

Labour Market Strategy 2012-2014



Saint Helena Government

Saint Helena Island
South Atlantic Ocean

Why Saint Helena needs a Labour Market Strategy

With the introduction of an airport, Saint Helena has to be proactive in its approach to workforce development. Not doing so will result in social and economic costs. If the island waits for construction to begin before making the necessary changes, it will be too late.

Economic Growth

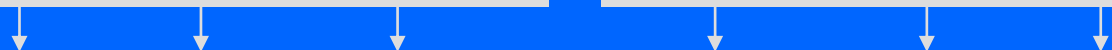
With significant restructuring of the economy as a result of the construction and operation of an airport, Saint Helena's long-term growth prospects depend on how well the workforce adjusts. The island risks missing out on the full benefits of air access unless we commit to a program of workforce development.

Making sure Saints have the right skills, continue to participate through all levels of the workforce and that a sufficient number of workers are available to employers, will maximise the benefits from air access.

Social Development

The introduction of an airport on Saint Helena and the resulting economic growth will present residents with new opportunities and challenges. It is important the airport enhances the opportunities of all and that those who are not able to adapt easily to the changed environment are protected.

Improving the standard of universal education is vital. Combined with the enhancement of training provision and removing barriers into the workforce, a labour market strategy can ensure everyone is able to participate in the new Saint Helena.



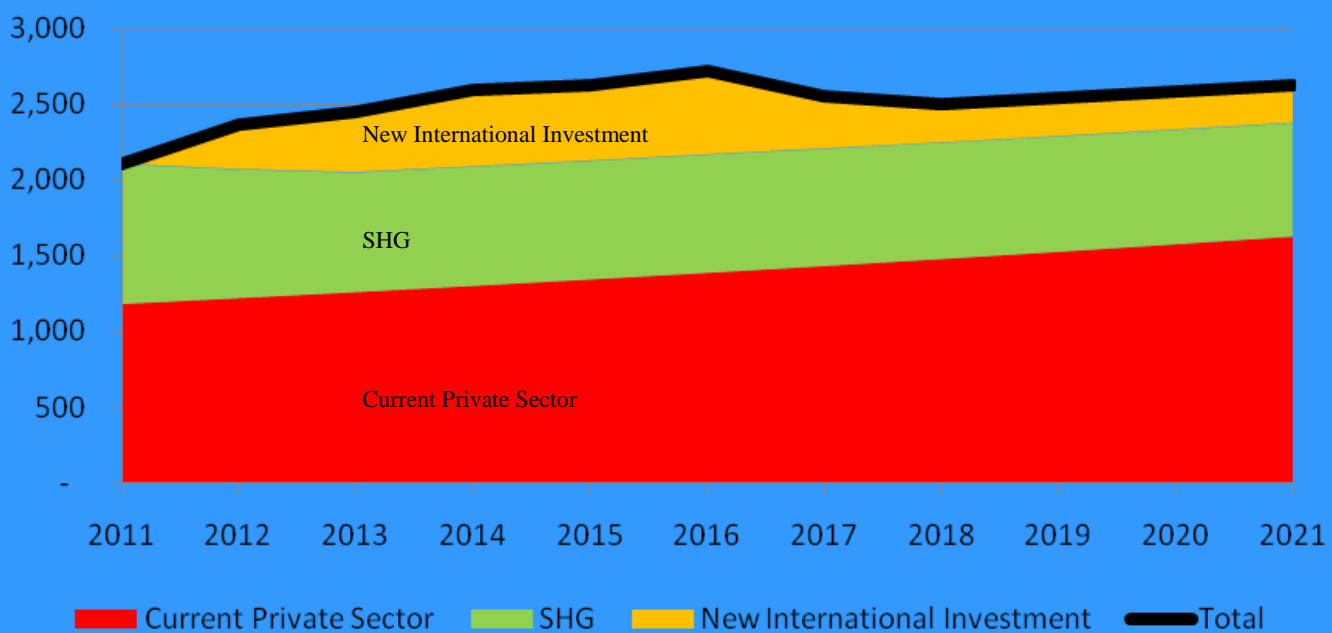
VISION

**SAINT HELENA HAS THE WORKFORCE
REQUIRED FOR SUSTAINABLE AND
INCLUSIVE ECONOMIC DEVELOPMENT**

Airport Driven Demand for Labour

It is expected that the construction and operation of an airport on Saint Helena will significantly increase demand for employees.

Employment forecast by type of employer



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Domestic Private Sector	1,184	1,223	1,262	1,304	1,346	1,390	1,435	1,481	1,529	1,579	1,630
SHG	925	849	790	787	782	780	774	768	762	756	750
International Investor	-	300	400	500	500	550	350	250	250	250	250
Total	2,109	2,372	2,452	2,591	2,628	2,720	2,559	2,499	2,541	2,585	2,630

The overriding issue facing Saint Helena is to ensure there are sufficient people on island to fill this demand. This document aims to ensure this growth benefits all of society through increased economic growth and equity of opportunity.

