

Sustainable Economic Development Plan (SEDP) Summary of Comments from the January – February 2018 Consultation

This document outlines the frequently asked questions and comments received during the SEDP consultation period January – February 2018.

1. Could you go about the prioritisation better, plotting the sectors against variables such as timeliness?

Yes, on page 44 we have changed the prioritisation slide to 'Potential to Reduce Trade Imbalance' which plots sectors against time frame (short term and longer term bearing in mind the 10 year SEDP period) and potential to improve trade balance (more and less).

2. Can you quantify how much money each of the sectors could bring in?

The challenge with the last plan was that when forecasted numbers were published e.g. '10,000 tourist visitors', it creates huge disappointment when the forecasts are not correct. In the same way weather forecasts are not always correct, economic forecasts are not perfect either – external changes such as global politics, scientific discoveries, business and consumer confidence, popular culture, and international migration have effects on market demand, supply, and funding sources.

It would therefore be sensible to learn from this, and not publish numerical estimates on growth. It doesn't mean we shouldn't have estimates of growth, but publishing any makes it harder to reinforce that published numbers are estimates and not actuals; and it must be understood that estimates change all the time as better information comes to the fore.

Within the 'Indicator Data' slide 47, we have included statistics on existing revenues per sector. The speed at which a sector flourishes depends upon factors such as the capital availability of the investor and the timing of their processes. Each business investor and each sector will move forward at differing speeds.

The overarching target, however, is to bridge the gap between money leaving and entering St Helena, and the Indicator Data is there to track progress against that target.

3. Do we have the required labour force to support economic development?

We need a more comprehensive understanding of skills and skills shortages on St Helena. Enterprise St Helena (ESH) and St Helena Government's (SHG) Statistics team are planning a Business Labour Survey in 2018 which will sample businesses, to take stock of skills and skills shortages. This will supplement the Saints Overseas survey which queries Saints willingness to return home, and the skills they may be able to provide.

Despite this, labour is scarce and therefore many processes could benefit from mechanisation (the use of machines rather than labour), where this is possible and cost effective.

4. Where is information on how to go about investing in the Island such as where to seek land?

Enterprise St Helena is the first stop shop for investment – they will be able to help navigate the processes and opportunities on St Helena. It should also be noted that the Investment Strategy and Land Development Control Plan is being reviewed; the former in light of the new SEDP.

5. Is there too much focus on export led growth?

It looks like the focus is there because of the chapter order, although this doesn't mean that exports are more important than import substitution. Import substitution is important to reduce the amount of money leaving St Helena each year.

6. Is St Helena Government going to invest and do business in all of these sectors?

The private sector will always drive the delivery of economic prosperity. St Helena Government's role is to provide resources and remove barriers to growth. That is why the chapters within the SEDP focus on potential

risks/barriers to growth and what actions are needed to remove those barriers. Within each chapters business opportunities for the private sector are represented and additionally, within the final SEDP another slide has been added which summarises further 'opportunities for entrepreneurs'.

7. It is unclear from where the risks to growth in the individual sector analyses are derived. Are they perceived or actual, present now or likely to be in the future?

The risks identified were by members of the private sector on St Helena during the original stakeholder engagement exercise in June-September 2017.

8. How will the SEDP be delivered?

An implementation plan is being developed which allocates actions, timescales, and costs. The Economic Development Committee intends to carry on this momentum by continuing to bring topics to the fora, encouraging investment and troubleshooting barriers.

The delivery of the SEDP will be programme managed within the Strategic Planning and Policy Unit, within SHG Corporate Services. The public will see a six-monthly update on progress on the actions, which will be available online and at the Library.

Not all of SHG's actions need funding but those which do will be funding through SHG budgets, private-public partnerships or included as part of the 'additional bids' requests for UK Grant in Aid.

9. Why is heritage not included within the SEDP?

Heritage is an important part of development, particularly for tourism, and as a backdrop for local events etc. Heritage, history and the natural environment are some of St Helena's comparative advantages; these are the components which make St Helena special. Therefore, heritage has been included within the final plan.

10. Does the £16m coming into the Island sit in Bank of St Helena or go into the economy?

A proportion of the money is spent (which can also be in the form of bank transfers) and a proportion of the money saved is made available by the Bank for loans. There is more of an incentive to use funds for investment (rather than savings) as a result of relatively low interest rates.

11. Are you spreading too thin and should concentration should focus on a few main sectors?

The SEDP aims to provide something for everyone. The SEDP gives a variety of options for many different people to pick up the parts that they are passionate about. If it didn't, for example if the SEDP prioritised 'tourism' and no longer regarded 'research' as important, we wouldn't see all those working in research, all of a sudden work in tourism. Funding will need to be prioritised, but as it always is as part of the SHG business plan process, where the merits of each venture will be looked at. It wouldn't be a good idea to choose, in advance, which projects would or wouldn't work without the detail available.

