

Public Accounts Committee

Oral evidence: St Helena Airport, HC 767

Wednesday 2 November 2016

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[Watch the meeting](#)

Members present: Meg Hillier (Chair); Mr Richard Bacon; Philip Boswell; Charlie Elphicke; Chris Evans; Caroline Flint; Kevin Foster; Kwasi Kwarteng; Nigel Mills; Stephen Phillips.

Sir Amyas Morse, Comptroller and Auditor General, Adrian Jenner, Director of Parliamentary Relations, National Audit Office, Tom McDonald, Director, NAO, and Richard Brown, Treasury Officer of Accounts, HM Treasury, were in attendance.

Questions 1-108

Witnesses

[I](#): Mark Lowcock CB, Department for International Development, and Richard Montgomery, Director of Asia, Caribbean and Overseas Territories, DFID.

Report by the Comptroller and Auditor General
Realising the benefits of the St Helena Airport project (HC 19)

Examination of witnesses

Witnesses: Mark Lowcock and Richard Montgomery.

- Q1 **Chair:** Sorry to keep you, Mr Lowcock—we were excited about rural payments, as we always are, so that took a little longer. We are going to get straight in because we expect a vote at about 4 pm or 4.05 pm—we may break just before the vote to be quick, so there will be a 10-minute suspension at that point. As soon as we are quorate again we will get going, but it will probably be about 10 minutes.

Our second session is on the DFID funding of the new airport—the first airport—at St Helena. For those who may not know, it is an island in the south Atlantic with a population of 4,100 Saints—interestingly, in preparing for this we discovered that there are 8,000 Saints in Swindon—who are all British citizens. This island is obviously something that the British have a big responsibility for, and it falls under DFID's responsibilities. That gives a bit of background because people might wonder why DFID is building airports on an island like this; that is slightly different from its normal humanitarian work. As I understand it, work on overseas territories takes priority over any of your humanitarian aid. Is that right, Mr Lowcock?

Mark Lowcock: Successive Governments have said that the overseas territories are a first call on the budget.

Chair: So we have as our witnesses: Mark Lowcock, who is the permanent secretary at DFID, and Richard Montgomery, who is the director for Asia, the Caribbean and overseas territories at DFID. That's just a small part of the world you are dealing with there, Mr Montgomery—I am surprised you are ever in London. Stephen Phillips will lead the questions.

- Q2 **Stephen Phillips:** Right. £285.5 million of taxpayers' money to build an airport and operate it and it is unusable—correct?

Mark Lowcock: It is not correct that it is unusable, Mr Phillips. The airport is up and running, but what isn't happening is that the commercial air service that was planned to start in April—

- Q3 **Stephen Phillips:** Let me put it slightly differently, Mr Lowcock. It is unusable by commercial aircraft, which were the basis of the business case for building the airport in the first place.

Mark Lowcock: We need to put in place a different air service from the one we planned to put in place. We are having very good discussions with service providers about that. We are building up our understanding of the



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weather conditions around the island, and I am hoping that shortly we will be tendering for an air service that does meet the needs of Saints, tourists and, potentially, UK citizens who want to visit.

- Q4 **Stephen Phillips:** The business case was based on a 737 service, run by Comair, wet-leasing planes out of Johannesburg to St Helena. Correct?

Mark Lowcock: Yes, the business case was based on the 737. That is correct.

- Q5 **Stephen Phillips:** That aircraft, on which the business case was based, cannot currently land at this airfield, save in very limited circumstances. Correct?

Mark Lowcock: Yes. We have put in place some new technology of the sort that is used in Hong Kong, where there is a wind-shear problem. We also have some other technology options.

- Q6 **Stephen Phillips:** We will come on to wind shear. At the moment, I am interested in why we have spent £285.5 million of taxpayers' money to build a huge white elephant that nobody can use in the way in which it was planned and justified in the business case.

Mark Lowcock: The challenge we are addressing is how to put in place an air service so that the airport is not only open, as it is at the moment, for charters, medical evacuations and so on, but meets the access needs of the island, which will enable us to retire the ship.

- Q7 **Stephen Phillips:** We will come back to the ship at some point, I'm sure. As I understand it, the reason why we have this huge white elephant, paid for by my constituents and all other taxpayers in this country, is because the problem of wind shear at this airfield was not appreciated in advance. Is that right?

Mark Lowcock: Yes, that is, unfortunately, the case. The nature and scale of the wind-shear problem was really exposed only when Comair first took the 737 to St Helena in April.

- Q8 **Stephen Phillips:** Are you familiar with a gentleman by the name of Charles Darwin?

Mark Lowcock: The anthropologist and botanist?

- Q9 **Stephen Phillips:** I am just interested, because in 1836 in *The Voyage of the Beagle*, Charles Darwin wrote about St Helena: "The only inconvenience I suffered during my walks was from the impetuous winds. One day I noticed a curious circumstance; standing on the edge of a plain, terminated by a great cliff of about a thousand feet in depth, I saw at the distance of a few yards right to windward, some tern, struggling against a very strong breeze, whilst, where I stood, the air was quite calm. Approaching close to the brink, where the current seemed to be deflected upwards from the face of the cliff, I stretched out my arm, and immediately felt the full force of the wind: an invisible barrier, two yards in width, separated perfectly calm air from a strong blast." If Charles Darwin can, as he does in that passage, give a very good example of



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wind shear in St Helena during the voyage of the Beagle in 1836, how have we got to a position in which DFID has commissioned a £285.5 million airport, paid for by the British taxpayer, without appreciating the danger of wind shear?

Mark Lowcock: Mr Phillips, that is a really good question that I have been pursuing as well. As I think you may be aware, I have put in place a review to look at everything that was done—who did what and who should have done what differently—in the crucial 2005-07 period, when the decisions that we are now having to live with, which led to the problems that have arisen that we now have to solve, were first taken.

- Q10 **Philip Boswell:** Mr Lowcock, you mentioned wind shear at Hong Kong airport. Before coming to this place, I was fortunate enough to work on the construction of Hong Kong airport. It was similar in that we did move the top of a mountain—I think we will be discussing that soon. Are you or anyone in your team—perhaps that is the problem—familiar with front-end loading? It is an evolved project management methodology whereby we drive a more thorough concept design when we are spending funds in the region of a quarter of a billion pounds. In anybody's parlance, that would be a major project. We would not build an airport based on assumptions; we would test any assumptions and certainly any concept design. We would overspend or risk manage the earlier part of any engineering works to ensure that we did not build, for example, an airport in the wrong place, or to make sure there was no wind shear, which is a very well-known concept in airport construction—to make sure that that has been addressed. What steps, if any, did you or your consultants take to ensure that this was properly investigated before one spade was lifted?

Mark Lowcock: There have been 11 gateway reviews on this project, including four in the 2005-08 period. There was a feasibility study and recommendations coming out of that, which were acted upon. There was advice from the regulator, Air Safety Support International. There have been various other paths of advice; but I am just as frustrated as anybody that, notwithstanding all that, we did not know, at the time we were taking key decisions, exactly what the wind conditions would be at the airport; and that is why it is taking us longer than we wanted it to, to put in place the right air service, which is the focus of our effort.

