changes to be made to their Air Navigation Order to cover a Guernsey register. Similar changes, but separately, would have to be made to the Jersey Air Navigation Order but I cannot see any problem in achieving that.

The Deputy of St. Martin:

So it is not insurmountable?

Chairman, Aircraft Owners and Pilots Association:

No.

The Deputy of St. Martin:

We have certainly bypassed question 7, I think. It was about the difficulties for us if only Guernsey had a registry. But, Mike, I think if you wanted to move straight to question 8 I think that is relevant question to ask.

The Connétable of St. Ouen:

Yes, the American and the European safety standards, could you expand on how it would affect us as a registry?

The Deputy of St. Martin:

We are aware that there are different safety standards. Is there a way of getting the best of both worlds with this new registry?

Chairman, Aircraft Owners and Pilots Association:

The new registry, as I understand it, will accept any I.C.A.O. licensed aircraft, any I.C.A.O. licensed engineering standards, any I.C.A.O. approved operational system and although there are some differences between the American standards and the British standards, they are in everybody's opinion both complying to I.C.A.O. standards and safe. So I cannot see that having our own register would in any way affect any existing safety standards. That would be incorporated in the A.N.O. in the new regulations, that anything accepted both in terms of air traffic and licensing

would have to comply to I.C.A.O. standards, which is the world standard. All international American airlines fly just as safely into Heathrow as British airlines.

The Deputy of St. Martin:

For the benefit of the tape, I.C.A.O. is an acronym that stands for International ...

Chairman, Aircraft Owners and Pilots Association:

International Civil Aviation Organisation.

The Deputy of St. Martin:

Thank you very much for that.

Chairman, Aircraft Owners and Pilots Association:

Which is the governing body for aviation in the whole world.

The Deputy of St. Martin:

You quite rightly pointed out Guernsey have made their announcement that they have gone into a public private partnership with a Dutch company known as SGI. Can you tell us anything about SGI and whether you consider them to be good, reputable and your views on them particularly?

Chairman, Aircraft Owners and Pilots Association:

I have looked them up on the internet. As we all do nowadays I have Googled them and as far as I can see they are made up of people who are extremely experienced in aviation matters. Some have worked in high positions in the U.K. C.A.A. and I would think that Guernsey have chosen extremely wisely and am given to understand that the terms of their agreement are such that other than what they have already spent in investigation so far that the operational side will be totally handled by this company, a cost Guernsey will pay. So they will have a small income because they will get ... the charges will be decided by the contracting party and agreed by the registrar, by the D.C.A. They will collect it, they will do the whole operational side of it and of that a certain percentage, which has not been disclosed to me, would come back to the States. So there is no cost involved, this is the fantastic part of it, and no increase in the civil service.

The Deputy of St. Martin:

We very much hope it would not happen but if we ended up with the registry involved in a large scale investigation, who bears the cost of that? Would it be our insurers or would it be the registry?

Chairman, Aircraft Owners and Pilots Association:

You mean an accident investigation?

The Deputy of St. Martin:

Yes, if, for example, some time in the future ...

Chairman, Aircraft Owners and Pilots Association:

Yes, that is a good question because that is a potential liability.

The Deputy of St. Martin:

Who bears the liability?

Chairman, Aircraft Owners and Pilots Association:

I think you would insure for that. Again, undoubtedly ... at the moment the U.K. has the Accident Investigation Branch which we could contract to undertake that. United States has the N.T.S.B. (National Transport Safety Board), I would not think that we would contract them because they are too far away. But it is a potential liability, there is no doubt about that, and it has to be faced. At the moment we are already our own authority so far as we have our own Director of Civil Aviation. He is obliged to consider advice given to him by the C.A.A. and he goes to them for that advice. That situation, in my view, would not change except that once we have got our own register, which would be a sub-register of the U.K. one, I am sure that they could continue to provide the service which they are now providing but we would have to pay for it. Maybe for that payment you can insure.