Skills Gap

Based on the results of the Saints Overseas Survey it has been possible to estimate the size of potential skills gaps in both the construction (2012-2016) and early operational (2017-2021) phases on the air access project.

Skills Gap: Construction Phase

Occupation type	Demand	Supply	Excess demand (excess supply)	
Managers	180	230-250	(50-70)	No Gap
Professionals	240	330-370	(90-130)	No Gap
Technicians and associate professionals	210	180-185	30-35	Match
Clerical support workers	250	260-270	(10-20)	Match
Service and sales workers	610	540-560	30-50	Match
Skilled agricultural, forestry and fishery workers	160	120-125	35-40	Match
Craft and related trades workers	320	210-215	135-140	Gap
Plant and machine operators, and assemblers	130	60-65	65-70	Gap
Elementary occupations	610	380-390	220-230	Gap

Skills Gap: Operational Phase

Occupation type	Demand	Supply	Excess demand (excess supply)	
Managers	180	260-280	(80-100)	No Gap
Professionals	230	380-430	(150-200)	No Gap
Technicians and associate professionals	180	190-195	(5-10)	Match
Clerical support workers	240	280-290	(40-50)	Match
Service and sales workers	790	570-600	190-220	Gap
Skilled agricultural, forestry and fishery workers	150	120-125	25-30	Match
Craft and related trades workers	270	210-215	55-60	Match
Plant and machine operators, and assemblers	70	60-65	5-10	Match
Elementary occupations	510	380-400	110-130	Gap

The answer to the question; “will returning Saints provide all the skills necessary to maximise the benefits of the airport”, is no.

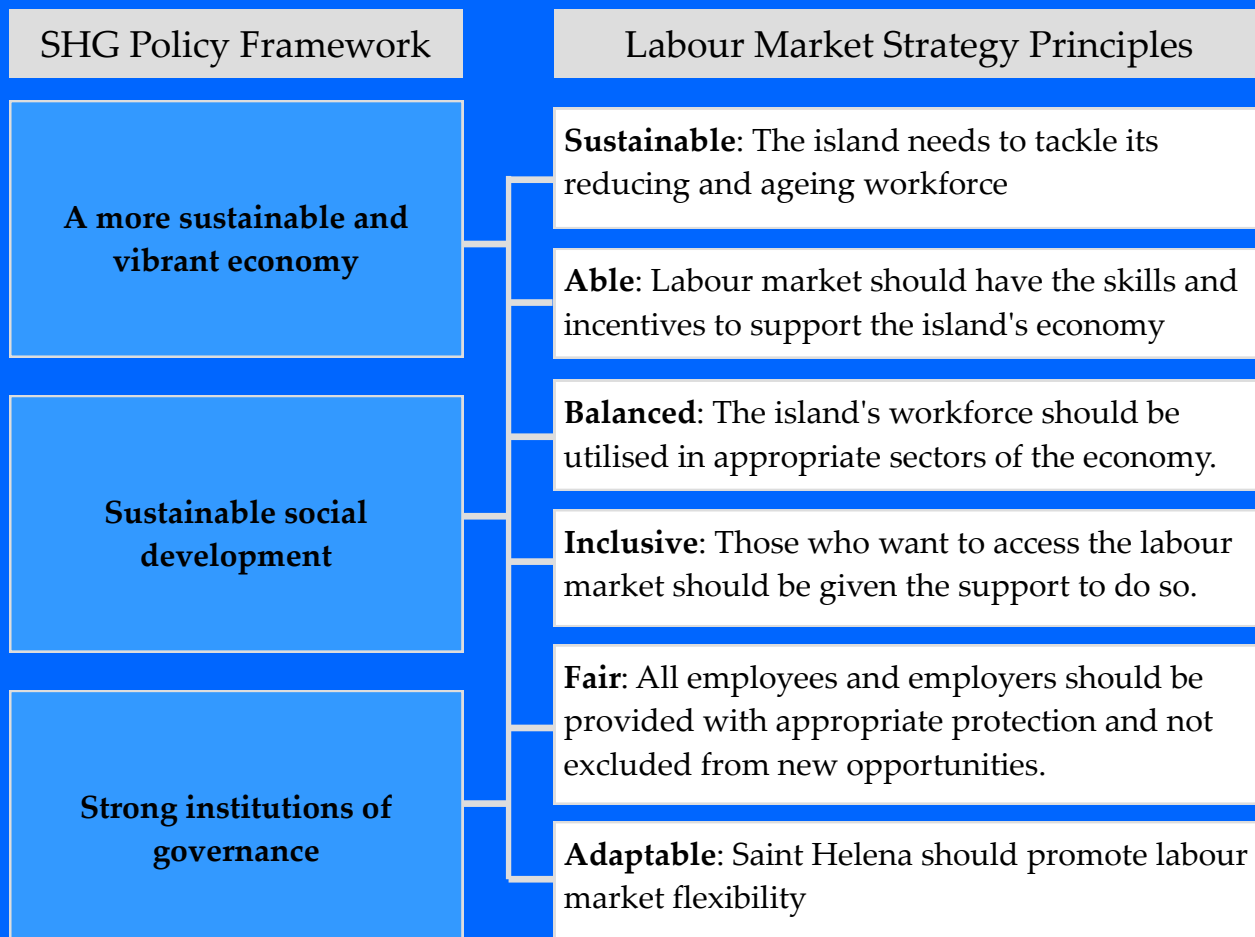
This is because, while there is an appetite amongst Saints to return, there will remain a skills gap. There is likely to be a skills mismatch between Saints overseas who would like to return and the jobs likely to become available.

