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Mrs Rosemary Stevenson
DfID Airport Consultation Facilitator
By email

8 July 2009

Dear Mrs. Stevenson,

On behalf of the St.Helena Chamber of Commerce, I enclose a written submission to the airport consultation as we promised when the Chamber met with you in June in Jamestown

We look forward to a speedy resolution to this unsettling and totally unnecessary issue.

Best regards

Jürgen Wolf
President, Council of the St.Helena Chamber of Commerce

Attachments:

- Summary of Chamber of Commerce Survey, Feb 2009 – St.Helena Chamber of Commerce
- Briefing: The social cost of a declining economy, July 2009 – SHG Social Development Planner
- Visuals from the Car Parade in support of “Option A”, organized by the Chamber of Commerce, 20.06.2009



Written submission to the DfID consultation¹

This document is written by the Council of the St.Helena Chamber of Commerce in response to the consultation document¹ issued in June 2009.

The St.Helena Chamber of Commerce

The St.Helena Chamber of Commerce is a non-Governmental organisation created to represent and support the needs of its Members. Members of the Chamber are organisations or individuals which operate a Private Sector business, ranging from the largest (non-SHG) employers on the island to the individually self-employed, and includes others indirectly through Trade Associations.

The Chamber currently has over 60 registered Members and the employees thereby associated with the Chamber constitute approximately 90% of the Private Sector workforce on the island.

The Council is elected annually by the Member representatives at an Annual General Meeting, which non-Members are also welcome to attend and monitor. All of the work of the Council is unpaid and all meetings and special functions are recorded in minutes, which are distributed to all Members and other identified post-holders in the St.Helena Government.

In recent years, the Chamber has built up a reputation as an effective lobbying body for its Members, while at the same time developing a positive and effective relationship with the SHG Executive, the Legislative Council and the Public Service. As a consequence, the Chamber is rightly regarded as a representative voice for the Private Sector.

The view of the Chamber on the consultation process

The Chamber wishes to express its dismay at the original announcement of the “Pause”, made last December by the DfID Minister. Were we to have hoped that the pause would be a short setback, normal service to be resumed after only a few weeks of delay, we would have been further stunned by the later announcement of a Consultation, not only because the process would extend the delay to at least a year, but more seriously, the entire concept was seen to be flawed in several respects:

- a. The consultation addresses an issue (that of a decision being made in a changed economic climate) over which those consulted can have no control or direct influence.
- b. The consultation canvasses views of other organisations which are wholly unconnected with the project to develop air travel on St.Helena, and who can never be expected to offer a relevant opinion.
- c. The inclusion of these other organisations (NGO aid agencies) implies that their specific aims and requirements (particularly for funds) are set in competition with those of St.Helena, even though their requirements and those of St.Helena are entirely different in nature.

¹ “Consultation on whether an airport is the most appropriate option for access to St.Helena in the current economic climate” – DfID.



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- d. The execution of this Consultation is bogus in any case. Unless the change in the economic climate has made the entire concept of an airport pointless, the needs of St.Helena, and indeed the recorded views of its consulted citizens in 2002, will not be affected by this economic climate change in any way. The fact that DfID have not said as much leads one to believe that an airport project is indeed not pointless. The economic case for a self-reliant St.Helena economy centred on a high-value, low-volume tourism industry, seeded and nurtured by the development of air access has not changed and may even be argued is more relevant now than previously.
 - e. The options (A,B and C) offered in the consultation cannot be answered in any way that helps DfID to decide on the allocation of funds. The options simply ask for views and impacts of proceeding with the original project, abandoning the project in favour of a ship-based solution, and making no decision at all. A parochial preference for any of these options is irrelevant for DfID in assessing whether “an airport is the most appropriate choice in these rapidly changing circumstances”.
 - f. The preposterous claim that DfID have a strong preference for Option C indicates that there is little or no understanding of the effects of a pause, a consultation or a delay on the existing economic situation in St.Helena, and ultimately on the long-term viability of St.Helena as an economy whatsoever. The findings of the Social Development Planner (attached) graphically underline what is likely to happen in the next five years if no decision is made. The Chamber is convinced that these forecasts err on the optimistic side.

The view of the Chamber on the options offered

During your stay on St.Helena, it became abundantly clear to virtually everyone, including yourself and the Chamber of Commerce, that the current preference for Option A had risen from the 60% as recorded in the 2002 referendum (St.Helena responses only) to 90% (as published by the SHG Air Access Project Manager). This can hardly be surprising since in the intervening time, many people have been convinced that an airport will (this time) be built, and many entrepreneurs and established companies will have made forward investments on the promise of an airport. The survey conducted by the Chamber in February of this year showed that the disclosed² amount of investment already made is in the region of £9.2million, an amount that would not have been invested had the promise of an airport not been made. The survey indicates that over four years, a sum of £19.4million will be written off if no airport is built, and a further £57.6million of future Private Sector investment will not be made.