The Deputy of St. Martin:

Can I ask, would you be good enough to explain a term to us which we are a bit confused about this side of the table? We have come up against the word “cabotage” a couple of times. Could you explain that to us and also at the same time could you give us your views as to whether you think that the setting up of a Channel Island Aircraft Registry will give us ongoing issues with landing in the E.U. (European Union) or additional issues with landing in the E.U. with particular reference to cabotage? But I have to say we are not au fait with the word “cabotage” particularly.

Chairman, Aircraft Owners and Pilots Association:

I sympathise with you because I am not 100 per cent sure.

The Deputy of St. Martin:

We are really in trouble then. [Laughter]

Chairman, Aircraft Owners and Pilots Association:

You will have to get somebody like Simon Young, who is on my advisory board and is an advocate of the Royal Court; he would be in a much better position.

The Deputy of St. Martin:

But in very general terms?

Chairman, Aircraft Owners and Pilots Association:

In very general terms, it was originally brought in ... a lot of aviation regulations are based on ancient shipping regulations because they existed long before aircraft existed. Cabotage was a system which was brought in to try and protect foreign vessels - be they ships or aircraft - from abusing internal freight rights. Of course that really goes back to the British Empire where ships from Hong Kong to Jersey or the U.K. were considered to be internal and the British Government tried to protect itself from foreign ships plying those routes. I think the emphasis of it in relation to what we are talking about is overstated.

The Deputy of St. Martin:

So it is a form of taxation when you land in a foreign port or airport?

Chairman, Aircraft Owners and Pilots Association:

There is no additional taxation involved, you are just not allowed to carry merchandise on certain routes or even use certain routes, but I do not believe really that it is applicable to this.

The Deputy of St. Martin:

The other part of that question was to do with the aircraft from the Channel Islands landing in the European Union. In your personal experience is this an issue or is it likely to be more of an issue when we have a Channel Island registry?

Chairman, Aircraft Owners and Pilots Association:

Okay, now for your information my aircraft used to be on the British register which starts with a G and for a number of reasons, cost not being the least of them, I changed over some time ago to the N register, which is the American register. Most people do that because for private pilots to get an American instrument rating is much easier than to get a British instrument rating, that is not because it is less safe or less embracing but because the British instrument rating is based on flying a 747 and you have to answer questions as to how many torches you need in a 30 seat capacity aeroplane, which of course have no relevance at all to private pilots. So there are thousands of aircraft in Europe on the American register, thousands. A huge number of those have done it for that particular reason. That was not the case in my case because I have passed the U.K. instrument rating tests and I have passed the American as well so I have both. I keep them both current. So that was not my reason. Now, as far as the E.U. is concerned they have threatened but so far done nothing about it. They have lost income from all these, especially because the F.A.A. (Federal Aviation Administration), that is the American equivalent to our C.A.A., make no charges for registration or no charges for changing licences or any of that.

[10:45]

So it is quite competitive to be on the November register. Of course the Europeans do not like that because there are very heavy charges to pay to the C.A.A. which in future will be payable to the European Aviation Authority and they are losing this revenue. So they are proposing to bring in a regulation whereby if you are a resident of the E.U. then you can only have a foreign registered aircraft there for a certain period of time and after that they do not let you do certain things. Now, it is considered that we are not part of the E.U. and that this particular proposed regulation will not apply to us. It depends on the residence not of the aircraft itself but of the owner or operator of the aircraft. So if I have an American registered aircraft and I am a resident in Jersey I will not be affected and the opinion of that is confirmed also by our D.C.A. That we are outside the scope of that, whether we are on the N register or whether we will be on a Guernsey register or whether we will be on a Channel Islands register. So we should not fall into that potential regulatory situation.

The Deputy of St. Martin:

Just to take that a step further, if we set up a Channel Island registry and we come under the U.K. registry, does that not get us into the E.U. via the back door?

Chairman, Aircraft Owners and Pilots Association:

There may be certain pressures exerted from Europe but so far it would be considered to be no different than the N register from that point of view, which is outside Europe, and of course there is no pressure that Europe can exert on the American register so why should they be able to prevent us doing the same thing that is already in existence with the N register. I am not worried about that.

