



CONSULTATION ON WHETHER AN AIRPORT IS THE MOST APPROPRIATE OPTION FOR ACCESS TO ST HELENA IN THE CURRENT ECONOMIC CLIMATE

FOREWORD

The Overseas Territory of St Helena is one of the most remote inhabited islands in the world and can only be reached by sea. St Helena has been dependent on financial assistance from the UK since the 1960s. During the last ten years the island's population has declined from over 5000 to around 4000, and UK aid to the island has risen from under £10 million per year to more than £20 million. Current access arrangements, via the Government-subsidised Royal Mail Ship St Helena, limit the prospects for sustainable economic growth.

The RMS St Helena was built in 1990 with an expected working life of 20-25 years, and the Government now needs to decide how to replace the ship. In 2003 the Government commissioned a Feasibility Study. This looked at a range of access options and concluded that an airport could generate higher levels of economic development on the island than any shipping option. In March 2005, the Government announced its intention to establish air access for St. Helena, subject to satisfactory contract bids and a rigorous environmental impact assessment.

However, since May 2007, when the Government re-tendered the contract to design, build and operate an airport for the island, the financial climate has changed.

Firstly, the cost of the airport is considerably higher than anticipated. Secondly, the economic conditions we face at present are unlike any we have seen for generations.



Copyright: Andrew Darlow, St Helena 2007

It is against this background that the Government announced on 8 December 2008 that it would be pausing the negotiations on the St Helena Airport contract. Whilst remaining committed to ensuring that access to the island should not be reduced, we needed to consider whether the building of an airport was the most appropriate choice in these rapidly changing circumstances.

The impacts from the economic crisis are deepening. No-one is immune. The consequences for the Government's aid budget are far-reaching. Our ability to achieve our international development objectives has been made doubly hard by the global downturn. On the one hand, millions more people are falling into extreme

Contents

- Foreword
- Executive Summary
- How to respond
- Confidentiality
- Background
 - Government policy on the Overseas Territories
 - St Helena
 - The history of the airport project
 - The economic crisis and its evolution
 - How the Government is responding to the crisis
 - The cost of the St Helena airport
 - The case for deferring a decision
 - Private financing
 - What is different about this consultation?
 - Summary
 - Consultation questions
 - What will happen next

Annexes

- A - Summary of cost/benefit analysis and financial costs
- B - Where to find additional information and analysis
- C - Previous consultations and referendum
- D - St Helena airport timeline
- E - Written Ministerial statements
- F - DFID assistance to St Helena 1998-2008
- G - Cost of operation and maintenance of the RMS St Helena 2001-2008
- H - Legal context and Government policy
- I - Code of Practice on consultation

poverty and on the other, it is more difficult for developing countries to access finance than it was before the crisis.

In the short term no-one can be entirely insulated from the current difficulties. Although St Helena is physically remote, I know that the island itself is well aware of the gravity of the challenges that are being experienced by Britain and all governments around the world.

The Government's commitment to ensure access to and from the island is not in question. We will not contemplate a reduced level of access to that currently provided by the RMS.

We want to use this consultation to help us reassess whether an airport is the most

appropriate option for access to St Helena in this period of so much uncertainty. This document explains the issues on which we particularly want your views, and the ways in which you can send them to us. You may also respond on any other aspect of the access issue. I strongly encourage you to participate in this consultation.



**Minister for
International Development**

Executive summary

1. The UK has special obligations towards our Overseas Territories. The people of the Overseas Territories are British citizens. The UK remains committed to meeting their reasonable assistance needs and to helping them move towards economic self-sufficiency.
2. The current global climate presents serious challenges to Britain which force us to review our short term spending priorities. This is responsible financial and budgetary management.
3. There are very good reasons for the St Helena airport project to come under review. National public finances are stretched, the value of the international development budget has dropped in many countries, and urgent new pressures for aid need to be met. The estimated cost of introducing air access to St Helena has risen significantly since the initial announcement in 2005, from under £100m to over £300m. All of these considerations change the context in which the Government agreed to start the project.
4. In view of the history of the project, the Government is undertaking this consultation to seek views of interested parties before taking a final decision on whether an airport is currently the most appropriate option for access to St Helena. The Government intends to make a final decision by the end of 2009.

