

Transcript

Formal Meeting of
Public Accounts Committee
held on Tuesday, 10th May, 2016

Chairman	Mr Cyril Gunnell
Deputy Chair	Mr Stedson Francis
Member	Councillor Nigel Dollery
Member	Councillor Wilson Duncan
Chief Auditor	Mr Phil Sharman
Perf. Audit Manager	Mr Anesu Happyman Makamure
Secretary	Miss Ayla Phillips
Apologies	
Member	Councillor Dr Corinda Essex (Overseas)
Member	Councillor Cyril George (currently serving on ExCo)

1. Introduction by Chairman.

Good morning, Honourable Members, ladies and gentlemen and we also extend a warm welcome to those listening via the radio; thank you for your interest in the work and the activities of the Public Accounts Committee. Thanks also to SAMS for providing this radio coverage.

This is the first formal session of the PAC for 2016 and the first under my Chairmanship; it is being broadcast live from the Court House building in Jamestown.

Since the last formal session of the PAC held on 11th November 2015, there have been some changes in its composition; Rodney Buckley resigned due to heavy personal commitments, I have succeeded Rodney as Chairman from 1st May 2016, appointed by the Governor for one year. It would remiss of me not to publicly acknowledge the contribution of Stedson Francis in maintaining the work flow of the Committee during the period between the resignation of the Chair and my appointment. I will endeavour to continue working closely with my colleagues – Stedson Francis who is Deputy Chairman, also appointed by the Governor and Councillors Cyril George, Nigel Dollery and Dr Corinda Essex who were chosen by majority of elected members. The Chief Auditor, Phil Sharman, is our adviser and Miss Ayla Phillips our Secretary. Backing us up is an incredible, professional team of Audit personnel within the St Helena Audit Service and Anita Legg is normally our Secretary, but she is currently overseas and Miss Phillips from Audit has done a sterling job helping to prepare vital documents for this meeting.

You will be aware that Executive Councillor Derek Thomas is away on CPA business which has meant one of our members, Councillor Cyril George, stepping up to ExCo and himself not being able to take part in these proceedings. Councillor Dr Corinda Essex is also overseas on Council business; in her place Councillor Wilson Duncan has been appointed a temporary member of the PAC until Councillor Dr Corinda Essex returns. My Honourable Colleague has the unenviable task of deciding which meeting he should attend. We also have

a situation where a member can be closely associated with an account being presented and conflict of interest prevents that member from participating in proceedings.

Although this is my first appointment as Chairman, I have for many years taken great interest in PAC activities. I agree with all those who say the profile of this select committee of the Legislative Council, the PAC, needs to be elevated. During my tenure as Chairman I will endeavour to see what can be done in that respect.

For the benefit of first-time listeners, the Public Accounts Committee is a select committee of the Legislative Council in accordance with Section 69 of the St Helena, Ascension and Tristan da Cunha Constitution and Order 23, the PAC's function is statutory. Its primary function is to objectively scrutinise how the Government spends the public purse. The PAC is protected to act independently and is not subject to the directions and control of the Governor, the Executive Council or any other body or authority. It has power to call any Government official to give evidence orally, but as yet officials are not obliged to give such evidence in writing. Currently the public accounts are scrutinised post mortem, this means the PAC does not have statutory power to proactively and efficiently scrutinise the Government's current spending, also it has no statutory power to review budgets or financial estimates and there is no scrutiny or performance committee. As a result, there is no way of following the public pound other than those items normally referred to Legislative Council through the laying of accounts in the Legislative Assembly and reports issued by the Chief Auditor. All of this would suggest some positive amendments are necessary to the St Helena, Ascension and Tristan da Cunha Constitution. Clearly St Helena's Public Accounts Committee's statutory powers as a statutory Select Committee of the Legislative Council needs some upgrading to be proactive rather than reactive to be more effective. Previous reports by the PAC have reported backlogged Government accounts with no parliamentary scrutiny or independent, external audit. Incredibly, there was an accountability debt on the UK taxpayer funding to St Helena in respect of DfID granting aid where timely independent scrutiny by the PAC was not possible.

The Government accounts in front of us today, however, show considerable improvement. This has been made possible by catching up on backlogged work assisted by a programme of technical assistance to clear the backlog in preparation and audit of these accounts.

As Chairman of a Select Committee of the Legislative Council with a duty to ensure the findings of the work of the Public Accounts Committee are reported to the Legislative Council or Legislative Assembly, I would like to place on record my Committee's sincere appreciation for the work that has been taking place to achieve this positive result.

This is a two-day hearing, the consideration of a range of public accounts, including Enterprise St Helena, St Helena National Trust, St Helena Hotel Development Limited, St Helena Fisheries Corporation, Connect St Helena, St Helena Currency Fund and Defined Contribution Pension Scheme. This probably is as much business as has ever been presented at a formal PAC session.

Let us now move to today's meeting of the PAC. We will start with Enterprise St Helena and I call on their Accounting Officers present to take their place at the table.

2. Enterprise St Helena Accounts.

Councillor Nigel Dollery –

Chairman, I must declare a significant interest as a Board Member of Enterprise St Helena and will withdraw.

Chairman –

Thank you, Honourable Member. Thank you. Please now introduce yourselves.

Mr Niall O’Keefe –

Good morning, Mr Chairman, I’m Niall O’Keefe, Chief Executive, Enterprise St Helena.

Mrs Susan O’Bey –

And I’m Susan O’Bey, Deputy Chief Executive, Enterprise St Helena.

Mrs Michelle Yon –

I’m Michelle Yon, Director of Resources.

Mr Robert Midwinter –

I’m Robert Midwinter, a Director of Enterprise.

Chairman –

Thank you very much. We will now start on the business of the day and I call on Stedson Francis.

Mr Stedson Francis (Deputy Chairman) –

Thank you, Mr Chairman. Reporting of non-financial performance was raised in previous PAC scrutiny – the Annual Report format still focussed on inputs and activities rather than outputs and outcomes. Does Enterprise St Helena have a performance management system in place where they are setting objectives/targets before the start of the financial year which are SMART, being Specific, Measurable, Attainable, Realistic and Time bound?

Mr Niall O’Keefe (Chief Executive) –

Thank you, Mr Francis. I can respond and say that we have a very significant and robust set of measuring tools. It’s being expanded and continuously being monitored. I would agree and support the PAC suggestion that Enterprise St Helena provide more and additional text in future reporting which will give outcomes and outputs. What I can give to everybody today is the first draft, which will be published on 10th June, of an annual report for 2014/15. This will form the basis of an outline for all future sets of accounts. It’s a 36-page document of a significant body of work put together primarily and the bulk of it by Kirsty, my colleague, Kirsty Joshua, but what it takes into account is obviously Enterprise St Helena has quite a number of bodies we need to report to and what we’ve been trying to do is allowing the outputs, inputs and outputs and outcomes that satisfy the vast majority of our stakeholders and this document we hope will achieve that. We obviously have the PAC body that we report to, SHG one of our significant funders, DfID, the National Audit Office, also stakeholders that were working at the community in St Helena. Mr Chairman, you’d be aware that we’re now circulating our documents and our reports to the Chamber of Commerce and we’re trying to reach as many stakeholders as is possible. So our draft copy, 36 pages long for each member here and what we want to do, through the work of Michelle Yon in Finance and Resources is that the Auditors when they’re looking at our 15/16 accounts will not just look at the quantitative aspect of our accounts but look at the qualitative and use all of the input and output indicators which are considered best practice

on an international basis, including the Institute of Economic Development, which, I think, most of you will be aware that we're hoping to become the first organisation anywhere in the world to achieve status of excellence in economic development. I hope that answers the question sufficiently.

Mr Stedson Francis –

Thanks very much. Given the overall objective of Enterprise St Helena is to facilitate the sustainable economic growth of St Helena, can you explain how the economic output is measured on a year by year basis?

Mr Niall O'Keefe –

The models that are being looked at, and just to point out the context, particularly for the listeners here, that Enterprise St Helena's term actually ended with DfID on 31st March this year. We have had an extension; we're in a period of extension, a no cost extension with DfID using unspent monies from previous terms. We're currently in negotiation, we're due on the 13th, actually this week, to receive the first draft document which will outline firstly the review of the previous year but also how DfID want us to go forward and review and analyze the next period of time of the next contract. We will be entering a negotiation stage with all of our stakeholders, hopefully for that document to be submitted for the Minister on 20th June 2016 and to have a response before September and the outcomes, one of the challenges that we're going to have is that obviously ESH receives X amount of money for a budget, we work with our Board and our subcommittee members and with the stakeholders in general to outline the programme of work that we're going to undertake. One of the challenges is that, that needs to be established for the next iteration is where the relationship lies in terms of measuring the outputs in relation to SHG, not that it's a negative thing, but, for example, where will it sit in future. Tax revenue, how much can be attributed to ESH, how much can we say as a result of intervention from us supporting businesses. So where it is at the moment is that we use a job frame which has been clearly agreed and came from the 2012 framework agreement between DfID and Enterprise St Helena which is basically, here's your budget, use what you need to deliver and there's your outputs and they're very clearly outlined and they're contained within this report that I have now and will have a copy for each of the members. So that's outlining where we are now, in terms of going forward there is a bit of work to be done and we'll also be writing to the PAC for input in terms of the outcomes

Mr Stedson Francis –

I'm not sure if you've already told me or not, but how do you intend to measure the contribution that ESH has made to the growth of the island economy?

Mr Niall O'Keefe –

Can you repeat the question, sorry?

Mr Stedson Francis –

How do you intend to measure the contribution that Enterprise St Helena has made to the growth in the economy?

Mr Niall O'Keefe –

Well, what we're currently doing is having a look at the outcome from the businesses, the increase in tax revenue, the increase in employment and various measurements like that from the input that we have. The way the National Audit Office and DfID are looking at it and the Airport Project Board is looking from moving from that slightly from direct involvement with ESH into, I suppose, the beyond the reach measurements.

Mr Stedson Francis –

And is the ESH contribution, you'll find that in your annual report?

Mr Niall O'Keefe –

Yes, yes.

Mr Stedson Francis –

Alright. Okay, thank you, Mr Chairman.

Chairman –

Mr O'Keefe, project expenses have been recognised in the respective financial years as follows: 2013/14 - £887k and 2014/15 - £1,638k. Project costs have increased by 85% or £751k from the 2013/2014 year to the 2014/15 year. What are the main projects that ESH was involved with in the 2014/15 financial year?