The Deputy of St. Martin:

No, no, that is great to hear. If we could move to question 14, which Constable Paddock would like to ask.

The Connétable of St. Ouen:

How many locally registered aircraft might transfer down here? Is there a limit?

The Deputy of St. Martin:

I think you mean locally owned.

The Connétable of St. Ouen:

Sorry, yes, locally owned aircraft.

Chairman, Aircraft Owners and Pilots Association:

You mean locally in all of the Islands?

The Connétable of St. Ouen:

Yes, I mean currently registered obviously elsewhere but how many have the opportunity to ...

Chairman, Aircraft Owners and Pilots Association:

Currently of the locally owned or operated aircraft the majority are still on the British G register. The next number are - and there are quite a number - I would not like to hazard a guess but it is certainly in the double figure percentages, quite high double figure percentages, on the N register, the American register. There are already 2 or 3 on the M register, which is the Isle of Man register. They have been allocated that prefix letter for registration. Then there are others on various registers in the name of British overseas territories like ... you name them, the various British overseas territories which in a way are equivalent to the Crown dependencies except they are much further away from the U.K.

The Deputy of St. Martin:

Do you have any idea, and this is obviously out of blue ...

Chairman, Aircraft Owners and Pilots Association:

Sorry, can I just finish answering that question because you in fact asked how many would change. I would think that probably the majority of those who are on the G register, which is already the majority, would change to a Channel Island register or a Guernsey, whatever register there was locally because it would be advantageous to them from the G register unless when they come out they have absolutely preposterous charges for their services, which I do not believe they will have. Of course on the N register, to those I have talked to, I would say about 50 per cent of those will change and 50 per cent will stay because there is no material advantage, cost advantage.

The Connétable of St. Ouen:

I have spoken to a couple of N registered and those I spoke to said they would not change.

The Connétable of St. Brelade:

I do not know whether this is true or not because I am not an aviation expert but it is stated that the U.K. is a signatory to the Chicago Convention, I presume that is correct?

Chairman, Aircraft Owners and Pilots Association:

Yes, that is the one on which I.C.A.O. is based.

The Connétable of St. Brelade:

Yes, okay. The Jersey registry would therefore be, as you said, a sub-registry of the U.K. registry so therefore ...

Chairman, Aircraft Owners and Pilots Association:

Yes, unless we do something about it politically. There is no reason why we should not become a full member.

The Connétable of St. Brelade:

Well following on from that, Jersey would have acquired the consent of the relevant U.K. authorities, is that correct, for this to take place?

Chairman, Aircraft Owners and Pilots Association:

They have already got that.

The Connétable of St. Brelade:

They already have that? So you do not see any danger then if the U.K. felt that as with L.C.V.R. (Low Value Consignment Relief) recently if they thought it was a danger to their tax regime that they may think that ...

Chairman, Aircraft Owners and Pilots Association:

They might have done but they have not because they have given approval. In fact not only have they given approval but there is already a reserve prefix for the register, which I do not like but it happens to be the figure 2.

The Connétable of St. Brelade:

So that authority has already been granted?

Chairman, Aircraft Owners and Pilots Association:

Yes. Yes, everything is there. They are ready to go. The thing is already, I am given to understand, at the Privy Council for final approval. So it is there.

The Deputy of St. Martin:

I think we have nearly covered everything we wanted to ask, especially to do with the registration and the paperwork side, but one question we would like to have your opinion on is on the fiscal infrastructure that we have at the airport. If we establish a Channel Island registry that is based in Guernsey and we then go out and try and bring

more aircraft to the Island for whatever reason, where do you see deficiencies at the moment and how would you like to see those improved?

Chairman, Aircraft Owners and Pilots Association:

I think we would need another hour for that.

The Deputy of St. Martin:

Can you give us, off the top of your head, in a couple of minutes ...