- Q11 **Philip Boswell:** Just following on that, have you established, given that this has been known for quite some time—Mr Darwin obviously mentioned it quite some time ago; but, all joking aside, very seriously, you made known to this group—to the National Audit Office, indeed, when their Report was just being published—that concerns were raised with you. Have you established since then whose responsibility it was? Because quite clearly your costs were pretty much on target; your scheduled construction was pretty much on target. So the risk management work for that aspect of it is fairly concept phase. The critical aspect, in terms of fitness for purpose, that failed to—have you established who is responsible for this?

Mark Lowcock: The review that I have commissioned is intended to do exactly that, Mr Boswell. It is not complete yet.

Q12 Philip Boswell: What, after you build the airport?

Mark Lowcock: Well, of course we would have preferred it if we had known earlier that this problem was going to arise; but, given that we didn't know that, it is important, which is what you are saying, that we go back, look at who is responsible for what, who did what, who might have done what differently—

Q13 Philip Boswell: Mr Lowcock, I appreciate this is perhaps not normally within the remit of your Department, but due diligence is a concept, I am quite certain, with which you are very familiar, and, fit for purpose, on an expenditure on this size—you cannot go ahead on an assumption. I am staggered that there is not even an indication. Who is contractually responsible? I understand it is a design, construct and operate contract. Does the design responsibility sit with the contractor?

Mark Lowcock: As the NAO Report in 2007 on the overseas territories said, St Helena is very isolated, and building an airport there is very complex; and doing that requires the involvement of a whole range of actors: the two Governments, St Helena and the UK Government—obviously we are accountable for the money and financing it; but also the regulator, the people doing the technical feasibility work, the Met Office, various other consultants. What I am trying to get into, in this review I have commissioned, is exactly who is accountable for having done what, and who should have done something else.

Q14 Philip Boswell: Mr Lowcock, I understand you are talking about the big picture here, but specifically in terms of wind shear and these issues that really ought to have been dealt with before a spade was lifted: I have lived in the Falklands, and I have been on Ascension, so I am familiar with airport construction in the area, and I still cannot understand why this was not raised earlier. Do you have any inclination whose responsibility that sits with?

Mark Lowcock: As I think the Committee knows, I have put in place a process to answer that question. I have got legal advice on that process. My legal advisers are telling me that it is really important that they have time to go through the work, do the analysis, establish where exactly what contractual responsibility lies, and that one thing I should not do is rush to judgment here and now in a public hearing ahead of that legal work being done.

Q15 Philip Boswell: Okay, Mr Lowcock, I get that. Better late than never. I will pass back to Mr Phillips.

Chair: I think if we break now it might be better for our flow; we will go down early for the vote, so we are at the front of the queue, and then we can come back. There is going to be a vote—unless the Government party tells me not. I will adjourn the Committee for up to 10 minutes, but as soon as our questioners and quorum are back, we will start again.



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Sitting suspended for a Division in the House.

On resuming—

Chair: We shall reconvene. Mr Phillips.

- Q16 **Stephen Phillips:** Mr Lowcock, in your exchanges with Mr Boswell, you referred to this feasibility study. I am not asking for any legal advice that you have had, or anything of that nature, which would be wrong and impermissible. The feasibility study was carried out by a company called Atkins. Is that right?

Mark Lowcock: Yes.

- Q17 **Stephen Phillips:** In terms of wind shear, the feasibility study suggested that a single flight be conducted with a propeller-driven plane rather than any form of jet. That might be a question for Mr Montgomery. Is that right?

Mark Lowcock: Yes, that is correct.

- Q18 **Stephen Phillips:** So, the wind shear calculations—*[Interruption.]* If Mr Bacon could be quiet. The wind shear was based on one single flight with a propeller plane conducted over St Helena roughly where the airport was going to be. Is that right?

Mark Lowcock: I think there was other data as well, but one of the relevant questions that the review is looking at is what was the set of data and advisory inputs. Obviously weather data is collected as well, which I suppose is relevant, but it is the case that the flight was recommended and done, and assurances and action followed from that.

Philip Boswell: Mr Phillips, on that point—

- Q19 **Stephen Phillips:** If I may, Chair—then I will let Mr Boswell come in—it does not seem very sensible in circumstances where you have a business case based on jets flying in, first, that you only do one test, as it were, of the wind shear with a propeller plane, and secondly, if I stand outside my house in Lincolnshire, on different days, unsurprisingly, the wind blows from different directions and in different strengths. I am not a scientist or a meteorologist, but I find it surprising that anyone managed to swing that piece of advice past the Department as being an appropriate way to measure the wind shear at the proposed site for the airfield.

Mark Lowcock: As I say, Mr Phillips, there was a range of technical inputs. There were the main aviation inputs from Atkins, including the feasibility study. There was advice on weather issues from the Met Office. A regulator, ASSI, has been engaged all the way through the process. There were the 11 gateway reviews, including four in the—

- Q20 **Stephen Phillips:** But those gateway reviews are not, in themselves, advice. They are simply based on the evidence that already exists on whether it is appropriate to proceed to the next stage of the project, so they do not help.



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Mark Lowcock: From my point of view, the gateway reviews are an important part of the assurance process.

- Q21 **Stephen Phillips:** Did anyone bother to ask anyone who actually lived there—where you are going to build the airport—whether the wind blew at all and, if so, from where?

Mark Lowcock: You will be aware, Mr Phillips, that there was a consultation. We have had a number of consultations—

- Q22 **Stephen Phillips:** A consultation requires voluntary responses. Did you go to someone who farms up there, for example, and say, “Have your sheep ever been blown away?”, or something of that nature?

Mark Lowcock: For the main consultation, 70% of the islanders voted in favour of the airport. Obviously, this community has been isolated since the beginning of history—

- Q23 **Stephen Phillips:** No one doubts that they need this airport. The trouble is that we have spent £285 million building them an airport that nobody can use.

Mark Lowcock: As I said, Mr Phillips, since June when the airport was certified—in other words, after Comair—there have been 20 safe take-offs and landings.

- Q24 **Stephen Phillips:** How many of those have been by Boeing 737s with 120 people on board, which is what your business case is based on?

Mark Lowcock: You are right that we are having to put in place—

- Q25 **Stephen Phillips:** The answer is none, isn't it?

Mark Lowcock: We haven't had the Boeing 737 back since April. Since it first went, we have put in place some additional technology. We are still talking to Comair. We will see whether the new set of arrangements are such that they do want to take up the contractual opportunity they still have to run the 737, but we are not relying on that. We are having good discussions with a range of other air service providers and there are multiple routes in and out of St Helena. There are lots of choices on schedules. Obviously, each plan you want to think about needs the proper regulation and authority, but a variety of different aircraft have landed in the last three months and we are expecting more trials to take place shortly.

- Q26 **Stephen Phillips:** What is the largest number of passengers that any of those aircraft has carried?

Mark Lowcock: It is not a large number. I would have to check the precise number—

- Q27 **Stephen Phillips:** Are we talking about five, a dozen, 20?

Mark Lowcock: Of that order of magnitude.

- Q28 **Stephen Phillips:** So not the 120 coming in on a 737 once a week that



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the business case was based on.

