

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

---

**THE SPEAKER**

The Honourable Eric William Benjamin

**EX-OFFICIO MEMBERS**

The Honourable Chief Secretary	-	Mrs Susan O'Bey
The Honourable Financial Secretary	-	Mr Dax Richards
The Honourable Attorney General	-	Ms Sara O'Donnell

**ELECTED MEMBERS**

The Honourable Clint Richard Beard  
The Honourable Gavin George Ellick  
The Honourable Corinda Sebastiana Stuart Essex  
The Honourable Anthony Arthur Green  
The Honourable Lawson Arthur Henry  
The Honourable Kylie Marie Hercules  
The Honourable Brian William Isaac  
The Honourable Cyril Kenneth Leo  
The Honourable Christine Lilian Scipio O'Dean  
The Honourable Derek Franklin Thomas  
The Honourable Russell Keith Yon

The Honourable Cruyff Gerard Buckley (Absent)

**CLERK OF COUNCILS**

Ms Lydia Buchanan

**PROCEEDINGS OF THE LEGISLATIVE COUNCIL**

Friday, 27<sup>th</sup> July, 2018

The Council met at 10.00 am  
in the Council Chamber, Jamestown

(The Speaker in the Chair)

**ORDER OF THE DAY****1. FORMAL ENTRY OF THE PRESIDENT****2. PRAYERS**  
(Father David Hall)**3. ADDRESS BY THE PRESIDENT**

Honourable Members, members of the audience, ladies and gentlemen, good morning and welcome to this first sitting of the seventh meeting of Legislative Council. It appears that this Council is meeting more regularly than ever before, but that is due to the need to process legislation and is important to the smooth running of the island as it changes pace, but let me first thank all who assist in making it possible for this meeting to proceed; the Honourable Financial Secretary and his colleagues in the Finance Department, the Directors and their staff members in all Government Departments, the managerial and clerical staff in the Castle. May I also thank Father David Hall, Mr Merlin George and SAMS Radio team for their continued support to this Council and last, but not least, of course, the Honourable Members themselves who have to carry the weight of the decisions that are made in this House.

I have to report that there were no attendances at Overseas Conferences by Honourable Members since the last sitting of this Council. At that sitting, the Honourable Deputy Speaker presided and I thank him for ably performing that function. I recall he paid tribute to the former Mace Bearer, Mr Reginald Legg, following his passing and to the Clerk of Councils, Lydia Buchanan, who is coming to the end of her employment and will soon be leaving our island. I wish to be associated with his comments and as the Clerk of Councils is with us today as her last appearance in this Chamber I wish to thank her again for her services to this Council and wish her well for the future.

The business before the House today, Honourable Members, consists of the presentation of seven Sessional Papers, six Questions to be asked and three Motions and, of course, the important Appropriation Bill, 2018. Many people refer to this session of the Legislative Council as the Budget Session; it's the time when Honourable Members will appropriate the

required finances to satisfy the Government spending for the year. For our audience and our radio listeners who have been following our meetings, they will notice a slight change in the way the Bill will be progressed. Unlike most other Bills, this Bill will stand adjourned after the Financial Secretary has made his Budget Speech until Monday when debate will again resume. This will then enable the Honourable Members the time to absorb what was reported and respond to the Financial Secretary's speech. In Committee of the whole Council on Monday, the Schedules of the Bill will be debated first. This is also unlike the process for other Bills where Schedules are debated at the end. That is necessary to do in case that there are any changes made to the values placed against the various Heads of Expenditure. Our sitting will end on Monday with the normal Adjournment Debate. I am aware that many, both officials and Honourable Members, have been working long hours to enable this budget to be presented here today. I wish to thank you all, in particular, the Financial Secretary and his team for preparing this budget and wish this Council well in their deliberations. Thank you, Honourable Members. I will now call on the Clerk to announce the next item of business.

#### **4. PAPERS**

##### ***SP 32/2018 – The Honourable Financial Secretary.***

The Speaker –  
The Honourable Financial Secretary.

The Hon. Dax Richards –  
Mr Speaker, I beg to present Sessional Paper No. 32/2018 entitled the St Helena Government – A Bill for an Ordinance – The Appropriation Bill, 2018/19.

#### **Ordered to lie on the table.**

The Hon. Dax Richards –  
Mr Speaker, I also report that I have the authority from the Governor to proceed in accordance with section 73(2) of the Constitution.

The Speaker –  
Thank you, Honourable Member. As this is a financial bill then the Governor's permission, approval, is needed. Thank you.

##### ***SP 33/2018 – The Honourable Derek Thomas.***

The Speaker –  
The Honourable Derek Thomas.

The Hon. Derek Thomas –  
Mr Speaker, I beg to present Sessional Paper No. 33/2018 entitled St Helena Government – Code of Conduct for members of Legislative Council.

The Speaker –  
Thank you. Sir.

**Ordered to lie on the table.**

***SP 34/2018 – The Honourable Russell Yon.***

The Speaker –  
The Honourable Russell Yon?

The Hon. Russell Yon –  
Mr Speaker, I beg to present Sessional Paper No. 34/2018 – Government of St Helena – Appendix I – Procedures of the Investigative Commission.

**Ordered to lie on the table.**

***SP 35/2018 – The Honourable Financial Secretary.***

The Speaker –  
Honourable Financial Secretary?

The Hon. Dax Richards –  
Mr Speaker, I beg to present Sessional Paper 35/2018 entitled St Helena Government – Special Warrant No. 1 of 2018/19.

The Speaker –  
Thank you, Sir.

**Ordered to lie on the table.**

***SP 36/2018 – The Honourable Financial Secretary.***

The Speaker –  
The Honourable Financial Secretary?

The Hon. Dax Richards –  
Mr Speaker, I beg to present Sessional Paper 36/2018 entitled St Helena Government – Response to Recommendations of the Public Accounts Committee Recommendations and Progress Register as at 19<sup>th</sup> July 2018.

The Speaker –  
Thank you.

**Ordered to lie on the table.**

***SP 37/2018 – The Honourable Financial Secretary.***

The Speaker –  
Honourable Financial Secretary?

The Hon. Dax Richards –

Mr Speaker, I beg to present Sessional Paper 37/2018 entitled St Helena Government – Estimates of Recurrent Expenditure and Revenue and Capital Expenditure.

**Ordered to lie on the table.**

*SP38/2018 – The Honourable Brian Isaac.*

The Speaker –

The Honourable Brian Isaac?

The Hon. Brian Isaac –

Mr Speaker, I beg to present Sessional Paper 38/2018 namely the Report to the Legislative Council on the formal session of the Public Accounts Committee held on 15<sup>th</sup> and 26<sup>th</sup> January 2018 and, Mr Speaker, with your permission, I would make a short statement.

The Speaker –

Yes, you may.

The Hon. Brian Isaac –

Thank you, Mr Speaker. The PAC operates as a separate committee to this House and is tasked with the scrutiny of accounts and audit reports on behalf of the Legislative Council. This Sessional Paper covers the PAC examination of the Excess Expenditure incurred by this Government in 2016/17 and laid by the Financial Secretary in Sessional Paper 40/17 and 12/18. Sections 1 and 6 of the Constitution require the PAC to report back to this House on their scrutiny of the Statement of Expenditure in Excess and Legislative Council may **resolve** allow these sums to be stand charged to public funds. I understand that such a Motion will be put by the Financial Secretary at the next sitting of this Legislative Council, this formal Legislative Council. Accordingly, Mr Speaker, I beg to lay Sessional Paper 38/2018.

The Speaker –

Thank you, Sir.

**Ordered to lie on the table.**

5.

## QUESTIONS

*Question No. 1 – The Honourable Dr Corinda Essex to ask the Honourable Financial Secretary.*

The Speaker –

The Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –

Thank you, Mr Speaker. Will the Honourable Financial Secretary tell this House if payment has been made in full in respect of the sale of the RMS St Helena, and, if so, whether the income derived has been transferred to the Consolidated Fund?

The Speaker –

Thank you, Madam. Honourable Financial Secretary?

