



TYNWALD COURT OFFICIAL REPORT

RECORTYS OIKOIL
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DAALTYN

HANSARD

STANDING COMMITTEE OF TYNWALD
ON ECONOMIC POLICY REVIEW

BING VEAYN TINVAAL MYCHIONE
AASCRUTAGHEY POLASEEYN TARMAYNAGH

Douglas, Wednesday, 7th March 2012

**PP59/12
EPRC, No. 1**

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Members Present:

Chairman: Mr L I Singer, MHK
Mr D M W Butt, MLC
Mr R H Quayle, MHK

Clerk:

Mr R I S Phillips

Business Transacted

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The Committee sat in private at 3.34 p.m.

Standing Committee of Tynwald on Economic Policy Review

*The Committee sat in public at 2.30 p.m.
in the Legislative Council Chamber,
Legislative Buildings, Douglas*

[MR SINGER *in the Chair*]

Procedural

The Chairman (Mr Singer): Good afternoon, everybody. Can I welcome you here.

This Standing Committee is a parliamentary committee and it is taking evidence today on the matter of the development of the space industry in the Isle of Man.

5 Can I introduce the members of the Committee: there is myself, as Chairman – I am Leonard Singer – Mr Dudley Butt MLC; Mr Howard Quayle MHK; and the Clerk of Tynwald, Roger Phillips.

We have two witnesses today, and we welcome you: Mark Guthrie from SES Satellite Leasing Ltd; and Carla Sharpe from Space Ventures Consulting Ltd.

10 Can I, first, ask just that all mobile phones are turned off, please. Can I also remind members and witnesses if we could not speak over one another, because everything is being recorded.

As I say, can I thank both of you for coming, again. We will ask questions and, please, answer as you wish. We are not directing first at one person and then the other.

EVIDENCE OF MS C SHARPE AND MR M GUTHRIE

15 **Q1. The Chairman:** Can you briefly tell us, first of all, why your companies, and how your companies, became established here on the Isle of Man?

Ms Sharpe: I am originally from South Africa. I was working with the space programme in South Africa and I was studying the Executive MBA programme through the International Space University.

20 One of their modules was hosted on the Isle of Man and, on that trip, I spent time getting to know various participants on the Island. It showed a very proactive attitude towards space, towards developing business. I needed to be closer to Europe and the US for what I do in the space industry so I decided, being a UK citizen, it was a good place to start, and so I moved here, I took the leap.

25 I have a 15-year-old son, I am a single parent, and what the Isle of Man had to offer, in terms of the benefits – a safe environment etc – I felt like it was a good move and a good launch pad to Europe etc. We were very cut off in South Africa from the European market, so I came here and established myself.

30 **Q2. The Chairman:** You are consulting, so who are you consulting with, and who is consulting with you?

Ms Sharpe: I consult to some private companies in the space industry and some space agencies, mostly in Africa. Yes, pretty much that.

35 It is some private industry in Europe. I do a lot of papers and a lot of research in collaboration with a number of entities in the US, Europe and South Africa, and then I consult with governments in Africa.

40 **The Chairman:** Okay.

Mr Guthrie: I work for SES Satellite Leasing. We were incorporated in 2004 in the Island primarily as a result of many discussions with individuals within Government and SES in Luxembourg. The company has been here since 2004.

45 Initially, we were looking at i-risk markets for the company and i-risk investments, and that is primarily why we moved to the Isle of Man, because it supported that kind of infrastructure in which we wanted to operate. Since then, we have grown. We own eight satellites. We are the launch vehicle procurement arm of SES globally and we also manage their satellites and lease their satellites within the business.

50 **Q3. Mr Butt:** Can I ask you both... You say why you have come to the Isle of Man.

In the case of Ms Sharpe, I think you said it was your family and you found it a safe place to come and the willingness of people to help you here. Can I ask you both what are the financial advantages are of coming here, rather than the UK or somewhere in Europe?

55 **Ms Sharpe:** For me... there was no specific advantage to me personally, but business-wise, in interacting. When I got here I could see the opportunity of the growing space industry in attracting further space business to the Island.

60 It was definitely the appearance of a gap to interact more with Europe and the UK industry and involving them in the Isle of Man versus being in the UK and just interacting with that industry, but not really... I was attracted to the growth of this industry here versus being part of an already grown industry in the UK.

Q4. Mr Butt: So you considered the UK initially but decided to come here?

65 **Ms Sharpe:** Yes, my father is in the UK. It was the logical choice, but this seemed a much more attractive option. In space... I am not a multi-million-dollar corporation so you have to look where there is a niche where you can fit and add value, and I felt that I could add value more here than in the UK *per se*.

70 **Q5. Mr Butt:** Mr Guthrie, I assume you are a bigger company...

Mr Guthrie: Yes.

75 **Mr Butt:** What financial advantage was there in coming here for you?

80 **Mr Guthrie:** I think the infrastructure, the tax and the financial advantages were all part of the decision that SES made at that time in 2004. I was not here when they made that decision. I did not join the company, or SES Satellite Leasing, until 2009. I worked in the States prior to that, for SES, so my understanding is that there was a beneficial tax structure in place and financial incentives for SES to move here, and that certainly helped them flourish and grow at that time.

Q6. The Chairman: So, you are in the States and you are in Luxembourg?

85 **Mr Guthrie:** The company?

The Chairman: Yes, the company.

90 **Mr Guthrie:** The company has its headquarters in Luxembourg. It has offices in the Hague, in Washington, in Princeton... are the four main places – oh, sorry, and now Singapore – but they probably have another 34 offices globally within the infrastructure, as well as what we call ground infrastructure, which is on the east and west coasts of the States, again bespoke, and then third-party teleports all over the globe.

95 **Q7. The Chairman:** So, what do you do here that is not done elsewhere, and why is it advantageous to do that here?

100 **Mr Guthrie:** What do we do here? We primarily purchase and lease those satellites, and the way the business model operates is that when we lease them we do operational lease, so we lease the satellites across to other parts of the business, and for that there is a *quid pro quo* in terms of the revenue stream and how that is treated. So it is beneficial to do it that way in certain instances. Certainly when you look at new ventures where it is a higher-risk strategy in new markets, new

orbital locations, that is the way that the company prefer to do it. That model works for us. That is primarily the main reason.

