

St Helena Government Fisheries Investment Prospectus



**St Helena
Government**

July 2018

Final

St Helena Government

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1. Executive Summary

1.1. Opportunity

St Helena, one of the world's most remote islands, is looking for investors to be a part of our vibrant South Atlantic fishery as the island goes through an exciting period of change. With the recent opening of the St Helena Airport, St Helena has the opportunity to export high quality tuna to international markets, while continuing to provide the local community with a range of seafood products.

Investors are invited to submit their ideas and/or proposals to develop a new processing facility in St Helena to take over core services currently provided by St Helena Fisheries Corporation (SHFC) and help shape the future of the St Helena fishing industry.



Figure 1: St Helena Island

There is an opportunity for an investor to buy into and benefit from St Helena's sustainable fishery industry. St Helena is fully committed to sustainability. The waters out to 200 nautical miles are part of the world's largest "one-by-one" only tuna fishing zone, ensuring all catches are made with minimal harm to the marine environment, while supporting our local fishermen. This is a cornerstone of St Helena's local identity, supporting many generations of fishing tradition.

Given the opportunity to access premium international markets, St Helena is seeking investment to move the industry forward in a way that continues to support our local community and sustainability vision. Our fishermen catch an array of tuna species, including yellowfin, bigeye, skipjack, and occasionally albacore, in addition to an array of coastal species that largely go to the local market. All fish is currently landed to SHFC, which has the capacity to store, freeze, process, and distribute seafood for the local and international market. However, the area where the existing factory is cited is going to be redeveloped into a Port area for use by HM Customs. Opportunities for investors exist to design, build and operate a new built-for-purpose processing facility and deliver the fish processing needs for the island in place of the existing fish processing business.

This is a unique opportunity to be part of a world leading one-by-one sustainable fishing industry, and to capitalise upon our Sustainable St Helena brand.

Link to promotional video: <https://www.youtube.com/watch?v=1MttOz7RBew>

2. Sustainable St Helena

2.1. Goals and Strategy

The long term goal for the sector is to have a safe, sustainable and environmentally friendly fishing industry that makes a significant contribution to the local economy by producing high quality products for sale and export.

The future vision of the St Helena fishing industry is to have an *“organisation significantly contributing to an economically viable fishing industry through its profitable operation and marketing of superior products, creating a unique brand for St Helena’s fish supported by proof of sustainability which compliments the St Helena fishing narrative.*

(SHFC Improvement Plan)

The SEDP, St Helena Government’s plan to drive forward the island’s economy, sets out a vision *to achieve development which is economically, environmentally and socially sustainable by increasing standards of living and quality of life; no longer relying on aid payments from the UK whilst affording to maintain the island’s infrastructure, achieve more money coming into St Helena than going out and sustain and improve St Helena’s natural resources for this generation and the next.* SEDP goals include *increasing exports and tourism, and substituting imports.* (St Helena Sustainable Economic Development Plan 2018 - 2028¹). A flourishing fishing industry is a key part of St Helena’s economic development and one of the main SEDP export sectors.

2.2. Environmental Sustainability

St Helena is the only place in the world to practice only one-by-one fishing in its waters which stretch up to 200 nautical miles from shore. Additionally, St Helena’s waters are designated a Category VI Marine Protection Area (MPA) meaning only sustainable, non-industrial fishing practices are allowed. The island is extremely passionate about sustainability, and this is also a crucial part of St Helena’s fisheries future. Any new business models must embrace sustainability as a core part of the vision.

Sustainability is a key tenet of St Helena fisheries. The selective fishing techniques protect local fish stocks and also minimise interactions with whale sharks and other important marine life which contributes significantly to St Helena’s unique tourist offering. The aspiration is to promote the sustainable nature of our catches in combination with a narrative around product quality, traceability and the unique location to build awareness and demand for St Helena seafood products in international markets. There are a number of marine science research projects ongoing in St Helena which promote sustainability.

Sustainability is an increasingly key factor in consumer seafood purchasing decisions. St Helena’s declaration of the sustainable use MPA, coupled with the predominantly pole and

¹ <http://www.sainthelena.gov.sh/publications/>

line nature of capture, presents a unique branding opportunity, enabling St Helena to secure a better price through niche low-volume, high value markets.