5. We are considering three options:

a) Go ahead with the airport now

While this might represent the best way of providing access to St Helena in the long term, the financial cost of doing so is substantial. The Government must consider whether this is the best use of scarce public finances at the present time.

b) Decide now not to build the airport and commission a new ship

This would secure access to the island for the lifetime of the new ship, but would only be a sound investment if the Government had ruled out providing air access for the foreseeable future.

c) Defer a decision for a period of up to five years

Continue to provide access by sea in the meantime, either by extending the life of the RMS St Helena or by chartering separate passenger and freight vessels.

This would keep the option of an airport open in the medium term, allowing the economic case to be re-examined when the conditions are right.

None of these options represents a reduction in the current level of access to the island. Option C would be less costly than Option A



*Panoramic view of
Jamestown,
St Helena*

in the short-term. Option B would reduce the likelihood of achieving self-sufficiency for St Helena in the long term. In the current economic climate, Option C would appear to be the most appropriate choice. We are open to alternative views however, and will make our decisions in the light of all the views received through this consultation.

6. We are looking for views from all interested parties on:

- the three options, in the light of the current climate
- how deferring the decision for the short/medium-term would impact on you or the organisation you are representing
- how deferring the decision for the lifetime of a replacement ship to the RMS St Helena would impact on you or the organisation you are representing.

7. We are not seeking to re-open discussions of other access options that were considered as part of the Feasibility Study (2004). But

we are open to proposals on how any of the options we have identified could be modified to be more acceptable to interested parties.

8. The context of this consultation differs from previous consultations. It is intended for St Helenians, both resident in St Helena and expatriates, as well as any other stakeholders and interested parties who have an interest in access to St Helena, and those with an interest in the overall use of the Government's development budget. These groups will include representatives of potential investors and non-governmental organisations (NGOs).

How to respond

9. This section outlines the ways in which you can make your views heard.

10. The consultation period will begin on 09 April 2009. It will run until 31 July 2009. There will be a series of meetings on St Helena in June, as well as a meeting on Ascension Island and the Falkland Islands in July. There will also be a meeting in the UK. The meetings will be organised by an independent facilitator, who will make a record of all views expressed.

11. Alternatively, you are welcome to respond by post or email. Please ensure that your response reaches us by 31 July 2009. If you live in St Helena and intend to respond by post, please ensure that your response is delivered to the Governor's Office by 09 July or leaves on the RMS sailing scheduled for 10 July. You may respond to this consultation in the following ways:

- 1) Write to:

St Helena Access consultation
Overseas Territories Department

DFID
1, Palace Street
London SW1E 5HE

2) Email your response to:
St.helena-consultation@dfid.gov.uk

3) Deliver your response to:
The Governor's Office
The Castle
Jamestown
St Helena

12. Copies of this consultation document can be found at www.dfid.gov.uk/consultations, or www.sainthelenaaccess.com, or by contacting DFID publications on enquiry@dfid.gov.uk or +44 (0) 1355 843132. Please make it clear that your request relates to the St Helena Access consultation.

If you have any general queries about this consultation please contact:
consultation-coordinator@dfid.gov.uk



RMS St Helena

13. We have made every effort to bring this consultation to the attention of St Helenians around the world, with the help of *Saint FM*, the *St Helena Herald* and the *St Helena Independent*, the office of the St Helena Government's UK Representative, and on the DFID and St Helena Access Project websites. We have disseminated the document to a wider audience through the DFID Bulletin, to UK non-governmental organisations (NGOs) through the representative groups British Overseas

NGOs for Development (BOND) and the British Overseas Aid Group (BOAG), and directly to representatives of potential investors with a known interest. If you think there are other ways that we can increase awareness of the consultation please let us know.

Confidentiality

14. The information you send us may be passed to colleagues within the Department for International Development (DFID) or the contractor appointed by DFID to analyse responses to this consultation, and published in a summary of responses received in response to this consultation. We will assume that you are content for us to do this, and that if you are replying by email, your consent overrides any confidentiality disclaimer that is generated by your organisation's IT system, unless you specifically include a request to the contrary in the main text of your submission to us.

