

Airport to a Halt

DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

St Helena Airport

The Secretary of State for International Development (Mr. Douglas Alexander): DFID and Her Majesty's Treasury are in continuing discussions about issues of concern regarding access to St Helena. As a result, there will be a pause in negotiations over the St Helena Airport contract. The Government of St Helena and relevant commercial parties have been advised of the situation and will be kept updated.

Responses from St Helena

**To: Rt. Honourable Douglas Alexander MP
Secretary of State for International
Development**

We, the Elected Members of the St. Helena Legislative Council, wish to express our deep concern regarding the contents of today's written statement from the Department for International Development. Our bitter disappointment stems from the repeated raising of expectations that have subsequently been dashed by delay or indecision.

We would like you to consider the following facts:

- This Island can only progress towards sustaining itself economically when we have air access.
- The robust economic modelling carried out over the past few years shows clearly that reliance upon sea access will be more costly in the long run.
- If we are prevented from achieving self sufficiency, international obligation means that the cost will continue to fall on the UK taxpayer.
- Back in 2000 HMG decided that a viable private sector proposal for an airport was unsuitable and in effect forced us down a publicly funded route.
- We have now been preparing for the construction of that publicly funded airport for the past 7 years; all our planning and thinking has been specifically focused on air access. A great deal of investment from both sectors has been committed as a result of that expectation.
- The existence of the project has enabled us to stem the unwanted outflow of "Saints" to work abroad, but now we are convinced that any future uncertainty over an airport will cause widespread disillusionment and rapid depopulation, as well as discouraging inward and local investment.
- It was remarkably difficult to obtain compliant bids for the construction of an airport. If the favoured contractor is to be disappointed at this stage, we have serious doubts about our ability to attract bids in the foreseeable future.
- Our electorate of "Saints" is renowned for loyalty to Britain, but if this current statement is hiding an indefinite delay in an airport, then we are certain that there will be a very negative backlash from our people. The credibility of all that we have achieved in the areas of governance, planning, and consistency, as well as the social development pathway so clearly outlined in our Sustainable Development Plan is at risk.

We believe that the issue before us is about more than finance. It is a moral issue that is founded on our long term relationship to the UK. We have embraced the "partnership" concept proposed by the UK in the 1999 White Paper with genuine commitment. The decision to build an airport was announced clearly to the House back in 2005 and was dependent on the people of St. Helena preparing for the project. Thus far we have embraced many difficult changes in keeping our part of the bargain - we hope that our trust in HMG is not misplaced.

The Legislative Councillors, Government of St. Helena

St Helena Government expresses deep dismay at postponement of "vital" airport decision

His Excellency, Andrew Gurr, Governor of St Helena, has expressed the deep dismay of the people of St Helena at today's announcement by the British Government that negotiations over the contract constructing an airport on the Island are to be delayed.

Describing the statement as "a severe set-back to the future development of St Helena and the Islanders' hopes of reducing their dependency on the UK", Mr Gurr said:

"The construction of the airport is vital to stimulate economic development and reverse the decline in population. At present there is only limited access to St Helena by sea. An airport would bring about an unprecedented stimulus to the island and its inhabitants. The potential for tourism is significant and the project would benefit the British public, who are currently supporting St Helena through their taxes and the people of St Helena in their quest for greater self-sufficiency. I very much hope an affirmative decision will not be long delayed."

Official SHDA Statement

Monday's announcement by the British Government that there is to be "a pause in negotiations over the St Helena Airport contract" is a bitter disappointment and a kick in the teeth to the small business community, including recently returning Saints, who chose to invest here on the back of their promises to build the airport and recent positive statements at a time of economic recession.

The Strategic Development Plan is a compact between the island and the UK Government and the development of the private sector is pinned on air access.

Small businesses and sole traders on St Helena have made life decisions and invested in the future as part of the deal with the UK government on air access. We owe it to them to keep the political pressure up over the next few weeks with regard to trying to secure the current air access scheme with the preferred contractor. Subject to the continuous monitoring of progress the Agency will be ready to explore contingency plans with both the private and public sectors. We will work with all the key players in this endeavour.

For the Agency's programme it will be business as usual. We will bring forward some of our later programming, continue to explore development opportunities in the agriculture, construction, fishing, and visitor sectors of the economy and continue our training programme in association with AVES and others.

Linda Houston, Managing Director, SHDA

Official communication to the Secretary of State for International Development from the St. Helena Chamber of Commerce

The announcement made on Monday 8th December 2008 that there will be “a pause in negotiations over the St Helena Airport contract” has come as a shock to the beleaguered private sector on St Helena. The Chamber of Commerce which represents over 90% of the private sector on the Island, met with its Members last night (10th December) and strongly deplores this further delay. Officials from DFID, FCO and the St Helena Government (SHG) have, in good faith, said that we will get an airport. Whilst the announcement does not close the door on air access, it has severely shaken the confidence of the private sector in its current and future investment plans as well as the honesty and integrity of HMG.