2.3. Economic Sustainability

Due to St Helena's location and size, it cannot compete in commodity markets. However, St Helena benefits from rich natural resources and niche products have been developed on the back of this.

St Helena's current main export industries are fish, tourism and coffee.

St Helena has always hosted adventure travellers including divers, walkers, bird watchers, historians and explorers. Visiting St Helena as a tourist is a very authentic experience; there are no queues to visit attractions, and people are extremely friendly. St Helena is steeped in history; from colonialism, the East India Company, Napoleon's exile to the role St Helena had in the abolition of slavery. St Helena is a good place to experience 'positive isolation'; it is very peaceful, the community is very welcoming and many visitors experience a calming mindfulness from being here. St Helena was a 'once in a lifetime' destination now, although still exclusive, is more accessible since the opening of St Helena's airport in October 2016. The Tourism Department developed their Marketing Strategy in 2018 and is working with a PR Agency to spread the word about our unique island.

Coffee has been grown on St Helena for over half a century. More recently, coffee has been on sale in Harrods in London and in a specialist Starbucks cafe and is a rare and sought after product on world markets. Coffee plants take 5-7 years to grow and fruit, and whilst there has been some recent investment in coffee growing on St Helena, more is required to meet future demand.

Honey is another potential export which fits into the 'niche low-volume, high value' market description. Due to strict bio-security rules, bees on St Helena are not affected by disease or parasites and the honey produced in St Helena is some of the purest honey in the world. However, as a result of internationally produced honey not being imported to St Helena, the demand for honey locally outstrips supply, and honey has not yet been exported. The long term aim is to develop this product and increase supply.

All of these products and more are outlined within St Helena's SEDP 2018 - 2028. The focus for economic development going forward is to remove the barriers to growth, to increase exports and to reduce imports. St Helena fisheries industry can contribute significantly to St Helena's brand – which is to continue to export high quality – low output products.

3. Description of the existing fish processing operation

3.1. Business Description

The existing fish processing plant is run by the SHFC, which is owned by the St Helena Government. The processing plant is based near the coast in Rupert's Valley. However, port operations are planning to relocate from Jamestown to Rupert's Valley in the next couple of

years, and therefore the existing factory will need to be decommissioned. The services provided by the existing operation will still be needed going forward. It is envisaged that an investor would take over the delivery of the core services that SHFC currently provides.

The SHFC operation can be likened to a fish sales agent – handling the sale of fishermen’s catches, processing for local and export markets, and providing other services to the fishermen (ice, fuel, and bait, etc.). It also processes all fish.

As originally constituted, the SHFC is responsible for all fish sales on St Helena (for government, catering, and retail), and for all exports. As a condition of the Fish and Fish Products Ordinance, all fishermen/vessel owners catching fish commercially are required to sell their catches to a licenced fish processing unit. The SHFC is the only such unit on the island. Historically SHFC solely provided these ancillary services; in 2015 it also took on the management of the processing plant operations.

Because of the small size of the island market (St Helena has a population of 4,500) and the absence of any effective intermediary (wholesale) market for fish on the island, fixed prices for fish are currently established by the SHFC (in consultation with fishermen). These prices are currently reviewed regularly and can be varied as a means of accommodating changed underlying economics or market conditions.

3.2. Products and services

SHFC’s current products & services include:

- The collection and purchasing of fish from commercial fishing vessels.
- The processing, storage, packaging and sale of various processed fish, either fresh or frozen, through local retailers or directly to the general public.
- The processing, storage, packaging, transporting and sale of fresh and frozen fish for export clients.
- The production, packaging, sale and delivery of ice to local commercial, sports and recreational fisherman, as well as the general public.
- The storage, dispensing, sale and delivery of fuel to local commercial fishermen.
- The production, packaging, sale and delivery of bait to local commercial, sports and recreational fisherman.
- The procurement and sale of fishing equipment. The payment of all commercial fishermen for fish landed and proper allocation of fuel rebates.