105 A secondary reason is that we operate a... As I said earlier, we manage all of the launch vehicle activities for the company and, as part of that, we have a global buying power within the launch vehicle procurement environment, which enables us to buy at better prices than, say, most of the other parts of the business, so all of that is consolidated in one business unit. So, instead of having different business units within the company buying individually from launch service providers, we do it globally on behalf of the company.

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Q8. Mr Quayle: Moving on, a two-part question or very similar.

What particular markets can be exploited, in order to attract business to the Island, or I suppose, if you ruled the world, how would you grow the Isle of Man's space industry?

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Ms Sharpe: I think the Isle of Man clearly has strength. Aside from the benefits of living here and the tax benefits, it has a strong insurance sector, a strong financial sector, a strong legal sector and the space industry, like any industry, has a need for all of these services. So, focusing on attracting international space business, based on those sectors, we have a lot to offer internationally on the manufacturing side for smaller... for manufacturing smaller items. You do not just build satellites and rockets, there are components. The Isle of Man has an attractive offering to bring manufacturing to the Island, so we do have that as an offering.

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I do not think we will ever be launching rockets from the Isle of Man, building satellites or such, or breeding astronauts, but I think there are certain sectors that should definitely be focused on where business could be attracted. The international space industry revenues run into a couple of hundred billion per annum and 'dial nine' industries' revenues run into the trillions globally, so it is definitely an industry that is worth attracting and we definitely have the services here to offer them, provided we focus on the services that we are strong in on the Island and do not try to deviate into having a finger in every part of the space industry where we are not experts.

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I think that's it.

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Q9. Mr Butt: Could I come in there? Are you saying our aerospace industry here could be used as part of the strategy in the future? Is that something you would take into account?

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Ms Sharpe: Absolutely. You have done very well; it has been a successful... the aerospace cluster has been successful – it is more aero than space, but there are a number of manufacturing companies and items which would be interested in the Isle of Man and which do not require huge amounts of space – excuse the pun!

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I think we have a lot to offer and, definitely, working off the back of the aerospace cluster, there are a number of areas in the space industry, which – I have pointed out a number of areas that Isle of Man can offer services in, whether, I know, at the moment the satellite registry is being examined, whether that is a viable option for the Isle of Man.

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There is a ground station that is not operational on the Isle of Man, which could be... and there are a number of new registries that will be launched in the future. Lenders' registries, their protocol is still being debated at the moment. You cannot currently register as a lender against a space asset, but they are looking to change that. These are all areas where the Isle of Man could lead. It runs off the expertise that is already here and these things can run off the back of aircraft registries and current aircraft systems put in place, so definitely.

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Q10. The Chairman: You mentioned insurance. Do you use Isle of Man insurance in your company or do you use insurance elsewhere?

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Mr Guthrie: We have a captive insurance and that is held in another jurisdiction. That captive insurance operates primarily on behalf of the company of which we participate in. So, no, we do not use Isle of Man insurance currently.

Q11. The Chairman: Are a lot of the other companies using Isle of Man insurance? Do you know?

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Mr Guthrie: I could not answer that question. The main providers on the Isle of Man are similar to the companies that we use elsewhere, so there is no reason why that could not happen.

Q12. The Chairman: So where do you see the Isle of Man progressing as a future development, from your point of view?

165 **Mr Guthrie:** I think that is up to you, the Government and the Department of Economic
Development. I do not think it is a private industry issue. I think it is something that, as the
Government, you can look at and say has it grown as much as you wanted it to grow. If we look at
the UK space industry, typically, the revenues there are something like £6 billion to £7 billion:
170 they are growing to £25 billion in the next 10-20 years, they have got got 25,000 people in the
space industry. So, is that commensurate with the Isle of Man?

I do not know enough about your total space industry picture, but I think Carla is right: you
look at consultancy, you look at component manufacture and you have got a strong aerospace
cluster, so that is certainly conducive to enticing space businesses to do component manufacture.
175 Many of the things that you buy, or we buy, through out-manufacturers... whether it be for the
satellite or the launch vehicle, they are all component manufacturers that put pieces together and
then they are shipped to all parts of the world – the arianespaces, the ILS – so I think that is
something that, quite clearly, the Isle of Man should look at. You have the ability. You have the
kind of infrastructure to support that.

I think consultancy is another growth area. You have mentioned insurance. There are many
180 other parts of the financial structures that you can help and offer the space industry in general, I
would say. Additionally, I would look at... You have got a great fibre infrastructure that comes to
the Island. Whether you want to get into the realms of operating an earth station or using the
redundant facilities of somebody like Arkiva in the UK or any of those other players like
Globecast... You can offer that dual and diverse routing which many other people cannot.

185 So I think there are opportunities for the Isle of Man to grow this base if they want to take it
that way.

The Chairman: Thank you, that was what I was looking for.

190 **Mr Guthrie:** Okay.

The Chairman: Thank you.

Ms Sharpe: I think, if I may add to that, generally the operations of a country's space
195 programme sit with with governments, not only because of the treaties and the requirements –
legal requirements – but also because space is something that has to be grown for everybody. It
has to be grown for the economy and Government can drive that in an impartial way, which is why
the opportunities have to be kept open and diverse for all the private participants and it has to
always sit with Government to be driven.

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Q13. The Chairman: But do you work together with government?

Ms Sharpe: Absolutely.

205 **Q14. The Chairman:** In what way?

Ms Sharpe: I think Government here make themselves very accessible, particularly the
Department of Economic Development, which is of benefit to... which was a consideration when
moving here.

210 In some countries you can wait a year for a meeting with a member of government. So here,
you can meet fairly quickly and you can have decisions quickly. So that is very useful on the Isle
of Man. It is very attractive to foreign companies. So I have attempted to engage with Government
on many, many occasions here.

215 **The Chairman:** Mr Guthrie?

Mr Guthrie: Yes, I think I would substantiate what Carla says.