Chairman, Aircraft Owners and Pilots Association:

First of all the presumption that all the aircraft which would become registered in either Guernsey or the Channel Islands would be based here. They would want the advantages, the tax advantages, the financial industry advantages of being on a local register but they might well be, as they are now, in Russia or in Spain or wherever. So I do not see that the capacity of the airfields will be materially affected at all. Now, if we want to go to a separate chapter and address the shortcomings as far as general aviation is concerned, at both airports - but I can talk mainly about Jersey because that is where I am based - then I would say that we are basically general aviation friendly. Through the various airport directors who have been in office in the 55 years that I have been flying we have achieved quite a lot of acceptance that general aviation is important to Jersey as a country, as a state. There are still shortcomings, we have not got decent visitor parking facilities. It is a grass area which we were originally promised would be properly drained and it never has been and we have propeller damages occurring and things like that, which are passed to insurance companies by the States. So there are certain things which we are continually talking about. We have a very good relationship - and have had always - with airport directors, some better than others, and have again a good relationship with the new chief executive of the Ports of Jersey.

The Deputy of St. Martin:

You do not see an immediate need for a massive increase in the level of infrastructure at the airport if the Channel Island registry starts to ...

Chairman, Aircraft Owners and Pilots Association:

None whatsoever, no. Again, because of the international situation both with regards airlines and regards general aviation, price of fuel, the continuing increase in regulations, there are less and less aircraft flying. So in fact our figures at the airport are way under capacity now. So we have lots of expansion room if that were to be needed. We should be going out - this is not relevant to this - looking for additional airlines to come and give services to here. Similarly, at the moment we have, as I mentioned, general aviation aircraft - wearing my Jersey hat now rather than my Channel Island hat - who used to come here to refuel on their way to their holiday homes in France and Spain who now do not come anywhere near Jersey but get their fuel in Guernsey where they do not pay the 5 per cent.

The Deputy of St. Martin:

Very similar to the boating experience, but for different reasons?

Chairman, Aircraft Owners and Pilots Association:

Yes, it is but somewhat different because it is much easier for someone even locally based to go and refuel in Guernsey than it is a boat. You know, you are there in 7 minutes.

The Connétable of St. Brelade:

Sorry to labour on this point but I think you said then that although more aircraft may register in Guernsey the majority of those aircraft will not be based in Guernsey, they could be based anywhere. Again I go back to the point I made before, why would those aircraft not be based in Jersey where then you could have ...

Chairman, Aircraft Owners and Pilots Association:

Because they have 5 per cent G.S.T. here. Imagine a guy who has just bought a jet for £20 million, 5 per cent of that is a lot of money. Why should he do that here?

The Connétable of St. Brelade:

No, I understand that but I come back to this comment that was made before about really the benefit of the registry is in the knock-on effects in terms of financial services. There is no reason somebody would not then decide that he was going to base himself in Jersey for those financial benefits. The fact that he has registered his aircraft in Guernsey is almost irrelevant. The fact is he could still use Jersey for that knock-on business in terms of the investment. It may be a 1(1)(k), it may be someone that is internationally based.

Chairman, Aircraft Owners and Pilots Association:

We just mentioned earlier that if we do not go with Guernsey and have a joint one that guy will, if he is based in Jersey, will not be able to use the financial services and get registered over here.

The Connétable of St. Brelade:

Why? Why could he not use Jersey's financial services by the fact purely that he has registered his aircraft in Guernsey? If it was the other side of the world I could understand it.

Chairman, Aircraft Owners and Pilots Association:

Yes, exactly. Why are we different than using a Belgium financial services to register in Guernsey? Why should they allow it?

The Connétable of St. Brelade:

Then we are coming back to the unique selling point. Why would aircraft come here?

Chairman, Aircraft Owners and Pilots Association:

Because of taxation benefits.

The Connétable of St. Brelade:

I do not quite see where you are coming from.

Chairman, Aircraft Owners and Pilots Association:

Personally I would not have any taxation benefits. You must ask all the 500 or 400 aircraft that have registered in the Isle of Man why they have done that. There are obvious benefits there.