Mrs Michelle Yon –

Mr Chairman, the project expenditure that has the major project expenditure is our ESH/DfID project; it went up from £834k to £1.4m in the 14/15 year. That represented our training, our hospitality training, our construction training elements of that project.

Chairman –

Thank you for that. Have ESH managed to achieve its objectives with regards to the projects and can you link the projects with the outputs/outcomes achieved?

Mrs Susan O'Bey –

Yes, we are, sorry, Mr Chairman, we have achieved in the main most of our objectives. There are a few areas clearly where there is still some work to be done, but in terms of the up skilling projects, the support to local businesses, support to agriculture, support to Fisheries, there has been progress, we've certainly seen an increase in the number of local businesses and we are also seeing significant improvements as a result of the up skilling, which is targeting, in particular, construction and hospitality.

Chairman –

That's good to hear.

Mr Niall O'Keefe –

Mr Chairman, I just wanted to add to that, the point of the listeners in particular, that there has been a dramatic increase in output and expenditure, but that's basically our role, it is our function that those monies that have been set aside for the development of local business and local development of all the sectors and the training and development that

Susan outlined, that is our role, to increase, so in the year of increase, 13/14, 14/15, essentially ESH was only set up and founded in around that particular time, the budget was approved around September of that year and expenditure was to be achieved in December of that year, so essentially it's only in the last year that ESH is up and running and fully operational and the project expenditure and the level of the project expenditure is a testament I suppose to my colleagues and the level of work and the volume of work that they're doing with local businesses in the delivery of the grants, the training and the supports that was anticipated by DfID and SHG in the setting up of ESH.

Chairman –

Thank you for that clarification. What is the process that ESH uses in the procurement of contractors/suppliers, how does ESH ensure open competition?

Mr Robert Midwinter –

We do have a full procurement procedure in place, it only really varies depending on the level of expenditure being incurred, but it will always involve inviting multiple quotations. If we go above £5,000 we will also advertise both locally and internationally and follow a full tender process on that. We have a documented policy and procedure on how we undertake all procurement.

Mr Niall O'Keefe –

Can I add to that, Mr Chairman, that we're engaging in best practice and with the support of SHG even in the last week, they had a procurement in SHG, is going to run a programme of development and training for procurement officers and we've been invited to participate in that and we've accepted that offer so we will, besides using our standard systems and processes develop professional skills that are required on an ongoing basis to monitor best practice of procurement.

Chairman –

Mr O'Keefe, thank you for that further clarification. May I now call on my Colleague, Honourable Tony Duncan?

Councillor Tony Duncan –

Grant funding has been provided in the respective financial years as per the signed 2013/14 and 2014/15 accounts: It says Financing Saint Businesses – a DfID funded small/medium enterprises to the tune of £243k in 2013/2014 and £110k in 2014/2015. EDF funded applications – there were none in 2013/14 but £173k in 2014/15. How is ESH making sure that the funding is not going to the same people yearly?

Mr Robert Midwinter –

We actually have in place a mechanism where you are limited in terms of the amount of grant funding that any particular recipient can receive and that's the main way of ensuring that the money isn't all going to an individual business or a number of businesses. If I can just clarify, one of the things that was in the Director's Report for the 13/14 year, it did not show the separation between DfID funded financial assistance and non DfID funded, so the figures that have been mentioned are actually not quite accurate. In the period in question, we provided non DfID funded grants, loans and equity finance, which equated to £159,846.

As such, the DfID SME should read £83,158. We did separate the two elements in the 14/15 accounts so that it shows as two separate figures, so we have actually increased our DfID funded grants element between those two financial years.

Councillor Tony Duncan –

Thank you for that. Do you have separate accounts for the European Development Fund?

Mr Robert Midwinter –

Sorry, when I referred to EDF, that's not the European Development Programme Funding that is an abbreviation of Economic Development Fund, which is a bespoke fund that we hold effectively on behalf of the St Helena Government.

Councillor Tony Duncan –

Okay, thank you for that explanation.

Mr Niall O'Keefe –

Councillor, if I may add to Rob's comments. In terms of the original question where there are.....we need to monitor who's getting the money essentially and I mentioned earlier that ESH is in negotiation, will commence negotiation with SHG and DfID in terms of the next phase of what we're doing. We, as an executive, are very strong that Enterprise St Helena needs to be looking at sustainability, it's lovely to have targets of a hundred or a hundred and fifty businesses supported a year, but in a population of four and a half thousand people that's, they're very high targets and they're unsustainable. It is a global figure that 30% of businesses fail in year one, another 30% fail in year two, what we want to do in Enterprise St Helena and with taxpayers money is to ensure that Saints sustainability of businesses. Again going back to the fact that the population of four and a half thousand people, there's only a limited number of people and generally families will have a propensity towards entrepreneurial spirit and what we want to do is make sure that we support those individuals within the community who are significantly important in a number of ways, some of it as financial and some as advisory, so if you're a family business and you're going to engage in the realm of employing people, you know, how do we support them in that way, what about insurances, what about expanding and growing the businesses and it is a real fine line and it is a challenge in terms of, you know, as Rob outlined, we have clear guidelines in terms of how often people can come back, but the reality is in a small community there are only going to be a certain percentage of people coming forward to move into different sectors, so we need to be more, I suppose, scientific in terms of how we analyze the applications that come forward and we need to be more effective to support that in terms of how we analyze it and one of the critical things, one of the things that general public have had concerns is that Enterprise St Helena support the same people continually. What we've done is implement an oversight system where if there's a member of staff, an elected member or a member of our Board and/or their families apply for any funding or support from the organisation that we continue with our existing internal processes but we also have an external oversight where an independent verifier will look at the process for accuracy and independence in terms of both the financial and the systematic element. So there are concerns around it, we're aware of those and we're working to make sure that there is a transparent and as systematic as is possible.

Councillor Tony Duncan –

Thank you for that explanation. Does ESH have initiatives in place to ensure that sponsored businesses are sustainable going forward like offering continued advice along with the grants?

Mr Robert Midwinter –

Yes, in fact it's actually one of the obligations that's built in to the grant funding that a business will allow us to visit them on multiple occasions during the year and we've actually increased that from one visit a year to two visits in a year as part of the grant funding obligations.

Councillor Tony Duncan –

So, they're well monitored?

Mr Robert Midwinter –

Yes.

Councillor Tony Duncan –

Thank you. Is ESH paying the grants awarded once off or are they paid in tranches to ensure monitoring of the business plans submitted?

Mr Robert Midwinter –

In terms of our grants they are small to medium enterprise grants, they're not large amounts of money in most cases, they aren't paid to the business, they're actually paid to third party, either service providers or suppliers. It can be, if there is a business that is, for example, under our capital investment grants, which are up to £15,000, that can be multiple payments as we receive invoices from the supplier, but the grant funding never goes directly to the recipient.

Councillor Tony Duncan –

Okay, I assume that this is monitored?

Mr Robert Midwinter –

Yes.

Councillor Tony Duncan –

Are these grants repayable if the recipient does not follow through on the project?

Mr Robert Midwinter –

They are and we would take into account whether they have met all of the obligations, not met any of the obligations, how long they have been in existence, we haven't yet had to actually impose that on a business, we've had a couple of occasions in relation to training where people didn't complete their training, but there were justifiable reasons why not, but we would look at every case in its own merit in terms of whether they have with the best intentions met the obligations or not, but it is there that we can recover the money from them.

Councillor Tony Duncan –

Thank you for that explanation. ESH recognise the following rental income from private sector as per their financial statements and the annual financial statements turnover in 2013/2014 was £60k, in 2014/2015 - £64k. Does ESH have an properties that it is renting out to startup businesses?

Mr Robert Midwinter –

Yes, we do, we have a number of business parks, we have the Enterprise Park in Half Tree Hollow, we have an industrial workshop park in New Ground, we have some industrial workshop buildings at Ladder Hill Rifle Range, we are in the process of developing more units as well in Longwood.

Councillor Tony Duncan –

That’s good, thank you for that explanation. How is the demand matching with the supply?

Mr Robert Midwinter –

We are oversubscribed at the moment which is why we are looking to develop more business units.

Councillor Tony Duncan –

Well, that’s a good sign. How is ESH avoiding the blocking up of incubator units as businesses become established?

Mr Robert Midwinter –

Sorry, can you repeat the question, please?

Councillor Tony Duncan –

How is ESH avoiding the blocking up of incubator units as businesses become established?

Mr Robert Midwinter –

We are looking to develop more business units to create more commercial floor space for those parties interested in establishing themselves. In terms of the existing tenants, we do review the tenancy agreements with them and there are conditions attached to those tenancy agreements in terms of how that business is able to operate, so, for example, they can’t just use a business unit as a storage facility. We have very recently reviewed the policy in terms of property rentals and we have put into that policy now specific caveats around amount of hours we expect a business to be operating

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Mrs Susan O’Bey (Deputy Chief Executive) –

..... where people from the hospitality businesses could go in and experience on the job training. The business was set up to cover its costs as much as possible in terms of operating, but it was actually one of the elements of the DfID funded project in terms of the hospitality up-skilling. During that time, the 2onMain establishment was responsible for providing NVQ training for a number of apprenticeships, working very closely with SHG and

it was also, and I can confirm there, in addition to that we also had a number of other accredited courses which amounted to 270 people going through the system, participating in courses such as Customer Care, Food Safety training, Front of House training and also various specialist Cookery Courses. In 2014/15, again, similarly, we had large numbers. In this particular reporting period, we saw the number of accredited courses increasing to 164 people, so 164 people going through the system and receiving some form of international accredited course as a result of it. In addition to that, we also provided a standard, if you like, that local businesses could aspire to. As you know, the tendency across the hospitality business is very much depending on the number of people who are on island at the time, businesses struggle sometimes in terms of getting a clientele which is regular and which helps the business to remain profitable and the idea of 2onMain was to demonstrate good practice and to also set a benchmark in terms of overall hospitality.

Councillor Tony Duncan –

You've got gross profit at 2onMain was only one thousand pounds more than in 2013/2014, is this a direct result of not opening the restaurant up on a more regular basis rather than on specific days?

Mrs Susan O'Bey –

The restaurant was set up, as I said, first and foremost as a training facility and, of course, a lot of the training would have been classroom training and so on and we had to ensure that that was still able to take place. In terms of the opening hours, again, it was very much depending on staffing at the time, but also in terms of demand. We are aware that there was a perception locally that 2onMain would be competing with local businesses and that was never the objective and so those factors were taken into consideration as well in terms of opening. But, in terms of the profit, it was never intended that that business would become a huge profit making business, it was always to cover initial running costs and also to ensure, as I said, that there was a facility that would provide the training that we need so desperately during the ramp up of course to the opening of air service.