Principles

It is important that this strategy supports a sustainable labour market on Saint Helena and ultimately fosters economic growth.

Given the centrality of the labour market to most people's wellbeing, however, the strategy also needs to support the island's longer term goals.

As such, this strategy will rely on the following principles aimed at supporting Saint Helena Government's three high level goals:



The Strategy



With new economic opportunities, employers on Saint Helena are going to have the chance to expand. They will require a suitable pool of labour to ensure they achieve their goals. If they are unable to attract the right people, at the right time, the full benefits of air access will not be realised.

Increasing the size of the population is one way to increase production, as is encouraging more of the population into work (known as participation). Enhancing the level of output a firm receives from each worker – known as their productivity – is the third tool in the box.

All these methods will need to be employed on Saint Helena in order to ensure economic activity is maximised as a result of the airport's construction.

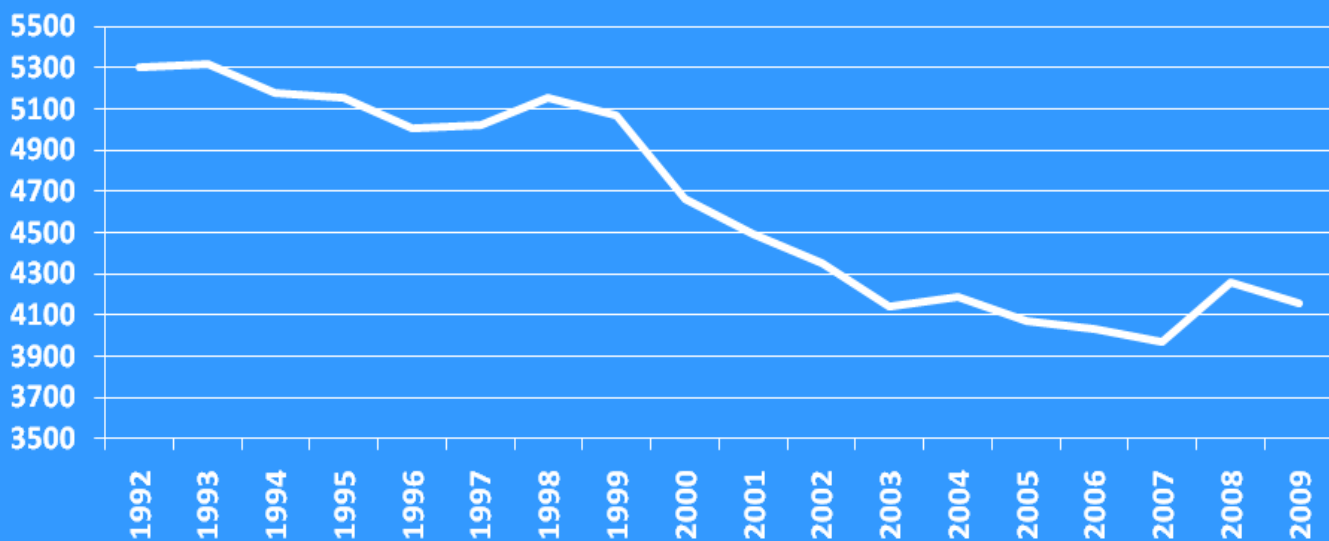


This strategy outlines a set of objectives aimed at removing barriers to a sustainable labour market and high rates of economic growth. These barriers were highlighted in the *Labour Market Situational Analysis (2011)*.

Theme 1: Population

One of the major issues facing the Saint Helena labour market over the past two decades has been the decline in total population.

