



# St Helena Investment and Tourism Policies

Government of St Helena

November 2008



# INVESTMENT POLICY FOR ST HELENA

## **1. Our Vision**

1.1 The Vision for St Helena is to create a prosperous, peaceful and democratic society for all, achieved through sustainable economic, environmental and social development leading to a healthy and eventually financially independent St Helena.

1.2 The purpose of this Investment Policy is to contribute to the achievement of this vision by creating a vibrant economy on St Helena, thereby raising the standards of living providing sustainable business and employment opportunities, and increasing budget self-sufficiency. This is achieved through:

- demonstrating the Government of St Helena's commitment and pro-active stance towards securing greater levels of investment for the Island;
- recognising, supporting and encouraging investment to expand and diversify the present economy through, promoting development which is compatible with the Island's culture and sensitive to the Island's natural environment, and historic heritage; and
- setting out the measures that the Government will take to create an environment that is conducive to investment and supportive of entrepreneurship.

## **2. Underlying Principles**

2.1 The Investment Policy of the St Helena Government (SHG) is effective from 1 January 2007 and replaces the Interim Investor Policy and any earlier SHG policy on inward investment. It is founded on four principles:

- i) Assisting the St Helenian private sector to compete effectively and efficiently in an open economy.
- ii) Making the economy accessible to international investors by being an attractive destination to do business, and encouraging a diversity of investors.
- iii) Enabling the government to ensure maximum benefit from development for the Island's economy and people.
- iv) Setting parameters for development to safeguard what is important for the people of St Helena.

## **3. Background**

3.1 St Helena lies on latitude 16° south and longitude 5°45 west, some 1200 nautical miles off the west coast of Africa. St Helena was first discovered by the Portuguese in 1502 and settled by the British in 1659. It is now a British Overseas Territory.

3.2 With limited access by sea leading to isolation and dependence on grant-in-aid and remittances from offshore employment, St Helena's economy has been dominated by the public sector and private sector enterprises have generally been focused in the fishing, construction and retail sectors.

3.3 With the opening of the airport planned for 2011/12, SHG aims to move

purposefully towards an economy based primarily on tourism, while giving due support and encouragement to other sectors.

## **4. Scope of the Policy**

4.1 The Investment Policy applies to all approved investors. It provides a clear framework and underlines the intent of the Government to encourage private sector investment to maximise the opportunities arising from St Helena's airport planned to be opened in 2011/12. It outlines the concessions and assistance which will be available to qualifying investments. All approved investors will be eligible to apply for assistance but the need for any concession must be justified. There will be firm ceilings and durations for concessions linked to specified benefits arising from the proposed investment.

4.2 Investment may proceed without approved investment status. In such a case, none of the concessions set out in this policy would be available and the investment would still need to comply with the laws of St Helena, planning requirements and so on.

## **5. Benefits of Approved Investment Status**

5.1 An Approved Investor is an identified person (including a company) with an Approved Investment project whether in a new or an existing business that wishes to expand in a way that is consistent with the Economic Development Ordinance and the Tourism Policy. The Government is committed to supporting both local and inward investors so that high quality tourism businesses will be trading at the time of the opening of the airport. Similarly, support will be offered to non-tourism businesses which diversify the economy or create wealth and employment for St Helenians, including businesses based on services outsourced by SHG.

5.2 The services of the St Helena Development Agency (SHDA) will be available to all investors. The intention is that SHDA will handle all investment enquiries and will provide information free of charge about the encouragement and regulation of businesses on St Helena, including sources of finance, employment legislation, premises availability, housing, education, training support, and rates of taxation and duties. The SHDA will be available to represent investors in dealing with Government and other agencies.

5.3 The concessions available to an Approved Investment will be:

- i) For any investment in an approved project or business which commences trading before the expiry of 12 months following the opening of the airport, an exemption from customs duty for all capital goods and materials (except for vehicles to be used on roads) purchased for the project or business until the end of the third year of trading. This will include fixtures, fittings and equipment. This concession excludes personal effects of the owners/personnel involved in the organisation/project.
- ii) A tax holiday for the first three years of trading for any investment in an approved project or business which commences trading before the expiry of 12 months following the opening of the airport.
- iii) Fast track consideration of work permits.