No adequate explanation has been given to the private sector for this “pause”. A detailed economic model has been prepared and endorsed by DFID. This shows beyond any reasonable doubt that a publicly funded airport for St Helena is the cheapest option for the British Taxpayer and will mean, in the medium to long term, that the Island will no longer have to depend on aid from the UK. This model has been the subject of rigorous testing and has proved robust and accurate. In the absence of any further information, there appears to be no logical justification for this “pause” which is not in the interests of the Island or the UK taxpayer.

The Chamber wishes to continue the constructive dialogue that it has built up with officials from the FCO, DFID and SHG so that collectively we continue to work towards better economic prospects for the Island.

We would be grateful for an early reassurance that the airport project is on track and that it will continue to proceed in accord with HMG and SHG commitments already made.

John Styles, President, St Helena Chamber of Commerce, 11th December 2008

Trying the Patience of Saint - 10th December 2008

There is an expression about “trying the patience of a saint” and I am aware that the patience of all of us is being particularly tested at this time. I am also aware that I have a very clear responsibility to you, as your Governor, to keep you informed and to try to explain, as best I can exactly what is going on.

1. The background

This whole airport business has been protracted to say the least. Most of you will remember the history far better than I can tell you. The “three-legged stool”, the reasons why that might not have been a good idea, the appointment of consultants, the apparent commitment of the British Government to the construction of an airport, the withdrawal of potential bidders, the good news of two compliant bids, the selection of a favoured bidder and now the “pause”. The whole process has been dogged by delay and fresh questions being raised by those who, as Ministers of HMG, have every right to raise them. Yet it must be clear to anyone viewing the whole process from outside that the driving enthusiasm for the project that has been obvious from many of those involved has not always been

shared by those who would make the ultimate decision. Nevertheless, the rigorous logic of the economic case for an airport here has led professional officials and consultants alike to several inevitable conclusions:

- The provision of a dedicated ship is an expensive luxury that exists nowhere else in the world, and would cost many millions of pounds to maintain indefinitely,
- A modest, but adequate airport will provide a far more flexible and cost effective solution to our economic demise.
- That demise is not self inflicted, but has been forced upon St. Helena by external factors over many years, and that includes such diverse circumstances as the opening of the Suez Canal, the privatisation of the Post Office in the UK and latterly, the emigration of much of our working population.

2. What the statement really means

The statement issued by DFID on Monday signals a “pause” in the whole process of a contractual obligation for the building of the airport. The signal from that statement indicates that HMG is not immediately prepared to sign a contract for the construction of our airport until such time as the Treasury’s concerns are answered and satisfied. The fact that the whole project has been bedevilled by such delays could mean a lack of enthusiasm for the venture, but equally it could mean that it is the natural scepticism of a fresh government department (in this case the Treasury), becoming involved. It has been suggested by some that it could also be that politics is playing a part in what we anticipated was to be an objective decision. In view of the fact that we have constantly been told of the robust nature of the economic case, that is not a surprising conclusion.

We have always understood that Mr. Average in the UK may not appreciate fully the necessity for our airport. The natural reaction could well be that here is a great deal of money being spent on a very small island. We may argue that it is a small amount compared with the underpinning of the global financial structure that has taken place recently, but in terms of expenditure per head of the population, we have to accept that it is very high.

3. But why a pause – why not a straight yes or no?

The hint given, that it is due to the world economic situation, is entirely credible. Not many years ago the world consisted of countries that were independent of one another. Unfortunately, advances in communications and computerisation have led us into this modern world where we are all inter-dependent. It used to be said that when New York sneezes, London catches a cold. Now when anyone sneezes, everyone catches a cold. We are isolated from the rest of the world in geographical terms, but we are not shielded from financial storms.

The fact that a “pause” has been signalled means that the decision still has not been made. We may choose to interpret this as a “no”, but it isn’t. Nevertheless the fact that the brakes have been applied in the home straight does give rise to legitimate doubt. The mechanism of a pause may be a sign of the fact that in the present climate, both “yes” and “no” are in a sense unacceptable. I believe we

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should take some comfort from that.

4. How long will the “pause” be?

I have no idea of the answer to that obvious question. Maybe the queries of the Treasury will be answered to their satisfaction today. Maybe it will never happen. Everyone appreciates the fact that the role of our Italian contractor is probably key to how long the pause can last.