15. If you want your name and address to be kept confidential please mark this clearly at the top of your response. (*Confidential responses will be included in any statistical summary of numbers of comments received and views expressed.*)



*St Helena's
endemic Wirebird*

Background

Government policy on the Overseas Territories

16. The citizens of the UK Overseas Territories are in general British citizens¹. The UK's legal responsibilities for the Territories include those derived from Article 73 of the 1945 United Nations Charter. The Charter places on the Government the obligation to promote to the utmost the wellbeing of the inhabitants of any British Territories that have 'not yet attained a full measure of self-government'. Under this obligation the Government must ensure political, economic, social and educational advancement for the inhabitants of the Overseas Territories and promote constructive measures of development.

17. To meet these obligations, the Government works through the Foreign and Commonwealth Office (FCO) and the Department for International Development (DFID). It is the stated policy of the Government that the reasonable assistance needs of Overseas Territories are a first call on the aid programme. This policy was most recently set out in 1997 in DFID's White Paper on International Development, in 1999 in the FCO White Paper, entitled Partnership for Progress and Prosperity, and in DFID's 2005 International Development White Paper. Extracts from the UN Charter and the Government White Papers can be found in Annex H, and links to the full documents can be found in Annex B.

18. The long term objective for all the Overseas Territories is to maximise economic growth and self-sufficiency². However, this does not mean self-sufficiency at any cost. While the current economic crisis does not alter our long-term objective, it does mean we need to balance it against other immediate needs. Similarly, while the reasonable assistance needs of the Territories are the first call on the aid budget,

this does not automatically exclude them from any reassessment of our short term priorities. The Government will honour its obligation to ensure the reasonable needs of Overseas Territories are met, but no-one can be insulated entirely from the effects of the present difficulties.

St Helena

19. St Helena is one of only three UK Overseas Territories that are dependent on financial assistance from the UK. The island is of volcanic origin and covers 47 square miles. It is situated in the South Atlantic Ocean, over 4,000 miles from the UK, 700 miles southeast of Ascension Island and 1,700 miles from South Africa. St. Helena has no airfield and the only regular mode of access to the island is via the RMS St. Helena, which calls roughly 20 times a year, shuttling between St Helena, Ascension Island, Cape Town in South Africa and Walvis Bay in Namibia, and travelling up to Portland in the UK twice a year. The ship is a hybrid passenger/freight vessel that was purpose-built at UK taxpayer expense in 1990, and it requires an annual subsidy of approximately £3 million to keep it going. The ship is now approaching the end of its useful life and the Government must make a decision as to the best way to ensure access to the island after the ship is withdrawn. Annex G summarises the costs of operating and maintaining the RMS since 2001.

20. The island's current population³ is around 4,000 people, about 25% of whom live in the capital, Jamestown. This is a marked decline from 1987 when the population exceeded 5,500⁴. The greatest loss of population has come from those of working age with skills. Loss of key skills has led to an increasing requirement for UK assistance to meet the islanders' basic needs, including health, education, energy, water and access. As well

¹ The British Overseas Territories Act 2002 gave British citizenship with right of abode in the UK to all existing Overseas Territories citizens, except those who acquired it through a connection with the Sovereign Base Areas in Cyprus

² Wording as per 1997 DFID White Paper: "...maximise economic growth and self-sufficiency through sensible economic management leading to graduation from such support where this objective is feasible."

³ Source: 2008 census ⁴ Source: 1987 census

as economic difficulty, outward migration has also brought social problems, and in 2005 it was estimated that 25% of school children were in some form of informal foster care while their parents worked overseas.

21. St Helena's economy is small and based mainly on offshore employment, agriculture, fishing and more recently a small volume of tourism. Most commodities are imported and since the demise of the flax industry in the 1960s, St. Helena has relied heavily on UK aid to support essential services and livelihoods. Of all the Overseas Territories, it is currently the most heavily dependent on the UK. In addition to providing subsidised access to St Helena, the Government has for many years provided funding for infrastructure on the island, and financial assistance to the Government of St Helena to help meet the cost of public services. The latter includes funding for doctors, medical specialists and teachers; scholarships to study in the UK; adult vocational education; and improvements to the welfare system and elderly care. UK Aid to St Helena has increased steadily over the past ten years and currently runs at about £20 million a year. Annex F contains a summary of the UK's financial assistance to St Helena over the past ten years.

