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Copy No:

No: 42/2019

Memorandum for Executive Council

SUBJECT

Investor Prospectus

Memorandum by Chairman of the Economic Development
Committee

ADVICE SOUGHT

1. Executive Council is asked to endorse the publication of the Investor Prospectus to enable the inclusion of
 - a. the opportunities described, and
 - b. the Strategic Assets described; St Helena Government (SHG) assets/properties and state-owned entities.

BACKGROUND &
CONSIDERATIONS

2. Enterprise St Helena (ESH) in partnership with SHG have produced a new Investor Prospectus as a means of promoting opportunities to unlock investments that will contribute directly to the National Goal 'Altogether Wealthier', and the intentions of the Sustainable Economic Development Plan (SEDP). Please see draft Investor Prospectus attached (Annex A).
3. The core objective of the Investor Prospectus will be to promote investment opportunities and in doing so attract local and international appetite for equitable investments necessary to support the relevant growth industries of the SEDP.
4. The key message of the Investor Prospectus is as follows:-
St Helena is on a journey towards becoming a globally-connected green and blue-island destination with a vibrant tourism and digital-driven economy.
5. The main investment opportunities to be communicated are:-
 - Academia, Research & Conferences
 - Agriculture
 - Construction & Property [development]
 - Green Initiatives [Green agenda areas]
 - Information & Communications Technology (ICT) & the Digital Economy

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- Professional & Financial Services.
6. These opportunities will be supported by three primary enablers:-
 - a. Growth areas, industries and calibre of investments reflective of the Investment Strategy;
 - b. Strategic Assets
 - i. Identified State-owned entities
 - ii. Identified Crown assets/properties
 - c. Investment and Tax Incentives (already implemented)
 - i. Customs Import Duty exemptions, reductions and/or delayed payments
 - ii. Losses carried forward to proceeding tax years
 - iii. Corporation Tax reduced from 25% to 15% (for export sectors and some import substitution sectors)
 - iv. ESH Grant Funding available for investors with St Helenian status
 7. Note: The Corporation Tax incentive (6.c.iii.) is applied specifically to exportation of goods and services; fishing and fish processing; cultivation of honey; growing and roasting of local coffee; farming and butchering of meat; farming of vegetables, legumes, nuts or fruit or the processing of locally grown produce; distilling or brewing of liquor, wine or beer; production of traditional craftwork, or jewellery using predominantly locally sourced inputs; production of upholstery or clothing, as per the Investment Strategy.
 8. The proposed Investor Prospectus will also remind and promote the unique selling points (USPs) of St Helena, such as its link to the English Language and the British Pound, its people, raw and natural environments, and its history, heritage and culture. In doing so, St Helena is a place to live, work, play and invest.
 9. The outcome objective of the Investor Prospectus is to:
 - a. Enhance the island's resident working age population to enable increased economy-of-scale opportunities and benefits
 - b. As a result of (a) and with a focus on import substitution and export sectors the island will be positioned to enhance a circular economy through
 - a. increased local production, provisions and trade for a larger consumer-base

OPEN AGENDA

- b. greater retention of profits and cash on-island
- c. increased opportunity for tax revenues as a result of all of the above, and
- c. a thriving private sector via increased confidence through stronger local enterprises, increased visitors, and increased investments; ESH Strategy Refresh 2019.

FINANCIAL IMPLICATIONS

10. It is expected to improve St Helena's trade deficit and GDP via import substitution, exports, and a circular economy.
11. SHG cannot afford to continue to maintain expenditures against the assets and subsidiary investments described.
12. Whilst the financial impact of the proposed strategic assets and entities for inclusion in the Investor Prospectus is yet to be fully established, it is envisaged that SHG would gain financially from the following:-
 - a. The generation of additional revenue; increased tax revenue and the sale and/or lease of Strategic Assets to the private sector, for example, circa £2m would be generated if the properties alone were to be sold.
 - b. A potential reduction in human resource and time aligned with the management of the described Strategic Assets.
 - c. A reduction in the on-going repairs and maintenance of the Crown Assets proposed.