12. What incentives such as tax, are there for first time house building?

Availability of affordable housing has been identified as a need to attract working age people to live and work on St Helena, and the issue of availability of land is being taken up as part of the Land Development Control Plan (LDCP) review.

House building brings in a significant amount of imported material to create an asset. The benefit this brings to the economy is one-off construction work, one-off import duty and one-off PAYE. After the house is built and decorated, the contribution that the house makes to the economy is small scale in the form of its occupant's payment for utilities and some maintenance services. There are currently no further tax contributions as Council Tax is not charged on St Helena.

There are currently reduced import duty rates for solar panels and rain water harvesting tanks. There is a drive to release affordable land (as per the new LDCP).

13. What is the level of interest and commitment from SHG/Private Sector in implementing the SEDP?

There has been a huge amount of engagement and the private sector has in effect written this plan together with the Economic Development Committee and SHG Directorates.

14. Who applied the scoring for each area?

The scores were written in draft form based upon the priorities given by the sectors. They are only to help prioritise needs, and the numericals were open to change as part of the consultation process. Some of the scoring changed based upon comments provided.

15. What will happen if recent changes to freight rates cause inflation?

The Statistics Team in SHG are monitoring prices and the Retail Price Index (RPI) is published every quarter. This will help understand the actual effect of freight rates on prices in the shops.

There are a number of price effects this year, which could influence inflation. In April/May 2018 the Government Economist put forward mitigation actions to reduce duty on healthy foods and basic dietary items whilst increasing the Minimum Wage to maintain purchasing power of those with the lowest incomes.

SHG are also working with DFID to make the case for a capital programme budget [to keep deflated sectors busy], and a second flight [to help continue to bring new money to the Island].

16. Do lands know that they need to be prioritising SEDP sectors?

The updated Land Development Control Plan (LDCP) will be provided to the Economic Development Committee (EDC) for comment. The land requirements for SEDP sectors have been sent to the Chief Planning Officer already to incorporate. The ESH representative on the EDC is also part of the LDCP group.

Additionally, a review of the use and management of the agricultural estate is under way and long term letting options, enforcement of letting arrangements and the option of sale of agricultural land will be considered as part of this review. A new agricultural estate management policy will be developed for endorsement by the Economic Development Committee.

17. Can SHG get better value for money through procurement?

SHG is aware of variances within local pricing and are looking at options for improvement. Regarding SHG buying local, all opportunities are open to St Helenians and St Helenian businesses. The challenge is, apart from services provided and bricks/blocks plus quarry materials, that there is not much produced locally at the moment, which can be utilised for procurement projects.

18. Profit repatriation sends money out – there is the warning that overseas investors might not be value for money if this is the case?

An investor which pays tax, uses local resources and reinvests profit is better for St Helena than one who doesn't. The objectives with respect to attracting investors are being looked at as part of the Investment Strategy which is being reviewed in light of the SEDP.

19. What is the relationship between the 10 Year Plan and the SEDP?

The 10 Year Plan is the overarching Strategy for the Island, which covers social, environmental and economic issues. The SEDP focuses purely on economic issues in more detail. For example, the 10 Year Plan has an aspiration of 'reduce poverty and inequality' and the SEDP proposes that to afford to meet these goals we need to increase the Island's wealth, by increasing exports and tourism, substitute imports.

20. What changes have been identified that are needed to the immigration policy to encourage viable export and import substitution industries?

Changes are particularly about speedier responses which can facilitate needs in these sectors.

The following questions related to more specific suggestions and comments:

21. Can SHG should do more to sell things e.g. personalised number plates?

This is a good idea which has been passed onto SHG Finance department and has been included within the SHG Continuous Improvement Log for consideration.

22. Would Aircraft Registry be another good industry? Expensive to set up but possible?

The Airport Contracts Manager, Alan Shaw, also mentioned this at the [EDC meeting in November](#) and the expenses involved were high. EDC encouraged him to develop this idea more, to get an understanding of cost. However, this cost is unlikely to be funded through Grant in Aid. At this time, it was decided not to include this as an opportune sector in the SEDP document because it was likely to be a longer term (>10 year) opportunity. However, the idea can be explored in more detail over the coming years.

23. Could we link the St Helena Pound with a cryptocurrency, and make this available to people abroad to buy as this would be a good earner of foreign currency?

This comment has been passed to the Bank of St Helena for consideration. Should cryptocurrency help St Helenians pay for goods internationally, when on holiday for example, it may have traction.

