



**St Helena  
Government**

**GOVERNMENT OF ST HELENA**

**PROCEEDINGS OF THE LEGISLATIVE COUNCIL –  
MONDAY 25<sup>TH</sup> MARCH 2019 – FIRST SITTING OF THE  
TENTH MEETING**

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

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**THE PRESIDENT**

The Honourable John Gilbert Cranfield

**EX-OFFICIO MEMBERS**

The Honourable Chief Secretary	-	Mrs Susan O’Bey
The Honourable Financial Secretary	-	Mr Dax Richards
The Honourable Acting Attorney General	-	Mr Andrew Radley

**ELECTED MEMBERS**

The Honourable Clint Richard Beard  
The Honourable Cruyff Gerard Buckley  
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  
The Honourable Derek Franklin Thomas  
The Honourable Russell Keith Yon

**CLERK OF COUNCILS**

Ms Anthea Moyce

## **PROCEEDINGS OF THE LEGISLATIVE COUNCIL**

Monday, 25<sup>th</sup> March, 2019

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**  
(The Right Reverend Bishop Dale Bowers)

**3. ELECTIONS**

**Election of Deputy Speaker**

The Speaker –

Honourable Members, good morning, and our next item of business is to elect a Deputy Speaker. I now call for nominations, please.

The Hon. Brian Isaac –

Mr Speaker, I propose Cyril Keith Gunnell to the post of Deputy Speaker of the Legislative Council.

The Speaker –

Thank you very much. Do we have a seconder?

The Hon. Dr Corinda Essex –

I wish to second that proposal, Mr Speaker.

The Speaker –

Thank you very much indeed. Are there any other nominations?

The Hon. Kylie Hercules –

Mr Speaker, I'd like to propose Mrs Maureen Lesley Thompson for the role of Deputy Speaker.

The Speaker –

Thank you very much. Do we have a seconder?

The Hon. Gavin Ellick –

I beg to second, Sir.

The Speaker –

Thank you very much indeed. Honourable Members, Mr Cyril Gunnell and Mrs Maureen Thompson have been nominated to stand for the office of Deputy Speaker. In alphabetical order I will now call on Cyril Gunnell to give a five-minute presentation to Honourable Members.

Mr Cyril Gunnell –

Mr President, Honourable Members, thank you for this opportunity to present myself as a candidate for the post of Deputy Speaker of Legislative Council. The main role of Deputy Speaker is to assist the Speaker with discharging his/her functions. I understand the Speaker may attend any sitting of the Legislative Council at which the Speaker presides, but may not take part in the proceedings of the Council at that sitting. The Speaker is responsible for enforcing the rules of Legislative Council, presiding over the conduct of House business and maintaining order and decorum. This shows that the rules of the House will conduct in its business are followed and that all members of the House have an opportunity to take part in debates. Because it is essential that the Speaker be seen to be ....?..... politics he does not take part in debate or votes unless there is a tie. The Speaker needs to be sympathetic, firm, fair and honest at all times with the ability to remain above the ....?..... in the House and a little bit of humour is alright I understand. In the absence of Speaker the Deputy Speaker must be ready to be able to take on that responsibility, therefore a broad range of skills and personal qualities are required by the Deputy Speaker to successfully fulfil all the duties of the position. A specific and important function of the Deputy Speaker is to deal with complaints should they arise where a member is alleged to be in breach of the Code. This is made in writing and addressed to the Speaker. The Speaker has to refer the complaint to the Deputy Speaker and two other members of the panel of investigators. The position of Deputy Speaker is a challenging one and I would need to rely very heavily on my understanding of the procedures at formal Legislative meetings, Standing Orders and Councillors Code of Conduct. I also need to be conversant with Councillors issues. As a former Councillor I am an associate member of the CPA (St Helena) Branch which is something that I am very proud of. I was first elected to the Legislative Council in 1991 in the Half Tree Hollow bye election. I came off Council in 2013. Pre 1991 and 2013 there were periods working at Radio St Helena, Social Services and Development and Economic Planning Department. I believe that politics is everybody's business; I try to keep abreast of what is happening in the world by listening to BBC radio and watching political programmes on television. In St Helena I try to keep abreast of it all by reading the local newspapers, press releases, listening intently to formal Legislative Council meetings and attending as many open agenda meetings of the Council and also public meetings that I can. My Council experience spanned many years during which a lot of knowledge was accumulated. I was a member of the Executive Council for two terms as Chairman of Employment and Social Services and Chairman of Health and Social Welfare and over the years served on various Council and ad hoc committees. The Council experience also included representing St Helena at various CPA Conferences, the Millennium Development Goals Conference where St Helena reported progress made .....?.....2015 targets, Constitutional matters and I led a delegation to the EU Conference in Bonaire, Netherlands and Antilles for

discussion on the EU funding tranche. In civil society, amongst other things, I was part of the Citizenship Commission that campaigned for restoration of British citizenship and currently a member of the Chamber of Commerce. Currently I am Chairman of the St Helena Public Accounts Committee and involved also in some other important activities benefitting the public. My previous work record includes Fire Inspector and Medical Assistant for Pan American Airways on Ascension, in the UK I was an Accounts Clerk for .....?.....in Oxford and finally a short period as Flight Operations Clerk at CSD Aviation at Oxford Airport where I was promoted to Progress Control Manager there, the latter was a senior management position. In St Helena I have held various positions including Income Tax Officer, Social Worker, Home Help Supervisor, Investigations Officer, Environmental Assistant, News Editor, some of these were leadership positions. Honourable Members, I am very passionate about our island and want the very best for our people and I know that you want the same thing otherwise you would not have joined Council to .....?.....politics or .....?.....to face any barriers. It might be difficult for you to gauge your own success, but from my perspective there is evidence showing where there has been success overall and in many areas. Of course there are some huge challenges still to be addressed and I know you will collectively do all possible to overcome these. I can only imagine the enormity of your workload. I would like in some way to be a part of all of that, even if my only way of helping is making myself available to you with a sympathetic ear to discuss some point you thought I could help with. I am a good listener and approachable. Honourable Members, it would be an honour to be your Deputy Speaker, a position that I would absolutely fervently carry out. Thank you for listening to you, thank you, Mr President.

The Speaker –

Thank you, Mr Gunnell, thank you very much indeed. I now call Mrs Maureen Thompson to give a five-minute presentation to Honourable Members.

Mrs Maureen Thompson –

Good morning, Mr Speaker, Honourable Members and all listening. My name is Maureen Lesley Thompson and I reside in Half Tree Hollow. A bit about my background. At the age of fifteen I left school to work in retail until June 1972 I joined the St Helena Police Force, along with one other, we were the first Policewomen on St Helena. I completed almost ten years working with the Police working my way to the rank of Police Inspector, receiving Police training at Hendon, Crewe and Bramshill. In those days, the Police did not only deal with the normal day to day job. Amongst other things they had to deal with child maintenance, issuing of driving license as well as immigration, just to name a few. During my Police career, I also was appointed Public Prosecutor as it was known those days. I then left St Helena for the UK and was offered a job in Notting Hill Gate Police Station, but in the eighties the area was not a very nice place to be because of its bad reputation in respect of criminal activity. I still felt though that I wanted to have a connection with the Police. I went to work in Oxford Street in one of Littlewoods Stores as a Loss Preventing Officer. After two and a half years, I went to work for Marks & Spencer's within a team of ten Loss Prevention Officers and six security guards for about nineteen years. It was then that the UK Government brought in a law, that all security guards must attend a course to obtain a special certificate. **Sabrewatch** who was the company providing security cover at that time did not want to invest in their guards. This meant that if you did not have a certificate you could not be a security guard. Marks & Spencer then made a decision to outsource their security, including the Loss Prevention Officers, to another security company. I decided to remain with Marks & Spencer and was successful for the post within its Stores Finance Office which I spent ten years. After almost spending thirty-two years in the UK I returned home to St Helena in January 2014 to spend some quality time with

my Mum who unfortunately has since passed. I feel it's time to do something meaningful, I'm very interested in the politics of the island and to obtain a better understanding I'm applying for the role of Deputy Speaker. Although I have no direct experience in respect of the role of Deputy Speaker I have skills which I feel will be vital to the role. I managed people to ensure all the relevant areas were staffed to assist the day to day operations, which includes rotas, holidays with time off. When necessary I trained people so that the processes and procedures were carried out to a high standard. Throughout my career, I always had a role with investigation, whether it was being a Police Officer, a Loss Prevention Officer or money lost through a cash register. I supported my colleagues when necessary, sharing my knowledge and experience and took ownership for my own personal development. Whilst considering this position I have read and familiarized myself with the Constitution, Standing Orders and Code of Conduct. I understand that the person within such a role is independent and unbiased. I am willing to learn and throughout my career have always been a team player. I am ready for the challenge. If successful, I'm under no illusion that it will be easy. I will assure Members that I will undertake all duties to the best of my ability and commit myself fully to the role. Thank you.

The Speaker –

Thank you very much, Mrs Thompson. I now call on the Clerk to issue the ballot papers for Members to vote for the candidate you wish to represent you as your Deputy Speaker.

Honourable Members, the results of the ballot are as follows:

Mr Gunnell – two votes

-

Mrs Thompson – ten votes

I hereby declare that Mrs Maureen Thompson has been duly elected to the office of Deputy Speaker. Congratulations Mrs Thompson. (*Applause*)

Mrs Thompson, you will now take the Oaths of Office, please.

**Oaths of Office administered.**

**4.**

**ADDRESS BY THE PRESIDENT**

Honourable Members, ladies and gentlemen and radio listeners, good morning and welcome to this first sitting of the tenth meeting of the Legislative Council. As is customary, the Right Reverend the Lord Bishop, Bishop Dale, has again attended our meetings to open it with the benefit of prayer and I would like to thank him for the support that he has given to this Council, It is pleasing that Mr Merlin George has responded so willingly once again to perform the ceremonial duties of Mace Bearer and for that I express my thanks.

I also express my thanks to the staff members at SAMS radio for providing support to our listening audience at this meeting today.

I would like to congratulate Mrs Maureen Thompson on her appointment to the office of Deputy Speaker, I look forward to working with you to ensure the observance of the order in the Council is in accordance with the provisions of the Constitution, Standing Orders and the Code of Conduct for members of the Legislative Council.

Honourable Members, this meeting is significant in that we have a budget that is being presented for approval in advance of the end of the financial year. Long may this continue and we hope that rollover budgets are now something of the past. We refer to this meeting as the

Budget Session when you, Honourable Members, appropriate funding for the coming financial year and shall be confined with financial and economic state of the island and the general principles of Government policy. I would like to thank the Honourable Financial Secretary and his team for the massive amount of work and commitment they have undertaken to ensure that a budget is presented to this Council in good time.

Honourable Members, this brings me to the business of this Honourable House today. There are eight Sessional Papers to be presented, four Questions for oral answers, three Bills and a Motion for debate. Our meeting will conclude with the traditional Adjournment Debate. I wish Honourable Members well in their deliberations and I would like to thank the staff at the Castle here for making sure that everything was in place for our deliberations today. They work behind the scenes but they need to be thanked, so without further delay, I will call on the Clerk to announce the next item of business, please.