## **6. How to Achieve Approved Investment Status**

6.1 An investor should apply for Approved Investment status to SHDA, which will respond to the enquiry by sending out an Approved Investment pack and application form. The application form and supporting documents should be returned to the SHDA. Investments above £1.5m will be referred to a specially constituted panel of experts.

6.2 The Government of St Helena commits to giving decisions on Approved Investment status as soon as practicable after receipt of the investment application and supporting documentation.

## **7. Criteria for Approved Investment Status**

7.1 An Approved Investment must not involve speculation in land and must benefit the economy of St Helena in one or more of the following ways:

- i) Create sustainable employment opportunities for St Helenians.
- ii) Result in import substitution and/or export promotion of goods or services and/or technology/skills transfer.
- iii) Expand existing businesses in a way that is consistent with the Tourism Policy.
- iv) Facilitate the transfer of businesses and functions from the public to the private sector.

In addition, an Approved Investment must:

- v) Avoid preventable environmental damage to the Island or its territorial waters.
- vi) Facilitate the transfer of skills and knowledge to St Helenians as evidenced by a training and development plan.
- vii) Agree to allow the name of the investor and project to be publicised.
- viii) Agree to cooperate in a process of monitoring and evaluation of investment benefits.

7.2 Approved Investment status will not be granted in the following areas:

- i) Retail or wholesale sectors, which are generally well catered for by existing businesses on St Helena. Concessions are available for retail businesses which are predominantly directed at visitors or which are an integral or small-scale part of a hotel or tourism oriented business.
- ii) Financial services unless and until St Helena has suitable legislative frameworks. Financial services are defined as any investment business, which includes, but is not restricted to, banking, insurance, pensions, investments, mortgages, issuing electronic money, and any other business that involves accepting deposits.
- iii) Telecommunications except where provision would not adversely affect the continuation of the existing level of telecommunication services to the Island.
- iv) Casinos and related gaming establishments.
- v) Primary fish processing – as there is already a processing plant capable of meeting

the needs of the Island. However concessions are available for secondary fish processing.

7.3 Investments will not be allowed where they involve:

- Money laundering
- Prostitution
- The sale of banking, gaming or related offshore licences
- Internet lotteries or similar
- Arms manufacture and/or trading
- Production, processing, storage or making safe of radioactive waste
- Criminal or illegal activity
- Activities based mainly offshore with little value added for St Helena.

7.4 Where any of these activities are not covered by existing legislation, the Government will act expeditiously to introduce legislation.

## **8. Duration of Approved Investment Status**

8.1 The duration of Approved Investment status will expire three years after the start of trading. After this period an investment will be treated in the same way as any existing investment on St Helena. However, if the investor wishes to undertake a new project or to expand substantially the existing investment (by at least 25% of the initial capital investment) a further application for Approved Investment status will be considered.

8.2 Where the original applicant fails to complete a project or start a business, the concession will normally cease simultaneously except where a new person or company acceptable to SHG is prepared to take over the project or business. In the latter case, the remaining period of the concession(s) will be transferred.

## **9. Monitoring and Evaluation of Approved Investment**

9.1 Before an investment is approved, the applicant must agree to monitoring and evaluation. Monitoring will be carried out against the following investment benefits, which must be specified in the application:

- i) The nature, intended use and amount of the investment, including the introduction of new capital to St Helena and a timeframe for making the investment.
- ii) Requirements for land and buildings, including a timeframe for bringing them into productive use.
- iii) Employment created for St Helenians in skilled and management positions, and opportunities for promotion into management.
- iv) Training and development plans for management and staff at all levels.

9.2 Failure to deliver specified benefits may result in loss of Approved Investment status and/or penalties.

## 10. Contact Information

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# TOURISM POLICY FOR ST HELENA

## 1. Introduction

1.1 This is the Tourism Policy of the St Helena Government (SHG). The Government sees tourism as the industry which will drive economic development and is prepared to support tourism fully as a sustainable and profitable industry offering opportunities to create wealth and employment for the Island.

1.2 This policy will be of interest to a wide range of participants in the tourism industry of St Helena, including the following:

- The travelling public
- Ecotourists
- The travel trade, including tour operators, airline operators and travel agents
- Investors in and operators of tourism businesses, whether small, medium or large
- Employees of tourism enterprises
- Financiers of tourism businesses and infrastructure
- Suppliers to the tourism industry
- General public of St Helena

This policy will be effective from 1 January 2007.