Councillor Tony Duncan –

Thank you for that.

Chairman –

The numbers you gave were quite significant and all very beneficial I am sure, but why did the restaurant close twelve months before the buildings were required for the hotel?

Mrs Susan O'Bey –

There was, as you will appreciate, Mr Chairman, a level of uncertainty around when the buildings would actually be required. We had also at that stage taken a decision within Enterprise St Helena to look at the next phase of the hospitality up-skilling project which would broaden to improve not just restaurant facilities but also providing bed and breakfast facilities and various other aspects of the hospitality industry and that would be incorporated in the Bertram's Cottage project which is drawing to a close this year. In terms of the timing for the closing down of the business, of course you can't run a business where there is a level of uncertainty and during last year the original plan was that the hotel

project would have started before the end of 2015 and so in order to give the hospitality project a level of certainty that was the reason why it ended when it did.

Mr Niall O'Keefe –

Can I add to that, Mr Chairman, that there are a number of aspects to the project that we're trying to achieve. Going back to Mr Francis' question earlier, one of our outputs on one of the targets is fewer skills gaps and enhanced entrepreneurship and what we've got to do is monitor the demographics on the island and everything that Susan said is accurate, but we can also add to that that we'd quite a number of people that were transitioning in their career and moving on, so we're really proud that there were 164 people engaged in accredited courses, 117 in one year alone is a significant output. Our target, and we have the huge advantage of having Mike Harper doing training in education, began to focus on some of the younger generation and people working in the hospitality sector were saying to us they want to get some of the young people involved and Mike diverted some of his time to working directly in those facilities and also working very closely with the school and as a result of that we now have seven young people who are currently doing GCSE's who have expressed interest in working at Bertram's Cottage and getting full formal NVQ qualifications and we wouldn't have been able to facilitate that by running multiple hospitality centres around the island and whereas now we've targeted the focus group, spent a lot of time with them, we had a wonderful ten-week course in competition with nine participants concluded and seven of those have now expressed an interest in moving on and developing a career on the hospitality sector, so we've got to continuously monitor, so, yes, we're looking after value for money, we're looking for outcomes, but some of those outcomes are not measurable and I remember distinctly, I wasn't here long, but standing at the back of 1, 2 and 3 Main Street when Governor Capes was presenting certificates to quite a number of those people who participated and some of those people had never finished school, some people, and I don't want to be identifying people, there were some people well beyond the age of fifty, if I could put it that way, who had never completed school and they, for the first time, had gotten involved in education, receiving accredited certification and have since subsequently come back expressing interest in doing more training, more courses and wanting to get involved in that particular sector, so what we have to do as an organisation is, while we set out targets and set our goals, we have to stay fluid to the needs of our community and, you know, people could be back here in two or three years' time with this body and saying that the needs have changed again because the demographic we're focusing on has changed or the sector has changed because we know from the stats in the work that Susan does, in particular, with B&Bs we may be catered for and we may need to do specific training in the areas of self-catering accommodation, we may have gone to the stage where we're looking at three and four bed hotel accommodation and the training that comes with that, so we have to stay agile I think is the technical term in relation to looking at the needs of the sector of the community and provide it in a way that provides value for money, but also within the resources that we have at our disposal in the organisation.

Chairman –

Okay, thank you for that. I think Mr Francis would like to come in now?

Mr Stedson Francis –

Yes, thank you, Mr Chairman. The salary expense was recognised by Enterprise St Helena per the financial statements as follows: Administrative expenses, salaries and wages for the year 2013/14 - £297k, for the year 2014/15 - £384k. This expense line has increased by 30% or £87k in the 2014/15 financial year as compared to 2013/14 financial year. Can I ask, what is the cause of such an increase in salaries?

Mrs Michelle Yon –

Mr Stedson, in 2013/14 we had nineteen staff members and due to the increase we sitting with twenty-one staff members in the 2014/15 year, so that is the reason why they've increased from the one year to the next.

Mr Stedson Francis –

Is this the total salary bill or is there an element included within the Enterprise St Helena project expense of £1.392m?

Mrs Michelle Yon –

Yes, Mr Stedson, in the 13/14 we had four contract officers and in the 14/15 year we had eight contract officers, we also have TC posts that is funded by the SHG TC funding, in the 13/14 year we had seven and in the 14/15 year we had five TC officers.

Mr Stedson Francis –

And can you say, what was the total salary element within the project line?

Mrs Michelle Yon –

Mr Stedson, I don't have that figure available, I can get it and we can supply it to the PAC.

Mr Stedson Francis –

Okay, thanks for that. Now the Memorandum of Understanding between SHG and DfID provided for three years of grant funding to Enterprise St Helena covering the period 2013/14 through to 2015/16. Can I ask if the project is now complete and have the project objectives been realised?

Mr Niall O'Keefe –

Mr Francis, in one of your earlier questions I touched on some of

Mr Stedson Francis –

Okay.

Mr Niall O'Keefe –

We're at a stage that the first three years which was set out in the Memorandum of Understanding has been concluded, now we're in a no additional cost extension of six months, so it's at the end of September that the Phase 1 of ESH will technically be complete. There is a review, of which I've just seen a draft from DfID, which will be put on line on 10th June which will give an outcome in terms of the objectives. I can say, without giving away the report which is in draft form, but the feedback is extremely positive in relation to the organisation and hence we're also starting at the same time a process of discussion for an

extension of the organisation which will have refined and more focused objectives for the organisation going forward.

Mr Stedson Francis –

This is beyond the six-month period?

Mr Niall O’Keefe –

Pardon?

Mr Stedson Francis –

That would be beyond the six-month period?

Mr Niall O’Keefe –

Correct, yes.

Mr Stedson Francis –

After September. Any idea how long will that period be, beyond September?

Mr Niall O’Keefe –

I’ve only seen it in draft stage, I would say it would be a minimum of three years we’re hoping for and pushing for a longer period of time so we can provide for sustainability, because we’re moving into phases, we all know, as you know better than I do, that when we have regular air services it’s only part one of the project. To develop St Helena as we need to in a sustainable way it’s going to take a ten or twenty-year period of time for that to happen, it needs an organisation and an entity with the skills and resources to do that in partnership with the community so we’re pushing for a longer period as is practical and we have to say with that that the SHG team, we received a letter yesterday outlining that we have the same funding level for the next year, obviously they’re not in a position to extend it beyond that, but SHG, DfID and ESH and our stakeholders, including Board members and the general public will be involved in the next stage of discussions prior to the recommendation going to the Minister on 20th June.

Mr Stedson Francis –

Thanks very much for that. Thank you, Mr Chairman.

Chairman –

Right, we seem to have come to the end of that particular item of business and as I look at the clock, we hadn’t planned for it to finish quite yet, but I don’t see the next, St Helena National Trust who is up next, here at the moment and I think this might be a good time for us to have a recess, so Mr O’Keefe, Mrs O’Bey and Mrs Yon and Mr Midwinter, thank you very much for coming.

Mr O’Keefe/Mrs O’Bey, Mrs Yon/Mr Midwinter –

Thank you.

Chairman –

Well, we will now have a recess. We expect the St Helena National Trust to be here at 11 o'clock, we don't particularly want to take such a long recess though, so if they are listening, perhaps they can hurry themselves up to here so that we can begin a little bit earlier if that is possible. Thank you very much.

Meeting in Recess.

Meeting Resumed.

Chairman –

[.....] Ferdie Gunnell, Cyril Gunnell, who is the Chairman and put in place by the Governor when Rodney Buckley resigned. Stedson Francis, he is the Deputy Chairman and other members are Cyril George, Nigel Dollery and Dr Corinda Essex, Dr Corinda Essex as you will know is overseas at the moment, Phil Sharman is our Adviser and I didn't mention this morning the good work that Mr Anesu Happyman Makamure I think it is, he is the Performance Audit Manager within the Audit Service, apologies for that; and Councillor Wilson Duncan, he is a temporary member because Councillor Cyril George stepped up to ExCo and Cyril is not able to have any part of these proceedings.

Another thing I want to mention is that this morning when we were looking at the Enterprise St Helena accounts, now it is not always possible for someone to give an oral answer, that is accepted, and in the circumstances one may offer a written answer. The difficulty that I have, and this is my first Chairmanship, the difficulty I have is that whilst it is acceptable, the public is not hearing that answer and we are here for the public. So an oral answer if it can't be made on the spot then there has to be a way for the public to know what that answer is and I would suggest something in the newspaper would actually do that.

Alright, so we shall resume then and the next set of questions then, or the next set of accounts, is from the St Helena National Trust and the Accounting Officers have already seated themselves at the table so I don't have to call you to the table, what I will do though is to please introduce yourselves?

3. St Helena National Trust Accounts

Mr Jeremy Harris –

My name is Jeremy Harris, I'm the Director of the St Helena National Trust and with me I have Mrs Ethel Yon OBE who is the President of the National Trust, I also have Connie Johnson who is the National Trust Council Treasurer and Phyllis Coleman who is the Senior Executive Officer at the National Trust.

Chairman –

Right, thank you all very much for being here and I think the Honourable Nigel Dollery will want to start off these set of questions.

Councillor Nigel Dollery –

Good morning, the first thing is I must declare an interest; I'm a life member of the St Helena National Trust.

The Trust's previous five years strategy "St Helena – Protecting the world heritage of a small island" covers the period 2010 to 2015 and is now time expired. The 2014/15 annual report explains the Trust is in the process of developing a strategy for the period 2015/20 which we have just received, so thank you for that. Obviously, I've not had time to read this so I will work around it, but thank you.

Mr Jeremy Harris (Director) –

Thank you, Nigel. Yes, we developed the strategy, that you now have in your hand, last year and launched it in November. Was it November?

Mrs Ethel Yon OBE –

November, yes.

Councillor Nigel Dollery –

Right, thank you very much.

Mrs Ethel Yon OBE –

DfID Team, they were the first to have it.

Councillor Nigel Dollery –

Sorry?

Mrs Ethel Yon OBE –

The DfID Team was the first to have it.

Councillor Nigel Dollery –

Politically very aware.

Mrs Ethel Yon OBE –

Absolutely right.