Mark Lowcock: But the business case doesn't—the cost and benefits of the airport do not depend on it having to be a 737. There is a variety of ways of providing enough access for tourists, visitors and others using other aircraft.

- Q29 **Philip Boswell:** Mr Phillips already caught much of what I was going to ask. How many of the 11 gateway studies, the Atkins feasibility study and the four weather reports mentioned concerns over turbulence, and so on? And in terms of concept design, in the actual location of the airport—where it was constructed—who was responsible for design liability on concept design?

Mark Lowcock: As I say, Mr Boswell, exactly who had precisely what set of responsibilities is one of the questions being posed in the review that I have commissioned.

- Q30 **Philip Boswell:** In that case, Mr Lowcock, who was in charge?

Mark Lowcock: As I said earlier, the responsibilities were divided among a range of organisations.

- Q31 **Chair:** Who was the single responsible owner?

Mark Lowcock: In the Department? We have had a series of SROs. We have a project manager who has worked on it for largely 10 years, reporting to an SRO. There is a project board with independents on it. Richard currently chairs the project board.

- Q32 **Philip Boswell:** Have any of these people built airports before?

Mark Lowcock: The last airport the Department built was in Montserrat, which we built on time and to budget. Of course, people on the project board, which include the regulator and various others, have expertise we draw on.

- Q33 **Stephen Phillips:** Isn't the problem that DFID is in the business of dealing with some of the poorest and most vulnerable people in the world—that is your core business—but you are not in the business of building airports? Why was this project owned at all inside DFID instead of simply being commissioned through an alternative mechanism that might have given rise to expertise that meant we didn't waste quarter of a billion pounds building an airport that cannot be used in the way that was intended?

Mark Lowcock: As the NAO said in 2007 and the Chair said at the beginning, the way the Government have organised themselves for a long time in the overseas territories is that some responsibilities are in DFID and others in the FCO, but we always know we have to try to bring to bear appropriate expertise from a variety of sources.

A fair question is whether we gave the right set of reliances on advice we were given or should have done other things. That is a fair question and that is one of the things—



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Q34 **Stephen Phillips:** What is the answer?

Mark Lowcock: That is what I am looking forward to getting some judgments on from the review process.

Q35 **Stephen Phillips:** Irrespective of whether proceedings are taken against third party consultants who may or may not have done what they were supposed to do, will appropriate action be taken within the Department if it is found that civil servants were at fault?

Mark Lowcock: Were that to be found, Mr Phillips, there would be consequences, but I haven't seen anything in the review of the papers I have done that causes me major concern on that score.

Chair: Mr Boswell was part way through some questions. We will then go to Mr Elphicke and back to Ms Flint.

Q36 **Philip Boswell:** I don't think we are going to get there. I was looking for the design liability and concept design, but I think it is clear.

Chair: You asked a question about the 11 gateway reviews.

Q37 **Philip Boswell:** Yes, but there were no answers to how many of these were mentioned. Wind shear has been an issue—wind shear and potential turbulence. How much of a heads up did your Department get in relation to potential issues?

Mark Lowcock: We have not found in the 11 gateway reviews any references to wind shear or turbulence.

Q38 **Philip Boswell:** So it was only the Atkins report, which mentioned it briefly, and the weather was just about general weather conditions.

Mark Lowcock: The Met Office obviously does various things on St Helena and collects data. The main source of information that was relied on concerning weather issues came from the Met Office.

Q39 **Philip Boswell:** My last question on this is who did the design concept for the airport?

Mark Lowcock: The technical feasibility study was done by Atkins.

Sir Amyas Morse: Did you have anyone, other than Atkins giving you technical advice? In other words, did you have an independent adviser, not Atkins, giving you advice on the quality of the work being done on technical design being carried out by Atkins? Did you have someone who was, so to speak, your independent friend advising you on this, or were you primarily reliant on Atkins?

Mark Lowcock: Exactly the relationship between what Atkins was doing and how it was quality controlled and reviewed and so on is one of the things I have asked to be scrutinised in the review. The answer to your question is that there was a variety of sources of advice through the process, but the Atkins feasibility study was an important part of it.

Q40 **Charlie Elphicke:** Mr Lowcock, do you not accept that this is a complete



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fiasco?

Mark Lowcock: I think, Mr Elphicke, it depends on our success in putting in place an air service that allows tourism to build up and provide better access to the island. Every other island that has been connected—the NAO report makes this point rather well—by air has found that to be the basis for economic growth, self-sufficiency and a reduction in aid dependency. The answer to your question depends on the air service put in place.

- Q41 **Charlie Elphicke:** No one is questioning the airport, but you built the right airport in the wrong place, effectively. Most people would say, “How could this possibly happen when the Atkins report is expressing doubts about weather conditions, turbulence and all the rest of it? Why was that not acted on?”

Mark Lowcock: I am not sure anybody is suggesting that a different location was available on St Helena for the airport. The technical work is quite clear. There is really only one feasible location.

- Q42 **Charlie Elphicke:** Right, but could it have been built in that location without turbulence?

Mark Lowcock: The wind is the wind, both onshore and offshore, on the approach. The main issue that concerns me is had we known this was an issue earlier, we would have been able to plan earlier for an appropriate air service. My main focus in the Department is fixing the problem now. What should have happened and what is the appropriate response to what should have happened go back to that early process. Had we known what we know now, we would have been able to take earlier action to avoid some of the disappointment and delay.

- Q43 **Charlie Elphicke:** What options are there to put it right, realistically? What is this discussion about taking the top off the mountain?

Mark Lowcock: The leading option is to put in place an air service by having better data and technology so that any aircraft approaching the island and coming in to land has a better sense of the conditions than was the case in April so that they can land safely.

As we spoke about earlier, it may be that there are better aircraft that are more suited to the conditions than the 737. For example, I flew into London City the other day from Glasgow, and I was on an Embraer, I think. There are a variety of other aircraft. The week before last, a company brought in an Avro RJ for a successful series of landings. We are talking to them again tomorrow because they have some very interesting ideas about setting up an air service. There is a choice about the sort of aircraft, and there is a choice about routes.

- Q44 **Stephen Phillips:** Mr Elphicke just asked you about something that you have very neatly sidestepped. One of the proposals, as I understand it—I think Mr Elphicke does too—is to knock the tops off two mountains adjoining the airfield. I have the greatest of respect for the civil service in this country but I was not aware that it could move mountains.



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Mark Lowcock: It is not currently my plan, Mr Phillips, to spend a lot of money on exploring that option. My plan, and what the Department is working on, is to put in place a safe air service.

- Q45 **Caroline Flint:** Mr Lowcock, you said before that you did not have the information earlier about the situation with the wind. Isn't it the truth that if you had had that information, the business plan for this whole scheme would have been rubbish? Basically, the whole business plan was not really about this. You could have said, "We are going to build an airport because we want people from St Helena to be able to go back and forth more easily, to be with their families and to do what they want." Actually, the business plan was about 35,000 visitors, with 120 on each plane. Clearly, if you had the information earlier, the business case, as the Department set out, would not have stacked up. Isn't that the case?