Enumerated Population, Saint Helena



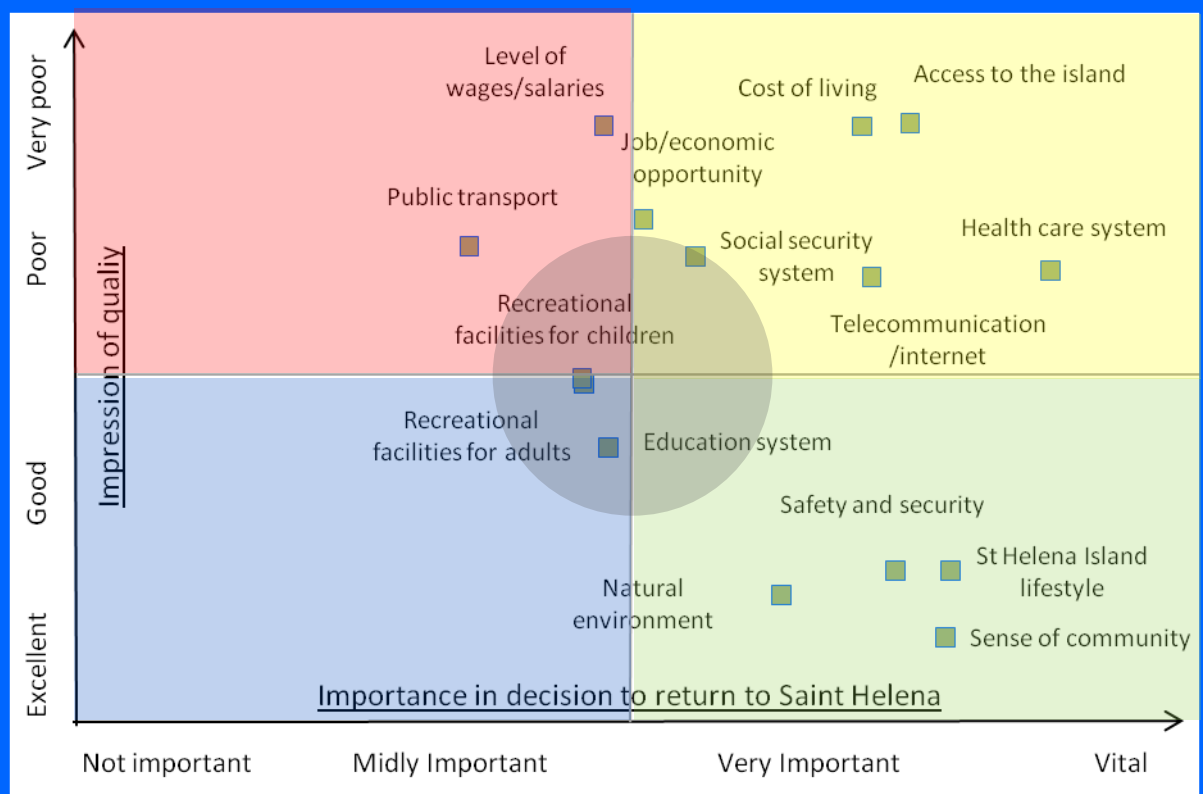
The main driver of this decline has been those under the age of 39, particularly those aged between 15 and 39. Indeed, the population aged 40 and over has increased substantially in absolute terms between 1987 and 2008. Therefore, the population of Saint Helena has aged appreciably.

Saint Helena has both a shrinking and ageing population. Over time this trend will result in a greater pension, health and old age care spending burden, spread among a smaller population of working age individuals. This is not sustainable and will not contribute to a vibrant economy.

Theme 1: Population

The Saints Overseas Survey asked respondents to rank a list of 15 socioeconomic factors in terms of both their (a) importance for decision to return, and (b) impression of quality. The following chart plots both of these trends. On the vertical axis is a ranking of overseas Saints views on the quality of various socioeconomic factors. On the horizontal axis are the factors important in influencing overseas Saints decision to return to Saint Helena.

Saints overseas perceptions of socioeconomic factors and their importance in terms of attracting home



The top right quadrant displays those socioeconomic factors which are perceived as being of poor quality and are also important to the decision to return to the island. These include: job/economic opportunity; health care system; access to the island; telecommunications / internet; cost of living. This has helped to form the basis of the strategy for population.

Strategic Goal: 1.0

Increase the size of the working age population

Saint Helena will need to increase the size of its working age population if it is to maximize the benefits of air access. The island will need to attract a mix of returning Saints and internationally mobile workers to fill the jobs created during the construction and operational phase of the air access project.

Objective 1.1a: Assess health care quality and ensure balanced and fair reporting.

Objective 1.1b: Ensure continuous improvement in health standards

Objective 1.2: Improve the quality and lower the cost of telecommunications



Health care has been highlighted as one of the most important factors putting overseas Saints off returning to the island. However, it is difficult to ascertain whether this concern is justified. As such, Saint Helena Government will better assess the quality of its health care system and ensure fair and balanced reporting of health care issues on the island. The island will also strive to continuously improve the health offer.

Telecommunications on the island cost more and are of lower quality than one would expect in most developed economies. Saint Helena is an isolated location, making communications even more important for those with friends and family overseas. Access to better and cheaper telecommunications is not only an important issue in terms of attracting migrants, but is also an important driver of education and workforce productivity. While the costs of providing telecommunications on Saint Helena are likely to be high per capita – due to its isolation and market size – there will nonetheless be concerted efforts made to improve the quality and lower the cost of telecommunications on the island.

Objective 1.3: Ensure access and job opportunities improve for all



The airport is expected to increase economic opportunities on the island. In order to make Saint Helena as attractive a place to locate as possible, there must be a chance for all to benefit from these changes.