Councillor Nigel Dollery –

I've not seen much publicity about the new strategy, am I wrong or are you relying on interested people picking it up and taking it away?

Mr Jeremy Harris –

Sir, we've presented it specifically to members of the Trust, members of the Trust Council and also to ExCo, but it's on the website and we're kind of relying on that? The way it's been developed as well is that it's very much an active document, one that will be adjusted over the years, but if it needs to be publicised more we'd be more than happy to do so.

Mrs Ethel Yon OBE –

But that will come about, Councillor, we're in the process of appointing a Communications Officer, so you will hear more about how the Trust is performing in the months ahead. You'll be tired of hearing us.

Councillor Nigel Dollery –

That sounds very sensible. Thank you. What is the planned financial strategy over the medium term to increase your sustainability?

Mr Jeremy Harris –

We're approaching various funding agencies so the latest project that we're putting together is for the BEST 2.0 grants which is the new funding, so we're looking to put together a big project there and we continue to generate revenue through our Limited Company which I believe is also on the agenda, but the strategy is basically one of diversification so making sure that we have multiple legs to lean on. We've also been very lucky to receive well, more than double our subsidy from Government this year which is very welcome indeed.

Mrs Ethel Yon OBE –

Thank you, SHG.

Councillor Nigel Dollery –

Thank you. So you're consciously working at developing funding streams other than earmarked funds?

Mr Jeremy Harris –

Absolutely.

Councillor Nigel Dollery –

An ongoing process.

Mr Jeremy Harris –

Yes.

Councillor Nigel Dollery –

Thank you. Right, coming to your commercial arm, in part, the financial statements report total income of £355k for the St Helena National Trust, of that £104k comes ~~you're~~ from

your trading arm, the St Helena National Trust Guarantee Ltd, where does it come from, how do you earn money?

Mr Jeremy Harris –

So largely we carry out, at present largely we carry out heritage restoration work for private individuals but also for the Government and various bodies within Government, so that's restoring sensitive historic buildings with traditional methods, such as using lime and mortar masonry and that kind of thing. We also, more recently, have been carrying out Environmental Impact Assessments and doing some training, particularly of airport staff, on the Wirebird Mitigation Project and things like that.

Councillor Nigel Dollery –

Is the private sector one increasing or is static or....?

Mr Jeremy Harris –

At present I would say it's on a bit of a level, but we had a changeover in our Head of Operations who is managing a lot of that work so this year it's been a little steadier, but I think there's been a good number of small jobs that we've been taking up.

Councillor Nigel Dollery –

Which is quite satisfying because the work must be expensive by its nature?

Mr Jeremy Harris –

Yeah, it's certainly, we're not bottom end of the market, but we charge competitive rates.

Councillor Nigel Dollery –

Thank you.

Chairman –

Thank you, Mr Dollery. Before I ask a question or two, is there anyone else who would like to ask a question?

Councillor Tony Duncan –

I don't want to ask a question as such, but this document, not everyone have access to the internet, has this been placed in the Public Library?

Mr Jeremy Harris –

No, we haven't put a copy in the Public Library, we retain printed copies at the Trust Office.

Councillor Tony Duncan –

They can come in there and they know they can come in there?

Mr Jeremy Harris –

It's a public building, I would hope so, but I will place one in the Public Library.

Councillor Tony Duncan –

Thank you.

Chairman –

Thank you. The annual report makes reference to the built heritage and lease arrangements or lease agreements for Lemon Valley and High Knoll Fort, can the Trust please give a brief update on the status of these built heritage projects?

Mr Jeremy Harris –

By all means. So last year we had an opening event, supported by the Governor and Councillor Lawson Henry at High Knoll Fort where we opened it to the public and at that event His Excellency, Mark Capes, verbally gave us approval to manage High Knoll Fort since that date, which I believe was May?

Mrs Ethel Yon –

Last April.

Mr Jeremy Harris –

Or April. We'd been managing the Fort on a weekly basis, going up and strimming the grass, we also erected interpretative signage up there and so that actually you can now go up for a self-guided tour, both of which are great steps forward and we're supported by Enterprise St Helena and we're very grateful for that support. In terms of the paperwork to support these management agreements, we've been in negotiations with Crown Estates for the past year, I've had several meetings at Essex House over the detail and more recently we received agreement that the lease of Lemon Valley particularly would have to go through the Land Disposal Policy and we would follow it through that process, so actually only yesterday I submitted a full proposal to Crown Estates so that they could take it through the relevant channels. Once I receive feedback on the Lemon Valley proposal I'll submit a similar document for High Knoll Fort.

Chairman –

Thank you. Now you may have answered a bit of this question, but I am asking it so that the public is aware of what is being asked. What is the expected role of the National Trust in these current projects and after their completion?

Mr Jeremy Harris –

So with High Knoll Fort we've established a Working Group that has currently six members of the community represented on it and that body considers any requests for private use of the Fort or for any long-term uses. The intention is for the facility to be open always to the public, but we want to try and generate revenue in a sustainable manner that can then be plugged back into care for the Fort, so that's the intention, is to generate small amounts of revenue that can support regular maintenance, not restoration at this stage, but maintenance. Similarly for Lemon Valley, we have spent a great deal of money on repairing the Barracks building down at Lemon Valley, the area itself is a great public resource and we want to protect that, the House, on the other hand, we will look to generate some revenue by renting it at a nightly rate currently set at £15.00, but that's just the house building, the rest of the area will be open for public access as and when they choose. The revenue generated off the house will enable us to go there at least once a month, as currently the Postbox Walks team visits on a six-weekly basis and on those visits will clear up litter to

make sure the area is tidy. We intend to erect some directional signs so that people know where the toilets are, for example, and can start using those more readily, and just clean up the area as best we can. Again, the long-term plan is that we'll be able to generate through rental enough revenue to begin to improve the area as well as just maintain it.

Chairman –

Thank you. What about other built heritage assets, are there plans to prepare a condition survey undertaken of the, for example, Napoleonic fortifications?

Mr Jeremy Harris –

We've been in close dialogue with ENRD about this. At the moment the responsibility for the built heritage assets actually falls pretty squarely on SHG and I know that they've had some interest in supporting a condition survey and we support that as an idea and they've asked if we would be heavily involved in that if it were to come to fruition, but I'm not certain at this point that we have the expertise in the Trust to provide that ourselves.

Mrs Ethel Yon –

Or sufficient expertise.

Chairman –

Where would you look for expertise?

Mr Jeremy Harris –

Well, really you need an archaeologist or a structural engineer to take a proper look at the stability of the structures, they're pretty impressive.....

Chairman –

Alright, now Bank's Battery appears to be at risk of collapse, what can be done to preserve these assets?

Mr Jeremy Harris –

Yeah, I've been aware of Banks's for some time and it's often brought to my attention. Honestly, without somebody investing some funding in future work up there it's going to be very difficult to rescue Banks's. Yeah, I would like to say that we will be looking for external funding to support that, but at the moment it's so uncertain, I don't think I should promise anything.

Chairman –

Okay, thank you, and I imagine I will have to here declare an interest, but Prosperous Bay House, it seems to me no-one is looking to keep that in any kind of condition at all. Is Prosperous Bay House on the radar as far as built heritage and something to be done to restore it? My obvious interest would be my great Uncle was killed there.

Mr Jeremy Harris –

So the National Trust some years ago was responsible for developing a historic environment record which is an online resource at present, there is a printed version but it's more than a thousand pages long, so I don't recommend, and, again, it's not in the Library because we

haven't printed it at this point, but that Historic Environment Record builds on the Crallan Report of 1974 and lists over 900 historic assets. I would anticipate that Prosperous Bay House is listed in that record, but I think, I raised the record to illustrate the scale of the issue that we have when it comes to built heritage and the difficulty in prioritizing them. Yeah, at the moment it is a case of carrying out work where we have obvious funding that we can draw from.

Chairman –

Would you be able to look into the Crallan Report or wherever it might be listed and let me know whenever you can if Prosperous Bay House is included in any detail at all for work to be done in the future?

Mr Jeremy Harris –

I'd be more than happy to, Chairman.

Chairman –

Thank you for that. What is the nature of the lease agreements mentioned, mentioned earlier, are there any others?

Mr Jeremy Harris –

We're seeking the Lemon Valley and High Knoll Fort peppercorn leases at a minimum rate, we've provisionally agreed at £1.00 a month and in exchange for that we take on maintenance responsibilities and I'm hoping for long-term leases, ten years plus. The other one that we're seeking at the moment is for Blue Hill School, we run our Forest Schools programme out at Blue Hill, we've spent significant money on renovations out there, already we have additional funding that we can spend on the rewiring and further renovation out there and we've looked, we'd be very interested in taking over the management, renting it out, the facilities, I know it's a leisure facility for a lot of the population on island and using that again to maintain the area.

Mrs Ethel Yon –

And we also have Broadway House, the headquarters of the National Trust which we pay a Peppercorn rent.

Mr Jeremy Harris –

That one is a pound a year paid in July and it's a hundred and fifty year lease.

Chairman –

Okay. Thank you for that. [.....?.....] you're not Councillor any more, you are honourable though, Stedson Francis, I think you might have a question?

Mr Stedson Francis –

Yeah, going back to High Knoll Fort again, to restore the wall that has fallen, I haven't been there for a while, do you have any plans in hand what the future's going to be for that funding wise, I know it's a problem and what it would cost and do you have any, you know, any vision for the future as to when that can be done or when will it be done?

Mr Jeremy Harris –

Again, I can't promise anything at this point. We have assessed it quite carefully, it's a very, very difficult job, not least because it appears further collapse may be a risk, it's a high and overhanging wall and so actually getting up to reconstruct is a problem. In terms of cost I believe we thought it would be somewhere in the region of sixty to eighty thousand pounds to repair that section.

Mr Stedson Francis –

Okay, thank you.

Mr Jeremy Harris –

I have to say that's off the top of my head.

Mr Stedson Francis –

Right then, the objectives of the National Trust in relation to the built and natural environment appear to be similar to those of the Environment and Natural Resources Directorate, what measures are in place to ensure that collaborative working and avoid duplication of effort between the two organisations?

Mr Jeremy Harris –

Thank you, that's a very good question. We are aware and have been aware of similar organisational objectives and we take two active measures, the first is to include Pamela Ward Pearce who is the Chair of ENRC on the National Trust Council, so we've been very grateful for her representation there, she's also a life member of the National Trust; the second is that I meet on a bi-weekly basis with the Director of ENRD, Trevor Graham, actually he was just in my office this morning before coming here and I also meet on a bi-weekly basis with the Deputy Director, Derek Henry and Isabel Peters.

