

**STATES OF JERSEY**  
**Economic Affairs Scrutiny Panel**  
**Aircraft Registry**

**WEDNESDAY, 20th 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:**

Director of Civil Aviation

**Also Present:**

Mr. T. Oldham (Scrutiny Officer)

[11:09]

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

Best behaviour for everybody, please. If anybody is leaving, if you could do that quietly. We will, just for the benefit of the recording, go round the table and identify ourselves. I am Deputy Steve Luce, Deputy for St. Martin, Chairman of the Economic Affairs Panel.

**Connétable S.W. Pallett of St. Brelade:**

Connétable Steve Pallett of St. Brelade.

**Connétable M.J. Paddock of St. Ouen:**

Michael Paddock, the Connétable of St. Ouen.

**Director of Civil Aviation:**

Director of Civil Aviation for Jersey and also for Guernsey.

**The Deputy of St. Martin:**

Thank you very much for coming today to speak to us. We, as you have already heard, are conducting a review into the potential setting up of an aircraft registry in the Channel Islands, whether that is Guernsey or Jersey, separately, together or not at all. We are trying to reach some conclusions as to what we think would be the best way to move forward.

**Director of Civil Aviation:**

Certainly.

**The Deputy of St. Martin:**

I think best if I could just ask you to just give an overview, in 5 minutes or so, of how you have been involved in the project. We have read your submission, which came via the Chief Minister's Office.

**Director of Civil Aviation:**

Yes.

**The Deputy of St. Martin:**

Could you just give us where you feel we are at the moment? Obviously, we are in a difficult position, because Guernsey have announced that they are going with a third party. We are given to understand that at the moment Jersey is still invited to the table. I think there is still work to be done there Minister for Commerce and Employment in Guernsey. So, if you could just give us summary of where you see it at the moment.

**Director of Civil Aviation:**

I do not want to review too much historically, but just very quickly, the idea of perhaps going forward with this in the Channel Islands or at least initially in Guernsey, took hold towards the end of 2009. It coincided with a project of inter-Island co-operation between the Economic Development Department and the Commerce and Employment Department. Such that at a meeting of this joint ministerial group and officer level group, I proposed that the development of an aircraft registry for Guernsey should perhaps be seen as a joint ... might be a good candidate as one of the items on that agenda. So, at that meeting at the end of

November 2009, I made a presentation to the joint board, as it was, and explained what the registry was about. So, if you like, the idea sort of germinated from there. During 2010, we did some joint work together, particularly in terms of putting forward a joint pre-qualification questionnaire and then formal invitation to tender for a feasibility study to be conducted by an external consultant. That was indeed conducted on cost, on time and on spec during the months January to March 2011. So, both administrations received the report at the end of March. Then there was a, as perhaps is indicated in Minister McNulty-Bauer's submission, perhaps a breakdown or diminution of the contact from about May last year, in terms of joint work. I was directed from the Guernsey side - because, of course, I have 2 hats and sometimes they are uncomfortable to wear - to proceed with the steps that would be needed to put this in place. The first thing was to get State's endorsement of it. So, the method in Guernsey was to produce a States report on the subject, which was duly delivered in September. Interestingly, the resolutions from that report, while giving a mandate to proceed with the project from Guernsey's perspective, it also included the ... directed the Commerce and Employment Department to try and seek a solution with Jersey or if that was not possible in a reasonable timescale then to proceed on their own. So, the option remained open through that resolution back in September last year. I have kept my Economic Development colleagues aware of progress. It is quite a difficult thing to be doing, but I did throughout this time. Of course, the States report itself is in the public domain and is public knowledge. Since then Guernsey went through another formal process to appoint a strategic partner, because already the model had been set out in the States report.

[11:15]

It is very much an outsource model, relying on external expertise to help, first of all, develop the technical requirements that would be needed to run a registry. Then downstream of that, to operate the registry on behalf of the States. Overseen, I hasten to add, by the D.C.A. That is the model that was outlined in the States report and was endorsed by the States in September. Proceeding with that, I sought expressions of interest from companies that I thought could be up to the job of positioning themselves as our strategic partner in that business and received 4 credible applications, who were interviewed by the Commerce and Employment Board, of

whom 3 were invited to a formal tender process with a proposal. The proposals, I suppose, in project terms, we received were in effect outline business cases for how this thing would run. At all stages the option was there and indicated to these potential partners that this could be a Guernsey registry or it could be a Channel Islands registry run with Jersey. A difficult concept for people external to the Islands to understand, it is quite difficult for people within the Islands to understand. But, nevertheless, that was the story they had to work with. As you probably know, that process was completed with a selection at the end of February and then followed by contract negotiations for 2 months where ... at the end of which, at the end of April, SGI Aviation have been appointed as the strategic partner. At all times, as I have said, I kept the communication avenue open. What I do not have is necessarily political direction. That is pretty key to this kind of joint operation.

**The Connétable of St. Brelade:**

Just regarding, obviously, the choice or the possibility of either a C.I. (Channel Island) registry or Guernsey Registry, I am just picking up on a comment you made there that as D.C.A. (Director of Civil Aviation) for both Islands that sometimes you find both hats uncomfortable to wear. Could you explain what you mean by that and do you see any conflicts?