## 5. PAPERS

### *SP15/2019 – The Honourable Financial Secretary.*

The Speaker –  
Honourable Financial Secretary?

The Hon. Dax Richards –  
Thank you, Mr Speaker. I beg to present Sessional Paper 15/2019 entitled St Helena Government – a Bill for an Ordinance – the Income Tax (Amendment) Bill, 2019.

**Ordered to lie on the table.**

### *SP 16/2019 – The Honourable Financial Secretary.*

The Speaker –  
The Honourable Financial Secretary?

The Hon. Dax Richards –  
Mr Speaker, I beg to present Sessional Paper 16/2019 entitled St Helena Government – a Bill for an Ordinance – the Property Tax Bill, 2019.

**Ordered to lie on the table.**

### *SP17/2019 – The Honourable Financial Secretary.*

The Speaker –  
Honourable Financial Secretary?

The Hon. Dax Richards –  
Mr Speaker, I beg to present Sessional Paper 17/2019 entitled – St Helena Government – a Bill for an Ordinance – the Appropriation 2019/2020) Bill, 2010.

**Ordered to lie on the table.**

***SP18/2019 - The Honourable Brian Isaac.***

The Speaker –  
The Honourable Brian Isaac?

The Hon. Brian Isaac –  
Mr Speaker, I beg to present Sessional Paper 18/2019 – St Helena Government - Saint Helena Audit Service (External Auditors) - Strategic Plan 2019/2020 to 2021/22.

**Ordered to lie on the table.**

The Hon. Brian Isaac –  
In doing so, Mr Speaker, I beg your permission to make a statement with this Paper, thank you. Mr Speaker, Members of the Legislative Council, as a Member of the Public Accounts Committee, I am pleased to present to this House Sessional Paper 18/2019 being the Strategic Plan Estimates for the St Helena Audit Service for the three years, 2019/2020 to 2021/22. The St Helena Audit Service support the Chief Auditor in carrying out his statutory responsibilities under the Constitution and Public Finance Ordinance. The Strategic Plan continues the theme identified in the prior years – maintaining the audit of public accounts and subsequent reporting through to PAC on a timely basis, establishing a full programme of performance audit which will examine whether value for money has been achieved in the use of public resources, developing the institutional arrangements and building capacity/incapacity in the external audit functions, the funding earmarked by FCO to straight audit and the parliamentary oversight in the Overseas Territories. The budgetary estimates of the Audit Service, the special funds provide for resources necessary for the statutory audit functions and the revenue earned from the provisions of these services. The Special Funds estimates are not required to be appropriated, but do part form of the budget estimates of this Government the year 2019/2020, by convention of this House and to preserve the independence of the Chief Auditor the forward planning and budget estimates of the Audit Service are scrutinised by the Public Accounts Committee. I am able to report that the Strategic Plan .....?.....Estimates have full support of the PAC and are laid in this Sessional Paper in the interest of openness and transparency. Mr Speaker, you will be aware of the Public Accounts Committee, it was established by the Constitution under Standing Orders to oversee accountability between public funds appropriated by this House and the stewardship and governance of these resources are applied in the delivery of public service. PAC could not perform this constitutional role without the efforts of the Chief Auditor, supported by the St Helena Audit Service. Mr Speaker, I beg to present this Paper.

The Speaker –  
Thank you very much.

**Ordered to lie on the table.**

***SP 19/2019 – The Honourable Anthony Green.***

The Speaker –  
The Honourable Anthony Green?



The Hon. Anthony Green –

Mr Speaker, I beg to present Sessional Paper No. 19/2019 – St Helena Government – St Helena Minimum Wage – Report of the Employment Rights Committee.

**Ordered to lie on the table.**

*SP 20/2019 – The Honourable Chief Secretary.*

The Speaker –

The Honourable Chief Secretary?

The Hon. Susan O’Bey –

Mr Speaker, I beg to present Sessional Paper 20/2019 – St Helena Government – Proceedings of the Legislative Council, Friday, 27<sup>th</sup> July 2018, First Sitting of the Seventh Meeting.

**Ordered to lie on the table.**

The Speaker –

Honourable Members, in accordance with Standing Order 3 (a) I put the question that the record of Proceedings of the Legislative Council held on 27<sup>th</sup> July 2018 be confirmed.

Question put and agreed to.

*SP 21/2019 – The Honourable Chief Secretary.*

The Speaker –

The Honourable Chief Secretary?

The Hon. Susan O’Bey –

Mr Speaker, I beg to present Sessional Paper 21/2019 – St Helena Government – Proceedings of the Legislative Council, Monday, 30<sup>th</sup> July 2018 – Second Sitting of the Seventh Meeting.

**Ordered to lie on the table.**

The Speaker –

Honourable Members, again, in accordance with Standing Order 3 (a) I put the question that the record of Proceedings of the Legislative Council held on 30<sup>th</sup> July 2018 be confirmed.

Question put and agreed to.

*SP22/2019 – The Honourable Financial Secretary.*

The Speaker –

The Honourable Financial Secretary?

The Hon. Dax Richards –

Mr Speaker, I beg to present Sessional Paper 22/2019 entitled - St Helena Government - Estimates of Recurrent Expenditure and Revenue and Capital Expenditure 2019/2020.

**Ordered to lie on the table.**

6.

## QUESTIONS

***Question No. 1 - The Honourable Dr Corinda Essex to ask the Honourable Chairman Economic Development.***

The Speaker –

The Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –

Thank you, Mr Speaker. Will the Honourable Chairman of the Economic Development Committee tell this Council what plans are in place to facilitate production and marketing of local honey?

The Speaker –

The Honourable Chairman of Economic Development?

The Hon. Lawson Henry –

Thank you, Mr Speaker. Mr Speaker, I thank the Honourable Member for her question. Honourable Members will be aware that honey and honeybees feature in our Sustainable Economic Development Plan, SEDP, as a key export product opportunity in the growth industry and that there are a number of actions that need to be taken to help facilitate production and marketing of local honey. The SEDP recognises that the local honey bee are free from major diseases that exist in other places in the world and that the genetic makeup or simply the disease free attribute of the St Helena Bee may have international value that could provide export opportunities. The SEDP further knows that honey making industry has developed on St Helena over the last few years but that the scale is small and production needs to increase to exceed local demand in order for exports to develop organically. In 2013, ESH funded a steam wax extractor and a silicone foundation press for the St Helena Beekeepers Association, that's SHBA to aid honey production. In 2015, a £2,000k proposal from SHBA was approved in support of various activities and equipment aligned to local stock assessment. However, only £277.98 was utilised for the purchase of a bee ...?... kit. In 2018, the ESH Board approved a further proposal from the SHBA to the value of £7, 750.43 to enable the reactivation of the research plan and proposed in 2015 proposal to ESH and to establish the island's bee strain. DNA samples were sent, this time ....?.....by ANRD. However, unfortunately these were spoiled and DNA could not be extracted. ESH are exploring funding on another attempt. Additionally, the proposal was approved for funding for flora along with .....?.....identified ....?....for planting of variable and non-invasive scrubs to enhance bee food stocks on the island and essential equipment necessary for harvesting. Purchasing of ....?....., hives, smokers, honey holding tanks, etc, to benefit SHBA members and the island's apiculture. Funding was approved and the facilities under a Memorandum of Understanding whereby data and a report may be shared through enhanced, collaborative shareholder forward planning considerations. It is important to also encourage the public to plant trees, plants and flowers which provide all the year round sources for bees. The National Trust developed a list of trees and plants which would be beneficial to bees and it is intended for this list to be promoted at a time when there is sufficient plants to purchase on the island so that the public can both be motivated to plant and there is available stock at the same time. It is estimated that the public promotion of the benefits of providing food for bees will occur around July 2019. The private sector is also being incentivised to cultivate honey through tax reduction as per the Investment Strategy.

However, to ramp up the production once there is sufficient food for bees, there will be a need to be continued training of potential bee keepers as outlined in the ESH website, there is an opportunity for the private sector to provide a service whereby hives are set up on private land, managed by a commercial beekeeper and a profit share agreement in place. No-one has yet come forward to provide this service. As mentioned already, honey is one of the key export product opportunity growth industries indicated in the SEDP. It is ESH's intention to .....?.....of such opportunity product in partnership with the local and international stakeholders moving forward, so that this island product and brand can reap the benefit seen by other high value commodities such as St Helena Coffee and be ....?.....premium tourism product. Thank you.

The Speaker –

The Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –

Thank you, Mr Speaker. Will the Honourable Chairman agree that consideration should be given to engaging a person, possibly through Enterprise St Helena, to deliver training in bee husbandry, including Queen Bee rearing, the making of wax foundations and presentation of honey from the hive to the point of sale?

The Speaker –

The Honourable Chairman of Economic Development?

The Hon. Lawson Henry –

Thank you, Mr Speaker, I can certainly undertake to look at that.

The Speaker –

The Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –

Will the Honourable Chairman give an undertaking that there will be adequate advance publicity relating to the availability of plants suitable for encouraging production of nectar and honey and adequate lead in time will be given to stimulate interest, which you've said, not just within the beekeeping community but including the general public as well?

The Speaker –

The Chairman of Economic Development?

The Hon. Lawson Henry –

Thank you, Mr Speaker and I thank the Honourable Member for her supplementary questions. That is already planned, but I can certainly undertake to make sure that that is the case. Thank you.

The Speaker –

The Honourable Derek Thomas?

The Hon. Derek Thomas –

Thank you, Mr Speaker. Can the Honourable Member say if any additional land has been identified in order to support the initiative of growing plants, trees and flowers within the wild areas?

The Speaker –  
The Honourable Chairman of Economic Development?

The Hon. Lawson Henry –  
That is part of the plan in going forward, Mr Speaker. Thank you.

The Speaker –  
The Honourable Derek Thomas?

The Hon. Derek Thomas –  
Thank you, Mr Speaker. Can the Honourable Member say when this is likely to happen?

The Speaker –  
The Honourable Chairman of Economic Development?

The Hon. Lawson Henry –  
Thank you, Mr Speaker. As I've said in my original response, these plans we hope will be started round about July this year.

The Speaker –  
The Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –  
Will the Honourable Chairman ensure that these plans are shared as widely as possible, he mentioned the Beekeepers Association, not all individuals who keep and rear bees are members of the Beekeepers Association and it is also a good news story that would be of interest to the public as a whole when progress has been made on this front? Thank you.

The Speaker –  
The Honourable Chair of Economic Development?

The Hon. Lawson Henry –  
Mr Speaker, yes, I can certainly do that, but I would also take this opportunity that if we are to get the very best of this venture then I would encourage all beekeepers to join the Beekeepers Association. Thank you.

The Speaker –  
Thank you. Any other questions? Next question, please?

***Question No. 2 – The Honourable Dr Corinda Essex to ask the Honourable Chief Secretary.***

The Speaker –  
The Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –

Thank you, Mr Speaker. Will the Honourable Chief Secretary tell this House what was the purpose of the recent consultancy relating to the hotel situated at 1, 2 and 3 Main Street and what will be its outputs?