The Hon. Dax Richards –

Mr Speaker, I'd like to thank the Honourable Member for her question. It is difficult to answer this question though without getting a little technical, so I do apologise. Mr Speaker, the RMS St Helena was sold for \$1.375m. ....?.....and after ....?.....permission, SHG received the ....?.....receipt of £932,458. The ...?.... with International Public Sector Accounting Standards, the asset was transferred from operational ships to assets held for sale on 1<sup>st</sup> October 2017 which was the point at which the vessel was actively being marketed for sale again. In the 2018/19 financial statements, the nett sales price will be matched against the same value held for assets in SHG's Asset Register on the same financial position. This will mean that there is no profit or loss made on this sale of this asset and so nothing will be shown in the Consolidated Fund. This is because the gain in the value of the vessel had previously been recognised through the income statement in the previous years with a revaluation reserve and the capital reserve of the Consolidated Fund. The movements on the balance sheet will be SHG's non current assets have gone down by £932k and the current assets within our bank accounts have risen by £932k. The balance on the Consolidated Fund will remain the same.

The Speaker –

Thank you, Honourable Financial Secretary. The Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –

Thank you, Mr Speaker. For the benefit of the listening public, will the Honourable Financial Secretary clarify that, in fact, we will have more money to spend at our disposal as a result of this transaction?

The Speaker –

Thank you, Honourable Member. Honourable Financial Secretary?

The Hon. Dax Richards –

Thank you, Mr Speaker. We will have more cash available to do additional activities in SHG.

The Speaker –

Thank you.

The Hon. Dr Corinda Essex –

Thank you.

The Speaker –

Next question, please?

***Question No. 2 – The Honourable Clint Beard to ask the Honourable Chief Secretary.***

The Speaker –

The Honourable Clint Beard?

The Hon. Clint Beard –

Will the Honourable Chief Secretary tell this House what measures are in place to ensure that St Helena Government gets good value for money from the current Technical Co-operation programme that supports SHG employment and strategic plans?

The Speaker –

Thank you, Honourable Member. The Honourable Chief Secretary?

The Hon. Susan O’Bey –

Mr Speaker, I thank the Honourable Member for his question. For the benefit of the listening public, it might be helpful if I were to explain that the Technical Co-operation or TC programme as we refer to it, provides funding for specialist personnel, technical advice, targeted training and research where these needs cannot be fully met from local resources available and human capacity. TC personnel and consultancy services are contracted by and are subject to legislation, Code of Management and other agreed terms and conditions of SHG. Because TC funding is provided only when local capacity does not exist, it cannot be used for payment of locally contracted personnel. However, this does not preclude the employment of non-resident St Helenians as TC personnel when selected by open and fair international competition. Turning now to the specifics of the question, the terms of reference for each TC funded contract will include clear objectives for the scope of work, the specific responsibilities and tasks as well as outputs and deliverables. Performance is measured against these objectives and, where relevant, takes account of the Directorate’s overall importance in service delivery and increases in operational effectiveness and efficiency. In this regard, SHG’s performance appraisal is mandatory for all SHG employees, including TC officers. Each officer has personal goals and objectives fitted into the relevant Directorate’s strategic plan to show individual contribution to achieving organisational goals and objectives. There is also a general requirement for TC staff members to upskill and train local staff and when possible prepare local staff to fill the TC position on departure of the TC staff member. I should also mention that TC funding is subject to audit as part of the annual financial statement process which provides an assurance that all funding has been used for the intended purpose. SHG’s internal audit service agreement also covers spending on TC. The TC programme is an integral part of DfID’s support to the island and DfID’s Overseas Territories Department is currently undertaking a review of the effectiveness and value for money in SHG’s approach to long-term and short-term Technical Co-operation with the aim of gathering evidence and assurance that TC have an optimum impact that processes for recruitment and retention are robust and that the capacity and capability is being sustainably increased. The review is also looking at DfID’s own involvement in the process.

Finally, Mr Speaker, in acknowledging that there is always room for improvement in whatever they do SHG’s Change Champions are currently undertaking a review of the TC recruitment process which will result in better data collection and performance reporting to ensure value for money.

The Speaker –

Thank you, Honourable Chief Secretary. Honourable Clint Beard?

The Hon. Clint Beard –

I thank the Chief Secretary for her answers; I just have a couple more to ask. Can the Honourable Chief Secretary please tell the House how many Technical Co-operation officers are employed at present?

The Speaker –

Thank you, Honourable Councillor. Honourable Chief Secretary?

The Hon. Susan O'Bey –

Thank you, Honourable Member. At the moment we have 82 TC Officers currently employed. We also have 7 locum officers, that's people covering for TC Officers who are currently on overseas leave and we also have 7 consultants engaged by SHG.

The Speaker –

Thank you very much, Honourable Chief Secretary. Honourable Clint Beard?

The Hon. Clint Beard –

Can the Honourable Chief Secretary tell the House how many of these are long-term TC Officers?

The Speaker –

Honourable Chief Secretary?

The Hon. Susan O'Bey –

We don't specify long-term and short-term TC Officers anymore, so it's just the umbrella number.

The Speaker –

Thank you, Honourable Chief Secretary. Honourable Clint Beard?

The Hon. Clint Beard –

Can the Honourable Chief Secretary please advise what is the total budget for Technical Co-operation officers and do they pay local taxes?

The Speaker –

Honourable Chief Secretary?

The Hon. Susan O'Bey –

The budget for the current financial year is £8,323,955 and, yes, TC Officers do pay local tax.

The Speaker –

Thank you, Honourable Chief Secretary. Honourable Clint Beard?

The Hon. Clint Beard –

Can the Honourable Chief Secretary advise the sum that is derived from these taxes?

The Speaker –

Chief Secretary?

The Hon. Susan O'Bey –

Unfortunately we don't have that information available. We can provide it, yes.

The Speaker –

Honourable Clint Beard?

The Hon. Clint Beard –



Can the Honourable Chief Secretary please explain what measures are in place if someone does not meet their contract period?

The Speaker –  
Honourable Chief Secretary?

The Hon. Susan O’Bey –  
If a member is unable to meet the terms of the contract period then there is a process that is followed and the reasons for why they are not able to fulfil the contract period usually analysed, if it is for personal reasons or various other reasons then there usually is covered through the terms of the contract.

The Speaker –  
Thank you, Honourable Chief Secretary. Honourable Clint Beard?

The Hon. Clint Beard –  
Can the Honourable Chief Secretary please advise what percentage of the TC staff is the full SHG complement?

The Speaker –  
Honourable Chief Secretary?

The Hon. Susan O’Bey –  
I don’t have those figures to hand at the moment, but I can certainly make them available to the Honourable Member.

The Speaker –  
Thank you. The Honourable Clint Beard?

The Hon. Clint Beard –  
Can the Chief Secretary please advise how many posts will be localized in the present financial year and future posts?

The Speaker –  
Honourable Chief Secretary?

The Hon. Susan O’Bey –  
Thank you, Honourable Member. Perhaps if I just explain that at the moment it’s a significant part of the remit of all TC Officers where appropriate and where relevant to train and upskill St Helenians with a view to localizing the posts. To date, a total of sixteen posts have been identified for localization across SHG, so for the current financial year we have three posts that have been identified, we have a further ten posts for 2019/20 and for 2020/21 we have a further three posts that have been identified.

The Speaker –  
Thank you, Honourable Chief Secretary.

The Hon. Clint Beard –

Thank you, Chief Secretary. Mr Speaker, could the Chief Secretary please state if those returning from study have been integrated into the SHG Employment and Succession planning?

The Speaker –  
Chief Secretary?

The Hon. Susan O’Bey –  
Yes.

The Speaker –  
Thank you. No further questions? Next item please, Clerk?

Clerk –  
The Honourable .....sorry. Mr Speaker?

The Speaker –  
Honourable Lawson Henry?

The Hon. Lawson Henry –  
Thank you, Mr Speaker. I have two questions.

The Speaker –  
You have a question to make?

The Hon. Lawson Henry –  
Yes.

The Speaker –  
Alright, sorry about that.

The Hon. Lawson Henry –  
Thank you. Can I ask the Chief Secretary if the questions that she couldn’t answer today if the responses could go into the public domain?

The Speaker –  
Honourable Chief Secretary?

The Hon. Susan O’Bey –  
Yes, they certainly can.

The Hon. Lawson Henry –  
And could I further ask the Chief Secretary, Mr Speaker, if she could consider putting into the public domain the Succession Plan she referred to in her original response? Thank you.

The Speaker –  
Honourable Chief Secretary?

The Hon. Susan O’Bey –  
We can certainly put the other one on the SHG website as well, yes.

The Speaker –

Thank you. Thank you. No further questions? Next question, please?

