2026/27 BUDGET SPEECH

Opening

Madam Speaker,

I rise today to move that the Appropriation Bill 2026 be approved in principle and referred to a committee of the whole Council.

This is the first budget of this Government, and it is an honour to present it to this House as Minister for the Treasury and Chief Minister.

This is not simply an exercise in approving expenditure for the year ahead. It is a statement of direction for our island - a demonstration of how this Government intends to turn its published Vision and Strategy into practical action, and a set of responsible decisions that strengthen St Helena, not only for today, but for future generations.

Madam Speaker, this is a foundational budget. Year One is about stabilising St Helena and strengthening how government works, so that Years Two and Three have the fiscal room to do more. For the first time in many years, this budget is framed within a three-year funding programme, and we have already begun taking the steps needed to deliver on it.

It is also an acknowledgement that Government cannot meet the challenges ahead on its own. Progress will depend on the choices we make together—as Government, businesses, community organisations, families and individuals—and on everyone having a meaningful part in shaping St Helena's future.

St Helena has faced a long period of decline. Our population has fallen, our workforce has become smaller, the cost of delivering public services has increased and much of our infrastructure still requires significant investment. These are not challenges unique to St Helena, nor did they emerge overnight — they have built up over many years, and they are the starting point for this Government.

Our task is to stabilise that decline, build on the good work already under way, and create the platform to reverse it, while protecting the most vulnerable from the rising costs of living.

The question before us is therefore not whether change is needed, but how we bring about that change effectively.

I want to be clear from the outset: we cannot shield our community entirely. The rising cost of living is everyone's problem, caused largely by events beyond our control, and made worse by our remoteness and size. Addressing it will take a unified effort from Government, the private sector and civil society together.

Madam Speaker, no Government starts with a blank sheet of paper. Every administration inherits opportunities and challenges, and builds on the work of those who came before. I therefore want to acknowledge the contribution of previous Governments, Ministers, elected Members and public servants. The various reforms such as Education and

Infrastructure begun under different administrations represent significant investment in St Helena's future. Our responsibility has not been to begin again, but to build on those foundations, bring them into one coherent strategy, and ensure they deliver for our community.

The World we are Budgeting in

Madam Speaker, St Helena may be geographically remote, but we are not insulated from the forces shaping the world economy.

Conflict in the Middle East, the continuing war in Ukraine, slower global growth and higher trade barriers globally are increasing fuel costs, disrupting supply chains, and raising the cost of goods and services across the world. On St Helena, those pressures are reflected in higher costs for medicines, food, fuel, shipping, air services and public services on our island. We cannot control these global pressures. What we can control is how well prepared we are to respond to them. That is why this Budget places such emphasis on resilience, strengthening our infrastructure, improving financial management, investing in our workforce and reducing the risks that make St Helena vulnerable to external shocks. That thinking underpins much of this budget. It is not designed simply to help St Helena endure uncertainty; we need to make St Helena stronger because of it.

We recognise that households and businesses are already responding to these pressures every day by carefully managing spending, finding new ways to operate, supporting relatives and neighbours, and continuing to provide essential services. Government must demonstrate the same discipline, resilience and willingness to adapt.

The UK Government has cut overseas development aid from 0.7% to 0.3% of Gross National Income. Against that background, securing a three-year financial aid settlement is a significant achievement. This is far more than a funding agreement. It provides certainty, and certainty allows us to plan; to sequence reform over several years rather than reacting one year at a time.

St Helena is a unique and special place to call home. Defined by a strong sense of community, rich heritage, an extraordinary natural environment, and people who consistently show resilience, kindness and determination.

In 2023/24, the most recent year for which we have data, the economy shrank by 3.7%. Since then, our population has continued to decline, and our Old Age Dependency Ratio continues to rise. These pressures reinforce one another. Population decline shrinks our labour force, skills base and tax base, making it harder to sustain the services and infrastructure on which our community depends. Labour shortages and increasing demand for health and social care place growing pressure on public finances, while higher global fuel, freight and supply costs continue to drive up the cost of living.

