

*1. To examine the potential value to the Island's economy for current proposals to establish either:*

- i. a Jersey Aircraft Registry or;*
- ii. a Channel Islands Aircraft Registry in partnership with Guernsey*

Regardless of whether the islands have two registers, one for Guernsey and one for Jersey using individual registration prefixes, what is clear is that a single body / organization should administer the register / registers. The argument against running two independent registers, with individual units of administration is clear both on grounds of cost and competition. Within the present financial climate it would simply be unacceptable to public, and should clearly be unacceptable to politicians of both islands to duplicate expenditure when it is clearly not required.

If this argument in itself is not sufficient to avoid duplication, then that of direct competition between two judiciaries that have almost identical climates would also support a single joint venture.

Since both the islands have very similar legal and financial statuses the only clear point of differentiation between two independent registers would be 'price' which would serve to drive down revenue as both islands looked to be competitive. The reality is customers would probably be more likely to look towards the more established registers of the IOM or Malta if this was to happen.

Having considered the above it is clear in pure financial terms that a single airworthiness department should be set up to administer a register either of a single prefix for the channel island, or two individual prefixes. I would strongly consider two prefixes since this would allow customer greater freedom of choice and the ability to personalize their registrations. This would have to be discussed with the UK CAA before making a decision.

Whilst I am aware that there is a degree of political reluctance to share revenue both Ministers in Jersey and Guernsey must put aside differences, listen to the advice of professionals of which I am sure all would support my view, and avoid direct competition that would only serve to undermine the ventures viability.

*2. To assess key structural elements of an Aircraft Registry involving Jersey, including:*

- i. safety standards/regulation*

Not a major issue. Unlike 'flags of convenience' in the shipping world aviation is standardised through ICAO at an international level, and regional authorities such as EASA in Europe and the FAA in the United States. As long as suitable individuals are recruited the Channel Islands should be able to set common basic standards acceptable equal to those in other registers (IOM / Malta). The IOM initially hired a third party (Baines Simmons) to set up the register and provide professional consultation during the first year of operation. I would envisage a similar approach

within the Channel Islands.

*ii. the unique selling point*

Apart from making sure we do not run two independent registers this is the single most important point / question. What can the Channel Islands offer that differentiates them from the service already offered in the IOM? I use the IOM because this is the register we would be in direct competition with.

To be a success we must first look at all the offshore registers and identify what they do well, and what are their unique selling points. To give you some idea Aruba specifically offers to send its surveyors to any location world wide to carry out inspections. The IOM on the other hand uses part time surveyors in a number of countries to carry out pre registration inspections.

Having reviewed the IOM registry details online it is clear that a register within the Channel Islands could match much of what it has to offer in terms of service levels and political stability.

Areas in which I believe we could take a lead, and act as a unique selling point are being more proactive in approaching the main aircraft manufacturers (Cessna, Bombardier, Dassault, Airbus, Boeing, Embraer etc.) to secure business from new customers entering the business jet / private jet market. Rather than buyers having to contact a register after purchase we could tap into these companies and offer a service at an earlier stage than other registers. Admittedly not all clients seeking offshore registration are new buyers but this still offers a sizable market. Secondly I do not believe that the IOM has gone to this length relying more on individual customer to find them. I would also recommend building strong ties with the major leasing companies to offer a similar service for short-term registration between leases. Once again although the IOM has a segment of this market they have not their airworthiness department is largely technical and does not have a particularly well-developed business strategy.

The Channel Islands should look to identify, and establish a niche market (new owners) and look to differentiate and compete on this level rather than cost alone.

*iii. the location of the Registry*

Jersey or Guernsey? Since I would envisage that the already established Department of Civil Aviation in Guernsey would provide leadership and oversight of a register, Guernsey might seem the obvious location. My only argument against this would be that Jersey Airport is better served by commercial airlines and would this alone might make it a better location.

Not all customers are going to arrive by private jets, in fact the department will probably have very little direct contact with customers but in pure logistical terms I would go for an office at Jersey Airport. This would also provide balance between

the two islands with the Department of Civil Aviation in Guernsey.

*iv. VAT and GST related issues*

Would need to look in to this in more detail, with guidance from a major accountancy firm but any Register in the Channel islands must be competitive in financial terms. That would mean at the least making transactions GST exempt for a number of years until it became sufficiently established.

Only companies that are both registered in jersey, and can prove that this is their main point of business would be able to avoid tax on purchase. Otherwise they would be liable for tax either in the country of purchase, or their main point of business.

Nevertheless this would make registration and purchase attractive to high value residents within both islands.

I would have to and qualify all of this.

*v. cost (development and administration) and strategic partnership*

As previously stated the IOM used a third party consultant to help set up the initial office and registry operation. This was then dispensed with once suitable staff had been recruited and trained. I would envisage a similar approach in the Channel Islands.

A strategic partnership is clearly the preferred way to go in terms of operation and cost with a relatively small number of staff to begin with, expanding to meet future demands. The IOM presently has a staff of 22 if I am correct, with surveyors in a number of countries on third party part time contracts.

*3. To establish whether the potential economic value and key structural elements of either current option for an Aircraft Registry are sufficiently robust to merit continued exploration by the Minister for Economic Development.*

Yes in my opinion. What is most disappointing is that the idea of a registry in the Channel Islands was raised over 3 years ago and little / no progress has been made. In the mean time all involved in European aviation have watched as the IOM makes considerable progress and revenue from a relatively simple plan and modest investment on their behalf.

Much of this delay is due to the lack of political willingness to share revenue between the two islands and commit to a joint venture.

## **Conclusions**

The recent establishment, and continued success of the IOM aircraft register is a good indicator that the services they provide are in strong demand based largely on a European market against a demanding period of fiscal austerity.

With this in mind I see no reason why a joint venture between the States of Guernsey and Jersey should not emulate the success the IOM has enjoyed to date.

What is clear is that any venture, should be based on a single joint strategy between the island, with a single centre of business so as to both reduce cost, and avoid direct and damaging competition. Whilst a single register would normally indicate only one registration prefix I believe, there is some merit in looking at the possibility of having two to allow greater choice for potential customers and businesses based in either island.

Charges should be set at a similar level to the IOM, and concessions made on tax (GST) to ensure the new register is both attractive and competitive.

In terms of identifying a unique selling point I would look to exploit a closer relationship with manufactures and leasing companies, especially those based in Europe, with an emphasis on capturing a large segment of the initial purchase market.

My final comment would be that some consideration should be given to future aviation legislation in Europe, and specifically any future initiative by Europe through EASA to protect what it may deem to be revenue and tax lost to the offshore industry.