***Question No. 3 – The Honourable Dr Corinda Essex to ask the Honourable Chairman of the Health Committee.***

The Speaker –

The Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –

Thank you, Mr Speaker. Will the Honourable Chairman of the Health Committee tell this House how does the number of pigs, sheep and goats slaughtered for local sale since the introduction of the Food Hygiene Ordinance and associated Regulations compare with that in each of the previous three years and, Mr Speaker, on a point of clarification, I would like to state that the Ordinance to which I am referring is the Food Safety Ordinance 2016 which went into implementation in 2017. Thank you, Mr Speaker.

The Speaker –

Thank you for that clarification. Honourable Chairman of the Health Committee?

The Hon. Derek Thomas –

Mr Speaker, I thank the Honourable Member for her question and will provide the information as required. 2015 – Pigs, there were 802 slaughtered, Sheep – 269, Goats – 113 making a grand total of 1,184. 2016 – There were 997 Pigs, 400 Sheep, 208 Goats making a grand total of 1,605. 2017 – There were 1,129 Pigs, 405 Sheep, 147 Goats, making a grand total of 1,681.

The Speaker –

Thank you, Honourable Member. Any further questions, please? Dr Corinda Essex?

The Hon. Dr Corinda Essex –

Can the Honourable Chairman state how these figures are monitored?

The Speaker –

Please sit down then so that the question can be answered.

The Hon. Derek Thomas –

Mr Speaker, the figures are monitored. These animals are required to be inspected by Environmental Health and upon their inspection the data is recorded.

The Speaker –

Thank you, Honourable Member. Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –

How regularly is data collected?

The Speaker –

Honourable Derek Thomas?

The Hon. Derek Thomas –

The data, Mr Speaker, is collected on a weekly basis.

The Speaker –

Thank you. Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –

Can the Honourable Chairman state when the full implementation of the Food Safety Ordinance came into being with respect to home slaughtering?

The Speaker –

Honourable Derek Thomas, Chairman?

The Hon. Derek Thomas –

Mr Speaker, the new Food Safety Ordinance was agreed and approved in April 2017, however, the code for home slaughtering was delayed to enable those people who wanted to continue home slaughtering to upgrade their home slaughtering facilities to required, suitable standards and the home slaughtering upgrade came into effect from 1<sup>st</sup> July 2018.

The Speaker –

Thank you, Honourable Member. Dr Corinda Essex?

The Hon. Dr Corinda Essex –

Can the Honourable Chair indicate how many home slaughterers have upgraded their facilities?

The Speaker –

Thank you. Honourable Chairman?

The Hon. Derek Thomas –

Mr Speaker, I do not have that information available at hand, but will obtain it from the Environmental Health Section and make it available to the Honourable Member and other members as well for information.

The Speaker –

Thank you, Honourable Member.

The Hon. Dr Corinda Essex –

Thank you.

The Speaker –

Any further questions, please? Next question.

***Question No. 4 – The Honourable Christine Scipio O’Dean to ask the Honourable Financial Secretary.***

The Speaker –

The Honourable Christine Scipio O’Dean?

The Hon. Christine Scipio O’Dean –

Thank you, Mr Speaker. Will the Honourable Financial Secretary tell this House what funds have been expended on the construction of the Bulk Fuel Installation Project as at 30<sup>th</sup> June 2018?

The Speaker –

Honourable Financial Secretary?

The Hon. Dax Richards –

Thank you, Mr Speaker. I’d like to thank the Honourable Member for her question. To date, the total funding spent on the design, construction, testing and commissioning of the fuel systems under the Airport Project amounts to £75.6m. The fuel systems includes not just the Bulk Fuel Installation itself, but also building construction in Ruperts from the ship to shore, to the gantry, to the bayside facility, the pipeline and the storage in the upper valley. There is also the airport fuel facility. The bulk of the works have been completed, but the storage facility.....?..... completion and pre commissioning checks being undertaken prior to the introduction of fuel and commissioning. A further £1.8m expenditure is planned. These payments will be released upon completion of milestones associated with the testing and commissioning. As a breakdown of the costs, I can advise that this includes £55.6m for direct costs of studies, designs, materials, labour and equipment and £21.8m which is a portion from the logistics of establishing and running the airport project. This figure is included here to give a true picture of what it would cost to undertake the fuel component of the airport project, for example, if any other contractor was to come and have to mobilize from scratch.

The Speaker –

Thank you, Honourable Member. Honourable Christine Scipio O’Dean?

The Hon. Christine Scipio O’Dean –

Thank you, Mr Speaker. Can the Honourable Financial Secretary tell this House when is the project expected to be completed and what percentage of work is still to be completed?

The Speaker –

Honourable Financial Secretary?

The Hon. Dax Richards –

Thank you, Mr Speaker. I can say when the project is expected to be completed but I can’t give you that exact percentage of the planned works still to be completed, but given that it’s only £1.8m due I think that the majority of the works will be completed, we estimate possibly around about 5%. In terms of the date, Mr Speaker, the commissioning is scheduled for late 2018 and Basil Read will start to demobilize in early 2019. However, everyone will be aware that Basil Read is currently in Business Rescue which does have implications on their programme. So far, the impacts on their construction works have been minimal, but this will need to be closely monitored. Contingency plans are being prepared should these be needed.

The Speaker –

Thank you, Honourable Financial Secretary. Honourable Christine Scipio O’Dean?

The Hon. Christine Scipio O’Dean –

Thank you, Mr Speaker. Can the Honourable Financial Secretary tell this House if there have been any delays with the construction of the Bulk Fuel Installation project?

The Speaker –

Thank you, Madam. Honourable Financial Secretary?

The Hon. Dax Richards –

Mr Speaker, in short, the answer is yes, however, it may be useful if maybe a bit more background in terms of, not only around the delays but also why the cost of the project has expanded so much. So the cost of fuel systems had increased also over the lifetime of the project as well as the period over which it was being built. This is partly typical due to the unforeseen delays, but it's also due to expanded scope of works beyond that what was originally envisaged when the project was approved in 2011. The change in requirements to the fuel industry standards have meant that additional variation orders were built into the project and additional funding approved for this purpose and also that resulted in an extension time.

The Speaker –

Thank you, Honourable Member. Honourable Christine Scipio O'Dean?

The Hon. Christine Scipio O'Dean –

Thank you, Mr Speaker. Can the Honourable Financial Secretary tell this House regarding the expanded scope of works, was requested by who?

The Speaker –

Honourable Financial Secretary?

The Hon. Dax Richards –

As I said in my previous response, Mr Speaker, that was in response to a change in international standards around fuel systems, so in this case it would have been the Joint Discussion Group's Standards which is referred to as the JIG standards.

The Speaker –

Thank you, Honourable Member. Honourable Christine Scipio O'Dean?

The Hon. Christine Scipio O'Dean –

Thank you, Mr Speaker. Can the Honourable Financial Secretary tell this House if there are any contractual obligations in respect of any costs incurred?

The Hon. Dax Richards –

I'm not quite sure I understand the Member's question, maybe if you can.....

The Speaker –

Could you repeat your question, please?

The Hon. Christine Scipio O'Dean –

Of course, Mr Speaker. I'm asking if there are any contractual obligations in respect of any additional costs incurred. We all know, Members listening are.....

The Speaker –

You can't make a statement, you can ask a question.

The Hon. Christine Scipio O'Dean –  
Can I give a background as to.....?.....

The Speaker –  
No, you can't, you have to ask the question.

The Hon. Christine Scipio O'Dean –  
I've just repeated the question, Mr Speaker.

The Hon. Dax Richards –  
Mr Speaker, I'm advised that if you're referring to SHG in terms of honouring the cost, yes, we are honouring our costs under the DBO contract. If you're referring to Basil Read, then, yes, Basil Read have honoured their commitments in terms of the extension of time.

The Speaker –  
Thank you, Honourable Member. Any further questions? Next question, please? Sorry, there is a question.

The Hon. Lawson Henry –  
Thank you, Mr Speaker. Mr Speaker, can I ask the Financial Secretary that because of the increase in the cost of the Bulk Fuel Farm was that the reason that SHG has a shortfall in the recurrent budget settlement?

The Speaker –  
Honourable Financial Secretary?

The Hon. Dax Richards –  
Mr Speaker, the short answer is, no, and the terms of the infrastructure costs for the actual project itself, this is funded under the Airport Project, which is a separate fund in terms of UK Government's support to St Helena as opposed to the financial aid that we receive from Her Majesty's Government.

The Speaker –  
Thank you, Honourable Member. Honourable Lawson Henry?

The Hon. Lawson Henry –  
Could I ask the Financial Secretary by how much this particular part of the Airport Project has overrun?

The Speaker –  
Thank you, Honourable Member. Honourable Financial Secretary?