Mark Lowcock: I am not sure that follows. There are obviously choices about the type of aircraft—they each have different payloads and capacity. You could certainly get to substantial numbers of tourists with aircraft other than the 737.

- Q46 **Caroline Flint:** I happen to be the constituency MP with the newest airport in the UK, and I know everything that we had to go through to get that up and flying. Of course aircraft change, but you are making a business case looking to the future. You cannot just run a business case in the way you have by saying, "Well, the aircraft may change in the future." You are spending public money today on something that you want to deliver in 2016. Is it the case that His Royal Highness Prince Edward was lined up for the official unveiling but that it was abandoned in the wake of the alarming flight reports from the first two jet pilots to land at the new airport?

Mark Lowcock: On your first question, we could have looked, had we known in the 2005 to 2007 period, at a range of other aircraft to provide the service. I cannot guarantee to you, because we did not know at the time and we did not do the work, what conclusion we would have come to. Just as you can fly a 100-seater Embraer into City airport, there are a range of aircraft that it is technically feasible, we believe, to fly into St Helena airport, so it does not all rest on the 737.

On the question of opening, I understand that the St Helena Government had got an opening ceremony or whatever in place. One of the things that is a great disappointment and that everybody is very sorry about is that it has not been possible to do that, because of the problems that were exposed in April.

- Q47 **Caroline Flint:** I understand His Royal Highness Prince Edward was lined up for that, if reports are correct. It was put off because of reports from the pilots about the problems with landing. Is that right?

Mark Lowcock: To be honest, I don't know that. I do not have information on that.

- Q48 **Caroline Flint:** Can you explain what brought about the change of mind



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on the funding for this runway? When the global financial crisis hit, there was a decision, with everything else going on, that a pause was necessary. Then a decision was taken to go ahead even though, at that time, the Government were making massive decisions about cuts in public funding elsewhere.

Mark Lowcock: Of course, there was the pause in 2009, as you say, because of the global financial crisis. Then we had an election in 2010, and the incoming Government wanted to give priority to enabling those remaining overseas territories that were not self-reliant to become so. That, basically, is the underlying rationale for building an airport on St Helena. Every other island with the kind of potential that St Helena has and an airport has stopped being dependent on the British taxpayer and able to make its own way in the world. That was the rationale.

Q49 **Stephen Phillips:** Mr Lowcock, you have said that a number of times, and I am afraid I am going to pick you up on it. Can you look at Figure 6 of the NAO Report, please? It is on page 23. You referred repeatedly to the business case, saying, "We looked at a number of other islands where airports were constructed and helped us establish tourism numbers, support the business case and the rest of it." The islands that you took as comparators were the Solomons, Easter Island, the Galapagos and Cape Verde. All of those—this is correct, isn't it?—had air access prior to their airports being upgraded. What you were actually comparing was St Helena, with no airport, with four islands that had existing airports that were subsequently upgraded.

Mark Lowcock: Yes. One point that the NAO Report makes is that there is nowhere quite like St Helena. I think the question here is how to make a projection of likely tourism numbers when the only way people have had to get to the island is an 18-day round-trip boat from Cape Town. What we have found since the 1,000 number in Figure 6 is that actually, tourism numbers in St Helena have been growing. There is an interest in going to St Helena. The 2015-16 numbers were 4,000. Our assumption for the first five years of operating an air service was that that number would get to 7,000. I don't think it is outlandish to believe that once you put in an airport and get a decent service up and running, within a five-year period, you can get a few thousand more people who are interested in going to the island.

Q50 **Stephen Phillips:** It is a difficult one, though, isn't it? You have contracted with Comair, flying out of Johannesburg, to get to St Helena. If I am on holiday in South Africa, my choices are Victoria falls, Kruger, Mauritius, Réunion and all these nice places. I am not suggesting for one moment that St Helena isn't a nice place, but it is a very different place from the places that people are already travelling to Johannesburg from, isn't it?

Mark Lowcock: That is quite right. I think the point about having multiple options on routes is—as you know, one of the planes that landed recently had its point of origin in Europe, it touched down in Ascension and then moved on to St Helena. I think there have been six or eight different



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airports as points of origin and departure for just the 20 flights that have gone in the last three months to and from St Helena, so the thing doesn't rest on people being plausibly interested only if they happen to be starting from Cape Town.

- Q51 **Philip Boswell:** I want to go back to a point that was touched on. There is a contradiction, Mr Lowcock—or perhaps not. When Mr Elphicke introduced the idea of topping off the King and Queen rocks beside the runway, you said it was the lead option, and later you said that you are not going to spend much time on it. Given that there has been a lack of expert opinion on this, what makes you think that you are not going to spend much time on it?

Mark Lowcock: On lopping the top off the mountain?

Philip Boswell: Yes.

Mark Lowcock: Well, doing that work would be quite an expensive thing to do, and it would take quite a lot of time, clearly. I don't know what the construction costs would be, but the reason why we think that the right thing to do first is to explore the kind of air service we can put in place is that we have the 20 landings and take-offs, multiple aircraft, lots of routes and interest from potential suppliers.

- Q52 **Philip Boswell:** Okay. We are looking at risk management here, and we are looking to mitigate the future costs. Quite rightly, you have an obligation to fix this and to get it right, and you are to be commended for attempting it in the first place; it is clearly a very difficult issue. But it is understood that wind shear is key in any airport design, and Mr Darwin initially recognised that this is built on a plateau. Wind shear is very localised, and something like a rock outcrop can radically affect wind shear on a runway at any given point. It is what we did in Hong Kong; we did top an island and move it into the sea. Wind shear was an issue and became less of an issue. Would it not be remiss of you not to at least find out or get an estimate of what that work would cost, or a design, given the funds spent to date?

Mark Lowcock: Some of the data we are collecting and some of the modelling we are doing will provide information that is relevant to that question. The first priority is to get a decent service up and running, and we will see whether the mix of planes and routes fulfils the demand for tourists. I have not ruled out ever looking at the wider options, but doing that would require me to spend quite a bit of money, and it is not obvious to me that it is necessary. Even if it were proven to be necessary, it would take quite a long time to do what you have just described.

- Q53 **Caroline Flint:** Mr Lowcock, you keep talking about different types of aircraft. If you had smaller aircraft with lower capacity, you would have needed a much smaller airport and, presumably, runway. Therefore you could have just had an upgraded airstrip. Isn't that the case?

Mark Lowcock: I don't think that follows, Mrs Flint, actually.

- Q54 **Caroline Flint:** Why?



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Mark Lowcock: Because the closest airport is on Ascension; it is 700 miles away. So that's your best option to get there with the smallest plane.

- Q55 **Caroline Flint:** But you have said yourself already in evidence to the Committee that there is a variety of options, and aircraft are flying in, but they are not the larger aircraft, able to carry 120 people, and of course if you are going to take that sort of aircraft, you are going to need load bearing on the runway. Clearly, you still can't answer my colleagues' questions about how you are going to deal with this whole wind situation and whether tops of mountains are going to have to come off. Clearly, you can have aircraft going in, but you could have had a much cheaper option to make sure there was access to the island both for islanders and for forms of tourism. Is that not the case? You could have done that at a cheaper price.

