

**ST. HELENA**  
**LEGISLATIVE COUNCIL**

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**THE SPEAKER**

Mrs Margaret Anne Catherine Hopkins MBE

**EX-OFFICIO MEMBERS**

The Honourable Chief Secretary	-	Mr Owen O’Sullivan
The Honourable Financial Secretary	-	Mr Paul Blessington
The Honourable Acting Attorney General	-	Mr Frank Wastell

**ELECTED MEMBERS**

The Honourable John Gilbert Cranfield	-	East Electoral Area
The Honourable Anthony Arthur Green	-	“ “ “
The Honourable Cyril Keith Gunnell	-	“ “ “
The Honourable Brian William Isaac	-	“ “ “
The Honourable Bernice Alicia Olsson	-	“ “ “
The Honourable Tara Thomas	-	“ “ “
The Honourable Michael Anthony Benjamin	-	West Electoral Area
The Honourable Stedson Graham Francis	-	“ “ “
The Honourable Derek Franklin Thomas	-	“ “ “
The Honourable Raymond Kenneth Williams	-	“ “ “
The Honourable Mervyn Yon	-	“ “ “

The Honourable Rodney Garth Buckley	-	(On leave overseas)
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**CLERK OF COUNCILS**

Miss Gina Benjamin

**PROCEEDINGS OF THE LEGISLATIVE COUNCIL**

Monday, 26<sup>th</sup> March, 2012

The Council met at 10.00 am  
in the Court House, Jamestown

(The Speaker in the Chair)

## **ORDER OF THE DAY**

### **1. FORMAL ENTRY OF THE PRESIDENT**

### **2. PRAYERS**

The Rt. Rev. Bishop Richard Fenwick

### **3. ADDRESS BY THE PRESIDENT**

Good morning, Honourable Members, and welcome. I almost wished you a warm welcome and perhaps after our involuntary saunas of Thursday and Friday I can wish you a warm welcome as I understand that the air conditioning units are now functioning and we should have a cooler day. We have what looks to be a short agenda with only one question and then we move back to resume the debate on the Appropriation Bill. However, I expect that all Honourable Members will have detailed responses to the Honourable Financial Secretary's budget speech and when we move to consider the detail of the Bill in Committee, perhaps wishing for a short day is over optimistic, however, we shall see how we go. Thank you, Honourable Members and Clerk, next item of business, please.

### **4. QUESTIONS**

*Question 1. The Honourable Stedson Francis to ask the Honourable Chairman, Home and International Committee.*

The Hon. Stedson Francis –

Will the Honourable Chairman of the Home and International Committee tell this House where can the names of people who have been granted St. Helenian status be viewed?

The Speaker –

Thank you, Honourable Member. The Honourable Derek Thomas.

The Hon. Derek Thomas –

Thank you, Madam Speaker, I thank the Honourable Member for his question. The Immigration Control Board is responsible for considering applications for St. Helenian status. The Immigration Control Board is duty bound under the Immigration Ordinance to keep all information presented to them as confidential and there is at present therefore no list of names available to the public of those persons who have been granted St. Helenian status. Persons who have previously been granted St. Helenian status have not elected to put their names into the public domain and therefore there is no intention to publicise that information. General information on the number of persons granted status is available if it would assist the Honourable Councillor. Under the proposed revisions to the Immigration Ordinance, it has been recommended that new recipients of St. Helenian status will be announced. Therefore, subject to endorsement by Legislative Council, from mid 2012 onwards, it will be known and information can be made available when a person is granted St. Helenian status. Applicants will be made aware that their St. Helena status will be announced to the public. There is no intention to announce those persons who apply for St. Helenian status, only those who are successfully granted St. Helenian status. Thank you, Madam Speaker.

The Speaker –

Thank you, Honourable Member. Next item of business, please?

## 5.

## MOTIONS

### *Motion 1*

### **THE APPROPRIATION BILL, 2012**

#### **Resumed debate.**

The Speaker –

I put the question that the Appropriation Bill 2012 be approved in principle and referred to a Committee of the whole Council. The question is open for debate. Does any Honourable Member wish to speak? I could threaten to move on immediately and suggest that we don't have any speeches at all, but I'm sure somebody wishes to speak. Honourable Brian Isaac, thank you.

The Hon. Brian Isaac –

Madam Speaker, Honourable Colleagues, today is another important day for St. Helena as it is the day Legislative Council has the responsibility to approve or not to approve the budget for the next financial year. I will give my vote for the budget approval, but have concerns for some of the recommendations that will have to be implemented to balance the budget, which will have an impact on many of our low income families. The world's financial economic decline has reached our shores and has shown the reality of what we sometimes take for granted. The approved construction of an airport for St. Helena has started to kick-start the economy growth which I hope will deliver the proposals that have been identified for a vibrant economy. On Friday, the Financial Secretary announced the increase on beer, wine, spirits and cigarettes, which is hoped to increase revenue, but is this the right formula, as over the last five years the increases when increases were made on these commodities we have seen a decrease in sales over the bars and in shops. I believe that increases will come along with revenue but I'm also aware that these increases could also bring reduction in sales and the possibility of the increase of crime for those who cannot afford the luxury of the lifestyles of others. If it's not beer, wine, spirits and cigarettes then it will have to be vital foods or .....or regular cuts in our main services such as Health and Education as we have seen

during the DAPM negotiations. If we do not make these unpopular increases, we might not have been able to give an increase in the Social Benefits, the Basic Island Pension and a modest pay award in October for Public Service. There is much dissatisfaction in the wider community on the high cost of living on the island and the proposed increases that will be for the next financial year. My heart goes out to those who have to survive on a maximum of £45 to £47 a week. Are we sending out the right vibes to our younger people? Are we doing enough for our elderly and disabled? The additional funding for SHAPE has been most welcomed, but SHAPE has a long way to go and cannot do it alone, but I'm sure if we have a vibrant tourism industry SHAPE will benefit from its development.

During the DAPM process in formulating the budget, prioritisation was high on the agenda. Cuts were made that directly affected the way of life for many of our people; closure of Clinics, reduction in services provided by SHG, increase in revenue and tariffs, nothing was overlooked and hard decisions were made. Yes, I'm sure that air access will bring great prosperity to the island, but will we as islanders be able to enjoy the luxury of air flights? The Income Tax reforms encourage investment by the private sector and incentives to businesses. The Financial Secretary also said that Government remains determined that no-one is left behind as the economy grows and I share that same view, but I also see the difficulties that underline this statement. Where is the safety net for those who are left behind? Madam Speaker, I see the next financial year will be a difficult time for St. Helena. There are going to be many reforms to be implemented and hard decisions to be made. I support that many of these reforms but am concerned of the hidden, small print, which is the sting in the tail which elected representatives will have to be accountable for.

The budget before this House today has been through a tough process and I am pleased that we are able to achieve the same budget goals as last year, but not without major prioritisation and financial cuts. We have also made achievements that will benefit the island and its people. People often say that there's nothing happening. I do not believe that to be correct. Things are happening, but there are areas which need continuous improvement and belts need to be tightened. DfID was not happy with the progress of many of our infrastructure projects and there are reasons for this, but are we sending out the right messages? DfID has taken a sympathetic view on this. We have indicated to DfID that we want to be more responsible in our management of our own affairs and not to be micro managed, but are we delivering on our own. Is the professional advice given adequate? Does the Infrastructure Programme need to be revamped? These are major concerns which need to be addressed if St. Helena is to become more self sufficient in the future.

Yes, we have come a long way and many improvements have been made which will benefit the island. There are plans in place for the redevelopment of the Hospital and the upgrading of equipment with additional doctors and professional staff in place. DfID continues to support programmes to improve our educational system and our farming system. Yes, the island is experiencing change, but it is very important that change is well managed and deadlines are met and that accountability is not just for the workforce, but for all; Councillors, Senior Managers, Officials, this must be made very high on our agenda. Madam Speaker, I beg to move.

The Speaker –

Thank you, Honourable Member. The Honourable John Cranfield?

The Hon. John Cranfield –

Thank you, Madam Speaker. In response to the Financial Secretary's budgetary speech, I would first like to say thank you to the Financial Secretary and his team for putting together the budget for 2012/13 albeit under much tough negotiations with the DAPM team last month. Every year, Madam Speaker, it gets tougher and tougher. However, given the

continuing, financial, economic conditions and high unemployment in the United Kingdom and the rest of the world, I fully concur with the Financial Secretary that we have managed to retain a strong financial backing of the UK Government. There has been reprioritisation of funding in certain Directorates which unfortunately was unavoidable due to the insistence of the DAPM team. I sincerely hope, Madam Speaker, that we can afford to deliver on our commitments, given the financial constraints imposed on us by the DfID team. The biggest concern for me is the cutback in medical financial aid. It is imperative that we keep our population fit and healthy and we can only achieve that through financial assistance for relevant medical supplies and much needed, sophisticated, diagnostic testing equipment which will help to reduce overseas medical referrals, which the Financial Secretary has said this year we will have spent some £870,000 by the end of this financial year. We seriously need to update our antiquated equipment if we want to reduce the cost of overseas medical referrals.

Turning to the airport, Madam Speaker, the airport, in my view, is not going to solve all of our economic problems. It will go some way to improving it, but I strongly emphasise the point that a fit for purpose breakwater in James Bay must complement the airport to help the island's economy grow. I know full well that DfID has already said that they will not fund two breakwaters. Funding will be made available for the breakwater in Ruperts to support industrial activity in this area, but we need to separate cargo handling from passenger traffic in the interest of health and safety, so in my view, Madam Speaker, James Bay would be the appropriate location for passenger embarkation and disembarkation. To get more cruise ships to call at St. Helena we need to demonstrate to the cruise ship travel agents that we can land their passengers safely. It is imperative that we market our island and our culture much more than we do currently. No shipping company, Madam Speaker, is going to risk the lives of their passengers and crew if we don't have safe landing for them. I trust that the Chief Executive for Economic Development will take the lead in bringing this to fruition to enhance our fragile economic decline.

It is pleasing to see that there will be a modest pay award to take effect from 1<sup>st</sup> October. The level of Basic Island Pension will also increase from 1<sup>st</sup> April and again in October. I'm sure this will be most welcomed by those recipients. There will also be Income Tax reforms which will incentivise more people to invest in new businesses and to grow the private sector. These are all new investment incentives which will help to stimulate economic growth which is what the island needs to take us forward financially.

Madam Speaker, it is still my deep feeling that greater action is required for a comprehensive education plan that includes education related to other employment creators such as entrepreneurship which will go some way to addressing the unemployment problem at source. Entrepreneurs create and bring to light new technologies, products and services and create new markets and jobs along the way. At a macro level, private sector development and entrepreneurship development are essential ingredients for achieving our National Strategic Development goal for reducing poverty. The need to focus on the development for entrepreneurial skills in our young people is self evident. Our school curriculum should encourage enterprise development and include critical life skills that supplement and enhance the formal education system.

In conclusion, Madam Speaker, I would like to pay tribute to our Financial Secretary, Mr Paul Blessington, as this will be his last budget session here with us. Paul has done a tremendous job in his capacity as Financial Secretary and I wish him well in his future endeavours. Thank you very much, Madam Speaker.

The Speaker –

Thank you, Honourable Member. The Honourable Tony Green?

The Hon. Anthony Green –

Thank you, Madam Speaker. The Financial Secretary gave a good and interesting account of achievements over the past year. What has actually been achieved is really quite significant. There were some resistances during the past twelve months and the resolve of Council was tested, but democracy prevailed. But it's about looking forward and the challenges ahead. For me, there are three key questions relating to the budget. Do we have an adequate budget overall? And I think, yes. Does it reflect priorities? According to our new Sustainable Development Plan, yes. Has it the right balance? And this is where it might need some tweaking, so it's reassuring that we heard that during the financial year ahead there will be opportunities for Councillors to examine the cutbacks made to the draft budget, some done at short notice, to see if they were justified and whether they are still key services that can be achievable. To me, this is key. We need not only to recognise the positive effects of the proposed budget, but also we need to check if there are any negative impacts. The Financial Secretary mentioned the economic conditions in the outside world, including the UK, so I'm thinking that if we think that we have had a poor deal, then we really can only refer to how we plan to spend our money. A positive airport decision last November did come as a surprise and while the immediate enthusiasm was undoubtedly muted, seeing what's happening on the island now, the increase in activities, extra jobs coming on line, Saints starting to return and you can just see and sense the beginnings of a sea change on St. Helena. This can only prove really successful long term if we stick to our priorities, but it's also up to us as Councillors to make sure that essential services and those parts of our society that are most at risk have the support they need. The fact that money is immediately available for a small increase in IRB and BIP payments to increase from next month is confirmation that we are mindful of this but we need to ensure that what we do is enough and keep it constantly under review. Sticking to what we have signed up to will continue to be a challenge. It's not what we do but how we do it that will be important. For instance, the Financial Secretary referred to head count reduction. Cutting staff numbers is one thing, but we need to make sure that key, essential tasks are properly staffed. For example, having enough people to do x-rays, sufficient pest control officers and the correct number of people in the right place to keep St. Helena healthy, clean and green.

Customs reform was mentioned and this subject will no doubt feature in the year ahead. I do though wonder about combining wharfage and duty. Simplification is one thing, but such a system means that those who don't pay duty pay nothing towards the cost of this service.

For the financial year ahead, which is about to begin in a few day's time, the financial outturn indicates another budget surplus. I would hope that it is still possible to spend some of that money over the next few days on essentials that did form part of the current budget but where action has not been completed due to the resource problem we heard about. It is disappointing to hear that capital expenditure will be at a lower level in the year ahead due to the continued capacity constraints. I sometimes feel that we do have the right numbers of staff but whether they are in the right places will differ with opinion. We must have sufficient people in the right positions that actually do the jobs. Medical referral costs were mentioned and while we need to spend money wisely this is an essential service and quality of care is also very important. So I think we have a package that may need some shaping and fine tuning. Hopefully, history will probably see this budget and the decisions we take at this time as the basis for a real kick-start to the island's economy.

Finally, I would like to thank the Honourable Paul Blessington, our Financial Secretary, who said this was his last budget speech. In thanking him for his input into the various budgets he has been involved in, may I remind him what he told us in his very first budget speech. He said on 19<sup>th</sup> March 2010 that, and I quote, "A wise commentator once observed that a budget is just a method of worrying before you spend money as well as afterwards". Thank you, Madam Speaker.

The Speaker –

Thank you, Honourable Member. The Honourable Raymond Williams?

The Hon. Raymond Williams –

Madam Speaker, in response to the Budget Speech, can the Honourable Financial Secretary say whether there are any methods that are available for tax collections or a change in technique of collecting taxes. It would appear that the quick solution to increasing revenue is based on increasing the price of alcohol and cigarettes and tobacco, and although it is true to say we don't want to encourage smoke-related diseases and drink-related problems, there are some of us who suffer in silence, who indulge in drinking and smoking in moderation. I'm told that a glass of red wine each day is healthy for your heart, certain cigarettes relieve the pressure of asthmatic conditions and in the past people that drank and smoked lived to over ninety, but died of old age and not bad habits. I am sympathising with those who drink and smoke in moderation.

It is pleasing to note that our grant in aid funding from UK has not been cut for this year, but by the same token we will have financial problems among the not so well off, and the increase of 4.7% of Basic Island Pension from 1<sup>st</sup> April won't make the situation pleasing at all, because we are talking of a maximum increase of £2.00 which has already been spent before it is paid out. The percentage increase would have been much better if it was on £145.00.

The Income Tax Reform is aimed to encourage investment by the private sector and I hope that those people in current business and in future businesses will take advantage of this.

The Hon. Financial Secretary stated that the new passenger terminal at the wharf is nearing completion and that in the near future passengers will enjoy the much improved facilities. May I remind him that that this is money well spent and we do have something to show for it, unlike our housing policy where we are full of repairs and modifications and no new homes being built to cater for the 70 plus people who are waiting on SHG and can't afford to build or own their own home.

In conclusion, Madam Speaker, I don't aim to be the blind beggar here and take my hat off to the DAPM negotiation team for their hard work in achieving a satisfactory budget for the forthcoming year.

Madam Speaker, I beg to move.

The Speaker –

Thank you, Honourable Member. The Honourable Mervyn Yon?

The Hon. Mervyn Yon –

Thank you, Madam Speaker. Madam Speaker, Honourable Members, the Financial Secretary began his budget speech by saying, and I quote, "I wish to introduce a Bill for an Ordinance to provide for the services of the financial year 1<sup>st</sup> April 2012 to 31<sup>st</sup> March 2013." He also made mention that this would be his third and final budget speech as Financial Secretary. He went on to say that since he first addressed Council in March 2010, he noted with satisfaction the many positive developments on the island and that the future for St. Helena is more secured than what it was two years ago. This, Madam Speaker, is good news, but we as Saints must grasp the opportunity with both hands and make it work. The Financial Secretary touched on the reasons for a better future for St. Helena. First he said that part of the reason was external. He talked about the signing of the airport contract on November 3<sup>rd</sup>, 2011 and said that at last St. Helena has a rare prospect of being able to earn money from the outside world through the development of a viable tourism industry. This is a very good predicament, Madam Speaker, but I do not believe that we should count our chickens before

they are hatched. Yes, we all hope that the airport when it is built will bring success to the island through tourism. This will only happen if we do our homework properly. It's a long way to go yet, Madam Speaker.

The Financial Secretary also touched on some of the work that had been carried out internally. He spoke of how the Councillors had taken many steps towards preparing St. Helena for the airport. He said, and I quote, "Not all of these decisions have been easy or popular, but in my view, they have been all necessary if Saints are going to achieve greater financial independence in the future". He also made mention of the economic conditions in the UK and said St. Helena had been insulated from most of the unpleasant events, but we the Government and residents of St. Helena must play our part and adapt ourselves to the knock-on effect and the tough conditions in the UK which could reflect to St. Helena.

Madam Speaker, I find the Financial Secretary's introduction very encouraging. Although not all is in plain A, B, C language, one has to read between the lines.

Now on to a response on the budget proper, Madam Speaker.

Review of 2011. Once again, the Financial Secretary voiced his pleasure by pointing out that the highlight for that year was the successful outcome of the airport contract negotiations and made mention of a special tribute to the late Sharon Wainwright for her dedicated and hard work that she put in on behalf of St. Helena to bring the airport about. He said it is with great sadness that she will not be with us to see her project come to fruition. He also made mention of the unfailing work put in by our previous Governor, Andrew Gurr, who lobbied Ministers and officials on the airport issues throughout his term of office. Madam Speaker, I also would like to pay tribute to Sharon Wainwright.