5. Are there alternative options?

Personally I remain convinced that the proposed airport is the very best option for both the island and the UK. But there are many other options that may not grow our economy as rapidly and may cost the UK more over a period of time, but they exist. Just because we have stated that there is no specific Plan B it would be quite wrong to take that to mean that we have no alternative options.

In business planning it may not always be sensible to have an overt Plan B. There is a sound tactical and negotiating rationale for that in that the planners may wish to maintain focus on Plan A. The presence of a Plan B can cloud the issues and become a real distraction.

Most Saints favour a new ship as the best alternative, but there are many possibilities that are worthy of consideration, some of which, I understand, have been carefully costed in the economic model that justifies the case for the airport. That is why we are able to say with such confidence that the airport is the most cost effective proposal.

6. What are some of these other options?

I will name a few to give you some idea:

- The same scale of airport as proposed but with a different funding regime,
- A smaller airport, again with a different funding pattern involving international private sector interests,
- A thorough review of the Ascension dimension in all this.
- Provision of a jetty,
- A brand new purpose built RMS,
- A different regime and pattern of shipping altogether.

We can go on mixing and matching all these possibilities for a long time, but the economic fact remains that if our island really is a world class tourist attraction, then sooner or later money will be found to build our airport.

7. How long would all this take?

We have seen from UK government actions taken recently to deal with the world economic crisis, that when there is a genuine will to do something events can move very rapidly. However I would be foolish to make any optimistic comment on timing in the light of our recent experience.

8. Does the UK not have a legal obligation to provide us with access?

Yes, of course it does. Whether it is plane or ship, we will be provided with access.

9. What actions can we take?

One of the clear messages I am getting from all of you is the intense frustration and feeling almost of helplessness in this situation. We all want to do something. Indeed one of my first thoughts was to get on the RMS this morning and go to London to camp outside the Treasury. But then for all I know we may have strong supporters in the Treas-

ury and it may be wrong to cast them as the villains. The Chamber of Commerce also felt that to be a useful move. I thought about it long and hard and reached the conclusion that this decision is now being made at a level that I would not have meaningful access to, and my presence could actually do harm rather than good. Most of my advisers who understand the atmosphere in London at present pressed me to remain on island and that is what I shall do. In any case I am very aware of my duty to all of you to keep you informed and represent you as best I can over the next few critical days. Being on the RMS is not very conducive to communication.

As for what action we can take my advice is to continue business as usual. It is only when a clear decision is actually made that we can begin to adapt or even consider, what happens next.

10. How we are affected as individuals?

The strange thing about this situation is that not long ago many people felt that the building of the airport would not impact on this society for a long time. Yet today folk fear immediate doom and gloom because it may not happen. The fact is that the British Government is not going to suddenly stop supporting us. All those improvements that are part of our Sustainable Development Plan remain very much in our thinking. Your government here will push very hard indeed for the infrastructural reforms that are linked to the airport – we need them irrespective of any other programme. It may be that we will not enjoy the immediate economic boost that a positive airport decision would give us, but the vast majority of us will not actually be worse off. If the airport is turned down then the path ahead of us is a different one for the time being, but there is no reason why it shouldn't lead upwards.

11. The short term future

Whatever is the final decision we are facing an immense challenge. Our immediate strategy is to push hard for the airport that has been promised and I can assure you that your government is doing just that in conjunction with all the support we have from officers in DFID and the FCO. It is also of significance that we have some very strong characters as Members of Parliament who are doing the same thing within the Palace of Westminster. Bob Russell MP has been gathering support for an Early Day Motion that could stimulate a debate on the issue, I am sure you have heard his very punchy drafting which includes words like “the dead hand of the Treasury” and “betrayal”. I have taken the liberty of thanking him on your behalf as follows:

Dear Bob, I must thank you heartily on behalf of all the people of Saint Helena for your robust support for our position as demonstrated in your Early Day Motion. This recent “pause” can only damage the growing perception that “Partnership” really meant something. We wish the motion every success. With very best regards,
I said earlier on that I will keep you informed of any relevant developments, and I will do just that. I hope I will have some good news in the near future.

Andrew Gurr
10th December 2008

NOW

St Helena smoulders as airport plan is frozen
The Guardian, Wednesday December 10 2008

In Jamestown's 18th century castle, overlooking the churning South Atlantic, the governor of St Helena spoke of a "deep, smouldering anger" among the island's isolated population. Eric Benjamin, a councillor, who had just returned from a carol concert in St Paul's cathedral, described it as "a lousy Christmas present".

After seven years' detailed planning for a £100m airport and the promise of economic self-sufficiency, the remote British dependency was yesterday consumed with resentment about a sudden freeze imposed on its long-cherished project. Plans to fly in thousands of tourists, generate sustainable incomes and link the territory to the outside world, have become the latest victim of the global credit crunch.