The history of the airport project

22. In 2004, DFID commissioned a full Feasibility Study into future access arrangements⁵. This concluded that only the introduction of air access had the potential to support meaningful economic growth and reverse economic and population decline.

23. Without air services to an international hub, allowing the island modern access to markets and more importantly to tourists, the Feasibility Study concluded that there was little chance of achieving the joint UK/ St Helena Government objective of self-sufficiency. Tourism has been identified as the most likely way to achieve this objective, and both public and private sector studies show

that the island has the potential to develop lucrative low volume/high value tourism with a manageable impact on the environment and society. A referendum in 2002 of Saints in St Helena, the Falkland Islands and Ascension Island indicated that 72% of those who voted preferred an airport to a new ship.

24. On the basis of the Feasibility Study and the Referendum, the Government announced in March 2005 a commitment to the development of air access through public funds, subject to satisfactory contract bids and a rigorous Environmental Impact Assessment. The estimated cost at that time was under £100m⁶. Construction was planned to commence in 2008 and be completed by 2011/12.

25. Since the March 2005 announcement, the island's elected Council has taken some steps towards improving the economy of the island, such as: developing a Tourism Strategy and an Investment Policy; reviewing land use and revising the Land Development Control Plan to attract private investment; expanding the island's Development Agency actively to promote investment opportunities; re-training the workforce to compete in the construction and hospitality sectors; reviewing its immigration laws to make it easier for foreigners to work on the island; and preparing the island's infrastructure for a larger resident population. The application for Development Permission for the airport and supporting infrastructure was progressed in parallel with the tender negotiations, and Development Permission was granted in September 2008.

The economic crisis and its evolution

26. By December 2008, the global context had changed considerably from that in which the Government had agreed to a publicly funded airport in 2005, or even from that in which the Government tendered the project in 2007. The Pre-Budget Report 2008 forecast a significant decrease in the economic growth of the G7. Since then, the global outlook has deteriorated further. The OECD forecast

⁵ The Feasibility Study considered various solutions including flying boats, hydrofoil and other fast ferry services and shorter runway option. However, these were deemed neither feasible nor cost-effective. This consultation does not seek to reopen those options. A link to the Feasibility Study can be found in Annex B

⁶ The estimated cost could now be over £300m

economic growth in the G7 of -4.4% in 2009, and the IMF, in its report to the G20 Finance Ministers meeting in March 2009, predicted that the world economy would shrink by between -0.5% and -1% in 2009, for the first time in 60 years. The global shock has had a profound effect on the public finances of the UK and every advanced economy. As a consequence of lower revenues and the need for higher spending in the short-term to support the economy, the Pre-Budget Report projected that UK government borrowing will increase significantly in the short term, as in all G7 countries, while the public sector net debt will rise from 41.2% of GDP in 2008-09 to 57.4% in 2013-14 in response to the global financial shock. Whilst this is necessary in the short-term, the Government is committed to ensuring the sustainability of the public finances over the medium term, and has set out clear plans to reduce public borrowing once the economy is recovering. In this context it is right that the Government increases further its focus on maximising the value for money of each pound spent.

27. The impact of the crisis is already being felt in the poorest countries in the developing world. The fact that the IMF recently halved its growth forecasts for developing countries from 6.3% in 2008 to 3.3% shows that until last year the IMF had not been anticipating the depth and impact of the global economic crisis. World trade is falling for the first time in 25 years, and this is likely to have grave impacts for developing countries that trade with developed economies. Remittances to developing countries are expected to fall by between 1% and 6%. This is predicted to have a dramatic impact on household income, leading to more than 1.4 million more infant deaths by 2015 because of the crisis. Capital flows to emerging economies and developing countries could be more than 80% below 2007 levels. The IMF predicts⁷ that low income countries (LICs) will become more fiscally vulnerable because of: reduced revenues from economic slowdown, reduced commodity revenues due to lower prices, lower aid flows and higher demands on spending, particularly in the area of social