Invasive species and changing climate threaten the resources that underpin our water and food security. Together, these challenges undermine confidence, discourage investment and make it harder for people to see a secure future on St Helena, encouraging more people to leave. That is why this Government has set a clear path to first stabilise these trends, and then begin to reverse them.

This is why this Budget is different. Our first priority is to strengthen the foundations on which future progress depends.

The Reality of Our Finances

Before I turn to the choices this Budget makes, I want to explain where the money comes from and how it is already committed.

Our total recurrent revenue in this budget for this year is £55 million. Around 68% of that is UK aid, and 32% is generated locally through income tax, customs duty, fees and charges. Put simply: for every £3 we spend, £2 comes from UK aid and £1 from local revenue.

£55 million may sound like a great deal of spending power. In reality, the overwhelming majority of it is already committed before any new policy decision is made. The majority of Government spending supports the services people rely on every day. Health and social care now accounts for almost a third that Government spends, driven by our ageing population and by the rising cost of drugs and medical treatments. This is not a sign that other priorities matter less, it reflects the fact that caring for our people really matters.

That is why this budget focuses on protecting those services while investing carefully in the systems that make them more sustainable. By strengthening those foundations, we provide a means to invest in people and growth in future budgets.

There is another part of Government spending that is often overlooked: subsidies. Every year, Government provides substantial financial support that reduces the cost of living across our island: help with overseas medical referrals, air access, the Connect utility subsidy, public transport, the ferry service, fishing and farming support, the Basic Island Pension, Income Related Benefit and home care support, and substantially subsidised fees and charges across a number of services.

Taxation Strategy

Madam Speaker, turning now to taxation, Government is not proposing any changes to income and corporation tax this year Government

The personal allowance will remain the same.

Capital gains tax, service tax and withholding tax will remain at 10%.

Customs duty will remain largely the same for the year ahead apart from the changes that were agreed in March 2026 which introduced a duty on vaping fluids, an inflationary increase in alcohol duty and an inflation plus 2% increase in tobacco duty.

During the year ahead, as agreed in this house, we will focus our efforts to review Customs duty, and we will be revisiting the personal income tax. We will begin to explore other options as part of our overarching tax policy to support stability today, while creating the conditions for sustainable growth tomorrow. Every business that creates employment, every individual who pays tax, and every volunteer who contributes to our community helps sustain the public services on which we all depend.

Building Government's Capacity to Deliver

Madam Speaker, this Budget invests in Government's ability to deliver better outcomes in future years, and in ensuring money is spent wisely.

That is why the reforms I have described are not administrative housekeeping, they are fiscal strategy. For example our Technical Cooperation budget. Of the £12.3 million allocated to Central Support Services, almost £9.4 million supports Technical Cooperation. These posts are no longer simply providing specialist advice; they underpin essential frontline services, including healthcare, policing, education and social care. In essence, the Technical Cooperation budget has become our workforce budget. Better workforce planning, reducing our dependence on Technical Cooperation, through greater succession planning, is one of the most important long-term financial reforms available to this Government.

Therefore, one of this year's priority is workforce reform and future workforce planning. Every successful recruitment, every trained Saint and every vacancy filled reduces long-term costs and creates more room to invest in our community. The same principle applies to digital transformation, public financial management, tax administration, telecommunications reform, water security and renewable energy.

They are practical measures that reduce long-term costs, improve productivity and strengthen Government's ability to deliver better services. Government's ambitions on pensions, wages, transport and agriculture have not changed. What has changed is the sequencing: this year we are prioritising the investments that build our capacity to act, so those commitments can be properly costed and sustainably financed in Years Two and Three.

Too often, planning across St Helena has assumed continued growth, even as our economy has in fact contracted. Reversing that trend is urgent, but reversing it well means planning better: strengthening our evidence base and our long-term data management, so that decisions are properly informed. It means future-proofing our ambitions, while making sure we have the capacity, capability and finances not just to build, but to maintain and operate what we build, in the years between investment and when the benefits are realised

We understand that asking people to wait for some improvements is difficult, particularly when many are already under financial pressure. We recognise that some people would like Government to move faster, and I feel the same. That makes it even more important that Government explains its decisions honestly, demonstrates progress and reports openly on whether the promised foundations are actually being delivered.