The Speaker –

The Honourable Chief Secretary?

The Hon. Susan O’Bey –

Thank you, Mr Speaker. I’d like to thank the Honourable Member for the question. Members will recall that in 2018 Executive Council instructed St Helena Hotel Development Limited to explore options for raising external finance to support the hotel owned by St Helena Government, including assessing the viability and timing for a public share offering for which St Helena Government would need to make SHHD a plc. To support this work, SHG commissioned a consultancy firm, BDOLRP to conduct an operational review and market demand study of the hotel. The following key objectives ...?....outputs were agreed with respect to the review:

to produce a detailed report documenting the current status of the hotel in terms of its operation and financial performance, including all lines of the hotel’s profit and loss accounts;

- review the key operating performance characteristics of other hotels and accommodation establishments on St Helena;
- review the ability of hotels and accommodation establishments to drive revenues and mitigate costs, for example, the cost of foods, staff, telecommunications, utilities etc;
- to provide analysis of the future prospects for the destination of St Helena and its hotel market, identifying existing and potential use of markets and evaluate future growth in these markets;
- to evaluate the existing and potential supply and demand for hotels on St Helena;
- to estimate the levels of human occupancy and average achieved room rate over the next five years of operation of the hotel;
- to prepare statements of estimated revenue and expenditure for the next five years of the hotel’s operation; and
- to recommend next steps and other ...?....options for SHG’s divestment approach.

The draft report has been recently received and is being considered within SHG. However, the main points resulting from the review are –

- that St Helena is in a position of economic transition.
- with the airport being fully operational for just over a year, visitor numbers are increasing slowly, but still there is sufficient to support or ...?....or tourism accommodation providers.
- Recognition of the fact that St Helena is a new, emerging tourist destination and visitor numbers whilst increasing are still relatively lower than forecast which impacts on hotel occupancy levels.
- It is likely that the hotel will not stabilise its financial performance until Year 5 of its operation; and
- Radically increasing tourist numbers will add to the hotel’s profitability when tourism growth will be at a modest pace due to aircraft capacity.

Future divestment opportunities are highlighted for consideration once the hotel becomes, operations become profitable. In the meantime payment of the subsidy is recommended for the next two years with a projected profit of the hotel envisaged during the 2020/2021 financial year at which point divestment opportunities should be reviewed.

The Speaker –

Thank you very much. The Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –

I'd like to thank the Chief Secretary for her very detailed response, I'm afraid it was far too detailed for us to be able to absorb it all this morning, so would you please copy it to all elected members?

The Speaker –

The Honourable Chief Secretary?

The Hon. Susan O'Bey –

Yes, certainly I can do that.

The Speaker –

Thank you very much. The Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –

Will the Honourable Chief Secretary state what body or bodies will be responsible for deciding which aspects of the report will be actioned and within what timeframe?

The Speaker –

The Honourable Chief Secretary?

The Hon. Susan O'Bey –

It will be the St Helena Hotel Development Limited Board and Executive Council.

The Speaker –

The Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –

Will the Honourable Chief Secretary inform this House as to what level of priority is being given to reaching conclusions regarding this exercise?

The Speaker –

The Honourable Chief Secretary?

The Hon. Susan O'Bey –

Thank you, Mr Speaker. The report was only received last week, so I would assume that it will be taken into account now in terms of ExCo business, but I am aware that SHHD Board is already pursuing or reviewing the content of the report.

The Speaker –

The Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –

Does the Honourable Chief Secretary's response indicate that it's being given a high level of priority?

The Speaker –

Honourable Chief Secretary?

The Hon. Susan O'Bey –

Given all other priorities, certainly it's being given a high level of priority by SHHD and it will be up to Executive Council to confirm the level of priority that they would like to apply to this report.

The Speaker –

Honourable Derek Thomas?

The Hon. Derek Thomas –

Thank you, Mr Speaker. Will the Honourable Chief Secretary say whether this report or the review of the hotel be made available to the public?

The Speaker –

Honourable Chief Secretary?

The Hon. Susan O'Bey –

Thank you, Mr Speaker. The report does contain information which is commercially sensitive so it is not anticipated that it will be made available to the public.

The Speaker –

The Honourable Derek Thomas?

The Hon. Derek Thomas –

Will the Honourable Chief Secretary say whether those parts that are not sensitive will be made available to the public?

The Speaker –

The Honourable Chief Secretary?

The Hon. Susan O'Bey –

I would say that that is a decision for Executive Council so if Executive Council deems that parts which are not commercially sensitive can be made available then I'm sure that it will be communicated to the hotel company.

The Speaker –

The Honourable Derek Thomas?

The Hon. Derek Thomas –

Thank you, Mr Speaker. Can the Honourable Chief Secretary say where its projected profits are likely to come from in the years 2020/21?

The Speaker –

The Honourable Chief Secretary?

The Hon. Susan O’Bey –

Again, it would be very much in following with the projections that are in the report, however, the profit would be largely down to local revenues generated through the food and beverage element and also there’s a list of tourist numbers.

The Speaker –

The Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –

Can the Honourable Chief Secretary clarify who is the owner of the report?

The Speaker –

Honourable Chief Secretary?

The Hon. Susan O’Bey –

Thank you, Mr Speaker. Yes, I can clarify, the report is owned by the St Helena Government.

The Speaker –

Any other Member wish to ask any questions? Next question, please? Oh, sorry, the Honourable Cruyff Buckley?

The Hon. Cruyff Buckley –

Thank you, Mr Speaker. Can the Honourable Chief Secretary say what was the cost of this consultancy?

The Speaker –

Honourable Chief Secretary?

The Hon. Susan O’Bey –

My understanding, Mr Speaker, is that it’s in the region of £35k, however, I can confirm this, I will send a confirmation to all members.

The Speaker –

Thank you very much indeed. Councillor Leo?

The Hon. Cyril Leo –

Thank you, Mr Speaker. Can the Chief Secretary say that whilst she didn’t say that all elected members won’t be have access to the report?

The Speaker –

Honourable Chief Secretary?

The Hon. Susan O’Bey –

Thank you, Mr Speaker. No, I did not say that, what I did say is that at this stage it is not the intention for the report to be disseminated to the public.

The Hon. Cyril Leo –

Thank you.



The Speaker –

Any other Member wishes to speak? Next question, please?

***Question No. 3 – The Honourable Kylie Hercules to ask the Honourable Attorney General.***

The Speaker –

The Honourable Kylie Hercules?

The Hon. Kylie Hercules –

Thank you, Mr Speaker. Will the Honourable Attorney General tell this Council what legal protection exists for rights of employees in the private sector?

The Speaker –

The Honourable Attorney General?

The Hon. Andrew Radley –

Thank you, Mr Speaker, I thank the Honourable Member for her question. The principle rights afforded to employee protection in St Helena apply to both private employees as well as public employees. They are enshrined in the Employment Rights Ordinance of 2010. For the benefit of this House, I shall summarise those .....?.....

The first is that an employer must pay to the employee at least a minimum wage. The same minimum wage increase which was announced in December 2018 will come into effect on Monday, 3<sup>rd</sup> April 2019. The minimum wage will increase from £3.05 to £3.13 for all employees having attained the age of eighteen and an increase of £2.10 to £2.18 per hour for young people having attained the age of sixteen and seventeen years. From the 1<sup>st</sup> April therefore businesses must ensure that the remuneration they pay is equated under the new minimum wage rates.

The second protection ordered under this Ordinance is that an employer must provide an employee with a written statement or contract of employment. This must be done within two months after the beginning of their employment.

The next protection under the Employment Rights Ordinance is the right not to suffer unauthorised deductions. An employer must not make a deduction from any remuneration paid to an employee, unless that deduction is required or authorised by various statutory provisions or whether it is authorised under an employee's contract.

The next provision under the Ordinance is a right to equal pay for female employees and an employer must not remunerate any female employee at a rate which is lower than the rate at which a male employee in a similar position and with equal skills and experience is, or would be, remunerated. The Employment Rights Ordinance also contains protection with regards to working hours and leave periods, for example, except for the provision of emergency services and essential public services, no person may be compelled to perform work or services on a Sunday or on any public holiday. There are minimum paid annual leave periods of up to five days per annum and up to five days paid sick leave. The employees .....?.....less than twelve months during any annual leave cycle the number of days ....?.....above there must be apportioned accordingly.

An important role under the Employment Rights Ordinance is the right not to be unfairly dismissed. An employee has the right not to be unfairly dismissed by his or her employer. This is in addition to any claim for wrongful dismissal that that employee may otherwise have and I'll touch on wrongful dismissal further shortly. The right to not be unfairly dismissed can

only apply to an employee who has been continuously employed by an employer for a period of at least twelve months ending on the effective date of termination.

The Labour Regulatory Authority was established by the statute in order to provide the necessary form for disputes and provide protection for employees.

In St Helena we also have the Employees Compensation Ordinance 1946, this gives compensation payments if personal injury is caused to an employee by accident .....?..... or in the course of his or her employment and the employer can.....?.....circumstances therefore is liable to pay compensation in accordance with the terms of that Ordinance.

If death is occasioned to an employee by virtue of their employment there is also a compensation requirement to be paid to the dependants of the deceased.

In addition to those two local St Helena Ordinances, there are aspects of the English Common Law that are also applied in St Helena by virtue of the English Law (Application) Ordinance 2005 and specifically with regard to employee protections they have the right to not be in breach of contract, .....?..... and also incorporate .....?.....dismissal if .....?.....by virtue of the English Law.

It is also to be noted that although we have no explicit discrimination Ordinances or .....?.....disability Ordinances .....?.....employees .....?.....their employment, the Constitution of St Helena, Ascension and Tristan also provide fundamental rights and freedoms of the individual in Part II. These include protection from discrimination and as I'm sure the House will be aware of all of the relevant provisions that are .....?.....under the Constitution apply to all employees .....?.....

I'm also aware that the Social and Community Development Committee has approved further changes which will enhance employee protection. These are not yet in place as law, but are scheduled to be given legislative priority within the next year. There's the statutory maternity allowance provided by employers which will provide an allowance of at least fourteen weeks of paid leave and also a statutory paternity allowance which is to be provided by all employers which will give an allowance of at least two weeks paternity paid leave.

After twenty-six weeks of service the employee would be entitled to paid .....?.....statutory leave period representing one hundred percent of their salary. Between zero and twenty-six weeks of an employee's service maternity and paternity paid provided by the employer should be at least an amount based on their salary adjusted on the .....?.....basic service.....?.....

The employee's length of service would not affect the amount of statutory leave ....?.....allowed, there's fourteen weeks maternity leave and two weeks paternity leave. And paternity leave allowance should be allowed to be transferable between parents. Thank you.

The Speaker –

The Honourable Kylie Hercules?

The Hon. Kylie Hercules –

Thank you, Mr Speaker and thank you, Attorney General, for your response. Can you say if the Ordinance provides for public holidays to be paid?