Explicitly stated, the Chamber of Commerce strongly prefers Option A.

Before expanding on this statement, the other two options can be dismissed summarily:

² The Chamber of Commerce survey was a questionnaire sent to all Chamber Members. By no means did all Members respond, and some responders were unwilling to disclose specific numbers for investment levels etc. As a result, the figures supplied must be regarded as an extreme lower bound, and real figures are likely to be much higher. A summary of the responses is attached.



Option B, to abandon the airport project and commission a new ship.

First, the Chamber notes that the wording of the option does not in fact guarantee a replacement ship. A ship would not be commissioned “if the Government had ruled out providing air access for the foreseeable future”.

Thus, if (as DfID claim) Option C is the preferred option, it is not unlikely that the provision of Air Access is not ruled out in the foreseeable future. Hence, opting for Option B is effectively a vote for Option C.

However, assuming that this reading of the consultation document is over-critical, and that a replacement ship is a real option, what are the consequences of choosing it? Over the previous 30 years or so, the RMS or its predecessors have had ample time to prove how effective it can be in stimulating any kind of economy, whether tourism-based or otherwise, and it has signally failed. In fact, even if the criticism of the extremely poor value for money that the RMS returns is addressed by better ship management, better itinerary management, better passenger handling, better and more cost-effective cargo handling etc, even then, the likelihood of a positive effect on the economy of St.Helena is zero.

Choosing Option B is a vote for the status quo – an economy and a life dependent on UK aid, and with an aging population and an increasing reluctance from DfID to continue supporting St.Helena at the same or enhanced level of budgetary aid, the status quo is unlikely to remain so for very long. A ship cannot achieve any of the aims of the airport project.

Option C, to defer a decision for up to 5 years

The Chamber is wholeheartedly in agreement with the speakers in the Westminster debate who said, repeatedly, that deferment of a decision for any period is the worst possible choice to make. It is the choice that most of our Members dread because the uncertainty makes planning for any future impossible.

It is not simply a matter of deferring investment decisions either. All businesses have short, medium and long term plans and many small businesses currently operate on a more or less non-profit-making basis, earning sufficient to pay wages and expenses and possibly to fund replacement equipment in the medium term. Such businesses will be unable to continue with a decline in the economy that must inevitably follow from a deferment of an airport decision and will simply fold. We know of five or six Members who are making more or less definite plans now to discontinue operating on St.Helena and to emigrate, and this is with a deferment of only a year.

It has been succinctly summarised by one of our Members when he said that the UK Government appear to be intent on presiding over the demise of St.Helena. This is not an exaggeration, as attested by the findings of the Social Development Planner. It would be instructive to extrapolate both an optimistic and a pessimistic forecast of social demographics to identify when a level would be reached which represents an unviable economy even with aid at its current level – the Chamber believe it to be worryingly close at hand.



Option A – to go ahead with the building of an airport

DfID's own consultants have concurred with previous examinations of the economic options for a future in St.Helena, and the answer is an uncontested recommendation to build an airport as stimulus for a tourism-based economy in which St.Helena represents a travel destination unlike almost any other in the world. The people of St.Helena and Saints elsewhere also agreed with this view in voting overwhelmingly for an airport – and this is remarkable in itself for Saints have a propensity to opt for a conservative position and generally shun change. DfID, having explicitly promised the building of an airport, with provisos that have been addressed and fulfilled, have subsequently expended large sums of money already on the preliminaries of the airport project. This has all happened because it has been clear to all that an airport built as soon as possible is the only sensible option for the future of St.Helena.

Now, the global economic climate has changed. Nevertheless, the business case for an airport project stimulating the growth of the St.Helena economy has not changed in any way, and is as solid as ever. In fact, it can be argued successfully that with the global recession now bottoming out, this is the perfect time to begin such a project.

There are many reasons to vote for Option A. Some are political, some are personal and social. The Chamber focuses, however, on the economic and see that the economic future for St.Helena is now not a pointer on a scale of performance, doing well or less well as the case may be. The economic future is represented as a binary choice – either it survives or it dies – and Option A is the only way to ensure that there is a chance of survival.

The view of the Chamber on subsequent actions

The Chamber is extremely disappointed that this pointless consultation exercise has already had a measurably deleterious effect on the economy and the optimism on the island. This will not abate until a decision is made.

Since the views of Saints on St.Helena show an overwhelming support for Option A, and recognising that the DfID claim in the consultation document to make a decision taking into account the views of St.Helena, the Chamber urges Her Majesty's Government to make a decision as soon as possible. We do not see that there is any longer a need to wait until the end of the year to make the decision since the preponderance of opinion is now unassailable, and an early decision would bring significant benefits. Nevertheless, if DfID are intent on continuing with their timetable, in the face of all evidence, we urge the Minister to make the decision in good time, and to have concomitant project needs addressed beforehand so that no further delay is experienced once the decision to go ahead with the airport project is announced, as it must surely be.