Equally, there is little value in asking for public patience without showing measurable progress. We will therefore need to remain accountable for the commitments made in this budget and clear about what has and has not been achieved.

Early Progress

Madam Speaker, it is easy to focus only on what remains to be done, without recognising what has already been achieved. This Government is already delivering its Vision.

Here are some of the important things Government has already achieved.

Most significantly, St Helena and the UK Government have agreed a three-year aid settlement, an aspiration of many governments before us, now realised. It delivers a 4.8% increase in core financial aid for 2026/27, compared with the original estimate, followed by 2% annual increases in 2027/28 and 2028/29. That is an additional £1.72 million this year alone, taking St Helena's core aid to £37.51 million,

Alongside the main budget, the UK Government has made an additional £40 million available over the next three years through the Economic Development Investment Programme, supporting essential capital investment.

We have also agreed an extension to the Memorandum of Understanding relating to the British Indian Ocean Territory, bringing up to £9.05 million of investment through to April 2028, on top of the £6.65 million already committed under the earlier agreement, and including a one-off £8 million payment to support SHG's strategic priorities. Madam Speaker, we would of course welcome more, and we recognise the political and financial pressures the UK itself faces, with UK debt at a record high, so I record our genuine gratitude for this long-term commitment.

Funding is not the only area where we have made progress. We have increased the minimum wage from £4.50 to £4.85 an hour for adults, and from £3.05 to £3.55 for 16-17 year olds. We have strengthened the General Reserve of the Consolidated Fund, moving it from below the recommended minimum balance last year to £6.0 million.

The Immigration Ordinance will be considered by this House during this sitting, supporting our ambition to stabilise and grow St Helena's population by creating a modern immigration framework while continuing to protect the island's interests and values. Work is progressing on a modern, compliant shipping registry, strengthening vessel safety and creating a future revenue stream. Rupert's Cargo Facility is now substantially complete, delivering safer, more efficient cargo operations, eliminating the cost of barging into Jamestown, and freeing up Jamestown wharf for economic development.

Earlier this year, the refurbishment of the 3 diesel tanks in Rupert’s valley was completed, increasing diesel storage capacity and enabling us to purchase larger volumes of fuel less often, bringing down the fixed cost per litre of diesel delivered to the island. With some careful treasury management we have been able to secure fuel for this next shipment at a cost which will only see a modest increase in the price of fuel and cost of living compared to projections earlier this year in the height of the conflict in the middle-east.

The Bank of St Helena has also introduced a range of improvements to support customers, borrowers and first-time homeowners.

Madame Speaker this year St Helena has had three independent reviews and assessments of its public finances. These looked at public financial management, the risk that we are not using our aid funding appropriately and a credit rating. St Helena performed well and this gives assurance to investors, donors and the public that we have strong financial management.

There are many other good news stories, and positive progress being made, and I leave these to the Ministers to share when they speak to the budget.

Madam Speaker, good government is measured not only by the plans it makes, but by the way it responds when circumstances change. Over recent months this island has faced significant challenges, from the airport closure to the Hantavirus response and power outages. Each demanded rapid decisions, close coordination, and strong partnership across Government, the private sector, the third sector and with the United Kingdom. I want to place on record my sincere thanks to everyone who played a part: our healthcare professionals, emergency services, civil servants, volunteers, community organisations, the Governor and his office, and our UK partners including the FCDO, the UK Health Security Agency and the Ministry of Defence.

These events reminded us that resilience is not only about infrastructure, it is about people, and St Helena continues to show remarkable resilience whenever it is called upon. In response, this Government implemented a business support scheme to help affected businesses as a result of the airport closure and for those self-isolating without pay in response to the Hanta Virus outbreak.

During each incident, people across the island demonstrated that resilience is a shared responsibility. Businesses adapted, families supported one another, volunteers stepped forward and frontline staff worked beyond what would normally be expected. Government's responsibility is to learn from that collective effort and ensure that the systems supporting it become stronger.