The Connétable of St. Brelade:

Yes, I can understand from the point of view of registering, buying your aircraft where obviously there is no G.S.T. in Guernsey, I can understand that. But in terms of the knock-on benefits, which I think is what we agreed the majority of the benefit for the Isle of Man, for example, will be in people investing in the Isle of Man in terms of their fund industry, trust business, call it what you will, finance industry.

[11:00]

The fact that we are only half a dozen miles away will not stop somebody using Jersey's financial services. I cannot see where ...

Chairman, Aircraft Owners and Pilots Association:

You are absolutely right, but not for the purposes of registration on the Guernsey register.

The Connétable of St. Brelade:

No, I accept that. But will you agree that the majority of the benefits economically will not be through the registry itself, it will be from those offshoots of that in terms of people that want to invest in the Island financially in terms of putting their money in the Island. So the fact that you register in Guernsey is not going to stop them ...

Chairman, Aircraft Owners and Pilots Association:

The people who register anywhere are still free to place their money anywhere in the world.

The Connétable of St. Brelade:

Exactly, but Jersey has a very high reputation in terms of the financial services they offer so there is still a benefit to Jersey even if we were not part of that registry.

Chairman, Aircraft Owners and Pilots Association:

Okay, but in the first instance if a guy buys a new aircraft and wants to register it in Jersey or base it here or whatever, he will have to pay the 5 per cent G.S.T. on the first purchase of it.

The Connétable of St. Brelade:

I can see the point of registering the aircraft in Guernsey, I am trying to get over that and once he has registered his aircraft, yes there is a saving ...

Chairman, Aircraft Owners and Pilots Association:

But if he has everything done in Guernsey why should he suddenly decide to come here instead. He is not a locally resident guy.

The Connétable of St. Brelade:

No, I think purely because some of the services that we offer in Jersey - if you do not mind me saying as I am a Jerseyman - are better than the services that are offered in Guernsey.

Chairman, Aircraft Owners and Pilots Association:

Okay, that is your opinion, that is not necessarily the opinion of the guy who has bought a £20 million aircraft.

The Deputy of St. Martin:

I think what we are trying to get to the bottom of is whether there is a benefit to Jersey from a Channel Island registry that we do not have if Guernsey go alone and do their own thing. The understanding I had previously was that the Guernsey registry might pick and choose whose planes they registered depending where their money was. That was the impression that I think you gave, that if Guernsey were a standalone registry and they found somebody going to them with a plane who was using the Jersey financial services ...

Chairman, Aircraft Owners and Pilots Association:

Not just Jersey but anybody else's.

The Deputy of St. Martin:

... or anybody else, they might say: "We are not very sure" but the intimation was that if that person was using Guernsey financial services for his investment purposes that they might then register his plane.

Chairman, Aircraft Owners and Pilots Association:

Yes.

The Deputy of St. Martin:

Well, I would like to thank you for coming this morning. Your evidence has been excellent.

The Connétable of St. Brelade:

Can I just ask one question because I was not sure about something? Really it is another offshoot of all this but one of the submissions that was made is just regarding the validation of state licences for crew members of aircraft and helicopters as a potential benefit or cost saving. Could you enlighten me a little bit on that in terms of crew licences because I know very little about that, the licences for crew members and where there could be savings?

Chairman, Aircraft Owners and Pilots Association:

Well, there are about 5 ... let us start at the bottom which is a P.P.L. (Private Pilot Licence), that entitles you to fly in daylight in good visual conditions, which we call V.F.R. (Visual Flight Rules) flying. You then can go, if you are progressing up the scale of skills, for a night rating which allows you to still only fly in good weather but in the hours of darkness. You then go - uniquely in the United Kingdom only - for an I.M.C. (Instrument Meteorological Conditions) rating which teaches you and qualifies you to fly limited instrument procedures like instrument landings and things of that nature. It only applies in the U.K. The next stage would be a commercial pilot's licence which is usually combined with instrument rating because you cannot really fly commercially without an instrument rating. So you have an instrument rating and a commercial licence and then the final thing is when you meet a given number of experience hours you go for your airline transport pilot's licence. So those are the different licences. They all have to be to I.C.A.O. laid down standards and if you have that licence from a state which is an I.C.A.O. contracting state then you can