Mark Lowcock: Let me ask Richard to have a go at that.

Richard Montgomery: We are looking at two types of solution to the air access problem: the northern approach, which would be the conventional approach, and which Comair tested in April; and the southern approach, which involves landing with a tail wind and which would still, by the way, need a longer runway. What we are looking at, in terms of collecting the data, is a set of work on modelling and looking at the actual wind shear. As I'm sure Mr Boswell is aware, we have wind tunnelling, which is a physical model. We have computer modelling. That is not real data, but it gives us what we should be looking for. And from September we started using laser range detection—LIDAR, which I am sure you are familiar with from Hong Kong—which gives you real data about what type of wind shear is being experienced. It will take some months to look at that northern approach. Providers such as Comair that want to use the northern approach will be looking at that data in due course.

- Q56 **Stephen Phillips:** The runway's not long enough to use the northern approach with a tail wind, is it? Because if you put a 737 down on that, you can't guarantee that you are not going to have an excursion.

Richard Montgomery: Approaching from the north is the preferred—

- Q57 **Stephen Phillips:** Sorry, but one of the other options you gave was landing with a tail wind. You can't get a 737 down on this runway with some tail wind, because you'll get an excursion.

Richard Montgomery: Comair has actually landed on the southern approach—

- Q58 **Stephen Phillips:** Comair managed to land, at the third time of asking, into the ridiculous wind shear that we can all see on the YouTube videos.

Richard Montgomery: The second time.

Stephen Phillips: All right, the second time.



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Richard Montgomery: Obviously, we are aware that the Boeing 737 may not be the most appropriate type of plane for the landing with—

- Q59 **Stephen Phillips:** Back to Mrs Flint's question, if it is right that the solution is greater frequencies of smaller planes, couldn't we have built something for £50 million that was just an airstrip?

Mark Lowcock: I am not sure that's right. I am happy to go and have a look—

- Q60 **Stephen Phillips:** Well, I think you'd better write to us, hadn't you? Because we are interested in value for money for the taxpayer, and if it turns out that we have spent £285 million where, given the conditions, we could actually have spent £50 million to connect these islanders and tourists to the outside world, as it were, without an 18-day boat trip to Ascension and then a flight, that is going to have severe implications for our conclusions in relation to the value for money of this project and the way in which it was signed off, both by the civil service and by Ministers.

Mark Lowcock: Let me write to you on that, Mr Phillips, as you say. Some of the other leading aircraft that we are looking at require a decent-length runway. We are not talking about an airstrip of the sort we built on Montserrat for planes that take 15 or 20 people, not least because the range requirements are such that you need a decent-length runway.

- Q61 **Stephen Phillips:** Yes, and because your diversion airport is Ascension, and it is 700 miles away.

Mark Lowcock: Quite so.

- Q62 **Kwasi Kwarteng:** I have some figures here. When you look to your comparables, do you have any idea what size these islands are?

Mark Lowcock: How big the island is?

Kwasi Kwarteng: Yes: the Solomon Islands compared to St Helena, compared to Easter Island. Obviously that is related to the capacity of the island to have a tourist industry, because you need the places to build hotels. Is that something that you have thought about?

Mark Lowcock: Some of them, of course, are not very heavily populated. The Galápagos are not very heavily populated. What we looked at was the potential demand for tourist places. As you will probably have seen, there was a suggestion that the demand might be up to 50,000. We halved that because we didn't think it was realistic. We didn't over-egg the tourism demand projections that we did in 2011; in fact, the data collected since then suggests that we were cautious, and that going up from 4,000 to 7,000 in the first five years isn't beyond the realm of—

- Q63 **Kwasi Kwarteng:** I am not going to teach a grandmother to suck eggs, but if you have demand, you need supply, don't you? Have you thought about the supply of things like hotel spaces that would be required to meet the demand that you have anticipated?



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Mark Lowcock: Yes, of course. Part of what would be needed to develop a tourism industry is to get the demand and supply in balance. The availability of accommodation has increased in the last few years, and other providers have a plan to put more accommodation in place, but there is a bit of a chicken and egg thing here. Until you provide an air service of the right sort, investors are going to be a bit careful about how much hotel capacity they build.

- Q64 **Kwasi Kwarteng:** On page 6 of the Report, under “Key facts”, it says that there are 150 tourist beds there now, in 2016. What you are saying is that in 26 years’ time—which is a long time, but not that long—29,000 people are going to visit annually. Presumably they will need more than 150 beds. Have you thought about how that supply of hotel places will come on stream? You have modelled that, and—

Mark Lowcock: Yes. The assumption is that there would have to be a private sector response, so the demand and supply iterate with each other. There is a plan, which the St Helena Government have been taking forward, to build the first of, potentially, a series of new hotels. Of course, the 30,000 is over the course of the year.

- Q65 **Kwasi Kwarteng:** I understand that—we can do arithmetic and say how many are using the beds and so on—but I am saying that there is a big ask, in terms of demand. Also, when you look at the comparables, in other islands that you mention, like the Solomon Islands, yes, there are coral reefs, cliffs and all the rest of it, but they are vastly bigger than St Helena. You are aware of that, aren’t you?

Mark Lowcock: Yes.

Kwasi Kwarteng: I am not going to play little games and ask you what the square area is, because I am a nice guy.

Mark Lowcock: There is a rather brilliant map in the Report, which tells everyone what the area of the island is. Of course we know the area, and the capacity to grow infrastructure and so on. The modelling on potential demand if access were not a problem was used to take into account the numbers we came up with on tourism projections.

- Q66 **Stephen Phillips:** I have two very short points. Let us look at paragraph 3.8 of the NAO Report. You talked about private investors—outside investors coming in and establishing hotels and businesses. At the moment, I think there are only eight or so taxes on the island. Then we find in the Report, which agrees with the Department, that “The investment climate in St Helena is not attractive and is not competitive internationally or regionally. There are numerous unfavourable factors including high corporation tax and importation duty; an inadequately trained and small labour force; rigid planning and land control laws; expensive telecoms and electricity; and slow and expensive internet”. In fact, the internet does not work very often. The business case is, “We’re great. Private investors will come in to develop tourism,” but it is just pie in the sky, Mr Lowcock, isn’t it?



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Mark Lowcock: Were we to direct our attention to paragraphs 3.21 and 3.22, we would perhaps see the story of how those issues are starting to be addressed.

Q67 **Stephen Phillips:** Starting to be addressed.

Mark Lowcock: But the fundamental thing is, why would an investor, ahead of the air service being up and running, want to take the risk? It absolutely is positive, and the experience of every other remote island that has been given air access is that that attracts response. We made some judgments about the level of tourism that was possible, and there were assumptions that there would be a supply response.

Q68 **Stephen Phillips:** I understand what you are saying, and you have answered the point. The other point that follows from Mr Kwarteng's question is that the business case was, at best, marginal, by the Department's own assessment; look at paragraph 2.8 of the Report, on page 19, which says of the figures in the business case for positive and negative net present value: "The Department described these figures as a 'relatively modest' indicator that the project should proceed." So you are on a bit of knife edge as regards the business case, but if you then factor in that the business case was based on a 737 delivering 120 tourists to the island each time, with this wonderful infrastructure to follow, and all that has fallen by the wayside, there is no business case for this airport.