The Hon. Dax Richards –  
Mr Speaker, I don't have that information here, but I would be glad to provide that in a written response to all here.

The Speaker –  
Thank you, Honourable Member.

The Hon. Lawson Henry –

Indeed, and could I also ask that this information go into the public domain?

The Speaker –

Honourable Financial Secretary?

The Hon. Dax Richards –

I can give that commitment too.

The Speaker –

Thank you. Any further questions? Next question, please?

***Question No.5 – The Honourable Dr Corinda Essex to ask the Honourable Chairman of the Social and Community Development Committee.***

The Speaker –

Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –

Thank you, Mr Speaker. Will the Honourable Chairman of the Social and Community Development Committee tell this House if St Helena Government will give urgent and careful consideration to the reintroduction of the three-day work scheme or establishment of a similar employment package that would enable all those who are fit to work and reliant on social benefits to do meaningful tasks and not become deskilled?

The Speaker –

Thank you very much. Honourable Chairman of Social and Community Development?

The Hon. Anthony Green –

Mr Speaker, I thank the Honourable Member for her very interesting question. Whilst the oversight of the employment is not part of my Committee's portfolio, I will nevertheless provide the following response as social benefit payments are, indeed, part of my Committee's portfolio. The issue of reintroduction of a three-day or community work scheme is one that has been raised by various elected members in various forums since the Community Work Scheme was abolished in March 2011, especially during the first year or two after it ceased. In fact, the support for its reinstatement was so strong that the matter was discussed at an informal meeting of the Legislative Council in February 2012 in response to elected members request for officials to address what were viewed to be the adverse impact of the cessation of the Scheme. It was not deemed possible to reintroduce any work schemes at that time and with the commencement of the airport construction unemployment figures remained extremely low until relatively recently. Reinstatement of a three-day work scheme or a similar scheme would undoubtedly have some financial and managerial impacts and in the current economic climate would likely require re-prioritisation of resources to support such a scheme were the introduction of such to be fully supported. Mr Speaker, at the week ending 20<sup>th</sup> July 2018 there were 21 individuals registered as unemployed and receiving payment of an unemployment allowance, all of whom have been unemployed for less than twelve months. The longest period of time that any of these individuals has been unemployed is eight months. Five of these individuals have been unemployed for one week.



The remaining fifteen individuals have been unemployed for periods of time ranging between seven months and two weeks. Mr Speaker, as mentioned, reintroduction of a work scheme for the unemployment would likely require resources over and above those currently available within SHG so this is not a straightforward matter to consider. Having said that, I would be prepared to include it as an agenda item at a future meeting of my Committee so that it can be discussed more fully.

The Speaker –

Thank you, Honourable Chairman. Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –

I thank the Honourable Chairman for his response. I note that he said he would bring it to a meeting of his Committee. May I ask if he will bring it to the next meeting of his Committee, please, for discussion in principle?

The Speaker –

He can't guarantee....?.....

The Hon. Anthony Green –

Thank you, Mr Speaker. I can assure the Honourable Member I can understand that this needs to be dealt with pretty urgently and I hope that she will trust my judgement, but I can't guarantee that it will go on the next agenda, because as you know the Committee procedures and Order 5 says that agenda needs to be decided by the Chairman with the relevant Head of Department and while I would give a commitment that it is a priority, I would need to examine what other priorities there are for our next meeting which is on 11<sup>th</sup> August and so while I will consider it I can't guarantee it here, I need to make sure that other priorities are not pushed down the list. Thank you, Mr Speaker.

The Speaker –

Thank you, Honourable Member. Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –

When the matter is discussed, will the Honourable Chair also consider the possibility of networking closely with the Education Directorate and ensuring that some form of skills training element is included in any package that is developed going forward?

The Speaker –

Thank you, Honourable Member. Honourable Chairman?

The Hon. Anthony Green –

Thank you, Mr Speaker. Indeed, I should have mentioned before that one of the reasons why we can't actually go definitely for 11<sup>th</sup> August is because I'm required, that where there are cross cutting issues with other Committees that would need to be considered first and I would need to make sure that they are properly, that we will properly prepare so rushing into the 11<sup>th</sup> August might sound the correct thing to do or the best thing to do, but we need to do this appropriately and I am required to take cross cutting issues with the appropriate Directorates and Committees. Thank you.

The Speaker –

Thank you, Chairman. Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –

Will the Honourable Chairman also, if it's going to be a cross cutting issue, liaise with the Prison Service and Probation Service, because, indeed, there might be a linkage between such a scheme and the issues of work experience for ex offenders and so on which I've previously raised in this House?

The Speaker –

Honourable Chairman?

The Hon. Anthony Green –

Thank you, Mr Speaker. Yes, indeed, in fact, that's one of the reasons why we'd have to do quite a detailed preparation to make sure it's a holistic approach to such a big issue, but I can tell the Honourable Member that this matter did come up obliquely and generally at some of our earlier SCDC meetings, but following that we did a sub group to look at the Social Security Ordinance and so it's timely for us to look across the board. What I can't do is give any indications of what may be the likely outcome, but certainly can confirm that I will with my cross cutting members of my Committees in various Directorates, look at that as soon as possible.

The Speaker –

Thank you, Honourable Chairman. Any further questions? Next question, please?

***Question No. 6 – The Honourable Christine Scipio O'Dean to ask the Honourable Chief Secretary.***

The Speaker –

The Honourable Christine Scipio O'Dean?

The Hon. Christine Scipio O'Dean –

Thank you, Mr Speaker. Can the Honourable Chief Secretary explain the structure of the Safeguarding Directorate and say what its objectives are?

The Speaker –

Thank you, Honourable Member. The Honourable Chief Secretary.

The Hon. Susan O'Bey –

Thank you, Mr Speaker and I thank the Honourable Member for her question. Safeguarding Directorate comprises Children's Services, Adult Services and Residential Services. The Directorate is headed by a Safeguarding Director whose senior management team comprises the Assistant Director, Team Manager, Adult Services, Manager, Children and Family Services, Sheltered Accommodation Manager, Quality Assurance and Quality Consultant, Manager of the Princess Royal Community Care Complex, Finance Manager, Human Resources and Admin Officer and the Learning Disabilities Community and Residential Manager. Each of these Managers has responsibility for their teams and respective areas of work. There are some 130 full-time employees engaged within Safeguarding Directorate. In addition, 68 people are engaged as Home Help Carers in the community. Currently the home support workers are not formally employed; however, delivery of home support services is one of the Directorate's priorities for 2018/19 which will include the formalization of

employment arrangements for these staff. The Directorate's Mission Statement is – to safeguard and promote the welfare of all vulnerable people in St Helena by further developing a professional social services and establishing inter-agency cooperation and collaboration which put vulnerable people at the centre of its services. There are five overarching strategic objectives which are to – (1) ensure that processes and systems are in place to protect the vulnerable; (2) invest in staff and services to ensure continuity of service provision; (3) work closely with users of our residential services to enhance the quality of care we provide; (4) promote the wellbeing and inclusion to encourage independence; and (5) empower and support vulnerable people to contribute socially and economically. These are broken down into year on year targets all of which can be found in the Directorate's Strategic Plan which is freely available on the SHG website along with a copy of the organogram which show at a glance how the Directorate is structured. Thank you.

The Speaker –

Thank you, Honourable Chief Secretary. Honourable Christine Scipio O'Dean?

The Hon. Christine Scipio O'Dean –

Thank you, Mr Speaker. Can the Honourable Chief Secretary say how successful SHG has been in achieving its Mission and Strategic Objectives since its inception in view of the fact that none of the Directors has completed a full term of contract?

The Speaker –

Honourable Chief Secretary?

The Hon. Susan O'Bey –

Thank you, Honourable Member and thank you, Mr Speaker. The Honourable Member is correct in saying that we have had a number of Directors taking up this very important service and I think it is testament to the quality of the staff who support the Director in his or her work that we have been able to achieve considerable success in these services. In actual fact we recently had on island Mr Anthony Douglas who is the Head of HapCas in the UK and in actual fact he was very complimentary in the meetings that we had with him of the quality of service that is provided. Obviously there are still steps to be taken and we can't become complacent, but certainly he was very impressed with the quality of the services provided. His report is due shortly and will be shared with elected members.

The Speaker –

Thank you, Honourable Chief Secretary. Honourable Christine Scipio O'Dean?

The Hon. Christine Scipio O'Dean –

Thank you, Mr Speaker. Can the Honourable Chief Secretary say if it is possible that the functions and disciplines of the Directorate is too wide to be managed under one Head and maybe it is necessary that it should be reviewed?