Mr Stedson Francis –

Do you feel there are any improvements that may need to be made to ensure improved partnership working or are you happy with the way it's going at the moment?

Mr Jeremy Harris –

I've been very happy with the way we work together and, yeah, there's been a lot of talk about collaborative working and our staff work really well as well, so actually I'm fairly happy with the way we have been working.

Mr Stedson Francis –

Right, right, and how are bids and project delivery under the UK DAFRA Darwin Initiative coordinated between the two organisations?

Mr Jeremy Harris -

So, again, we gather, for example, in advance of a BEST bid, so the call for BEST funding just went out last week, we've been talking together as a group about possible approaches to BEST for the past three months, since the small round [...?...] and we do the same for Darwin bids as well, we take a very much, we very much take an island approach to bids for that kind of funding, largely because we feel that the best chance our sensitive environment has

it's best to work together, there's too much of importance in too small an area for us to be fighting over each other.

Mr Stedson Francis –

Thanks very much.

Chairman –

Honourable Nigel Dollery?

Councillor Nigel Dollery –

PAC had previously recommended the National Trust Ordinance be amended to allow the accounts to be reported within six months of the year end rather than the current three months and this has obviously taken some pressure off of you at the year end, has any progress been made towards the revision of this in any other sections of the National Trust Ordinance?

Mrs Ethel Yon –

Oh, yes, we have, a tremendous amount of work have gone into looking at the National Trust legislation and we've taken it to the Trust Council and a couple of times and it's only last night that we were actually trying to get that paper through and that, because what we've done, we've taken the opportunity to not only make that amendment suggested by the PAC, but also to look at other provisions in the legislation. The documents are fourteen years old and it's timely, we believe, to have a look at, you know, all the rest of the provisions and whether we can modernize them and we had a good response from the National Trust Council. What we're going to do now is that as soon as we can get the final approval we've alerted Pamela Ward Pearce and Councillor Brian Isaac, they will then follow due process of taking it to Legislative Assembly and then on to the Executive Council, hopefully we'll get approval there for the ExCo to remit it to formal session of Legislative Council, so thank you for that, we are in process of finalizing those documents.

Councillor Nigel Dollery –

Very satisfying to hear, very satisfying. Not everything in life is nice.

Mrs Ethel Yon –

No, that one is nice.

Councillor Nigel Dollery –

That one is very nice. Why is the Chief Auditor's report omitted from the annual report and accounts laid before LegCo under Sessional Paper 1/16?

Mr Jeremy Harris –

It must have been an oversight on my part and I apologise.

Councillor Nigel Dollery –

Noted, noted. Thank you.

Mrs Ethel Yon –

But that document would have been sent to the Castle, would it not, Jeremy, that document would have been sent to the Financial Secretary?

Mr Jeremy Harris –

We maybe forgot to [...?....]

Councillor Nigel Dollery –

Assemble it in the right way.

Mrs Ethel Yon –

Alright, sorry.

Councillor Nigel Dollery –

That's fine, you've dealt with the matter, I'm sure.

Chairman –

I thought it was laid on the table though, it doesn't become a public document, so this is important [.....?....]

Councillor Nigel Dollery –

It does matter, yeah. Content?

Chairman –

Yeah.

Councillor Nigel Dollery –

In the Management Letter to the Trust Council the Chief Auditor reports that of the eleven previous recommendations, two were closed, six had been partially implemented and three remain outstanding, in addition there are new recommendations made this year. We know this is a process which is ongoing and it's a very specialized sort of thing that's got to be done, yeah? Are you confident that you have the internal capacity necessary to complete the implementation of these recommendations?

Mr Jeremy Harris –

In short, yes, by way of an update, actually a small correction, there were actually, there is a numbering error in the Management Letter, there were actually ten carried over recommendations.

Councillor Nigel Dollery –

Right.

Mr Jeremy Harris –

So of the two recommendations for the current year, both have been closed, of the ten outstanding, seven have been closed and three are in the process and close to being ...?....

Councillor Nigel Dollery –

Good, satisfying to hear. How do you notify the Trust Council of the progress being made in these areas, because presumably they would take an oversight on anything which comes up on audit?

Mr Jeremy Harris –

Well, we have a monthly meeting and all policy, strategy matters go before the Council, have a proper agenda and so, yes, every month we meet and so, you know, the Director deal mostly with the operational matters, implementing the policies and strategies of the Trust Council that's the body we refer all policy, strategy to.

Councillor Nigel Dollery –

Right, so it's a standing item effectively on your agenda?

Mrs Ethel Yon –

It is a, we have it regularly.

Councillor Nigel Dollery –

Fair enough, nice way to handle it. Slightly differently, what's the process for recruiting staff to the National Trust, who makes the appointments?

Mrs Ethel Yon –

That's something we're looking at now, but go on Jeremy, you can say what is the current practice.

Mr Jeremy Harris –

We've recently realised that actually the Ordinance requires the National Trust Council to make appointments. The previous way we've been doing it is actually dealing with it [...?....] However, very often on the panel for interview we have a Trust Council representative, largely because we don't [...?....] administrative team or the Trust to be large enough to cover recruitment, so the standard process is to advertise for two weeks in the local papers, a panel will then review applications and short list for interview, candidates will be invited to interview, they'll be scored, a decision will be made by the panel and then letters of rejection will be [...?....]

Councillor Nigel Dollery –

So you're aware that there is a real need for making sure we follow due process?

Mr Jeremy Harris –

We are aware of it, yeah. Again, I think this highlights the fact that the Ordinance was written when the National Trust was effectively one person [.....?....] we now have twenty-one full-time paid staff and it's just not particularly reasonable to ask our Council to manage recruitments.

Councillor Nigel Dollery –

No, and I can understand why you feel that the documentation needs formalizing.

Mrs Ethel Yon –

Yes.

Councillor Nigel Dollery –

Yes. Thank you very much.

Chairman –

Right, does anyone else have any questions?

Mr Stedson Francis –

Yes, do you have a limit on the number of full-time, full paid staff that you can employ?

Mr Jeremy Harris –

We have no official limit as I understand it.

Mr Stedson Francis –

Depending on the funding that you have to spend I suppose?

Mr Jeremy Harris –

It always depends on funds and the majority of our staff of the project [...?...] on short-term contracts.

Mr Stedson Francis –

Are these posts advertised locally as well as abroad?

Mr Jeremy Harris –

Yes, all posts are advertised locally as well as abroad, except for highly specialized posts, so, for example, recently we have a Darwin Project that's managing the Spiky Yellow Woodlouse up on High Peak, unexpectedly the Project Manager resigned and so we had to fill the post with a year left to run on the project, it's a very specialist job requiring isopod knowledge and knowledge of ideally woodlouse ecology and so we advertised that job on environmentjobs.co.uk as opposed to [...?....] we did advertise locally too.

Mr Stedson Francis –

Do you have any staff that comes in from abroad who work voluntarily?

Mr Jeremy Harris –

We have one volunteer, one international volunteer [...?...]

Mr Stedson Francis –

And you only pay for accommodation and travel, perhaps?

Mr Jeremy Harris –

Yes, in exchange for four days work for the National Trust we provide accommodation at Cole's Courtyard in Jamestown and we provide a £50.00 monthly contribution or stipend.

Mr Stedson Francis –

Thank you, Mr Chairman.

Chairman –

Thank you very much. Thank you, Mrs Yon, Mr Harris, Mrs Johnson and Mrs Coleman, thank you all very much.

Mrs Ethel Yon –

Thank you.

Chairman –

We will now go on to the next programme of business, which is the St Helena Hotel Development Limited and we would ask the Accounting Officers to please come to the table.

4. St Helena Hotel Development Limited Accounts 2014/15

Chairman –

Before I ask you to introduce yourselves, I'll take the opportunity, because it's so nice to see so many people coming in now, but those who recently came in, if you have a mobile phone and it's switched on would you please switch it off, we had a report earlier on that there was interference from a mobile phone, so thank you for that.

So here we are then, St Helena Hotel Development Ltd Accounts 2014/2015, first of all can I ask you to introduce yourselves before we go into the questions?

Mrs Susan O'Bey (Director) –

I'm Susan O'Bey and I'm a Director in SHHD.

Mr Dax Richards –

My name is Dax Richards and I'm a Director also of the St Helena Hotel Development Ltd.

Mr Paul McGinnety –

I'm Paul McGinnety, I'm also a Director.

Chairman –

Thank you all very much. Right, I understand Honourable Tony Duncan that you have a question that you may want to ask?

Councillor Tony Duncan –

Yes, the accounts report the performance for the first year of operation of the company and whilst some contractual obligations have been made no significant expenditure has been incurred, what is the current status of the hotel project as another year has passed by and to the public no tangible development has yet taken place?

Mrs Susan O'Bey –

Thank you, Mr Duncan. Members will be aware that we've recently issued a Press Release, the state of play at the moment is that we've recently advertised for expressions of interest, we're going through a procurement process and we have identified a preferred contractor for the next phase of the hotel project which is construction. If I can step back a little bit, we were originally in negotiations with Basil Read Ltd to provide construction services for the hotel, unfortunately we decided not to continue with those negotiations as the price that was quoted at the time was above the price, or above the sum that we'd identified for this particular project. We've had a rather lengthy process in terms of planning, members will be aware that we submitted our planning application last year which encountered some difficulties, it was then resubmitted and we in August last year achieved conditional planning approval. Following that, as I said, we were in a period of negotiation with Basil Read, which we then drew to a close at the end of last year. In January this year we advertised for expressions of interest for a contractor, we were very fortunate in that we've attracted some interest, the gentleman representing that company, Aveng Grinaker, arrived on the island in April for two days on the Comair implementation flight and held some very successful meetings with the local contractors and also with other stakeholders, so at the moment the state of play is that we're awaiting the outcome of the final contract price, we

have had some interest expressed from local construction companies in participating in the project, certainly in participating in the early works elements of this particular phase and we're hopeful that once we have secured funding for the hotel that that work will be able to start by the end of this month.

Chairman –

That's very good to hear. Did you say the gentleman you mentioned earlier, has he already arrived?

Mrs Susan O'Bey –

Yes, he arrived on the implementation flight and he was here for two days, two and a half days.

Chairman –

Mr Duncan?

