

5. The proposed best options to direct agriculture policy for SHG in support of local egg production activities are as follows:
 - Re-supply option: **OPTION 3: Day old chick imports via ANRD.**
 - Distribution option: **OPTION 3: Import for all but with 2 different price thresholds (one for commercial producers and one for small-holders).**
6. These re-supply and distribution options are the best compromise. The smoothest and best option is to have parent stock on island with a private sector incubator unit, producing pullets at a steady supply rate. However, this has been tried with the contracting out of the ANRD poultry unit, and did not succeed. Also there is no appetite currently amongst the commercial egg producers to take this on afresh (results from stakeholder meeting). Importing 1,000 chicks at a time is 'lumpy', but cost effective.
7. Although future flight arrangements from South Africa are unknown at present and may continue for some time, ENRP proposes to continue with establishing policy arrangements for continued maintenance of local egg production activities through discussion and consideration of the attached options paper.
8. Net cost/revenue: The cost to SHG of importing and quarantining 1,000 chicks is £5,129.03. Using the price differential example in Section 4.1 at Annex 1, the estimated revenue achieved by SHG for the 100 chicks is £3,750. Net cost to SHG is £1,379.03
9. There are economic benefits to ensuring all or the majority of our demand for eggs are produced locally. SHG is doing its best to follow a path to economic self-sustainability, which can be achieved by reducing imports increasing exports where this is possible. Developing the local egg production segment of the agriculture sector will reduce the need to import eggs from SA suppliers to service St Helena's needs and allow some export to Ascension Island.
10. Implementing the recommended options would be consistent with the following Investment Policy principles:
 - No.2. Encourage growth through import substitution, export promotion and domestic production.
 - No.4. Support the locally based private sector to compete in an open economy but, where possible, avoid being overly protective.
11. The public and social impact of not having a re-supply of chicks would be significant, therefore planning for a medium term arrangement is essential. Members of the public may have strong views on the best way to continue the re-supply and distribution of chicks.
12. A positive environmental impact through local production of eggs to meet the demand instead of a reliance on battery produced eggs from South Africa.
13. Consultation on the re-supply and chick distribution options was undertaken with a cross-section of local egg producers on 16 April 2020 and key merchants retailing eggs were consulted with regards their demand forecasts for eggs.
14. It is expected that, if adopted, there would largely be a positive reaction to the recommended supply and distribution options as both the small-holder and those egg producers who pursue an income from their production would have continued access to chicks provided they can continue to be sourced from

FINANCIAL IMPLICATIONS

ECONOMIC IMPLICATIONS

CONSISTENCY WITH INVESTMENT POLICY PRINCIPLES

PUBLIC / SOCIAL IMPACT

ENVIRONMENTAL IMPACT

PREVIOUS CONSULTATION / COMMITTEE INPUT

PUBLIC REACTION

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South Africa.

PUBLICITY

15. A press release will be issued informing the public of the re-supply and distributions options adopted as well as a date for re-supply of chicks to begin once the picture is clearer with regards flights from South Africa.

SUPPORT TO STRATEGIC OBJECTIVES

16. The options support “All Together Wealthier and Altogether Healthier”.

LINK TO SUSTAINABLE ECONOMIC DEVELOPMENT PLAN GOALS

17. This paper supports the following SEDP Goals:
- Increase Exports
 - Substitute Imports
 - Reduce Leakage of Income

OPEN /CLOSED AGENDA ITEM

Open

DD

DATE OF MEMO

20/05/20

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