The Speaker –

The Honourable Chief Secretary?

The Hon. Susan O'Bey –

You're asking me for my opinion, because if that is so, I can't really say that, I would need obviously to have evidence based on that, but certainly, in terms of the achievements in terms of the outputs I would say that the service as it is, it is a new service, it is a new Directorate

that was recently formed and the outputs that we have been achieving to date have indicated that the service is working well.

The Speaker –

Thank you, Honourable Chief Secretary. Any further questions? Next question, please? Oh, it's the end of the questions. Next item of business, please?

Clerk –

Mr Speaker?

The Speaker –

Sorry, sorry. Yes, my dear?

The Hon. Kylie Hercules –

Thank you, Mr Speaker. Will the Honourable Chief Secretary say, Mr Anthony Douglas visit, could you elaborate on which area Mr Douglas came and did his assessment and which area the report will be based on of the Safeguarding Directorate?

The Speaker –

Honourable Chief Secretary?

The Hon. Susan O'Bey –

Yes, primarily Mr Anthony Douglas reviewed Children's Services. However, he was also asked to carry out a review of the Adult Services and in the draft report that we're currently reviewing he has made a number of recommendations in both areas.

The Speaker –

Thank you. Any further questions? Next item, please?

## 6.

## MOTIONS

*Motion No. 1 – The Honourable Financial Secretary.*

The Speaker –

The Honourable Financial Secretary.

The Hon. Dax Richards –

Mr Speaker, I beg to move that the Appropriation Bill 2018/19 be approved in principle and referred to a Committee of the whole Council.

The Speaker –

Thank you, Honourable Member and you will confirm that the Bill has the recommendations?

The Hon. Dax Richards –

Mr Speaker, I gave that confirmation earlier.....

The Speaker –

Thank you very much indeed. Is there a seconder to the Motion, please?

The Hon. Susan O’Bey –  
Mr Speaker, I beg to second.

The Speaker –  
Thank you, Honourable Member. Honourable Mover, would you like to expound?

The Hon. Dax Richards –  
Thank you, Mr Speaker. Mr Speaker, I beg to present a Bill for an Ordinance to provide for services for the financial year 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019. Mr Speaker, after agreeing a rollover budget in March 2018, it gives me great pleasure to be able to present a balanced budget here today. It has been a challenging budget process, however, the budget presented today strikes a balance between identifying and resourcing the key priorities for the Island whilst mitigating against the significant risks to St Helena Government (SHG) and St Helena which have been identified throughout the budget and planning process.

Mr Speaker, this budget speech sets out the key successes over the last financial year, looks ahead to the activities planned over the remaining eight months of this financial year and outlines some of the activities which are being explored for implementation during the next three-year budget cycle.

It is so easy to dwell on what hasn’t gone well over the past year but we also need to look at the positives and reflect on how far we have come over such a short period of time. Last year saw the commencement of the commercial air service by SA Airlink which created a real buzz on the Island and amongst Saints abroad. The setback following the suspension of the service directly from Cape Town via Windhoek has been disappointing, however we are hopeful that this will be resolved in the coming months and the service reinstated.

Mr Speaker, I would like to reflect on some of the significant achievements made during the past 16 months:

- SHG recently signed the financing agreement for the 11<sup>th</sup> European Development Fund which will bring 21.5m Euros to the territory from which a significant proportion will finance the cost of the cable project
- The announcement of PASH Global as the preferred bidder for the renewable energy tender
- Agreement for a second weekly flight to commence in December 2018 during the peak season
- The launch of the new Sustainable Economic Development Plan (SEDP)
- The adoption of an updated Investment Policy and Strategy
- The first knee replacement surgeries on the island
- The launch of the ‘Saints Together’ campaign
- The opening of the new Sea Rescue building at Ruperts
- The Airport achieving open-ended certification from ASSI
- GCSE students achieving some of the highest attainment levels
- Improved results in primary education
- We have 612 individuals enrolled in the Community College
- The completion of the Main Street hotel and
- The refurbishment of 14 Government Landlord houses, to name a few.

Mr Speaker, in last year's budget speech I said 'this was the most challenging budget we have ever had to deal with', it is safe to say that I didn't know what was coming around the corner, as this year's budget process has been equally difficult and demanding, but with the help of all Elected Members we are finally able to present a balanced budget which, whilst not without its challenges, will allow us to build on the significant progress made last year.

As part of the planning and budgetary process, directorates were asked to ensure that they take into account the following principles:

- Improving efficiency and productivity, including better use of SHG resources
- Streamlining and, where possible, restructuring to improve service delivery
- Ensuring a more joined up approach to service delivery between the different sectors; and
- Increasing revenues where possible.

This year's funding envelope, conveyed formally in April by the UK Government, is for a one-year programme. The delay in receiving confirmation of the financial aid settlement has meant that a balanced budget could not be agreed in readiness for the start of this financial year. A rollover budget, which is effectively to carry forward the previous year's budget for four months, was approved by Legislative Council on 23 March 2018 to ensure that public services continued to be delivered during the period 1 April – 31 July 2018. This Appropriation Bill now ensures that essential public services and spending can continue past the four-month rollover period for the rest of this financial year and that new activities can commence.

The budget initially presented to the UK Government requested financial aid of £30.1m to support local revenues in order to deliver a number of key priorities during this transitional period. The UK Government was unable to support the full request and instead made available £27.1m which left us with a budget deficit of around £3.0m. There were a number of difficult choices for Elected Members to make in order to get to a balanced budget. An extensive reprioritization exercise was undertaken which focused on re-phasing planned activities, reducing the risks to SHG, cutting expenditure across the service, and also looking at raising additional revenues locally. In addition, a further request was made to the UK Government to provide an additional £1.4m to support some of the unfunded priorities on the Island such as additional road maintenance. Whilst this was not supported, we have since received an undertaking from the UK Government who are open to helping St Helena in managing any unforeseen budget pressures should they arise within this financial year. This is welcoming news indeed, Mr Speaker.

The end result is, in my opinion, a budget which stripped out existing inefficiencies, found room for new activities, and limited any remaining liabilities.

Mr Speaker, you might ask why am I outlining the process in such detail? I feel that it is important for the general public to understand the difficult choices which Elected Members have to make when agreeing the budget whilst collectively having to act as a responsible government.

Moving on now, Mr Speaker, to the Economic Backdrop to the budget. To date, we have relied on inflation, tax revenue, population, and unemployment data to describe the state of the economy. St Helena's economy in 2017-18 showed little variance compared to the previous year.

The average annual inflation rate for 2017-18, based upon the quarterly Retail Price Index, was 4.1%. This was slightly lower than the inflation that was expected of 4.4%. The price

rise was predicted considering changing exchange rates after the UK's decision to leave the European Union.

In 2018-19, the inflation expectation is 4.4%. The key issues which will affect the inflation rate in the 2018-19 financial year are:

- Changes in the exchange rate to the Pound against the Rand
- Price inflation in South Africa, which rose from an annual 3.4% in March to 4.4% in May. This affects the price of goods and services imported from South Africa
- Price inflation in the UK – annual price inflation fell slightly from November 2017 high of 2.8% to 2.4% in April this year. This affects the price of goods and services imported from the UK; and, Mr Speaker, also impacting on inflation is
- The increased cost of freight

In 2019-20 the inflation is expected to be 4.3%, then 4.1% in 2020/21 and 4.00% in 2021-22. This prediction is quantified considering the lagged relationship between prices in St Helena, the UK and South Africa and the inflation expectations in both the UK and South Africa.

The average annual gross income from employment on St Helena, measured using the median of those receiving income above an analysis cut-off and excluding Technical Cooperation Officers, rose in both the 2015/16 and 2016/17 financial years, to £7,640 and £8,230 respectively. We are still awaiting the data, Mr Speaker, for the 2017/18 financial year.

New opportunities, most likely as a result of commercial flights, are encouraging other St Helenians to return to the Island, and expatriates to visit or to reside here on St Helena. In March 2018, there was an on-Island resident population of 4,672 of which 4,306 were St Helenians, compared to in March 2017 where there was an on-Island resident population of 4,465 of which 4,102 were St Helenians. That's an increase in on-Island resident population of 4%. There is more potential for growth as people wait to see how development will occur on St Helena.

The 2016 Census demonstrates an aged and ageing population with 21% of the population over the age of 65. This poses some significant challenges for the Island in terms of providing care for elderly people in addition to a forecasted reduction in the working age population going forward.