## 2. Background

2.1 St Helena lies on latitude 16° south and longitude 5°45 west, some 1200 nautical miles off the west coast of Africa. St Helena was first discovered by the Portuguese in 1502 and settled by the British in 1659. It is now a British Overseas Territory

2.2 In 2011/12 St Helena will have an airport for the first time. Tourism is seen as the key industry for driving economic development and improving standards of living. St Helena currently has a very limited tourism sector which is dependent on passengers arriving by sea on the Royal Mail Ship *St Helena* - the Island's dedicated ship – some yachts, and occasional passenger cruise vessels. In 2004, 2445 passengers arrived of whom 812 were tourists. There is the potential for up to 10,000 tourists annually within 5 years of the airport opening, with a daily peak of some 400 visitors.

## 3. Our Vision

3.1 The Vision for St Helena is to create a prosperous, peaceful and democratic society for all, achieved through sustainable economic, environmental and social development leading to a healthy and eventually financially independent St Helena. To achieve this, St Helena has a unique opportunity to introduce a tourism industry for the 21st century on the basis of the distinctive characteristics of our warm and welcoming Island. We are aiming for a high value, customer responsive, sustainable and profitable industry which will maximise economic, social and environmental benefits for the people of St Helena. However, recognising that the tourism industry could impact on the fragile environment on which it depends, we desire a tourism industry that will consciously care for and actively conserve our natural resources and man-made heritage, while encouraging a diversity of investors.

## 4. Our Tourism Product

4.1 St Helena's appeal to the traveller of the 21st century will be based on air access to our friendly people, diverse scenery, endemic flora and fauna, military and civilian heritage dating back centuries, and pristine coastal and marine environments - all condensed into just 47 square miles of unique splendour.

- St Helenians are renowned for their friendliness and relaxed local lifestyle.
- Our endemic flora and fauna, including the endangered wirebird, and our diverse landscape of luxuriant parkland, rolling hills and valleys and desert-like plains are a naturalist's dream.
- The Island's heritage dates back to the East India Company's tenure of office from 1659 and embraces the Napoleonic era of the 1800's with two of the properties where he lived maintained as museums as well, and his original grave. St Helena played an active role during the Age of Discovery. Evidence of the East India Company's presence on the Island remains strong. Other features of the Island's heritage include the sites of Boer Prisoner of War camps and their cemetery, numerous fortifications, off-shore wrecks and an intriguing archival collection of written material.
- For those who wish to get away from the stresses of modern life but who want to be active, St Helena will offer outdoor pursuits and sports. In the clean and clear waters of the South Atlantic, St Helena will offer properly regulated water sports opportunities, from dolphin watching to sailing, snorkelling, sports fishing and scuba diving.

## 5. Access to St Helena for Tourists

5.1 The airport will be capable of taking the Boeing 737 or equivalent aircraft. Regular flights will arrive from an international hub, which is likely to involve exclusive rights on that route for one airline. An open skies policy will be adopted on other routes, permitting use of the airport by charter flights.

5.2 An estimated 1500 passengers on cruise ships visited St Helena in 2005. St Helena will encourage more visits from cruise ships by emphasising that the airport will facilitate passengers leaving or joining a cruise at St Helena. A jetty at Rupert's Bay may offer an alternative to Jamestown for launches in rough sea conditions.

5.3 Visiting yachts, of which many already call at St Helena en route to other parts of the world, will continue to be most welcome and will enjoy improved amenities at Jamestown.

## 6. Our Investment Appeal

6.1 St Helena offers significant benefits to prospective participants in its tourism industry. These include:

- British Overseas Territory with stable and transparent government
- Law abiding English speaking people
- Absence of corruption and a safe and healthy environment
- Subtropical climate with moderate year round temperatures
- A small economy with considerable potential for private sector growth
- Convertible and stable currency pegged at par with the pound Sterling, with

Sterling being readily accepted by local businesses

- A willing and able workforce with appropriate skills and experience
- Available land to support tourism
- Investment incentives linked to specific benefits

## **7. Role of the St Helena Government**

7.1 SHG plays a well established role in tourism by setting a clear and supportive legislative framework for the development of tourism enterprises.

This includes:

- Clear physical planning through the introduction of a new Land Development Control Plan and clear procedures for acquiring and using land and buildings.
- Minimising bureaucracy for immigration and work permit applications, to permit tourism enterprises to set up or expand their operations.
- Straightforward business and company registration procedures and clear annual reporting requirements.