I think, generally speaking, we have had a very positive response from both the DED,
220 Members of the House of Keys and even Members of the Legislative Council, so I think the space
industry, and certainly our company, has enjoyed a very positive response and, hopefully, will
continue to do so.

Q15. Mr Butt: Can I just move on to another subject?

225 I have a rough idea of how it works, but for the novices... or those reading it in *Hansard*, can you tell us how the filing responses work, what the method is you use and –

Mr Guthrie: On the Isle of Man?

230 **Mr Butt:** Yes, via the Isle of Man.

Mr Guthrie: I think you should ask a colleague who is sat in the gallery. He works for ManSat.

Mr Butt: We will be. I wondered if you could give us an overview of how you see it running.

235 **Mr Guthrie:** Well, we do not file through the Isle of Man, so... and that primarily... My understanding is that filings are submitted through ManSat. They then regulate that and then, obviously, like many jurisdictions in the UK, that is submitted to Ofcom, and then through Ofcom to the ITU. So it is just a jurisdictional thing.

240 **Q16. Mr Butt:** So if you need to find a slot, you have to go through that process of tiers?

Mr Guthrie: If it is on the Isle of Man, we would have to do that process. Yes.

245 **Q17. The Chairman:** It is difficult for you, then, or it takes a long time if you want to do that, or it costs more money, and you could do it much better if you had the opportunity yourself to file for slots.

250 **Mr Guthrie:** Yes, we believe so, without doubt. We have 20-30 lawyers across the company globally who manage our filings and the regulatory part of that, whether that be in the UK, Betzdorf, the Hague, or Washington in particular. That is one of our specialist skills, as a company, in which we do... and we help many other companies to do that. So the way we work generally is that we work directly with Government to do that. In the Isle of Man, you happen to have ManSat as that main component, so...

255 **Q18. The Chairman:** Are you saying that, then, when you do file for slots... did you say you had launched eight satellites?

Mr Guthrie: We have eight satellites. We have probably launched three in the past two years.

260 **The Chairman:** So where do you file for those?

Mr Guthrie: From a UK perspective, we use Gibraltar.

265 **Q19. The Chairman:** How much do you actually... do you pay for filing?

Mr Guthrie: In Gibraltar?

The Chairman: Yes.

270 **Mr Guthrie:** Yes.

The Chairman: What is the cost?

275 **Mr Guthrie:** I am not at liberty to disclose that. It is company confidential information, I am sorry. But it is at a rate that is favourable to the company – that is why we use Gibraltar.

Q20. The Chairman: But if you could do it directly and, obviously, more quickly, you would do it through the Isle of Man, if you could?

280 **Mr Guthrie:** Yes. It stands to reason that, from our perspective, we endeavour to try to do that because it is part of a good corporate governance structure, to be able to do that from our company's point of view. It is something we have continued to try to do on the company's behalf because it makes sense to do the filings in the jurisdiction that you are operating in.

285 If you look at the way we currently file, we file through Luxembourg because we have our
head office, we file in Holland through the Hague and we file in the US in Washington. So we use
all of those jurisdictions because we have offices there.

290 **Q21. The Chairman:** Have you tried to file through the Isle of Man, but you were just told
you cannot do it?

Mr Guthrie: No, no, no, I do not want to give that impression. We have been in discussions
with ManSat for some 12 to 18 months. Unfortunately, from a company's perspective, we find it
financially not viable to do so – let us just leave it at that.

295 **Q22. Mr Butt:** So, can I ask then, you go to Gibraltar, rather than here, because of the
financial implications of taking it here?

300 **Mr Guthrie:** Yes, and also the ease of doing it directly with Gibraltar as opposed to going
through a third party.

Q23. Mr Quayle: Can I just ask, what do you see as the benefits to the Isle of Man, if you
were able to file on the Isle of Man? Other than for your own personal company, but how would
you see that benefiting the people of the Isle of Man?

305 **Mr Guthrie:** There are many ways, I guess. The fact that you are aiding, what I would say is
now a local industry, to support their growth and acquisition of growth on this Island, which
currently we have got to go and do elsewhere, so that is a benefit from an Isle of Man... you are
trying to enable a company to grow at this moment in time. If we are going to grow, we have to
use our filing facilities, which to me does not make sense, then, if the company grows
310 traditionally, hopefully the company grows in terms of people and revenue and benefits to the Isle
of Man, so it is productive on all sides.

315 **Q24. The Chairman:** Not being able to grow here – that is one of the restrictions that you
have not been able to grow?

Mr Guthrie: No, I would not say we have not been able to grow, I just think it would make
more sense if we were able to do filings directly but, unfortunately, the Government does not
allow that, so that is a governmental thing, it is not a ManSat thing. You gave... The Government
gave the contract to ManSat, so ManSat are only following those directives within any contract
320 and the same as we would do anywhere else. We just, unfortunately, have a very good relationship
through Gibraltar and that just works well for us.

Q25. The Chairman: How many people do you employ here?

325 **Mr Guthrie:** Currently, we employ ten people on the Island.

Q26. The Chairman: Is that likely to grow, do you think?

330 **Mr Guthrie:** I wish I had a crystal ball! The business... we have a business plan and, in the
business plan, yes, we expect growth.

We are launching another satellite this year. We are talking, in our business plan, for another
three to four satellites over the coming two years. Again, it is new markets that, from a company
perspective, we see will grow. Each of those investments, when we look at new markets, totals
millions of dollars, so it is not something the company looks at lightly but, certainly, from a
335 company's perspective, we have a commitment to grow a South American and Asian market and
to do that we intend to use SES Satellite Leasing.

340 **Q27. The Chairman:** To sum this up, if you could – at least four satellites in two years – file
for those here, you would probably file for them here –

Mr Guthrie: Can I just add that they have already been filed, anyway, because the filing rights
take many years to come to... When you file for a satellite, you do not automatically get primary
rights, you can get secondary or you could be right down the list, it is just a negotiation process we
have with many companies or countries, and if you are at the top of the list then you have certain

345 rights that you need to do, you need to put a satellite there within a certain time period and operate
within a certain time period.