Councillor Tony Duncan –

Yes, I'm going to ask another question, Mr Chairman, you can rule if I'm out of order? Now that the hotel has been delayed by a further year, can you give an indication how much extra this will cost?

Mr Dax Richards –

There's no indication at this point in time as to what the additional costs will be as a result of any delays to the implementation of the actual hotel project. As Susan has mentioned previously, we had a contractor that, we had a predetermined budget which we set back at the start of the project, that budget hasn't changed and the indicative pricing that we received through the tender process came in within that indicative budget that we originally set.

Councillor Tony Duncan –

Thank you for that information. What is the target timeline for the development of the hotel through its various stages?

Mrs Susan O'Bey –

We're looking at, as I said, we're hopeful that we can start the early works package at the end of May which will be to prepare the buildings for the construction, all being well if we're able to sign a contract with the preferred tenderer, then we're looking at the actual construction starting at the end of June. Of course, that will very much depend on access to the island and whether we're able to get personnel here. The fortunate thing is that the visit of the contractor, the representative of the preferred contractor, indicated or found that the local resources available were far more than he had anticipated and so therefore we're anticipating that a lot of the workers for this particular project can be sourced locally.

Councillor Tony Duncan –

Thank you for that and it's good to know that we do have people on the island who can perform that kind of work, that is very good. What was expected to be achieved by the company in Year 1, 2014/15 and Year 2, 2015/16?

Mrs Susan O’Bey –

Certainly in Year 1 we were still developing concept designs, sorry, we had developed concept designs and we were then looking to turn those designs into detailed designs. We also during Year 1 did quite a large campaign, if you like, in terms of publicity, we had a couple of open days which we held where members of the public were invited and at that stage as well we also identified, we also carried out a structural survey, because it had been highlighted that there potentially could be concerns with old buildings and its structure, we carried out a Heritage Impact Assessment at that time as well which fed directly into the detailed design process. We’ve had several consultations with key stakeholders, including neighbours in close proximity to the project itself, but Year 1 has very much been about preparatory work, planning and turning the initial concept designs into detailed designs. Year 2 we had hoped that we would have been able to move towards construction, unfortunately, as I indicated, when the plans were submitted there were several holdups which were beyond our control, we’ve also had the very long process of being able to determine what we consider to be a reasonable price or affordable price for the actual construction, so that took up the majority of Year 2.

Mr Dax Richards –

And if I can just add to that, in addition to that we also carried out procurement for the hotel operator. As you know also the Mantis Collection were appointed as our preferred contractor for the hotel operations so in addition to the activities around securing the construction contract for the hotel we also had an agreement in principle with Mantis to take on the role as the hotel operator.

Mrs Susan O’Bey –

And if I can add to that, members will recall that one of the desires, if you like, when this project was instigated was that we would be able to attract a well known hotel brand in order to be able to operate the hotel and Mantis as you know have had a long-standing interest in the island going back as far as pre-2005 so we were very pleased to be able to secure them.

Councillor Tony Duncan –

Thank you for that. Now this one here is mostly for the public, is the hotel development on target or has it slipped behind?

Mrs Susan O’Bey –

I think from everything we’ve said to date it is very clear that it has slipped, we had hoped that the hotel would have been built to coincide roughly with the planned opening of the airport, for various reasons that hasn’t happened and so we’re looking now at construction, all things being well, if construction is able to start at the end of June this year then we’d hope that within a year, certainly by July 2017 we’d hope that the hotel would be up and ready for the grand opening.

Councillor Tony Duncan –

Thank you for that.

Chairman –

Now, before you go on to some other questions I know you might want to ask, Honourable Tony Duncan, Mr Richards you mentioned earlier a predetermined budget, also and indicative budget, what is the comparison?

Mr Dax Richards –

In terms of the predetermined budget, so obviously when you're considering the financial viability of any operation you have to look at, take into consideration the construction costs and also the potential operating costs that will be associated with that project. In addition to that revenues play a very big part so we've made some assumptions around what those revenues will be, what the room rates are likely to be, what the occupancy levels are going to be, so when you look at that and you model all that through you need to come up with a figure in which it's going to be a maximum budget available for you in terms of the construction of this hotel, within those parameters, so in our case we had a predetermined budget which we gave an indication of what that was going to be so the contractors could price accordingly in accordance with that budget.

Chairman –

Thank you. Are you able to give any kind of figures at all?

Mrs Susan O'Bey –

We're going through a procurement process at the moment and it might be premature to make figures publicly available, however, certainly we could furnish members with an indication of the sort of range that we're looking at.

Chairman –

Thank you, I respect that. Mr Duncan?

Councillor Tony Duncan –

Note 13 to the accounts record a letter of intent being signed for the design, build and fit out of 1, 2 and 3 Main Street, the accounts record in Note 13 contractual obligations with Basil Read for up £224,665, what is the nature of this contract?

Mr Dax Richards –

So, as was mentioned previously, this was, the letter of intent covered the, initially the design, the detailed design phase of the hotel project, that included preliminary designs, coming up with detailed designs, putting forward building regulations as well that will be applicable to this project and that was for the total sum of £224,000.

Mr Paul McGinnety –

Just to add to that, those, although as Susan has alluded to, we haven't taken the option to work with Basil Read further on this project, however those designs belong to the company and those will be the designs which we'll work with local contractors and our overseas preferred provider to develop the hotel, so that investment hasn't gone astray, that will be the plans that we work to in terms of building regulations and the overall design of the hotel.

Councillor Tony Duncan –

Thank you. What procurement process has been applied to the build and fit out phases of the project?

Mrs Susan O’Bey –

The company has its own procurement process and policy which is largely based on SHG and Enterprise St Helena policies, simply because they were obviously the two key stakeholders in this project. We agreed those policies and so that is what we’re following which is open procurement, international and local adverts and generally going through a very similar process there.

Councillor Tony Duncan –

Thank you. Have these contracts been tendered in the open market and advertised internationally?

Mrs Susan O’Bey –

Yes, in all cases they’ve been advertised both locally and internationally.

Councillor Tony Duncan –

Okay, thank you. What technical support has been engaged by the Directors for managing the procurement process?

Mrs Susan O’Bey –

We procured the services of a firm, GIC Ltd, which is a London-based firm, members might recall that they’ve supported the island in other activities, the Directors of that firm are Eric Arnold and Aaron Cronin and they’ve had a long association with the island and know the island well and they supported the procurement process for the hotel management agreement contract. We’ve also procured legal services as well to advise the company on contractual details.

Councillor Tony Duncan –

Thank you for that. I can ask this question although I believe you’ve already answered, but it’s for the public, has the company decided which contractor will be engaged for the build and fit out of the hotel? What contract values have been agreed for these stages of the project?

Mr Paul McGinnety –

As Susan alluded to, we do have a preferred provider who came to the island last month, the intention certainly from the company is to use as many local staff as possible, there’s a number of benefits to that and one of them obviously is everything we don’t have to import to the island will be a saving for the project, that work’s ongoing, we had a really good response from local contractors who came with a whole array of skills, that’s now back in South Africa looking at how we can marry up a local expertise to deliver on the ground, because obviously, as I’ve already alluded, the least people that we have to bring in, especially with some of the logistic issues that we have at the moment, is the better all round, so in terms of the contracts being awarded, that will be down to the capability in

what's available on island and that will be worked out through the overarching project brief which the preferred provider will engage on.

Councillor Tony Duncan –

Right, thank you for those explanations.

Chairman –

And thank you all very much, but are there any further questions from anyone?

Mr Stedson Francis –

Would you care to confirm whether that contractor is South African or otherwise?

Mr Dax Richards –

Yes, they are South African.

Mr Paul McGinnety –

The preferred provider is, yes.

Chairman –

Alright, that brings us to the end of the business of looking at the accounts.....

Mr Phil Sharman (Chief Auditor and Adviser to PAC) –

I don't think it does, Chairman, if I could just draw Members to the subsequent questions you have.....

Chairman –

Oh yes, we have.

Mr Phil Sharman –

Questions 3 and 4, starting with you, Chair.

Chairman –

Okay, so can we kick off on this one then, in fact it is for myself, left my piece of paper at home apparently. Alright, so Note 13 to the accounts record a contractual agreement with Mantis Development for the provision of professional services, what is the nature of the professional services contract?

Mr Dax Richards –

The nature of this professional services contract are, effectively they are project managing this contract on behalf of St Helena Hotel Development Ltd so whilst they're also having an input in terms of dealing directly with Basil Read on the design phases of the project they've also got a number of other technical skills available in terms of quantity surveying and various other skills that are being used to get to the predetermined budget that we've discussed previously as well, so there's been a number of checks and balances with them negotiating directly on behalf of St Helena Hotel Development Ltd.

Chairman –

Okay, does it include then the management of the construction and fit out phases of the project?

Mr Dax Richards –

Yes, it will do.

Mrs Susan O’Bey –

And members will be aware that we do have a representative of Mantis on the island now, Mr Graham Vass, who is a senior consultant with Mantis and he will be overseeing the construction and also the fit out and the pre-opening of the hotel.

Chairman –

Beyond these professional services, what contractual agreement has been reached with Mantis Development for the operation of the hotel over the longer term?

Mr Dax Richards –

It’s not Mantis Development who has the contract for the management of the hotel over the longer term, it’s actually the Mantis Collection, which is another arm of the group that are actually dealing with the hotel management.

Chairman –

Mantis Collection?

Mr Dax Richards –

Yes.

Mrs Susan O’Bey –

And we’re in the process of finalizing a hotel management agreement. As members will be aware we indicated last year that they were our preferred management, they’d expressed an interest and they were the preferred operators and what we’re doing now is finalizing the management agreement so that we have it in place before construction starts and so that Mantis can then feed into the actual construction phase.

Chairman –

So how will the operating phase of the contract be structured and over what period?

Mrs Susan O’Bey –

It’s structured, obviously there’s the pre-opening phase where we’ll need the expertise of Mantis in terms of determining the fit out and setting up the policies and the various training required as part of the opening, including the marketing and then of course we have an operating period which we’re negotiating in terms of timing at the moment which will take us through to beyond pre-opening and into actual operation.

Chairman –

What does the operating contract contain with regard to hotel staffing and understudying arrangements?

Mrs Susan O'Bey –

We would hope that, well, the idea is that we would be looking for largely a local complement of staffing, in fact, Mr Graham Vass has indicated on radio actually as well that we would expect almost a hundred percent, potentially there might be one member of staff from Mantis that will be sourced offshore and that could potentially be the Chef, but the intention always was that there would be a developmental element to the hotel project once it's up and running and I'll ask my colleague, Paul, to elaborate a little further on that.

