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Copy No:

No: 65/2019

Memorandum for Executive Council

SUBJECT

Labour Market Strategy

Memorandum by the Chairman of the Economic Development
Committee

ADVICE SOUGHT

- 1. Executive Council is asked to consider and advise whether the Labour Market Strategy (2020 – 2035) should be approved to take effect from 1 January 2020 so that it can be taken forward for implementation. A copy of the Strategy is at Annex A.**

**BACKGROUND &
CONSIDERATIONS**

2. St Helena's 10 Year Plan: 2017-2027 sets a goal to become 'Altogether Wealthier' through development of local industry and sustainable growth. The 2018 Sustainable Economic Development Plan (SEDP) elaborates on this goal with a vision that includes 'achieving development which is economically, environmentally and socially sustainable by increasing standards of living and quality of life.' One of the goals necessary to achieve the vision articulated in the SEDP is to 'develop, maintain and attract a skilled workforce across the public and private sectors.'
3. The previous Labour Market Strategy was published in 2012 and focused heavily on construction and immediate operations of the Airport. Since that time, the Airport has been built and opened and the promise of a fibre optic internet cable is on the horizon.
4. St Helena now faces a new generation of challenges and opportunities that the new Labour Market Strategy seeks to address.
5. The story of St Helena's labour market today is one of extremes: some businesses struggle to find workers at the same time some workers are struggling to find jobs, there is a wide range of opinions about the role of immigration in building the workforce and both traditional industries and new technologies offer opportunities for economic growth. Labour market policies must be carefully designed to meet the needs of the largest number of St Helenians without significantly disadvantaging any group.
6. The draft Labour Market Strategy is organised around three key goals: 1) resolving inequities, both real and perceived, in St Helena's Labour Market, 2) increasing the population

OPEN AGENDA

living and working on St Helena and 3) preparing the workforce to meet the vision laid out in the SEDP.

7. The success of the policies and programmes proposed in the Labour Market Strategy will be dependent on actions by employers and individuals across the economy as well as elected members and government officials. SHG intends to lead by example by making necessary changes within government departments and influencing change in entities where SHG is a shareholder. For this reason, where possible, the Strategy identifies specific actions SHG plans to take to address a challenge or seize upon an opportunity.
8. SHG will also partner with stakeholders outside of government to ensure that other employers' interests are represented. In addition, elected representatives have a role to play in bringing attention to key issues and facilitating cooperation across a range of stakeholders.
9. A full public consultation took place between 2 September and 11 October 2019. During this time, consultation meetings drew more than 260 participants while nearly 40 responses were received via email or online survey. The final Labour Market Strategy reflects revisions made in response to feedback received during the consultation process.
10. SHG has also developed an internal implementation plan which identifies specific steps required to implement the policies and programmes proposed, organisations responsible for executing those steps and target dates for implementation. Executive Council has been provided a copy of the implementation plan for reference. (See Annex B.)
11. Executive Council is asked to approve the final Labour Market Strategy. If approved, the policies and programmes proposed in the Strategy can be implemented. Thereafter, there will be biannual reporting on progress and annual reporting for indicator data.

FINANCIAL IMPLICATIONS

12. Long-term, policies and programmes that improve labour market outcomes and increase the working population on-Island would be expected to have a positive financial impact by increasing tax revenues and reducing expenditures for unemployment allowances.
13. The draft Labour Market Strategy details a number of activities that are already underway or that build upon existing work. However, there are some policies and programmes that will have financial implications. Where possible, these financial costs are outlined within the implementation plan and will be incorporated into budgets for the responsible directorates in the appropriate fiscal year

OPEN AGENDA

if the Labour Market Strategy is approved.

14. Financial assistance for returning St Helenians will have budgetary implications. If the Labour Market Strategy is approved, a detailed proposal for an assistance package will be submitted through the formal budgetary process. This proposal will include an assessment of the financial implications of the specific package proposed.