Similarly, the construction of an airport will dramatically improve access to the island. It is important that the majority of society is able to access flights. If new economic and access opportunities do not improve equitably, the island is likely to continue to struggle to retain and attract Saints.

Strategic Goal: 1.0

Increase the size of the working age population

Saint Helena's new immigration, investment and tax reforms make the island a more attractive place for internationally mobile workers to locate. SHG will ensure all MOU related reforms are now implemented in full, so these new regulations have the intended consequences on the ground.

To ensure legislation supports economic growth through labour market sustainability, Saint Helena will continuously review legislation to attract workers, how we are controlling who comes to Saint Helena and what unintended barriers are preventing us achieving our aims. This could, for example, include the implementation of an immigration 'points based system'.

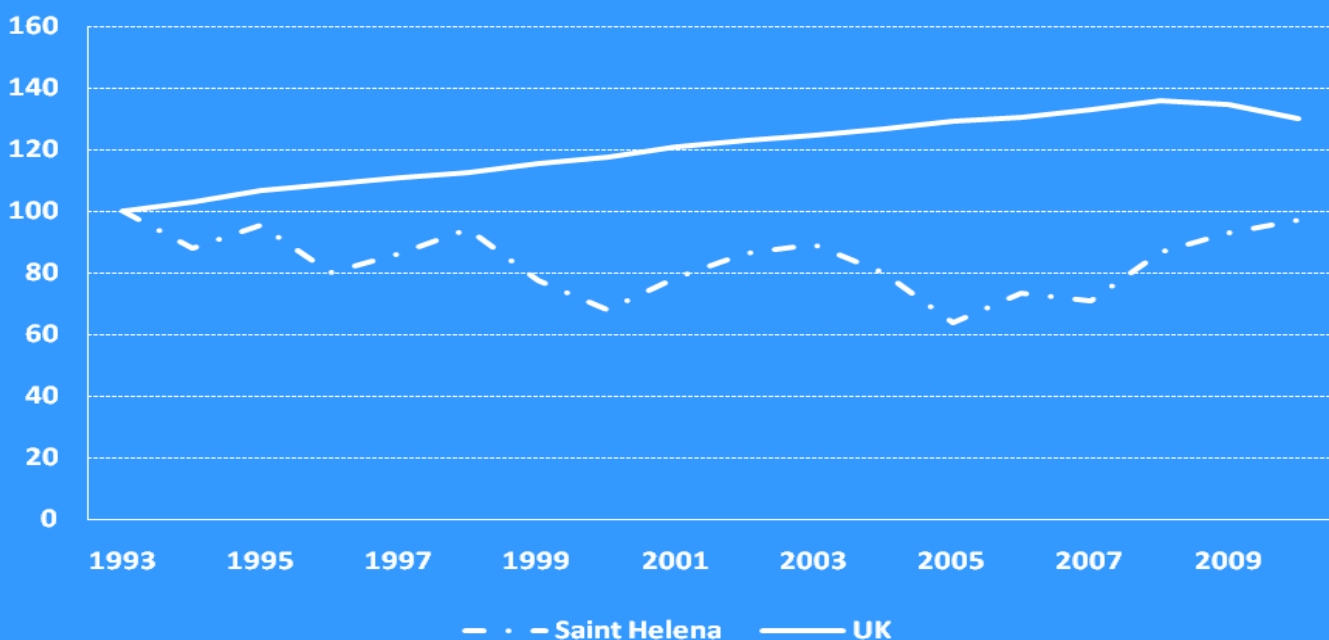
Objective 1.4: Implement MOU reforms in full and continuously review legislative controls and seek to remove barriers to labour market sustainability.



Theme 2: Productivity

Productivity growth on Saint Helena has historically been weak compared to international standards.

Real GDP per worker, index 1992 = 100



Since 1993 workforce productivity in the UK has increased by over 30 per cent and accounted for the majority of real economic growth and improvements in living standards.

On Saint Helena, however, there has been no improvement in productivity over this time period. Indeed, it is estimated that in 2010 output per worker was 3.0 per cent lower than in 1993.



Theme 2: Productivity

The results of students currently going through the education system on Saint Helena are poor relative to developed nations. As the figure below shows, the Saint Helena primary system lags well behind the UK, with Saint Pauls particularly far behind.

Education is one of the most important elements of workforce productivity as it provides the skills necessary to perform most modern day tasks. Across OECD countries research has suggested that a 1.0 per cent increase in literacy scores increases workforce productivity by 2.5 per cent and GDP by 1.5 per cent.

Education also provides a range of skills which are not work specific, but benefit individuals in their daily lives. Those with better levels of education are likely to be healthier, are more liable to participate in civic life, make up less of the prison population and will generally have children which will also go on to achieve higher education.

Key Stage 2: 2010		Pilling	Hartford	St Pauls	ALL	UK mean
ENGLISH	%L4+	71	44	33	49	80
	%L5+	21	11	17	17	29
MATHS	%L4+	50	44	17	34	79
	%L5+	7	11	6	7	35
SCIENCE	%L4+	64	78	28	51	88
	%L5+	21	11	17	17	43

GCSEs are probably the most important qualification provided on the island during mandatory education. The quality of results of GCSEs on the island is very poor.