7.2 The Government is a major land owner on St Helena and is prepared to sell or provide long leases on land to encourage tourism investment (a lease will be the normal arrangement where a heritage site/building is involved). Heritage properties such as Ladder Hill Fort and High Knoll Fort dating back to the 1800's and other substantial sites will be considered for key tourism developments. Such properties will need to be treated sensitively as commercial entities and their essential features preserved.

7.3 St Helena's natural and built environment is a vital part of its tourism offer and must be preserved. As well as the physical and land use planning procedures each tourism development (other than the simple upgrading of an existing tourism facility or the conversion of an existing dwelling to bed and breakfast/self catering) will be subject to an environmental impact assessment and a plan to mitigate the impact on the environment.

7.4 The Government's Tourism Policy will be administered and implemented through the Tourist Office, led by the Director of Tourism. The Tourist Office will be responsible for supporting tourism development and dealing with tourism enquiries.

7.5 The St Helena Development Agency (SHDA), led by a Managing Director and Board of Directors is responsible for investment enquiries and business information and providing general support to business.

## **8. Opportunities for Investors**

8.1 In 2005, St Helena's GDP was £14.3m. Locally it will be possible to provide some capital for tourism investment, either from business or personal funds or from bank loans backed by business or personal assets. Investment in larger scale tourism projects is likely to come mainly from overseas.

## **9. Tourist Accommodation**

9.1 By 2015 St Helena will require an estimated 250 rooms to accommodate visitors – from self-catering and bed-and-breakfast to world class 5 star rated hotels, as set

out below.

Self catering/B&B -30 rooms  
2 star -30 rooms  
3 star -40 rooms  
4 star -50 rooms  
5 star -100 rooms  
Total 250 rooms

9.2 Given the size of the Island, there is scope for only one or two flagship developments with a maximum size of 100 rooms in total. These flagship developments will be a major influence on St Helena's positioning in global tourism markets and therefore the developers will be required to work closely with the Government on the marketing of the Island. The Government will not have funds to invest in infrastructure for large tourism developments and developers will be expected to contribute to the development of the supply of potable water, electricity, waste management and approach roads.

9.3 There is scope for boutique hotels and guesthouses offering 3 to 4 star accommodation. Several sites of this size have been identified in the Land Development Control Plan. Other sites will also be considered because the Land Development Control Plan allows exemptions for tourism development in St Helena's green heartland. Encouragement will be given to working with a St Helenian partner.

9.4 St Helenians will also be encouraged to develop self-catering and bed-and-breakfast accommodation. Leases, where appropriate, may be up to 99 years. Government will consider in future the sale of such properties where successful, sustainable tourism businesses have been established.

## **10. Residential Tourism**

10.1 Proposals for villa developments as part of a wider resort/hotel development can be negotiated with the Government as part of an Approved Investment package (see the Government's Investment Policy). Residential tourism, that is, development of properties which would only be occupied for two or three months each year, is discouraged in Jamestown.

## **11. Other Tourism Enterprises**

11.1 St Helena will require a wide range of tourism enterprises to complement its natural attributes. Investors will be encouraged to improve the tourism offering, for instance in the following areas:

- Restaurants, take-aways and specialist caterers
- Retail shops selling specialist merchandise, tourism artefacts and St Helena crafts
- Specialist book and stationery shops
- Agricultural, horticultural and fishing suppliers serving the tourism industry
- Leisure and sports enterprises, such as tour guiding, pony trekking, horse-riding, ecology tours, sailing, sports fishing, etc
- Transport operators, such as taxi, coach and self-drive enterprises
- Manufacturers of tourism-related products, including crafts

## **12. Employment and Training**

12.1 The Government's aim is to see all St Helenians benefiting from tourism

development. For some, this will be through direct employment in hotels and other tourism operations in both the public and private sectors, while others will be self-employed owners of tourism enterprises or employed in local food production.

12.2 The Government encourages tourism businesses to employ St Helenians where the requisite skills, knowledge and qualities are available (see Investment Policy).

12.3 The Government places a high priority on investment in people. Tourism operators will be encouraged to have a plan for the development and training of St Helenian and other staff to the highest standards of service and for the progression of St Helenians into management, professional and technical positions within the enterprise. Wherever possible, tourism operators will be expected to engage the services of the Adult and Vocational Education Centre in training their workforces.

## **13. Contact Information**

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