Over £10m of tax revenues were collected in 2017/18 which was similar to the amount collected in 2016/17. Income tax, service tax and withholding tax revenues increased by 2.9% in 2017/18 compared to the 2016/17 financial year, whilst Customs duties reduced by 2.7% in 2017/18 compared to 2016/17 financial year.

Inflation represents an increase in prices, and when prices increase, so do customs revenues. It must also be understood that the Island's economy and tax revenue have grown significantly in recent years, mainly due to large capital investments (including the Airport project) and as with any economy, this growth will tend to plateau. As large projects come to an end, it is expected for there to be a slight contracting of the economy, unless new capital projects or capital investment come forth to keep our construction sectors busy.

The effects of tourists on tax take has also been analysed using assumptions on spend and visitor numbers. It is expected that tourists will contribute around £1.4m to the local economy each year. It is expected that SHG will benefit £35,000 of revenue from the short-term entry visa fees and around £17,000 of corporation tax as a result of tourist expenditure. These are estimates for the inaugural years. We hope to see growth in interest, a growth in flight

frequency and growth in tourist numbers. The recent Tourism Marketing Strategy published by Enterprise St Helena will help to achieve this.

As well as the commencement of the commercial air service, there are a number of other uncertainties which will affect next year's revenues. This includes the impact of a reduced number of Basil Read staff on the Island as the construction commitments close, the implications of Basil Read going into business rescue, the further effectiveness of the health campaigns, the amount of locally produced food, the uptake of the Investment Tax Credit, energy prices, food prices and changes in the population and exchange rates.

The economic outlook for St Helena going forward is hopeful, linked to there being more flights offered by the commercial air service, and to the future arrival of the Fibre Optic Cable and the business opportunities in the digital sector that significantly improved connectivity shall bring. Furthermore, there is some optimism that the renewable energy project will eventually, and I say eventually, reduce electricity prices.

At the moment St Helena is in a transitional period. Whilst we have seen many returning Saints, friends, family and business travellers to the Island, tourist numbers need to grow, particularly during this off-peak period, to sustain the tourism sector. This has had a negative impact on the economy as a whole, with a number of businesses struggling to survive until the peak season. The recently launched Business Support Initiative will provide support to those accommodation businesses struggling as a result of low visitor numbers.

Sustained investment in growth areas, as identified in St Helena's Sustainable Economic Development Plan, including investment in public infrastructure, and in developing the local labour force, is required in order for St Helena's economy to become more sustainable. This includes a focus on exporting goods and services, producing more goods and services locally and substituting imports in order for St Helena to earn more and keep more money here on Island.

However, without substantial investment, (including foreign investment) in projects such as the Rupert's development, which would allow us to relocate the cargo operations and subsequently develop Jamestown waterfront for commercial use, it is unlikely, especially with the phasing out of the Airport project, that the economy will perform as well in the 2018-19 financial year.

Austerity is something that many other countries, including the UK, have experienced for some time, and has some benefits in terms of ensuring efficiencies are delivered in the public service. However, any resulting lack of fiscal stimulus can constrict economic growth. St Helena has re-developed its Investment Policy and its Investment Strategy and will develop a tax incentive system for recommended implementation next year, but in order for the investment to be most efficiently delivered, we will need to provide basic services on a timely basis, including immigration, land and planning, customs and environmental permitting services – all of which are facing resource constraints and funding uncertainty as a result of budget constraints.

The Sustainable Economic Development Plan was approved in May 2018 and sets out St Helena's many comparative advantages. We benefit from significant natural resources – premium grade tuna, some of the world's most expensive and sought after coffee, and an ecosystem which supports a third of all the endemic species in the British territories and attracts tourists. St Helena is a safe place to visit, the Island uses the Pound as currency and speaks the English language. Improvement in St Helena's export offerings will help to enhance St Helena's budgeting capabilities in the future. Exporting as well as producing, supplying and buying local will help retain income on St Helena and reduce the annual £23m



trade deficit we currently have. This is key in helping St Helena to become self-sufficient in the longer term.

Turning to the draft financial Outturn for 2017/18, Mr Speaker, Local revenue collected for 2017/18 financial year was £13.1m with £10.3m coming from Taxes and Customs duty which is down by around £0.5m against the revised budget. Together with financial aid, the total revenue received is £41.7m.

Total expenditure for the year is £41.0m against the revised budget of £42.1m, this gives an overall draft surplus for the financial year 2017/18 of around £0.7m which will be transferred to the general reserve of the Consolidated Fund. This will mean that as at 31 March 2018 the general reserve of the Consolidated Fund will have a balance of around £2.4m.

Turning now to revenues, Mr Speaker. 2018/19 will see local revenues similar to those budgeted for in 2017/18 financial year. This is largely down to the fact that the actuals for key revenue streams for 2017/18 came in under the original budget by just over £0.5m. The analysis shows that PAYE receipts are down by around £0.2m and also tax from self-employed were also down by around £70K. This, coupled with an overall under collection in Customs & Excise duties of around £0.3m, means SHG needed to find ways to recover this £0.5m deficit in revenue in 2018/19 financial year before we can look to finance additional activities.

There have been a number of small policy changes to customs during the 2018/19 financial year, these include the expansion of the Sugar Tax, reducing the duty on healthy alternatives and facilitating changes in the customs tariff to support the objectives of the Sustainable Economic Development Plan (SEDP). The usual indexation of specific duties in line with the past year's average inflation rate has also been factored in.

There are small projected overall increases in customs duties, largely attributable to a policy change in relation to the expansion of the Sugar Tax to support St Helena's drive to improve the health and wellbeing of the population. The policy changes outlined specifically supports the 'Saints Together' campaign recently launched by the Health Directorate on 21<sup>st</sup> May 2018.

There were no policy changes to Tax in 2018/19, however, I can signal that it is the intention to bring the existing Investment Tax Credit scheme to a close at the end of the 2018/19 financial year. SHG have however recently approved the revised Investment Policy and officials and Elected Members are working to introduce a new Investment Strategy which will provide targeted support to investors who support objectives as set out in the Sustainable Economic Development Plan. The new strategy will directly replace the Investment Tax Credit scheme which only provides relief to those businesses already making profits; the new scheme will see the support targeted to the start-up phase of the business where it is most needed.

Mr Speaker, I can also confirm that SHG will be considering the lowering of Corporation Tax and Income Tax rates for those businesses or part of a business which directly supports the goals set out in the Sustainable Economic Development Plan. This work is in its early stages but is all part of our drive to readdress the trade imbalance and encourage more exports, less imports, and thus keeping funds on the Island circulating in our economy.

In addition, during the 2018/19 financial year, further work will be done to explore the options of increasing the higher rate tax band and introducing an Inheritance Tax to ensure those who have the broadest shoulders carry the heaviest load.

In the 2018/19 financial year, the basic rate of tax for employment income and self-employed will remain at 26% for income over £7,000, and a higher rate tax band for income over

£25,000 per annum at 31%. In addition, there's an 8% tax on dividends falling into the higher rate tax band.

Corporation Tax for all companies will remain unchanged in 2018/19 at 25%.

Mr Speaker, we are grateful to Her Majesty's Government for the financial aid they have provided for this financial year. 2018/19 will see financial aid of £27.1m which is £2.6m more than the 2017/18 financial year although SHG also received the shipping subsidy in 2017/18 financial year of £4.2m, which in real terms represents an overall decrease in UK Government support of £1.6m.

It is also pleasing to note, however, that the Foreign and Commonwealth Office have provided funding of £0.2m to secure address specific areas of security, including immigration, which has been highlighted as a significant risk area for SHG with the air services now fully operational. We hope this will be the start of another sustainable funding stream from Her Majesty's Government.

### **Expenditure highlights**

Mr Speaker, turning now to the main highlights in the budget:

#### **Shipping**

Mr Speaker, we now have a new shipping service, one that is not heavily subsidized by SHG/HMG. It is true to say the service has had its fair share of problems since commencing early this year particularly with the transshipment vessels not stopping off in Cape Town as planned. New arrangements for bringing forward the transshipment receiving dates in the UK are now in place and will hopefully make these missed transshipments a thing of the past.

Mr Speaker, what is certain is that we need predictability to be able to plan effectively, importers are starting to get to grips with the ordering arrangements for a four-weekly service and we also hope that the shop shelves will not be bare for too much longer. Through ESH a piece of work is being commissioned to assist importers to look at warehousing and ordering systems to ensure that the needs of the local merchants and their customers are being met by the importers. We will continue to work with all interested parties to improve the current climate.