The government announcement at Westminster was slipped out in a written parliamentary statement late Monday afternoon. The Department for International Development (Dfid) and the Treasury were "in continuing discussions about issues of concern regarding access to St Helena", the secretary of state, Douglas Alexander, revealed. "As a result, there will be a pause in negotiations over the St Helena airport contract." Many of the 4,000 residents of the 47-sq-mile volcanic outcrop believe "pause" means "cancelled". The governor, Andrew Gurr, said he had been told that the delay was due to "international financial unrest. Most of the people are very upset. Gutted was one word used. They feel very let down. All our planning and all our thinking has been towards the airport for some time. The cost of [travel] by sea is more expensive. It will almost be back to square one if we don't go ahead with the Italian contractor [Impregilo]. This will cost more for the British taxpayer if we don't have the airport."

St Helena was the last home of emperor Napoleon. During the 19th century, it was a Royal Navy base for operations against slave traders. The bodies of 10,000 slaves, who had died before they could be liberated, are buried on the island. St Helena has grown accustomed to being let down, Gurr added. The creation of the Suez canal diverted much of the seaborne trade 150 years ago. Over the past decade the population has dropped by almost a third as younger people have emigrated to the Falklands or Ascension island where wages are significantly higher.

The only way of reaching St Helena by a regular service is aboard the ageing RMS St Helena. The ship leaves Portland, Dorset, twice a year and calls at other remote Atlantic territories and at Capetown. There is no jetty and sometimes cruise ships which anchor off Jamestown cannot land their passengers.

"This decision is devastating," said Benjamin. "It is keeping the island in limbo." It has been made at a time when the UK government is submitting claims to the UN for extending control of the seabed around many of its Atlantic dependencies. A Dfid spokesman yesterday denied that the project has been cancelled: "There are a number of financial and economic questions to discuss, taking account of the changed economic climate."

THEN

St Helena prepares to see the flights
The Guardian, Tuesday March 15 2005

It beguiled Charles Darwin and bedevilled Napoleon, who spent his last years in lonely exile on its remote, rocky shores. Now the fortunes of the tiny sub-tropical island of St Helena, a speck in the South Atlantic some 2,000km west of Africa, are to be transformed by a new government funded multi-million pound airport. One of 13 remaining British overseas territories, St Helena is only accessible by a lengthy sea voyage from mainland Africa or Britain on an ageing passenger vessel which is due to go out of service in five years time. "Getting here is an adventure in itself," said Pamela Young, St Helena's director of tourism, yesterday. "It takes two days from Ascension Island or three and half days from Namibia. The journey itself takes up a lot of your leave." It is thought the airport, to be built on the island's Prosperous Bay Plain, could cost £40m and be ready by 2010. Officials from the Department for International Development say the project is necessary to improve the island's links to the outside world and boost its economy. As it stands, St Helena's export industries are worth less than £200,000 a year, consisting largely of frozen tuna, coffee and honey. The island's governor, Michael Clancy, said the government's commitment to help fund the scheme was an expression of confidence in the 4,000-strong community of British citizens. "We're sure we can develop the proposal into a huge success that will lead to economic growth and considerable advantages for the island," he said. Napoleon was sent to St Helena in 1815. He lived at Longwood House until his death in May 1821. Twenty years later his body was exhumed and repatriated to France. Much of the island's attraction lies in its flora and fauna, which prompted Charles Darwin to describe it as, "a little world within itself which excites our curiosity". The DFID, said the project would only go ahead after consulting the residents and an environmental assessment.

Letter to MP

I am totally disappointed and gutted at a decision made by HMG to put on hold the decision to build an Airport for St. Helena Island in our isolated spot of the South Atlantic Ocean.

For the last seven years HMG has told us that this is the road we should take leading to economic development and also improve the isolation and access.

The Attorney General's office had put on hold local issues to make way for important legislation to allow an Airport to be built and the hopes of the population have been high. This decision has now put Councillors and their constituents at an all time low. It underpins all of the issues within our Sustainable Development Plan, it is an almost U-turn on HMG's commitment and promises and will lead us further away from achieving our goal of self dependency. Submissions to The White Paper of 1998 still have unanswered questions: Has the UK Government accepted that the uniqueness demands a specific tailor-made solution to the problems of St. Helena. Have the prospects for easier access to and from the island been improved. Will a solution give incentive to attracting high quality inward investment and has lasting justice and a long term future been achieved for St. Helena and her children.

The amount of preliminary work already done is enormous which also include local training, investment by private contractors, and even removal of human remains when it was discovered that a road would go through an unmarked grave site.

This decision of a pause in negotiations is not a very good xmas present from HMG to the population of this island.

Please can you intervene or support

Lionel G. Williams, Member of Legislative Council