transfer that - I will qualify that in a minute - to any other country. But there are allowed variations to those standards like, for instance, in air law. Air law in the U.K. might be slightly different than air law as it is in the United States. So a lot of them, before you are allowed to transfer licences, you have to take a particular individual examination on that subject which is different for the country you want to fly in. But other than that if we go either for Guernsey register or a combined Channel Islands register, we would accept automatically any licence issued by an I.C.A.O. approved country.

The Connétable of St. Brelade:

So the Channel Island register would validate all those recognised I.C.A.O. licences?

Chairman, Aircraft Owners and Pilots Association:

Yes, they would not issue a new licence.

The Connétable of St. Brelade:

No, but they would validate?

Chairman, Aircraft Owners and Pilots Association:

Yes.

The Connétable of St. Brelade:

One of the comments that was made in the submission was that there could be significant cost savings in many circumstances as it would avoid costly retraining of crew. Again, could you explain that because obviously retraining of crew is important and I would like to know where the cost savings are in terms of that retraining?

Chairman, Aircraft Owners and Pilots Association:

I do not know the answer to that. I have not heard of that particular one. I know that there are tremendous cost differentials in terms of cost of physically having the piece of paper when you have passed your examination or even doing the tests. You know, if I do my medical which I require annually from a C.A.A. doctor it will cost me twice as much as if I do it for my American licence with an American approved medical examiner. Similarly, if I want to get even just a P.P.L. it will cost me a huge amount of money to get a C.A.A. and now a European licence whereas it costs me nothing to get that piece of paper in the United States. So there are huge differences and therefore people tend, for various reasons, to go to countries where the training and the final piece of paper to qualify you are much materially cheaper.

The Connétable of St. Brelade:

Right, so the cost saving of training ... it would not be a safety issue, it is more a case of ...

Chairman, Aircraft Owners and Pilots Association:

It is not a safety issue. None of it is a safety issue. None of what we have been talking about today brings safety into question.

The Deputy of St. Martin:

That is very reassuring to know. Anything else? No? Thank you again for coming this morning and we look forward to being able to use your information when we come to reach our conclusions.

Chairman, Aircraft Owners and Pilots Association:

Good. I am coming to your public session on Thursday. I am given to understand that is when you represent your case to the Minister, is that right?

The Deputy of St. Martin:

No, I think we will have some more questions for the Minister to ask. We met the Minister at the outset and he gave us a general overview on what his feelings were. Since that time we have had submissions in writing, we have taken submissions orally, we have also had the news from Guernsey about the P.P.P. (Public Private Partnership) that they have set up with SGI and the Minister on Thursday is just to question him further in slightly more detail than he gave us previously. So we will not be making any recommendations to the Minister on Thursday.

Chairman, Aircraft Owners and Pilots Association:

So it is more that he is going to ask questions?

The Deputy of St. Martin:

No, we will ask more questions of him.

Chairman, Aircraft Owners and Pilots Association:

Okay, so what is the procedure after that?

The Deputy of St. Martin:

The procedure after that is we will need to decide whether we want to hear any more oral evidence, we certainly may want to talk to Fergus Woods and we may need to seek some guidance about tax. Certainly after that I do not think we will need any more oral evidence and then we set about writing the report and then it will be published as soon after that as we can. But on Thursday we will be questioning the Minister further but we will not be offering him our evidence particularly because we have not finalised that yet.

Chairman, Aircraft Owners and Pilots Association:

When will that happen?

The Deputy of St. Martin:

That I would imagine would happen some time during July.

Chairman, Aircraft Owners and Pilots Association:

So it is not likely to be before the recess, or is it?

The Deputy of St. Martin:

I would think it would be before the recess, yes, but it may not be very much before the recess.

Chairman, Aircraft Owners and Pilots Association:

If I may just say I believe this “offer” from Guernsey to still include us, I think time is of the essence to accept or reject that.