The following fish are landed at and sold by SHFC:

- Tuna (Bigeye, Yellowfin, Albacore, Skipjack)
- Wahoo
- Grouper
- Small amounts of Mackerel, Cavelley, Coal fish (Black Jack), Bullseye (Glasseye Snapper), and Rainbow Runner (Yellowtail).
- Other species are available but landed less frequently. These include: Conger (Moray Eel), Lobster, Amberjack (Almaco jack), Deepwater Cod, Dorado, Trigger (File) Fish, Bigeye Scad (Steambrass), Marlin, Sea Bream, Squirrel Fish (Soldier), and Swordfish.

Tuna species are the predominant fish which are exported. Occasional consignments of grouper are also available for export. Innovative initiatives are being undertaken to improve the quality of tuna landings and enhance the grading capabilities of the SHFC staff in partnership with the International Pole & Line Foundation (IPNLF). The industry is in the process of changing practices to land high quality tuna for export markets ('premium tuna') so that St Helena will gain a reputation for high-end tuna attractive to premium markets.

Through the partnership with International Pole and Line Foundation, St Helena has developed the "St Helena Tuna" brand, supported by marketing initiatives to promote the unique fishery².

St Helena Tuna website: <http://www.sthelenatuna.co.uk/>



Figure 2: Grading Fish

3.3. History

For hundreds of years St Helena has historically supported a small-scale fishing industry, based on deployment of a small fleet of open vessels – typically wooden double ended whalers powered by oar and sail. These boats were used to target large pelagics (tunas and wahoo), a range of bottom fish (jacks, bullseye and conger), and mackerel. By the middle of the 20th century many of the fleet of small fishing boats had been fitted with small inboard or outboard motors, and the fleet was later augmented by more modern boats brought in from outside.

SHFC was set up by the St Helena Government in 1979 as a statutory authority, established by Ordinance. As originally constituted, and in place until the mid-2000s, the SHFC owned and operated fish handling facilities (including both chilled and cold storage facilities) and a fishing vessel (the MFV John Mellis); produced ice; and sold fishing equipment. Over time

² <https://www.youtube.com/watch?v=1MttOz7RBew> <https://www.youtube.com/watch?v=1MttOz7RBew>

the SHFC developed capacity to process fish, providing added value products to domestic and export markets ranging from vacuum-packed tuna loins to hot and cold-smoked retail products.

In the late 1990s the St Helena Government entered into a licensing agreement with a foreign fishing company. A condition of this agreement was that this company establish a fish handling and processing facility on the island. However, in the first ten years of operation the company's island-based operation did not routinely handle any fish caught by the vessels owned by the company.

In the mid-2000s St Helena's Executive Council required that the SHFC transfer the handling of all fish landed by the local fleet to the foreign company, essentially outsourcing this operation; at this point all of SHFC's fish handling facilities (with the exception of its ice plant) became redundant; the SHFC retained control over what fish was made available for the domestic market.

About the same time the small islander-owned St Helena Canning Company was set up, producing canned tuna for sale on both domestic and international markets; its raw material was procured from the SHFC, but supplied by the foreign company. The SHFC sold the MFV John Mellis into private ownership, and outsourced all local fish sales and distribution to a local company. The St Helena Canning Company discontinued its operation and a new company, Richards' Sea Food Products started operating to produce smoked and other added value products for sale.

Although the foreign company still register ships in St Helena, since 2015 they no longer operate in St Helena. SHFC currently operates the fish processing factory and is responsible for providing fish exports and local supplies.

3.4. SHFC Employees

SHFC currently has 23 employees.

The current organisation chart is as follows:

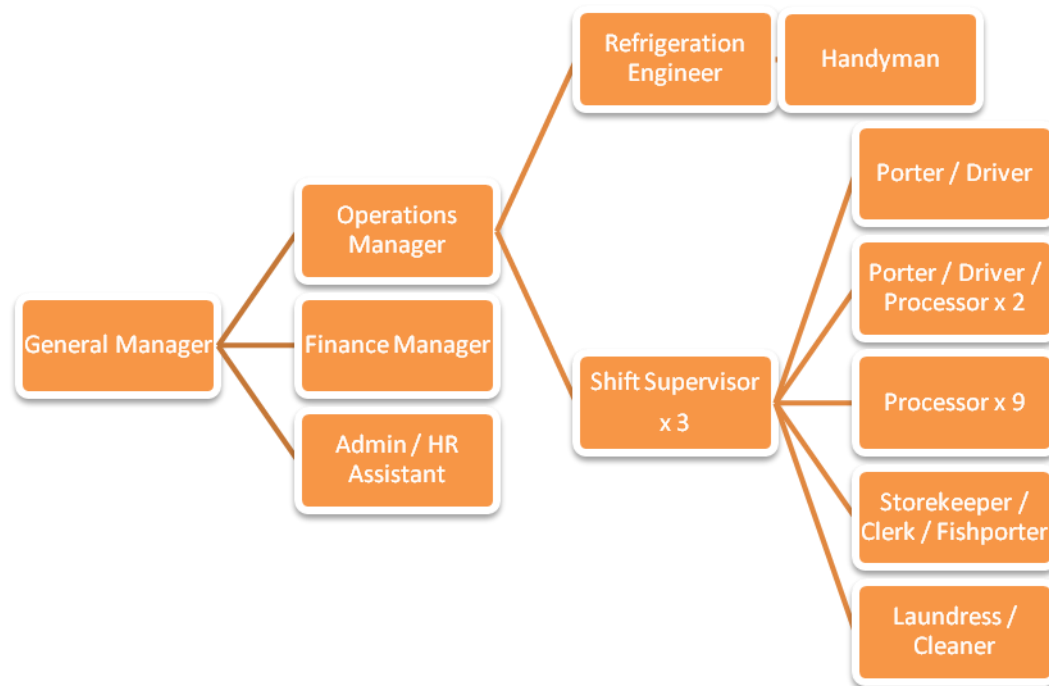


Figure 3: SHFC Organisation Chart

Senior Management Team (GM, Operation & Finance), Admin/HR Assistant & Refrigeration and maintenance staff are cost coded to administration and all other staff to Coldstore.

It is anticipated that the focus of some roles may change in a downsized, fit for purpose factory.

SHFC's current operating hours are normally from 6.30am to 8pm Mondays through Thursday, Friday & Saturday current opening hours are from 6.30am to 5pm. To support these opening times staff work two shifts, each shift will consist of one shift supervisor and 7/8 staff, one staff member comes in at 6.30am. The purpose of this early start is to accommodate various fish retailers for the collection of fish before their shop opening hours to ensure fresh fish is available for sale. The 7pm closing is to accommodate inshore fishing vessels landing fish in daylight hours and to facilitate preparations for exports, ice requirements and factory deep cleaning.

3.5. Fishing fleet

St Helena's fishing fleet comprises of approximately 13 small full or part-time inshore fishing vessels and 3 larger vessels that are capable of fishing the offshore seamounts (where the largest fish are generally caught). Fish are caught using one-by-one fishing methods only, which includes pole, rod and hand line methods. A number of vessels are landing premium grade fish.



Figure 4: Fishing Boats at Ruperts Wharf

4. Financial information of SHFC's existing fish processing operation

4.1. Income

Average monthly sales are around £45,000. Income is received from export sales (50%), domestic shop sales (35%), sales to fisherman for fuel (12%) and bait and general public ice sales (<1%)³. SHFC also receives a quarterly subsidy from the SHG to the value of £45,000, which is unlikely to continue when SHG is not the sole shareholder of the fish processing plant.

There are four core price points within the St Helena fishery value chain:

- The price that SHFC pays fishermen for their catches
- The price at which SHFC sells this fish to the wholesale clients for retail market.
- The price retailers sell the fish to their customers.
- The export price⁴.

4.2. Fixed Costs

These costs have been outlined to give any new investor an idea of the resources which might be required for their processing facility. However, it should be noted that the existing fish processing plant is too large and therefore suffers from high fixed costs relative to

³ Percentages are rounded.

⁴ Frozen standard fish are currently predominately sent to the canning market. Sea freight of premium frozen fish is only just being trialled. There is also to be a trial to understand the true best before date of the fish. Should the life time extend from 7 days to 28 days for example, there would be an opportunity to send fresh fish by sea, as well as air.

output. It is envisaged that some of the costs could be scaled down in a smaller, bespoke fish processing facility.

4.2.1. Staff

The SHFC staff compliment is relative to current industry size and operational needs and incurs approximately £20K per month.