24. Could there be a lick of paint on the High Street and repairing of signposts?

Enterprise St Helena has a budget for signage. ESH ordered a batch of signposts and these were erected in February 2018. The idea of heritage signs has been taken up by ESH and progress shall be reported on by ESH. More work is needed to address the look of buildings in Jamestown and this point has been included as a risk/mitigation action in the SEDP.

25. Could there be re-enactment centres, regular tours (with guides) around Jamestown, tapping into the slave connection?

There are existing Jamestown tours, but the opportunity to have a re-enactment centre is a good one and has been included within the SEDP on the list of 'opportunities for entrepreneurs'.

26. Can we make it easier to provide internet to tourists within tourist accommodation?

SURE told us that they are currently discussing some solutions in house for potentially having broadband enabled lines so that specific packages can be set up as and when required via email or a method between vendors and SURE.

An interim work around could be purchasing a router which tracks and limits use by IP address (such as a Gargoyle router).

27. There was some innovative thinking in relation to opportunities for health tourism, what potential would it have to reduce the cost of health services for locals?

The potential for Health Tourism on St Helena is rather an unknown and the possibilities will need to be scoped more. There is an action for ESH, alongside the Director of Health to consider options, their benefits and disbenefits.

28. What is the potential for education tourism?

We already have a number of people visiting St Helena, particularly in relation to studying both marine and terrestrial habitats. The Director of Education will be preparing a paper for the Education Committee in 2018 which explores the potential for having a one-stop shop for hosting researchers and those with educational interests.

29. Can we make it easier for tourists to book online?

Since the consultation, new entrepreneurs have offered online booking system/website which take overseas bookings via credit card/PayPal etc. So it is now possible for accommodation and tour providers to offer online booking.

The Bank of St Helena has its own UK account held with Lloyds, however this account is just an international business account setup to accommodate SWIFT services. As well as the remittance service the Bank of St Helena has a Card Not Present service that can be used by merchants.

PayPal and any Online Market option is therefore currently only available for anyone on-Island who has an international account with another bank.

To allow Bank of St Helena to accept international payments on behalf of local merchants in an online market capacity, an acquiring licence with one or more of the major card schemes is needed (e.g. Visa/MasterCard), and at present this feasibility is still very much in its early stages.

30. What is the incentive for ships to register on St Helena?

Red Ensign is the most prestigious registry in the world. As a location St Helena is closer to Africa locations than other registrars and therefore may be more convenient.

31. Could traditional products have 'made on St Helena' labels?

This is a good idea, and the point has been included within the SEDP.

ESH said that this branding used to exist and can be revived. Whilst it would be the responsibility of local producers to ensure that they promote their goods with the branding, ESH can assist with the technical design of the label via existing grants.

Additionally, the Arts & Crafts Association developed a local branding model and label and is currently being used and acknowledges product quality/standard.

32. Whilst National Conservation Areas might be most desirable for filming is there the potential to accidentally destroy protected plants and animals and their habitats?

The environment is a unique selling point, but showcasing it to the world, through film for example, needs to work to conserve it. As part of the film brochure creation process, areas showcased as locations for film would need to be agreed with conservation in mind, and mitigation actions set out in full.

33. Call centres, and all other potential growth areas are dependent on human resources. Is the workforce currently too small to fill these jobs?

On this point the call centre chapter has rolled into the 'work from home' chapter to recognise that much of this may be done on an at-home basis.

34. Would commercial exportation of endemics de-value them?

The section on seedlings and flowers has been removed after discussion with the Economic Development Committee on this issue. The industry could be developed alongside conservation, to bring in a small income, however it is unlikely to be a significant income earner for St Helena.

35. Could there be secondary processing of fish (pate, burgers, hot/cold smoked, canned), meat (burgers, sausages, ham etc.) and vegetables (bottled/canned/chutney/pickle)?

Yes, this kind of offering is likely to be popular on St Helena. We would require an entrepreneur to take this up and if necessary, utilise the grants which ESH offer. This idea has been included within the SEDP in the 'opportunities for entrepreneurs' slide.

36. What is SHG doing about fruit fly, Mynah birds, moths, rats, rabbits and other pests which are a significant barrier to growing fruit, potatoes and other crops?

The Agriculture Team in SHG continues to receive funding to manage invasive species and pests. Since the SEDP consultation, the issue of managing rabbit populations was consulted upon. The Environmental Health section have also been having meetings with groups of farmers to see how an approach can be implemented where farmers have access to rat bait at specific periods to undertake bait setting themselves. The issues with pests are ongoing and actions will continue to be adopted throughout the SEDP plan period.

An agronomist has been bid for in the Revenue Budget and providing advice on growing food whilst managing pests will be part of their remit.