Mark Lowcock: Mr Phillips, in the same paragraph, if we direct our attention to the last sentence, in which we project a reduction in the subsidy that the British taxpayer would have to pay to finance the island—£170 million over 35 or 40 years—that is an additional benefit to the business case, because that subsidy accrues to the UK taxpayer; it does not form part of the benefit-cost ratio. The central point was that the proposition was that by providing access, growing the economy and stopping the population decline, we were aiming to transform the island so that the British taxpayer would not, infinitely into the future, have to pay tens of millions of pounds every year as a subsidy to the island.

Q69 **Stephen Phillips:** Why is that not taken into account as part of the justification? Why does the business case assess things that lead to a relatively modest indicator that the project should proceed? If the real justification for this is, "Put this airport in. We can stop using ODA spending on St Helena. We'll still have to use a monitor at Pitcairn, but that will be one fewer overseas territory that we have to use ODA spending on", why not use it as the justification?

Mark Lowcock: Because, Mr Phillips, as the Report says, good practice—Green Book good practice—in constructing the business case says that the benefits you look at are those to the beneficiaries you are thinking of, in particular in this case the Saints. The subsidy reduction is a benefit to the UK taxpayer ultimately. Those are two different things. The NAO has told us we've done a good job on the benefit-cost ratio. It was done according to Green Book principles, and they focus on benefits to the Saints. The subsidy reduction is a benefit to the UK taxpayer.



Tom McDonald: I want to come in on Mr Phillips's previous question about paragraphs 3.8 and 3.9. It is important to make the distinction between the relative attractiveness of the investment climate to outside investors, and clearly there is a link for them with progress on the air service, so we need to differentiate between that and those things that are in the gift of the Government of St Helena to change. What paragraphs 3.8 and 3.9 show is that there has been quite limited progress in those things that the Government on the island can do something about, regardless of progress with the airport, so that by the time the air service is up and running, they are ready to welcome the visitors.

- Q70 **Chair:** Can I just say something on the visitor numbers? It really hit me with this Report. If you look at the factor by which tourism has increased—it is in figure 6 on page 23, the fourth column of figures along—there is an assumption that St Helena's increase in tourism will be 22.7% compared with the others. Now, we had the issues around the fact that the others had air strips that were upgraded, but it seems as though the number of tourists, which is projected to be just under 22,000, given the margin of the business case, which is 1.06, was pushed up just to make the business case manageable.

My question is this: The Government and the UK have a responsibility to the overseas territories—to the 4,000 Saints on St Helena, and to some of the 8,000 in Swindon and elsewhere who might want to visit their family. You have got Green Book guidance, but wasn't it, as Mr Phillips has hinted at, really, a bit ludicrous to try to make it a business case, when really the responsibility was a social, moral and governance responsibility to the Saints on St Helena?

Mark Lowcock: Just on the numbers, Chair, if I may, the ratio is high—that page 23 figure is high—because the starting point is 1,000, which was what was projected. The actual starting point now is 4,000, so the ratio is much smaller, given what's happened to tourist numbers over the six years since these numbers were put together and used.

I think the point that we need to provide a new and better future for the islanders is basically what was achieved, or it is what is intended to be achieved, by the airport. It is intended to promote the growth of the island and better opportunities for the population, and to reduce the call on the UK public purse. Those are mutually reinforcing things.

- Q71 **Stephen Phillips:** But isn't that really the point? This is what this really comes down to. I know it hasn't worked so far, but you've spent this money and you built an airport, which connects these 4,000 islanders to whom we owe a duty with 8,000 of them in the UK. You've provided the ability for the islanders to get access, for example, to medical treatment much more quickly than they might otherwise have been able to do, and we know that that's been a problem in the past for some of them. If this works, you've provided the opportunity for the British taxpayer to reduce and hopefully extinguish spending ODA money on St Helena.



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So why pussyfoot around with the business case at all? It didn't stack up. We should just accept that and say, "What we've done here is what DFID is best at. We've done the right thing and discharged our moral duty."

Now, what you need to do, Mr Lowcock, if I may suggest so, is decide whose fault it was and, if necessary, sue them, and to make sure that this airport works for the benefit of the Saints, and ultimately for the benefit of the British taxpayer. Isn't that really what this is about?

Mark Lowcock: Well, I largely agree with that, Mr Phillips. I mean, that's what I've been sort of trying to say—that the benefit-cost ratio is important, but reducing the subsidy is also important. Providing a better opportunity for the future is what we were trying to do, and getting the air service up and running is the way to do that.

Q72 **Philip Boswell:** In February 2016, the forecast total cost to end of contract was £295.2 million. That was an uplift of 3% or so. What is that figure now and what are the cost-significant items that affect any new figure? What is that figure now, and what are the cost-significant items that affect any new figure? For example, does your service provider have clause in the contract that includes compensation for failure to be able to operate, and so on?

Mark Lowcock: If I have interpreted you correctly, you want me to speak to the additional costs we're incurring as a result of the delay. We obviously had to extend the RMS, and we had to commission some work for the new technology and the data gathering and so on, and there are one or two other costs. There is also an offsetting saving, because we haven't proceeded currently with the intended subsidy to the air service. If you just take the gross and ignore the offsetting saving, the gross for the current year is something less than 1% of the original project budget. As you say, we strained every sinew to try to bring the construction costs in budget and on time. There are one or two more things we need to do. As you know, we were using the opportunity of the airport to upgrade the bulk fuel installation and how fuel is moved around the island, largely to replace a facility needed to get fuel to the power station and the transport system and so on. We have still got work to do on that, so there will be cost implications for that work, but they are not related to the airport, really.

Philip Boswell: And it really depends on what solution you come up with, of course.

Mark Lowcock: Exactly.

Q73 **Philip Boswell:** Do you think that perhaps these three overseas territories—Montserrat, St Helena and Pitcairn—would be better served, as would the UK, if responsibility for those territories were transferred to Departments better suited to deal with them? Would you agree with that?

Mark Lowcock: That is a bit above my pay grade, to be honest. The Government have to decide what they want handled well. What the Department is good at is development programmes and projects. We've



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done quite a lot of good things, which were reflected in the NAO 2007 Report, in the overseas territories. There used to be a lot more overseas territories that were aid-dependent that we've been able to successfully graduate. We've helped some of them through the financial crisis. For example, the Turks and Caicos Islands had a bad financial crisis, partly as a result of extremely poor governance. We were able to go in there, get the finances under control and get them back into surplus. The Department has skills and capabilities that are relevant to the overseas territories, which not all Departments have.

- Q74 Philip Boswell:** Has Mr Phillips gone? Okay. On the "lessons learned" issue, would it be right to say that there are other Departments in Government—perhaps the MOD, in terms of logistics and projects overseas—that would be better able to assist on specialised issues such as this? In the future, would one lesson learned be to ask and to recognise earlier when you are out of your depth?

Mark Lowcock: The Air Safety Support International group—the regulator that has been helping us all the way through—is basically a subsidiary of the Department for Transport. It has been very closely and heavily engaged. Likewise, we are having very helpful and constructive discussions with the MOD to provide expertise to fix the problems we have had. Of course, if we could go back, it would be good to access more.