For us to do that, we look at a business plan, we look at growth potential across the globe and
say where are we going to put filing rights. We do do speculative filings, but they are very few and
far between on the basis that, even for us or that jurisdiction, you have to put together some sort of
350 business case to substantiate why we want to file there, as much as anybody else. It is not a
question of, yes, we would like to file, even if we did put filings through, if it was in the Isle of
Man, then it could be many years before they come to fruition, it just depends on who is ahead of
you and what is the order.

355 **Q28. The Chairman:** Have you got any comments on the filing system as it happens in the
Isle of Man?

Ms Sharpe: I think, as with anything where you are required to register with a government
body, you pay licensing fees, whether it is your car licence or a satellite licence, an orbital...! You
360 would normally pay fees to a government.

The space industry is very expensive. There are many onerous restrictions internationally and I
think it is not ideal where another layer of onerous costs and restrictions are placed on companies
to do business. You already have government and legislation to deal with, and I think it should be
the option, whether or not you are able to use a third party. Sometimes these third parties will
365 expedite for you because you do not have the experience or the connections but, if you do, I think
there should be the option. It goes for any industry; it is not just the space industry here. When you
start forcing companies to interact with third parties, it becomes onerous and scary to companies
moving to an island – in any industry, not just the space industry. It should really be an option,
whether you use a third party or not, in my opinion.

370 **Q29. Mr Quayle:** If I can ask Mr Guthrie, can I presume that when the tendering process was
put out for the Government contract... I presume there was one; I am a newly elected MHK, so I
do not know all the answers, obviously, on the background. Can I presume that in the tendering
process, you were not on the Island, your company was not on the Island, when the tendering
375 process was put out?

Mr Guthrie: I have got no idea when the tendering process was put out, Mr Quayle. I only
know it was potentially renewed about a year ago, or something like that, an automatic renewal.

380 Other than that, I am, unfortunately, not the right person to ask. I certainly was not on the
Island when that was put out.

Q30. Mr Quayle: Has there been an advertisement from the Isle of Man Government for a
tendering process, in your time on the Island?

385 *Mr Guthrie:* Not that I am aware of, for orbital slots filings, if that is what you are referring to.
(*Mr Quayle:* Yes.) No. Again, I am probably not the right person to ask on that, I apologise.

Q31. The Chairman: Can you tell us the cost of filing a slot through Gibraltar, comparative to
what it is in the Isle of Man?

390 *Mr Guthrie:* No, I cannot divulge... that is a confidential arrangement that the company has
with Gibraltar.

Q32. Mr Butt: I think you have said it is more expensive here, than in Gibraltar?

395 *Mr Guthrie:* Yes, on the basis of, I know what we pay in Gibraltar and what we would expect
to pay... yes, it is significantly different but, because of confidentiality very much with both
parties, I am not allowed to disclose the numbers.

400 **Q33. The Chairman:** The reason... as you have got to file through Gibraltar, or file through
the Isle of Man, you are going to Gibraltar, because, basically, you are saving money.

Mr Guthrie: Yes, and we are dealing directly with Gibraltar, so it is almost a rubber stamp
from that perspective. We are using our in-house legal expertise to do it and they basically rubber

405 stamp what we do, to a certain extent. We have a very good relationship with the GRA there and it works very well.

410 **Q34. The Chairman:** You say that if you did not have to file via ManSat, you would probably be able to do it here?

Mr Guthrie: I would not say it is a question of not filing through ManSat. I think, from our perspective, the financial incentives are not there, so whether we file directly – and Carla is right, to a certain extent – from our perspective, from a company perspective we have 20-30 people involved in filings and monitoring filings, keeping them up-to-date, working with the RTU. They have just been at the WRC.

415 We believe we have a great deal of expertise and we have to have that, on the basis that we have 50 satellites operating, and we have growth there. Our belief is that we do not need to go through a third party to do that kind of filing, whether it is here on the Isle of Man or whether it is in other jurisdictions. We already have that in-house expertise.

420 **Q35. Mr Butt:** Can I ask Ms Sharpe about your consultancy work over here in this area? Is it handicapped in any way by the fact of this issue about filing or *[Inaudible]*

425 **Ms Sharpe:** I think I have been a little handicapped because of other reasons! But I think, with respect to the filing, it has not directly impacted me, other than it is unattractive to bringing other companies to the Island.

Q36. Mr Butt: Is that part of your role, trying to bring people here?

430 **Ms Sharpe:** In all fairness, we do talk about a number of satellite companies being the large players, but in all fairness SES is the only one with offices and employees operating here and they are a leader internationally, they are the biggest –

435 **Mr Butt:** ‘They’ being?

Ms Sharpe: SES. There is no reason that other similar companies should not be following suit in similar jurisdictions. I do believe that some hindrances to them would equally be hindrances or put off other companies from coming here and I think there is a limit, if the growth becomes limited in the industry, then it impacts on everyone like myself, even if we are not directly dealing in slots ourselves.

440 **Q37. Mr Butt:** Is there a jurisdiction, perhaps, similar to ours... that may be getting ahead of us and maybe attract business away that we should be aware of?

445 **Mr Guthrie:** I think space, in general, globally, is growing – I hate to use the old chestnuts of India and China, but they are becoming very proactive in space, but they have got lots of money.

I think the issue is not about purchasing power, I think you have got to outsmart these people and think about the diverse parts of the space industry that the Isle of Man can attract. Carla has already mentioned those kind of areas as much as myself. You have got very successful aerospace clusters. I think that is a great opportunity to build on. You have got consultancy, you have got a very proactive financial and regulatory kind of environment to support the growth of the space industry. You have got to look at those opportunities and think how do we channel that and work with it, whether it is the UK or other jurisdictions, to grow your space industry. I think the opportunities are there.

455 **Ms Sharpe:** I just wanted to add that I think, for the Isle of Man, the space industry is fairly new... over the last... ManSat did a great thing in introducing the Isle of Man to space. They saw an opportunity, which they grabbed, which was great. They lit a fire here, but now I think it is at that point where it has to now grow, it has to be given room to breathe and other participants may need to be involved. All credit to them for the growth they have brought to this Island and the potential they have brought.