**Director of Civil Aviation:**

Well, a potential conflict in ... my prime task as the D.C.A. is set out in the Civil Aviation Law (Jersey) 2008 and the equivalent aviation law for Guernsey 2008. They are the same responsibility. It is primarily the safety regulatory oversight for the airport and the airspace. That is my prime responsibility. This is a project in addition. It is not a statutory responsibility I have, but it is clearly in my area of expertise and therefore that is why I am involved. When it comes to co-operation between the Islands on matters where there is competition - you heard the Minister for Treasury and Resources mention this - it is not always easy to find a smooth path through when there are competing interests in that respect. I would say that is where the difficult is. In terms of my statutory function, there is no difficulty.

**The Connétable of St. Brelade:**

Just on a comment you made, you are probably going to say you were misquoted, but it has Fergus Woods comment: “Quite categorically this is a great opportunity for Guernsey.” Now that, for me, would read: “Well, this is a Guernsey project. It is not open to Jersey now to come in and take part in it.” Do you still see it as an open opportunity as well for Jersey or do you think Guernsey’s got to the stage now where they are going to go ahead with this regardless of what Jersey want?

**Director of Civil Aviation:**

Well, I cannot answer that. Later in that media snippet I said ... I think I pretty much used an architectural analogy in terms of windows and doors being opened. So, the bit about Guernsey, okay, maybe I did say Guernsey. Had the project been at a different stage, I would have been more than happy to have said this is a great opportunity for the Channel Islands. I was not being specific in that respect.

**The Connétable of St. Brelade:**

As D.C.A. the door very much is open?

**Director of Civil Aviation:**

Technically the door is open, yes. As I have indicated, I am not the guy who makes the decision on that bit.

**The Connétable of St. Brelade:**

Okay.

**The Deputy of St. Martin:**

We understand that you are in a difficult situation today. Something that you said to us ... when we had the briefing paper that came via our Chief Minister, there is a paragraph here, from an aviation safety regulatory perspective you say: “It would be highly desirable that the aviation regulations are developed in single and consistent code applicable throughout the Channel Islands.”

**Director of Civil Aviation:**

Yes.

**The Deputy of St. Martin:**

At the moment, we have separate codes. Is there a huge difference between the 2?

**Director of Civil Aviation:**

No. There are some detailed differences which are minor irritations to me rather than to anyone else. But to the aviation public, as it were, the people who have to negotiate the rules, it would make a lot of sense if they were identical.

**The Deputy of St. Martin:**

Is this something that you would like to aim for, irrespective of the registry issues?

**Director of Civil Aviation:**

Yes. A bringing together or greater consistency between the 2 requirements I will be working on. There are a couple of drivers for that. One of them is the registry, funnily enough, because there is a requirement to make some significant adjustments to the Air Navigation Order to enable the registry to take place. That would be the perfect opportunity to get rid of other inconsistencies at the same time.

**The Deputy of St. Martin:**

Further on in the same document - I have not pulled out very many quotes, but there are just a couple that I would like to refer to - something that you say here: "The territory concerned makes provision to cover for, in full, all liabilities which would arise or could arise from the running of registry both directly and indirectly." I presume that that is sort of ensures ... you take out insurance to cover you for every eventuality?

**Director of Civil Aviation:**

To be honest, I think this is to do with the U.K.'s (United Kingdom) Department of Transport - if you like, the U.K. Government's - requirement on offshore registries that they are not a liability on the U.K. in the main. In fact, most states who are responsible for the registries do not insure their liabilities or their responsibilities and obligations in that case. We are talking primarily about accident investigation costs, probably as the main contingent cost that could arise. Most do not insure, because the states, as you know, do not insure everything. They self-insure. Whereas, there is

one state, and only one state that I am aware of, that does insure and that is Ireland and they have insurance very specific, because they feel they are quite exposed with a large Atlantic seaboard for the potential for expensive aircraft accident investigation costs, which they would be responsible for as the territory or the location of the accident. Insurance is not a big feature in this regard, but it is a solution that I think the Channel Islands would look towards.

**The Deputy of St. Martin:**

Further down, in the same section about safety and regulation, you say: “The conclusion to be drawn is that the simplest solution may be for a Channel Islands aircraft registry to be established under the jurisdiction of law of either Jersey or Guernsey, but not both, which has provisions enabling resident aircraft owners from either Island to participate equally in the registry.” So, you are basically saying we use one Island’s law and just put a small piece in the other one saying: “We also accept registration elsewhere”?

**Director of Civil Aviation:**

Yes. It is about eligibility and it is about how complicated you make it in terms of setting it up.

**The Deputy of St. Martin:**

That leads me very tenuously to something that was suggested to us this morning. Do you think there would be circumstances under a Channel Island registry where we could have 2 prefixes one for Jersey and one for Guernsey?

**Director of Civil Aviation:**

I think it might be possible. You have no doubt already learned that any registry in the Channel Islands would be a sub-register of the U.K. So, to an extent we would have to persuade the U.K. Government Department for Transport that this would be a good idea. There are some quite good aspects about it, because it identifies the location of the source, if you like, of the aircraft. So, I think it is quite possible that that could be done.