He once again made mention of the Condition Four of the MOU to support the construction of the airport and the implementation of the reforms needed to open the island's economy to inward investment and increased tourism. Mention was also made of how Council, supported by the Administration, has achieved substantial progress against many difficult objectives associated to the MOU and Condition Four. Five examples were laid out in the budget speech. While in the light of some everything seemed honey and sugar I have concerns about bullet points three, four and five. Head count reduction can be a disaster. It will reduce services which will be detrimental to the public.

Progress on the Land Development Control Plan, which will make land available for development. This is not living up to its policy, Madam Speaker, since I believe it did not work with the Blueman's Field request, knowing the first decision was changed during the second sitting of the Land Planning Control Board. Bullet point Five speaks of making land available for disposal to non St. Helenians. What about St. Helenians who will wish to have homes built as well? Will they be given the same privilege?

It was pleasing to note that following the 2011 budget the following initiatives were introduced:

Accrual accounting. This will now give more realistic information, something that has been asked for several years ago.

Output-based budgeting. This will now place better emphasis on how Directors spend their budgets, based on outputs and not inputs.

Customers Service Centre. I believe this is a great asset.

Income Tax Reforms. This is a much needed change. Tax incentives for farmers and fishermen, two of St. Helena's fundamental private sector industries, are all most welcome. Also, what is encouraging to hear is that a Basic Island Pension was put in place. By doing so, it will raise the standard of living for many of our aged people, sixty-five years and over. The advantages of the BIP is that in addition to monies earned, they can now go out and do a job and not have any monies deducted from their Basic Island Pension.

Apart from mentioning savings and expenditure, I am concerned about referrals. The estimated budget of £542,000 has been exceeded by £328,000. The total required for referrals is likely to amount to £870,000. Unfortunately this overspend cannot be predicted since referrals are something that is demand led and in the interest of the patients care, St. Helena Government just have to find that additional funding from somewhere.

Due to higher than forecast freight and passenger income, a significant expenditure saving saw the reduction in subsidy. Was this saving put into the Consolidated Fund or what happened to it?

DAPM Settlement. For the first time in years, the DAPM team spent an extended period on island, the purpose being that they were negotiating a three-year funding agreement, which I believe was very rigorous examinations. However, resulting from their negotiations, they were very generous knowing the economic situation in the UK and the airport funding. They agreed to maintain last year's level of budgeting aid of £12.1m. They also agreed to increase support for long-term Technical Cooperation posts. It appears that the sum of £687 has been allocated to economic development. It makes me wonder at times, Madam Speaker, that all this money can be pumped into a newly-formed body and a simple little thing like £3.5k cannot be found to keep open the Sandy Bay and Head O'Wain Clinics.

The reprioritisation of the St. Helena Government's budget that was requested by DAPM did not go down very well with most Directorates. However, it is good to know that during the new financial year Councillors will have the opportunity to examine these cutbacks in more detail to see if they are justified and achievable and should some fine tuning be needed then they can be undertaken through a supplementary appropriation during the mid-term stage. This is a plus in some extent.

Recurrent and expenditure plan for 2012. The emphasis in the 2012/13 budget talks about growing the pie and that the more we put into the private sector the more everyone will be able to get out of the bigger pie in the future. My concern is will we know an amount to expand the pie to enable bigger shares has been delivered and how will this be monitored.

We are told that Health will be employing six full-time doctors during the financial year. That is all very good, great news, Madam Speaker, but how will that improve the services when the Department is closing down two clinics?

I also note that the Education Department will be employing two Social Improvement partners specialist teachers to improve teaching standards, both in primary and secondary levels. That also is good news, but it seems like Technical Trades Training is still left behind. The Financial Secretary also mentioned in is budget that the Government remained determined that no-one is left behind as the economy grows. I trust there will not be any short memories attached to this.

The budget speech even talked about continuous support for the low income households through raising benefits, with two increases to take place this year, in April and October. The total funding allocated for benefits are £788,000 for the new financial year, an increase from £684,000.

Monies has also been reallocated to SHAPE to assist to provide work for up to ten clients from the former Community Work Scheme. This is good news.

The budget speech talked quite a bit about Directorates will have to tighten their belts, cut expenditure, efficiency improvements and head count reductions to enable funds to be found for higher priority areas. I am not sure how much further one can go with all of this, Madam Speaker, it might be better if instead of squeezing Directorates, where it is almost impossible to do so, why not consider closing some of the works down, then SHG will have all of the Department's budget rather than squeezing.

Pay and benefits. I am sure that employees will be glad to hear that there is a provision in the 2012/13 budget for a modest pay increase award to come into effect from 1 October. The amount is not yet known, but more details will be announced later. There is also provision in

the new budget for a market forces supplement. This will be to attract and retain people with the skills that is essential to SHG.

Basic Island Pensioners will be pleased to know that although not very much, a 4.7% increase will be added to their pensions from 1<sup>st</sup> April and a further increase is due in October this year. I am sure this will be accepted by those in receipt of Basic Island pension.

Income Tax Reforms. Madam Speaker, these reforms are put in place to help and encourage the private sector and all businesses to invest now. There are four main changes to these reforms that will make it more profitable for all businesses, both local and offshore, to invest in St. Helena. I have no doubt, Madam Speaker, that these reforms are put in place to favour the investor.

Customs Duties. Madam Speaker, merchants should note that there are no changes to the current ad valorem rates of Customs Duties. They will remain at 20% for regular items and 5% on a range of basic foods and other necessities. Specific duties have increased by 6.5% which is 3.2% below the inflation rate last year. Duty on a 340ml bottle of beer below 4.5% alcohol will increase by 3p while higher alcohol beer will rise by 7p. A 750ml bottle of wine will increase by 24p, a 750ml bottle of spirits will rise by 63p and a packet of twenty cigarettes will rise by 17p. Duty on diesel will rise by 7p to 17p per litre and duty on petrol by 4p to 39p. Madam Speaker, this may be a deterrent to those who like their beer or a glass of wine or spirits, likewise myself. It would appear that it is always the beer, spirits and cigarettes that is hit the most when there is an increase in duty. Sadly, for the working man who looks forward to a pint of beer after a day's work or on the weekend.

In conclusion, Madam Speaker, I will congratulate the Honourable Financial Secretary for his hard work in putting together his final budget speech. He must have started preparing it soon after the DAPM left. Also, Madam Speaker, I am aware that the Financial Secretary will be leaving in a few month's time. As far as I can say and believe, he did a valuable job for St. Helena as our Financial Secretary and I wish him well when he leaves St. Helena and in his next post. Thank you, Madam Speaker.

#### The Speaker –

Thank you, Honourable Member. Any other Honourable Member wish to speak? Do you wish me to call upon the Financial Secretary to respond to the debate at this stage? I'm sure there may be some other Members who would like to speak? Thank you. The Honourable Derek Thomas.

#### The Hon. Derek Thomas –

Thank you, Madam Speaker. I wish to respond to the Financial Secretary's budget speech. This Council has taken many steps in reforming the island for the opportunities which the airport will bring. These changes are necessary and will continue if we are going to achieve greater financial growth and independence in achieving such changes. However, it is of extreme importance that we take the public along with us and be mindful of the poor and low wage income households when making such changes. Despite budget obstacles in 2011, where we had a rollover budget from April and the substantive budget did not take place until July. The Financial Secretary highlighted ten key initiatives which were introduced in transforming our economy. This must be recognised as an excellent achievement and all concerned should be congratulated. For the financial year 2012, DfID has maintained last year's level of budgetary support at £12.1m and agreed to increase our support for long-term Technical Cooperation posts. This can be seen as a reasonable settlement at a time when we are experiencing the financial, global crisis. This level of funding resulted in a vigorous examination of all aspects of SHG's operations with a significant adjustment made to the allocation of SHG expenditure to support economic development being the island's number one key priority. The reprioritisation of SHG's budget had to be carried out very quickly to

fit in with the DAPM timetable and I am concerned that with the reductions made to reprioritise elsewhere could have an impact on essential services delivery. However, the Financial Secretary has given a reassurance that any fine tuning of these decisions can be undertaken through a supplementary appropriation at the mid-year stage. It might be necessary for such action to be taken earlier than mid-year stage.

Turning to some of the detail of the expenditure for 2012, it is very pleasing to see Health being able to employ two additional doctors, bringing the total up to six full-time doctors. But when it comes to patient care, it is disappointing to see the closure of Head O'Wain and Sandy Bay Clinics leaving the elderly and poor people in those outlying districts having to find their own way to see the doctor without any support in place.

It is pleasing to see additional money being reallocated to SHAPE to assist in providing work opportunities, up to ten additional clients. Council recognise the good work being undertaken by SHAPE in supporting those people in society with difficulties.

On Pay and Benefits, the Financial Secretary mentioned there is provision in the budget for a modest pay award to be made from October. I hope this pay award takes into account low wage earners. We should not compare St. Helena with the UK. Here we are running as high as 10% inflation compared to the UK where it's less than 5. In the UK, wages are much higher and goods in the shop are much cheaper. In most cases, less than half the cost compared to here. It is necessary to increase the cost of services to take account of inflation, but with no pay increases. Pay increases also needs to take account of inflation, it needs to be balanced. The Financial Secretary made no mention of the Government's intention to introduce a minimum wage limit from October of this year.

The level of Basic Island Pension will increase by 4.7% with effect from 1<sup>st</sup> April 2012 with a further increase planned from 1<sup>st</sup> October. These increases are necessary to take account of inflation. It is disappointing to see yet again no increase for our Government pensioners. These people have been dedicated and loyal and have given valuable service to our island. We seem to have forgotten about these people, especially the low income pensioners who in many cases have worked thirty to forty years plus in the Government and because their pension is so low they have to receive a top up under the Basic Island Pension to bring them in line. Surely their pension should be at a higher level. I understand there hasn't been a final decision taken as yet and I sincerely trust that some urgent consideration be given to our low Government pensioners.

The Income Tax Reform is an attractive system to encourage and develop the private sector. In holding the water tariffs at the current levels for six months in recognition of the water quality problems being experienced by consumers should be well appreciated by the public.

DfID will provide the funding to construct twenty-nine additional berths on the RMS to increase its passenger capacity. It has been some concerns from the public why create extra berths when the RMS will go offline once the opening of the airport? DfID is of the view that the funding for the extra berths will be recovered through extra passengers plus the island will stand to benefit from extra visitors.

Madam Speaker, there is also great concern about the increase in the Customs duties. Nobody wants to see Customs duties increase. My understanding that there are two types of Customs duties; the ad valorem where the duty is based on the percentage of the value of the item, which applies to goods which are 35%, 20% and 5%. The increases of these types of duties automatically apply with inflation. The other type of duty is specifics – booze, cigarettes, petrol and diesel. They are levied on volume or weight basis. This type of duty is ensuring that the value of the duty keeps pace with inflation. This ensures that the revenue based remains stable. Madam Speaker, it is interesting to note, on every pound income received by SHG, 56% is from DfID and 44% from SHG, therefore it will be necessary to keep specific duties moving with inflation. However, we must be mindful that such

continued increases on booze and cigarettes will continue to hinder and destroy local businesses who are already suffering.

In conclusion, Madam Speaker, it is down to this Council to ensure that the funding allocated to the island's priorities are spent correctly and on time. This will require regular strategic monitoring and the various Directorates deliver on their commitments.

Finally, Madam Speaker, I would like as well to thank the Financial Secretary for his valuable support to this Council and wish him the very best of luck for the future. Madam Speaker, I support the budget and I beg to move.

The Speaker –

Thank you, Honourable Member. The Honourable Stedson Francis?

The Hon. Stedson Francis –

Madam Speaker, it is almost unthinkable that after two years and three budget speeches, this will be the last budget session for the Honourable Financial Secretary and it would seem that he has prepared his budget address with more than a glimmer of hope. Since arriving on island and delivering his first budget speech in March 2010, there has definitely been many positive developments, most notably the signing of the airport contract with Basil Read, and I too, Madam Speaker, would like to pay tribute to the previous Governor, Andrew Gurr, and the late Sharon Wainwright who worked tirelessly to make this airport a reality and it is hard to believe she is not here to see the proof of .....

.....and thanks to all concerned and especially the DAPM Team for recognising the need not to constrain St. Helena in the first year after the signing of the Airport Contract. Instead of the potential cut in level of grant-in-aid it has remained the same as last year, £12.1m, with the total package for 2012/13 of £24.4m, that's an increase of 13.5% over last year.

We acknowledge, Madam Speaker, the increase in public spending for next year for our immediate priorities like the infrastructure, education, environmental management and economic growth, improved facilities and two new doctors for the Public Health is most welcome as well as funding for sheltered accommodation, although I'm not sure if the Financial Secretary did mention this in his speech.

Madam Speaker, I do have concerns about the £200k cut within the Health and Social Services budget and in particular the £74k cut in the medical referrals allocation to £500k and I understand that it is estimated that an amount of £800k may be required for the new financial year as it would seem that the figure of £870k is what is required for the current year's medical referrals. I would like to have an assurance that funding can be found and medical referrals will not be compromised because of this.

Madam Speaker, in addition to this, DFID has agreed to provide additional capital funding to increase passenger capacity on the RMS with the construction of 29 additional berths as a result of the airport construction. My only concern about this, Madam Speaker, is that with having additional capacity on the RMS then additional accommodation is required on island and it would seem that this time we don't have the accommodation available and I would think that this issue needs to be addressed now.

Madam Speaker, it is most unfortunate that we have to make increases on specific items to try to keep up with inflation, a commitment made during the DFID settlement. A bottle of Windhoek Lager will increase by 3p, a bottle of Castle 7p and a 25 ml shot of spirits by 2p and cigarettes 17p. On a brighter note for some, it's good to hear that a modest pay award will be made in October and that from 1<sup>st</sup> April a 4.7% increase on Basic Island Pension which is an increase of £45 to £47.12 and the IRB increased from £43.30 to £45.34.

Yes, the passenger terminal building on the wharf is a fine building and when the lower floor opens we look forward to enjoying the much improved facilities, but what has happened to the cafeteria, wasn't that included in the plans?

Madam Speaker, I finally would like to pay tribute to all who worked so hard in preparing for the budget and achieving the outcomes that it did. Thank you, Madam Speaker.

The Speaker –  
Councillor Cyril Gunnell?

The Hon. Cyril Gunnell –

Thank you, Madam Speaker. The budget speech 2012 on Friday, 23<sup>rd</sup> March, presented by the Honourable the Financial Secretary, Paul Blessington, was Mr Blessington's third and final budget speech in St. Helena. He noted considerable satisfaction that there have been many positive developments on the island and the future now looks more secure than it did only two years ago. Whilst there have been some significant developments within Government during the last two years, it is true to say also that there have been developments that cannot truly be described as being in the best interests of St. Helena. Probably this year's budget speech was a lot easier to compile than those representing the previous two years. The main reason for this was the revelation by the British Government on 3<sup>rd</sup> November last year that St. Helena was indeed going to get an airport and a contract to construct the airport was duly signed. Many Saints never gave up hope that there would be an airport and there is now a green light at the end of the tunnel. I too, Madam Speaker, would like to pay tribute, special tribute to Sharon Wainwright for the role she played towards the successful negotiations. I also acknowledge the importance of our previous Governor, Andrew Gurr, during his term in office, keeping the airport in the forefront of UK Minister's minds.

Madam Speaker, there are no surprises in this budget. This is because we as Councillors have been involved in the various processes throughout the year leading up to this budget. Along the way there have been swingeing cutbacks in spending, redundancies and rationalisation of services of which the severity of the impact on the wellbeing of our citizens will be measured in due course. I do not then propose to respond to every single paragraph in the Financial Secretary's budget speech. Suffice to say, however, I take the opportunity to highlight some personal concerns and offer any plaudits I may have. Basic Island Pension, Madam Speaker, springs to mind as the first item to mention. The introduction of the Basic Island Pension is one of the significant developments in our island's history when it comes to caring for the wellbeing of our citizens. People who through no fault of their own previously did not have or could not get a pension. They are now entitled to a basic pension based on the number of years spent in the St. Helena labour market. The amounts paid are considered by some to be small but definitely worthwhile having. Basic pensioners are being saved the humiliating experience of applying for a means tested Social Benefit, which used to be the case. The maximum entitlement is £45.00 and they have free prescriptions. A problem for the single basic pensioner, Madam Speaker, whose only income is the £45.00 a week, is managing that income across the ever increasing prices for commodities. The Financial Secretary stated in his speech on Friday that the level of basic pension will be increased by 4.7% with effect from 1<sup>st</sup> April and a further increase is planned from 1<sup>st</sup> October, although the exact amount has yet to be finalised. Only time will tell if the increases are large enough to keep poverty at bay. We have to remember that there are people that cannot take advantage of jobs being advertised. This is mostly because they are too frail or too sick or too old. I understand there are people who believe they could be entitled to the basic pension, but do not receive it because they could not meet the criteria. I would encourage these people to exercise their right to put their concerns to the consultant that arrives later in the year to carry out an independent review of the whole system.

Medical referrals overseas, Madam Speaker. The budget for this financial year was set at £542k, it turns out that for the full year the outcome is expected to reach £870k. It is not possible to have a clear understanding how much patient care is going to cost. £74k are being cut from the Health and Social Welfare Directorate recurrent budget for the financial year coming in and already there are concerns that there will be insufficient funds available for medical referrals. There is some comfort, however, the Financial Secretary pointed out in his speech that this cutback and others can be examined later in the year to see if it is just and achievable and it would be possible to find additional budget through a supplementary appropriation at mid year stage. I am, indeed, grateful to the Honourable Financial Secretary for including in his budget speech my request that cutbacks should be and can be examined. Thank you, Sir.

Madam Speaker, fulltime additional doctors it is pleasing to note in the budget speech that SHG will not neglect essential frontline services, particularly Education and Health. Health will now employ six fulltime doctors and Education will appoint two School Improvement Partners, Specialist Teachers. Increasing fulltime doctors at the General Hospital from four to six as recommended by the Derek Muir consultancy two years ago, will hopefully go a long way towards meeting the health standards expected by both potential visitors from overseas and the St. Helena general public, albeit with a less than adequate recurrent budget. The current Social Benefits, Madam Speaker, which is now a year old, I'm referring, of course, to the Income Related Benefits system the island has, it's the best it has seen in recent times. Funds that are available for benefits are now targeted to those low income households that need it the most. I feel, however, that the benefit levels are too low, I've been saying this for a whole year now, so why shouldn't I be saying it today? I feel that benefit levels are too low and should be increased. The budget will provide to increase this in the coming year, one in April and one in October. The budget speech on Friday did not say what the new levels will be, but it is likely that the increase due in April will not be more than 4.7%. The reason for this is there has to be a margin between the IRB and BIP levels for the system to work properly and we have been informed that the BIP level will rise by 4.7%. Madam Speaker, 4.7% on current IRB levels, if that is what it turns out to be, is very small and one wonders what it will purchase. I understand one pound something increase. It must be remembered that there are no special shops with discounted prices for people with low incomes. They pay the same as everybody else. Economists will tell you that prices in the shops need only be increased by a very small percentage, but the reality is that merchants have to cover their costs and they are not obliged to increase prices in line with SHG's aspirations. I am assured by the Honourable Financial Secretary that the Social Impact Assessment carried out to see what impact tax measures imposed last year have had on the poor and vulnerable will be made available to the public when it is completed. I for one look forward to seeing that report.

