



## OPEN AGENDA

*procurement process undertaken by St Helena Government.”*

*And states that “We, the undersigned residents of St Helena Island, are opposed to the current investment procurement process being undertaken by the St Helena Government to secure a successful business/ company to manage St Helena’s commercial fishery.”*

7. In addition the Petition requests His Excellency the Governor and Executive Council to stop the:

- Conflicts of interests;
- Exclusion of local fishers;
- Threats to our food security;
- Lack of openness & transparency;
- Non-science based decision making;
- Potential violations of Human Rights;
- By ‘invite only’ commercial venture; and
- Threats to local livelihoods.

8. The SHCFA has stated that the Petition has 1,191 signatures from on Island residents and 228 from overseas. The main request from the Petition is for the St Helena Government to terminate the current fisheries investment process.

9. There are two courses of action to consider in response to the Petition request with three sub-options under Option 1 and these are detailed with the associated implications in the attached Advice Note (Annex C) and are as follows:

**Option 1:** Agree with the petition and stop the investment proposal led by PQT (SH) to set up the SHFCO;

- a. SHG continues to operate the Coldstore; or
- b. Ask NEWCO if they would take over the Coldstore;  
or
- c. Close the Coldstore; or

**Option 2:** Do not agree with the petition and continue with the investment proposal led by PQT (SH).

10. EDC is asked to consider the above options on how to respond to the request made in the Petition and to advise Executive Council on which is the most appropriate option to take taking into account the associated risks, implications and benefits with each option.

11. There are financial implications associated with each of these options and these are highlighted in the Advice Note and are summarized below:

**Option 1a.** will mean that SHG continues to subsidise fish

## FINANCIAL IMPLICATIONS

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processing and operation without export at a cost of approx. £240,000 per annum plus any unknown asset replacement costs.

**Option 1b.** will mean SHG continues to subsidise fish processing via another entity at approx. £210,000 per annum reducing to £116,000 from year 3 and will require an upfront investment in the factory of £150,000.

**Option 1c.** will mean that SHG does not provide a subsidy for fish processing so there are no direct cost to public funds.

**Option 2.** Requires an upfront investment of £300,000-£500,000 into upgrading the factory plus some key assets which SHG will retain ownership of but lease to the company. There will not be an ongoing subsidy requirement.

### ECONOMIC IMPLICATIONS

12. Option 2 which aims to bring the fishing industry unto a breakeven/ profit making basis without the need for a government intervention through subsidy is positive for the local economy. Increasing exports of fish has a positive effect on the balance of trade and means that more money is coming into the Island and supports the goals under the SEDP. This is also good for employment and ensures that those employed within the sector continues to be employed.
13. Putting a stop to the current investment process means that the Island loses the opportunity to develop the fishing industry from a highly subsidized industry to one that potentially can breakeven and make a profit.

### CONSISTENCY WITH INVESTMENT POLICY PRINCIPLES

14. Option 2 is consistent with the following Investment Principles:
  1. Make St Helena a desirable and competitive destination to do business by removing barrier to investment.
  2. Encourage growth through import substitution, export promotion and domestic production.
  3. Support an economy which is accessible to all potential investors and promote investments across the economy.
  4. Support the locally based private sector to compete in an open economy but, where possible, avoid being overly protective.
  5. Promote fair, consistent and transparent decision making.

### PUBLIC / SOCIAL IMPACT

15. The St Helena Fisheries Sector Strategy (SHFSS) 2016-2025 has as its long-term vision: *“to have a safe, sustainable and environmentally friendly fishing industry that is locally owned and operated and makes a significant contribution to*

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*the local economy by producing high quality products for sale and export”.*

- ENVIRONMENTAL IMPACT**
16. Stopping the current investment process and closing the Coldstore under option 1c. will have an impact on the availability of fish on the Island and result in zero export of fish. Though options 1a and 1b will mean that fish is available to the local market these options will continue to require an annual subsidy which means that resources will have to be diverted from other public services in order to provide that subsidy. Option 2 provides the means for the availability of fish for the local market as well as having no ongoing impact on public funds through ongoing subsidy.
17. In deciding which course of action to take, it should be borne in mind that no option should lead to unsustainable fishing, as a result of industry quotas. However more fish would be caught under option 2.
18. The factory currently uses R22 gas for refrigeration. Option 2 through the refurbishment works will look to replace that gas with a more environmentally friendly alternative.
- PREVIOUS CONSULTATION / COMMITTEE INPUT**
19. There has been no previous consultation on this matter. Advice is being sought by Executive Council from EDC on the most appropriate option.
- PUBLIC REACTION**
20. There is a considerable amount of public interest in this issue given that the Petition was signed by a good proportion of the public.
21. It is expected that there will be mixed reaction from the public regarding this decision. Regardless of what decision is made there will be those that will have positive and negative reactions to the decision.
22. Fishermen are key stakeholders in this decision and although the Petition reflects the views of the SHFCA and some other fishermen, it does not reflect the views of all fishermen and the letter from owners of John Melliss Fishing Limited attached to Annex C demonstrates that some fishermen have a different point of view and would wish for the current investment process to continue.
- PUBLICITY**
23. N/a
- SUPPORT TO STRATEGIC OBJECTIVES**
24. N/a

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**LINK TO  
SUSTAINABLE  
ECONOMIC  
DEVELOPMENT  
PLAN GOALS**

25. Option 2 supports the following SEDP goals:

1. Increase Exports
2. Substitute imports
8. Develop, maintain and attract a skilled workforce
10. Reduce leakage of income

NY

**OPEN /CLOSED  
AGENDA ITEM**  
Corporate Support  
Corporate Services  
***DATE OF MEMO***

26. Open Agenda

16/09/2020