**The Connétable of St. Brelade:**

Leading on from that, that is a comment you made under your safety, regulatory and legislative aspects in the report you gave us, you were obviously here when we were talking about the Cape Town Convention before.

**Director of Civil Aviation:**

Yes.

**The Connétable of St. Brelade:**

It does say in your briefing paper that the U.K. is a signatory to the Chicago Convention and it is accepted that the U.K. signature extends the convention to Jersey. Now, I know from some other documentation I was looking at, the Cape Town Convention or Chicago Convention was the primary source of regulation governing the registration of airplanes and aircraft. Can I ask you the same question I asked previous interviewees this morning? Would it be a good thing to sign up for the Cape Town Convention? Is it something you see necessary for Jersey?

**Director of Civil Aviation:**

Not necessary. It would be very nice to have. The trouble is it is a convention and, of course, Jersey or Guernsey cannot be signatories to conventions, the U.K. would be. The U.K., up until now, has not felt inclined to ratify the convention because they have national laws in place regarding security or movable assets which are well covered and replicated, if you like, by the security interests of people lending money to buy these things. So, they do not have the need. If there is no push from industry in the U.K. then there is not much likelihood of them bothering with this particular thing. I have asked the question of the Department of Transport, there is a clause in the convention which enables a signatory to make the convention applicable to sub-territories. I have asked them to investigate that and see ... if the Channel Islands was therefore going ahead and wished to have the convention applicable here, could they help us with that. So, that is a possibility.

**The Connétable of St. Brelade:**

It would have to be done through that route?

**Director of Civil Aviation:**



It could not be done direct.

**The Connétable of St. Brelade:**

It could not be done by us applying as a jurisdiction?

**Director of Civil Aviation:**

No, I do not believe so. On the other hand, we would definitely need to have security laws in place, which secured deposits of people who were lending money on moveable assets, which are different I believe ... may even be different as between Guernsey and Jersey, but they are probably different from the U.K. We definitely need to replicate the safety, if you like, or the security that Cape Town gives. The Cayman Islands have done that. They have an offshore registry, because they are an overseas territory and they thought they could ratify the convention, but they have sort of passed national laws to be equivalent. It is not quite the same, but the protection is there.

**The Deputy of St. Martin:**

We are trying hard, obviously, to work out the Channel Islands' unique selling point and why a registry here might make us more attractive than other jurisdictions. Do you know the number of aircraft that are currently owned in the Channel Islands or are registered in the Isle of Man, ball park?

**Director of Civil Aviation:**

Ball park. We did a survey at the beginning of 2010, pre-feasibility. We got responses which indicated about 250 aircraft, between the 2 islands, or between the 3 island, there are a few in Alderney as well.

**The Deputy of St. Martin:**

This next question is far more difficult to answer, do you have any idea or inclination as to how many of those 250 might reregister in the Channel Islands if we opened a registry here? Or is the issue much bigger than just where you are?

**Director of Civil Aviation:**

There would be a number of drivers which would make it interesting for owners on the Islands to reregister and migrate from the U.K. G reg or possible the F.A.A. (Federal Aviation Administration) N reg to a Channel Islands registry. Cost and competitors will be one. So long as we have competitive regulatory charges then that will be a driver. It was alluded to earlier and I came in at the tail end of the submission regarding changes of operational rules in Europe, which are going to affect members states and residents in member states who have a third country registered aircraft, having to comply with full European standards if they are effectively resident within an E.U. (European Union) member state. That is something we can avoid, because we are not part of Europe. Therefore, I think it might be interesting for such residents and owners to be on the Channel Islands registry. That said, if they owned an N reg aircraft then they could make the same beneficial provision. So, it is not an essential element. But there are a number of reasons why local owners may wish to transfer. Could I just say, I do not think that is the real target area. I think that is something that we would have to - we would be obliged to - provide a service also to our residents as well as well as looking for economic diversity. So, that is the reason. There would not be the target audience.

[11:30]

**The Deputy of St. Martin:**

No, we fully understand that. Looking at the target audience then, what would you perceive as the unique selling point of the Channel Islands over the other jurisdictions that you could go to to register your plane?

**Director of Civil Aviation:**

Well, there are a number, and they are not all unique, but as compared to the Isle of Man and Malta, which are certainly within our time zone and geographic area. We are out with the V.A.T. (Value Added Tax) ... now, I am not a tax expert, so I cannot tell exactly what is going to happen. But, I know that the V.A.T. net is a really tight one and you cannot escape its clutches very easily. But, for those clients who are not operating or resident in the E.U. member states, the avoidance of V.A.T. - and that is a legitimate thing to do - may well be an interesting thing for them to do. Therefore, to purchase their aircraft and register it through a non-V.A.T. liable state may well be

more interesting than having to recycle the V.A.T., which is the way they would do it otherwise. But, I am not a tax expert and that is an area we need to ... needs to be fully investigated. So, that is one. The other ones are to do with anonymity that an offshore registry gives. The time zone we are working in, which is much friendlier than say a Caribbean one or a Far Eastern or American. So, there are a number of reasons why people would choose ... not least the strong financial, reputational position of the Channel Islands.