The Speaker –

Honourable Attorney General?

The Hon. Andrew Radley –

The Ordinance does provide that no employee unless on an essential public service or in the case of otherwise contracted can be compelled to work either on a Sunday or for any public holidays, but that is a protection under the laws.

The Speaker –  
Honourable Kylie Hercules?

The Hon. Kylie Hercules –  
Can the Attorney General say if the Ordinance provides protection for persons working who is private sector in terms of pensions to be paid on services finished?

The Speaker –  
The Honourable Attorney General?

The Hon. Andrew Radley –  
The Ordinance does not provide for any pension requirements or .....?.....to employees in the private sector.

The Speaker –  
Thank you. The Honourable Kylie Hercules?

The Hon. Kylie Hercules –  
Thank you, Mr Speaker. Can the Honourable Attorney General say what is the remit, what is the maximum number of hours of work per day?

The Speaker –  
The Honourable Attorney General?

The Hon. Andrew Radley –  
I do not believe the Employment Rights Ordinance gives a maximum number of hours to be worked in the day.

The Speaker –  
The Honourable Kylie Hercules?

The Hon. Kylie Hercules –  
Thank you. Is there any other means that is signed up to which provides that there's a limit on the maximum number of hours per day?

The Speaker –  
Honourable Attorney General?

The Hon. Andrew Radley –  
Not that I'm immediately aware of, but I would just prefer to check whilst I have relevant paperwork in front of me, I can come to you on another occasion if that's alright for the Honourable Member?

The Speaker –  
Thank you, Honourable Attorney General. The Honourable Kylie Hercules?

The Hon. Kylie Hercules –  
Thank you, Mr Speaker. Can the Honourable AG, Attorney General, say if persons who are crew of fishing vessels are protected under this Ordinance?

The Speaker –

The Honourable Attorney General?

The Hon. Andrew Radley –

Thank you, Mr Speaker. If the relevant persons on board the vessel were employed under contracts of employment .....?.....St Helena businesses in any capacity then, yes, they would therefore be protected under the Ordinance.

The Speaker –

Thank you. The Honourable Kylie Hercules?

The Hon. Kylie Hercules –

Can the Honourable Attorney General say if small businesses have the same protections under this Ordinance as those of large businesses?

The Speaker –

Honourable Attorney General?

The Hon. Andrew Radley –

Thank you, Mr Speaker. The protections afforded to employees under the Ordinance applies to all employees in St Helena irrespective of the size of business.

The Speaker –

The Honourable Kylie Hercules?

The Hon. Kylie Hercules –

Thank you, Mr Speaker. Can the Honourable Attorney General say if there are any redundancy arrangements set out in this Ordinance?

The Speaker –

The Honourable Attorney General?

The Hon. Andrew Radley –

Thank you, Mr Speaker. I'm not aware of any redundancy rights under the Ordinance, but maybe I would just need to have a check with my paperwork that I'm not .....?.....

The Speaker –

The Honourable Kylie Hercules?

The Hon. Kylie Hercules –

Thank you, Mr Speaker. Can the Honourable Attorney General say what protection is there for employees who have been unfairly dismissed and have not been in employment for the twelve-month period?

The Speaker –

The Honourable Attorney General?

The Hon. Andrew Radley –

Thank you, Mr Speaker. Under the Ordinance those employees would not qualify for protection against unfair dismissal if they have not been employed for a period of twelve

months. ....?.....against an employer, employees ....?.....circumstances against the contractual terms ...?... to see whether ...?.....breach of contract.....?.....claim for wrongful dismissal.

The Speaker –

The Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –

Can the Honourable Attorney General say if there are any legal requirements regarding how compliance with this Ordinance is monitored?

The Speaker –

The Honourable Attorney General?

The Hon. Andrew Radley –

I am not aware of any provisions ....?.....provisions of this Ordinance are monitored, however, we, of course, do have a forum for complaints under the Ordinance which is the Labour Regulating Authority, this is obviously the forum by which any ....?.....employees can take their grievance or complaints, but I'm not aware of any active monitoring as to whether or not employee/employer ....?..... are enforced or not.

The Speaker –

The Honourable Kylie Hercules?

The Hon. Kylie Hercules –

Thank you, Mr Speaker. Can the Honourable Attorney General say how the Labour Regulating Authority promotes and protects the rights of employees on St Helena?

The Speaker –

The Honourable Attorney General?

The Hon. Andrew Radley –

Thank you, Mr Speaker. I'm not able to give any confirmation as to how the Labour Regulating Authority ....?.....its business.

The Speaker –

Any other questions? Next question, please?

***Question No. 4 – The Honourable Dr Corinda Essex to ask the Honourable Chief Secretary.***

The Speaker –

The Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –

Thank you, Mr Speaker. Will the Honourable Chief Secretary tell this Council what are the respective roles and responsibilities of the French Government, St Helena Government and Napoleonic Foundation in respect of the management, upkeep and marketing of the French properties?

The Speaker –  
The Honourable Chief Secretary?

The Hon. Susan O’Bey –

Mr Speaker, I would like to thank the Honourable Member for her question. There are currently four properties on the island with significant links to Napoleon. These are Longwood House, Napoleon’s Tomb, the Briars Pavilion, which are all owned by the French Government; they’re collectively described as the French Properties, and Bertram’s Cottage which belongs to SHG and is administered by St Helena. The St Helena Tourism Office promotes the French properties as an integral part of the island’s tourism product. To allow for maintenance, development and promotion of the French properties, the French and St Helena Governments with the support of the Foundation Napoleon in Paris have established the St Helena Napoleonic Heritage Limited which on 14<sup>th</sup> October 2015 took over the administration of the properties going forward. To this end St Helena Napoleonic Heritage Limited has been incorporated under the St Helena Companies Ordinance and was granted charity status in 2016. The Directors of this Company are currently – Honorary French Consul and Director of French Properties, Michel ..?. Martineau, representing the French Government, Financial Secretary, Dax Richards, representing SHG and Director of the Foundation Napoleon, **Teri Lens**, together with local representative Pamela Young, representing the Foundation Napoleon on the island. The French Government under this agreement is continuing to provide all major funding for the running costs and staff costs in relation to the properties maintenance and this is, as an example, for 2019 the subsidies granted by the French Government towards the maintenance of its properties are €169.502k which is broken down as in €67,722 for maintenance services and utilities and €101,780 for the wages of all employees. The St Helena Government’s contribution goes towards the security of the properties, that is fire and theft and the organisation of tours and tour guides. Foundation Napoleon is the key player in sourcing funding for projects in relation to the Napoleonic heritage and are the driving force and funder behind the recent restoration including in the General’s apartments. The tripartite convention on the management of the French properties of St Helena between the French Minister of Foreign Affairs and International Development, the Government of St Helena and the Foundation Napoleon was entered into in 2015. The specific purpose of the convention between the French Minister of Foreign Affairs and International Development and the St Helena Napoleonic Heritage Limited on the provision of management of the national properties of St Helena is to provide to the St Helena Napoleonic Heritage Limited properties and assets to facilitate the conservation and maintain the St Helena French National Properties create the conditions for professional and sustainable management of the national properties as places of remembrance, as a Museum and as tourist attractions to ensure the long-term stability of the organisation of the properties and to enable self-financing for minor investment needs and everyday ....?.... The process of ....?..... managed by the St Helena Napoleonic Heritage Limited are – Longwood House, Napoleon’s Tomb, Briars Pavilion, including its outbuildings and gardens. The convention also covers all of the collections presented to the French Properties of St Helena. The duration of the ....?.....convention is nine years commencing on 1<sup>st</sup> January 2016.

The Speaker –  
Thank you very much.

The Hon. Susan O’Bey –  
Thank you.

The Speaker –

The Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –

Will the Honourable Chief Secretary state what was the monetary value of St Helena Government's contributions for the last fiscal year?

The Speaker –

The Honourable Chief Secretary?

The Hon. Susan O'Bey –

I am informed that St Helena Government contributed just under £2,000k.

The Speaker –

The Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –

Will the Honourable Chief Secretary clarify the relationship between the role of St Helena Government and those of the Tourist Office and Enterprise St Helena pertaining to the French Properties?

The Speaker –

Honourable Chief Secretary?

The Hon. Susan O'Bey –

Thank you, Mr Speaker. Yes, the Tourist Office and Enterprise St Helena has for the last number of years prior to convention needs signed always funded the tour guide arrangements for the Longwood properties and they continue to do this and this is allocated out of the Enterprise St Helena budget. I am unable, sorry, to say at this point exactly what that sum is, but if the Honourable Member would like me to find out I can certainly do that.

The Speaker –

The Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –

Will the Honourable Chief Secretary inform this House as to what financial audit measures are in place for the funding that has been pulled together through the convention?

The Speaker –

The Honourable Chief Secretary?

The Hon. Susan O'Bey –

My understanding is that at this point in time there is no direct ExCo scrutiny of the funding that is allocated to St Helena Napoleonic Heritage Limited.

The Speaker –

The Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –

As that company has registered in St Helena audited accounts should be available, is that not correct?

The Speaker –

The Honourable Chief Secretary?

The Hon. Susan O’Bey –

My understanding is that that is not necessarily correct, Mr Speaker.

The Speaker –

The Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –

Is it not correct that all locally registered companies have to present audited accounts?

The Speaker –

Honourable Chief Secretary?

The Hon. Susan O’Bey –

They need to present accounts, but they don’t have to be audited, Mr Speaker.

The Speaker –

The Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –

Are the accounts of this company then available for public scrutiny?

The Speaker –

The Honourable Chief Secretary?

The Hon. Susan O’Bey –

Thank you, Mr Speaker. I can certainly pass this on to the Board to see whether the Board will discuss, but given that the majority of the funding is actually from the French Government then I’m sure will need to assess that and find out and I can come back to you .....?.....

The Speaker –

The Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –

Will the Honourable Chief Secretary explain with which entity or entities does responsibility for the maintenance of all parts of the French Properties lie?

The Speaker –

The Honourable Chief Secretary?

The Hon. Susan O’Bey –

The maintenance of all the properties lies with the St Helena Hotel Development Limited as currently outsourced to an additional, sorry, apologies, the St Helena Napoleonic Heritage Limited as outsourced to an external company.



The Speaker –  
The Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –  
Will the Honourable Chief Secretary, in the interest of openness and transparency, state what company that is?

The Speaker –  
The Honourable Chief Secretary?

The Hon. Susan O’Bey –  
It’s a local company known as, and I have to, it’s BSPB, it’s Briars Events and Services ...?... Limited.

The Speaker –  
The Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –  
Will the Honourable Chief Secretary state if the same entity is responsible for the provision of amenities usually associated with tourism sites?

The Speaker –  
The Honourable Chief Secretary?

The Hon. Susan O’Bey –  
I am informed, Mr Speaker, that, no, that is not the case.

The Speaker –  
The Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –  
Can the Honourable Chief Secretary then please clarify what entity is responsible for the provision of amenities normally associated with key tourism sites?

The Speaker –  
Honourable Chief Secretary?