protection. In addition, projections of foreign direct investment for LICs for 2009 are for a fall of almost 20% from 2008 levels, compared to the 10% growth that was previously anticipated. The IMF has concluded that large-scale official support is likely to be needed from bilateral and multilateral sources. At the same time, the ability of LICs to repay debts will suffer, and they will desperately need foreign exchange. The World Bank estimates⁸ that in 2009, 104 of 129 developing countries will have current account surpluses inadequate to meet private debt repayments. For these countries, total financing needs are expected to amount to more than \$1.4 trillion during the year. External financing needs are expected to exceed private sources of financing in 98 out of the 104 countries signifying a financing gap of \$268 billion.

28. The impact on the poor is likely to be acute, as most developing countries are much less able to protect their poorest communities from the effects of the downturn. DFID estimates that by December 2010 about 90 million more people will be living on less than \$1.25 a day because of the financial crisis. People in developing countries are most vulnerable to even small declines in income because they have less money spare and fewer assets.

29. Difficulties are also increasing across other Overseas Territories and the Government has to take into account the risks of future requirements for assistance. The value of our aid to Montserrat has declined by 30% because of the depreciation of sterling against the East Caribbean dollar (pegged to the US dollar). The downturn is also affecting tourism and financial services income in a number of the Caribbean Territories. Cruise visitors to Cayman Islands have fallen 15% at the end of 2008 compared with the same period the year before and new company registrations fell by 45% in the first two months of 2009. Tourist visitors in Anguilla were on average 22% down in late 2008 compared with the same months in 2007. Tourist bookings to St Helena have fallen by over one third this year compared to 2008.

⁷ *The Implications of the Global Financial Crisis for Low-Income Countries*, IMF (March 2009) . See link in Annex B

⁸ *Swimming Against The Tide: How Developing Countries Are Coping With The Global Crisis*, World Bank (March 2009). See link in Annex B

How the Government is responding to the crisis

30. These unforeseen pressures are making it increasingly difficult to achieve our international development goals. The changes are already resulting in new demands on the UK aid budget, as the Government works to minimise the impact of the financial crisis on the poorest who are most vulnerable. In addition, the loss of value of sterling against the US dollar means that in many countries of the world our aid is not going as far as it did. Many of the larger international NGOs to whom the Government provides funding have suffered from this fall in their purchasing power.

31. The Government is responding to these circumstances by working to ensure it uses its aid in the most effective way. For example, the Government has recently agreed to provide £200m in response to a request from the World Bank for \$5-6 billion for its Vulnerability Financing Facility, to directly mitigate the impact of the global recession on households in the poorest countries. This facility includes a Rapid Social Response Fund to provide money that is urgently needed in low and middle income countries for child nutrition, social transfer payments, protection of basic social services and employment schemes, food crisis response and public works programmes. At the beginning of the year the Government approved £100m of contingency funding for Africa to benefit a number of vulnerable countries in the downturn, including support of £20 million per year through the EU Africa Infrastructure Partnership to accelerate growth through investments in regional infrastructure.

32. At the G20 London Summit Leaders agreed to increase resources available to developing countries, including the poorest countries, over the coming years. Leaders also renewed commitments to meeting aid pledges, including those made at Gleneagles in 2005. We are working with the international financial institutions, including the IMF and World Bank, to take a lead on financial stabilisation,

emergency lending and development finance.

33. Both the length and depth of the recession and its impact on developing countries are very uncertain, which makes it difficult for both developing country governments and donor countries to plan. For example, decisions on whether to borrow and how fast to run down borrowing facilities depend critically on the timing of an economic recovery. This means it is vital that the Government remains flexible. Its ability to move resources around and adapt as a result of big shocks will be critical in the short term. The Government must do its best to make sure that resources are available where they are most needed.

The cost of the St Helena airport

34. Alongside these new global conditions that have arisen since the airport was tendered in 2007, the projected cost of the airport has increased to a level that makes it significant in the consideration of short-term priorities. The total estimated cost of the project⁹ could now be in excess of £300m.