Madam Speaker, it was Governor Alan Hoole who said "Statistics can be used to prove anything". Where are the statistics to prove that poor and vulnerable people need more?

Turning to SHAPE, Madam Speaker, according to the budget speech, SHAPE are to receive additional money to provide work opportunities for up to ten clients from the former Community Work Scheme. This funding will be allocated from the Health recurrent budget. Whilst Health will be glad to provide the funding it will mean further reprioritisation of the Health budget. This will be in addition to the reprioritisation carried out in February during the DAPM. It won't be easy to find the £23k, but Health is obliged to try to find it and we must hope that it doesn't impact adversely on other services that Health undertakes.

Madam Speaker, the budget provides for SHG to receive a modest pay award from 1<sup>st</sup> October, 2012. It is extremely likely that instead of a flat rate increase where each staff member will receive the same amount in their pay packet, the increase will be by a percentage which will mean higher paid staff receiving more in monetary terms than their

lower paid colleagues and the gap between the higher paid and lower paid widening as a direct result. The same would be true, Madam Speaker, for SHG pensioners, but SHG pensioners have not been included in the budget speech for an increase, but the same would apply. If you pay by a flat rate, each person would receive the same amount and if you pay by a percentage those with a higher level pension will receive more than the lower level pension. Madam Speaker, the cost of living has gone up by the same to everyone. The provisions provide a market forces supplement to attract and retain people with skills that are essential to SHG is very much welcomed.

Madam Speaker, a dream of mine has always been that there is an island-wide contributory pension scheme in St. Helena where all workers actively contribute to securing their pension needs over their working lifetimes. It is pleasing to see in the budget speech that this is still the ultimate goal as described in the Callan Report of 2007. I would like to commend Mr Blessington's resolve in not allowing the Callan Report to gather dust on a shelf in the Castle, because to implement it would require funding outside of SHG's reach and instead to find a way of gradually pursuing the ultimate goal. Thank you, Sir. I trust that eventually an island-wide pension scheme will also be portable so that an employee will be able to move from one firm to another taking their pension rights with them, Madam Speaker.

Madam Speaker, I would like to say something about the closure of Sandy Bay Clinic, since it is assumed by the public that Health and Social Welfare Councillors/Committee had a say in the closing of it. They did not. Madam Speaker, this came about as a result of a deep dive where it was recognised that savings could be offered up, that's what the closing of Sandy Bay Clinic would do and it was recommended that this be put forward to the DAPM team as a reprioritisation. The Health and Social Welfare Committee were never consulted, we did ask about it and we were told that this would have been an operational matter rather than a matter where the Council would have some say in it. But, Madam Speaker, I would submit that if something has been ongoing for a number of years and then it is suddenly changed then is that not a policy decision? And, Madam Speaker, I have yet to see any report of the deep dive in the Health and Social Welfare Directorate.

Madam Speaker, when it comes to Customs, I am pleased that no changes are intended to the current ad valorem rates of Customs duties. These will remain at 20% on regular items and 5% on a range of basic food and other necessities. I am of the opinion that St. Helena should move eventually to a flat rate Customs duty at the appropriate time and that is when the standard of living for low paid people and their spending power has increased significantly. For the time being, the rate applying to basic foods and other necessities should indeed remain low.

Madam Speaker, Government Landlord Housing. It cannot be denied that rising costs of building materials and labour charges mean inevitably that people on low incomes will find it even more difficult than it already is to provide a house for themselves. It is therefore pleasing to see SHG renovating and expanding the stock of Government Landlord Housing. What should be included in the Housing Policy, if it isn't already there, is commitment to building or renovating Government Landlord accommodation to meet the need of disabled people.

Madam Speaker, Enterprise St Helena, that's the new baby. Economic development has been identified as the number one key priority and a massive £678k are being ploughed into this venture. I have no doubt that growing the economy through the private sector is the way to go, but do we have to get there overnight? I need to be convinced that Enterprise St. Helena is going to need up to an additional seven very highly paid officers, Madam Speaker, costing around, it seems, £250k, and let's remember, to meet some of this cost the Hospital and others have had to lose out.

And so conclusions, Madam Speaker, the Financial Secretary believes that the budget he presented on Friday, 23<sup>rd</sup> March, represents the best that this Council could achieve within

the limited funds at its disposal. I do not agree entirely with that observation. Not commented on sufficiently on in the budget speech are the many hardships many of our citizens are likely to endure because of the cutbacks and reprioritisations to fund priorities elsewhere. Notwithstanding the many positives, Madam Speaker, and I agree there is room for optimism, not sufficient consideration has been given to the needs of the vulnerable and poor and as a consequence they could be further marginalised or, indeed, left behind completely. Thank you, Madam Speaker.

The Speaker –

Thank you, Honourable Member. The Honourable Bernice Olsson?

The Hon. Bernice Olsson –

Thank you, Madam Speaker. First of all, I would just like to thank the Financial Secretary and his team for putting together the budget.

Madam Speaker, I just want to make a few comments on the Honourable Financial Secretary's budget speech of Friday. Firstly, I would like to address the budget's huge increase of money into economic development on the island. I do not oppose this, but if we could actually identify what we are supposed to spend this money on. My view is that the major economic development steps should be taken into the budgets of the Directorates instead of allocating it to a special budget. I am a member of the Public Health and Social Security Committee. To balance this budget, we have been forced to cut down on refuse collection and other environmental health spending. Madam Speaker, surely refuse collection is one of the most important issues when it comes to tourism and our own people of St. Helena. Should we say to Tourism, welcome to our rat and mynah bird infested island full of litter? The main aim of the new Directorate is to promote investment and tourism. After all, we are taking the money from the Saints as we'll benefit from a good system for refuse collection. Stopping to put out rat poison is a measure with the same bad effect on the island and our environment. The new Directorate might employ twenty highly paid Go-Go girls and boys, saying welcome to our rat and mynah bird infested island full of litter, to our tourism and also don't forget investors. Would this make it any better? It is the island we need to improve, Madam Speaker. We have to focus on reality more than perception. We have to make this island a better place. Not just make it look a better place to people who do not know any better. It is not sustainable to pretend. We are spending far too much money on pretending. We, as politicians, are faced with making difficult priorities whilst the main outline of the budget to a great extent is outside of our control. Choice are particularly difficult when it comes to health issues and the decision to close the Clinic in Head O'Wain and Sandy Bay was not a good one, but was forced upon us through certain circumstances. Madam Speaker, pretty, glossy brochures and posters to promote the island will not work in reality. We have to concentrate harder on the product that we are offering than on the public and overseas appearance of this product, we need to develop our product by offering a clean island, drinkable water, reliable electricity supply, good telecommunications, amongst other things. Essentials need not only be of good quality but also affordable. On the island, utilities are so expensive that they are almost out of reach of many. The further increase in electricity and last year additional tax on telecommunications will add to many people's problems. Living on £47.00 per week is impossible. Still, many have to do it. I wonder how many people in this room today could live on £47.00 per week. Madam Speaker, how these people survive is a mystery to me. We are trying to forget the generation who brought us up and I have difficulties in accepting this. Any successful business needs a good product. No promotion in the world will help a product which is rubbish, literally and metaphorically speaking. We also have to be careful with killing off the friendly and welcoming people of St. Helena. Increasing risks are already noticeable and this is a worrying tendency. Trying to

maintain our friendly society will be quite expensive, but it would be money well spent if we are to achieve our aims. Saints are welcoming and generous. They have a personality that comes from living in a society without risk and without so much social inequality. I am not sure if this budget is achieving this. There is far too little in this budget to protect the poor and the vulnerable in our society. They are getting further behind than ever. Rising costs of many items and necessities will hit the lower income earners harder than the wealthy. Many cuts will also have a greater impact on the vulnerable than the people who are better off. Madam Speaker, my final point will be about the sustainability of the system we are building up. We are told that the island's aims are to be self sustainable in the not too far distant future. We have to realise that at the moment we are not spending real money. It is all or almost all deriving from DfID's funding. The money we actually generate ourselves is minimal, a little bit of fish export, some tourism, a little bit of coffee export and some remittance arriving from overseas and that's about all. In a few year's time, this is set to change. We will have to make the money ourselves. Obviously the Government structure we have now, there is no way that this island could be self sustainable ever. I know that the PSMP has a goal to reduce the number of people working in Government, but just doing it in numbers and not in costs, Madam Speaker, is dangerous. We are living in a dream with money pouring in from DfID. This might only be for a few years, then we are expected to pay ourselves. What happens then? We have to prepare for reality and not get mislead by perception. I would also like to make a small remark, the increases in the price of, oh, I have to declare my interest here too, Madam Speaker, the increases in the price of alcohol, cigarettes may appear small and insignificant, but I believe there is an upper limit for the price of these products as well. They may not be good for your health, but neither are chocolates and soft drinks. The Government, our Government, recently dropped the duty on sweets, chocolates, soft drinks, but increased the whole thing on alcohol and cigarettes. I might be old fashioned, but I think that a man and woman who has been working all week deserve to have a drink or a cigarette from time to time if they desire without breaking the household budget. In comparison to average income, the price of cigarettes and alcohol is higher here than anywhere else in the world. It is unfair; it also increases the inequality on the island. Madam Speaker, the rich man can afford to enjoy himself, but the poor has to stay at home and suffer. Thank you, Madam Speaker.

The Speaker –

Thank you, Honourable Member. The Honourable Tara Thomas?

The Hon. Tara Thomas –

Thank you, Madam Speaker. I'd like to thank the Financial Secretary for his budget speech. It has been disappointing to learn that this will be his last speech, but as Chairperson of Economy and Finance Committee, I'd just like to say it's been a pleasure working alongside of him and his team in preparing what I believe is a generous budget given the circumstances that my colleagues have alluded to.

Madam Speaker, as this is the first budget following the signing of the airport contract, I think it is helpful to reflect on why St. Helena has been pursuing air access for the past forty plus years and I feel the vision for St. Helena contains the answer. "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." Madam Speaker, it is impossible to consider any budget speech without reflecting on the outcome of our negotiations with DfID and the amount of grant that they have awarded to St. Helena for this year. Having been directly involved in the last three DAPM negotiations, this last mission in February was by far the toughest. Yet St. Helena received the largest settlement and this is in addition to the £250m plus that Her Majesty's Government has

committed to building St. Helena's airport. Some of our electorate might ask why does St. Helena want to become financially independent, we've been doing alright with handouts from the UK, why do we want to leave such a cosy relationship? The reality is, although it may appear to be a relatively cosy relationship, it isn't a relationship that is sustainable in the long term. Within every partnership, there will be a combination of rights and responsibilities of each partner. It isn't always easy and the partner that holds the money is often the one that has the authority to call the shots. And so it follows, in the partnership between St. Helena and DfID, St. Helena has had to comply with the conditions stipulated by DfID with regards to the money we receive.

Madam Speaker, when I first joined Council in November 2009, I came to learn about FLITS, Frontloading Indicator Triggers. These were a set of milestones that St. Helena had to meet in order to trigger additional funding for our infrastructure and I think it's fair to say that St. Helena's history with the UK Government has been riddled with conditions of this kind. 'You may have more money for your infrastructure on the condition that.....' 'You may have an airport for St. Helena on the condition that....' 'You may have additional monies for your budget on the condition that.....' The Memorandum of Understanding for the airport offered funding to St. Helena to design, build and operate an airport providing again that St. Helena held to its side of the bargain and fulfilled the condition that we open the island to inward investment and increased tourism. Madam Speaker, upholding this condition was at the same time protecting what is important to our people, has been and will continue to be a challenge for our current and future leaders and managers. The condition attached to the airport was no coincidence. If St. Helena is going to have ultimate control over its finances, we need to strive to stand on our own two feet and this can only come from developing a robust economy whose foundations are rooted in solid ground. The most recent condition is the condition attached to this year's grant settlement and this budget from which DfID required us to reprioritize our recurrent budget so that it reflected the priorities that we as an island set out in our Sustainable Development Plan. These included economic development, education and the environment.

Madam Speaker, this Government knows what is best for St. Helena and the long term prosperity of our people. We cannot go on relying on handouts from the British Government, which is laden with condition after condition. Although I appreciate and understand the need for such conditions, not always what someone else believes is best for you is the right remedy at the time. We want to have control over our own finances and to invest money into the areas that move us closer to our vision of a 'prosperous, peaceful and democratic society for all' and that is for all, Madam Speaker, and it is the job of this Council to ensure that vulnerable groups do not get left behind. St. Helena having ultimate control over its finances is a vision that is shared by the British Government, but financial independence achieved through a vibrant economy, providing opportunities for all is not going to come from everybody being employed with St. Helena Government and it is not going to come from handouts from the British Government. It can and will only come from getting up off our cosy seats and actually doing something to help develop and exploit the opportunities for generating wealth for the people of St. Helena. This is the reality, Madam Speaker. I fear that the phrase 'economic development' has become nothing but a buzz word for St. Helena and we forget what this phrase actually means. Wealth. Wealth in terms of sustainability job opportunities for our residents so they won't need to leave their families behind and work in the Falklands or UK or Ascension. Wealth in terms of higher levels of disposable income. Wealth in terms of better social structures and the ability for all to enjoy a better quality of life. Wealth in terms of our children being educated to the highest standard and our adults having the qualifications and skills to progress into well paid jobs or develop your own businesses. If we want to invest more into providing better healthcare, better education

facilities or better roads, it is not going to come from begging the British Government and not while St. Helena remains the poor cousin of the Overseas Territories.

Madam Speaker, I fully appreciate that economic development is a sizeable challenge. We don't have a booming industrial sector nor high value natural resources like gold or oil, we have minimal exports, our population levels are at an all time low and our existing business community has access to limited finances. However, what we do have is a significant chance to pull ourselves up and make our island work well. During the next few years, we will see a growth in population, a growth in the amount of money that people have available to spend and therefore growth in demand for products and services, but after the boom of the airport construction phase, we must be ready to do business to an international standard or our boom will be a bust. St. Helena has only one opportunity to introduce its tourism product to the international market and we must get it right from day one. We want the product to include our Saint businesses. Our Saint businesses chances of survival are dependent on the sustainable development of our tourism industry and the spinoffs that an increased number of tourists will have on the demand for our products and services. If our local businesses don't have access to business advice and financial support, then someone else will come in to do it instead. This is why the money that has been reprioritised within our recurrent budget to support our new Economic Development Organisation must be viewed as an investment, an investment that will help to ensure that our local businesses have the opportunity to access advice and assistance to be able to compete in a more open economy, an investment that will help to ensure that we have sufficient money invested into developing our tourism product to the international standard that our targeted tourists will expect. Madam Speaker, I refer to it as an investment and that is exactly what it is, putting money into Enterprise St Helena so that it can help St. Helena on a solid footing to take full advantage of the opportunities that air access can and will bring. It's an investment that should offer our future generations fruitful returns. The economic recession which hit in 2008 has left investors nervous, creating greater competition between countries to attract investment. The British Government has set a target to reduce St. Helena's grant in aid to 50% by 2015 and if we want to continue on the path towards financial independence we need new money circulating on St. Helena which can only come from tourists spending more money on St. Helena and from attracting investors. St. Helena is competing like anywhere else in the world with everyone else in the global market. Investors are not sitting on our doorstep, we need to go out and invest our scarce resources into selling St. Helena as a beautiful place in which to do business. As our Economic Development Plan outlines, by the time the airport opens in 2015, we will need a large scale hotel with capacity for around 350 bed nights, a medium sized hotel, a boutique hotel, a small range of new guest houses, each with between ten and twenty bed nights, based on our very modest projections for tourists visiting St. Helena when the airport opens, these are the developments that we need to encourage. Much needed accommodation along with all of the other supporting services that will be needed to satisfy the high value, low volume market we want to attract. Without this, the money we are currently investing in promoting St. Helena to tourists and the £250m that the British Government is investing in our airport will be wasted. We will have flights that could potentially be full with tourists, but not enough places for them to sleep, not enough places for them to eat, not enough tour operators and services to keep them occupied, thus limiting the potential spend within our economy. Madam Speaker, concerns have been raised in this House about the level of funding that is being committed to the new Economic Development Organisation and I would caution this House to avoid getting snared in the trap of penny wise pound foolish mentality. Limiting the support to our Economic Development Organisation, whether it be financial or political, will only limit St. Helena's ability to extract maximum returns from the airport project. Madam Speaker, we have had to make difficult decisions in trying to ensure that we invest in St. Helena's long term prosperity. The closure of Head O'Wain and Sandy Bay Clinics was a

difficult decision, but we, along with the rest of the world, are experiencing greater pressure on our budgets. If the Health and Social Welfare Directorate follow through with this, Council's original request to support low income households with transport for patients from these districts to an alternative clinic, we as a Government will be acting responsibly to both the communities at Head O'Wain and the Sandy Bay area who will be affected by the closure and also the wider community to whom we are responsible for making sensible decisions for the use of taxpayers money. In May, there will be a review of the new IRB and Basic Island Pension system that was introduced last year. No new system will ever be perfect; I still believe the policy intention behind these systems are right. The 4.7% increase will go some way to help poor households, but certainly not far enough. The gap between our poor households and low wages is so slim, I share Councillor Gunnell's views that we cannot allow our Social Welfare system to become more attractive than employment. I believe that we must consider the other smaller allowances that are paid to the disadvantaged members of our community, those unable to participate in mainstream employment, because they are frail, sick or disabled. I think the Service Level Agreement with SHAPE is a step in the right direction, but equally we must also acknowledge those fulltime carers who stay at home to care for their frail, sick or disabled loved ones, which I hope will be reflected in October when our IRB and Basic Island Pension levels are due for a further increase.

Overall though, Madam Speaker, with an additional two doctors, a Pharmacist, Biomedical Scientist and many other more specialist personnel entering the Health and Social Welfare Directorate, the Health recurrent budget has seen an increase of over £1m. This illustrates and Health remains an important and fundamental strand of our development.