The Hon. Susan O’Bey –  
Can I ask the Honourable Dr Corinda Essex if she could explain that this is in reference to the French Properties or general tourism sites?

The Speaker –  
The Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –  
If I can just deviate from more questions and rise on a point of clarification?

The Speaker –  
Alright.

The Hon. Dr Corinda Essex –

The Honourable Chief Secretary said that the entity, the company is not responsible for the provision of amenities at the French Properties so I am now asking what entity is responsible for provision of the amenities generally at key tourism related sites?

The Speaker –

The Honourable Chief Secretary?

The Hon. Susan O’Bey –

I can only speak in relation to the Napoleonic properties and I would say that the provision of amenities in relation to the Napoleonic properties is St Helena Napoleonic Heritage Limited.

The Hon. Dr Corinda Essex –

Thank you.

The Speaker –

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

7.

## MOTIONS

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

### THE INCOME TAX (AMENDMENT) BILL, 2019

The Speaker –

The Honourable Financial Secretary?

The Hon. Dax Richards –

Thank you, Mr Speaker. Mr Speaker, I beg to move that the Income Tax (Amendment) Bill, 2019 be approved in principle and referred to a Committee of the whole Council.

The Speaker –

Do we have a seconder, please?

The Hon. Dax Richards –

I’ve got a little more to say. I formally confirm that this Bill is presented on the recommendation of the Governor in accordance with section 72(3) of the Constitution and also confirm that I have her authority to proceed.

The Speaker –

Do we have a seconder, please?

The Hon. Susan O’Bey –

Mr Speaker, I beg to second.

The Speaker –

You can now speak to the Bill.

The Hon. Dax Richards –

Thank you, Mr Speaker. Mr Speaker, the Income Tax (Amendment) Bill, 2019 supports the goals as set out in the Sustainable Economic Development Plan 2018 and the Ten Year Plan an overall altogether wealthier community. The Bill introduces low corporation and self-employment tax rates for businesses that operate in specific sectors outlined in the SEDP, primary .....sectors that support exports and reduces reliance on imports. The new rates will see corporation tax reduced from 25% to 15% for self-employed and Income Tax rates will reduce from 26% to 21% for incomes between £7,000 and £25,000 and from 31% to 26% for incomes over £25,000 applicable to those businesses operating in the following sectors: the sectors include – exportation of goods and services which are bought and used ....?....., fishing and fish processing, cultivation of honey, growing and roasting of local coffee, farming and butchering of meat, farming of vegetables, legumes, nuts, fruit or the processing of locally grown produce, distilling or brewing of liquor, wine or beer, production of traditional craft works or jewellery using predominantly locally sourced inputs, like recycled, grown or those items that are mined on St Helena and for the production of upholstery and clothing. The Bill will bring to an end the investment tax credit scheme from 1<sup>st</sup> April 2019 and new arrangements for the introduction of a replacement approved investment scheme which will operate under the provisions of the Customs and Excise Ordinance and the recently approved Regulations for bringing these new schemes into force .....?.....from 1<sup>st</sup> April 2019. The Bill allows for the introduction of a new ...?....aid scheme for the island to incentivise the charitable giving to all organisations who have charitable aims. This scheme will see the tax paid by individuals given back by SHG to the individual and the organisation receiving the donation. Individuals will receive such percent of the amount donated capped at £2,000 per annum and organisations will receive 25% of the amount donated capped at £5,000 per annum. The Bill also allows for modernisation of the Ordinance. The current Ordinance requires all assets costing more than £100 and with a useful life of more than one year to be accounted for on a recognised separate ...?... by the organisation. In this modern age, this threshold is far too low and therefore the proposed amendments will see this threshold increase to £1,000. Mr Speaker, this is one of five proposals that we are proposing from ....?.... this year to facilitate a more vibrant private sector. There was a period of targeted consultation with the business community which included the Chamber of Commerce and as a result there have been some minor changes to the draft legislation and I would like to extend my thanks to those who took part, who took the time to engage and contribute to the consultation process. I do hope that the business community will welcome these changes and take full advantage of them. I look forward, Mr Speaker, to the support of Members and I beg to move.

The Speaker –

Thank you very much indeed. Honourable Members, I put the question that the Income Tax (amendment) Bill, 2019 be approved in principle and referred to a Committee of the whole Council. Honourable Members, the question is now open for debate. The Honourable Brian Isaac?

The Hon. Brian Isaac –

Mr Speaker, I rise in support of this Motion as it has many benefits for our private sector. Only this morning we were talking about the reduction of ....?..... ....?.... which we are a long way from excluding at the moment, but the new Bill a lot of benefits for the private industry and I give my full support to it. Thank you, Mr Speaker.

The Speaker –

The Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –

Thank you, Mr Speaker, as President of the St Helena Chamber of Commerce I could not do otherwise but support this Bill, it is a ray of hope for the private sector. It does indicate St Helena Government is listening to its needs and valuing its contribution to our economy, albeit in a very modest way, it is a step in the right direction and for that it is welcome.

It is disappointing, however, that it's not all businesses that are actually making use of primary local products and preventing increased imports in the long term that are designated eligible businesses and here, in particular, I am referring to those who operate quarries, produce aggregate and stone for local building projects and, indeed, make blocks and other ancillary articles that are also used within the construction industry in particular. I will be very much happier if the provisions included all businesses that are making use of primary products and not relying heavily on imports and, in fact, those that are contributing to reducing the island's reliance on imports, but, as I've said, this is a step in the right direction and I guess, like Johnny Cash, we've probably got to do it one piece at a time. Thank you.

The Speaker –

Thank you, Honourable Member. The Honourable Lawson Henry?

The Hon. Lawson Henry –

Thank you, Mr Speaker, I, too, rise in support of this Bill and will give it my full support. As the Honourable Mover has said the business community have been consulted on this and as I was part of one part of that consultation I know to the listener there has been changes as a result of that, so I fully support it and hope that the rest of the House will too. Thank you.

The Speaker –

Thank you, Honourable Member. Any other Honourable Member wishes to speak? The Honourable Russell Yon?

The Hon. Russell Yon –

Mr Speaker, I rise in support of the Income Tax (Amendment) Bill 2019. The amendments will provide for a reduced tax rate on self-employment, trade and/or business income so it will support the local production for goods produced locally and exported. This, itself, will hopefully enhance the growth of the private sector and to enable economic development, creating Customs duty relief on importation of capital business assets and an increase in the depreciation allowance on assets used in a prospective trade will encourage growers to benefit from the service they provide to our fledgling and developing economy. The introduction of a new provision for gift aid will also encourage those who afford to support organisations to give more freely knowing that both the donor and the recipient organisation will be allowed a tax deduction. These are a few areas of how SHG has considered the self-employed traders and businesses together with donors and organisations and can act as a motivation for other private sectors. Thank you.

The Speaker –

Thank you very much, Councillor Yon. The Honourable Tony Green?

The Hon. Anthony Green –

Thank you, Mr Speaker. I support the principles of this Bill and the fact that it gives support to the various businesses. I also feel that this is a good starting point to eventually look at using the trade deficit. I think it is a sensible change with regard to the use of assets in the trade for

the valuation from £100 to £1000 and I also support the idea of the gift aid proposal for donors. Mr Speaker, I support the principles of the Bill.

The Speaker –

Thank you very much indeed. The Honourable Derek Thomas?

The Hon. Derek Thomas –

Mr Speaker, I rise in support of this Bill, the Income Tax (Amendment) Bill, 2019. This Bill is designed in support of the recently approved Investment Policy and Investment Strategy, it also supports the achievements of the goals as set out in the Sustainable Economic Development Plan. The Bill makes provision for individuals to make cash donations to organisations known as Gift Aid. In such cases, as a form of incentive, such individuals will be able to claim a tax credit on a proportion of their donation. This will add support to organisations who are striving to develop. This Bill will also be attractive to local businesses whereas at present assets costing less than £100 are eligible for immediate cost of deduction, this will now be increased up to £1000. The Bill also makes provision for a new, reduced Income Tax rate on self-employment on the exportation of goods and services, fishing and farming and the cultivation of local production which includes honey and coffee and when it comes to coffee I suggest we apply some caution here. Mr Speaker, Honourable Members, you will be aware in last week's Independent there was a letter from our coffee producers, our four coffee producers. They believe we have one of the best coffee on island and they expressed concern over a recent article, which I haven't had the time to check, that was published in the Sentinel in February 2019, this year. They raised concern about that article which has caused some concern and I suggest that this be revisited because obviously these coffee providers are very upset as a result of what was published and here we are trying to develop our coffee in this ....?.... I won't quote the letter, it's there, but I will ask that further work be done to see what was published in the Sentinel which has led to upsetting these coffee producers and work with these coffee producers, because obviously coffee is one of the industries we want to develop, so we need to work with these four coffee producers, we do export coffee and that is an area which may lead us, rebuild our economy, we want to grow and develop, so we need to have these people on-board, but I know that the Chairman of Economic Development Committee, possibly the Chairman of the Environmental and Natural Resources Committee will be addressing this issue I hope to see what was the upsetting article in the Sentinel, which has led to this letter in the paper and work with these people, they are looking for some form of response, I briefly met one of the producers over the weekend, so there's some work to be done there. I will end, Mr Speaker, by expressing thanks to the Tax Working Group and the Economic Development Committee for bringing these proposals forward in a sensible and balanced way, taking into account the state of our economy and support of our national strategic goals, so I give my full support to this Bill. Thank you.

The Speaker –

Thank you very much. The Honourable Cruyff Buckley?

The Hon. Cruyff Buckley –

Thank you, Mr Speaker, I rise in support of this Bill as Deputy Chair of the Economic Development Committee and I won't elaborate what Members already alluded to, but I will say I hope they use this as a springboard to encourage the local community to private production, mainly coffee, honey and also our local fishing, Mr Speaker. Thank you very much.

The Speaker –

Thank you. Any other Members wish to speak? Okay, the Honourable Mover, you may reply to the debate.

The Hon. Dax Richards –

Thank you, Mr Speaker. I'd like to thank those members who rose in support of the Bill. I just wanted to come back on two points, a question raised by Councillor Essex. Yes, in an ideal world we would like to support every business, however, there are financial realities that we have in terms of in showing that we protect the revenue streams with SHG. In addition, however, also that specific sector that you mentioned it was felt that this time there are a number of entrants already in that market and to encourage further entrances into that market it's probably not the best use of resources that we have available to SHG. However, we will keep that under review for years to come. In terms of Councillor Thomas's intervention, yes, we are aware of the article Councillor Thomas. As you say, the Chair of the Economic Development Committee and also the Chair of ENRD have agreed to a combined meeting to meet with coffee producers in the not too distant future to go through the draft response which has been prepared to that article and hopefully this will be resolved sooner rather than later. Mr Speaker, there's nothing more. I would like to thank members for their support again and move on to the Committee stage. Thank you.

The Speaker –

Honourable Members, I put the question that the Income Tax (Amendment) Bill, 2019 be approved in principle and referred to a Committee of the whole Council.

Question put and agreed to.