In 2009/10 only 18.0 per cent of students taking GCSEs received five A* - C grades, compared to 54.8 per cent in the UK.

The picture is even more concerning for boys, as only 4.0 per cent received five A* - C grades, compared to 51.1 per cent in the UK. The equivalent figure for girls is 25.0 per cent on Saint Helena.

Strategic Goal: 2.0

Increase workforce productivity growth

Saint Helena has significant scope to use productivity gains as a means to economic development. Workforce productivity growth has historically been weak in both the public and the private sectors. The opening up of the economy as a result of air access presents the island with a plethora of economic opportunities, many of which could be realised through improved productivity.

Educational attainment levels on Saint Helena will need to improve. Levels are significantly below that of developed nations. Education is one of the most important drivers of workforce productivity and also provides a range of skills which are not work specific. The quality of the education system on Saint Helena is clearly far behind what one would expect given the scale of investment. As such, SHG will seek significant improvement in educational attainment, which should act as a driver of economic growth

Objective 2.1: Seek significant improvement in educational attainment on Saint Helena



There will be more joined-up thinking between all users and providers of adult training. At times, even if sufficient demand exists on-island for a course to be economically viable, they are not being provided due to a lack of coordination. More efficient management of adult training will result in economies of scale benefits. Workforce productivity rates should increase, while workers can more fully take advantage air access opportunities. This will help bolster economic growth and make the island's labour market more sustainable.

Objective 2.2: Enhance coordination of adult training between key stakeholders' across the island



Businesses and government are going to demand significantly more management, tourism and vocational training courses over the next five years. These courses will be provided so the island can maximize its returns from air access.

Objective 2.3: Expand range of tourism, management and vocational training courses

These areas will need to be prioritised by AVES and a review of services currently provided and likely to be required undertaken, using expertise both in house and externally.



Strategic Goal: 2.0

Increase workforce productivity growth

Objective 2.4: Promote exposure to overseas working practices



Saint Helena will aim to attract a range of foreign nationals to fill positions on island. With the quality of some services below the standard set abroad, there are opportunities for local workers to learn from migrants. However, the right balance must be achieved, between local specific knowledge and international experience.

SHG will strive to strike the right balance of homegrown and international workers. Attracting experienced overseas workers to fill positions on Saint Helena, particularly on local wages, will be encouraged.

Objective 2.5: Improve productivity within SHG

The Public Sector Modernisation Programme (PSMP) project within SHG has set targets aimed at improving processes, structure, the technology SHG uses, as well as promoting the up-skilling of workers.

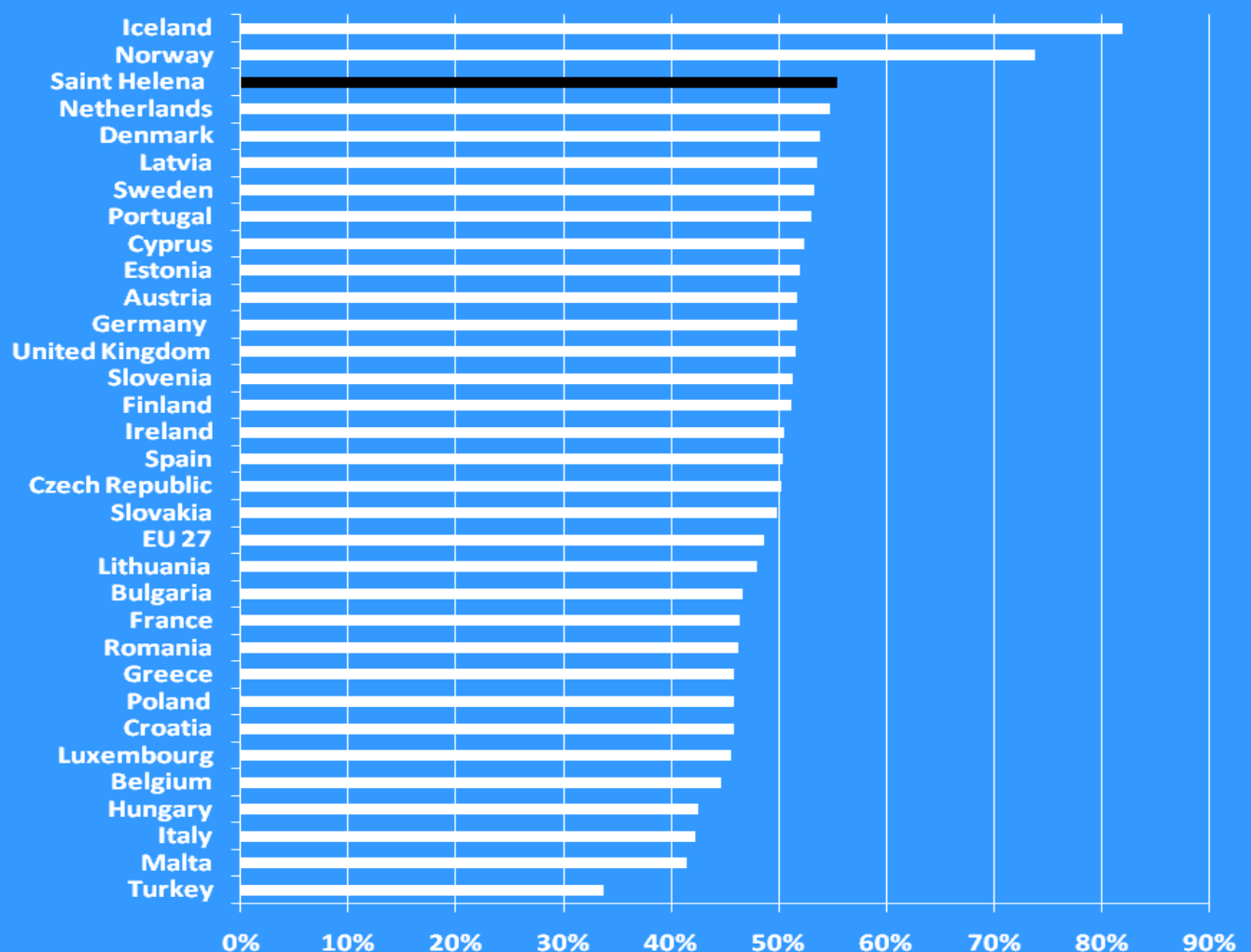
The PSMP programme is improving the measurement of performance across SHG, but has further work to do. Productivity improvements within SHG support the government's aim of reducing its footprint, as it helps to maintain the quality of services. As such, productivity improvements must be sought in line with the headcount reduction strategy.