460 Space, like Mark says, grows incredibly fast. There is an incredible amount of opportunity and that has to be allowed to just develop and grow itself. It will dynamically grow on this Island if it is not boxed and prohibited the way it has been to date.

465

Q38. The Chairman: You mentioned the word ‘hindrance’. I know you both spoke about the advantages of being here and the help you get from Government and other agencies, but you did use the word ‘hindrance’. In one of them it was not being able to directly file. Are there any other hindrances, that you think, I wish the Government would do this, or they need to do this, to make things more attractive?

Ms Sharpe: I think, from my perspective and the areas of space that I work in, a lot of the things I would like to do for the role of certain appointed company... an appointed company by the Government to take care of these areas and so, if it does not go through this company, or they do not agree with it, it does not happen. And –

The Chairman: If the company does not agree with it?

Ms Sharpe: Yes, so –

Mr Guthrie: Whenever you have an exclusive arrangement with one party, you always therefore restrict the opportunities of the other parties to do business. The fact that you have chosen to do this is fine, but you also have to recognise the limitations of doing that from a corporate point of view and from a governmental point of view.

I think what Carla is trying to allude to – and if not, I apologise – is that, like any industry, you know, by allowing businesses to grow, you need to enable other businesses to do that and, unfortunately, the way you have got it structured on the Isle of Man, sometimes prevents other businesses growing as fast as they would like, or even getting involved in space. That is not to say that ManSat are doing anything different from any other company as that role. I think every other company would do the same.

If you look at the growth of space globally and generally, it is because there are many different facets to space that, not even ManSat or... [*Inaudible*] whether it is governmental, or whether it is ground services, whether it is component manufacture, there is a huge array of space industry out there. It is a question of what the Isle of Man Government wants to look at and how it wants to look at it and what incentives is this going to do for those industries to bring them to the Island? You have got great financial and banking services, you are a leader in that perspective, but how can you build on that and entice space companies here? That is what I would say you should be looking at, as much as the consultancy side as well.

Ms Sharpe: Yes, I think what the Isle of Man is experiencing is fairly common in new space/growing space programmes. We went through this in South Africa.

Space is exciting. It is a little egotistical and everyone wants to own it in the beginning and you have to get past that point of ownership. It is for everyone. The treaties are based on that. It has to be for the benefit of everyone and people need to start letting go and everyone has to assist each other in it growing and, as soon as that attitude is adopted, a lot of support internationally will present itself.

Q39. The Chairman: You said ‘exclusivity’, and obviously you are referring to the filing.

Mr Guthrie: I think it is just the operation of the space business in general.

The Chairman: What else is –

Mr Guthrie: I think the other things I would like to see is things like, on the finance side, working with other jurisdictions on different tax treaties. I know that the Isle of Man has certain tax treaties, but they are very limited from a global point of view and that is one thing I would say that we would, obviously, from our perspective, encourage, because we do business in many jurisdictions. So the more jurisdictions that you and we, or you have with other countries – reciprocal tax treaties – obviously benefits not just us, from SES, but any other companies operating in those jurisdictions.

I know that you, or the finance sector or the Government, is working on that... but I would say is an area, from a corporate point of view, that I would say that most businesses would encourage.

The Chairman: Over the last three years they have been increasing quite... Well...

Mr Guthrie: Yes, for sure.

530 **Q40. The Chairman:** There are many new treaties over the last few years. I am trying to come back to this word 'exclusivity'. That interested me. You said 'Government's exclusivity'. Is there any other part of the industry that Government has given the sole rights to a company where you feel that, perhaps, it should be more open?

535 **Ms Sharpe:** The marketing of the space industry internationally on the Isle of Man, I think it is fine to engage private people or private companies for that, but that should really fall under Government and perhaps different areas of that task be allocated to different parties, but a government needs to attract space. It is not an industry that is separate from government anywhere in the world.

540 **Q41. The Chairman:** The Government, I note, do go out promoting the space industry. I think they are going out again next week. Do you take part in the Government's promotions jointly, or not?

Ms Sharpe: I have attempted to do so, but I have been excluded from that process.

545 **The Chairman:** Could you expand on that?

Ms Sharpe: I have put forward a number of proposals. I have tendered for tenders that have been advertised. I do a certain amount of promotion just off my own bat; I think it benefits us all.

550 I attend the majority of conferences worldwide; I speak at many of them. I constantly talk about the Isle of Man. I have invited a number of guests from the international space industry that I feel would be beneficial and open up channels to attract manufacturing and business here. But I am doing that at my own expense and not necessarily receiving, at the other end, the assistance or openness required to carry these things forward.

555 **Q42. The Chairman:** Would you be given the opportunity to travel with the Government delegation to the exhibitions, like I know ManSat go with them? If you had the opportunity, would you find that advantageous?

560 **Ms Sharpe:** Absolutely, I think the people who know me and the people in the space industry know that I have worked very hard to develop an incredibly strong network internationally in space and I have always made it clear that I am happy to help them participate in any way.

Q43. The Chairman: Have you asked and been refused?

565 **Ms Sharpe:** Yes.

Q44. The Chairman: Was any reason given for that?

570 **Ms Sharpe:** Depending on the area, either it was not deemed to be appropriate activity or appropriate timing –

The Chairman: By the Department?

Ms Sharpe: Yes. Or it falls under ManSat, in which case there is no room for me to participate.

575 **Q45. The Chairman:** So ManSat have to give their permission as well, for you to be –

Ms Sharpe: Yes, they have been given the contract for the marketing of the space industry internationally.

580 **Q46. Mr Butt:** You both say you have a good relationship with Government and, in particular, the Department of Economic Development, and you have expressed some hopes today and also some concerns.

585 Do you actually speak with the Department and ask them to address those concerns; and, if you do, what result has there been of your applications to the Department about your concerns and your hopes?

590 **Mr Guthrie:** I think, as a company, we have spoken to the Department of Economic Development many times on our particular issues and, generally speaking, they are very receptive, but because of the way the organisation works, I do not think we are able to make that many inroads. We have been speaking to the Department of Economic Development for some considerable time now about some of those particular issues and the people within that but, unfortunately, we have not been able to make any progress over the last 12-18 months.