**The Deputy of St. Martin:**

Another subject which we touched on this morning which may well give us an advantage over others would be the potential for us to take a different view on fractional ownership. Could you just give us your opinion as to where we might go with fractional ownership or is that outside of your ... is that a political answer rather than a regulatory answer?

**Director of Civil Aviation:**

It is a very difficult area. E.A.S.A. (European Aviation Safety Agency) has already decided that fractional ownership, where it is purely done on that basis, results in private flights, the flights being private not commercial. Despite the fact that the ownership link can be quite a tenuous one, you know, for the man on the street saying, you know, got 100th share in an aircraft and they are paying something to fly in it nevertheless. Even that is deemed to be a private flight, because legal there is an ownership through the share. But, there is no question that there is a general feeling that that mode of operating does need some additional oversight, because there is a certain presumed duty of care for the operator in that case, even though the operator is operating at the bequest of the owner. Most owners will know nothing about the aircraft other than how they sit in it. So, it is an interesting one. I think there is potential there, but I would be very wary of taking on responsibility for a large factual ownership operation, which you would routinely want to oversee properly, which demands big resources to do it properly. We have no policy on that.

**The Deputy of St. Martin:**

Would you be aware that anywhere else that they have a limit on the size of the fraction, if I can put it in that way. Would there be regulations in place that say: “Yes, we will allow fractional ownership up to 50 separate owners or 20 separate owners”?

**Director of Civil Aviation:**

Yes. That is one way of ... you are moving from fractional ownership towards cost sharing and of course, the U.K. I think they use the figure of 4 or 5 as a sort of shared ownership, rather than fractional ownership.

**The Deputy of St. Martin:**

Would it be fair to say then that if we took a different view on shared ownership and said we would be prepared to accept shared ownership up to maybe 20 shares or something that would put us at an advantage?

**Director of Civil Aviation:**

It is possible. I have done no analysis on it, so I cannot really say. I think it comes down to risk.

**The Deputy of St. Martin:**

What you are saying is that fractional ownership is something that needs to be looked at very carefully before you go down that road.

**Director of Civil Aviation:**

It does. The F.A.A., for instance, have created a whole specific part for the regulation of fractional ownership. So, it does not fall into pure private general aviation, it does not fall into their other parts for commercial, it is a standalone. They realise that there is a need to look at it.

**The Connétable of St. Brelade:**

So, we could develop it as a unique selling point in some regards?

**Director of Civil Aviation:**

It is possible, yes.

**The Connétable of St. Brelade:**

Knowing that there are some cost elements and resource elements to the back of that for any registry.

**Director of Civil Aviation:**

Indeed. Provided that the outcome of that was that the operation is deemed to be a private operation, because that is a key, if you like, scoping element of the registry to be.

**The Connétable of St. Brelade:**

Just in regards to having our own registry, C.I. or Jersey or Guernsey registry ... obviously we had a small accident at the airport, serious but nevertheless, no injuries.

**Director of Civil Aviation:**

Yes.

**The Connétable of St. Brelade:**

In terms of investigating that in future if we had a C.I. registry, who would that fall under? Would it fall under ourselves or would it still be investigated in the same way it is at the present time?

**Director of Civil Aviation:**

Unless there was a change to the law specific to that, then I would expect the U.K. Air Accident Investigation Branch still to be designated as the chief investigator of accidents for the Channel Islands. I do not see any push for that to change from the U.K. That individual body is designated as such for all overseas territories, for the Isle of Man, for Gibraltar. I do not see any push to change that. What there is a push towards is to, if you like, ring fence the activity such that there is no financial liability on the U.K. Government for the cost of that activity. That is going back to the insurance point. We would have to find a solution for that.

**The Connétable of St. Brelade:**

Do you see us developing an industry around airworthiness and some of the technical aspects of plane maintenance?

**Director of Civil Aviation:**

It is a potential growth area. The trouble is we are some distance from U.K. mainland, if it was U.K. based aircraft. So, the cost of coming here may exceed the savings that could be made in a competitive situation. Nevertheless, there are ... I am not saying it would not be. I think the very fact that you have a registry could encourage other aviation activities and associated activities to take place, particularly the provision of services to the executive jet handling, for instance, and particularly aircraft management where that is a high value, low footprint type of activity, which is more and more being done on behalf of aircraft owners, because they simply do not want the hassle, do not need the hassle of negotiating round all the technical difficulties and requirements there are.

**The Deputy of St. Martin:**

If I could just go back to fractional and shared ownership, can I just ask, there will be rules and regulations under that subject?

**Director of Civil Aviation:**

Yes.

**The Deputy of St. Martin:**

I do not suppose they would, but I want to ask the question, would they come under safety regulatory legislative aspects or is that tax? Is that something which is financial and outside of ...?

**Director of Civil Aviation:**

No, it is primarily to do with the safety regulatory aspects.

**The Deputy of St. Martin:**

So, the rules and regulations to be passed down as regards fractional or shared ownership would come from yourself or your department under safety regulation?

**Director of Civil Aviation:**

Yes. We would have to take a view on ... well, if you like, a risk view and also what would be acceptable to ...