Having dedicated a significant amount of this debate to the importance of economic development, I would now like to focus next on our education sector. In my last adjournment debate, I paid tribute to the staff of the Education Sector. Our teachers have a critical role to play in improving the attainment levels of our children. This budget, Madam Speaker, will fund two highly experienced and qualified School Improvement Partners to support our Primary and Secondary Schools. This, coupled with the arrival of our new Director of Education, will focus the Education and Employment Committee's attention on how the significant levels of investment placed into our schools produce well educated and internationally competitive professionals. Over time, with young professionals leaving St Helena's shore for bigger and better opportunities abroad, we have had to resort to importing expertise from abroad. This is a necessary and justifiable expense if we want to ensure that our children and our adults have every opportunity to learn and develop and become high flyers. I wholeheartedly believe in the phrase "an investment in knowledge pays the highest dividends".

Madam Speaker, I'd like to congratulate this House for passing the Income Tax Bill during this sitting of Council. The environment for investment consists of a number of strands and a country's tax system ranks high on an entrepreneur's considerations. I share the Financial Secretary's view that St. Helena's tax system still has room for improvement, but in just the last two years, we have made significant progress given our financial constraints. The changes on specific duties for alcohol and tobacco have undoubtedly not been welcomed by the community. These duties are based on a set price per litre or a set price for quantity and I should stress.....

Madam Speaker, I would like to respond on our Capital Expenditure Programme. Yet again progress on our infrastructure projects has been unsatisfactory. During the DAPM negotiations, we had to put forward a convincing argument to assure DfID that we would increase the output in these much needed areas of energy generation, water improvements and road repairs. In addition to the areas that the Financial Secretary mentioned in his speech, we have a Capital Expenditure Programme which has prioritised additional funds to invest in a new Fire Station, much needed renovations to our Hospital, a new Prison and our

new housing strategy, which will help to ensure that with rising costs of materials our young people will be able to get a foot on to the property ladder.

Madam Speaker, we have entered an exciting and challenging chapter in St. Helena's economic history and we must recognise the significant difference between expenditure and investment. The significant difference is that expenditure is dead money, once spent, never returned. Investment is like a live culture. It multiplies and grows and creates wealth. St. Helena and its people need and deserve wealth. Madam Speaker, let's invest now. Thank you.

The Speaker –

Thank you, Honourable Member. Does the Honourable Michael Benjamin wish to speak in this debate?

The Hon. Michael Benjamin –

No, thank you, Madam Speaker.

The Speaker –

In which case, I invite the Honourable Paul Blessington to respond to the debate, but we will suspend the sitting for twenty minutes.

**Council suspended.**

**Council resumed.**

The Speaker –

Honourable Members, before I ask the Clerk to call the next item of business, just to advise you that I intend that we will move from the response towards the Committee stage and we will break as near to 1 o'clock as is convenient in terms of the particular Head that we might be looking at. Thank you. Clerk?

## **MOTION**

### **THE APPROPRIATION BILL, 2012.**

**Resumed debate.**

The Speaker –

The Honourable Paul Blessington?

The Hon. Paul Blessington –

Madam Speaker, I will try to be brief in my response to the debate and the points raised by Honourable Members, but firstly, I would like very much to acknowledge the thanks that have been expressed by the Honourable Members for the work that I have been involved with since I've been on the island and I have to say it's not without a tinge of sadness that I realise this is the last time that I will be addressing you all as Financial Secretary and that it has been an honour and a most enjoyable task of working with you over the last three years. And if there is one achievement that I would like to feel that I have contributed to this Council, that has been to bring, I think, much greater involvement by Councillors into the whole budgeting process so that it's not me presenting my budget, it's really presenting your budget and I would like to thank you all for your unstinting efforts with going through many rounds of

budget prioritisation. It's not an easy task, but it's a very necessary one and it means that the resulting budget is one that can have widespread ownership by the people who matter, which are the Councillors who are ultimately responsible for governance on this island.

There were a number of recurrent themes that Honourable Members raised in responding to the budget speech, so I think rather than responding to each individual member's points, if you'll bear with me I'll respond to the, sort of, general themes that have been brought forward.

One that has cropped up in almost every speech is the impact of rises in the cost of living and what we're doing to protect the vulnerable of this island. Now, we don't, obviously, have a limited pot of money, so whilst protecting the vulnerable is something that we're very concerned about, the administration and Councillors are concerned about, we don't have a bottomless pit to do that on, but I think there are steps reflected in this budget that will go some way to easing the burden on those who are struggling, either because they're retired on fixed incomes, or perhaps unable to work in the workforce. As I announced in the budget speech, the rate of Basic Island Pension will increase by 4.7% from 1<sup>st</sup> April and I would just like to confirm the basic rate of IRB will also go up by that amount. Now, I know that doesn't fully meet the costs that we've experienced in inflation over the past year, which is why there will be a further increase to both Basic Island Pension and IRB rates announced in October, so this is only the first of a two-part increase.

The second issue that I would like to come to is the question of revenue and why it is important that SHG continues to build, or at least protect its revenue base even though raising revenue is always, you know, an unpopular thing, because it does mean increasing taxes or increasing prices. As the Honourable Derek Thomas mentioned, fifty-six pence out of every pound of revenue earned by SHG comes from DfID grant. That means we only raise forty-four pence of every pound that we need to cover our spending from local sources. If we don't protect our revenue base, and that includes making sure that we keep increases in the specific duties on things such as petrol, diesel, alcohol and tobacco, moving at least within line with inflation, then that forty-four pence in the pound will shrink rather than grow and if we want to have any hope of becoming financially independent that means essentially at the end of the day one hundred pence in every pound of revenue will have to come from local sources, not forty-four pence as it is now. So whilst I acknowledge that increasing taxes in line with inflation is not popular, we'd have any hope of financial independence in the future, then we need to ensure that our revenue base grows, that it certainly doesn't go backwards.

I'd now like to just comment briefly on economic development and one of the things, again, that has come through from many of you in your response to the budget debate, has been why are we putting so much money into economic development, why was DfID insistent that we reprioritize funds towards economic development. Well, I think the answer is fairly self evident, Madam Speaker. There is a plan, based on air access, we have an Economic Development Plan that will start to build income for this island and unless we're going to get the investors to come here and invest in the tourism and other facilities that are certainly beyond the means of the local market to deliver, we're never going to get that economic prosperity and financial independence that is sought after and yet the plan makes it quite clear that that level of economic and financial independence is quite possible if we get that investment and it doesn't have to be of such a scale that it alters the fundamental nature of the island. It can be fitted in quite easily within what we've got now and that's why it's important that we make the investment now while we've still got three and a half years to go before the airport's opened, because it's no good opening the airport and having no business for it to carry out, so that's why making these investments right now is so critical and I'm sure everybody in this House understands that.

Mention was made of the minimum wage and I didn't include discussion of that in my budget speech, not because I don't think it's an important topic, but because it wasn't yet sufficiently

far advanced for me to be able to speak with certainty about its introduction, but I would like to say to all members that the introduction of a minimum wage is very much on the horizon, the Economy and Finance Committee will be pursuing it actively because it provides the one missing leg in the toolbox that we have to be able to support those who are most vulnerable in the community. We can reach those who are employed by Government, we can reach those who are on benefits, we can reach those who have pensions, but we cannot at the moment reach the low wage employed and we need to make sure that there is adequate protection for those people to be able to earn a living wage and so minimum wage and how to introduce it will be high on the priority list over the next six months.

I would like to acknowledge the work that the Honourable Cyril Gunnell and the Health and Social Welfare team have done over the last year in introducing the Basic Island Pension. That has taken a lot of the pressure off those who were retired and previously without a pension and had to rely on benefits, but it's only part of the answer and as the Honourable Member said, where we really need to get to is to the stage where everybody on the island is contributing actively to a contributory benefit, defined contribution scheme which will then pay or, at least, pension in retirement. That way we will eventually reduce dependency on Government to provide pensions, the Basic Island Pension will become a backstop for those who were unable to accumulate a pension during their working life rather than become the default main source of income. So that is a piece of unfinished business, but I intend to see that it is actively pursued, certainly before I leave these shores.

I'd just like to mention other aspects of the Tax Reforms which, I believe, whilst not universally popular, are very, very important to bringing about the kind of investment and economic climate that is going to be so necessary if the island is to prosper in future and one of the things that is very important is to have a simple, easy to administer, easy to understand, tax system, and we've moved a long way down that track. One Honourable Member, the Honourable Tony Green, questioned whether the removal of wharfage was actually a good idea and I would like to just respond on that specific point. You may remember not so long ago when you brought any goods into the island you had to fill forms out, first of all for Customs duties and then separately for wharfage, double the amount of work, but for very little or no additional gain. By removing wharfage, but putting in place a universal Customs duty, which we now have, we've combined the benefits of both systems with half the amount of work, so I believe the concerns that the Honourable Member had about the reduction of wharfage and some people not contributing to the economy are misplaced. Since so much of what is consumed on the island is imported and because we now have comprehensive range of Customs duties, everybody is contributing to the tax base of the island, including the many visitors that we hope will come here.

Madam Speaker, I don't intend to say anything more, except to acknowledge that putting a budget together is not a simple task. It's taken an enormous amount of work by the Directors, by the Councillors, but most of all by my team in the Finance Directorate who have worked extremely long and hard to bring this budget to fruition and I would certainly like to express my gratitude and acknowledgement to the fantastic work that Tony, Michelle and her team have done to bring this budget about. Madam Speaker, I beg to move.

The Speaker –

Thank you, Honourable Member.

Question that the Bill be approved in principle and referred to a Committee of the whole Council, put and agreed to.

The Hon. Paul Blessington –

Madam Speaker, I beg to move that the Council do resolve itself into a Committee to consider the detailed provisions of the Bill.

The Speaker –

Thank you.

Question that the Council resolves itself into a Committee, put and agreed to.

### **Council in Committee.**

The Speaker –

In accordance with the Special Procedures as set out in Order 13, Rule 2, we will work through the Schedules first and then go through the Clauses of the Bill. For the benefit of the listening public and anybody who hasn't got a copy of the Appropriation Bill to look at, you may find it odd, but you will hear certain Heads referred to under Schedule I and then again under Schedule II. This is because Schedule I deals with the recurrent expenditure, Schedule II deals with capital expenditure. Also, in accordance with established practice, I seek Members' agreement to allow the Head of Budget and Financial Management to join us at the table and for any Directors to join us as we go through the various Directorate budgets, as their detailed knowledge may be called upon, do I have your agreement to do that, Honourable Members?

Honourable Members –

Yes, Madam Speaker.

The Speaker –

Thank you. And also, just to remind the listening public that the amounts quoted on this Bill are the amounts given to Directorates to deliver the services for the forthcoming year. Honourable Members, if you move to reduce any amount, it will be lost. It cannot be transferred to any other area. To increase any Head can only be moved by an Executive Member with a recommendation from the Governor. The Estimates Book, which we will be referring to during the discussions of the Heads, is a back up document of the amounts shown in the Appropriation Bill and it shows the amount and the totals already, but the amounts that each of the Directorates outputs or costs centres and the outcomes or deliverables per Directorate. I will make reference to the page numbers and possibly even the colour of the pages as we set to work on going through the various Heads.

The Hon. Cyril Gunnell –

Madam Speaker, could you just explain a little bit more about what you said about reducing the budget. I was going to ask what actually is the procedure for reducing any particular line in the budget, but did you say that we can't reduce it?

The Speaker –

No, I did not say that, Honourable Member. If you have your Standing Orders, what I said was actually that you can reduce a Head but if you do so you cannot transfer that money anywhere else. Standing Order 13 (2), if you'll look at (2) (b), sorry, amendments to reduce any Head, it's 2 (e), to reduce the sum allotted thereto in respect of any item .....may be moved by any Member, so in other words, any Member around the table, if you want to reduce the amount of money that has been given to a particular Head you can move an amendment to reduce that Head.

The Hon. Cyril Gunnell –

And what I just asked though, if the money can't be moved elsewhere, what actually happens to it?

The Speaker –

You lose it.

The Hon. Cyril Gunnell –

You lose it to where?

The Speaker –

I'll ask the Honourable Acting Attorney General or the Honourable Financial Secretary, it is lost from the budget, that is my understanding of Standing Orders.

The Hon. Paul Blessington –

Madam Speaker, what is happening here is the Appropriation Bill is authorising expenditure against various Heads for this given financial year so if you reduce a Head you reduce the authorised expenditure against that item, the money stays in the Consolidated Fund, but it hasn't been authorised to be spent anywhere else, so it's authorisation to spend that money for the year is reduced and that's the end of the matter.

The Hon. Cyril Gunnell –

But if it stays in the Consolidated Fund it would be there for later use in the year, supposedly there was a Supplementary Appropriation, say, mid year, would that be correct?

The Hon. Paul Blessington –

The money would remain in the Consolidated Fund and therefore may in a subsequent sitting, at a Supplementary Appropriation, it would be there, yes, that is correct.

The Hon. Cyril Gunnell –

Thank you.

The Hon. Tara Thomas –

Madam Speaker, if I might just highlight though, St. Helena's grant-in-aid doesn't come in an upfront payment from the UK Government, it is received in tranches so if any recommendation to reduce a Head of Expenditure that isn't in line with our Sustainable Development Plan could compromise the level of grant-in-aid that we receive in future tranches further down the line, just as a point of information, Madam Speaker.

The Hon. Cyril Gunnell –

And just a response to that, Madam Speaker, I certainly do not want to be micro-managed by anyone. Thank you.

The Speaker –

The only other thing I ought to perhaps point out since we've entered a discussion about reducing Heads, reducing amounts, is it not in order to move an amendment to leave out a Head.....decide we will do without a particular Head, you cannot move an amendment to leave out a Head, that's Standing Order 13 (2) (h). It all sounds a bit technical.

Okay, I put the question that Schedule I, Head 11, Governor, standing in the amount of £158,148 do stand part of the Bill. Pink page 18 in your Estimates, Honourable Members, Governor's Office. Do you have any questions on Head 11?

Schedule I, Head 11 – Governor, £158,148.

Question put and agreed to.

The Speaker –

I put the question that Schedule I, Head 12 – Secretariat, standing in the amount of £1,152,819 do stand part of the Bill, on Page 19 and 20 of the Estimates. If you have any questions, please raise them.

The Hon. Bernice Olsson –

What's Public and National Affairs?

The Speaker –

Public and National Affairs.

The Hon. Bernice Olsson –

What is it?

The Hon. Paul Blessington –

Madam Speaker, the line being referred to includes our offshore representative officers, such as that of the SHG UK Representative in London.

The Hon. Bernice Olsson –

Thank you.

The Speaker –

Any further questions, please?

Schedule I, Head 12 – Secretariat, £1,152,819.

Question put and agreed to.

The Speaker –

I put the question that Schedule I, Head 13 – Human Resources, standing in the amount of £3,305,680, do stand part of the Bill. Page 21, Honourable Members.

The Hon. Tara Thomas –

Madam Speaker, I think it's worth highlighting that this £3m isn't the cost of operating the Human Resource Service and that it contains the salaries for the external expertise officers that we bring in, so some of that money has actually contributed towards delivering services in Infrastructure and Utilities, Education and other areas of the Government.

The Speaker –

Thank you, Honourable Member. The Honourable Mervyn Yon?

The Hon. Mervyn Yon –

Thank you, Madam Speaker. Under Technical Cooperation posts, can I ask how many posts are these?

The Speaker –

Number of posts under Technical Cooperation?

The Hon. Paul Blessington –

Madam Speaker, there are thirty-eight long-term TC posts currently.

The Speaker –

Thank you. Any further questions, please, under Head 13?

The Hon. Cyril Gunnell –

Yes, Madam Speaker, could I just ask, since one of the objectives is to improve productivity through reducing sickness absence; we're looking at ten percent annually, I was wondering what the situation is at the moment in Human Resources with sickness?

The Speaker –

You're looking at the Outcomes I .....

The Hon. Cyril Gunnell –

Yes.

The Hon. Owen O'Sullivan –

Work is still being undertaken on that to compile the baseline data, but it will be undertaken and completed soon and then as soon as we have the baseline data we can assess the outputs accurately.

The Hon. Cyril Gunnell –

Thank you.

The Speaker –

Honourable Tony Green?

The Hon. Anthony Green –

Madam Speaker, still under Objectives Outcome, it's implementing head count reduction strategy whilst maintaining core service levels, how is core service levels decided and monitored?

The Hon. Owen O'Sullivan –

The implementation of the Head Count Strategy is delegated to the Directors and it's for the Directors to decide on what is the core service levels in each of their Directorates and to deliver according to their objectives and priorities.

The Hon. Anthony Green –

Yes, Madam Speaker, just to clarify, so any decisions with regard to core services would be done by the Directorate, they wouldn't have that imposed upon them, that would be a decision for the Directorate?

The Speaker –

In terms of head count strategy and reductions, is that what you're.....

The Hon. Anthony Green –  
And core level services.

The Hon. Owen O'Sullivan –

Core services are actually part of the Performance Management System, so, for example, KPI's, those are filtered down to Directors and it's for Directors to deliver the KPI's and the Performance Indicators. How they do that is for them to decide, but, obviously, head count is also part of that balancing act, so it is a careful balancing act between the service levels and the targets that have to be achieved.

The Speaker –

If I could just ask when you're giving your response, the public are listening, KPI, Key Performance Indicators, it might be.....because I have to just remind myself by asking Michelle, put my hand up..... Yes, the jargon is known within Government and probably within this body here, but perhaps not to the wider public. Thank you. Are there any further....sorry, Honourable Tony Green?

The Hon. Anthony Green –

Yes, sorry, Madam Speaker, just for my own personal clarification perhaps, I'm just really trying to find out who actually decides on core service levels, can I be reminded who decides that?

The Speaker –

Who decides on core service levels?

The Hon. Owen O'Sullivan –

Well, it's a balance, again, as I said, it's based on the strategic, well, the Sustainable Development Plan and it's making assessment of the core service levels that, well, I mean, this is the HR's descriptor, but it's based on the key performance indicators that come from the Sustainable Development Plan and it would be a mixture of Councillors, Chief Secretary, as Head of Civil Service, Directors as to what are the appropriate measures and what are appropriate delivery targets.

The Hon. Anthony Green –

So, if I may sum up, it's the combination of Councillors and the Civil Service working together?

The Hon. Owen O'Sullivan –

Yes.

The Hon. Anthony Green –

Thank you very much.

The Speaker –

Honourable Raymond Williams?

