



are professionally managed, making the Island *Altogether Wealthier* and *Altogether Greener* as their primary objectives. This requires that these entities take a long-term approach, be efficient and profitable, while being allowed the capacity to develop. Areas where these entities are expected to contribute are set out in the *Sustainable Economic Development Plan*, and to a lesser extent in the *Investment Strategy*. To promote sustainable economic development in these entities, sustainable business is expected to be integrated into their corporate governance. *Group Entities* should serve as role models in the area of sustainable business and act in a manner that generates public confidence.

8. State ownership of entities in St Helena has come about at various points in time and for various reasons. Some entities started out as government departments, in an era when Government did everything. Some are monopolies, providing services to the public. Others may exist as tools of the Government's Investment Strategy. Some may have been acquired as a result of having got into financial difficulty, with Government taking a view that the entities were too important to the Island's economy to fail.

9. Today, most entities are exposed to an element of competition/globalisation/technological progress. Greater exposure to these elements has changed conditions for *all Group Entities*. Evaluating the rationale for continued state ownership, and considering the objectives of these entities, are aspects of SHG's role as an active and professional owner. SHG's continuation as an owner may be justified in the light of the objective of the entities' business and public policy assignments. Likewise, the rationale for state ownership can change over time, such that an entity no longer needs to be held in public ownership and may be disposed of at best value (divested).

10. For the avoidance of doubt, the Government is not wedded to state ownership. Rather it takes a pragmatic view as to what is in the best interests in the long term for the Island's economy. This approach includes, for example, as part of its Investment Policy, giving serious consideration to offers received from investors, keeping the entity informed appropriately.

11. In the Ownership Policy, SHG presents its mandates and objectives, applicable frameworks and positions on issues relating to the governance of *Group Entities*.

12. SHG's Ownership Policy applies to all entities, which are

wholly owned by Government. Where SHG owns a majority of the entity, SHG works with the entity to encourage voluntary compliance, expressed for example in a Memorandum of Understanding between SHG and the entity.

13. SHG Corporate Services (Finance Business Unit) will prepare an Annual Performance Report on wholly owned state entities, for the Chairpersons Assembly.

14. The Annual Reports, audited annual financial statements and management letters of wholly owned state entities will be laid before the relevant Committee.

#### **FINANCIAL IMPLICATIONS**

15. The policy should improve the financial health of wholly owned state entities, and ultimately the financial health of SHG.

#### **ECONOMIC IMPLICATIONS**

16. The policy should assist SHG in implementing the *Sustainable Economic Development Plan*, specifically because it sets out the requirements for Wholly Owned State Entities to have non-financial targets where the SEDP is an important (but not exclusive) source of non-financial targets.

#### **CONSISTENCY WITH INVESTMENT POLICY PRINCIPLES**

17. The policy is consistent with the Investment Policy Principles:

*1. Make Saint Helena a desirable and competitive destination to do business by removing barriers to investment.*

*2. Support an economy which is accessible to all potential investors and promote investments across the economy.*

*3. Support the locally based private sector to compete in an open economy but, where possible, avoid being overly protective.*

*4. Promote fair, consistent, timely and transparent decision making.*

*5. Encourage growth through import substitution, export promotion and domestic production.*

#### **PUBLIC / SOCIAL IMPACT**

18. The policy should have a favourable impact on the public, in that the people of St Helena will be better served by wholly owned state entities.

#### **ENVIRONMENTAL IMPACT**

19. The policy should have a favourable impact on the environment, as the policy requires wholly owned state entities to contribute to making St Helena *Altogether Greener*.

**PREVIOUS  
CONSULTATION /  
COMMITTEE  
INPUT**

20. The policy has been developed in conjunction with SHG Corporate Services, Group Entities and Chairpersons Assembly.

**PUBLIC  
REACTION**

21. The public is likely to be supportive of the policy since its purpose is to ensure that the people of St Helena are well served by and benefit from the wholly owned state entities.

**PUBLICITY**

22. ExCo's decision will be discussed in the radio briefing following the Executive Council Meeting. A separate press release should be considered.

**SUPPORT TO  
STRATEGIC  
OBJECTIVES**

23. The policy supports the following National Goals:  
*Altogether Wealthier; Altogether Greener*

**LINK TO  
SUSTAINABLE  
ECONOMIC  
DEVELOPMENT  
PLAN GOALS**

24. The policy supports, indirectly, the SEDP Vision of achieving development which is economically, environmentally and socially sustainable.

**OPEN /CLOSED  
AGENDA ITEM**

Open Agenda Item.

*DLR*

Corporate Support  
Corporate Services  
14 November 2019

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