This Government has learned that investing in resilience is no longer optional. It is one of the most responsible uses of public money. Getting better at maintaining our infrastructure and essential equipment is core to this.

Madam Speaker, the progress so far is important because it gives us the confidence and the platform to take the next steps set out in this budget.

What This Budget Funds

People remain at the heart of everything this Government does, and this budget's policy choices follow the three themes I set out earlier.

Stabilising the Population and Labour Market

One of the most significant new measures in this budget, if supported by this House, is the introduction of Child Benefit for children aged 0 to 5. This recognises the financial pressures faced by young families during the early years of a child's life and reflects our belief that every child deserves the best possible start. It is intended that support will begin at £15 per week in the first year, rising to £20 per week in Year Two. This is a start. It is an investment not only in our future, but in our children themselves.

Protecting Living Standards and Core Services

This Budget continues to protect investment in health and social care, from primary care through to specialist services, while expanding mental health provision, community care and preventative healthcare. It also maintains investment in education, supporting higher standards, greater inclusion, workforce development and better opportunities for young people.

I recognise that many households continue to face real pressure from the rising cost of living, and I know some will ask why this budget does not go further. These are fair questions, and we have discussed them carefully. As set out earlier, those priorities remain on our agenda once they can be sustainably financed in Years Two and Three.

We hear the concerns directly—in public meetings, through elected Members, from businesses, from community organisations and in everyday conversations. People are not asking Government to solve every difficulty overnight, but they are entitled to expect that their experiences are understood and that decisions are made fairly.

Accordingly, the budget provides:

- an additional £2.2 million for Health and Social Care, recognising the growing pressure of an ageing population and rising drug and intervention costs.
- £172,000 to reduce the impact of rising world oil prices on energy bills, capping the expected increase at 1p per kWh rather than 3p, on top of the existing £1.5 million subsidy to Connect St Helena Ltd that already keeps utility costs down for consumers.
- Continued work towards a sustainable increase in the Basic Island Pension. Government intends to review later this year whether an interim increase in the Basic Island Pension can be introduced to address the immediate cost of living, ahead of a full pensions review that will determine how any increase can be sustainably financed for the long term, one of our key workstreams for the year ahead.
- Introducing a weekly child benefit for 0 – 5 years.

- Introduction of concessionary ticket fares for those over 70 who use the Public Transport service. Further details on ticket pricing will be communicated next month.

Enabling Sustainable, Locally Driven Growth

Madam Speaker, we must grow our own revenue base.

That growth must be locally rooted. It must create opportunities for Saints, strengthen local businesses, encourage people to return, and ensure that the benefits of investment are felt across the community rather than concentrated in only a few places or sectors.

This budget provides £25,000 for targeted support to small and medium enterprises and £50,000 to help establish agriculture as a significant, stable part of our economy.

Government's role is not to direct every business decision, but to remove unnecessary barriers, provide fair and transparent support, and create an environment in which people with good ideas are confident enough to invest their own time, skills and resources.

Tourism is our largest source of overseas income at between £4.9 and £6.7 million. Arrivals have now recovered to pre-pandemic levels. We have secured £550,000 a year within the new three-year aid settlement specifically for tourism development. This funding stream is ring fenced by the UK Government for this purpose. Under the new programme, we will continue to market St Helena as a world-class tourist destination. We will continue to up-skill the sector through the provision of training; and we will develop products fitting of our rich history and geography, including improving ocean access at the wharf and developing our cultural offering. Our ambition is 4% year-on-year growth in visitor arrivals. More visitors, mean stronger businesses, employment and greater local revenue. Tourism, is an important driver for growth under this and future governments, though challenges remain.

Government however must broaden its revenue streams. This government seeks to strengthen St Helena as a place to do business, with strong consumer protection and governance standards. A stronger private sector helps support growth and reduces our reliance on taxation alone. The success of our financial services sector will be an important lever of this development. A budget of £320,000 has been allocated to the Financial Services and Company Registry Development Programme.