The Deputy of St. Martin:

Certainly that will be questions that we will address to the Minister on Thursday. We are aware that he was in Guernsey last week and we would like to know a bit more about what they said and if there is anything he knows about that timing factor he will tell us and then, if necessary, we will have to speed up but we cannot work faster than putting it all ... we still have to finish gathering evidence before we can put the report together and we certainly will not be finished gathering evidence for at least 10 days.

Chairman, Aircraft Owners and Pilots Association:

So the meeting on Thursday is a public meeting again?

The Deputy of St. Martin:

The meeting on Thursday, the part of it pertaining to the aircraft registry is in public, yes. It starts at 10.00 a.m.

Chairman, Aircraft Owners and Pilots Association:

Yes, okay.

The Deputy of St. Martin:

We have a private meeting with the Minister at 9.00 a.m. but we start in public at 10.00 a.m.

Chairman, Aircraft Owners and Pilots Association:

Okay, good.

The Connétable of St. Brelade:

I think we all support your need for urgency and I think if something like this is going to go ahead we need to grab the opportunity while it is there. I am quite worried at a comment Fergus Woods made that this is a great opportunity for Guernsey and that worries me. I think it worries all of us that maybe they have already made a decision that they are going to go their own way. I would hate to think that we were going to miss out on an opportunity after people have put so much into it.

Chairman, Aircraft Owners and Pilots Association:

With respect, nothing to do with you personally, we have already dragged our feet in this matter and I just do not want to miss the opportunity. I do not think we have missed it. I think the offer is still there.

The Connétable of St. Brelade:

Is that your opinion? That we have not missed the boat on this, we can still ...

Chairman, Aircraft Owners and Pilots Association:

Yes, as long as we say so quickly and as long as we do not expect “charity” from them. In other words I believe that they have spent several hundred thousand pounds already and I think we need to share that.

The Deputy of St. Martin:

Again, that will be questions that we will need to address with the Minister on Thursday.

Chairman, Aircraft Owners and Pilots Association:

Absolutely.

The Deputy of St. Martin:

Once again, thank you for coming in this morning and we will certainly let you know when we have completed.

Chairman, Aircraft Owners and Pilots Association:

Excellent. I hope you take advantage of option 1.

The Connétable of St. Brelade:

We will certainly press that on Thursday.

Chairman, Aircraft Owners and Pilots Association:

Would you like a copy of what I have said to you?

The Deputy of St. Martin:

If you have one we would be delighted to have it. Lovely, thank you very much indeed. We can get this copied because we will need 2 or 3.

Chairman, Aircraft Owners and Pilots Association:

Okay, and you are going to let me know when I can see the minutes of the last meeting from 4th May?

The Deputy of St. Martin:

Yes, Tim will get back to you. We have your email address so we will let you know but ...

Mr. T. Oldham (Scrutiny Officer):

It is the hearing transcript?

Chairman, Aircraft Owners and Pilots Association:

Sorry, I am using the wrong terminology.

The Deputy of St. Martin:

It should be there. I have to say it is not hugely easy to find the transcripts of scrutiny hearings. Once you have done it 2 or 3 times it is not so bad but it may be just a question of writing it down and ...

Chairman, Aircraft Owners and Pilots Association:

I searched for it last night and I could not find it.

The Connétable of St. Brelade:

Just one point before you go, it is something we asked Lee and I do not know whether it made him ill when we asked him it, was targeted marketing. Where do would you see that targeted marketing be aimed at?

Chairman, Aircraft Owners and Pilots Association:

You mean the media to use to make it known?

The Connétable of St. Brelade:

The media to use and where you feel that market ...

Chairman, Aircraft Owners and Pilots Association:

It will automatically circulate within minutes of you making a decision throughout the world's aviation press. Anybody who operates, owns, flies an aircraft will be aware of what is on offer, and if the offer is good enough they will queue up.

The Deputy of St. Martin:

That is the sort of thing we want to hear. I think we are all done then.

[11:15]