Theme 3: Participation

The labour force participation rate is a key component of economic growth. As figure 3.1 shows, internationally Saint Helena's level of economic participation is high-ranking.

Economic Activity Rate, 2008



The construction of an airport is going to change the structure of the labour market. It is important in terms of equity, that when these changes occur, Saint Helena is able to maintain current levels of economic participation and where possible increase participation rates.

This requires appropriate legislation, sufficient labour market information, necessary training and education, as well as targeted measures to encourage into / remove barriers for those currently underrepresented in the workforce.

Strategic Goal: 3.0

Ensure workforce participation is maximised

Compared internationally workforce participation on Saint Helena is generally high. To ensure equitable development and higher rates of growth, the island should strive to maintain this level. In addition, there remains certain groups of individuals which are underrepresented in the workforce. Where possible, these groups should be encouraged into the labour market.

Objective 3.1: Strike the right balance between providing minimum labour market protection and avoiding over regulation.



Basic rights for employees and employers on Saint Helena are minimal and need to be strengthened. The commencement of the *Employment Ordinance 2010* will go some way to fulfilling this aim, although further regulations are likely to be needed to bring labour market laws up to international standards.

Government will, however, balance the need for greater protection, against the burden that over regulation places on businesses and workers.

Objective 3.2: Minimise the risk of a poverty trap



Saint Helena will ensure the composition of tax, benefits and the minimum wage encourages full employment. The setting of these factors can create a poverty trap, where individuals have a greater incentive not to work, than to work. The island does not currently have a minimum wage, although is likely to need one in the short term to provide a policy tool to protect the poor from adverse policy decisions, while also increasing incentives to work.

Objective 3.3: Enhance the provision of relevant, timely and accessible labour market information



Labour market information on Saint Helena is often disseminated informally. There is some avenue for posting information in the local media, but there is no central organisation of who is looking for work and who is looking for workers.

Better coordination of this data will improve the matching of employees and employers, while also be critical in terms of informing adult training and education provision. In an era of air access, a central contact - with a special website - should also make finding work on the island easier for internationally mobile workers.

Strategic Goal: 3.0

Ensure workforce participation is maximised

Saint Helena needs to get more people with disabilities into jobs. Latest estimates suggest 11 per cent of those of working age and in receipt of Disability Allowance are engaged in work or learning, compared to 83 per cent for the population as a whole. In the UK the rate is 48 per cent.

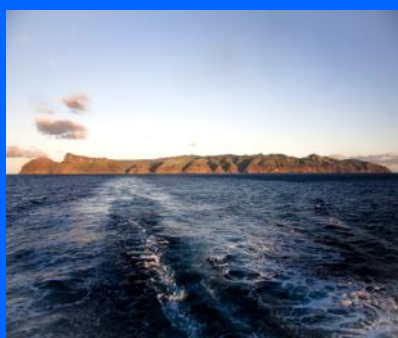
It is acknowledged that supporting disabled people into work requires various areas of action, from birth, to school, into the labour market, as well as strategies aimed at employers, government and support networks. This will not, however, prevent SHG from ensuring any disabled person who wants a job is given the support to do so.