The Hon. Raymond Williams –

Overseas training, £166,048, is that for new recruits or is that to coincide with those people already overseas on training?

The Hon. Paul Blessington –

Madam Speaker, the amount in the budget is for both those who are already on overseas training and provision for additional places next year.

The Hon. Raymond Williams –

Can I also ask how many new recruits are anticipated?

The Hon. Paul Blessington –

The additional places for next year will be either two or three.

The Hon. Raymond Williams –

Thank you.

The Hon. Bernice Olsson –

Madam Speaker, can we be told if there's anybody going on training this year?

The Hon. Paul Blessington –

Do you mean the current financial year or next budget year?

The Hon. Bernice Olsson –

The next budget year.

The Hon. Paul Blessington –

There'll be two to three additional people on top of those whose terms may be extending over the financial year end.

The Hon. Bernice Olsson –

Madam Speaker, can I ask what kind of posts are we talking, what kind of training this is going to be, if the Director could inform this House?

The Hon. Paul Blessington –

Madam Speaker, the main post for which approval has been given is the training for the Public Solicitor's Assistant, approval for the other two places has not yet been finalised.

The Hon. Bernice Olsson –

Just say, just repeat that again, please, Honourable Financial Secretary, I didn't quite get what you said. You said something about the Assistant to the Public Solicitor?

The Hon. Paul Blessington –

Yes, Madam Speaker, the Public Solicitor's Assistant has had overseas training approved and there have not yet been completed approvals for the other training places which are budgeted.

The Hon. Bernice Olsson –

And you don't know what posts these two trainees will be going for?

The Hon. Paul Blessington –

I can't, at this stage, answer that question, Madam Speaker.

The Hon. Bernice Olsson –

I think it is important that we know this, Madam Speaker, with all the costs we have to do, it would be interesting to see what training our people are going for.

The Hon. Owen O'Sullivan –

The reason why we don't know the other two posts is because there was a cut already from £183,000 to £163,000 and so it has had to be reworked as to who is going, what training is being delivered.

The Hon. Bernice Olsson –

When will we know, Madam Speaker, when will we know what training posts?

The Hon. Owen O'Sullivan –

I am told it will be soon.

The Hon. Bernice Olsson –

How soon are we talking about?

The Hon. Owen O'Sullivan –

This week.

The Hon. Bernice Olsson –

This week we will know?

The Hon. Owen O'Sullivan –

Apparently, yes.

The Hon. Bernice Olsson –

Thank you, thank you, Madam Speaker.

The Speaker –

Thank you, Honourable Member.

The Hon. Bernice Olsson –

You know, you keep telling us that we must participate a bit more, so it will be interesting to see what kind of training will people be going from Human Resources.

The Speaker –

Are there any further questions? Sorry.

The Hon. Owen O'Sullivan –

Sorry, the training is actually not for Human Resources, it's overseas training and it can be a range of training, so, for example, the post that is being trained is for Assistant Public Solicitor, which is obviously Legal training

The Hon. Bernice Olsson –

Yes, I can understand that, but I do have concerns about other things.

The Speaker –

Any further questions?

The Hon. Cyril Gunnell –

Yes, just so the public is aware, so the money for the training then for 2012/13 is spread across perhaps all Directorates, is that what the Chief Secretary is trying to say?

The Hon. Owen O'Sullivan –  
Yes.

The Hon Tara Thomas –

Madam Speaker, I should just highlight as well that the Education Directorate has a separate budget for overseas training, so in addition to the two or three additional places that the HR budget funds the Education Sector Support Programme also allows for, I think we probably have between five and six individuals going for training as well from the Education Sector.

The Speaker –

Thank you for that. Any further questions on Head 13, Human Resources?

Schedule I, Head 13 – Human Resources, £3,305,680.

Question put and agreed to.

The Speaker –

I put the question that Schedule I, Head 14, Attorney General, standing in the amount of £68,759 do stand part of the Bill. Page 22. Any questions, Honourable Members?

Schedule I, Head 14 - Attorney General, £68,759.

Question put and agreed to.

The Speaker –

I put the question that Schedule I, Head 15, Police, standing in the amount of £731,018 do stand part of the Bill, on pages 23 and 24. Any questions, Honourable Members?

The Hon. Cyril Gunnell –

Madam Speaker, with regard to disaster management, and there's a figure of £7,000, which doesn't seem to change, could we have an idea of just how that is actually spent?

The Hon. Paul Blessington –

Madam Speaker, the £7,000 is a provision and it covers either disasters that may occur, relatively small ones obviously for that amount of money, for the actual tackling of the disaster and also for proactive training of staff to deal with disaster management scenarios.

The Hon. Cyril Gunnell –

The proactive training, does that include, sort of, the drills that we sometimes see, disaster management drills?

The Hon. Paul Blessington –

Madam Speaker, yes, precisely those sorts of things it provides for.

The Hon. Cyril Gunnell –

I was wondering when was the last time we actually saw one?

The Hon. Paul Blessington –

Madam Speaker, the last disaster management training was in the first quarter of this year.

The Hon. Cyril Gunnell –

I think I was away at the time. Thank you.

The Speaker –

Any other questions on Head 15, please? Honourable Mervyn Yon?

The Hon. Mervyn Yon –

Yes, Madam Speaker, under Community Policing there's a reduction here, does that mean that there is less people now that are going to be out there doing community policing?

The Speaker –

Honourable Members, please make sure you've got your mics down when you're speaking otherwise it definitely won't get picked up for the recording or for the radio.

The Hon. Paul Blessington –

Madam Speaker, with regard to the reduced budget for community policing, the Deputy Chief of Police assures me that there won't be any reduction in policemen on the beat.

The Hon. Mervyn Yon –

Can I ask what is the reason for the reduction?

The Hon. Paul Blessington –

Madam Speaker, all Departments were required to make 5% expenditure reductions as part of this year's budget submission and there have been further reductions to some Directorates as a result of the DAPM reprioritisation process.

The Speaker –

I think the Head of Budget Management can actually throw a little bit more light if it would be helpful.

Mrs Michelle Yon (Head of Budget Management) –

Madam Speaker, part of the wages have been reallocated as part of the Contract and.....Police operations so that's the reduction in the Community Policing, which is a reclassification of some of the part-time wages paid for the staff.

The Hon. Mervyn Yon –

Thank you.

The Hon. Cyril Gunnell –

Madam Speaker, if you don't mind, just on a point of disaster management and the figure of £7,000 and I can remember a few years ago people coming here to the island and they were saying that disaster management, you know, drills and things, should be carried out very frequently and not just, sort of, once a year and that kind of a thing, I was just wondering, and especially now as we have the airport coming in and the need perhaps to have more training and this kind of a thing, whether £7,000 is actually adequate for a year?

The Hon. Paul Blessington –

Madam Speaker, I've conferred with the Deputy Director of Police and he confirms that disaster management expertise has provided advice on the types and number of disaster management exercises that there should be and we've budgeted accordingly.

The Hon. Cyril Gunnell –  
Seems low.

The Hon. Bernice Olsson –  
Don't seem right, disaster management should be more or less top of the list, we're talking about airport.

The Speaker –  
Do you have a question on .....

The Hon. Bernice Olsson –  
This concern of the £7,000.

The Hon. Cyril Gunnell –  
It does seem low, Madam Speaker. To me it does seem low, but I'm guided by the experts. Thank you.

The Hon. Brian Isaac –  
Madam Speaker, we've seen a lot of expatriate Police Officers on the island and I assume that there will probably be more, are they paid under this line here of Police Operations or are they under the TC budget?

Mrs Michelle Yon –  
Madam Speaker, the overseas officers that are currently employed on the island are paid by our TC budget and not reflected here.

The Hon. Brian Isaac –  
Madam Speaker, I understand when these officers first came to .....  
.....locally paid officers, not under the TC, and that's why I'm asking the question.

Mrs Michelle Yon –  
Madam Speaker, there's two lots of policing staff that we've got. We've got the ones that are under TC and we do have some that are paid on the local salary and have a small amount paid according to their accommodation. Madam Speaker.

The Hon. Brian Isaac –  
Is there a single line in the estimates for this or it's combined?

Mrs Michelle Yon –  
Madam Speaker, we would have to work that figure out and supply it to you later.

The Hon. Brian Isaac –  
Thank you.

The Speaker –  
Any further questions on Head 15, Police?

Schedule I, Head 15 – Police, £731,018.

Question put and agreed to.

The Speaker –

I put the question that Schedule I, Head 16, St. Helena Audit Service, standing in the amount of £80,482 do stand part of the Bill, page 25, Honourable Members. Any questions on Head 16?

Schedule I, Head 16 – St. Helena Audit Service £80,482.

Question put and agreed to.

The Speaker –

I put the question that Schedule I, Head 17, Finance, standing in the amount of £1,704,180 do stand part of the Bill, pages 26 and 27.

Mrs Michelle Yon –

Madam Speaker, I'd like to just bring to the attention of Councillors that although on page 26 the amount is on just over 2.5, that includes the £800,000 that we will be appropriating later under Schedule III which is the amount transferred to the other DfID funded projects that we were under DAPM informed that we need to take to the Capital Projects.

The Speaker –

Any questions on Head 17, Finance? Yes, Honourable Derek Thomas?

The Hon. Derek Thomas –

Yes, can I ask, Madam Speaker, what is the capital estimate of £151,898?

The Speaker –

We're going to appropriate that under Schedule II, where it's got Head 17, Finance, because it's Capital Expenditure, so if you'd like to raise a question about that when we deal with Capital Expenditure would be more appropriate.

The Hon. Derek Thomas –

Very well, Madam Speaker.

The Speaker –

Thank you.

The Hon. Brian Isaac –

Madam Speaker, under Philatelic Services, I understand that the service has moved away from the island, can I ask what's in place for Philatelic Services on the island, bearing in mind that we are building our tourism industry?

The Hon. Paul Blessington –

Madam Speaker, Philatelic Services will still be provided on island to residents and visiting tourists, but we use as our agent an organisation called Casco in the UK, which actually markets our Philatelic products to overseas clients directly from the UK and those would obviously be serviced by mail.

The Hon. Brian Isaac –

Is there any loss in revenue in this new arrangement?

The Hon. Paul Blessington –

Not directly. It's not really a new arrangement in that Casco who has been acting as our Philatelic Agent for quite a few years and they obviously have an agency arrangement and charge fees for what they do, but philatelic sales in general have been declining and that's why we've tried to cut back on servicing overseas clients from here as it's more cost effective to do so using our Agent in the UK.

The Hon. Brian Isaac –

Thank you.

The Hon. Bernice Olsson –

Madam Speaker, can I just ask, First Day Covers, are they sold from the UK as well?

The Hon. Paul Blessington –

Madam Speaker, First Day Covers will be sold both locally on island to tourists visiting here and to Saints here, but they will also be sent to overseas clients directly from the UK.

The Hon. Stedson Francis –

Have you noticed any increase in revenue so far, from overseas clients that is?

The Hon. Paul Blessington –

We haven't seen an increase in revenue from overseas clients, but we have seen some reduction in cost in servicing.

The Hon. John Cranfield –

Is Casco being paid a fee for the services that they are providing for the island?

The Hon. Paul Blessington –

Madam Speaker, the way it works is that Casco pays a commission to SHG for each sale that it makes of philatelic products to clients overseas, so they undertake all the work and they then remit to us a proportion of the revenue that they earn.

The Hon. John Cranfield –

Can you say what percentage, Financial Secretary?

The Hon. Paul Blessington –

Our commission is twenty-seven percent of revenue, Madam Speaker.

The Hon. Bernice Olsson –

So, Madam, can I just ask, people overseas do they know of this arrangement that they can still get the First Day Covers here on St. Helena, because a lot of the big concern was, a tourist was out here a couple of months ago and was given back some money because he sends a remit every month for First Day Covers, he doesn't want another date stamp, he wants to have the St. Helena date stamp on his First Day Covers, so does people overseas know about this new arrangement being overseas and you can still get First Day Covers here, do they know?

The Hon. Paul Blessington –

Madam Speaker, I think those people who are keen philatelists would be well aware of Casco and would know of the arrangements. In the case of somebody who lives overseas but came to visit here they could clearly buy a First Day Cover, date stamped here in St. Helena

personally if they visit the Post Office, but for those who don't visit the island or don't live on the island, Casco will do that remotely from its offices in the UK.

The Hon. Bernice Olsson –

Madam Speaker, this is where the big problem comes in. Tourism are not very happy with this new arrangement, because even if they're living overseas they do send a remittance every month for First Day Covers so they can have the St. Helena stamp like I mentioned before. You said they have to come to the island to buy a First Day Cover.

The Hon. Paul Blessington –

Madam Speaker, as I mentioned, the important philatelic sales has been declining significantly over the years. I understand revenue from overseas sales was £8,000 last year and trying to service that from St. Helena would cost us more than it was bringing in in revenue so in the interest of, we don't run Philatelic Services as a charity, it's there as a revenue earning operation and if it doesn't earn any profits, Madam Speaker, we can't continue to service it from here.

The Hon. Bernice Olsson –

Madam Speaker, I understand what the Honourable Financial Secretary is saying, but here we are sitting here talking about tourism, we're hoping to have thousands when the airport and here we are selling our First Day Covers, I don't know.

The Hon. Tara Thomas –

Madam Speaker, I think it is important to clarify that if we do have thousands of visitors coming to St Helena they will still be able to purchase First Day Covers from the Post Office with the Post Office stamp.

The Hon. Bernice Olsson –

But the people living overseas who've been doing it, can't do it no more because they will have to buy it from UK. This is the big argument as well.

The Hon. Paul Blessington –

Madam Speaker, the people who are buying, overseas people who are buying First Day Covers through Casco in the UK are doing it as collectors and not necessarily as tourists to St. Helena. If we see significant increased numbers of tourists coming to the island, which is obviously what we're planning for, then we will have more First Day Covers available over the counter at the Post Office to sell to those tourists and that won't be a problem, Madam Speaker.

The Hon. Bernice Olsson –

So Saints living overseas if they want to buy a First Day Cover they will not be able to have the St. Helena stamp on it, so they'll have to come back to the island to get the First Day Cover, I think you're going to have to make it plain to the public.

The Hon. Paul Blessington –

Madam Speaker, I think Saints living overseas would probably ask one of their friends or relatives on the island to call in at the Post Office if they wanted a First Day Cover with a local stamp on it.

The Hon. Bernice Olsson –

Not everybody got family or anything left here on the island, Financial Secretary.

The Hon. Paul Blessington –

In which case, they should go through Casco and order their product from the UK.

The Speaker –

Anything further, please, on Head 17, Finance?

Schedule I, Head 17 – Finance, £1,704,180.

Question put and agreed to.

The Speaker –

Honourable Members, I did say that we would stop at a convenient moment as near to 1 o'clock as possible, I don't think I could have got any closer than we are, so I suggest that we suspend the sitting until 2 o'clock.

**Council suspended.**

**Council resumed.**

### **Resumed debate in Committee on the Appropriation Bill, 2012.**

The Hon. Cyril Gunnell –

Madam Speaker, if you will indulge me, do I have the opportunity to taking us back a couple of pages to look at something, I know we discussed it earlier on, but I have serious concerns about an item, please?

The Speaker –

The Head has already been passed.....

The Hon. Cyril Gunnell –

But can I talk about it, can I ask something anyway? When can I have the opportunity to speak about something I think is very important in here then?

The Speaker –

Could I invite the Honourable Attorney General, it seems we have actually already voted on that Head?

The Hon. Frank Wastell –

Madam Speaker, this Head has already been decided and therefore I think it is in contravention of the Standing Orders to go back and return to it and discuss it now.

The Hon. Cyril Gunnell –

It's just that we may have missed an opportunity, Madam Speaker, that's all. I can serious, if we don't.....

The Speaker –

I'm sorry, Honourable Member, please don't continue at this point. My only suggestion to you would be that we do have an adjournment debate later in the sitting and you might wish to raise the particular point during the course of the adjournment debate.

The Hon. Cyril Gunnell –

Thank you, Madam Speaker, thank you, I take your advice on that. Thank you.

The Speaker –

Thank you. I put the question that Head 19, Economic Development, standing in the amount of £687,685 do stand part of the Bill. Page 28 in the pink pages, Honourable Members. Any questions on Economic Development? Honourable Derek Thomas?

The Hon. Derek Thomas –

Yes, thank you, Madam Speaker. The sum of £109,286, I take it that is on employee costs or?

The Hon. Paul Blessington –

Madam Speaker, with reference to the £109,000 allocated to Tourism, half of the amount is salary costs and another half is various sundry overhead costs associated with Tourism and the remaining quarter of that is for various other project-related expenditure, so half of it is salary costs.

The Hon. Derek Thomas –

Thank you, Madam Speaker. Can I ask then the £587,399 Economic Development, is that for the setup of Economic Development and includes the new, additional posts, six additional new posts?

The Hon. Paul Blessington –

Madam Speaker, I may let the Head of Budget Management answer how the additional, new posts are being funded and where they are in the budget, but the figure that is shown for Economic Development, Directorate 19 in the Budget Book, consists of existing commitment to SHDA and a variety of other initiatives, but I think the question about where are the new posts going to be, I'd like to pass to Head of Budget Management.

Mrs Michelle Yon –

Madam Speaker, part of the HR funding that we approved earlier this morning was for TC posts and in that line there's £225,000 allocated for the four new posts for Economic Development.

The Hon. Derek Thomas –

Thank you, Madam Speaker. The £225,000 allocated for new posts in Economic Development, within that Economic Development is our number one key priority, is there a local counterpart provision within this money to develop the skills of a local person to take over this important role of Economic Development?

The Hon. Paul Blessington –

Madam Speaker, in answer to the question about will there be any local counterparts included in this, the answer is that local, either staff will be recruited or counterparts will be trained wherever that is possible and appropriate as well as a lot of the money that is being appropriated to Economic Development is specifically to develop skills and expertise in private sector development across St. Helena, so not only will people be working for Economic Development as employees locally, but also there will be a lot of emphasis put on training local people to be able to run private sector businesses.

The Hon. Derek Thomas –

When can we see a local counterpart in post to understudy the CEED, Chief Executive?

The Hon. Paul Blessington –

I can't give you a exact date, but the answer is as soon as we can identify the appropriate person.

The Hon. Derek Thomas –

Thank you, Madam Speaker, so I take it we can expect to see an advert?

The Hon. Paul Blessington –

I can't say at this stage whether you will expect to see an advert or whether it may be somebody already in the organisation who may be showing the appropriate skills and potential, I think it is too early to say there will be an advert placed.

The Hon. Derek Thomas –

I'll watch this development with interest, Madam Speaker. Thank you.