Mr Paul McGinnety –

Certainly, early indications would be looking at a staffing base of around thirty local staff, I think it's very important to consider the secondary spend, obviously there's going to be opportunities within the supply chain in terms of agriculture, in terms of local services, so we would see this project as being a catalyst to wider economic development, wider opportunity for the private sector to tap into, certainly Mantis are very committed to using local products wherever possible and that's certainly a mantra that all of the Directors fully support is having a truly St Helenian experience when people come to stay on this island, so that's not just about the thirty people who'll be employed, I think really when you look at this project the tentacles reach out far further in terms of helping the local economy.

Chairman –

Alright. What particular clauses are there within the operating contract regarding for local engagement and training of staff?

Mrs Susan O'Bey –

There are clauses within the contract relating to that, yes, and this is why we've reached the stage where we're at now in terms of determining that the majority of staffing will be local.

Chairman –

Is that the maximum?

Mrs Susan O'Bey –

That's basically the full complement of the permanent staff, yes.

Chairman –

Now, Note 9 records a working capital loan of £100,000 from ESH for a period of three years and in Note 10 share capital of £1.00 held by SHG, what is the total estimated cost of the project to include design, build and fit out ready for operation?

Mr Dax Richards –

If I can tackle those questions separately. So, yes, we have a working capital loan with Enterprise St Helena, it's just been fully drawn down very recently in terms of some of the outgoing costs associated with the technical services that we mentioned before performed by Mantis Development, in terms of the actual share capital SHG is the hundred percent shareholder for the St Helena Hotel Development Ltd, going forward in the future when SHG does want to actually get out of the hotel business because it's not a core function of SHG then we'll have to relook at the structure again as to how is best that we go along and exit

this project when it's suitable to do so. In terms of the overall cost of the project, again, because we're going through a procurement process at this point in time I'm very reluctant just to say what the overall cost is going to be, just because it will be fairly easy to articulate from that what the bill cost is likely to be which could jeopardize the procurement process.

Chairman –

Okay. Did you say who is the sole shareholder? Did you say it was SHG?

Mr Dax Richards –

SHG is the sole shareholder.

Chairman –

Sole shareholder?

Mr Dax Richards –

Yes.

Chairman –

And that's the way it will be financed?

Mr Dax Richards –

No, the shareholder and the financing are slightly different.

Chairman –

How will this total cost be financed?

Mr Dax Richards –

At present we're looking for support from the St Helena Government in terms of equity and then in addition to that there will be financing requested from the Bank of St Helena.

Chairman –

Alright. How will SHG mitigate the capital risk involved in this project?

Mr Dax Richards –

I think that's a question for SHG rather than for the Directors of the Hotel Company.

Chairman –

Question for SHG. Thank you for that. SHG you say is the sole shareholder of SHHDL, what are the intentions of SHG upon completion of the design, build and fit out?

Mr Dax Richards –

As I mentioned that time previously, we do not see that SHG want to be in the hotel business for the foreseeable future, it was a necessary intervention at this time to be able to get a hotel operating on the island in the advent of air access, it is the wish of the Council to actually try to exit this market as soon as possible and practical to do so.

Chairman –

Alright, thank you for that. Any other further questions?

Mr Stedson Francis –

Yes, just one, do you have any people queuing up to book in the hotel yet?

Mr Dax Richards –

We've had a number of enquiries already, yes.

Chairman –

Mrs O'Bey, Mr Richards, Mr McGinnety, thank you very much.

Mrs O'Bey, Mr Richards, Mr McGinnety –

Thank you very much.

Chairman –

Alright, the last item of business for today is the St Helena Fisheries Corporation and Saint Marine Resources Ltd public accounts. They are walking through the door at the moment, could I ask you to come directly to the table, please?

5. St Helena Fisheries Corporation and Saint Marine Resources Ltd

Chairman –

Thank you very much, could I ask you all now then to introduce yourselves?

Mr Lawson Henry –

Lawson Henry, Acting Chairman of the Fisheries Corporation.

Mr Terry Richards –

Terry Richards, General Manager.

Ms Jackie Williams –

Jackie Williams, Finance Manager.

Mr Robert Midwinter –

Robert Midwinter, former Director of Saint Marine Resources Ltd.

Chairman –

Alright, thank you very much and we have some questions that we'd like to ask you, first of all can I turn to the Honourable Nigel Dollery.

Councillor Nigel Dollery –

The accounts for 2014/15 show the total sales for the year were £223k, almost doubled from the low point of 2013/14, but this was still below budget by some £463k. The total fish landings at 250 tonnes were more than double the 2013/14 level but still well below the target of 800 tonnes, I would hope you agree those are just statements of fact?

Mr Terry Richards (General Manager, SHFC) –

That was correct. In hindsight it was probably too optimistic, but the 409 tonnes of that was based on average landings over the past five years and with the addition of the Extractor and the Amalia we were hoping that they would pick up a further 20 tonnes a month between them. Unfortunately the Extractor was laid up from April to October due to a contractual arrangement with the crew and the other boats, which was two more smaller boats working offshore, didn't actually make the number of trips envisaged at that time.

Councillor Nigel Dollery –

When you set your budgets do you set tonnage by ship or just a total tonnage?

Mr Terry Richards –

It's an average based over like previous five years.

Councillor Nigel Dollery –

Are you in any position to influence the amount of time the vessels spend at sea fishing?

Mr Terry Richards –

No, we're not able to do so.

Councillor Nigel Dollery -

Thank you very much. So there is no contract with a fixed level demand on the fish, the ships for out fishing?

Mr Terry Richards -

No, they're all privately owned vessels.

Councillor Nigel Dollery -

And, I don't want to be unkind, but it sounds like controlling kittens in a bag. Thank you. Are you now satisfied that realistic budgets are being set for the Corporation based upon your performance in 2015/16 and your budget for 2016/17?

Mr Terry Richards -

We're hoping so, but again we're at the mercy of the resource and effort. I mean, if the number of boats don't put in the time out there then we are likely to come up short again against the budget, but the budget is set at 500 tonnes for this current financial year.

Councillor Nigel Dollery -

And based on your experience, do you think that's a reasonable figure or is it...?

Mr Terry Richards -

It's reasonable in that the local fleet were able to land that much without the addition of the offshore fleet.

Councillor Nigel Dollery -

Fair enough.

Mr Lawson Henry (Acting Chairman) -

Can I just also say, Councillor that you'll be aware that the Corporation has also taken over the fish processing plant. Government had to make, as you know, an intervention there, it is not something that the Government wants to stay in, but we did it because there is so much potential at this moment in time in the offshore fisheries. What we're trying to do now is the Corporation is to create a partnership between the Fisheries and the fishermen themselves, to breach that gap that you refer to as kittens in a bag. This is historical, we want to bring it up to a better business level so's they understand what is required to run the plant and likewise we understand better what their requirements is now. Government has also supported those fishermen with a fuel exemption on duty, they've invested in the plant to try and bring this up and we're going to bring or try to recruit a business manager to support these activities going forward so's that we get it on a stronger business level because it is the view of SHG that they can't stay in the fish processing business, we want to get it to a stage that it will attract private investment or a private operator.

Councillor Nigel Dollery -

Cold bloodedly that will not happen unless your fishermen go out and fish.

Mr Terry Richards -

That's correct. We need to try and incentivize them to, and the only way you can do it is to increase the price of fish, but, I mean, you got to look at the economics of the whole industry to be able to do so.

Councillor Nigel Dollery –

Yes, because we pay out more to them, there's less for you and profit, and for the company itself.

Mr Terry Richards –

Yes, we are looking now to try and increase the value of our exports and we have quite a few organizations looking to see if they can help us, that's the IP&LF, our commercial advisers for the island and also a few more organizations to see if they can help to push our prices up. Everybody's saying that we've got good quality, but nobody wants to pay, increase the price.

Councillor Tony Duncan –

Have you, as the Fisheries Corporation, sat down with the four owners of these vessels and discussed how much you really need and tried to find a way to encourage them to go fishing, to go out more rather than having the boats sat in the harbor out there?

Mr Lawson Henry –

Well, we've been having dialogue with the fishermen through their Association, bearing in mind at this moment in time the larger of the boats is not part of that Association, so this is a historical thing that it will take time to work through to be able to bring it up to the partnership level that we work in this sort of a partnership atmosphere, that takes time.

Councillor Tony Duncan -

I understand what you're saying, Lawson, but if you said these four people is not in the Fishermen's Association, would it not....

Mr Lawson Henry –

No, I did not say that, I said one of them is not.

Councillor Tony Duncan –

One of them?

Mr Lawson Henry –

Yes.

Councillor Tony Duncan –

Oh, okay, so I don't need to ask the question then.

Councillor Nigel Dollery –

Right. It must be extremely frustrating.....

Mr Terry Richards –

Yes.

Councillor Nigel Dollery –

.... trying to run a fish processing organisation if you cannot get the fish lifted out of the sea. Right, the accounts report a retained loss of £178k and depleted reserves with assets down to £82k and current liability is now exceeding current assets by £48k which must be extremely worrying. The Chief Auditor has again raised an emphasis of matter on the basis of reporting the Fisheries Corporation as a going concern. You are running a business which you have no control over the amount of raw material you have, is that clear?

Mr Terry Richards –

.....?..., yes.

Councillor Nigel Dollery –

Thank you. Has a forward business and financial plan been developed by the Corporation for 2016/17?

Mr Terry Richards –

Yes, we have a plan developed up to 2018.

Councillor Nigel Dollery –

Right, and has that been approved by your Board?

Mr Terry Richards –

The 2016/17 has been approved, the 2017/18 was also forwarded to members at the same time.

Councillor Nigel Dollery –

Right, so they're all aware of it?

Mr Terry Richards –

Yes.

Councillor Nigel Dollery –

Because cash is tight the bit I'm going to talk about now must be more important, how far ahead are you forecasting your trading account and cash flows?

Mr Terry Richards –

Up to March 2018.

Councillor Nigel Dollery –

And you track them very carefully, presumably?

Mr Terry Richards –

Yes, monthly.

Councillor Nigel Dollery –

Monthly. Do you operate a rolling process so as a month passes you shove a month or two back on the end of your cycle so that you're always updating, a constant process of updating as?

Mr Terry Richards –

That is correct, yes.

Councillor Nigel Dollery –

And it is happening?