595 **Ms Sharpe:** I think it is important to note, in their defence, it has been difficult. But, equally, this is not a massive country, with a massive bureaucracy. It is small. People know each other. People have a relationship. So it is difficult as well because a lot of relationships are built locally within the small community, and so I think although they are receptive to hearing, it is not always a matter of just dealing with it – that perhaps you could in a bigger bureaucratic system internationally.

600 **Q47. Mr Quayle:** Could I just ask your colleague... you like your puns. So do I (*Laughter*) and so I will hit you with one. (*Laughter*)

605 Because of the exclusivity contracts, is there a danger that the Isle of Man could be lost in space? (*Laughter*)

Ms Sharpe: Literally, no. (*Laughter*)

Mr Guthrie: Yes, that is a terrible joke!

610 **Q48. Mr Quayle:** Joking apart, if this industry is moving on so fast, throughout the world, then are we in danger of lagging behind or losing out as a result, or do you feel that – I suppose it is hard when someone has exclusivity, they might well be keeping us up to date with everything. What are your thoughts on that?

615 **Ms Sharpe:** I think it is hard for any one person to keep everyone up to date with what is going on in the space industry. I am sure we all do try to keep up to date, but there are so many facets to this industry, there is no way that one person or one company could keep an ear to the ground on everything, which is why, I think exclusivity is a hindrance and that you need different experts in different areas that are monitoring their particular part of the industry.

620 I cannot claim to know the latest developments in the insurance side of the space industry. I know what they do, but I am not up to date with the latest developments and so the insurance sector should be represented by someone who can grow that and satellites, orbital filings, each area of the space industry we want to attack and target should be represented by experienced people within that particular sector. It is very difficult for one to represent a whole nation in an industry as diverse as the space industry.

625 **Q49. The Chairman:** Can I change the subject? We are looking to see what information you can give us.

630 In 2005 the Island fought very strongly with Bermuda over a particular slot. The Government was ready to commit a large amount of money fighting for this particular slot which, for various reasons, but because it covered the North American continent, the North American market and it was supposed... it was said at that time that slot could be worth, in revenue, about \$850 million a year.

635 It went as far as the High Court and the Isle of Man Government actually won. I was in government at the time, but then I was out of government and then I realised that nothing actually happened, and, according to reports in the last few days, that slot has reverted to Bermuda. Do you know, or have you any reason why, having got that very important slot, why it was never exploited?

640 **Ms Sharpe:** Once you are awarded a slot like that, you are required to... You have a limited time period to put a satellite operation on the right frequencies into that slot for a certain amount of time to retain it for an extended period, so that you can bulk purchase, do whatever you need to do with the satellite and because the satellite was not put into that position, operational in the appropriate timeframe, as far as I am aware, that would mean losing –

645 **Mr Guthrie:** Yes, you have to, what they call, 'bring into use' those frequencies which you file for. So, assuming the slot is... I cannot remember if it is 98.6 or some location like that... then,

650 once you are given priority filing rights, as Carla says, you are given a time period to bring into
 use those frequencies. That typically means you put a satellite there and you operate those
 frequencies which you have filed for. If you are not able to do that in a certain period of time, then
 you would lose the rights to that. Typically, I think it is two years after you are supposed to bring
 them into use. If you do not do that because, for whatever reason, you are not able to get a satellite
 there then, in theory, the filings would then go to the second filing jurisdiction. In this case, I
 assume you are referring to Bermuda.

655 So, whether it is an Isle of Man or whether it is any country's jurisdiction, a country would
 then allocate those filing rights. If it was SES, we would file, say, typically through Luxembourg
 for filings rights at a location. We then have a certain amount of time – typically, five years – to do
 that, bring it into use. If we bring it into use, we then, in theory, keep those rights in perpetuity, as
 long as we are utilising those frequencies. If we fail to bring into use those filing rights in that time
 660 period then, in theory, if another jurisdiction, a completely different country, has the next filing
 rights, then the filing rights would be deferred to those. That is, typically, how the ITE work.

665 **Q50. The Chairman:** Having got the filing rights, it should cost you, I should imagine, a
 considerable amount of money. Would you actually take a risk in filing for a slot when you could
 not... unless you were sure that something was going to happen within the timescale?

670 **Mr Guthrie:** Typically a government, a country, would require you to put together a business
 case for that slot because there could be, for argument's sake – if we just take ManSat out of the
 equation for a minute, and let us say the Isle of Man has an orbital slot. ManSat can file. We could
 file, Eutelsat, Intelsat... From an Isle of Man perspective you would look at... in theory we should
 all submit a business case, and say, 'Okay, Mr Singer, this is our business cases for SES. This is
 the business case for SES. This is the business case of Intelsat'. It is up to you as a Government to
 make the decision as to who has the best business case. Who is potentially going to be bringing in
 the most revenue, jobs, whatever you want to call it in terms of what is the best business case.

675 Assuming, then, you make that decision on a governmental standpoint, you say, 'Okay, we are
 going to give it to this company.' Now, that company then has to deliver that business plan on
 your behalf because, quite clearly, you are expecting some payback on that. That company has got
 to spend some considerable financial money in terms of getting a satellite there – whether they
 lease that from another company or whether they launch a new one. So, from that perspective, all
 680 of that has to be taken into consideration whenever the Isle of Man, or whatever, filed at that 98.6,
 or whatever slot it was.

685 **Q51. Mr Quayle:** Could I just ask: the Isle of Man has spent hundreds of thousands of pounds
 in legal fees, fighting for that slot – or a certain amount of money, in the press release I read was
 put forward.

The Chairman: I think when they won the case costs were awarded.

690 **Mr Quayle:** Okay, I will rephrase –

The Chairman: We were prepared to.

695 **Mr Quayle:** What went wrong? What did we do wrong, as an Isle of Man, to lose the slot to
 Bermuda?

700 **Ms Sharpe:** I think this was going on when I first arrived on the Island, the first six months I
 was here, and although most of it is internal and Government's... I cannot speak for Government's
 rationale or decisions, but the bottom line is they did not put a satellite into that slot, operational
 on the right frequencies, within the right amount of time – I think, as far as I am aware.