4.2.2. IT

IT support is provided as and when required. The fish stock system called “inventory” has proved a reliable and efficient system and has been praised for ensuring product tractability to an international standard. It may be suitable for the system information to be transferred to a new processing facility.

4.2.3. Repair and Maintenance

SHFC deals with remedial works inside and outside of the building in-house. These works are reactive and the costs vary depending upon need.

4.3. Variable Costs

4.3.1. Electricity

The current usage of electricity in the Fish Factory is around 435,000 kWh/annum; which equates to about £14 -17K per month (£0.46 per kWh) and is one of the largest costs for SHFC (sustaining two 200MT freezer cold rooms, two 18ton blast freezers⁵ and one 18ton chiller, 5ton ice plant etc.). The electricity is supplied through the grid.

It is expected that these costs could be scaled down as part of the development of a new processing facility.

4.3.2. Water

The water usage in the existing Fish Factory equates to about 6000 cubic metres per annum (around 500 cubic metres per month). Water is vital in respect of hygiene and fish processing. Water rates are available on the website of Connect Saint Helena Ltd⁶.

4.3.3. Waste

SHFC conveys waste to a compositing site outside of Ruperts Valley.

4.3.4. Freight

⁵ One has been used more regularly than the other.

⁶ <http://www.connect.co.sh/>

SHFC are able to export a maximum of 1.8 tons (gross weight) of fish per SA Airlink flight at a rate of £2.07/kilo. Of the weight, around 20% accounts for packaging and 80% for fish. Two flights a week operate in summer months (December to April inclusive) and one flight a week operating in winter months.

Twenty foot containers are used for sea freight export of frozen seafood to Cape Town via the MV Helena. A sea freight container takes, on average, 11,000kg of fish and the freight cost per container is £2,500 to Cape Town, around £4,000 to the UK and £5,100 to Spain.

4.4. Assets

SHFC has a number of movable assets that are available for purchase. Information relating to these assets can be requested.

4.5. Liabilities

Payment to fishermen is normally weekly as and when fish are landed.

SHFC sources all consumable items, PPE, spares and other products & services from overseas suppliers as these are not available locally.

5. The Market for Fish and other products

5.1. Supply

St Helena lies in the middle of a gyre in the South Atlantic Ocean. The island of St Helena and the larger seamounts cause upwelling of nutrient rich waters, which stimulate production and provide relatively rich feeding grounds for migratory tuna. Four species of tuna (yellowfin, bigeye, albacore and skipjack) are the principal target species, but catches of skipjack and albacore are seasonal. Whilst there is potential to increase catches of tuna, any increases need to be sustainable at a local and Atlantic scale. There is evidence from tagging studies that yellowfin tuna are resident for extended periods, making local depletions of stocks possible. Inshore species provide an alternative to tuna, but the resources are small, and an assessment of appropriate sustainable catch limits is urgently required.

Atlantic tuna stocks are managed by the International Commission for the Conservation of Atlantic Tuna (ICCAT), of which the UK Overseas Territories (UKOT's), as a group, are a member. Some tuna stocks have been overfished in the past, but current catch limits should lead to recovery. The UKOT's receive ICCAT quotas, which St Helena utilises, and St Helena is required to implement all regulations and recommendations from ICCAT.

Table 1: ICCAT quotas

Species	ICCAT Regional Limit (tonnes)	ICCAT (UKOT) Catch limit (tonnes)	St Helena Catch Limit (tonnes)	Notes	Prospects to increase catch
Yellowfin	110,000	No limit	No limit	Caught around St Helena, Bonaparte and Cardno. Smaller yellowfin remain around St Helena for an extended period, perhaps a year or more and are then presumed to migrate to spawning grounds.	In a good year, there may be an influx of large adults on feeding migration, but hard to predict. Small fish could be allowed to grow (i.e. implement minimum landing size).
Big-eye	65,000	2,100	2,100	Generally caught in the north of the EFZ, particularly around Cardno Seamount. In exceptional years (e.g. 2011 large numbers closer to the island). IUCN Vulnerable.	Possible to increase catch at Cardno, but little is known about how long fish remain associated with the seamount. Atlantic stock is considered to be over-fished.
Albacore	24,000	100	100	Equates to 88 tonnes of gilled and gutted. IUCN Near Threatened.	Little prospect of the catch limit being increased and albacore fishery is very volatile.
Skipjack	No limit	No limit	No limit	ICCAT are struggling to assess the stock status.	Catches could increase in a good skipjack season, but difficult to predict.
Wahoo	N/A	Not ICCAT species	No limit	Caught by trolling and using live bait on rod & line.	Catches could increase with more effort, but no information on sustainability.
Swordfish	15,000	25	25	ICCAT minimum landing size of 25 kg.	High mercury content coupled with minimum landing size makes it pointless to catch swordfish
Blue marlin	2,000	10	10	IUCN vulnerable and protected under EPO.	Overfished and no prospect of quota increase.

