

Memorandum for Executive Council

SUBJECT

Investment Strategy

Memorandum by Chairman, Economic Development Committee

ADVICE SOUGHT

1. **Executive Council is asked to advise whether the Investment Strategy April 2019 (Annex A), should be endorsed.**

BACKGROUND & CONSIDERATIONS

2. At the Executive Council meeting held on 1st May 2018, Executive Council advised that the Sustainable Economic Development Plan 2018-2028 (SEDP) should be approved. At the Executive Council meeting held on 26th June 2018 Executive Council advised that the Investment Policy 2018 should be approved.
3. Following on from this, an Investment Strategy has been developed, consulted on and endorsed by the Economic Development Committee. The Investment Strategy is concerned with the practicalities of investment including what would be deemed a ‘good investment’, how investments will be incentivised and what the process would be to gain incentives.
4. Investors need certainty around land and labour availability, the ability to access markets, and financial incentives to reduce financial risks of investment. The Investment Strategy considers these issues.
5. Tax incentives outlined within the Investment Strategy include Corporation Income Tax reductions, Self-Employment Income Tax reductions and an ‘Approved Investment Scheme’ to certify Customs Duty reductions and/or delayed repayment of duties. As these incentives have now been endorsed by Council, it is timely for Executive Council to endorse the Investment Strategy.

FINANCIAL IMPLICATIONS

6. The financial implications of the tax incentives featured in the Investment Strategy were considered on their own merit when the incentives were endorsed by Council in March 2019. Endorsement of this Investment Strategy therefore does not have any additional financial implications with regards to tax incentives over and above what has already been approved.
7. Digitalising the land registry may be required in order to progress the work on lands, notably ‘a database, populated by SHG’s Property Division and made available to the public

through Enterprise St Helena, will be developed to provide rapid consistent information about sites and their development potential.’ An application for the digital land registry has been provided to the ESH board for funding, but in the absence of approval, a selection of buildings and land will be provided as part of the Investment Prospectus in order to satisfy the requirements in the short term.

**ECONOMIC
IMPLICATIONS**

8. The Investment Strategy sets a framework to enable investment in St Helena, which will help to deliver the goals within the SEDP. Investment is required for many of the SEDP sectors, where new business or services are required, in particular to increase exports and substitute imports. Therefore enabling the Investment Strategy to be developed will provide the environment for economic growth.
9. Going forward, Immigration and Land reforms shall need to support the Investment Principles and to enable investment in order to tackle issues around availability and price of land and labour.

**CONSISTENCY
WITH
INVESTMENT
POLICY
PRINCIPLES**

10. This supports all the principles.
 1. *Make Saint Helena a desirable and competitive destination to do business by removing barriers 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, timely and transparent decision making.*

**PUBLIC / SOCIAL
IMPACT**

11. An investment friendly environment should lead to economic development which in turn will have a positive public/social impact.

**ENVIRONMENTAL
IMPACT**

12. There are no significant environmental implications. Under the Approved Investment Scheme, investments which mitigate and/or enhance the environment are awarded higher scores.

**PREVIOUS
CONSULTATION /
COMMITTEE
INPUT**

13. The Economic Development Committee (EDC) inputted into the draft Investment Strategy in the August EDC (closed session).
14. A public consultation was undertaken for six weeks over October and November. As well as a drop-in session, to which three businesses attended, there was a presentation made at the Chamber of Commerce, and a one-to-one feedback session. Additionally, the Hon Chairman of the

Economic Development Committee and the Government Economist were involved in radio discussions on both radio stations on 18 June 2018.

15. A People's Voice radio interview by the Government Economist about Investment was undertaken on 26 July. Further radio interviews were conducted by the Chair of the Economic Development Committee and the Government Economist in October to advertise the consultation.
16. Feedback was also provided by the UK Department for International Development. Internal consultation was also undertaken with Enterprise St Helena and the Land Planning and Property Division of the Environment and Natural Resources Directorate.
17. The EDC endorsed the updated Investment Strategy in December 2018, but suggested this should proceed to Executive Council once the tax incentives had been endorsed.
18. There has been a positive reaction to the incentives for those who work in the sectors which are favoured.

**PUBLIC
REACTION**

PUBLICITY

19. The Financial Secretary mentioned the tax changes within his Budget Speech in March 2019.
20. The Executive Council open meeting summary and associated broadcast will provide an update to the public to inform them that the Strategy has been endorsed and both SHG and ESH websites will be updated to reflect the new Strategy.

**SUPPORT TO
STRATEGIC
OBJECTIVES**

21. The Policy supports the following National Goal:
Altogether Wealthier

**LINK TO
SUSTAINABLE
ECONOMIC
DEVELOPMENT
PLAN GOALS**

22. The Policy supports the majority of the SEDP Goals as follows:
 1. *Increase Exports*
 2. *Substitute Imports*
 3. *Attract Visitors and Increase Tourism*
 4. *Improve Land Productivity*
 5. *Improve Infrastructure*
 6. *Develop, Maintain and Attract a Skilled Workforce*
 7. *Develop the Digital Economy*
 8. *Reduce Leakage of Income*

LAH

**OPEN /CLOSED
AGENDA ITEM**

23. Open Agenda

Corporate Support
Corporate Services

10th April 2019