37. Can we encourage the Farmers Association to reunite?

Yes we can, as both SHG and ESH can benefit from a fully functional Association who is being active and instrumental in assisting both entities to develop farming on the Island. Some financial assistance should be given to incentivise a strong Association through remunerating a Chairperson to work on behalf of the Association for 1-2 days per week. It has always been difficult to maintain a key post-holder in the form of a Chairperson from the farming community and so a look outside of the farming community for an appropriate individual might be an option for the future.

38. Is there a real desire to increase agricultural production on-Island?

There has been continuous support for agriculture, e.g. 5% import duties for inputs, water subsidies, funding for technological improvements etc., so yes, agriculture is an important part of import substitution and the support given reflects that.

39. Do we have students studying agriculture at Tertiary level?

Agricultural studies are being offered but there is no demand for them.

Bringing back a vegetable garden, particularly at St Paul's would be possible, as long as budget was there for someone to maintain and to pay for seeds, equipment, water etc.

40. With regards to agricultural produce, what can you do to ensure merchants share risk with producers, and invest in inadequate storage facilities for local produce?

This question was also raised within the Formal Legislative Council Meeting on 19 December 2017. The problem we are dealing with is that imported produce is being bought and sold over and above local produce which is of just as good, if not better, quality. One is to use Government's influence to ensure that retailers buy 'futures'. In other words, rather than paying a company in Cape Town to provide tomatoes in two months' time, the retailer makes a contract with a local provider and pays for the same tonnage of tomatoes to be provided in two months' time. We shall allow the retailers some time to work with us on a solution to the problem before we turn to regulation, such as having a policy to control imported vegetables.

41. Can a fumigation chamber be installed as the risk of pests coming into the Island is great?

A new Darwin project is funding a risk assessment approach for biosecurity. A fumigation chamber would be a significant cost to SHG and so other preventative measures have been implemented as part of SHG's Biosecurity Strategy. This includes much more pre-border work with merchants and suppliers of goods to the Island through phytosanitary (plants and fresh produce etc.) and zoosanitary (animals and animal products and associated equipment for animal production) certification and checks; and greater border checks, monitoring and surveillance.

42. Is producing marijuana for medical purposes viable?

Currently marijuana use is not legal. Therefore growth would only be legal, should there be a successful campaign for legality. A campaign is more likely to be successful if driven by health needs rather than economic development and therefore can be raised with the Public Health Committee.

43. Can you improve the communication between farmers and SHG, as there aren't farm visits anymore? What is the strategic direction?

We do have farm visits by ANRD staff, even though we have a smaller Farmer Support team. Some producers with private land ownership do not wish to have visits by the ANRD team and we respect that and do not visit but communicate by letter if we need to.

Communication is made to the farming community by ANRD and individually with farmers when ANRD and ESH have small holder and business support provision available, and when communication is needed for land tenure arrangements. Communication could be improved if greater numbers of producers joined the Farmers Association and if the Farmers Association continued effectively each year.

There is a 10-year National Agricultural Policy developed with producers and stakeholders, which gives direction for agricultural development and is available from ANRD and the SHG Website. A review of the direction set can be revisited with Elected Members and Farmers Association if they feel this is necessary at any time.

44. Why not subsidise farmers to conserve the environment?

Unfortunately, this wouldn't be affordable through restricted SHG budgets, but there could be a better opportunity to use proceeds from environmental offsetting and funnel them here. This suggestion was passed onto the National Trust.

45. What is SHG's forestry department doing to help timber sales?

The team are taking out and reducing the footprint of Eucalyptus on an annual basis through clearfell and thinning operations and replanting with utility species. The Eucalyptus resources represent a significant proportion of the firewood resource available to the Island over the next five years and so it has to be done sensibly to meet fuelwood requirements as well. The department will be reviewing the forestry policy statement and programme in 2018.

They are producing quality local timber but in very small amounts existing within the forest estate due to the large annual cuts of timber taken in the past. Some of the trees of good timber quality are being retained for continued management of these specimens for other values and objectives than timber i.e. for retention of mature specimens of high quality species for the future and also for their role in maintaining landscape objectives.

46. Could there be more reference to the waste and resources cycle in the SEDP?

This is a potential win-win in terms of export revenue and resource management. The research undertaken in 2015 suggested that commercial recycling would be viable. Aluminium cans and shredded plastics could also be shipped and recycled commercially. Diverting high volume wastes such as cans, glass, plastics and cardboard from landfill would significantly extend the life remaining in the site.

The SEDP now states that a circular economy approach as set out in the Waste Management Strategy needs to be acted upon to make the best use of resources.

47. Regarding bottled water, where will the water come from?

Bottling and distributing water is a good opportunity for an investor; it has been considered before but investors have never progressed it. Connect's treated water is compliant to WHO drinking water standards with independent verification from the Public Health Laboratory. Water comes from the rain; the Island is heavily reliant on surface water capture and stores water in reservoirs. There are some shallow boreholes used to supplement supplies.