Increasing the participation rates of 15 to 19 and 60 to 65 year olds—two cohorts where participation rates are low by international standards—will be a driver of growth and sustainability on Saint Helena. Ensuring the youth have the skills to enter the workforce—such as apprenticeship courses across SHG and the private sector—and encouraging workers to retire later, supports equitable growth and reduces the fiscal burden on government.

Higher levels of qualifications not only improve productivity, but also help to strengthen workforce participation and social inclusion. The island, however, does not have any higher level educational provision and this is unlikely to change in the short term.

While encouraging those with tertiary level qualifications to return is a challenge for the island, this is likely to become easier with the introduction of an airport. The benefits of having more highly qualified individuals are clear and where possible overseas study will be encouraged further in future. Students who have the ability, but are financially constrained, will be provided with assistance.

Objective 3.4: Ensure any disabled person who wants a job is given the support to do so.



Objective 3.5: Increasing the participation rates of 15 to 19 and 60 to 65 year olds



Objective 3.6: Increase participation in overseas study and distance learning



Implementation plan

In order to ensure the Strategic Goals are achieved throughout the 2012 to 2014 period, a comprehensive action plan has been formulated to work towards our key objectives. This details targets, timelines and responsibilities.

A comprehensive action plan has been devised

All stakeholders have signed-up to this plan of action

All stakeholders have been approached regarding the implementation phase of this strategy and targets have been aligned and agreed with them. The action plan includes targets already within Directorates strategic plans (shaded light blue), as well as new targets set in light of this strategy (light purple)

A Labour Market Working Group will be established to provide overall oversight of this action plan. Where possible this will mirror the soon to be established Employment Rights Committee and will therefore include: a member of LegCo; either an SHG economist or social planner; a private sector employer representative; a member of an organisation representative of employees; and one other person who the Governor deems suitable.

A Labour Market Working Group will provide oversight

A mid-term review of progress in Q3 2012

The Strategic Policy and Planning Unit within SHG will conduct a mid-term review of the strategy to evaluate progress made to-date against this action plan and where appropriate revise targets. This will take place in Q3 2013.

Implementation plan: Strategic Goal 1

Implementation plan:

Strategic Goal 2

		Lead responsibility	Support	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014
Increase workforce productivity															
Objective 2.1	Seek significant improvement in educational attainment on Saint Helena	Education and Employment	Secretariate		Secondary and Primary School students achieving two sublevels of progress annually				Secondary and Primary School students achieving two sublevels of progress annually				Secondary and Primary School students achieving two sublevels of progress annually		
Objective 2.2	Enhance coordination of adult training between key stakeholders across the island	Education and Employment	SHDA	Review of AVES to accommodate future demands & options presented	Decision made for the future structure and branding of AVES	Policy Guidance in place for the provision of training on island.									
Objective 2.3	Expand range of tourism, management and vocational training courses	Education and Employment	Tourism / SHDA	HR to work with AVES on a leadership programme and management training for SHG.			Investigate the training provision to meet training needs identified in the Labour Market Survey		Deliver training to fulfil training needs.						
Objective 2.4	Promote exposure to overseas working practices	Human Resources	SPPU			Proposal prepared for an internal (i.e. Within SHG) work exchange programme.		Proposal prepared for an external (i.e. Outside SHG, possibly abroad) work exchange programme.							
Objective 2.5	Improve productivity within SHG	All Directorates	Human Resources / SPPU / PSMP	HR to work with AVES on a leadership programme and management training for SHG.	Review of admin processes, interdepartmental cooperation and service delivery methods.	First set of quality and service standards published. Review strategic plans to evaluate Directorates productivity.	Strengthened staff appraisal, results based planning and resource allocation. Quality and service standards. Deliver and evaluate courses across a wide range of grades and directorates								

Strategic Goal: 2.0

Implementation plan:

Strategic Goal 3

		Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014
Ensure workforce participation is maximised													
Objective 3.1	Strike the right balance between providing minimum labour market protection and avoiding over regulation.	LRA / AG Chambers	SPPU	Support	Lead responsibility	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013
Objective 3.2	Minimise the risk of a poverty trap	LRA / AG Chambers	SPPU	Support	Lead responsibility	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013
	Enhance the provision of relevant, timely and accessible labour market information												
Objective 3.3	Ensure any disabled person who wants a job is given the support to do so.	LRA / AG Chambers	SPPU	Support	Lead responsibility	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013
Objective 3.4	Increasing the participation rates of 15 to 19 and 60 to 65 year olds	LRA / AG Chambers	SPPU	Support	Lead responsibility	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013
Objective 3.5	Increasing the participation rates of 15 to 19 and 60 to 65 year olds	LRA / AG Chambers	SPPU	Support	Lead responsibility	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013
Objective 3.6	Increasing the participation rates of 15 to 19 and 60 to 65 year olds	LRA / AG Chambers	SPPU	Support	Lead responsibility	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013

Strategic Goal 3.0:

Saint Helena Labour Market Strategy



Saint Helena Government

Saint Helena Island
South Atlantic Ocean

Pictures courtesy of: Saint Helena Tourism,
SHDA and Darrin Henry