35. The projected **financial** and **economic** costs and benefits of the options are summarised in Annex A. The total **financial** costs of an airport are higher than the costs of providing access by ship over the 40 year period covered by the appraisal. In the initial years, while the airport is constructed, the extra costs of the airport option are particularly high. However, an airport is expected to permit greater opportunities for St Helena to become self-sufficient. It is likely to eliminate the budget subsidy from the UK at some point in the future, and generate a range of economic opportunities for St Helenians. Despite the higher **financial** cost outlays, there is an **economic** case for the airport. The Government entered negotiations with bidders on the basis that these wider benefits were equivalent to 1.9 times the costs.

36. The current global economic crisis increases the uncertainty about the costs and benefits of the project. Firstly, there are

⁹ It is important to note that the cost of the Design Build and Operate (DBO) contract that was tendered in May 2007 is only a part of the overall cost of the project to the Government. As well as the capital cost of the project and the cost of operating the airport for the first 10 years, our projections include contingency for DFID-held risk and the costs of: contract supervision; the local air access office; environmental mitigation; tourism marketing; and establishing an air service.

heightened risks of cost escalation, especially due to currency fluctuation and to the costs of materials, and that suppliers would get into difficulty. To date, the pound has fallen against the dollar and euro, which raises costs; although this has been offset to some extent by a fall in the price of oil. Secondly, the uncertain economic climate casts doubt on the speed with which benefits can build up, for example the rate and level at which tourism projections would materialise.

37. These risks weaken the case for proceeding with the airport at the present time. This is particularly because the airport would require the Government to commit a significant amount of development funding at a time when global economic conditions are worsening, and predictions as to how long the situation might last are uncertain. For illustration, the approximate costs over the next five years of the three options set out in paragraph 46 are as follows:

- Airport: £230-260 million¹⁰
- New ship: £50-70 million
- Refurbishment of RMS St Helena or charter options: £20-30 million

38. These cost ranges are based on: contracting the airport in 2010; tendering a new ship in 2010; and current estimates for the operation and maintenance of the RMS St Helena for the next five years. The latter includes a refurbishment of both engines during 2010. If the airport is contracted or a new ship commissioned in 2010, then the Government will continue to operate the RMS in the short-term. The ship's operators will therefore schedule the first phase of engine refurbishment work for March 2010, as this maintenance will be required under any of the three options outlined.

The case for deferring a decision

39. When we tendered the airport project, the cost to the Government was higher than any of the alternatives. But the estimated benefits of

the airport to St Helena over a 40 year period justified the costs of that investment. Since then, the global economic crisis has increased the uncertainty of the assumptions on which the economic case for the investment is based.

40. We must also weigh up the short-term financial costs of the project compared with alternatives, and have regard for whether these are still justified in the light of the changed context, which is significantly different:

- national public finances are stretched, and the Government needs to review its spending plans carefully and adjust its priorities accordingly
- the estimated costs of the project have risen, which means that we would need more money than we had planned
- there are increased uncertainties about the assumptions underlying the airport investment
- the value of sterling has dropped against other international currencies, so our planned programmes in many countries will not finance as much as we expected
- there are urgent new pressures for aid which we need to meet
- the depth and duration of the economic crisis are unpredictable and therefore we need to be able to retain as much flexibility as possible to respond to unforeseen events

41. Building the airport (Option A) would cost approximately £200 million more than either of the other two options over the next five years. However, this remains the most likely option to generate economic sustainability for St Helena in the long term. In the light of this, keeping options on the airport open may enable the Government to reconsider the case when the economic conditions are right. Either extending the life of the RMS¹¹ or chartering alternative vessels would allow this. We recognise that this prolongs a degree of uncertainty and that the alternative of commissioning a new ship now would remove uncertainty. However, it would

¹⁰The purpose of the range used here is to illustrate the overall costs to the Government of each of the three options over the next five years. For Option A the range therefore includes the costs of: the first five years of the DBO contract; keeping the RMS in service until completion of the airport; contract supervision; the local air access office; environmental mitigation; tourism marketing; and other costs borne by DFID, including contingency for DFID-held risk

¹¹ The RMS St Helena was commissioned in 1990 with an expected economic life of 20-25 years

make it less likely that the Government would wish to reconsider the case for the airport during the lifetime of the new vessel.