We are also modernising the Company Registry for use by internationally active businesses. Legislation is currently being drafted and the project will be completed by the end of the three-year financial aid settlement – ready to generate additional government revenue for the future.

This government also recognises that St Helena's financial services must be both ethical and sustainable. We are taking several actions to strengthen financial services regulation and practices; including updating the Anti-Money Laundering legislation Programme and Combatting Financial Terrorism regulatory framework, and tailoring the Company Registry to socially and environmentally responsible businesses.

The Equiano cable has already transformed telecommunications on St Helena, packages are cheaper and better, but we must ensure the benefits reach everyone. We are reviewing the telecommunications licensing framework to protect the interests of St Helena consumers and improve the communication services available on the island. We are in discussion with our on-island provider to secure a licensing framework that can maximise the benefit of the cable for the whole community.

And because our environment is central to what makes St Helena unique, this budget allocates a further £70,000 to controlling and managing invasive species. Protecting the environment is not solely a Government responsibility. Landowners, businesses, schools, community groups and individuals all have a part to play.

The government is investing in strengthening tax administration. £40,000 will be spent this year strengthening tax systems, rising to £110,000 by 2028/29. This will support staff to enhance audit, modernise systems and improve compliance activity to ensure everyone pays the tax they properly owe.

Recurrent Budget Allocations for 2026/27

Madam Speaker, to summarise the budget allocations for the year ahead

£12.3 million for central support services, which includes £9.4 million for technical cooperation officers, £0.6 million for legislative council expenditure

£0.2 million for the Attorney Generals Chambers

£3.4 million for Safety Security and Home Affairs, which includes £0.5 million for the prison, £0.5 million of road maintenance, £0.6 million for building maintenance and £1.0 million for Customs, Immigration and Port Control

£0.2 million for Judicial Services

£7.6 million for Treasury including £1.1 million for Treasury Services, £1.1 million for the defined contributory pension scheme contributions and £5.4 million for payments on behalf of the crown which includes the subsidy to Connect St Helena Ltd of £1.7 million.

£0.8 million for Policing

£6.5 million for Economic Development, which includes £3.2 million for the operational subsidy to SHAL, £2.0 million for various contracts such as the fuel management and Met Office contracts, £0.3 million of financial services, and £0.6 million for Tourism

£6.3 million for Pensions and Benefits, which includes £3.3 million for Basic Island Pension, £1.8 million for the SHG defined benefit scheme and £1.2 million for Income Related benefits

£4.2 million for Education, Skills and Employment

£11.9 million for Health and Social Care, which includes £2.8 million for overseas medical referrals and evacuations, £3.0 million for the Hospital and Pharmacy, £4.1 million for social care services, £0.2 million for mental health care

£2.0 million for Environment, Natural Resources and Planning

Given a total recurrent budget of £55.3 million.

Investment Beyond the Recurrent Budget — EDIP and BIOT

Madam Speaker, I want to explain how the wider investment programme I described earlier will be put to work.

Government is managing several different funding programmes with different purposes. Our Economic Development Investment Programme allocation, around £15 million a year for the next three years, which combines the new £40 million with £5 million carried over from the previous programme, is already substantially committed: to the new prison and Bulk Fuel Infrastructure, and to legacy projects already under way, including the primary school reorganisation supporting education reform and waste water treatment. The certainty of this funding also allows us, at last, to make a start on the renewable energy project. This funding will provide a real stimulus to our local economy; the approved project pipeline is not yet finalised, and more detail will be published later this year.

Wherever practical, we must ensure that this investment also develops local capability, through local employment, apprenticeships, training, contracting opportunities and the transfer of skills. The value of capital investment should be measured not only by the infrastructure delivered, but by what remains within the community after construction is complete.

On BIOT, the extension I mentioned earlier will fund:

- £2.0 million for Health and Social Care, split between essential equipment and overseas medical referrals across two financial years, to give the Health Directorate room to implement its Health Standards work;
- £2.3 million toward our education reform programme and COBIS accreditation, on top of the £3.5 million already committed through EDIP for school reorganisation; and
- £3.7 million for telecoms and renewable energy infrastructure enabling us to progress the development of a modern telecommunications network that lets St Helena take full advantage of the Equiano cable.
- £0.8 million has been set aside to support operational readiness, should migrants arrive in BIOT and then St Helena.