**The Deputy of St. Martin:**

So that is quite clear. So, there would not be any scope for different ... either Jersey or Guernsey to take a different view on that? If it came down from the C.I. overview ... if it is under the C.I. umbrella and you took the view that shared ownership would be this and fractional ownership would be that, both Islands would have to accept that?

**Director of Civil Aviation:**

The same, yes.

**The Deputy of St. Martin:**

The same?

**Director of Civil Aviation:**

Absolutely.

**The Deputy of St. Martin:**

That is very clear. That is good.

**The Connétable of St. Brelade:**

Just another comment that you made in your briefing paper was: "State registry obligations also include stipulation of air worthiness and safety oversight, physical inspection of aircraft and accident and incident investigation." From an expertise point of view, how much of that would we have to bring in? Does it exist in the Island at present?

**Director of Civil Aviation:**

My idea is that a lot of it does not exist on Island at the moment. It is not always the most efficient way to have someone full-time doing that, because it would not necessarily be a full-time activity. So, the idea of outsourcing is to achieve the most efficient use of resources. In other words, apply them when and where they are

needed and not be paying for them when they are not needed. That is the way that I will be seeking to resolve the resource requirement. The hope would be that we could find expertise on the Island who could take on more responsibilities and indeed conduct airworthiness activities and others oversight activities on the Island on behalf of the operation. But, initially, I think that might not be the starting point. I think there is certainly an opportunity to develop that as a skill.

**The Deputy of St. Martin:**

Any registry that is set up in the Channel Islands I would imagine ... certainly I am aware that Jersey would need to pass primary legislation for that. Would that be the same in Guernsey?

**Director of Civil Aviation:**

Indeed, yes. That, in effect, is a requirement that the U.K. Government is placing on us. I know it feels a little bit uncomfortable, but they are insisting that they retain a certain level of control, because it is a sub-registry. They want to ensure that the arrangements for setting up the registry would be satisfactory to them. So, they have said ... and one control mechanism they have is saying: "Well, do it through private legislation" because they then have an input. The other technical aspect is they have insisted that a full safety assurance of it would be conducted before operations commence. That would be conducted by their own agency, the Civil Aviation Authority, on their behalf.

**The Deputy of St. Martin:**

Would you have any idea how long, physically, it is going to take? If we decided to move forward immediately how long would the legislation take to write and get back from the Privy Council? Then if the C.A.A. (Civil Aviation Authority) wanted to ... would they review it while we were waiting for it to be passed back or would they have to wait for it to be implemented before they could inspect it?

**Director of Civil Aviation:**

I think they could be inspecting while we were waiting for the Ministry of Justice to do their business with the Privy Council. That is typically a 4 or 6 month period. So, there is quite a window of potential inactivity on the legislative side that could be



used usefully to look at safety assurance, for example. So, I think the drafting ... I mean, ideally if we could start straight away we could have a draft legislation going through the States at the end of the year and then we are looking at a 6 month gap. In that 6 month gap, at the beginning of next year, further development of the technical requirements and the safety assurance of it. That is just the best timescale we could achieve, the middle of next year, but more likely end of next year.

**The Connétable of St. Brelade:**

You do say that that is a major amendment to the existing Civil Aviation Law. Is any of that work currently being carried out? Or are we starting from scratch?

**Director of Civil Aviation:**

Guernsey law drafters have undertaken an initial review and scoped what they think needs to be done. I am aware that Jersey legal drafting, or Economic Development have set aside legal drafting time in next year for that. Beyond that there is not anything else being done.

**The Deputy of St. Martin:**

At the moment we have 2 legislations and they would both need to be changed separately to accommodate. Would they be both changed in such a way as they both read exactly the same or would that not be possible because the underlying legislation obviously is different? So, do we have to write 2 separate pieces of law?

**Director of Civil Aviation:**

I think there would be a strong argument to align the rather unique Guernsey approach to the way it is done here. That is Civil Aviation Law setting out enabling and powers and so on and then the detailed technical regulations in the Air Navigation Order, which is how it is set out here and typically how it is done in the U.K. It is the model that has been used. So, there would be a strong case to align them that way. Thereby end up with certainly identical Air Navigation Orders except that they would probably be talking about Jersey here and Guernsey there. But otherwise they could be identical in all respects. There is no reason why not. The overseas territories have identical Air Navigation Orders for all their different territories.

**The Deputy of St. Martin:**

Getting back to something you said and I mentioned previously when we were talking about conclusion, you said: “To be drawn as a simple solution. Channel Islands aircraft are essentially established one jurisdiction.”

[11:45]

Could we change the primary legislation in one Island and in the other Island you just write a very short piece saying: “We will now accept Island B’s legislation as our own.”

**Director of Civil Aviation:**

We need a lawyer to tell us what that solution would be and we have not done it yet. I really think if we can find a mechanism to do that, that is the way to do it, to establish the registry in one Island and have an appropriate piece of legislation that commits the other one to be doing the right things in association with it. Because to try and do parallel work, I have not been able to work out how to do that. To build 2 parallel buildings and then join them at the top is what we are trying to do. Otherwise it does not seem a very easy thing to do. But I may be totally wrong. I cannot think of any other examples that are at the moment. There is no precedent.