ECONOMIC IMPLICATIONS

15. Policies that increase St Helena's population, particularly those of a working age with disposable incomes, create more customers who will inject additional money into St Helena's economy. This has a multiplier effect as workers purchase new goods and services on the Island, benefitting business owners who in turn have additional income to spend.
16. A larger population also creates more opportunities for new businesses to expand the economy rather than simply dividing existing consumer spending into smaller allotments.
17. Further, policies and programmes that support implementation of the SEDP provide an environment for economic growth.

CONSISTENCY WITH INVESTMENT POLICY PRINCIPLES

18. A revised Labour Market Strategy was identified as one of the reforms necessary to open the Island's economy to inward investment and increased tourism. Achieving these reforms is linked to the DFID Compact for Economic Development.
19. The Labour Market Strategy is consistent with St Helena's Investment Strategy and Investment Policy Principles, which identify the availability of a sufficiently-sized and suitably-skilled or trainable workforce as one of the key factors considered by investors.

PUBLIC / SOCIAL IMPACT

20. Efforts to address unemployment and increase skills in key areas will benefit individuals and employers alike.
21. Programmes and policies that increase employment on-Island and support key sectors are essential to economic development, which will have a positive social impact.

ENVIRONMENTAL IMPACT

22. There are no significant environmental implications.

OPEN AGENDA

PREVIOUS CONSULTATION / COMMITTEE INPUT

23. The first draft of the Labour Market Strategy was developed following individual meetings with a large number of stakeholders representing a variety of interests. Each Councillor was invited to participate in an individual consultation. In addition, meetings were held with the Chamber of Commerce and the Sixth Form and Student Council at Prince Andrew School.
24. On 8 August, a pre-consultation workshop was held to gather feedback on programmes and policies considered for the Strategy. Participants included elected members, SHG officials and representatives from the private sector.
25. A full public consultation occurred between 2 September and 11 October. Meetings were held with the general public, employers, Prince Andrew School students, Chamber of Commerce members, and SHG employees. Consultation meetings drew more than 260 participants. In addition, nearly 40 responses were provided via email and online survey.
26. The draft Labour Market Strategy was updated based on feedback gathered during consultations. The Economic Development Committee endorsed a final draft of the Labour Market Strategy at its meeting on 28 November.

PUBLIC REACTION

27. The Labour Market Strategy is intended to address a wide range of needs for a variety of stakeholders across the Island. Every programme or policy in the final draft Strategy was designed to respond to an issue raised by individual's on-Island.
28. Programmes or policies expected to have widespread public benefits have been popular with a large number of stakeholders.
29. Programmes or policies designed to address a targeted problem were popular with individuals who will benefit from those programmes or policies. Individuals who do not directly benefit from those programmes or policies mostly reacted neutrally to those proposals.
30. Key revisions to the original draft addressed the primary issues raised by members of the public during the consultation including: immigration and Saint Status; concerns about whether proposals would benefit those already living and working on St Helena; and assistance for St Helenians returning to the Island to work.
31. In response to public interest, the final draft Labour Market Strategy was released publicly prior to the Economic Development Committee meeting. A 'Quick Reference Guide' also summarised points raised in consultations and the revisions made as a result. This has been provided to

OPEN AGENDA

Executive Council for reference. (See Annex C.)

32. In addition, the Chair of the Economic Development Committee and Senior Economist participated in two radio interviews to explain how consultations had informed the final draft.

33. Public reaction to the final draft has been positive.

PUBLICITY

34. The decision will be covered in the media briefing following the Executive Council meeting.

SUPPORT TO STRATEGIC OBJECTIVES

35. The Labour Market Strategy supports the National Goal to be 'Altogether Wealthier' and Strategic Objective 3.1 'Ensure Sustainable Economic Development'.

LINK TO SUSTAINABLE ECONOMIC DEVELOPMENT PLAN GOALS

36. The Labour Market Strategy directly supports the SEDP Goal to 'Develop, Maintain and Attract a Skilled Workforce.'

OPEN /CLOSED AGENDA ITEM

37. This paper is suitable for the Open Agenda

LAH

Corporate Support
Corporate Services

03rd December 2019