Mr Terry Richards –

Yes, especially with our cash flow, in fact, we're updating weekly with the cash flow.

Councillor Nigel Dollery –

With the situation that you're describing I'm not at all surprised. A bit unfair this last question after what you've just said there. Are you confident that your cash balances and overdraft facility are sufficient to meet your working capital requirements, my question as written say, over the next twelve months?

Mr Terry Richards –

We don't have that overdraft at the moment, but we are requesting one, we're just waiting on assets to be able to finance the overdraft, put it up as collateral. It will depend on how the catches go, I mean, currently, last month we were ahead of budget by 7 tonnes, we budgeted 40 tonnes, we had 47 tonnes. This month is a little bit less, but still looks to be on par with our budget, but again it will all come down to fish purchases because we got fixed costs in the factory itself which the biggest one is the energy costs which can be as much as like 17k a month that you have to find or, and then you've got the other problem, you can purchase your fish this month, probably export it at the end of the month, but never see payment until two or three month's time, so that's a big delay actually between fish purchases and actual income coming back to the Corporation.

Councillor Nigel Dollery –

Have you been trading in this manner sufficiently long to be content that you will get paid on the due date that they said they would pay you?

Mr Terry Richards –

Well, at the moment we are, I mean, the Corporation has just got back into exporting again so it's been a learning curve for us, but, yes, we are managing to, in fact, increase prices somewhat by having two buyers after our fish, so we are playing one against the other at the moment.

Councillor Nigel Dollery –

And you are receiving the payments on due date without any problems?

Mr Terry Richards –

Yes.

Councillor Nigel Dollery –
Right, thank you.

Chairman –
With regards to total fish landings at 250 tonnes were more than double the 2013/14 level but still below the target of 800 tonnes, but you now say it's 500 tonnes, how does that impact against quotas?

Mr Terry Richards –
There is, I mean the quota, what we have for the island is 2500 tonnes of Tuna, well, 2600 of Tuna alone.

Chairman –
2600 tonnes of Tuna but in a year?

Mr Terry Richards –
Yeah.

Chairman –
And you're only managing 250, so with regards to quotas then from ICAT is it?

Mr Terry Richards –
Yes.

Chairman –
How certain are you that you can hold on to those?

Mr Terry Richards –
Well, the quota arrangement is for all of the OTs within the Atlantic, but we are the only ones that actually fishing the quota at present.

Chairman –
Alright, thank you for that.

Councillor Nigel Dollery –
I was going to ask a question at that point on that very area. If you don't catch fish and you do not process fish and that happens, you're the only one who's doing it in this area, and that happens for the next two years, what will happen to your quota?

Mr Terry Richards –
The quota will still remain as.....

Councillor Nigel Dollery –
It will still be fixed?

Mr Terry Richards –
Yes, it still will remain fixed because it's more than one OT involved, it's for all of the OTs.

Councillor Nigel Dollery –

So it's just in case the other OTs start pulling Tuna?

Mr Terry Richards –

Yes.

Councillor Nigel Dollery –

Right, thank you.

Chairman –

Alright, Mr Francis, you say you might have a question?

Mr Stedson Francis –

Thank you, Mr Chairman. The accounts report that the Corporation agreed to sell its shareholding in the Saint Marine Resources Limited to £115k, can you advise what is the current situation with regard to the SMRL share transfer?

Mr Terry Richards –

Yes, 43% of those shares have been paid for and the balance is due at the end of this month at the latest. What it is dependent on is we were waiting on lifting gear from South Africa.....

Mr Stedson Francis –

That was going to be my next question.

Mr Terry Richards –

It has finally arrived, in fact, it did arrive in February, unfortunately Extractor went off to do a policing role on Ascension and we are currently looking at probably trying that trial of tomorrow. Basically, as long as the crane can lift the vessel to the height of the wharf then we will get paid.

Mr Stedson Francis –

And the final payment will be paid by the purchaser if you can get it on the wharf?

Mr Terry Richards –

Yes.

Mr Stedson Francis –

And can I ask how will the Corporation use the cash proceeds from the sale?

Mr Terry Richards –

Well, we have some outstanding creditors to pay, including SHG, so the bulk of it will be paying off creditors.

Mr Stedson Francis –

Okay. The accounts report that SHG purchased the Cold Store and Plant from Argos and the Fisheries Corporation and took over operations on 1st November last year. It was also noted that the SHG budget for 2016/17 approved a subsidy of £120k for the Corporation; can I ask what impact will the Cold Store have on the anticipated financial performance of the Fisheries Corporation during 16/17?

Mr Terry Richards –

Maybe er, can you rephrase that question, I just can't pick up what you're.....

Mr Stedson Francis –

The question was what impact would the Cold Store have on the anticipated financial performance of the Fisheries Corporation during 2016/17 based on current projections, will the subsidy be sufficient to maintain solvency of the Corporation? Will the financial performance, will the subsidy be enough to carry the Corporation through?

Mr Terry Richards –

Based on our current projection, yes, it does look good, but I still think it will need to be backed up by working capital in the event that payments between export shipments is like two, three months, it is likely that we will need a requirement for working capital which we will probably try and get from the Bank of St Helena, but we will need collateral put up to be able to get that overdraft facility.

Mr Stedson Francis –

Right. I think Councillor Henry mentioned it earlier, but can I just ask again what's the progress on securing a Business Manager to develop the commercial operations of the Corporation?

Mr Lawson Henry –

We're going through a short-listing process now.

Mr Stedson Francis –

Thank you, thank you, Mr Chairman.

Councillor Tony Duncan –

Can I say something, Mr Chairman?

Chairman –

Yes, you may.

Councillor Tony Duncan –

It's for the public's, for the public and myself, what do you mean that the Extractor got to be lifted and the final payment be by the purchaser will be made, can you enlighten us, you know, to me, lifted, that don't mean anything and I expect to the public also?

Mr Terry Richards –

Under the latest agreement, the final payment will be made once the Extractor can be lifted on the wharf. Now, we were waiting on the lifting gear for a long time, ever since last year, finally it came in in February, end of February I think it was, towards the end of February and then the Extractor went off on a contract with the Ascension Island Government on Ascension in a policing role and didn't return until the middle of March, no, sorry, it was the beginning of April when she came back and the whole issue now is whether that crane can actually lift her over the height of the wharf wall, if that can be done then we will get our payment.

Councillor Tony Duncan –

So, okay, that's....

Chairman –

And if it can't be lifted?

Mr Terry Richards –

They won't pay us until, we'll have to re-negotiate, but that's the agreement.

Councillor Tony Duncan –

Okay, thank you for that explanation.

Chairman –

Note 5 to the accounts show monies held as deferred income and Note 10 shows Government grants received by the Corporation. In 2013/14 the Corporation received a grant of £16,500 from ESH for the construction of fish aggregating devices, an amount of £15,000 remains on account. When will this earmarked funding be utilized and how will the Corporation go about the construction and deployment of the FADS?

Mr Terry Richards –

That's currently under negotiation at the moment, Mr Chairman, and we are now negotiating because the money should have been spent by 31st March and it did not and we're now re-negotiating with ESH to see if it's still possible to use the funding, otherwise it will be returned back to ESH.

Chairman –

The FADS though are an important element when it comes to fishing?

Mr Terry Richards –

Yes, it is. We had a few problems trying to get people involved in manufacturing and the building of these and the placement, but we finally managed to negotiate a possibility now where we can utilize them. There was quite a bit of, what shall I say, from the Fishermen's Association, they were a bit worried that putting these FADS out in the commercial areas that there would be a lot of uptake by other fishing outfits, such as the pleasure boats, the commercial anglers etc, and they were a bit annoyed that we were going to put them out there, but we've come to some arrangement with them now and hopefully it will be for the use of everybody what we've got planned.

Chairman –

Okay, well, thank you for that. ESH also provided £25k for industry development and to part fund a counterpart General Manager. This balance also remains on account. How does the Corporation intend to use this ESH funding?

Mr Terry Richards –

Again it was another one of those, Mr Chairman, the balance was to be utilized to fund some hydraulics for some longline reels that was recently purchased by ESH for the two small offshore boats, again, there was insufficient monies at that time but we have now come to an arrangement with the local boats what they would like and, again, it's going back to ESH to be re-negotiated.

Chairman –

Okay. Now, I know we're looking at accounts for 2014/15, but with regards to van sales, they are no longer in place and fish is being sold through the shops and other outlets, how is that working?

Mr Terry Richards –

It's progressing very well, Mr Chairman, we're basically on par with what we were doing before and in some cases we're over. We are still looking to hopefully introduce the van sales sometime soon, there is a couple of entrepreneurs that was interested so we're still waiting to see what happens there.

Chairman –

Fantastic. Well, thank you very much for that and unless there are any other questions, well, we will be able to close on that.....

Councillor Nigel Dollery –

Just one short, simple question.

Chairman –

Yes, please?

Councillor Nigel Dollery –

If the fishermen come in with a large load and they don't sell it to you, does the public market pick it up?

Mr Terry Richards –

Well, under their licence at the moment there is a clause stating that all fish must be offered...

Councillor Nigel Dollery –

To you?

Mr Terry Richards –

...to the Fisheries Corporation, but we have trouble policing that and I understand that it might not be legal, but that's something else that.....you don't know nothing about that?

Mr Lawson Henry –

No. All the fisheries legislation is being reviewed and I hope that it will be picked through a sub-committee of the Economic Development Committee that's just been set up.

Councillor Nigel Dollery –

Thank you.

Chairman –

Right. So Councillor Lawson Henry, Terry Richards, Jackie Williams and Rob Midwinter, thank you all very much for your time.

Lawson Henry, Terry Richards, Jackie Williams, Rob Midwinter –

Thank you.

Chairman –

That then brings us to the end of the business programmed for today and that's the first day of the Public Accounts Committee meeting that's scrutinizing the public accounts of Enterprise St Helena, St Helena National Trust, St Helena Hotel Development Ltd and St Helena Fisheries Corporation. The PAC or Public Accounts Committee will resume business tomorrow at 09.30 am, the public accounts to be scrutinised are Connect St Helena, St Helena Currency Fund and Defined Contribution Pension Scheme. Thank you the public for investing your time with us listening to the proceedings taking place, it will be broadcast this evening; I understand the first part of it didn't go out very well, but it will go out this evening and I hope you found it interesting. Thank you to the various Accounting Officers who gave evidence and thank you SAMS for your broadcast of the event. Thank you.

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