**The Deputy of St. Martin:**

No, we were talking about that this morning. We have an interesting ... well, pan-Channel Islands co-operation needs to move forward. I think everyone is convinced that that will happen.

**Director of Civil Aviation:**

That is true, yes.

**The Deputy of St. Martin:**

While we might be working to together on physical projects like, for example, let use the Energy from Waste Plants where we might take their waste and burn it, we have not yet got to the point where we are looking at legislation, where we use legislation together and things like this. Okay, we have yourself as one of the pioneers ...

**Director of Civil Aviation:**

But that is a functional level, yes.

**The Deputy of St. Martin:**

Yes, it is functional. But, we were ... as I said, we were talking about it this morning, the possibility that this might become a bit of a test case, inasmuch as there may be legislative areas where we have to come together and it may well set the framework for things that follow on afterwards to look at.

**Director of Civil Aviation:**

Indeed. Well, we are looking at potentially the creation of a pan-Island entity, which would be responsible equally to both and have equal commitment for obligations from both.

**The Deputy of St. Martin:**

It is exciting and frightening at the same time and probably in equal measures.

**Director of Civil Aviation:**

I am sure if we went to a lawyer, they would be even more frightened, because they probably see a lot more of the problems than we do.

**The Deputy of St. Martin:**

I just wanted to reiterate and get your views on this, but the setting up of registry over here, this is really a rhetorical question, there is no question of compromising safety here in any way, shape or form?

**Director of Civil Aviation:**

No. One of the selling points, it is not a unique one, would have to be high standard of technical oversight, because that is what owners of aircraft want. They want to be sure that their asset is required to be and is looked after well. When you are talking about a \$50 million asset, you do not want it looked after by some shady process. They are looking for high quality and high reputation jurisdictions in which to operate from.

**The Deputy of St. Martin:**

Do you see the use of the third party - as in this case at the moment, SGI - as the party that would continue to operate the registry *ad infinitum* or are they are stepping stone that might allow us in 5 or 10 years or so to operate the registry ourselves with our own local people.

**Director of Civil Aviation:**

First of all, I do not think that scenario would be the target position. I still think an outsource model will remain the most efficient and cost effective one. But, to be clear, the arrangement with SGI Aviation is unique in the public/private partnership arrangement in the fact that they are investing up front. The downstream requirement for them is a long-term relationship where they can recoup their costs through revenues of the registry. Now, they are taking, in the vernacular, a punt on this. It is as much in their interest that it succeeds as it is in ours, of course. But, the commitment needs to be long-term, obviously, with get out clauses in the event of poor or inadequate performance. But, again, I stress that success is in equal shares, both parties have a real strong interest in it succeeding long-term.

**The Connétable of St. Brelade:**

In terms of support SGI, if they are the body that are used, and you mentioned, obviously, having good facilities for aircraft, what infrastructure do you see Jersey needing to provide in the short/medium term to assist with that.

**Director of Civil Aviation:**

To assist in establishment?

**The Connétable of St. Brelade:**

To assist in establishment and ... I am thinking something like hangarage, good quality hangarage and that type of thing.

**Director of Civil Aviation:**

Okay. Well, once the registry is established, or anticipating the establishment of one, yes, I think there are areas of aviation activity which may be able to benefit from

increased activity. So, the provision of handling services for executive jets, possibly the existence of maintenance facilities, which do not exist currently in Jersey. Well, you do have some space at Jersey airport, which is something Guernsey does not have, and a longer runway. So, while not every aircraft that is registered here needs to come here and most of them probably will not, some of them will and having the space to deal with them is always an advantage.

**The Connétable of St. Brelade:**

You see that investment being provided by an incorporated by Harbours and Airports?

**Director of Civil Aviation:**

Yes. That would be for the Airports and Harbours to capitalise on the activity.

**The Connétable of St. Brelade:**

Put their business model together and drive that forward in that direction.

**Director of Civil Aviation:**

Yes.

**The Deputy of St. Martin:**

I do not want this question to sound too negative, but I am trying to just get to the bottom of problems or areas, which we might find difficult, things that we might look back, if we go ahead, in 5 years' time and think: "Wish we had thought about that." Are there any particular areas of setting up a registry which you would focus in on immediately and say: "If we are going to do it, we have to make sure this is right" or: "That is going to be 100 per cent" or is it the whole thing that has to be ...?

**Director of Civil Aviation:**

Well, it is the whole thing. But, I have identified 2 major downsides we have to deal with. The air accident investigation one, how we resolve that has to be solved. It is a contingent liability, I should say, and it only arises in the event of an accident, which involves high cost to investigate, not to recover cover or anything else, that is covered by the insurance of the aircraft. Nor were we talking about public liabilities, because that again ... or accident compensation, these are all separate insurance issues which

do not involve specifically the registry. But, we have to consider the fact that we could have a large business jet go in somewhere, you know, deep water, many miles from here, it could be anywhere in the world, and we could, as state of registry have responsibility, at least shared responsibility, for the accident investigation costs. In fact, accident investigation is primarily the responsibility of the state where the accident happens, but of course there is an awful lot of international water. So, then you look at other states, state of registry, state of operator, state of manufacture, all of these have an interest and ultimately are likely to have a share.

