

AOPA

Aircraft Owners & Pilots Association CHANNEL ISLANDS REGION

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Report to the Scrutiny Panel on the 11th June 2012

Mr. Chairman

Firstly, thank you for the opportunity of appearing before the Scrutiny Panel to present the views of AOPA, 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.

Secondly, may I explain that I appear here as the Chairman of the Channel Island Region of the Aircraft Owners and Pilots Association (AOPA), as well as a Vice President of AOPA UK, which is part of IAOPA, the international AOPA. This organisation has well over 400,000 General Aviation (GA) pilot members. GA comprises of all aircraft except those operated by the Airlines, the Military and those operated for hire or reward, considerably outnumbering them by number of aircraft.

The opinions I bring to you are purely as AOPA sees them in their interests and those 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".

Before coming here, I have consulted my AOPA CI Region advisory board, all of whom are experienced instrument rated pilots, with long and wide aviation, business, legal and corporate knowledge and experience. My evidence is based on our unanimous position.

As with many other issues, it is the often expressed 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 Islands Control Zone (CICZ), which is administered by Jersey ATC 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 DCA, who reported separately to the relevant Ministry 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, 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 Islands 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 or Guernsey are contracting States to ICAO, the international aviation organising body, their register, just like that of the Isle of Man, has to be a sub register of the UK one. The UK Civil Aviation Authority (CAA), 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 ICAO 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.

That is the present situation.

There are therefore just three alternatives now open to Jersey.

1./ Acknowledge the research and development so far done by the DCA 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 Isles one. This would then give equal access to the Jersey Financial Service Industry to participate.

2./ Start the whole lengthy costly process of creating a separate and competing Jersey register.

3./ Do nothing.

Only option 1./ which offers an excellent ready made solution makes any sense to AOPA from an aviation perspective. However from a taxpayer and benefit to the potentially involved Finance service industry also only option 1./ makes sense.

A further and important consideration is the issue of GST on aircraft Goods and Services applicable only in Jersey. This started at 3%, is now 5% and is more than likely to increase further at some time in the future. It started at being limited to aircraft under 3 tonnes and was 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 GST free. We are still waiting for this to be Zero rated by the Jersey Treasury.

Whether option 1./ or 2./ is chosen, Jersey GST 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 DCA for Jersey has not been made aware of the appointment of this Scrutiny Panel or its brief nor invited to its meetings.

I hope that after having heard all the evidence , the Scrutiny Panel will recommend to the Minister of Economic Development to proceed urgently with option 1./ with the essential addendum that Jersey GST on all aircraft Goods and Services be Zero Rated .

I would be happy to answer any questions.