The Hon. Dax Richards –

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

The Speaker –

Do we have a seconder?

The Hon. Susan O'Bey –

Mr Speaker, I beg to second.

The Speaker –

Thank you. Honourable Members, I put the question that the Council do resolve itself into a Committee to consider the detailed provisions of the Bill.

Question put and agreed to.

### **Council in Committee.**

The Hon. Dax Richards –

Mr Chair, is it possible that I can invite the Deputy Financial Secretary and the Government Economist to the table?

The Chairman –

Yes, by all means.

The Chairman –

Members, I put the question that the Title, Enacting Clause and Clause 1 do stand part of the Bill. Members are invited to ....?..... The Honourable Financial Secretary?

The Hon. Dax Richards –

Mr Chairman, what we propose to do if it is alright with you is for the benefit of the listening public the Deputy Financial Secretary will actually give an explanation also on the clauses and we can take questions following those.

The Chairman –

Okay, alright.

Mr Nicholas Yon (Deputy Financial Secretary) –

Thank you, Mr Chair. So in terms of the first Clause, this provides the title of the amendment to the legislation which is the Income Tax Ordinance 2019, it also provides the changes should come into effect from 1<sup>st</sup> April 2019 and this is the start of the new tax year, so any changes resulting from this amended Ordinance will not affect the tax liability for a personal body for the 18/19 tax year, but will affect 19/20 tax year and tax liability.

The Speaker –

Honourable Members wish to speak?

Title, Enacting Clause and Clause 1.

Question put and agreed to.

The Chairman –

I move on to Clause 2.

Mr Nicholas Yon –

Thank you, Mr Chair. So this Clause provides that within the current definition of the depreciable asset that instead of being valued at £100 that ....*inaudible*)..purposes in tax that this should change from £100 to £1000, so this means that any moveable property with a value less than £1000 can be written off in the year and pass as expenditure and moveable property valued at more than £1000 would be capitalized and depreciated over a set period of time. This is seen as a positive step forward for businesses, particularly small businesses where from a tax point of view they have the ability to reduce that profit for tax purposes earlier rather than having that asset capitalized so there might be instances where a business might have a higher threshold for capitalization but in this case, for the purposes of tax, we're recommending this £1000 increase from £100.

The Chairman –

Any Honourable Member wishes to speak?

Clause 2.

Question put and agreed to.

The Chairman –

We can move on to Clause 3 – Investment Tax Credit.

Mr Nicholas Yon –

Thank you. So this Clause effectively closes the investment tax credit scheme where previously .....?.....percent of the cost of the depreciable asset when it is acquired or imported into the island or is newly constructed in St Helena, 15% of that cost is given as a tax credit on the tax payable or chargeable and we've recognised that this scheme no longer achieves the outcomes as it was intended to achieve or wasn't being sustainable and so last year you will remember we implemented a £30,000 cap on that tax credit and this new scheme is to say that there are other provisions that we'll talk about later in ....?.....determining the income tax, then there was also a reference by the Financial Secretary earlier around the Customs, changes have been proposed, but here what the Clause is saying is that any asset that is acquired or constructed from 1<sup>st</sup> April 2019 will no longer have the investment tax credit applied. Any asset purchased before that period of time that meets the criteria will still apply, so any date from 31<sup>st</sup> March '19 back investment tax credit will apply, but any asset from 1<sup>st</sup> April '19 will no longer apply.

The Hon. Dax Richards –

If I can just add to that, Mr Chairman, so for those people who already have claims under the investment tax credit scheme they will continue to be able to apply for future ....?.....time that the benefits that they had accrued for that investments have been .....?.....against their tax liabilities.

The Chairman –

Thank you very much. Honourable Members wish to speak?

Clause 3 – Investment Tax Credit.

Question put and agreed to.

The Chairman –

I put the question that Clause 4, Gift Aid, do stand part of the Bill.

Mr Nicholas Yon –

Thank you. So, in terms of this Clause, it establishes the new scheme for Gift Aid that was mentioned earlier. The purpose of this new scheme is to incentivise and encourage charitable giving within the community for donations over £500. The first part of the clause clarifies the terminology to be used within the scheme and it defines a “donation” in relation to Gift Aid Scheme as, sort of, at no strings attached, no conditions attached transfer of funds, so it's actually been paid and when eligible donation means accumulative donation over £500 in a year to the same organisation, so it doesn't apply if you made smaller donations to a variety of different organisations, but still the £500 for one organisation. Eligible organisation is defined as an organisation that is exempt from income tax under Regulation 3(c) of the Income Tax Regulations and that is that it must be a registered charity under the Charities Ordinance 2005 or any other organisation that is accepted by the Commissioner as having a purpose which is charitable within the definition of that Ordinance and it also requires that the organisations registered with the Commissioner for Gift Aid.



The Chairman –

Honourable Members, any member wishes to speak to Clause 4? The Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –

Thank you, Mr Chairman. The wording in Clause (d) under 11 A(1) is ambiguous. It says “has no benefits associated with the gift, or if any benefits are associated with the gift, it is of negligible value;” and that is incorrect in terms of .....?....., because it’s not clear whether it’s the benefit will be fixed if it is of negligible value at the end of that sentence. It’s a pity that the Honourable Acting Attorney General isn’t here, but he’s come in right on cue. Thank you, Honourable Acting Attorney General. We’re just looking at Clause 11A sub clause (1) in Gift Aid and we’re looking at sub clause (d) because I contend that it should either read “or if any benefit is associated with the gift, it is of negligible value” or alternatively it should read “or any benefits are associated with the gift, these are of negligible value”.

The Hon. Andrew Radley (Acting Attorney General) –

I would concur with the Honourable Member.

The Hon. Dr Corinda Essex –

So I guess I’ll have to propose an amendment then. So, Acting Attorney General, I bow to you as to which of the alternatives is the one that more suits the actual purpose of the clause. I would suggest that it’s probably best to delete the ‘s’ in ‘benefits’ and change ‘are’ to ‘is’ and then it would read “if any benefit is associated with the gift it is of negligible value”.

The Hon. Andrew Radley –

So if you were to carry on the clause will read “and has no benefit associated with the gift it is of negligible value”.

The Hon. Dr Corinda Essex –

Yes.

The Hon. Andrew Radley –

Yes. Are you okay with that?

The Chairman –

Can I have the wording to that please?

The Hon. Dr Corinda Essex –

Can you read it please, Honourable Attorney General?

The Hon. Andrew Radley –

The clause (d) will read “has no benefit associated with it.....

The Chairman –

With the gift?

The Hon. Andrew Radley –

It’s Clause (d).

The Chairman –  
With the?

The Hon. Dax Richards –  
With the gift.

The Hon. Andrew Radley –  
Yes, “has no benefit associated with the gift it is of negligible value”.

The Chairman –  
.....?.....deleted?

The Hon. Andrew Radley –  
Deleting “or if any benefits are associated with the gift”.

The Hon. Dr Corinda Essex –  
I was not proposing to interfere, but this is still unclear.

The Hon. Dax Richards –  
I understand, yes. So tell us, .....?.....

The Hon. Dr Corinda Essex –  
My issue is, first part’s fine, “has no benefits associated with the gift”, that’s fine, but as it reads now it says “or if any benefits are associated with the gift it is of negligible value” and that does not make it clear whether the benefits are of negligible value or the gift is of negligible value, that’s why.....

The Hon. Dax Richards –  
It should be benefits.

The Hon. Dr Corinda Essex –  
That’s why I’m proposing that the amendment should be “or if any benefit is associated with the gift it is of negligible value”.

The Hon. Dax Richards –  
Yes, I understand, do you want to change the word “are” to “is”?

The Hon. Dr Corinda Essex –  
Yes, take the ‘s’ off benefits.

The Hon. Dax Richards –  
Yes, I see.

The Hon. Dr Corinda Essex –  
If any benefit is associated with the gift it is of negligible value.

The Hon. Andrew Radley –  
It probably .....?.....

The Hon. Dr Corinda Essex –

I'd rather clarify it here than have hours of argument in the Court one day down the line.

The Chairman –

Just for my benefit can we read it through again, please?

The Hon. Dax Richards –

So the proposal I think from the Honourable Member is that Clause (d) should now read “has no benefits associated with the gift or if any benefit is associated with the gift it is of negligible value”.

The Hon. Dr Corinda Essex –

That's correct. So basically, deleting the 's' of benefits and changing “are” to “is”.

The Chairman –

Okay. Is there a seconder to the amendment?

The Hon. Gavin Ellick –

I beg to second.

The Chairman –

Thank you very much. Honourable Members, you may speak to the amendment if you wish?

The Hon. Dax Richards –

Mr Chair, can I ask if we could just go through the rest in terms of explanation, there is ...?....in Clause 4, it actually incorporates the whole of the Gift Aid Scheme.

The Chairman –

Okay.

Mr Nicholas Yon –

Thank you. So sub clauses (2) and (4), (2) to (4) details how the scheme will work with the charitable organisations itself, so the organisation can claim in essence 25% of the donation made to them, but it cannot be more than £5000 or more than the amount of tax the donor paid from that amount, whichever is the lesser and it requires the organisation to register with the Commissioner of Gift Aid before the end of the tax year to submit a gift aid declaration by the donor on the approved form and this is important as it means it is a clear auditable trail of the donation and then SHG is clear about the level of gift aid before the end of the tax year. And then sub clauses (5) to (7) details how the scheme will work for the donor and a tax credit allowed a taxable chargeable, a tax chargeable for an individual who makes a donation of £500 or more to a charitable organisation of 10% of that amount and it must be limited to the lesser of £2,000 or the amount of tax so chargeable. And then it is, this is important as it does .....?.....SHG an unknown exposure, so overall that amount of donation would be tax neutral is what the whole scheme is trying to achieve. The credit can be claimed by submitting a declaration form by the tax return for the tax year and it also provides for the same donation cannot be claimed both the tax credit under this scheme to the individual and also as an allowable expense of their business so it's a safeguard to stop the double ...?.... And then finally it just provides that any gift paid should be paid from the Consolidated Fund and this is because the original tax that would have been paid by the taxpayer would have been paid from the Consolidated Fund. Okay?

The Chairman –

Any member wishes to speak to the sub clauses?

Clause 4 (as amended) –

Question put and agreed to.

The Chairman –

I put the question that Clause 5 do stand part of the Bill.

Mr Nicholas Yon –

Thank you. So this Clause basically amends the provision for allowable expenses and costs for businesses. It currently allows utensils or articles costing less than £100 to be included as expenses, but now it provides that this should be £1,000 and having a useful life of less than a year. This clause now increases the amount to £1,000 and (b), part (b) further adds to that provision by including acquisition of movable property or structural improvement to immovable property which costs less than £1,000 but has a useful life of more than one year should also be given as an expense. So, as an example, this could be the purchase of, example, a small generator for the business which could cost £900 but has a useful life of more than one year, so under the current provisions this would be regarded as an asset and be written off over five years, but now this new provision basically means that they can immediately expense that amount.