- Q75 Philip Boswell:** But, again, Mr Lowcock, that is after the problem has been created. In terms of anticipation, is it more about recognising and not being shy to ask? You are good at what you do but this was outwith your remit; strictly speaking it was within your purview but it was clearly beyond your expertise. Should you have asked for help?

Mark Lowcock: When it comes to wider lesson learning, I think there is something about more use by Government generally of red team processes, which the military does much better than the civilian side. If that was much more institutionalised across Government and we had done that on this project, maybe that would've helped.

- Q76 Caroline Flint:** Were DFID aware of lobbying of Ministers by Lord Ashcroft shortly before the announcement of the new policy? He was a big advocate of the scheme.

Mark Lowcock: I know that Lord Ashcroft has had a longstanding interest in this. There have been various parties who, going back a long time, have been pushing this. I don't remember myself. I've never met Lord Ashcroft, actually; I certainly haven't been approached by him. I don't remember interaction between him and the Department on this, but I can check for you.

- Q77 Caroline Flint:** He was reported to have dined with the Prime Minister at Chequers just six weeks before the Government pledged £250 million for this project. Did that influence the decision? The project was frozen at a time when the public purse was trying to sort out where it would get money from, how to pay off the deficit and everything else.



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Mark Lowcock: I was not aware of that. I provided advice on the business case and whether I thought the project stacked up. I had the feasibility study, the gateway reviews, the Met Office, the regulator and so on. My advice was that the benefit-cost ratio was balanced, and the benefits were highly uncertain, but on the other hand there was a prospect once and for all of reducing aid dependency on the island. I did not know those other things were going on, so they cannot have influenced the advice I provided.

Mr Bacon: Perhaps inadvertently, Mr Lowcock said something very interesting just then about red teams, which we may wish to return to.

Mark Lowcock: It was not inadvertent. I think Government should be doing more challenge in the way the military do on testing out things.

Q78 **Mr Bacon:** Yes, they put in a red team for universal credit. I am amazed, given how much you as a Department do, that you don't do that already as a matter of standard routine. Are you saying you are going to do that more standardly?

Mark Lowcock: Yes. As you know, we have had a big cross-Government process—me and particularly my most senior colleagues across Government—on what are the big takeaways from John Chilcot's report. One of the things we have been discussing quite a lot is more challenge, independent to the main policy teams in the policy process—which, to their credit, has for a long time been part of the military's culture. That will probably be a good thing.

Mr Bacon: I don't think we'll get into Chilcot now because we haven't time. You only needed to read the newspaper to realise the Iraq war was a stupid idea, but then I voted against it.

Chair: Keep to the subject, Mr Bacon.

Q79 **Mr Bacon:** Well, it was Mr Lowcock who mentioned Chilcot. I used to work for a business that chartered Boeing 737s. If we are not to use a 737, and if that cannot land safely at the moment, what is the maximum capacity—you may have said this earlier—of aircraft that can land safely there at the moment, before you blow down a mountain?

Mark Lowcock: I think it's about 100.

Q80 **Mr Bacon:** Which aircraft?

Mark Lowcock: There is a BAE Avro RJ.

Q81 **Mr Bacon:** What is the maximum range of that aircraft?

Mark Lowcock: I suppose it is an aircraft that probably requires stop-offs. When it went to St Helena, it had stop-offs, for example, in Ascension and other places there.

Q82 **Mr Bacon:** Hang on. It depends where you are flying from, of course, but it is 2,200 miles from Johannesburg to St Helena. Can this aircraft you are talking about make that journey?



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Mark Lowcock: I don't know the answer to that, but there are other aircraft we are looking at.

Tom McDonald: The RJ100 has an operating range of up to 1,600 nautical miles.

Q83 **Mr Bacon:** That's no good. Which is the largest aircraft that can fly safely from Johannesburg and land in St Helena?

Mark Lowcock: An aircraft has gone from Lanseria to St Helena in the past two or three months. We will check for you exactly what the plane was.

Mr Bacon: I'd like to know which is the largest aircraft in terms of capacity that can safely fly the distance from Johannesburg to St Helena.

Richard Montgomery: We think at the moment that the Airbus 319, possibly the Airbus 320 and also the Embraer E190 range may be—

Q84 **Mr Bacon:** What are their capacities?

Richard Montgomery: I would like to just caveat that if they are landing in the southern approach, with the tailwinds, which are at the sorts of level—

Mr Bacon: And people without any luggage may give the aircraft—

Richard Montgomery: Of course we are looking at take-off.

Q85 **Mr Bacon:** Let's imagine for the sake of argument that we didn't have a problem landing in St Helena. What would be the normal passenger capacity of a standardly configured Airbus 319, Airbus 320 or the Embraer?

Richard Montgomery: I will have to check that for you.

Mr Bacon: You don't know.

Richard Montgomery: I have the figures of what we believe the payloads would be, given the tailwinds—

Q86 **Mr Bacon:** I'm talking about bums on seats. When I used to despatch 737s from Calgary airport to Las Vegas and elsewhere, it was 117 people on the plane. The 737s have been configured in lots of different ways over the past 30 years, and it varies now from 85 to about 200, depending on whether you have one of the next generation models or not. But roughly 120 to 126 was standard. You are saying you cannot use a 737. What is the standard configuration of these aircraft?

Richard Montgomery: The standard configuration of an A319 is 120 to 130.

Mr Bacon: Right. What about the 320?

Richard Montgomery: The 320 is 150.



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Q87 **Mr Bacon:** And the Embraer?

Richard Montgomery: The typical configuration for the Embraer is 97.

Q88 **Mr Bacon:** Right—97. How much alteration do you have to make—in terms of a wing and a prayer, people holding their sandwiches and not having the weight of trolleys with stuff and all the rest of it—to make it safely landable at St Helena?

Mark Lowcock: That is the thing we are exploring with the air service providers. We will be exploring it in detail in the tender process we are starting next month.

Q89 **Mr Bacon:** I wouldn't have minded your spending £286 million if we had an airport we could use at the end of it. It is not even that long—it is about 6,000 feet long, isn't it?

Richard Montgomery: It is 2,000 metres.

Mark Lowcock: It is roughly 6,000 feet, yes.

Mr Bacon: I think in old money.

Q90 **Philip Boswell:** In respect of communication, none of us likes surprises or the holding back of bad news—I'm not suggesting that's happened in this case. Can you write to us and advise us of any revision to your the current forecast figures once a likely solution is known and reliably priced?

Mark Lowcock: Yes, I am very happy to write with that.

Q91 **Chair:** Obviously the RMS St Helena is currently still in operation. What's its shelf life? How long can it safely operate?

Mark Lowcock: It went through dry dock earlier in the year. It is performing well, and we will extend it again if we need to.

Q92 **Chair:** How long do you think it can be extended?

Mark Lowcock: I don't want to put a date on it. What I can tell you is that we have an offer of quite a lot of money to purchase it from us when we no longer need it, so that speaks to its potential future life.

Q93 **Chair:** How much are you having to spend on it in the meantime? You were supposed to have opened this airport this year, and you didn't.