**The Deputy of St. Martin:**

Is there a priority list? If you find yourself in international waters, under these circumstances, does the registry come ...

**Director of Civil Aviation:**

I think state of registry comes quite high after state of location.

**The Deputy of St. Martin:**

Right, it does.

**Director of Civil Aviation:**

Yes, yes. That is what we have to insure. That is why, as I mentioned earlier, Ireland has taken out their liability insurance policy, just to mitigate their liability. But it costs them a lot. But our risk profile is completely different, the type of aircraft we are operating are private and not commercial operations and funnily enough our location, we do not have I do not think dangerously deep seas or our territorial waters are not that wide. So, I think our risk profile is different, but it is not yet quantified. The feelers are out to try and get a figure on that.

**The Deputy of St. Martin:**

I am just thinking now, you mentioned private and commercial and there is a grey area, from what I can see, a small, slightly grey area between the 2. Do you, as a regulator, have the ability to move the borders between wherever you change from corporate to private and from corporate to commercial and ...?

**Director of Civil Aviation:**

Well, the chances are we ...

**The Deputy of St. Martin:**

... adopt a flexible ownership ...

**Director of Civil Aviation:**

We would adopt the sort of agreed definition. So, A.K.O.(?) has a definition for commercial air transport and so does E.A.S.A., the European safety regulator. So, we would use their definitions and work on that. I have to say, there may be operators in the room, but if they wish to be they can be terribly inventive about how they avoid being ... or some operators can be, I am not saying ... some operators can be quite inventive about how they avoid their activity being deemed to be commercial or transport, because there is an increased cost in terms of the oversight and the approval requirements that are placed on commercial operators. But, I have to say these are not activities that we want to be involved with. So, standard definitions for these things and what is deemed to be commercial air transport here would be deemed to be commercial air transport in Europe or anywhere.

**The Deputy of St. Martin:**

That is what we need, black and white and no grey areas. If we have standard definitions then we are going to be using those.

**The Connétable of St. Brelade:**

Just going back to the air accident side again, you mentioned potential insurance possibilities.

**Director of Civil Aviation:**

Yes.

**The Connétable of St. Brelade:**

You say some work still needs to be done on that side of it. Can you put a timeframe on that? In regards to bringing this forward, in a reasonably short period of time, is

that a potential risk that we could not find all the potential problems with that or identify them and make sure that we are covered in an adequate way?

**Director of Civil Aviation:**

The work is happening at the moment with various insurance ... not just brokers, but agents, to get to the bottom of this particular issue. It is not a big current insurance activity. So, it is new work. The thing is the policy of the U.K. Government, as stated by the Department of Transport, regarding offshore registries, suddenly means that there is the potential for a new line of business for insurance. Now, I am not an insurance expert, but the fact that all of the overseas territories who are currently operating offshore registries will be obliged to demonstrate to the Department of Transport that they have the means of covering the potential cost of an aircraft accident investigation. It means that if they are not already they should be looking at insurance as a possible solution. So, there is a market being created there, potentially. The alternatives are one of the States health insurers or create some sort of contingency fund. To be realistic, the choices are not wide, but insurance seems to be the obvious way, even just to mitigate the contingent liability not necessarily remove it entirely. But the work is being done to try and get to the bottom of it.

**The Connétable of St. Brelade:**

Yes, but presumably a caveat of the sub-registry is that there is no liability to the bigger body, i.e. the U.K.

**Director of Civil Aviation:**

To the U.K. main, exactly.

**The Connétable of St. Brelade:**

So that is why we need to ensure that if there was a major accident that they are not in any way liable for it.

**Director of Civil Aviation:**

Yes. They will provide, through their accident investigation branch, the resources to conduct the investigation in accordance with current laws and obligations. But, they do not want to have to be paying for it. It is a totally grey area at the moment. There



are no arrangements for Bermuda to pay the cost of A.I.B. (Accident Investigation Board) going to visit the site of their air accidents at the moment.

**The Connétable of St. Brelade:**

So, in terms of insurance costs, at the present time we are totally in the dark as to what it might be?

**Director of Civil Aviation:**

We are in the dark. It would form part of the final business case, which, under the States report, will be looked at by the Department of Treasury and Resources as a sort of stop/go point in the process. I guess, we will go through a similar process in Jersey, if that was the case. It is, to an extent, an appetite for risk and how the state would deal with it.

**The Connétable of St. Brelade:**

How do the Isle of Man deal with that?

**Director of Civil Aviation:**

They do not. Just like the other overseas territories. It is currently not ... and this is a policy which is being applied to existing registries from 1st January next year. So, I do not know what their solution is. They are also putting out feelers, to the same people, about an insurance solution. I have spoken to the D.C.A. there and he is slightly cagey about it. But I asked the question a year ago, because I knew this was coming along and was dismissed, not interested. Now he is interested.

[12:00]

**The Deputy of St. Martin:**

He has no option. He has to get interested now. Yes, one can safely assume that the premiums are not going to be 2 and 6 and a couple of Mars bars. It would be substantial amounts of money.

**Director of Civil Aviation:**

Yes. As I said, our exposure and profile will be very different from Ireland, but Ireland seek to provide a £75 million cover, aggregate, per year. They self-insure for 10 per cent of any cost, plus the first million Euros, I suppose it is in their case. But their premium is in the order of €400,000.