42. Taking all these factors into account, the least constricting option appears to the Government to be to defer the decision (Option C) which keeps open the possibility of reconsidering the options when global economic conditions improve. However, a decision not to proceed with the airport now would have implications for both the people of St Helena and investors with an interest in the island, and we need to take these views into account before making a decision.

Private financing

43. The foregoing assessment of costs and benefits is based on an airport financed entirely by public funds. Before the 2004 Feasibility Study, the Government had considered proposals from several private companies to build an airport in exchange for a contribution from Government equal to the cost of commissioning a new ship (estimated at approximately £26 million at the time).

44. These proposals were discussed with a view to their viability and to minimising the risk to Government. Of the four proposals that were received, three substantially failed to meet basic criteria for viability that had

been set. The other, while compliant with these basic criteria, was based on a technical design for the airport that did not meet the requirements of the regulator, Air Safety Support International (ASSI). Having explored the proposals as far as possible, DFID undertook the Feasibility Study which led to the agreement to tender the project with public funding. This consultation does not preclude private sector firms from submitting viable alternative financing proposals.

What is different about this consultation?

45. Although the Government has consulted Saints previously about the airport, Ministers consider it appropriate to seek views more widely before making a final decision. UK public finances are stretched, the value of sterling has dropped, urgent new pressures for aid need to be met, and the cost of the project itself has risen. All of these considerations change the context in which Ministers agreed to tender the project to such an extent that the decision will no longer impact on Saints alone. Before making a decision the Government wishes to take into account the views of those who will now be affected, and this includes others with an interest in how the UK aid budget is spent.

Summary

46. The RMS St Helena is close to the end of its working life, and there is an urgent need to look at alternatives. Ministers therefore seek views on the following options for access:

a) Go ahead with the airport now

While this might represent the best way of providing access to St Helena in the long term, the financial cost of doing so is substantial. The Government must consider whether this is the best use of scarce public finances at the present time.

b) Decide now not to build the airport and commission a new ship

This would secure access to the island for the lifetime of the new ship, but would only be a sound investment if the Government had ruled out providing air access for the foreseeable future.

c) Defer a decision for a period of up to five years

Continue to provide access by sea in the meantime, either by extending the life of the RMS St Helena or by chartering separate passenger and freight vessels.

This would keep the option of an airport open in the medium term, allowing the economic case to be re-examined when the conditions are right.

47. In addition to the above options, respondents are welcome to submit views on any relevant aspect of the access issue. We would also welcome proposals on how any of these options could be modified to be more acceptable. We are not seeking to re-open consideration of other access options that were considered as part of the Feasibility Study (2004).

Consultation questions

48. It would be helpful if you could structure your response to address the questions below, but you should not be restricted to these questions. Please send us any information that you feel is relevant to support your response.

Question 1

What is your view on the three options above?

Question 2

How would each of the three options affect you, or the organisation that you represent?

Question 3

Before he reaches a decision, is there any other relevant information or proposals that the Secretary of State for International Development should take into account?

49. When you are responding, please state whether you are an individual or representing the views of an organisation. If you are responding on behalf of an organisation please state the name of the organisation, your role within it and how the views of members were assembled. Please also categorise your organisation's role under one of the following headings:

- Community/residents representative group
- Trade organisation
- Small or medium enterprise
- Investor
- Other (please specify)



What will happen next?

50. We will not be able to consider any responses received after 31 July 2009. From 1 August 2009 to 30 September 2009 we will assess the evidence and opinions received, and we will publish a summary report soon after that. We expect to announce the preferred option for access to St Helena by the end of 2009.

© Crown copyright 2009

Copyright in the typographical arrangement and design rests with the Crown. This publication (excluding the logo) may be reproduced free of charge in any format or medium provided that it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright with the title and source of the publication specified.

Published by the Department for International Development. ISBN 1 86192 983 8