Together with the £6.65 million already received under the earlier agreement, which has supported preventative healthcare, reduced overseas medical referral backlog, funded education reform and developed SHGs IT infrastructure, this represents a substantial, sustained investment in the systems that will either stabilise or reduce our future costs.

Finally, in the spirit of the UK's shift from donor to investor, our three-year settlement includes a conditionality mechanism: up to an additional £1.0 million in financial aid across Years Two and Three, through five conditions each year worth £200,000 each. The gateway for every condition is the same: SHG must deliver a balanced budget outturn each year. It is, in other words, a direct reward for the discipline this budget sets out to demonstrate.

Madam Speaker, taken together, recurrent funding, EDIP and BIOT will provide substantial additional investment on top of our £55 million core budget over the next three years. This means the total funding available to this government to deliver our vision and strategy in 2026/27 is £76 million, in 2027/28 £78 million and in 2028/29 £75 million.

This might seem like a lot, but in reality we still fall short of our funding needs and there are a number of other sources of support from other UK agencies and departments such as Blue Belt, Darwin Plus, support from UKHSA, the Maritime and Coastguard Agency and the Ministry of Justice upon which we rely heavily to meet our core responsibilities in the stewardship of our natural assets; and the health and safety of our people. This cross UK Government support builds capacity and capability, building resilience, reducing risks and generating opportunities.

Conclusion

Madam Speaker, I recognise that many households continue to face genuine financial pressure. Pensioners worried about the rising cost of living. Families balancing increasing household costs. Businesses working hard to remain competitive. Farmers facing uncertainty. Young people wondering where their future lies. Those concerns are real, and they have informed every discussion Ministers have held while preparing this budget. This Government has not ignored those voices, nor lowered our ambitions. We have already made some interventions within the resources available e.g. supporting the cost of utilities, child benefit; and we have chosen to sequence the rest. That may not always be the easiest message to hear, but it is an honest one.

Our Vision is for a fair, inclusive and more resilient St Helena, confident in its future, responsible in its stewardship, united in purpose, and a sustainable, thriving community with people at its heart. The story this budget tells is not one of quick fixes, and it is not a choice between compassion and responsibility. We cannot do everything all at once, we simply do not have the people or finances to do so, we need to prioritise and schedule. It is therefore a story of a Government making responsible choices in the face of competing priorities; prepared to invest patiently rather than promise recklessly; prepared to explain difficult decisions honestly; and determined to strengthen the foundations on which future generations can build. This is not a budget that promises everything today. It is a budget that aspires to make more possible tomorrow.

Government cannot create prosperity on its own. But by working together—each accepting our responsibilities and contributing what we can—we can create the conditions in which prosperity becomes more likely and more widely shared.

This budget does not claim to deliver that Vision in a single year. It is the beginning of a three-year programme of reform and beyond.

It does, however, commit Government to working openly with the community, reporting honestly on progress and changing course where evidence shows that a different approach is needed.

Success will not be measured by the number of policies we introduce, but by the opportunities created for our community: whether more young people choose to remain; whether more Saints return home; whether businesses invest with greater confidence; whether communities grow stronger; whether people live healthier lives; whether our natural environment continues to thrive; and whether future generations inherit an island stronger than the one we inherited ourselves. Those are the outcomes that matter.

The success of the Vision we have published will depend on all of us. This budget is one important step on that journey. But it is not the journey itself.

The challenges described today belong to all of us, but so too do St Helena's strengths: our knowledge of this island, our commitment to one another, our ability to adapt and our determination to protect the place we call home. Government will provide leadership, but lasting progress will be achieved only if people feel informed, respected and able to participate. This budget is therefore not simply Government's programme; it is an invitation to the whole community to help build a stronger and more secure future for St Helena.

Madam Speaker, I commend the Appropriation Bill 2026 to this Honourable House and I beg to move.