The Chairman –

Could I just ask for clarification? On Clause 2 you've got the heading as Depreciable Asset and on Clause 5 you've got Depreciable Assets, is that a typeover or.....?

The Hon. Dax Richards –

One is the definition of depreciable asset and the other one is the title of the Clause which is Depreciable assets.

The Chairman –

Okay, fine, thank you. Any member wishes to speak on Clause 5?

Clause 5.

Question put and agreed to.

The Chairman –

I put the question that Clause 6 – Rates of Tax do stand part of the Bill. The Honourable Deputy Financial Secretary?

Mr Nicholas Yon –

Thank you. This Clause provides for the new scheme to support implementation of the Sustainable Economic Development Plan by reducing tax rates for and to incentivise businesses exporting goods or services and business substitute imports and this first part, this first subsection provides that chargeable income other than capital gains or dividends or income in respect of, in this particular scheme, should continue to be taxed at 25% for a company in the 26 and 31% business other than a company, so it basically says that, the new rates, that if

this isn't part of the export business or import substitution part of the business then the old rates would still apply, it makes that provision.

The next part introduces the new category under tax rates as part of the new scheme, the chargeable income has ...?....after expenses of that particular part of the business that is under the following sectors, so includes exportation of goods and services, fishing and fish processing, cultivation of honey, growing and roasting of local coffee, farming and butchering of meat, farming of vegetables, legumes, nuts or fruit or the processing locally grown produce, distilling or brewing of liquor, wine or beer, production of traditional craftwork or jewellery using predominantly locally sourced inputs, that is recycled, grown or mined in St Helena and the production of upholstery or clothing, that these particular sectors should benefit from this new scheme and the reduced rates. The other chargeable income of the business not in relation to these particular sectors will be taxed at the old rates as said before. The new rates for the eligible part of the business will be 15% for a company and 21% for the first £18,000 and 26% for above for businesses other than a company and this applies, this only applies to businesses involved in primary production, it does not apply to secondary handling, example, retail, so, for example, if someone retails local honey other than the person who's producing that honey the scheme won't apply to them. And then finally, this final sub clause provides some rules around the scheme and how it should be implemented, so the first rule is in terms of how to attribute shared costs, so you will know that in the business you will have the part of the business that is eligible under the scheme, part of the business that isn't, so if there's a cost, for example, rent, that can be attributable in part to you and part to the business, what this rule says is that that cost, like I said, example rent, should be apportioned to each part of the business based on the level of income that each part of the business has. So, for example, if the rent is £1,000 and the income from the export part of the business is 60% then £600 goes to the eligible part of the business and the other £400 goes to main part or the other part of that business.

And then the next rule is basically around how the personal allowance is allocated, so the rule is that the personal allowance should apply to the ineligible part of the business first and this gives the greatest benefit to the business, it gives the personal allowance for chargeable income a higher rate of tax first, thereby reducing the tax payable, plus you have the added benefit of the lower rate on the eligible part of the business, so the way the scheme is set up it provides the most benefits to the taxpayer, the most tax benefits to the taxpayer.

And finally the last rule provides that there is only one threshold per £18,000 before higher rates charge so when calculating tax if the income from the eligible part of the business is greater than £18,000 and charged at the lower rate of tax any tax under the other part of the business will automatically apply to the higher rate of 31% and that's because there can't be two thresholds of £18,000, but again, it provides the greater benefit to the taxpayer.

The Chairman –

Yes, the Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –

Just on a point of clarification primarily for listeners, can you give us an example of what you mean by exportation of goods and services in this context?

Mrs Nicole Shamier (Government Economist) -

Thank you for your question. So the exportation of goods and services are the services that are essentially produced here and sold to the people who are buying goods or services, receiving ....?.....export.

The Chairman –

The Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –

Can you again clarify whether the person who is actually carrying out the exportation would qualify, because they're exporting local goods or will they not qualify although they are, if you like, handling goods that have been made on island and the person who has actually made those goods would be the person who would benefit from the tax benefit?

Mrs Nicole Shamier (Government Economist) - Thank you again for the question. The Ordinance says that .....?.....is that .....?.....benefit to those who actually produced it.....?.....services, so the handlers involved would not be able to benefit from .....?.....but those who actually.....?.....are the ones who benefit.

The Hon. Dr Corinda Essex –

So if we just go back to the wording again in (e) in respect of the taxpayer's chargeable income attributable to self-employment, trade or business income taxable under Chapter IV and which is derived from the primary production by the taxpayer of goods or services in the course of carrying on – and then the first item is 'exportation of goods and services'.

Mrs Nicole Shamier (Government Economist) –

And in (c) just before the points and exportation of goods and services it clarifies that the business income tax should be derived from the primary production for exportation of goods and services, so that's just to clarify that it's not a primary production ....?.....say the handling, retail or management of the exportation of goods and services.

The Hon. Dr Corinda Essex –

But what sort of service could be exported?

Mrs Nicole Shamier (Government Economist) -

So when we were looking at that we were particularly thinking of, for example, the digital sector, thereby there might be a service of, say, video editing or photograph production, shopping that is produced here and is provided which isn't necessarily .....?.....

The Hon. Dr Corinda Essex –

Okay, thank you, because otherwise I can see the public will have a lot of questions on that issue.

The Chairman –

Any other questions, Members?

Clause 6 – Rates of Tax. –

Question put and agreed to.

**Council Resumed.**

The Speaker –

The Honourable Mover wish to report?

The Hon. Dax Richards –

Mr Speaker, I beg to report that the Income Tax (Amendment) Bill, 2019, passed the Committee with one amendment and to move that this Council approves the said Bill and recommends to the Governor that it should be enacted.

The Speaker –

Do we have a seconder, please?

The Hon. Susan O’Bey –

Mr Speaker, I beg to second.

The Speaker –

Honourable Mover, you may wish to speak to the Motion?

The Hon. Dax Richards –

Mr Speaker, I would just like to thank the Honourable Members for their support during the Committee stage and also the questions from Councillor Essex for clarification for the public. Thank you.

The Speaker –

Honourable Members, I put the question that this Council approves the Income Tax (Amendment) Bill, 2019, as amended, and recommends to the Governor that it should be enacted. Members are invited to speak? You may respond, Honourable Mover?

The Hon. Dax Richards –

No, thank you, Mr Speaker.

Question that Council approves the Income Tax (Amendment) Bill, 2019, as amended, and recommends to the Governor that it should be enacted, put and agreed to.

The Speaker –

Thank you. Next item of business, please?

***Motion No. 2 – The Honourable Financial Secretary.***

### **THE PROPERTY TAX BILL, 2019**

The Speaker –

The Honourable Financial Secretary?

The Hon. Dax Richards –

Mr Speaker, I beg to move that the Property Tax Bill, 2019 be approved in principle and referred to a Committee of the whole Council.

The Speaker –

Do we have a seconder, please?

The Hon. Dax Richards –  
Mr Speaker....?....

The Speaker –  
Oh.

The Hon. Dax Richards –  
Mr Speaker, I formally confirm that this Bill is presented on the recommendation of the Governor in accordance with section 73(2) of the Constitution and I also confirm I have the authority to proceed with the Bill.

The Speaker –  
Do we have a seconder, please?

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

The Speaker –  
Honourable Mover, you may wish to speak to the Motion?

The Hon. Dax Richards –  
Thank you, Mr Speaker. Mr Speaker, I beg to move that the Property Tax Bill, 2019 be approved in principle and referred to a Committee of the whole Council. Mr Speaker, the Property Tax Bill, 2019, will see the introduction of a property tax on empty commercial properties only. The policy intention behind the Bill is to encourage better utilisation of our commercial properties as it stimulates supply of buildings to those businesses in need. The proposal will see a tax imposed on commercial properties depending on the size of the building if left vacant for more than 270 days in any financial year. It is proposed for a tax of £5.00 per day for buildings with a floor area of up to 90m<sup>2</sup> and £10.00 per day for properties with a floor area of over 90m<sup>2</sup>. The proposed Bill will require persons who own commercial properties on St Helena to keep necessary records for the period of when the commercial property is empty. To avoid any interpretation issues the definition of ‘commercial properties’ are related to a number of .....?..... of use of buildings as set out in the Land Planning and Development Control General Regulations 2013. There are a number of exemptions from the closed property tax and we will highlight these in more detail when we consider the detailed provisions of the Bill. There are also a number of penalties for non-compliance and likewise we will also discuss this during Committee stage of the Bill. Mr Speaker, this proposal is one of five proposals which has been taken forward as part of the tax reforms for 2019 and was the subject of targeted consultation with the business community, including the Chamber of Commerce. There were a few changes as a result of feedback on the consultation process and I would like to thank all those who participated. Mr Speaker, the new taxes are not generally welcomed, but we hope this tax will help to change behaviours and to stimulate some supply of buildings which are being underutilised. The maximum liability for any organisation who chooses not to fully utilise a building and prefer to pay the tax will be £475 for a building up to 90m<sup>2</sup> and £950 for a building over 90m<sup>2</sup>. The taxes generated will contribute to the cost of SHG continuing to serve the properties in terms of road access and coverage by emergency services. Mr Speaker, we’ll be happy to take any questions during the Committee stage and I look forward to the Members support for the Bill today. I beg to move. Thank you.



The Speaker –

Honourable Members, I put the question that the Property Tax Bill, 2019, be approved in principle and referred to a Committee of the whole Council and the question is now open for debate. The Honourable Derek Thomas?

The Hon. Derek Thomas –

Mr Speaker, I rise in support of this Bill, the Property Tax Bill, 2019. Mr Speaker, any tax rules should be fair and equitable. This Bill is designed to encourage property owners of commercial properties to put such properties into good use and not leave them standing, which is a good thing. When the Bill was first produced, concern was raised that it was not fair and equitable since the proposed chargeable rate applied to all buildings regardless of their size. Great concern was raised by Members and rightly so and now I'm pleased to see that we have two rates - £5 a day on buildings up to 90m<sup>2</sup> and £10.00 a day on buildings over 90m<sup>2</sup>. Mr Speaker, I give my support to this Bill.

The Speaker –

Thank you very much. The Honourable Tony Green?

The Hon. Anthony Green –

Thank you, Mr Speaker, I rise in support of the Bill and I also declare my interest.

The Speaker –

Thank you. Any other Member wishes to speak? The Honourable Lawson Henry?

The Hon. Lawson Henry –

Thank you, Mr Speaker, I, too, rise in support of this Bill. As the Honourable Mover mentioned, it is an attempt to change behaviour in the use of commercial property, it was consulted upon and as my Honourable Colleague to the right said one of the issues with the original one was the charging formula, but we've now changed that to two formulas, dealing with buildings by size, so I rise in support of this Bill. Thank you very much.

The Speaker –

Thank you very much, Honourable Member. The Honourable Russell Yon?

