

	<u>Memorandum for Economic Development Committee</u>
SUBJECT	<u>Approval of Change to the Agriculture Water Subsidy Policy</u>
	<u>Memorandum by the Director of Environment, Natural Resources and Planning Directorate</u>
ADVICE SOUGHT	The Economic Development Committee is asked to approve the changes to the Agriculture Water Subsidy Policy.
BACKGROUND & CONSIDERATIONS	<ol style="list-style-type: none"> 1. An agricultural water subsidy administered by the Agriculture Division in the ENRP Directorate exists through the above-mentioned policy which was established in 2017. 2. The aim of the policy is to reduce the impact on agricultural production as a result of increases in water tariffs. The policy applies to users of agricultural <i>untreated</i> water and agricultural <i>treated</i> water under Connect St Helena's tariff structure. 3. In July 2018 the policy was updated to reflect the increase in water tariffs implemented by Connect St Helena. 4. Connect St Helena has recently published changes to their water tariffs which will see increased water charges implemented with effect from 1 April 2020 5. The policy change proposed as a result of the increases by Connect St Helena is as follows: <ul style="list-style-type: none"> ▪ an increase in subsidy from £0.28 to £0.37 for <i>untreated</i> agricultural water and an increase from £0.25 to £0.74 for <i>treated</i> agricultural water 6. The updated Policy is attached as Annex A. 7. We recommend that the changes comes into force after agreement by Economic Development Committee.
FINANCIAL IMPLICATIONS	<ol style="list-style-type: none"> 8. As a result of the proposed changes to the policy, and based on the current number of users claiming for agricultural water subsidy, the additional subsidy required is as follows: <ul style="list-style-type: none"> ▪ for <i>untreated</i> agricultural water – approximately £1,200 per annum ▪ For <i>treated</i> agricultural water – approximately £300 per annum

	9. ENRP will support this increased level of subsidy from their Miscellaneous Farmers Support budget line within the Agriculture Support budget.
ECONOMIC IMPLICATIONS	10. The agriculture sector's continued contribution to economic development on St Helena depends on affordable water supplies to the sector. 11. By continuing to contribute to the cost of water for agricultural purposes, we can ensure that agricultural water charges does not negatively impact producers in maintaining current levels of food production and also help contribute to increased production where this is possible.
CONSISTENCY WITH INVESTMENT POLICY PRINCIPLES	12. This is consistent with the following principle: No.4: Support the locally based private sector to compete in an open economy but, where possible, avoid being overly protective.
PUBLIC/ SOCIAL IMPACT	13. A small but positive impact on agricultural water users to cover increased water charges.
ENVIRONMENTAL IMPACT	14. An increase in subsidy provisions for agricultural water in line with the increased tariff changes will not see a significant increase in use of water for agriculture purposes to the extent that it negatively affects the Island's water supplies.
PREVIOUS CONSULTATION/ COMMITTEE INPUT	15. EDC endorsed the Agriculture Water Subsidy Policy in 2017 and its increased subsidy provision in line with water tariff increases in 2018.
PUBLIC REACTION	16. Public reaction will be positive. This will demonstrate to the public that support is continuing for agricultural water to maintain and where possible, increase local production.
PUBLICITY	17. Agreement of the Policy change by EDC will be publicised through a Press Release.
SUPPORT TO STRATEGIC OBJECTIVES	18. Link to the 10 Year Plan: Altogether Wealthier goal and Strategic Objective 3.1 Ensure Sustainable economic development

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LINK TO SUSTAINABLE ECONOMIC DEVELOPMENT PLAN GOALS	19. Link to goals 2 and 5: 2. Substitute Imports 5. Improve Land Productivity
OPEN/CLOSED AGENDA ITEM	20. Recommended for the Open Agenda
Attached Documents	Annex A: Agriculture Water Subsidy Policy
Environment, Natural Resources and Planning Directorate	
14 April 2020	
Officer Introducing Item	Agriculture Development Officer
Follow Up Actions Required	

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