White marlin	400	2	2	IUCN vulnerable and protected under EPO.	Overfished and no prospect of quota increase.
Grouper (jack)	Not ICCAT species	Not ICCAT species	36	Study in 2007 suggested minimum landing size, closed areas and that 36 tonnes catch limit should not be increased.	Stock assessment currently ongoing. Any increase beyond 36 tonnes likely to deplete the stock. (Robinson & Choat)
Spiny lobster	Not ICCAT species	Not ICCAT species	No limit	Caught by pot, hand or by spear. Females with eggs to be released alive.	Ninnes (1991) suggested catch limit of 0.37 tonnes (485 lobster), which is probably taken by “recreational” fishermen.
Slipper lobster	Not ICCAT species	Not ICCAT species	No limit Caught in pots. Females with eggs to be released alive.	Ninnes (1991) suggested catch limit of 3 tonnes.	

At a local level St Helena’s fish resources are managed under the Fishery Limits Ordinance (1977), which is planned to be repealed and replaced in the medium term. A revised fisheries ordinance is in draft and will establish a new licensing and reporting system.

The supply of tuna is variable and can range between 100 tonnes to 800 tonnes per annum, based upon the existing fishing fleet. Over three hundred and fifty tonnes of fish were landed in 2016-17.

Table 2: Fish landed, kg, (based on 2016-17 data) is as follows.

	April	May	June	July	August	September	October	November	December	January	February	March	TOTAL (2016-17)
KG	24813	36733.14	18855.51	32165.45	26434.5	18159.5	35240	29870	37270	40800	32700	29300	362341
Cavalley	763	319	150	119	46	20	20	20	20	50	100	200	1825
Grouper	1649	3266	735	549	1273	692	500	100	0	0	200	100	9062
Mackerel - g&g	0	0	0	195	207	1018	0	0	0	0	0	0	1419
Skipjack - In Round	202	498	2264	629	1591	38	50	50	100	500	200	100	6222
Tuna, YF, g/g - >20kgs	3792	5999	3598	5463	4193	3044	4500	4500	6000	7500	6000	6000	60589
Tuna, YF, g/g - >20kgs	3792	5999	3598	5463	4193	3044	4500	4500	6000	7500	6000	6000	60589
Tuna, YF, g/g - >10 - <20kgs	8848	9798	5877	12748	9785	7102	10500	10500	14000	17500	14000	14000	134657
Tuna, g/g - >7 - <10kgs	1310	804	319	205	320	507	0	0	0	0	0	0	3464
Tuna, g/g - >5 - <7kgs	1310	804	319	205	320	507	0	0	0	0	0	0	3464
Tuna, g/g - <5 Kgs	1364	807	657	1697	598	1378	0	0	0	0	0	0	6500
Tuna, g/g - Bigeye >20kg	3170	4173	17	2965	2072	476	13200	8800	8800	4400	4400	1760	54234
Tuna, g/g - Bigeye >10 - <20kgs	432	569	2	404	283	65	1800	1200	1200	600	600	240	7395
Wahoo	1791	3554	1202	1486	1466	273	150	200	1000	2500	1000	500	15121
Yellowtail	185	144	117	38	30	0	20	0	150	250	200	400	1534

5.2. Local Demand and Prices

5.2.1. Fish Products

Fish sold locally to retailers are at a fixed price which is currently determined annually. This price had not risen for a number of years, until prices were increased by 5% in April 2018. A breakdown of local sales prices per species is available upon request.