Mr Guthrie: Yes.

705 **Q52. The Chairman:** Would you have expected that, having gone to all those efforts to get
 that slot, there should have been something in the background ready to be put up there within the
 time?

Mr Guthrie: Again, I would refer to my previous answer that I assume, at some stage, there
 was a business case put forward for the Isle of Man to file for that slot in the beginning. I would

710 assume that somebody said, ‘We want to use,’ – again, I do not know if it is 98.6, but whatever –
 ‘that location for this business case and this business case is based on...’ Whether it is TV, media,
 whether it is broadband, whether it is telephone, front traffic or whatever, I would assume at the
 beginning there was a business case put together for the Isle of Man to sign off and say, ‘Yes, we
 want to invest in this slot.’

715 Assuming that was all put together, then what was the business that the Isle of Man was
 looking at from that slot? Was it media, or something like that? Having got the slot, then you are
 given a finite amount of time to put a satellite there, whether it is an existing satellite or whether it
 is new. Typically, it is better to use an existing satellite, if you can, because the costs are
 substantially different, but you have also got to make sure that you bring into use the frequencies
 that you have been given the rights to use.

720 **Q53. The Chairman:** It is possible, then, that a company had said to the Isle of Man, you get
 that slot and we will use it. Obviously, if that happened, that did not come on.

725 **Ms Sharpe:** At the time, my personal frustration, although I was not involved, it was not my
 remit, but I think you can ‘borrow’ satellites *per se*, if the satellite is the correct frequency and
 some satellites close to the end of their life... So, for a fee, they will move it into your slot and
 hold that slot for you. You are then given an extension to arrange whatever ultimately put in that
 slot and at the time –

730 **Mr Guthrie:** And that is – sorry to interrupt – that is a very common satellite practice and
 something the WRC have just tried to clarify, you have got to put a satellite there, typically, for 60
 days or 90 days. Sometimes in the past a company would float a satellite into an orbital position,
 say we are now using it and then float it onto a next orbital position.

735 The recent meetings in Geneva have tried to clarify the fact that it has got to be for 90 days.
 You cannot bring into use by a single satellite more than three orbital positions, so they are trying
 to get away from the big players trying to dominate the sky, or the space, so to speak.

740 **Q54. The Chairman:** You just float it into this slot, but you have to do it in a timescale for 90
 days. You then float it out again, but you –

Mr Guthrie: You get an extra two or three years’ use of that slot, so if you can demonstrate
 that you brought into use those frequencies and you have operated for 60 to 90 days, you can move
 that satellite on –

745 **Q55. The Chairman:** So would you think there was some naivety, then, here in not using the
 spot that we had, which was supposed to be a very lucrative spot, because it covered North
 America?

750 **Ms Sharpe:** It was a lucrative spot, yes.

Q56. Mr Quayle: What would the cost be, please, if I wanted to borrow a satellite for 90
 days? Is there a standard fee, or does it go on capacity etc? (*Laughter*) I am just trying to get my
 head around why we did not do this.

755 **Mr Guthrie:** I am trying to think of a good pun to answer you with, but I cannot! (*Laughter*)

It depends upon what... Again, you have got to find a satellite that is operating, or that can
 operate, at the frequencies which you have got the rights to use at that slot. That may sound
 simple, but there are C-Band, L-Band, Ku-Band, there is Extended Band, S-Band satellites. There
 are all sorts of satellites that companies operate.

760 The Isle of Man Government had an orbital slot with certain frequencies. I do not know what
 those frequencies were, off the top of my head, but having those frequencies, if you do not have a
 satellite, you have then got to go round the satellite companies and say, ‘Do you have a satellite
 that operates at these frequencies?’ and then, in theory... I am not necessarily going to say that...
 [*Inaudible*] that is low utilisation, because I guess if...

765 We were approached. Unfortunately, we did not have anything, but if you look at some of our
 satellites, like 28.2, which is the Sky satellites, we seriously are not going to move a Sky satellite
 to bring into use another orbital position, but we also have satellites, like many companies, that are
 coming to the end of their life, that may be parked in orbit because, like other companies, SES use
 those satellites to start new businesses. If one of those satellites met those requirements then, yes,

770 for sure, a satellite company would say to you, 'We could move it, we could drift it there.' It may
take a certain amount of time to drift and, in theory, you have 90 days' BIU, and, for that, we
would expect recompense on the basis that we would lose satellite life, because we would lose
fuel, so any chances of us using it in another slot which would generate revenue has been forsaken
775 on the basis that, whether it is us or any other satellite company... [*Inaudible*] a satellite there.

Q57. Mr Quayle: I was trying to clarify whether it would be cost prohibitive? I am trying
defend our Government from not doing it if it is too expensive to do. That is what I am trying to
ascertain.

780 **Mr Guthrie:** It depends upon what structure you put in place with that company to say that if
you bring... typically, if you bring this place... if you can support our filing then, on the basis of
that, there will be a *quid pro quo* in that if that business is kept there and grown there, then you can
do some kind of revenue share or an agreement with that company. So I am sure there are deals to
be done, because they happen all the time and we do do that.

785 But again, not wishing to be too stern here, you have got to remember there are only so many
frequencies that you get rights to with that slot. There could be other frequencies that you do not
get rights to. You have got to find a satellite to operate at those frequencies and put it there. Now,
knowing that you have to do that, then obviously it is incumbent upon you to go out there to the
satellite market and find somebody to support you to do that.

790 **Q58. The Chairman:** Understanding what you have said, etc, on this particular Bermuda slot,
the Bermudian Government Estates Minister said the other day, 'the dispute with the Isle of Man
over the lucrative slot has been resolved in Bermuda's favour.' Do you think that just means
because it lapsed?

795 **Ms Sharpe:** No.

Mr Guthrie: Yes, my understanding is it lapsed in June 2010.

800 **Q59. The Chairman:** So is the slot there? Do you get the slot for five years, is it then?

Mr Guthrie: Bermuda would have the rights to the slot now.

805 **The Chairman:** We would have had this slot for five years?