The Speaker –

The Honourable Stedson Francis?

The Hon. Stedson Francis –

Will SHDA become a part of the Economic Development Directorate?

The Hon. Paul Blessington –

SHDA will comprise part of Enterprise St. Helena which will be the umbrella organisation.

The Hon. Stedson Francis –

But the Economic Development Directorate would still exist in its own right and the setup of Enterprise St. Helena, how does that fit with Economic Development Directorate?

The Hon. Paul Blessington –

Although it's called in the Budget Book Directorate 19, Economic Development is not a Directorate in the same way that other parts of SHG are directorates. It is headed by the Chief Executive for Economic Development who stands aside and apart from the mainstream of Government. That role is to be far more part of the private sector than it is seen to be part of the Government structure.

The Speaker –

Honourable John Cranfield?

The Hon. John Cranfield –

Thank you, Madam Speaker. What portfolio will have oversight of this new Directorate?

The Hon. Paul Blessington –

Economy and Finance Portfolio.

The Speaker –

Honourable Mervyn Yon?

The Hon. Mervyn Yon –

Thank you, Madam Speaker. Am I right in saying that this Economic Development structure will have three Directorates in place?

The Hon. Paul Blessington -

No, I don't think that is correct. Madam Speaker, I'm not quite sure though where you were coming from with that question, Honourable Member.

The Hon. Mervyn Yon -

Then I'm afraid, Madam Speaker, we have been misled because from one paper that we were issued, it showed on there a slot where three Directors would be in place.

The Hon. Paul Blessington -

Madam Speaker, to try to clarify this, I think what the Honourable Member is referring to is the functions of people within Enterprise St Helena who, whilst they are termed Directors, that is more Director as in a company director function rather than as an SHG Government Directorate Director. Enterprise St Helena, as we've said, is a different type of organisation from Line Directorates who are responsible to the Chief Secretary for their overall management.

The Speaker -

Councillor Yon?

The Hon. Mervyn Yon -

If I may continue, Madam Speaker, what are the proper names for these people who are now called Directors, what would be their names within that?

The Hon. Paul Blessington -

Madam Speaker, there are three positions which carry the term Director within Enterprise St Helena; Director of Commercial Property, Director of Enterprise and Director of Tourism and each of those have separate functions that they would be carrying out within Enterprise St Helena.

The Speaker -

Honourable Mervyn Yon?

The Hon. Mervyn Yon -

I just wanted to ask, Madam Speaker, why is it that there is no performance measures in place?

The Hon. Paul Blessington -

Enterprise St Helena, as I have said, is not part of the formal Government structure reporting to the Chief Secretary so the performance measurement regime is different from that that applies to the core Line Directorates.

The Hon. Cyril Gunnell -

I take it they will have performance measures though?

The Hon. Paul Blessington -

Thank you, Madam Speaker, in terms of performance monitoring there are two parts to this. The first part is that as Enterprise St Helena stands at arms length from the rest of St. Helena Government it will have a separate performance agreement with SHG; and, secondly, as it's significantly funded by DfID it has a performance reporting responsibility, that's DfID, that uses a DfID performance framework.

The Speaker –  
The Honourable Bernice Olsson?

The Hon. Bernice Olsson –  
Yes, can I ask the Honourable Member in order to achieve best value will these jobs be advertised, these three Directors, will they be advertised?

The Hon. Paul Blessington –  
Madam Speaker, of the three positions, two of those are expected to be advertised and the third one is expected to be filled by a secondment from SHG.

The Speaker –  
Honourable Brian Isaac?

The Hon. Brian Isaac –  
Madam Speaker, thank you. Can I ask, I am a member of the Tourism and Leisure Committee, will this Committee need to be restructured to have oversight of its present role, will this Committee be the overall body for all of St. Helena Enterprise? How will the Committee terms of conditions fit into this new structure?

The Hon. Paul Blessington –  
Madam Speaker, I can't give a definitive answer on this at this stage, although I do expect that the terms of reference of the Tourism Committee will probably need to be reexamined as Enterprise St Helena takes over parts of the responsibility for tourism, but it is Enterprise and Economic Development that the organisation is particularly focused on and therefore the responsible Committee from that point of view would be Economy and Finance.

The Speaker –  
Honourable Chief Secretary?

The Hon. Owen O'Sullivan –  
Madam Speaker, I'd just like to add that a framework agreement is currently being drawn up between SHG and Enterprise St Helena and part of that will be looking at the reporting arrangements which include reporting arrangements for tourism.

The Hon. Brian Isaac –  
Disappointed that this sort of thing hasn't been brought to the front in the early days of process, because as a member of the Tourism Committee, this hasn't been conveyed, I was quite surprised when I heard that Finance would have the overall political view, but I will wait and see when the structure comes out.

The Hon. Tara Thomas –  
Madam Speaker, if I can just clarify. The Economic Development organisation isn't a new organisation as such, it is expanding the role of the St. Helena Development Agency to encompass tourism. Those discussions started over two years ago when the DfID Adviser Cato at the time was on island, so these discussions are progressing towards that discussion that happened then. The Economy and Finance Committee has oversight for fiscal and economic policy, so the relationship between SHDA and the Economy and Finance Committee is a very high level strategic oversight role and I would envisage the same relationship existing between the Economy and Finance Committee and Enterprise St Helena.

The rationale of moving some of those functions out from the Government structure is because these types of quasi-government organisations removed from the bureaucratic government structures are then able to actually get on and get stuff done rather than being tied down to the countless administrative procedures that has to follow, so this is all about moving towards a more streamlined framework and governance arrangement so as that Enterprise St Helena can actually get on and deliver what it is we want them, which is a very short space of time, given that the airport contract is due to conclude in 2015.

The Hon. Brian Isaac –

Will Government be taking this approach to all Directorates to get on and get things done?

The Hon. Paul Blessington -

Madam Speaker, I think there is a difference between what Enterprise St Helena is being set up to do and what core Government Directorates are doing which are providing public services under the direct policy oversight of the Policy Committees and whilst every effort is being made to ensure that Directorates deliver their services effectively and efficiently I think it would be inappropriate to set them all up as stand alone bodies in the same way that Enterprise St Helena is being structured to work specifically with the private sector.

The Hon. Cyril Gunnell –

Madam Speaker, just so that we can get all of the questions out of the way, at what point will Councillors be able to, sort of, scrutinise the spending of the new Enterprise people?

The Hon. Paul Blessington –

I don't think you will necessarily be able to scrutinise it in this budget forum as such, but I'm quite sure the Chief Executive for Economic Development will be having regular briefings with members to explain what he is doing with the money that is being provided and for you to judge how good a job he is doing with the money that's been given.

The Speaker –

Honourable Mervyn Yon?

The Hon. Mervyn Yon –

Am I right in saying, Madam Speaker, that it could be scrutinised through the PAC?

The Speaker –

The question was, could it be scrutinised through the Public Accounts Committee as is SHDA at the moment?

The Hon. Paul Blessington –

I think the framework agreement will probably determine what the most appropriate scrutiny arrangements are and if that's decided that it should be through PAC then it will be through PAC.

The Hon. Brian Isaac –

Madam Speaker, PAC is the body for scrutinising Government, as Enterprise St Helena seems to be on the outside of Government as Enterprise, would it be appropriate for PAC to scrutinise St. Helena Enterprise?

The Hon. Tara Thomas –

Madam Speaker, the Public Accounts Committee currently scrutinise SHDA's accounts.

The Speaker –

Sorry, Honourable Mervyn Yon?

The Hon. Mervyn Yon –

Just to say, Madam Speaker, if we as elected members are not happy with a performance, we can authorise the Public Accounts Committee to scrutinise that particular section on behalf of the Council, they have power to do so, Madam Speaker.

The Speaker –

Any further questions or comments on Head 19?

The Hon. Anthony Green –

Yes, Madam Speaker, I just think, listening and probably not having all the information myself, that there needs to be some clarity. If I've missed information I do apologise, but it seems rather odd that we have an Accounting Officer that sits outside of Government with money being apportioned through the budget, which we authorise, but then operating at arms length and also we have, sort of, a Directorate with three Directors who are not Directors as other Government Directors, so I just think that there's quite a bit of clarity that is required and we are the people who are going to authorise the money and I think it is disappointing that we haven't had answers or information beforehand and so I call upon the Administration to provide us with that information.

The Speaker –

Honourable Paul Blessington?

The Hon. Paul Blessington –

The Administration will certainly do its best to provide answers to any of the questions that the Honourable Members have. I think Honourable Members have been reasonably informed during the budget preparation process as to what is being done with Enterprise St Helena, they've had meetings and briefings with the Chief Executive of Economic Development and they've seen the Economic Development Plan, all of the things that they're being asked to approve here are entirely consistent with that plan and what is being presented, but I have no hesitation in saying that the Chief Executive for Economic Development will be more than happy to address all members, to explain, you know, in as much detail as they may wish, how that is done, but unfortunately, because of the, sort of, slightly separate structure that Enterprise St Helena has, it's not possible for Chief Executive, Economic Development to address you in person here, which is why I'm the conduit for that right now.

The Hon. Brian Isaac –

Madam Speaker, I thank the Financial Secretary and I do agree, but this forum here gives an opportunity for the wider community to have an input and understanding of what their representatives are doing behind the scenes and what they are doing in this House today. Thank you.

The Speaker –

Any further questions on Head 19, please?

Schedule I, Head 19 – Economic Development, £1687,685.

Question put and agreed to.

The Speaker –

I put the question that Schedule I, Head 21, Shipping, standing in the amount of £5,013,886 do stand part of the Bill, Page 30, Honourable Members. Any questions on Access and Shipping?

The Hon. Cyril Gunnell –

Which one are we doing, Madam Speaker?

The Speaker –

We're doing Head 21.

The Hon. Cyril Gunnell –

Alright, because I turned up Pensions and Benefits.

The Speaker –

Well, I'll ask the Head of Budget Management to explain why Pensions and Benefits doesn't appear on the Appropriation Bill.

Mrs Michelle Yon –

Madam Speaker, the amount for Pensions and Benefits are governed by a different Ordinance and therefore doesn't get appropriated.

The Speaker –

So we're on Head 21, Shipping. Nobody questions on Access and Shipping?

Schedule I, Head 21 – Shipping, £5,013,886.

Question put and agreed to.

The Speaker –

I put the question that Schedule I, Head 22 – Education and Employment, standing in the amount of £2,575,492 do stand part of the Bill, Page 31.

The Hon. Raymond Williams –

Madam Speaker, can I suggest that in future the print be enlarged to cover the whole page of this document. It is probably one of the smallest prints in the entire document, it's difficult to see and yet we have half a page not used. Thank you.

The Hon. Bernice Olsson –

I think we asked that in informal LegCo, Madam Speaker, that this print is too small.

The Speaker –

Do you have any questions, please, on Education and Employment?

Schedule I, Head 22 – Education and Employment, £2,575,492.

Question put and agreed to.

The Speaker –

I put the question that Schedule I, Head 23, Health and Social Welfare, standing in the amount of £5,567,007 do stand part of the Bill, we're on page 32. Any Honourable Members have any questions? The Honourable Tony Green?

The Hon. Anthony Green –

Madam Speaker, forgive me, it may be my eyesight and because the print is small, but am I right it's the one pound note?

The Speaker –

.....I raised this actually with Head of Budget Management before, but she'll explain it to you.

The Hon. Anthony Green –

No, I'm okay.

Mrs Michelle Yon –

Madam Speaker, yes, there is a one pound difference, it's just a rounding up of figures.

The Speaker –

Do we have any questions about Head 23?

The Hon. John Cranfield –

£1.5m for Essential Human Resources, can you explain that?

Mrs Michelle Yon –

Madam Speaker, this is the money that DfID has now given to us in our recurrent budget which was our Health Link 3 staffing for our professional staff that have come out to us and it is now shown as Essential Human Resources as part of the budget.

The Hon. John Cranfield –

Thank you.

The Speaker –

Honourable Derek Thomas?

The Hon. Derek Thomas –

Thank you, Madam Speaker. The Older Persons Service, seems to be a reduction. The Older Persons Service, £766,645.....£23,467, does it mean that certain services will no longer be carried out?

The Speaker –

He's asking is the Older Persons Services, which have been reduced to £766,645 are going to see a reduction in the service offered? Honourable Derek Thomas, when you speak again, pull your microphone down a bit further, please? I think it will stay down. Honourable Paul Blessington?

The Hon. Paul Blessington –

Madam Speaker, the reduction has arisen from two areas. One has been a reduction of two posts and the other is a reduction and a saving in Home Help hours, but still providing adequate levels of service, so efficiency gain rather than service reduction.

The Hon. Derek Thomas –

Does that mean now that less home help hours will be provided?

The Hon. Paul Blessington –

Madam Speaker, it means that the hours have been redistributed on a fairer basis so that those who need more get more and those who don't need as much don't necessarily take as much, so it's ensuring that everybody gets an adequate level of provision rather than over levels of provision where it wasn't necessary.

The Speaker –

Honourable John Cranfield?

The Hon. John Cranfield –

Madam Speaker, the one and quarter million for medical services, I assume that that includes funding for overseas medical referrals?

The Hon. Paul Blessington –

Madam Speaker, yes, it does include .....for overseas medical referrals.

The Hon. Cyril Gunnell –

Madam Speaker, there's a considerable decrease in the Environmental Health spending from £329,000 down to, well nearly, £283,000, what would be the main reason for this reduction?

The Hon. Paul Blessington –

Madam Speaker, the reductions the Honourable Member refers to have been achieved mainly through efficiency savings in refuse collection services and pest control services. However, adequate levels of both those services will still be provided, so it's been through, again, more efficient use of resources rather than an overall drop in the standards of service.

The Hon. Cyril Gunnell –

Are these efficiency savings identified in the deep dive?

The Hon. Paul Blessington –

Madam Speaker, some of the savings were identified through the deep dive review and some of them were efficiency gains that the Directorate Management had already identified themselves.

The Speaker –

The Honourable Derek Thomas?

The Hon. Derek Thomas –

Can I ask whether an analysis was carried out to see what would be the impact on the reduction in refuse collection, what the impact will be on society as a result of the reduction in refuse collection?

The Hon. Paul Blessington –

Madam Speaker, an analysis of the impact as such hasn't been carried out, but the reductions in the numbers of refuse collections in the Half Tree Hollow and Longwood areas bring them into line with other parts of the island, except for Jamestown, where one collection a week is proving adequate. The same amount of rubbish will be removed, it just won't be removed as frequently as it was before and the Directorate will monitor to see whether there are any

adverse effects stemming from that, but if there are no adverse effects then it will be a pure efficiency gain.

The Speaker –

Honourable Derek Thomas?

The Hon. Derek Thomas –

Am I correct in saying that the Half Tree Hollow and Longwood are rather large districts and without the proper impact analysis being carried out, refuse collection of once a week, what would happen, are people expected to store up their rubbish, and if so, where?

The Hon. Paul Blessington –

Madam Speaker, a refuse collection in other parts of the island of one collection per week appears to be perfectly adequate, so unless the households in Longwood and Half Tree Hollow produce a great deal more rubbish than the other parts of the island, I would think that one collection a week should do for them as well.

The Hon. Derek Thomas –

Do we know when the collection in Longwood and Half Tree Hollow is undertaken, whether it always be a full collection on those days, collection days?

The Hon. Paul Blessington –

Madam Speaker, it will be a full collection that will take place one day a week in those areas and it has been brought to my notice that when the two day a week collections were taking place a number of households didn't make any use of the second collection so arguably it was not running very efficiently.

The Speaker –

Any further questions, please, on Page 23? Honourable Raymond Williams?

The Hon. Raymond Williams –

Madam Speaker, under Revenue, Older Persons Services has been increased by nearly £8,000, can you give an explanation as to how this come about, please? Increase in revenue.

The Hon. Paul Blessington –

Madam Speaker, the revenue increase has come as a result of people receiving Basic Island Pension, which they weren't before and are now able to contribute something more towards their care.

The Hon. Raymond Williams –

Thank you.

The Speaker –

Honourable Cyril Gunnell?

The Hon. Cyril Gunnell –

Yes, Madam Speaker, I suppose I'm asking this question simply because I somehow these days don't know what is, sort of, management, an operational thing or whether Committee has any responsibility at all and I was just asking, with regard to Environmental Health, and we're going to lose, or we have lost some Pest Control Operators I believe and so is there

going to be any impact on pests in the island and what sort of monitoring will take place to see what the impact of losing people from the Environmental Health Section will actually be?

The Hon. Paul Blessington –

Can I just check whether the Honourable Member is referring to spraying services for insect type pests?

The Hon. Cyril Gunnell –

Why, you think it doesn't actually say that, but it could mean that? There isn't the people now to carry out the spraying that used to be, what impact will that actually have on pests, increase in pests, for example?

The Hon. Paul Blessington –

Well, the reductions in the Spraying Services have been as a result of a decline in demand for those services, so I can't exactly say what the impact will be, but we're reacting to reduced demand for those type of service.

The Hon. Cyril Gunnell –

And would the decrease in demand in any way be because of the services probably being too expensive?

The Hon. Paul Blessington –

That is probably an issue for the Committee to examine. I can't say whether that's the case or not or whether it's simply that fewer people are, say, growing fruit that requires spraying, so I can't actually answer that.

The Hon. Stedson Francis –

Possibly rodent control.

The Hon. Paul Blessington –

I understand it is also rodent and vermin control, such as cockroach spraying, yes.

The Hon. Raymond Williams –

Can I just clarify, Madam Speaker, that A&NRD personnel don't spray for cockroaches or rats, what we do, the fruit trees and vegetables, etc. Thank you.

The Hon. Bernice Olsson –

Madam Speaker, can I just come back on this one day refuse collecting. Speaking to one of the Saints who takes tourists sometimes on walks, complaining our walks are in disgrace state and the rats are increasing. I mean, I think I said in my speech here we are pumping all this money into tourism and now we are saying, no, we're sorry, you can only have one collection a week. We live on a tropical island, look at the weather. I mean, I got people complaining in Flats, they only have two collections round at Harris's Flats, the rats were overtaking up there, I went round myself to see the rats tearing at the bags and I don't think, I think our people deserve more. Let me just say, Madam Speaker, and you might tell me to keep quiet, we all know that we need tourism, St. Helena needs it to go forward, but not at the expense of cutting our people down. Refuse is important. I live opposite the Gardens, two weeks ago I saw three rats walking in the Garden as if they were tourists. You know, so please, you Administration, this deep dive, I think it's appalling what you are doing to our island. Rats are very dangerous, they can create all kinds of diseases and then you'd be complaining, oh,

our medical bill got to go up. Rats, St. Helena is well known for rats, time to get rid of cats, you get rid of cats, then the rat increases, it happened on Ascension Island.