Currently, local market fish is sold out relatively quickly and prefers fresh over frozen; however, due to low incomes on St Helena, it is not suggested that prices be increased significantly.

SHFC's local sales equate on average to £18,000 per month which is approximately 5 metric tonnes of processed fish.

5.2.2. Non-Fish products

The list of (non-fish) products and associated prices are as follows:

Table 3: Non-fish sales

Product	Commercial Fishermen cost	General public/other cost	2017-18 annual sales
Ice (Sold by Bag)	Free	£3.50	£1,827
Chum bait (Sold by approx. 1kg bag)	£0.65	£0.70	£2,655
Fuel ((Sold by the Litre (L))	£1.01/L (39p rebate collected from SHG and paid back to all commercial fisherman, and SHFC generator and vehicles) not for vehicles	Not sold to public	£64,903

5.3. Exports

Exports fall under two categories – fresh airfreight and frozen sea freight.

SHFC can export a maximum gross weight of 1.8 tonnes of fresh fish on each SA Airlink flight. Several thousand units of suitable airfreight packaging have been procured and destination customers have been pleased with final products received in this packaging.

SHFC is working with IPNLF and others to identify new export clientele and have made promising contacts for the purchase of our fish with a view to getting better returns. Fishermen are also working towards this goal by implementing improved handling and storage methods on their vessels to land higher quality fish.

Twenty foot containers are used for sea freight export of frozen seafood to Cape Town on the MV Helena.

SHFC has two sea freight export clients, both of which are South African companies facilitating sale on to canneries in Portugal or Spain averaging income of approximately £18 - £20K per container which is either Yellowfin or Bigeye Tuna, graded as gilled & gutted, weights ranging from >20kgs, 10-20kgs and <10kgs. The buyers normally agree to make 100% payment for the fish once the weight is verified in Cape Town when final documentation is received, with SHFC covering all freight costs. SHFC currently averages 1 - 2 twenty foot containers for export every three weeks.

5.4. Prices to Fishermen

Fixed prices are currently paid to fishermen, depending on species, size, and quality; details of which can be requested.

6. Business Ideas

6.1. Premium Grade Fish Exports

Premium grade fresh tuna (grades 1 - 2) exports have proven that a higher price can be attained in the export market. Opportunities remain to increase fresh exports.



Figure 5: St Helenian Tuna exported and prepared at a restaurant in Cape Town (Photo by Green Fish, Jan, 2018)

The opportunity also exists to explore flash freezing or treatment for the export market.

SHFC and IPNLF have been implementing a tuna grading system for St Helena's fish. IPNLF have supported this initiative by facilitating local capacity building in this area and arranging

for industry professionals to come to the island to deliver hands-on training with SHFC staff. SHFC staff have begun grading tuna and are building experience in this area.

In an effort to further improve tuna quality, fishermen are using proven techniques to reduce temperatures as soon as possible upon landing to maximise product quality and shelf-life.

Since May 2018, SHFC has introduced a trial pricing structure, to encourage increased landings of premium grade fish. This trial shall help to determine how much of St Helena's fish can be graded at the highest grades by applying these new handling methods as stated above.

6.2. Secondary Processing

On St Helena there is one privately owned secondary processing unit; current products include smoked tuna and wahoo, local fishcakes, fish burgers, pate etc. The cold store operation also sells fresh mince and pet food. The industry has potential for additional secondary processing but would require a new production unit. A venture of this nature could be incorporated as a part of the fish processing plant or in a separate facility.

Secondary processing would eliminate the need for product freezing and reduction of imported secondary processed goods. There is a market for secondary processed goods on St Helena. The island currently imports canned tuna, fish fingers, etc. Historically, St Helena also exported canned tuna. Currently around 750kg of processed tuna is imported each year for local consumption. Other species of frozen or processed fish are also imported.

Secondary processing could provide products such as tuna pouches, ready-made meals, smoked fish, fishcakes, fish in batter, burgers, steaks, mince, canned tuna and pet food.

Alternatives in the shops in St Helena cost the following, according to the RPI collection (Q3, 2017) include Pilchards in Tomato Sauce: £2.02, Tuna Tin: £1.18 and Sardines: £1.05. Fishcakes and Fish in Batter are also popular in fast food outlets in St Helena. These prices are subject to fluctuations.