The shipping budget represents the biggest single change in this budget with a reduction from £4.2m to £0.5m. The decrease is because of the withdrawal of the RMS St Helena from service and therefore the associated subsidy. The £0.5m which remains under shipping, represents the additional cost of moving cargo from Rupert's into Jamestown because of the cargo receiving facilities in Rupert's remaining unfunded.

#### **Minimum Income Standard**

Mr Speaker, this budget makes provision for an uplift in the Minimum Income Standard which takes into consideration most of the recent price increases, including the charges to telephones and also to increases in water. The Minimum Income Standard continues to provide a safety net for the most vulnerable members of society and will see an increase in both Income Related Benefits (IRB) and the Basic Island Pension (BIP).

Income Related Benefits (IRB) will increase from £65.10 to £67.90 per week and Basic Island Pension (BIP) will increase from £67.30 to £70.20 per week; this represents an overall increase of 4.3%.

It should also be noted that on 1 July 2018, the Minimum Wage per hour increased from £2.95 to £3.05 (for all employees aged 18 and over) and from £2.00 to £2.10 per hour (for young people aged 16 or 17).

**Corporate Services – Human Resources** – an overall proposed reduction in the recurrent budget from £9.2m to £8.9m. The central training budget has been limited to those needs that are critical for ensuring the maintenance of any certification or that are crucial for the delivery, sorry, Mr Speaker, for the crucial delivery of front line services. In addition to this, the centrally held Technical Cooperation budget has also decreased to reflect changing needs identified by directorates as part of the strategic planning process and where possible delaying recruitment that does not jeopardise the delivery of front line services, until later in this financial year.

**Police** – an overall proposed increase in the recurrent budget from £1.4m to £1.6m. This proposes an additional number of posts for the Police Directorate to increase capacity particularly in the Immigration Service, Police Operations and Sea Rescue Service.

**Corporate Finance** – an overall proposed increase in the recurrent budget from £5.7m to £8.2m. This increase proposed primarily relates to the budget held as Payments on behalf of the Crown and covers the allocation of funding to maintain certification for St Helena's Airport, pension contributions for Government employees, additional funding to support the St Helena Fisheries Corporation and funding allocated for Connect Saint Helena Ltd for subsidy to limit tariff increases in this financial year. Also included is the specific funding allocated by DFID for litigation and associated legal costs. This funding is provided on a contingency basis and if not utilised by SHG, the funding will not be released by the Department for International Development (DFID). The proposed increase overall for Corporate Finance includes the Airport Contract Management Unit budget of £0.2 million where previously this has been funded as a separate budget by DFID but has now been incorporated into SHG recurrent budget.

**Health** – an overall proposed reduction in the recurrent budget from £6.1m to £5.7m. Health undertook to review the current funding allocation to overseas medical treatment and the aero-medical evacuation budgets. Based on the trend and analysis, it is proposed to reduce the aero-medical evacuation budget by £0.9 million and increase overseas medical treatment budget by £0.5 million. This has resulted in an overall decrease in budget in comparison to the previous year by £0.4 million.

In addition, Health has set aside funds to support a policy change where the most vulnerable members of society will get access to free medical treatment, particularly in the case of the elderly. The scheme should be means tested so those most in need will benefit from this initiative. More information on this proposal will be made available over the coming months.

**Safeguarding** – an overall proposed increase in the recurrent budget from £2.5m to £2.9m. There are four key areas within Safeguarding where it is proposed to allocate additional funding, this includes proposed additional funding of £0.075 million to support the Home Care Policy, where with an ageing population we aim to support the elderly to live in their homes as long as possible, funding to develop a specialist service provision for children and young people with complex needs of £0.18 million, funding to increase staffing capacity at the Community Care Complex of £0.09 million, funding to support the Child in Need policy of £0.01million and smaller increases across the directorate to maintain current services.

Mr Speaker, this gives a total projected spend for the 2018/19 financial year of £40.9m with total revenues of £40.8m leaving a deficit of £0.1m which will be a call on the Consolidated Fund, and as I've said before, the current Consolidated Fund is currently estimated to be £2.4m.

## **Future outlook**

Mr Speaker, I have talked a lot today about the challenges we face as an Island - rising costs, increased freight, delayed flights and low tourist numbers to name but a few. However, Mr Speaker there is a light at the end of the tunnel and I would like to take some time now to outline some of these in more detail:

### **Cable**

The significance of the signing of the financing agreement to get access to the 11<sup>th</sup> EDF envelope should not be underestimated. St Helena stands to receive 17.0m Euros which will be used to secure a link to a subsea fibre optic cable which will bring unlimited internet connectivity to St Helena.

This will mean improvements in telemedicine, social care, education, economic development and better connectivity for the community. SHG has engaged the services of a sector expert to provide ongoing technical support.

On-Island surveys have taken place for possible landing points for the cable and also for possible satellite ground station sites. SHG has launched a website to attract ground stations to the Island and there has been considerable interest resulting in advanced discussions with investors which we are confident will provide employment and other opportunities on the Island.

The cable project will have considerable socio-economic benefits for the people of St Helena.

### **Second Weekly Flight**

Mr Speaker, whilst the tourist numbers are currently low, the evidence collected over the past nine months since the commencement of the air service has provided Her Majesty's Government (HMG) with the confidence to be able to underwrite a second weekly flight over the period December 2018 through to April 2019 with a view to making this a long-term arrangement in the future.

We need to take full advantage of what the second flight can bring and there needs to be a significant marketing push to get St Helena on the international map and turn the interest into firm commitments to visit the Island and bring the benefits that were originally envisaged with air access. The appointment of the Brighter Group as the PR Company to promote St Helena is a real positive step forward, and we must do as much as we can to start planning now for what 2019 and beyond will bring to St Helena.

Mr Speaker, I'm pleased to also announce that there's been agreement for promotional fares during this low season which are available to all, the details of these fares will be released very shortly.

### **Renewable Energy**

SHG is committed to reducing the Island's reliance on fossil fuel and enabling the stabilisation of the on-Island energy costs as set out in the Energy Policy. PASH Global has been identified as the preferred bidder and contract negotiations are well advanced. The specification was clear that we want to reduce our use of fossil fuels, stabilise the production costs of energy, protect the environment and create local employment opportunities.

This is an example of SHG working with businesses to secure investment for the benefit of the community and the longer term. It is hoped that at some point in the future the community will also benefit from this investment through potential reductions in energy costs.

### **External Funding Coordinator**

Mr Speaker, I'm pleased to also advise that SHG has recently appointed an External Funding Coordinator to work alongside of the key stakeholders on St Helena to develop a funding strategy which will look to explore other possible funding opportunities for the Island. This is especially important given the likely impacts of the UK's decision to leave the EU. The consultant will be actively exploring all leads and funding sources to maximise the possible external donors for the Island. The Consultant will be on Island St Helena from 4 August for two weeks and will be keen to meet with the key stakeholders to understand the needs particularly that of the non-government organisations (NGOs) and where he might be able to help. Further details on this visit will follow shortly

### **Capital Programme**

Mr Speaker, the absence of a Capital Programme and the lack of investment in essential infrastructure is of significant concern to all on St Helena, particularly if we wish to take full advantage of the opportunities that air access brings and some of the other opportunities such as the cable. Whilst there has been no additional Capital Programme funding from the UK Government for some time, there has however been good news recently and there is a firm commitment from Her Majesty's Government to consider funding for a Capital Programme as was outlined in the letter confirming the budget settlement.

### **Encouraging Investment**

Mr Speaker, in addition to the Capital Programme, we need more investment into the Island, investment creates stimulus for the economy, it brings in new money, creates jobs, increases taxes, increases spending power and provides many positive spin-offs for the rest of the community. The stimulus provided by the Airport project, for example, was the basis of significant economic growth at the start of 2012 and went on for a number of years. We need more investment and new money coming into the economy – we must and will do more to encourage investment.

The proposed Investment Strategy and proposed changes to tax policies will help to facilitate and create the right enabling environment to support and deliver the widely agreed outcomes of the Sustainable Economic Development Plan.

### **Conclusion**

Mr Speaker, yes we are facing a difficult period on St Helena, but let us be mindful also of just how much we have been able to achieve in recent times for an Island of just over 4,500 people. We've had - Start of commercial air services; Signing of the financing agreement to enable the cable project; we've had the Renewable Energy tender; announcement of the Second Flight starting December; the Sustainable Economic Development Plan approved; the new Investment Policy agreed; Orthopaedic operations now taking place St Helena; New Sea Rescue buildings; we also had the 'Saints Together' campaign; open-ended ASSI certification; GCSE exam results up from previous years; Improved results in Primary education – to name a few.