The Speaker –

Can I perhaps invite the Honourable Financial Secretary just to respond on the issue.

The Hon. Bernice Olsson –

I'm sorry, Madam Speaker, it's the truth.

The Hon. Paul Blessington –

Madam Speaker, I think the Honourable Member will be somewhat comforted to know that there have been no reductions in refuse collections within Jamestown, commercial premises will still receive three collections a week and domestic premises will still receive two collections a week, no reductions in Jamestown whatsoever.

The Hon. Bernice Olsson –

Madam Speaker, with all due respect to the Honourable Financial Secretary, I know that, you didn't have to tell me, this is my big problem. Harris's Flats are three floors, people are complaining when it's this hot weather they cannot keep their garbage in their house, they have to bring it down and put it outside. Two collections a week and the heat in Jamestown is a lot worse than what it is in the country. My constituents have been complaining, we were never brought up like that, we used to every day collections, so you know, just, I know about the two collections, but to live in a Flat, would you like to live in a Flat with your garbage, having to wait two or three days before the Chuck 'n' Chew man comes round to pick it up? We've got to be fair to our people, Madam Speaker. I know it's all about tourism, but my people going to have to come first.

The Hon. Cyril Gunnell –

Madam Speaker, could I offer information here, I mean, the Committee, myself included, we were advised that there would have to be a reduction in refuse collections, not in Jamestown, but other parts of the island and the main reason for this was because of the increase in the hire charges. You know, Public Health don't own its own vehicles, they have to hire those from somebody else and those charges have increased and so this is one of the main reasons for a reduction in services. I'm more concerned myself, Madam Speaker, with the rats and what has actually been done or will be done to make certain that there isn't a problem or the problem doesn't increase, because there is no longer the pest control people to take care of the problems and I just heard from the Honourable Raymond Williams that time, certainly A&NRD don't look after the rats and so on. You know, when we had some people come out here the other day to look at Mynah birds, sorry Rabbits, and when they were saying that the Rabbit population was thirty thousand on the island and the way they get around to seeing how many rats there are, well, they multiply that by three, so there's ninety thousand rats apparently was on the island then. You know, the increasing rat population is a problem and so, you know, I think, yes, I think and perhaps other members too, would need to know that taking away the Environmental Pest Officers and so on isn't going to impact adversely on the population, Madam Speaker. Rats actually bring along with it diseases and so on and it's not just rats to worry about, there's other things to, I'd just like to be assured that, you know, that the problem that we already have isn't going to escalate.

The Speaker –

Can you respond on this, Honourable Financial Secretary?

The Hon. Paul Blessington –

Yes, Madam Speaker. I think everybody is aware that rats are a problem on the island and the capability for dealing with those rats has not been lost. The Directorate still has it and will use it and will monitor and respond if rat numbers in any areas appear to be increasing, they will put their resources into that, so I think I can reassure the Honourable Member that there won't be an increase in rat populations as a result of these changes, what we will simply be doing is using the available resources more efficiently because they were under utilised in the past.

The Hon. Cyril Gunnell –

You can categorically state that there won't be an increase in the rat population, I just heard you say that?

The Hon. Bernice Olsson –

Yes, he did.

The Hon. Paul Blessington –

What I've said is that if there appears to be any increase in any particular area, the appropriate resources will be put to them in order to deal with that and that the resources that have been withdrawn have been done so because they were being under utilised, so the intention certainly is to maintain the same level of service, but at reduced cost.

The Hon. Bernice Olsson –

Madam Speaker, can I ask who will be monitoring the rats then to see that they are decreasing, who will be monitoring it?

The Hon. Frank Wastell –

Madam Speaker, just on a point of order, we do seem to have strayed quite a long way away from what we should be discussing which is the appropriation of these monies. If there is a problem, then no doubt those problems will be brought to the attention of the proper officials who will deal with it in due course.

The Hon. Cyril Gunnell –

With all due respect, Madam Speaker, we are talking about how many people are to be employed and everything else and since Health and Social Welfare Committee have a responsibility with this kind of thing, this is why we ask the questions. Thank you.

The Speaker –

Are there any further questions, please?

Schedule I, Head 23 - Health and Social Welfare, £5,567,007.

Question put and agreed to.

The Speaker –

I put the question that Schedule I, Head 24 – Internal Audit, standing in the sum of £54,176 do stand part of the Bill. Page 34, Honourable Members. Any questions? Honourable Brian Isaac?

The Hon. Brian Isaac –

Madam Speaker, I understand there has been quite a large staff turnover within this Directorate, is this Directorate fully staffed to be able to carry out the functions of their role as Internal Audit?

The Speaker –  
Honourable Financial Secretary?

The Hon. Paul Blessington –  
Madam Speaker, I'm actually pleased to inform the Honourable Member that in fact staff turnover has been very low within Internal Audit, they haven't had any staff turnover at all in the last two to three years. Their work plan they carry out is risk based, putting attention to those areas that are voted to be of highest risk, so clearly they are striving to deliver the best and most appropriate value for money with the resources that they've got and I don't think lack of expertise through staff turnover is likely to be a problem.

The Hon. Brian Isaac –  
I'd like to thank the Honourable Financial Secretary for his explanation; I think I was confused with Internal and External. Thank you.

The Hon. Paul Blessington –  
Thank you, Madam Speaker.

The Speaker –  
Any further questions on Head 24, Internal Audit?

The Hon. Derek Thomas –  
Can I ask, Madam Speaker, why is there, I know it's only a small increase, but why is there an increase of £49,000 to £54,000?

The Hon. Paul Blessington –  
I'm sorry, I didn't hear that.

The Speaker –  
The Honourable Member is asking why there's an increase from £49,000 to £54,000?

The Hon. Paul Blessington –  
Within Internal Audit? Madam Speaker, the increase is due to two reasons. One was because one of the members of staff got a promotion and therefore was paid some more and the other is due to recharges for such things as property and electricity costs, those are the consumables that have increased in price.

The Speaker –  
Any further questions?

Schedule I, Head 24 – Internal Audit, £54,176.

Question put and agreed to.

The Speaker –

I put the question that Schedule I, Head 24, Agriculture and Natural Resources, standing in the sum of £1,165,397 do stand part of the Bill. We're on page 35. Any questions, Honourable Members? Honourable John Cranfield?

The Hon. John Cranfield –

Fisheries Support, Madam Speaker, I see they've taken that out completely.

The Hon. Paul Blessington –

Madam Speaker, that refers to the subsidy to the Fisheries Corporation which has been removed as part of the reprioritisation exercise undertaken during the DAPM visit.

The Speaker –

Honourable Derek Thomas?

The Honourable Derek Thomas –

Thank you, Madam Speaker. Under the Agriculture Funding Support Programme, there's been a reduction from £208,000 to £93,000. What sort of impact will this have on our farming industry?

The Hon. Paul Blessington –

Madam Speaker, the reduction there that the Honourable Member refers to, I'm informed, is not actually as a result of any reprioritisation and reduction per se, it was due to the fact that we were reaching the third year of the Pasture Improvement Project and that was planned to have a lower call on funding in Year Three, so it's in line with the Department's Pasture Improvement Programme, it's not a budget cut and therefore shouldn't have an adverse effect on the sector.

The Hon. Derek Thomas –

Can I ask, will it have any effect on the funding support provided to farmers last year?

The Hon. Paul Blessington –

Madam Speaker, there may, as a result of the reprioritisation exercise, be some reductions in subsidies to farmers, but I'm informed that farmers may as a mitigation exercise submit bids to Economic Development rather than direct to A&NRD, so if demand proves to still be there there will still be an avenue for farmers to apply.

The Hon. Derek Thomas –

Can I ask, Madam Speaker, will there be any funding support provided to farmers for animal feed?

The Hon. Paul Blessington –

Madam Speaker, the Agriculture Committee will in April have the opportunity to meet and decide whether animal feed subsidies should be continued or whether the money that is available for the subsidies ought to be prioritised to other areas of higher need, but that will be up to the Policy Committee to determine.

The Hon. Brian Isaac –

Madam Speaker, under Plant and Marine Conservation and Protection, these are one of our best sellers for tourism and I see a reduction in here, can I have a reason for that, knowing that we should be putting more money into this as a main driver for tourism?

The Hon. Paul Blessington –

Madam Speaker, there's actually been not a reduction in service level, it's a transfer to the new Environmental Management Directorate, so the same services will be carried on but from a different Directorate.

The Speaker –

Honourable Derek Thomas?

The Hon. Paul Blessington –

It's the Marine Section that will have transferred.

The Hon. Derek Thomas –

But can I ask what impact this will have on the Agricultural Support, it's been a reduction of over £100,000, £273,000 compared to £378,000?

The Hon. Paul Blessington –

Madam Speaker, most of the reduction is actually as a transfer of irrigation services across to Infrastructure and Utilities. There have also been some staff reductions within the A&NRD Directorate as a result of efficiency gain, so hopefully there will only be minimal loss of support to farmers.

The Hon. Derek Thomas –

Will that now mean that the Department will no longer provide irrigation services to the farmers?

The Hon. Paul Blessington –

It's correct that the A&NRD Directorate won't directly provide irrigation services, but they may continue to be able to operate and offer funding support for irrigation to farmers, but they won't get the services directly supplied by A&NRD.

The Hon. Derek Thomas –

.....been concern that where .....the Agricultural Farming Industry sort of supporting and growing the industry. Thank you, Madam Speaker.

The Hon. Paul Blessington –

Madam Speaker, I'd like to reassure the Honourable Member that the services will continue to be provided but from different parts of Government by restructuring Government into areas that are most efficiently able to provide those services.

The Hon. Derek Thomas –

Yes, I'm just concerned over what parts in Government the restructure, Madam Speaker, because I was told at one stage it will be supported under Economic Development, but when challenged that was not the case, so I was interested to know what other parts of Government Service the farming industry will be supported.

The Hon. Paul Blessington –

Well, in this particular case, it's the irrigation services have been transferred to Infrastructure and Utilities under Water Division which will be providing water supply rather than A&NRD. So rather than having two separate Directorates dealing with water supply, it's

now going to be consolidated into one organisation where we would aim to get economies of scale for doing that.

The Hon. Derek Thomas –

Yes, thank you, Madam Speaker. The water irrigation will be transferred to The Infrastructure and Utilities, will they be providing subsidy to the farmers?

The Hon. Paul Blessington –

No, The Infrastructure and Utilities Department won't provide subsidies. Should farmers require a subsidy that would be A&NRD's role to provide subsidy, not their role to deliver the water service.

The Hon. Brian Isaac –

Madam Speaker, Agricultural Bio Security Services has been reduced by some £10,000, which is not a lot, but bearing in mind that the island is infested with all kinds of pests and diseases, will this have an impact on the services provided to eradicate these diseases and pests?

The Hon. Paul Blessington –

Madam Speaker, the reduction shown there was the elimination of a local post that had been vacant for the last eighteen months, but I'm pleased to report that it will be replaced with a TC post where we'll be bringing in external expertise to continue to provide bio security advice, hopefully more than we've been able to deliver in the past.

The Hon. Brian Isaac –

My reason for asking this question is knowing that there's a contract on the island at the moment that currently will be bringing in equipment and plant from South Africa, if this plant and equipment has been used in South Africa and is not new, there's a possibility of bringing soil which could bring other diseases to the island, what sort of measures are in place to rectify this area?

The Hon. Paul Blessington –

Madam Speaker, at the moment, the island doesn't have the expertise in place to deal with the kinds of equipment import the Honourable Member is referring to which is why this position is being funded through TC. I am told that the relevant officer should be in post from 1<sup>st</sup> May this year.

The Speaker –

Honourable John Cranfield?

The Hon. John Cranfield –

Thank you, Madam Speaker, I'm sure there's a simple explanation for this, but looking under Expenditure, Management and Admin, the same figures are reflected under Revenue, Management and Admin. Are you suggesting that you're going to make revenue to the same amount as your expenditure?

Mrs Michelle Yon –

Madam Speaker, Management and Admin Expenditure, is being recovered from all the .....cost .....within the Directorate so therefore you will see those coming in as we.....so basically we recover everything from the Management and Admin from the various other .....

The Hon. John Cranfield –  
Okay, thank you.

The Hon. Stedson Francis –  
Is this anything to do with accruals accounting?

Mrs Michelle Yon –  
Yes, Sir.

The Speaker –  
Honourable Cyril Gunnell?

The Hon. Cyril Gunnell –  
Thank you, Madam Speaker. With regard to the reduction in revenue across the Agriculture and Natural Resources Directorate, and I refer specifically I suppose to the Agricultural Bio Security Services where there's a reduction in £3,000. Now, what would be the reason for that?

The Speaker –  
That question has been answered.....Honourable Financial Secretary will answer.

The Hon. Paul Blessington -  
Madam Speaker, it's to do with the Pasture Reform Programme where other farmers have been trained to be able to do their own spraying and therefore they don't require as much undertaken for them by the Directorate.

The Hon. Cyril Gunnell –  
I'm pleased to hear that.

The Speaker –  
Are there any other questions, please, on page 25?

Schedule I, Head 25 – Agriculture and Natural Resources, £1,165,397.

Question put and agreed to.

The Speaker –  
I put the question that Schedule I, Head 26 - Infrastructure and Utilities, standing in the amount of £5,800,339 do stand part of the Bill. Any Honourable Member has a question?

The Hon. Stedson Francis –  
Provision and maintenance of roads, can I ask if there's a separate allocation for district and community roads and if not, why not?

The Hon. Paul Blessington –  
Madam Speaker, there had been no provision for district roads in the budget and the community roads funding of £12.5K just had to be reduced or eliminated as part of the savings measures.

The Hon. Stedson Francis –

Can I ask why some of the £515,000 could not be used, because you already have a Roads Project in operation to the value of some millions of pounds?

The Hon. Paul Blessington –

Obviously the first call of that money is to go on the major roads project, but if we find that there are any savings .....

The Hon. Stedson Francis –

Excuse me, but is that £515,000 part of the Roads Project money?

The Hon. Paul Blessington –

Madam Speaker, I stand corrected, it's not the Roads Project, but it's actually recurrent funding for the Department. Should there be any savings in that then it may be possible later on in the year to allocate something to those community and district roads, but I can't make any commitment at this stage because there's no certainty that any savings will appear.

The Speaker –

Can I invite the Honourable Chairman of Infrastructure and Utilities if he can .....

The Hon. Mervyn Yon –

Thank you, Madam Speaker. If this can be of any help, Madam Speaker, I believe that the majority of this funding is for the maintenance of roads on the island, that is not therefore the Infrastructure Programme. There is certain roads for the Infrastructure Programme and certain roads that will come under Maintenance and this money is for that purpose and as the Financial Secretary has said, should there be any surplus at the end of the day, then that monies will be used for district roads.

The Hon. Stedson Francis –

So have you got a programme that will use the £515,242? I take it there's a programme to use that amount of money?

The Speaker –

Sorry, .....answer now having encouraged the Chairman to become involved.

The Hon. Mervyn Yon –

I don't think we can actually predict as to how much of that money will be used over the next financial year.

The Hon. Stedson Francis –

Well, where did the figure come from?

The Hon. Paul Blessington –

Madam Speaker, just to help clarify what my Honourable colleague said. The figures that have been put here are based on the budgeted or planned expenditure on road maintenance during the year, so that's what's expected to be spent, but, as I've said, if it turns out that they're able to complete their maintenance programme for less than that and that there are some savings then I'm sure those can be applied to doing some work on community roads.

The Hon. Stedson Francis –

Maybe we can look again in 2013/14 for a decent amount of money to do the district roads?

The Hon. Paul Blessington –

I'm sure the Honourable Member will make a priority of looking for some then.

The Speaker –

The Honourable Derek Thomas?

The Hon. Derek Thomas –

Can I ask, Madam Speaker, for an explanation here on the generation of electricity, £1,133,494 compared to £630,000, generation of electricity, why is there such a major increase?

The Speaker –

Sorry, are you looking under Revenue?

The Hon. Derek Thomas –

No, I'm looking at Generation of Electricity under Expenditure by Output, Madam Speaker.

The Hon. Paul Blessington –

Madam Speaker, the increased budget allocation is as a result of two factors. One is expected increases factored in for fuel prices and also expected increases in actual demand for electricity during the course of the year.

The Hon. Derek Thomas –

Thank you, Madam Speaker. Can I also ask under the fuel purchase for electricity generation, there's been a increase of £2,319 compared to £1,900, is that because of fuel prices anticipated?

The Speaker –

Honourable Chairman of Infrastructure and Utilities Committee?

The Hon. Mervyn Yon –

I think here, Madam Speaker, we're talking about these big monies, that the amount of £2,319,000 is for the Power Station and £6,500 is for roads equipment.

The Hon.

.....roads equipment.....

The Hon. Mervyn Yon –

Yes, equipment that's used on the roads that uses diesel; rollers and things of that nature, dumpers.

Mrs Michelle Yon –

Madam Speaker, the increase is basically due to fuel prices as well as additional consumption, .....

The Hon. Derek Thomas –

Can I ask that, Madam Speaker, under Distribution of Electricity and Electricians, why is there a reduction from £450,790 to £43,383?

The Hon. Paul Blessington –

Madam Speaker, the figure that the Honourable Member is referring to, the reduction in the costs of electricians, is to do with the planned divestment and the fact that the electrician staff will be moving across into the Works side rather than remaining with the divestment electricity organisation.

The Hon. Derek Thomas –

Can I ask then, Madam Speaker, what will happen if the divestment of electricity does not go ahead?

The Hon. Paul Blessington –

If the divestment doesn't go ahead, or at least not in this financial year, the electricians it's still planned will move into the Works team and then will undertake work, albeit on behalf of the rest of Government, including the Electricity Division.

The Hon. Derek Thomas –

Where will the money be found? You're reducing this budget head by this substantial amount and if it does not go over to divestment and remains, where will the money be found?

The Hon. Paul Blessington –

Madam Speaker, the total cost .....remain in the Electricity Division as opposed to being spread across the other parts of the Directorate. There'll still be the same number of people employed, so it's not a case of having to find additional funds to pay for them, they're just going to appear in a different part of the budget.

The Speaker –

Councillor Bernice Olsson?

The Hon. Bernice Olsson –

Yes, Madam Speaker, can I ask what is the contribution towards the electricity from the wind turbines? The public is complaining about we've got the wind turbines and yet our electricity is going up, so can you tell me what contribution the wind turbines are giving us?