Mr Guthrie: You have to bring it into use and I think it is three, but in theory, yes.

Q60. The Chairman: If you realise, then, that you are not going to use it for a permanent
satellite, you should realise that within a reasonable amount of time, because you know when the
810 launch is on, to be able to look to float one in to retain that slot, would you say?

Mr Guthrie: One would expect you have an idea what you are going to do with that slot, once
you are allocated it and I guess you were allocated it some years ago, on the basis that that is the
way that it works. I know that you had to go through the High Court to substantiate that which,
815 maybe, diverted people's attention from using the slot.

If, on the one hand, you are fighting Bermuda in the High Court, that says their belief is it is
their slot and your belief... well, you could argue, Bermuda did a very cute thing. They made you
take your eye off the ball, by saying, 'Let's take these guys to court, and while they are doing that,
they are not going to be doing anything else. At the end of this, even if we lose' – from a Bermuda
820 point of view, it is going to restrict your time period to get something there. If that was their tactic
– and I am not saying it is – you could argue, from their perspective, it actually worked quite well,
because you were engaged in trying to protect your rights to that slot.

825 **Q61. The Chairman:** We were outflanked.

Mr Guthrie: Well, you can look at it that way, but it is difficult if you only have finite
resources.

830 **Ms Sharpe:** I think we always have to be fair. A project of this magnitude, and you are talking
about money in huge amounts here, and, yes, there is a lot of room for negotiation, a lot of plans

can be made; but it is not as simple as Government did not fill the slots. So what did Government do wrong? There may have been reasons at the time that they chose to just walk away from it and not fill the slot. We are not privy to those.

835 The frustration at the time was that, actually, there was a satellite that was actually available. I assumed at the time that Government had chosen not to fulfil that slot, for whatever reason, and I am sure there are many reasons. It is not fair to just point a finger and say, 'Well, they allowed the slot to go', because I am sure it is a complicated and long process, occupying a slot. There are a lot of costs, as much as there may be revenue. So I do not think in a few sentences one can encapsulate why Government did or didn't do what they did at the time.

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The Chairman: Is there anything anybody wants to ask?

Mr Butt: A couple of questions, if I may.

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The Chairman: Yes.

Q62. Mr Butt: Can I ask a general question about space treaties. From what you have said today, I think, Ms Sharpe, you said about space treaties... Does it mean that every country in the world is entitled to use space, a bit like Antarctica, where every country can have their slot? Is that how it works?

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Ms Sharpe: Yes. Space law is quite similar to the law of the seas. The difference is that the law of the seas says it is owned by no-one; space is owned by everyone. That is the difference, that no one person may own any part of space and everyone, according to the treaty, should have free access to space.

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Q63. Mr Butt: That is why the Island... [*Inaudible*]

Ms Sharpe: You are entitled to apply for slots but because, at that particular height, those slots are few, it is a special area of real estate and there are only so many. That is why, although you are entitled, if you do not fill those slots, particularly very valuable ones, they are entitled to go then to other countries. It is not fair to leave them unused.

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Q64. Mr Butt: Okay, finally, thank you, just following from the summing up, in effect, you mentioned ManSat a few times. You did not seem to be critical of ManSat and said you would use them if you need to, but I think – correct me if I am wrong – you are saying it has been a very vibrant industry so far; there is a danger, because of this contractual position, that it might be stifled because of the routes people have to go through. Am I right on that?

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Mr Guthrie: I would say, generally speaking, yes, but, as Carla said, ManSat has brought the Isle of Man in the forefront of many countries, in terms of space. I think that any exclusive arrangement thereby has its restrictions, and the fact that you chose to go that way is up to many interpretations but, from a company point of view, you have got to look at that, and say, is that what you want to do from the Isle of Man Government.

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875 As I say, ManSat has brought space to the forefront of the Island and have done a good job of marketing that. It is how you take it to that next level and what you do in order to ensure that space really grows in the Island. If you look at space on the Island, how many people are employed in space, what do they do and what revenue, again, do they bring to the Island or to the Island's Government coffers? You have got to say, what is that now, and what is that planned to do in the next five or ten years? That is where you should be looking at, saying what can we do to grow space, the industry?

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I do not think it is just incumbent upon ManSat, although they have the marketing of space. I think there are many things from a governmental point of view and the Department of Economic Development, that you can work with ManSat and private industry and corporations to grow, anyway. I do not think that would contravene what relationship you have with ManSat.

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Ms Sharpe: Yes, I do get frustrated. I am not normally as diplomatic (*Laughter*) as I am now, or I am trying to be!

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The Chairman: While giving oral evidence!

Ms Sharpe: I think that, in fairness to ManSat, as we both said, they brought space to the Island but, equally, they are taking advantage of contracts given to them – and why shouldn't they, as a company? It frustrates me but, in all fairness, they are just doing their business.

895

It comes down to Government's decisions on how they want to grow the industry. I think a focus throughout the space industry is on space awareness. It is essential for the growth of the industry worldwide that space awareness be grown, and so bringing astronauts to the Island. A lot of things we advertise about space in the Island is very useful to that space awareness but, in growing business, it is not really...

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We need to focus on nuts and bolts here and keep a little less focus now on the fun stuff, the pretty stuff, but get down to doing serious space business on the Island. I think, potentially, some of the messages we send out, although they sound very nice and flowery, are not taken seriously by the international space industry.

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The other thing is, as a young growing space economy, if we advertise ourselves as such, there is a lot of support to be gained from international large organisations, agencies; but when you position yourself as a *leader* in space, it just closes doors, and I think the positioning needs to be that we are a small space economy, hoping to grow, eager to interact. And then that interaction will follow.

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The Chairman: Thank you. Nothing else you wish to –

Mr Guthrie: No, that is fine, thank you.

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The Chairman: Can I thank you very much for giving up your time today. We appreciate that. I am sure it has been very informative to us here.

To let everybody know, the next meeting of this Committee is on 28th March, when we will be taking evidence at this stage from the Department of Economic Development.

Thank you very much for your attendance.

920

Ms Sharpe: Thank you.

Mr Guthrie: Thank you very much.

The Committee sat in private at 3.34 p.m.