7. Factory

7.1. Existing Factory

The existing factory is sited in Ruperts Valley, adjacent to the Sea Rescue building, near the sea wall and Rupert's Beach.



The SHFC cold store complex comprises of a reception, processing, handling and dispatch areas (receiving and exiting), plus one chill store, two blast freezers, two large cold stores,

two ice plants and a workshop. The capacities are 18t chill room, 2 x 200t cold rooms, and 5 ton a day ice production.

7.2. New Factory Investment

7.2.1. Site

The area where the existing factory is cited is going to be redeveloped into a Port area for use by HM Customs. It is anticipated that the plant will need to be re-sited in around 3 - 5 years, which provides an opportunity for an investor to design a purpose-built facility for operations to move to.

The Rupert's Development Working Group has identified a general area for a new factory in Rupert's approximately 300m further inland from the existing site⁷. The proposed site will border the planned cargo handling area in Rupert's. Detailed planning is currently underway. The acreage for a potential parcel is 0.37 acres which could be increased approximately by 0.34 acres, making a total of 0.71 acres.

It is expected that the site will be available leasehold.

7.2.2. Concept Designs

No concept designs or costs have been developed, as it depends what the purpose of your factory shall be (processing/secondary processing/freezing etc.).

Locally there are a number of tech services providers fully versed on local land planning policies but none with specific factory design.

8. Investment Next Steps

8.1. How can I invest?

St Helena is looking for Expressions of Interest from an investor willing to support the development of the fishing industry.

The key considerations are:

- Welcoming an investor who is willing to work within the parameters of St Helena's current commitment to sustainability and support the world's largest one-by-one tuna fishing zone and IUCN category VI MPA;
- Welcoming an investor who is willing to take over fish processing services currently provided by St Helena Fisheries Corporation (SHFC).

Additional considerations are:

- The business model that the investor is interested to develop on St Helena.
- How will the investment benefit the St Helena economy:

⁷ Should the investor propose a new facility on land rather than at sea.

- The willingness of the investor to accept fish from local fishermen for processing for at least, and ideally higher than, the price they are currently receiving.
- Employment of local people.
- Investment in training and development.
- The variety and quantity of fish proposed to be provided to service local markets and/or the export market.
- How output would continue whilst the investor's new processing facility is being developed. Whether the investor would propose to take over the existing SHFC processing plant or require the existing operation to continue under current ownership until the investor's new facility is ready to receive fish.
- Whether the investment would include the importation of additional fishing resources such as skippers, fishermen and/or vessels. If so, whether the investor expects to fish inshore, off shore, and/or beyond 200 nautical miles. And what type and tonnage of fish the investor would seek to aim to catch per annum.

St Helena Government is not fixed on backing a specific operational/sales model and is looking for innovative ideas from investors passionate in sustainability. Although we have run the numbers and believe that air freight of fresh premium tuna and sea freight of blast frozen premium tuna is a viable option, models which include secondary processing and other business models may also be viable. St Helena has experience developing low volume, high quality products (e.g. St Helena Coffee, one of the most expensive and highly valued coffee in the world) and we expect that St Helena's premium sustainably caught tuna can be marketed and developed in the same way.

To submit an Expression of Interest, please access the St Helena Government e-procurement system via: <https://in-tendhost.co.uk/sainthelena>. The deadline for expressions of interest is 16:00 GMT on Friday, 5th October 2018.

When making an Expression of Interest please indicate the following:

- Your background/experience in the fisheries industry.
- Your investment intentions/business model proposed.
- When you would expect to initiate and deliver your investment (timescales).
- Your ideas addressing our key and additional considerations listed above.
- Any other relevant information.

Your Expression of Interest will be considered as part of the SHG procurement process. The procurement team will thereafter issue a formal invitation to tender.

All interested investors are invited to St Helena to see our one-by-one fishing industry first hand. Flights are available from Johannesburg, South Africa with SA Airlink. Please indicate if/when you would like to visit and we can arrange an itinerary to make the most of your visit.

We are looking forward to working with you to make the most of St Helena's sustainable fishery.