Mark Lowcock: It costs roughly £10 million a year to run the RMS, but of course you then offset the revenue you get from freight and passengers. For the last financial year, there was something like £9.5 million in revenue, but it all depends on occupancy rates. Typically, over the last several years, the difference between the cost of running it and the income has been in the order of £2 million to £3 million. We think this year it will be lower because oil prices, which are a big driver of the cost, are low and because occupancy rates are starting to get to a subsidy of about £1 million.



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Sir Amyas Morse: I was just reflecting on your remarks about red teams and so forth. If the Committee were to conclude that you ought to have had independent advice other than Atkins on the overall engineering risks of your airport choices, do you think that would be an unreasonable conclusion to draw?

Mark Lowcock: I am going to withhold judgment on that, Amyas, ahead of getting my review completed.

Q94 **Chair:** You talk about the review, and I suppose you can always fall back on that as an answer to this question. How much further are you prepared to go? You have ruled out—well, for the time being—chopping off the tops of mountains. We have had some discussion about how many sandwiches and items of luggage people carry, because it sounds very complicated to work out the payload versus the wind projection, and then when you get there you hope it is all magically going to come together. Is there a limit on the money you can spend or what you will do to make sure this airport actually works and delivers for the Saints on the island?

Mark Lowcock: I am not sure the best way to answer that really. We don't see—

Q95 **Chair:** Are you going to make it work at all costs? You can get it working, and then at least you have achieved your aims, or you can have it sitting there not working, and you have thrown nearly a quarter of a billion pounds at it for no benefit. Something in between that would be—

Mark Lowcock: Let me try this as the answer. The Government has a commitment to sustain access to the island. By far the best way to provide access is through air. What I think is very unlikely is that we will be developing proposals to replace the RMS when it reaches the end of its useful life.

Q96 **Chair:** So is there an open cheque book for St Helena?

Mark Lowcock: I don't think Ministers will want there to be an open cheque book. The proposition on the air service was that, after a short, initial period, it would be self-financing. A round trip in the RMS in a single-occupancy cabin from Cape Town costs £4,000, so we expect putting in place an air service to be a lot cheaper than that.

Q97 **Chair:** Can I ask that you make a commitment to get back to us—at least send us a letter—about where you are at 12 months from when the airport should have opened? That will be in April next year. We are keen to find out whether there is an open cheque book.

I appreciate that you have to talk about what Ministers would do. However, given that there is a UK commitment to the Saints and the island, given that they are British citizens, given that it is your responsibility in DFID to make that happen and given that there is an airport and aircraft there, it seems that there is, to a degree, an open



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cheque book. If you do not do it, you have spent all that good money and you are not getting anything for it. It has not really stacked up.

Mark Lowcock: Of course we will write to you, and that will be before April because we need to provide updated information for the islanders and others on how we are getting on with the data gathering, and putting the air service in place and so on.

Q98 **Chair:** You talked about tourism. Does DFID, or anywhere in Government, do anything to promote tourism to St Helena? Is that part of the plan? We read about the hotel building that is going to happen on the island.

There is an interesting pie chart that shows how many people knew where St Helena was. It is Figure 10 in the Report, which states that in a survey of tourists about St Helena, "Less than 40% of tourists placed St Helena correctly in the South Atlantic Ocean". That is not a great start is it? You have a bit of a job to do because 15% of respondents thought it was in the English channel.

Mr Bacon: Perhaps they were thinking of St Helier.

Mark Lowcock: The answer to your question is yes, we have been working to develop marketing and other things that will need to be in place to attract a sufficient number of tourists to meet the projection when we have the air service up and running. We have helped with things such as the conservation of the wirebirds and other environmental consequences to maximise the attractiveness of the destination to everybody.

Richard Montgomery: There is a team on St Helen at the moment working with Enterprise St Helena, which is the arm's length body set up by the Government of St Helena to do precisely this type of work.

Q99 **Caroline Flint:** Is the team made up of civil servants?

Richard Montgomery: Yes.

Q100 **Caroline Flint:** What do they know about running a tourism operation?

Richard Montgomery: They are involved in supporting Enterprise St Helena to develop a set of business plans. A private sector adviser is out there at the moment working with Bank of St Helena and ESH. Some of the issues about the planning laws that need to be—

Q101 **Chair:** How many people are in the team?

Richard Montgomery: Two at the moment.

Q102 **Kwasi Kwarteng:** You can see why we have problems with the business case. The things you are saying kind of argue against each other. On one hand you are saying that it is going to go up 22 times because it is a low base—this is on page 23 of the Report.

Mark Lowcock: I am saying that it is going up five times from the current base.



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Q103 **Kwasi Kwarteng:** Okay. On the other page, you are saying that, "There are two key areas of uncertainty. St Helena is a largely untested tourist destination". The low base is a function of it being an untested tourist destination. On the basis of that low base, you are saying that the figures will go up.

Mark Lowcock: What I am saying is that five or six years ago, 2,000 people were visiting the island. Last year, there were 4,000.

Q104 **Caroline Flint:** That doesn't mean that it is going to go up to 22,000.

Mark Lowcock: But in those circumstances, the only way to get there was on a great big long boat ride. I do not think that it is completely preposterous to envisage that, when the air service is up and running, after five years of air service we will get just to 7,000. That is what the business case says. Then, over time, we will have to see. The projection is that we will get to a substantial number.

Q105 **Kwasi Kwarteng:** It is a key area of risk that you have identified.

Mark Lowcock: That is exactly right, Mr Kwarteng.

Q106 **Chair:** And it is on that basis that the business case is 1.06, which is a very low ratio. As a final point, I was interested to hear from Shelco's evidence to us that there is no fresh milk on the island. I am puzzled by that. Are there no cows on St Helena?

Mark Lowcock: One of the big challenges the island faces is that there is very little fresh food of any sort available. The business case talked about non-monetised benefits. Better access to healthcare—you know that there have been two life-saving medical evacuations since the airport opened. People who—

Q107 **Chair:** Sorry. There are 4,000 islanders without fresh milk. Maybe I am being a bit simple here, but isn't there a way of resolving that without having to have a lot of tourists coming in?

Mark Lowcock: I confess that I haven't made a detailed examination of that question, but I suppose that if it was as easy as that, someone would have done so and fixed it. I don't know. I will look into it if you would like me to.

Chair: I think you've got better things to do than look into the number of cows on St Helena.

Q108 **Caroline Flint:** It is interesting that you can't supply the islanders, and you are planning to supply 35,000 people coming on to the island. That is bizarre.

Chair: It suggests there is a long way to go. That is my point. I used that as a proxy for the points that others have raised, and we have highlighted those figures. The projections on tourists are quite—

Mr Bacon: Tourists who don't like milk in their tea!

Chair: The projection on tourists is quite ambitious, and there are a lot of



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things not in place that tourists would need and, indeed, that islanders currently need.

Mark Lowcock: It is possible to take things other than people on aircraft. There are quite a lot of places that fly in a lot of their fresh food and other produce.

Chair: Thank you very much for your time. The transcript will be on the website in the next couple of days, uncorrected, and we will aim to produce a report on this before Christmas. Thank you.