**The Connétable of St. Brelade:**

Presumably the cost of any of this would be recovered through the registry through a charge, which ... but then again, if we are going down the route all jurisdictions are going to provide it or will have to provide it ...

**Director of Civil Aviation:**

Yes, well, all offshore jurisdictions.

**The Connétable of St. Brelade:**

Yeah, it should be an equal playing field in many regards.

**Director of Civil Aviation:**

Yes. But there will be a sort of dis-benefit to the competitiveness of the registry if they have to impose quite a high insurance levy, as it were. But, I do not think we will be looking at £75 million worth of cover and the terms would be quite different. We do not have an answer yet, but I think there is a solution. Were you interested in cabotage?

**The Connétable of St. Brelade:**

Go on then.

**The Deputy of St. Martin:**

Is there anything you would wish to tell us about cabotage?

**Director of Civil Aviation:**

Nothing that is relevant to this session.

**The Deputy of St. Martin:**

That is a hugely diplomatic answer. I wish we had more answers like that. Fergus, can I thank you for coming in today to speak to us. Your information has been very valuable and we look forward to looking back over the words when we get them back to make sure we have a full comprehension of what you have told us this morning. I think it is fair to say that we all, on both sides of the water, and I know you sit over in Guernsey, but look after the Channel Islands, we are quite enthused to what could happen here. It will be interesting to see how we can move forward, but we may well be meeting again soon, you never know.

**Director of Civil Aviation:**

Sure. Can I just maybe reiterate something the Minister for Treasury and Resources said?

**The Deputy of St. Martin:**

Yes, we have a minute or 2 ...

**Director of Civil Aviation:**

It is about focus, because I have been directed to do certain things in Guernsey with regards to this project and, to be fair, they have been done. What we need to see is the same level of clear direction and focal point for responsibility for getting these things done here as well, for it to move on. That, I think, has been the drag on the project, overall.

**The Deputy of St. Martin:**

Yes.

**Director of Civil Aviation:**

That is an opinion and it is just ...

**The Deputy of St. Martin:**

We are aware from reading reports that the toing and froing from a Channel Islands and then a separate, and then a Channel Islands and Guernsey now appear to be on their own, it is difficult to make a financial case for Jersey going on their own as well

and duplicating the same thing side by side so close together when we could be working together on it.

**Director of Civil Aviation:**

I am glad you mentioned that, because again I come to this project from a technical perspective. My interest is in the safety assurance side. Obviously, the reason for doing it is economic diversity and drivers to the economy. The start point is ensuring we see off our obligations as the state, if you like. Responsibilities in having a registry, in terms of safety oversight. If we can solve these issues then the other thing will happen, I am sure. But it is how we put the structures in place to get that right in a pan-Channel Island context. I do not quite see it. I do not see how it can be done. That needs people sitting down to cover over that as their job, their task, to provide a solution for the pan-Channel Island structure.

**The Connétable of St. Brelade:**

The Minister for Treasury and Resources brought up the single point of responsibility. Looking from where you are, where do you see that line? Do you see it within E.D.D. (Economic Development Department) itself or ...?

**Director of Civil Aviation:**

Well, probably. Probably broader than E.D.D. but in terms of a project manager, we need to find someone who has project management skills. I am more than happy to do it and I would expect to be fully involved as technical adviser to that group, ultimately, the senior user of it, because one of the big products from that project is the delivery of the law changes, which I would be using on a day-to-day basis. So, there is certainly a role for me on that, but not necessarily as project manager, I hasten to add.

**The Connétable of St. Brelade:**

The lack of a project manager or just the failure to have a single point, do you see that as being one of the major causes of the on-going delay - it has been mentioned today that this has been talked about since 2005. Do you think it has just been looked at with too broader a brush and ...

**Director of Civil Aviation:**

Yes, I would say, in summary, that what it boils down to. You need someone whose job it is and whose responsibility it is to deliver that project, whatever it is.

**The Deputy of St. Martin:**

Does that person exist in Guernsey? Has that person existed in Guernsey for the last 18 months?

**Director of Civil Aviation:**

Yes, it has been me.

**The Deputy of St. Martin:**

I see, okay.

**Director of Civil Aviation:**

That is the thing, in Guernsey, I was directed to do that. I was not directed to do it here and in a way it might not have been ... the funny thing is I work from the Commerce and Employment Department in Guernsey, which is roughly the equivalent of the Economic Development over here. So, Economic Development is, because of the drivers for this project, the right place for it, but I work for a Chief Minister here. But, the Chief Minister, I am sure, would be more than happy to provide his resources in the form of me to that project, as much as I could help.

**The Deputy of St. Martin:**

That certainly has given us something to think about anyway.

**Director of Civil Aviation:**

I am sure.

**The Deputy of St. Martin:**

You might have to change your passport and come and live in Jersey for a few months. Right, once again, Fergus, thank you very much for coming today. Thank you everybody else for attending. I close the meeting.

**Director of Civil Aviation:**

Thank you very much.

**The Connétable of St. Brelade:**

Thank you.

[12:06]