ECONOMIC IMPLICATIONS

13. The Investor Prospectus is a critical component of promoting the island's sustainable economic development. It provides options and inspirations for investors to target their savings on St Helena, giving clear instructions on how to set up a business, where that could be located, and in what sectors they could find opportunities.
14. Ensuring that the Prospectus is available by October ensures value for money, as it can be showcased locally and then by ESH representatives in London during late October and early November.

CONSISTENCY WITH INVESTMENT POLICY PRINCIPLES

15. The proposed Investor Prospectus is aligned with all of the Investment Policy Principles:
 - Make Saint Helena a desirable and competitive destination to do business by removing barriers to investment.
 - Support an economy which is accessible to all potential investors and promote investments across the economy.
 - Support the locally based private sector to compete in an open economy but, where possible, avoid being overly

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protective.

- Promote fair, consistent, timely and transparent decision making.
- Encourage growth through import substitution, export promotion and domestic production.

PUBLIC / SOCIAL IMPACT

16. The promotion of the Investor Prospectus, once endorsed, should have a positive public/social impact in that it communicates opportunities and assets for enabling business and economic growth. Subsequently, such activities will sustain/increase employment and incomes derived.
17. Similarly, re-location of tenants from existing SHG Assets is likely to be absorbed via a mix of alternative SHG and private means, the latter impacting positively.
18. Additionally, the Prospectus has been developed in such a manner as to mitigate issues arising, as a result of lessons learned from the previous Investment Prospectus and the adverse reaction received at the time, namely:
 - inclusion of two private estates,
 - primary focus being on Crown land and property as opposed to industry opportunities, and
 - forewarning and planning to facilitate relocations.

ENVIRONMENTAL IMPACT

19. The Investor Prospectus promotes the island's Green and Blue agendas, and responsible and sustainable development, so will have positive environmental impacts
20. The environmental impacts of each bespoke opportunity within the Investor Prospectus and the resulting activities will need to be assessed in line with the relevant statutory requirements and established processes. Appropriate mitigation measures will need to be identified and implemented for adverse environmental impacts.

PREVIOUS CONSULTATION / COMMITTEE INPUT

21. The Chief Secretary, on behalf of the Estates Strategy Panel, has provided initial authorisation to explore and consider relevant content and Strategic Assets for inclusion.
22. ESH discussed the Investor Prospectus with all Elected Members at a meeting held on 11th September 2019 and it will be presented to the Economic Development Committee for endorsement on 26th September 2019.

PUBLIC REACTION

23. There is likely to be majority public support especially from those locally and internationally; current and future, looking to invest. The document is for local and foreign interest.

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24. Re-location of tenants from existing properties is likely to be absorbed via a mix of alternative SHG and private means, the latter impacting positively.
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PUBLICITY

26. Previous SHG publicity and updates from the Economic Development Committee have communicated that ESH is developing the Investor Prospectus on behalf of SHG.
27. ExCo's decision will be mentioned in the ExCo Report and associated broadcast. Publicity in the form of the launch of the Investor Prospectus will take place once ExCo has agreed and endorsed a final version.
28. ExCo need to consider whether or not public consultation is required in advance of final endorsement.

SUPPORT TO STRATEGIC OBJECTIVES

29. This paper supports the following National Goals / Objectives:
- Commitment to sustainable growth
 - Continued commitment to agriculture and fisheries
 - Encourage Saints to return to the Island
 - Improve connectivity.

LINK TO SUSTAINABLE ECONOMIC DEVELOPMENT PLAN GOALS

30. This paper is linked to the majority of the SEDP Goals, particularly the following:
- 1. Increase Exports**
 - 2. Substitute Imports**
 - 3. Attract Visitors and Increase Tourism**
 - 6. Sustain and improve our Natural Capital**
 - 8. Develop, Maintain and Attract a Skilled Workforce**
 - 9. Develop the Digital Economy**
 - 10. Reduce Leakage of Income**

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AGENDA ITEM
Corporate Support
Corporate Services
DATE OF MEMO

This is recommended to be held in Open Session.

13 September 2019

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