The Hon. Paul Blessington –

Madam Speaker, the turbines are producing about 12% of the island's electricity generation requirement, which is saving approximately 2p per unit on what the cost of electricity would be if we didn't have them.

The Hon. Bernice Olsson –

Did you say 2p per unit?

The Hon. Paul Blessington –

Yes, so the six turbines are contributing 12% of the island's electricity needs and that equates to approximately a saving in fuel equivalent to 2p per unit. So if we didn't have those six turbines, we'd be having to pay an extra 2p per unit above what we're currently paying.

The Hon. Bernice Olsson –

Can I also ask, I see here it says something, Madam Speaker, you'll have to insist that the print is bigger next time, this is frustrating, Supply Social Housing, can you explain to me, something about 130, 680, can you just explain, Supply Social Housing?

The Hon. Paul Blessington –

Could I ask Head of Budget Management to provide some detail on that?

Mrs Michelle Yon –

Madam Speaker, the amount here allocated for Social Housing is for the maintenance and the upkeep of the .....housing that we have got at the moment, allocated to do that maintenance.

The Hon. Bernice Olsson –

Government Landlord Housing, you mean?

Mrs Michelle Yon –

.....?.....

The Speaker –

And in response to your request that the print is made larger, the Head of Budget Management has noted it on the pages where it's coming through very small, so I think you can be assured it won't be so small next time.

The Hon. Bernice Olsson –

Thank you, Madam Speaker, thank you.

The Hon. Cyril Gunnell –

Madam Speaker, could I ask about the new line in there, Irrigation, with £62,575 Expenditure and £3,200 Revenue, since this is something it seems brand new, can I be told the details of that, please?

The Speaker –

I think we're back to A&NRD and the Irrigation going somewhere else, however, Financial Secretary?

The Hon. Cyril Gunnell –

Is it?

The Hon. Paul Blessington –

Madam Speaker, yes, you're intuition is quite correct, it is to do with the transfer of irrigation services from Agriculture and Natural Resources across to Infrastructure and Utilities.

The Hon. Cyril Gunnell –

Thanks.

The Speaker –

Councillor Derek Thomas?

The Hon. Derek Thomas –

Thank you, Madam Speaker, can I ask under Provisions and Maintenance of Street Lighting, £49,870, does this money include additional lighting and if so, how is that determined?

The Hon. Paul Blessington –

Madam Speaker, that particular figure is a combination of maintenance of the existing street lighting system and the provision of an additional twelve solar-powered street lights, their location to be determined by the Infrastructure and Utilities Committee.

The Speaker –  
Honourable John Cranfield?

The Hon. John Cranfield –  
Thank you, Madam Speaker, I just wanted to ask whether there are any provision in this budget for additional Government Landlord Houses, for the construction of Government Landlord Houses? If it is, then where does it lie?

The Hon. Paul Blessington –  
I think I'll ask Head of Budget Management to provide some additional insight into that.

Mrs Michelle Yon –  
Madam Speaker, the funding available under the Project Expenditure for additional Government Landlord Housing.

The Hon. Bernice Olsson –  
Where did you say?

Mrs Michelle Yon –  
Under Capital Project thing, if you look at the green pages on your book you will find it there.

The Hon. Bernice Olsson –  
What page.....

Mrs Michelle Yon –  
Page 42. Madam Speaker, the Project Expenditure doesn't form part of the Appropriation Bill.

The Hon. Bernice Olsson –  
Sorry, I couldn't hear what you said.

The Speaker –  
The Project expenditure doesn't form part of the Appropriation Bill.

The Hon. Tara Thomas –  
Madam Speaker, if I can just seek some clarification then, bearing in mind that we've just set up a special fund for Government Landlord Housing, just to get clarity on the issue. There is an estimate there for £348,000 for the current year, but if we look beyond, there is nothing placed for next financial year, is that because it's moved into a special fund?

The Speaker –  
Where is that? Sorry, what page are you looking at, Honourable Member, please?

The Hon. Tara Thomas –  
It is the green page 42 that the Head of Budget Management just referred to, under Locally-Funded Projects for Housing.

Mrs Michelle Yon –

There is no funding anticipated for next year as Local-Funded Projects, but if you look further down then you will see the Crown Estates.....maintenance operational and .....maintenance for Government Landlord Housing and it will be part of that.

The Hon. Tara Thomas –

And will that, that's within the Special Fund now?

The Hon. Paul Blessington –

I think it will only sit in the Special Fund when a transfer into that fund is approved, but I think what will happen is any future sales of Government Landlord houses and rents from Government Landlord houses will be able to go into that Special Fund and then will be available for refurbishment or new builds without further appropriation requirement.

The Hon. John Cranfield –

Madam Speaker, what you're saying then is that there's no provision for the construction of any Government Landlord Houses in the financial year 2012/13?

The Speaker –

In your recurrent budget?

The Hon. John Cranfield –

Yes.

The Hon. Paul Blessington –

There's no provision, Madam Speaker, for ground up construction of new Government Landlord houses next year, however, there are plans to convert a number of existing SHG structures into new units. I understand eleven or twelve additional units for Government Landlord housing will be brought on stream, but these won't be green field constructions, they will be conversions of existing buildings, but the end result will be that you'll be able to house another eleven or twelve households.

The Hon. John Cranfield –

And how many do we have on the list for Government Landlord housing?

The Hon. Cyril Gunnell –

About seventy I think.

The Hon. Paul Blessington –

Madam Speaker, it's not only through building new Government Landlord Houses that the Government is aiming to meet the housing shortage, the alternative strategies for provision of housing will be looking at other ways too of providing support, so that people will either be able to access private sector housing or will find cheaper ways of being able to build and own their own home, so there are a number of initiatives, it doesn't all depend on Government building more and more houses. In fact, in my view, it will be a better solution if more and more people are able to afford to have partial or full ownership of their own house.

The Hon. Bernice Olsson –

Madam Speaker, the Honourable Financial Secretary said people could rent private, is that what I heard you say, am I....you know, at the moment, a private house is going for £600 - £800, you cannot get accommodation on the island at the moment, I know, I've had a few people contact me, everything is full up. How can a Saint who takes home £480 a month

afford something like £500 - £600 rent for private sector? I'm sorry, I think you're living in, maybe me and you are living in different worlds, but I cannot see a couple being able to afford, especially if you've got two children.

The Hon. Paul Blessington –

Madam Speaker, that's what the affordable housing strategy is trying to do, which is to look at alternative ways of providing affordable housing, not clearly expecting somebody on a local salary to be able to afford to purchase, or not to purchase but to rent on the open market a rental property that, for example, somebody from Basil Read would be able to afford. That's why it's an Affordable Housing Strategy, targeting local people and not targeting those who've got properties that are designed for a different market .....

The Hon. John Cranfield –

Madam Speaker, since you've still got £348.5K left out of the housing allocation, does that mean that amount will go back into the Consolidated Fund?

The Hon. Paul Blessington –

Will the Head of Budget Management comment on that?

Mrs Michelle Yon –

Madam Speaker, during the DAPM negotiations that funding was requested that we utilise to fund the project expenditure and part of the expenditure is to build new housing, so that funding would have to go towards that.

The Hon. John Cranfield –

But we don't have any allocation to construct new housing; I thought that's what you said before.

Mrs Michelle Yon –

No, no .....funded project, but it is part of the funds .....Housing Strategy that it will build new housing.

The Speaker –

.....in your recurrent budget

The Hon. John Cranfield –

Yes, I'm looking under the Project Fund estimates, Madam Speaker, and under the Crown Estates it says Backlog Maintenance Government Landlord Housing, is that the same as constructing new development?

Mrs Michelle Yon –

Well, it is to utilise some of the housing that is not fit for purpose, to get it back on to the market so that they can utilise it for Government Landlord Housing.

The Hon. Tara Thomas –

Madam Speaker, just a point of information. I also referred earlier to the Special Fund that we set up earlier in this sitting. If we do receive any capital receipts from the sale of buildings or the sale of Government Landlord Houses then we will be able to put that into the Special Fund which could be prioritised for new builds.

The Speaker –

Any further questions or issues to raise please on Head 26, Infrastructure and Utilities?

Head 26 - Infrastructure and Utilities, £5,800,339.

Question put and agreed to.

The Speaker –

I put the question that Schedule I, Head 38 – Environmental Management, standing in the amount of £135,641 do stand part of the Bill, page 39, Honourable Members? Do you have any questions on the Environmental Management Department?

The Speaker –

The Honourable Derek Thomas?

The Hon. Derek Thomas –

Just for clarification, Madam Speaker, can I ask under what portfolio this Directorate will be put?

The Speaker –

Which portfolio this Directorate will report to?

The Hon. Derek Thomas –

Reports to, yes.

The Speaker –

Thank you.

The Hon. Raymond Williams –

Sorry, Madam Speaker, the Natural Resources, Development & Environment Committee.

The Speaker –

Thank you. Any other questions, please, on the Environmental Management Department?

The Hon. Cyril Gunnell –

This is a, sort of, new Department, do we know if they know, have a better idea now than they did have how much money they would actually need to run the Department?

The Hon. Paul Blessington –

Madam Speaker, this is obviously a relatively new Directorate and it's just been building up its team, but its budget for the 2012/13 year is now based on having its full complement of staff, obviously, whether the other expenses that it utilises come exactly to budget will have to be seen, because when you're doing something brand new it's obviously quite difficult to get your estimates a hundred percent right, but they're certainly confident that the majority of the cost which is staff-related is accurate and they've put their best estimate together for whatever other additional requirements they have.

The Speaker –

Any other questions on Head 28?

Schedule I, Head 28 – Environmental Management, £135,641.

Question put and agreed to.

The Speaker –

Honourable Member, I think we will break for a short time; I'll suspend the sitting until 4 o'clock. Thank you.

**Council suspended.**

**Council resumed.**

**Resumed Debate on Appropriation Bill, 2012.**

The Speaker –

Thank you. Before I put the question that Schedule I is part of the Bill, I'm just going to ask if the Head of Budget Management would explain the line that reads 'Less Recharges between Directorates'. As it's not something appropriated I think Members just need to be reminded of why it's there.

Mrs Michelle Yon –

Madam Speaker, Councillors will note that when you went through the various Heads, some of the Heads had Management and Admin .....included in the .....expenditure. This line is to .....take that expenditure up because .....duplicated because it's been recharged to the .....we have now just taken it up so we don't appropriate that amount double.

The Speaker –

Alright, Members? Thank you, Michelle.

**Schedule I - £26,883,135.**

Question put and agreed to.

The Speaker –

We move to Schedule II, Capital Expenditure. I put the question that Schedule II, Head 12 – Secretariat, standing in the amount of £1,500 do stand part of the Bill, and we're back on page 19, Honourable Members. Michelle?

Mrs Michelle Yon –

Madam Speaker, .....Port Management and it is for the navigational light that has to be replaced next year.

The Speaker –

Any questions, Honourable Members?

**Schedule II, Head 12 – Secretariat, £1,500.**

Question put and agreed to.

The Speaker –

I put the question that Schedule II, Head 15 – Police, standing in the amount of £8,000 do stand part of the Bill, page 23.

Mrs Michelle Yon –

Madam Speaker, this £8,000 for the Police is the assistance that we are giving them for the build of the new Rescue Shed.

The Speaker –

Rescue boat shed?

Mrs Michelle Yon –

Yes.

The Hon. Raymond Williams –

Sorry?

The Speaker –

The Rescue Boat Shed.

The Hon. Raymond Williams –

Oh, the Rescue Boat shed, sorry.

The Hon. John Cranfield –

It's for the temporary build or the permanent build?

Mrs Michelle Yon –

No, unfortunately this will be the temporary build.

The Speaker –

Any questions?

Schedule II, Head 15 – Police, £8,000.

Question put and agreed to.

The Speaker –

I put the question that Schedule II, Head 17 – Finance, standing in the amount of £151,898 do stand part of the Bill.

Mrs Michelle Yon –

Madam Speaker, this amount is for the replacement of computers and printers for SHG as a whole.

The Hon. Cyril Gunnell –

That's replacement for all computers?

Mrs Michelle Yon –

Well, we have got a replacement programme and this is to replace those that are now due to be replaced.

The Hon. Cyril Gunnell –

I see. How often do we replace computers then?

The Speaker –

I don't know why but I get the impression we're going to get a certain question in a minute, I can almost hear one of the Councillors coming up with it. Honourable Financial Secretary?

The Hon. Paul Blessington –

I believe it's three to five years depending on the type of equipment and it won't be just for replacement, but also where, for example, you have a new Directorate there will be new, additional equipment required.

The Hon. Brian Isaac –

Madam Speaker, is it necessary to upgrade these computers on a regular basis as we do, because just last week there was an auction at Ladder Hill and I went to these auction and there were hundreds of computers; my son bought a computer for a pound, brought it home and it's working perfectly alright, now, when you look at SHG and the productivity of SHG, is it necessary to have new computers, is it a possibility that these computers can be upgraded, you can get packages to upgrade these computers and, you know, I look at the stuff that was at the auction, it was, you know, people was just taking them for a pound, it's a laugh really, I just leave it there. Thank you.

The Hon. Paul Blessington –

Madam Speaker, the only thing I can say is I'm very pleased for the Honourable Member that his son managed to get such a bargain.....

The Hon. Bernice Olsson –

Maybe we can save the money and have our refuse collection back to normal.

The Hon. Brian Isaac –

I felt sorry for the Auctioneer, he made very little money of a pound.

The Hon. Raymond Williams –

I just have one concern, Madam Speaker, that as we are reducing our footprint, as we say, that £151,000 is quite a lot of money to replace computer systems.

The Hon. Bernice Olsson –

I agree.

The Hon. Raymond Williams –

I'm wondering if we could, as Councillor Isaac previously said, we could replace as and when we need them to be replaced rather than having a, sort of, every three to five years replace computers. I think there's also a saving there.

The Hon. Paul Blessington –

Unfortunately we don't have the Head of IT here, otherwise I'm sure he would be able to give you a very good technical explanation as to why that money is being spent, but I think.....

The Hon. Raymond Williams –

I don't think I'd be any better off, Sir, because I'm not very technical minded in any case, so....

The Hon. Paul Blessington –

But I think the common sense view is, as everybody knows, software and computing power increases, every eighteen months computers double in their power and the software becomes more memory hungry and if you don't replace your equipment on a regular basis, it grinds to a halt if you're trying to run the latest versions of your software and if you don't run the latest versions of your software you can't get any maintenance support for them, so unfortunately it is a bit of a treadmill that we're on. You're also aware, of course, that there've been certain areas where we are investing in new hardware and software, for example, the Records Management Project, which will be transferring a lot of our existing paper-based records on to electronic ones, so there is some upgrading and modernisation as well as purely replacement.

The Speaker –  
Thank you.

The Hon. Mervyn Yon –  
On a point of information, Madam Speaker, I think mine need upgrading. When I tried to use it last night I had a like an engaged tone coming through but nothing on the screen, so I made a report this morning and hope that they've now sorted it out, if not I think they should give me a new one.

The Speaker –  
Honourable Member, I hate to tell you this, but I don't .....of the Clerk ask if this amount of money, when you say Government computers, does that include computers that the Councillors have and she, shook her head, to say that it does not include the ones that the Councillors have.

The Hon. Mervyn Yon –  
Well, this one must have come out of the Ark.....

The Hon. Bernice Olsson –  
Well, at least the Councillors won't have to take flack from the public to say that here you are spending all this money in here, I can't have a clinic for my, you know, that's one good thing that's come out today.

The Speaker –  
Any further questions on Schedule II, Head 17?

Schedule II, Head 17 – Finance, £151,898.

Question put and agreed to.

The Speaker –  
I put the question that Schedule II, Head 25 – Agriculture and Natural Resources, standing in the amount of £55,000 do stand part of the Bill, page 35?

Mrs Michelle Yon –  
Madam Speaker, this funding is for Farm Buildings to upgrade the sewage system at Farm Buildings.

The Hon. Bernice Olsson –  
Did you say the sewage?

Mrs Michelle Yon –  
The sewage system, yes.

The Speaker –  
Any questions, Honourable Members?

The Hon. Cyril Gunnell –  
I don't have a question on that, I just saw something which I should have asked a question about before I think.

The Speaker –  
Caught again, Honourable Member.

Schedule II, Head 25 – Agriculture and Natural Resources, £55,000.

Question put and agreed to.

The Speaker –  
I put the question that Schedule II, Head 26 - Infrastructure and Utilities, standing in the amount of £12,500 do stand part of the Bill, page 37, Honourable Members?

Mrs Michelle Yon –  
Madam Speaker, this amount is made up of various small amounts for various equipment for the Infrastructure and Utilities Directorate.

The Speaker –  
Any questions, Honourable Members?

Schedule II, Head 26 - Infrastructure and Utilities, £12,500.

Question put and agreed to.

Schedule II, Capital Expenditure, £228,898.

Question put and agreed to.

The Speaker –  
I put the question that Schedule III, standing in the amount of £800,000, Transfer to DfID Funded Projects, do stand part of the Bill. Page 13 in the white paper in the front of your Estimates is where you'll find this £800,000 which I think the Head of Budget Management has already made reference to earlier.

Mrs Michelle Yon –  
Madam Speaker, the £800,00 was part of the Finance's Head on page 26 which .....is excluded from the appropriation amount above.

The Speaker –  
Any questions, Honourable Members?

Schedule III, Transfer to Other DfID Funded Projects, £800,000.

Question put and agreed to.

Title, Enacting Clause and Clause 1.

Question put and agreed to.

Clause 2, £27,912,033.

Question put and agreed to.

The Speaker –

Before returning to my seat, on behalf of all Honourable Members, I should like to express thanks to the St. Helena Government officials who have assisted Honourable Members with explanations of the detail of the budget during this Committee stage of the Bill. Thank you.

**Council resumed.**

The Hon. Paul Blessington –

Madam Speaker, I beg to report that the Appropriation Bill, 2012 passed the Committee with no amendments and to move that this Council approves the said Bill and recommends to the Governor that it should be enacted.

The Speaker –

Thank you. Is there a seconder to.....?

The Hon. Tara Thomas –

Madam Speaker, I beg to second.

Question that the Council approves the Bill and recommends to the Governor that it should be enacted, put and agreed to.

The Speaker –

Honourable Members, I think you've had quite a long enough day of deliberating on the Appropriation Bill and therefore I'm going to suspend the sitting until 9 o'clock tomorrow morning, 9 o'clock tomorrow morning. I have consulted with the ex officio members to check that this will be alright for them in terms of any commitments they might have had in their offices, so we will resume the sitting at 9 o'clock tomorrow morning. Thank you, Honourable Members.

**Council suspended.**