While there is much to do in many areas this is still an exciting time for St Helena. In moving forward we must mitigate our key risks around our demographics and this budget does that. Yes, we can always do with more, the need for a Capital Programme to provide Islanders and visitors alike with appropriate infrastructure is well documented and we must continue to explore all avenues, however there are only eight months left in this financial year where the public service now needs to get on and deliver against those agreed priorities.

St Helena and its people are resilient and highly adaptable. We have faced many challenges and overcome them. We are at these crossroads again where we must all do our part to ensure that the future of our Island is secured for generations to come. Let us all rise together

to meet whatever challenges lie ahead, St Helena's future will require an intensified collaboration of all, of every single organisation, every individual, we all need to get through this difficult period whilst ensuring that we protect the most vulnerable members of society, for us to successfully deliver on the promise of fulfilling transformative sustainable economic development.

Mr Speaker, I would like to thank all those who have contributed to this difficult budget process, including all of the Elected Members, Directors and their staff, SHG senior officials and my team in Corporate Finance. I would like to make special mention of the Deputy Financial Secretary, Mr Nicholas Yon, Chief Secretary, Mrs Susan O'Bey, Government Economist, Mrs Nicole Shamier, Management Accountant, Mr Nicholas Clark and Head of Finance Services, Mrs Connie Stevens who have been instrumental in presenting this budget here today.

Mr Speaker, in concluding, we are all going through a rough and challenging period on-Island, but there is hope for our economy and opportunities for our people with some of the projects and activities on the horizon. We cannot know good times without knowing difficult times so let us unite in striving together towards inclusive prosperity for St Helena and its people.

Mr Speaker, I beg to move.

The Speaker –

Thank you, Honourable Member for a very interesting budget speech. Honourable Members, as I said at the beginning, in accordance with Standing Order 13, Rule 13, this Motion will now stand adjourned until the next sitting which is on Monday morning when we shall go through the details of the budget. Next item of business.

### ***Motion No. 2 – The Honourable Derek Thomas***

The Speaker –

The Honourable Derek Thomas.

The Hon. Derek Thomas –

Mr Speaker, I beg to move that this House approves a revised Code of Conduct for Members of Legislative Council in the form of Sessional Paper 33/18 that will provide guidance to the Standards of Conduct expected of them in the discharge of their duty.

The Speaker –

Thank you, Honourable Member. Is there a seconder?

The Hon. Russell Yon –

Mr Speaker, I beg to second.

The Speaker –

Thank you very much, Honourable Member. Honourable Mover, you may now speak to the Motion.

The Hon. Derek Thomas -

Mr Speaker, Honourable Members, you will be aware that this is a revised Code of Conduct for members of Legislative Council, this is nothing new, a Code of Conduct has been operating in the past. This revised Code of Conduct provides for improvements and clarity

which sets standards for elected members to follow in exercising their public duty. The Code sets out the general principles of conduct for members to follow, duties of members, rules of conduct, enforcement in relation to complaints and investigations and sanctions and penalties where an Investigative Commission has concluded that there has been a breach of the Code of Conduct. Members, you have been fully involved with these improvements and I trust that you will give your full support to this revised Code of Conduct. Thank you, Mr Speaker.

The Speaker –

Thank you, Honourable Member. The Motion is that this House approves a revised Code of Conduct for Members of Legislative Council in the form of Sessional Paper 33/18 that will provide guidance to the standards of conduct expected of them in the discharge of their duties. Honourable Members, the Motion is now open to debate. Any Member might wish to speak? Honourable Russell Yon?

The Hon. Russell Yon –

Mr Speaker, the Code of Conduct applies to Members in all aspects of their public life and the obligations set out in the Code are complimentary to those which apply to all Members by virtue of the procedural and other rules of the Council and the ruling Chair. Mr Speaker, I support the Motion.

The Speaker –

Thank you, Honourable Member. Any other Honourable Member wish to speak to the Motion? Honourable Brian Isaac?

The Hon. Brian Isaac –

Mr Speaker, I rise in support of the Motion. As the Mover said, it's a revised of the existing code and we've all been involved with this and I give my full support to it. Thank you.

The Speaker –

Thank you, Honourable Member. Any other Member wishes to speak to the Motion? Honourable Mover, would you like to sum up then?

The Hon. Derek Thomas –

Mr Speaker, I would like to thank the two Members who rose in support of the Code, I hope that I get full support from all other Members who didn't choose to rise in support. Thank you.

The Speaker –

Thank you, Honourable Member. The Motion is, standing in the name of the Honourable Derek Thomas, that this House approves a revised Code of Conduct for Members of the Legislative Council in the form of Sessional Paper 33/18 that will provide guidance to the standards of conduct expected of them in the discharge of their duties.

Question on Motion, put and agreed to.

The Motion is carried.

The Speaker –

Thank you, Honourable Members. I think we might have an interest, that's why we.....?..... Alright, the next item, please?

***Motion No. 3 – The Honourable Russell Yon***

The Speaker –

The Honourable Russell Yon?

The Hon. Russell Yon –

Mr Speaker, I beg to move that this House approves the revised Procedures of the Investigative Commission, as an Appendix to the Code of Conduct for Members of Legislative Council, in the form of the draft set out in Sessional Paper 34/18. Thank you, Mr Speaker.

The Speaker –

Thank you, Honourable Member. Is there a seconder to the Motion?

The Hon. Derek Thomas –

Mr Speaker, I rise to second the Motion.

The Speaker –

Thank you very much. Honourable Mover, would you like to expound your Motion?

The Hon. Russell Yon –

Mr Speaker, Annex I, Procedures of the Investigative Commission, sets out the rules of the Investigative Commission and the Investigative Panel. It also sets out the rules to be followed when the Panel has been selected to investigate complaints made against Members of the Legislative Council. It requires that written complaints that are made against Members must be investigated by an impartial panel who must in their investigation follow the rules, hear what the Members complained about, record the evidence, reach a conclusion and give reasons for arriving at their conclusion. In assessing whether or not a Member's standard of conduct has fallen below the approved standard the Investigative Panel is required to refer to the Code of Conduct for Members of the Legislative Council. In these procedures of the Investigative Commission there are strict rules to follow in an investigation and the outcomes are to be recorded and laid on the table at a meeting of Legislative Council. The report must clearly state the evidence of which the Investigating Panel relies in reaching their decision. There are a number of sanctions that the Investigating Panel may impose on a Member and these are set out in the document. Any Member aggrieved by the decision may appeal the decision to a new panel. Additionally, Annex I, Procedure of the Investigative Commission, provides for the appointment, remuneration and tenure of the Commission and Panel members. Honourable Members have had an opportunity to discuss fully these procedures and I now seek their support of the Motion. Thank you, Mr Speaker.

The Speaker –

Thank you, Honourable Member. Honourable Members, the Motion is that this House approves the revised Procedures of the Investigative Commission, as an Appendix to the Code of Conduct for Members of Legislative Council, in the form of the draft set out in Sessional Paper 34/18. The Motion is now open to debate. Honourable Brian Isaac?

The Hon. Brian Isaac –

Thank you, Mr Speaker, as the previous Motion, I rise in support of this Motion as the revised procedures of the Investigative Commission, I give my full support to this. Thank you, Mr Speaker.



The Speaker –

Thank you, Honourable Member. Honourable Derek Thomas?

The Hon. Derek Thomas –

Mr Speaker, I rise in support of this Motion. As the Honourable Mover alluded to, this Code provides for the procedures of the Investigative Commission to follow when investigating complaints made against Members of Legislative Council. This Code is necessary as it provides clear steps for the Investigative Commission to follow, it also provides for timelines for such investigations to be carried out and provisions for appeals if necessary. Mr Speaker, I give my support to the Code on the Procedures of the Investigative Commission.

The Speaker –

Thank you, Honourable Member. Any other Honourable Member would like to speak to the Motion? No other speakers, then I put the question.

Question on Motion, put and agreed to.

The Motion is carried.

The Speaker –

Thank you very much, Honourable Members. We've come to the end of this day I think. What will happen now is the Budget Session will be adjourned until Monday morning when we will enter into Committee of the whole Council and go through the Heads of the Budget in the session and then Honourable Members will be able, of course, to speak to the Motion at that time, but for now the Council is adjourned until Monday.....

**Council Adjourned.**