The Hon. Russell Yon –

Thank you, Mr Speaker. I rise in support of this Property Tax Bill, 2019. This tax is not implied to owners of commercial properties solely to gain revenue. In a time when St Helena is trying to grow its business portfolio many who would like to find properties from where they can operate are finding it difficult to do so. We do though have such properties for use that are vacant and yet require SHG infrastructure support from time to time which comes to a cost at St Helena Government. This should act as an incentive to the owners of these commercial properties now to either look at using the properties themselves or realising that income can be made from renting their properties to potential users. The fees to be incurred should such properties remain vacant over a 270 day period are at a rate laid out in a two-tier system and although it would be possible for some of the commercial property owners to afford these fees it will also encourage them to utilise their commercial properties. Mr Speaker, I support the Bill.

The Speaker –

Thank you very much. Any other Member wishes to speak? The Honourable Mover wishes to respond?

The Hon. Dax Richards –

Thank you, Mr Speaker. I'd just like to thank the Honourable Members who rise in support of the Motion and we will go through the details of the Bill in a second. Thank you, Mr Speaker.

The Speaker –

Thank you. Honourable Members, I put the question that the Property Tax Bill, 2019, be approved in principle and referred to a Committee of the whole Council.

Question put and agreed to.

The Hon. Dax Richards –

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

The Speaker –

Do we have a seconder, please?

The Hon. Susan O'Bey –

Mr Speaker, I beg to second.

The Speaker –

Thank you.

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

### **Council in Committee.**

The Hon. Dax Richards –

Mr Chairman, I would like to invite the Deputy Financial Secretary and also the Government Economist to the table.

The Chairman –

Alright. Members wish to take their jackets off, if it's hot?

Members –

Thank you, Mr Speaker.

The Hon. Dax Richards –

Mr Chairman, I propose to follow a similar format to what we did for the Income Tax (Amendment) Bill where we will give an introduction to each of the clauses and then welcome questions from Members.

The Chairman –

Okay. Honourable Members, I put the question that the Title, Enacting Clause and Clause 1 do stand part of the Bill.

Mr Nicholas Yon (Deputy Financial Secretary) –

Thank you. So this first clause provides for the Title to be called the Property Tax Ordinance 2019 and for the Ordinance to come into force on 1<sup>st</sup> April 2019 which is the beginning of the new tax year.

The Chairman –

Thank you. Any Honourable Members wish to speak?

Title, Enacting Clause and Clause 1.

Question put and agreed to.

The Chairman –

I put the question that Clause 2 do stand part of the Bill.

Mr Nicholas Yon –

Thank you. This is the Interpretation section and it gives the following definitions in the application of this Ordinance so “building” means any structure on property which has sufficient facilities required for the purpose of carrying on a business.

“Collector” for this tax means the Commissioner of Income Tax appointed under section 3 of the Income Tax Ordinance.

“Commercial property” this defines which types of property refer to commercial so it says any property falling within any of the following classes of use of land and buildings as set out in Schedule 1 to the Land Planning and Development Control General Regulations, 2013: so Class A1: Shops, Class A2: Financial and professional services, Class A3: Restaurants and cafes, Class A4: Drinking establishments, Class A5: Hot food takeaways, Class B1: Business, storage and distribution, Class B2: General industrial and Class C1: Hotels. Then it says that this also ensures that property tax only applies to these types of property and any change to this will require a change in legislation going forward.

The “owner”, in relation to property, means the proprietor with absolute title of that property registered under the Registered Land Ordinance, 1980.

in the reference to the owner, such persons are to be treated jointly and severally;

And the “vacancy period” which we’ll come on to a little later and see how it’s applied, the “vacancy period” means the period of 270 days or such proportionate period as determined in accordance with section 4(4), as the case may be; and “year” in reference under this Ordinance refers to the financial year for the tax year commencing on 1 April in any year and ending on 31 March of the following year.

The Chairman –

Any Honourable Member wishes to speak to Clause 2?

Clause 2.

Question put and agreed to.

The Chairman –

I put the question that Clause 3 do stand part of the Bill.

Mr Nicholas Yon –

Thank you. So Clause 3 basically says that this Ordinance and the property tax does not apply to any property owned by the Crown, owned by SHG.

The Chairman –

The Honourable Brian Isaac?

The Hon. Brian Isaac –

Mr Speaker, can I ask why this doesn't affect Crown properties?

The Hon. Dax Richards –

You can't tax....., the Government wouldn't want to tax itself.

The Hon. Brian Isaac –

It doesn't seem, I understand exactly what you say, but it doesn't, I understand what you say, but it doesn't seem a level playing field, it's such a small economy out there.

The Hon. Dax Richards –

So in terms of equality aspects, you know, to make the point about the use of Government buildings, so we are also ....?.....to that and you'll hear that today in the Budget Speech around all that we plan in terms of ensuring that ....?.....value.....of SHG buildings as well. Thank you.

The Chairman –

The Honourable Anthony Green?

The Hon. Anthony Green –

Just a thought, Mr Speaker, if the Bank owns a building and the Government owns the Bank, how would that be seen?

The Hon. Dax Richards –

So they have to do a ....?.....title that is liable for the Bank of St Helena and so they would be liable to the tax.

The Chairman –

The Honourable Anthony Green?

The Hon. Anthony Green –

Just ask the Honourable Attorney General if he could add anything further?

The Hon. Andrew Radley –

I beg your pardon?

The Hon. Anthony Green –

I'm just wondering if I need to be thinking any further, I'm just looking at the channel on ownership where Government owns the Bank and the Bank owns property in relation to Clause 3. The explanation has been given that the property like the Bank is owned by the

Bank and the Bank is owned by Government. My query was because the Bank is owned by Government does it mean that the Bank, as it's owned by Government, therefore would the building therefore be owned by government?

The Hon. Andrew Radley –

Yeah, I don't believe it makes a difference. The buildings are freehold title in the Bank and it's the Bank that will be taxable ....?.....

The Chairman –

The Honourable Brian Isaac?

The Hon. Brian Isaac –

Mr Speaker, can I ask in the case of Solomon's as Government is the bigger shareholder, how will that affect them?

The Hon. Dax Richards –

The principle is the same as the Bank, the freehold lies with Solomon's so they will have the tax like everyone else.

The Chairman –

Any other Member wishes to speak on Clause 3?

Clause 3.

Question put and agreed to.

The Chairman –

I put the question then that Clause 4 do stand part of the Bill.

Mr Nicholas Yon –

Thank you. So this clause provides the criteria for a chargeable building for property tax and if a building is vacant for more than the 270 days in total during the year it is regarded as vacant for those days, if it is not occupied or used for the purpose of actively conducting a business. In the case of commercial property classified as storage, if less than 25% of the floor space is used then this is classified as vacant and in the case of a hotel, if it is deemed to be actively conducting a business, if the rooms are being advertised at market rates relevant to the condition it serves as provided, so those are the basis on which you determine a chargeable building and it also provides the 270 days can be apportioned to the owner's own property if either the property being acquired or disposed of by the owner during the year or the development permission being granted in that year for any material change to the use of that property. So, for example, if I were to sell a property to someone else you can apportion the vacancy days between the two different ownerships, so basically that's what that provision allows.

The Chairman –

Any member wishes to speak? The Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –

Can I clarify the definition of 'hotel'?

The Hon. Andrew Radley –

I believe that the definition of hotel related to Class C1 for the Land Planning Development Control Regulations and you'll be able to look at the definition of commercial property in Clause 2.

The Hon. Dr Corinda Essex –

I'm aware of that, but what I'm seeking clarification on is whether that includes just businesses that are registered as hotels or businesses, for example, that are providing bed and breakfast accommodation and guest houses?

Mrs Nicole Shamier (Government Economist) -

It's saying each building is provided with .....(inaudible).....  
 .....so, for example, if you have a dwelling and .....property.....and  
 you use it as a bed and breakfast also.....tax.....dwelling.....

The Hon. Dr Corinda Essex –

Yes, but if it is not a dwelling, so it is a building that potentially is providing paid accommodation like a hotel, but it's not actually registered as a hotel, is that going to be included or not on the same terms as a hotel?

The Hon. Andrew Radley –

I would need to consult the Land Planning Ordinance, which I don't have in front of me at the moment, I'm afraid.

The Hon. Dax Richards –

Mr Chairman, may I suggest a very short break which will allow us to be able to answer the question, unless the AG has it?

The Hon. Andrew Radley –

So under the Land Planning Ordinance, Class C1 is defined if used as a hotel or as a boarding or guest house where in each case a ....?.....significant element of care is provided.

The Hon. Dr Corinda Essex –

Okay, thank you very much. Thank you for that, Sir.

The Chairman –

The Honourable Brian Isaac, yes?

The Hon. Brian Isaac –

Mr Speaker, can I ask for the benefit of the listening public how will these assessments be carried out to see if they're occupied, unoccupied, number of days, who will carry that assessment out?

Mr Nicholas Yon –

So in the first instance we're relying on compliance from property owners, so like we do with our Income Tax someone is required to do a self-assessment so it will apply here as well, so we rely on the person to make the submission to the Commissioner and pay the relevant amount of tax. We then as part of our tax audit work then check those and we make, sort of, investigations after the ....?.... part of that process, but initially it's based on the self-assessment process which would .....?.....

The Hon. Dax Richards –

And they will be working alongside the Property Division of SHG as well in terms of the tax payment to be able to monitor it.

The Chairman –

Sorry, Honourable Members, I'd just like to say that Anthea isn't feeling well so she's going out for some fresh air. Carol, could you check to see if she's alright? She's alright. Okay, thank you.

Any more questions then on Clause 4? The Honourable Russell Yon?

The Hon. Russell Yon –

Thank you. Could I just ask for clarification, please? Clause 4 (1) 270 days in total during the relevant year, have we defined it as financial or calendar year?

The Hon. Dax Richards –

Financial year.

The Hon. Russell Yon –

Thank you.

Mr Nicholas Yon –

And the year is provided in the definition of it as well.

The Hon. Russell Yon –

Thank you.

The Chairman –

Any further questions, Honourable Members?

Clause 4.

Question put and agreed to.

The Chairman –

I put the question then that Clause 5 do stand part of the Bill.

Mr Nicholas Yon –

Thank you. So this Clause basically provides that a property tax shall apply for every day within a tax year after the vacancy period of 270 days has passed for the proportionate number of days and that the rate should be £5 per day for buildings up to 90m<sup>2</sup> and £10.00 per day for buildings over 90m<sup>2</sup>. It also allows that tax payable, property tax payable is recoverable from the owner of the property and that any outstanding debt can be registered as a charge on that property under the Registered Land Ordinance.

The Chairman –

Are there any questions then on Clause 5? The Honourable Anthony Green?

The Hon. Anthony Green –

May I just clarify, Clause 5 talks about property tax on all chargeable vacant buildings and the definition there under and it talks about commercial properties, not chargeable buildings.

The Hon. Andrew Radley –

The definition of chargeable building as used in Clause 4 relates back to those ....?.....commercial property as defined in the Interpretation section.

The Hon. Anthony Green –

Yes, Mr Speaker, but I'm just saying that there's no definition of chargeable buildings, there's only a definition of commercial property.

Mr Nicholas Yon –

So under 4(1) which we talked about earlier, it says a chargeable building means any building that constitutes commercial property and is vacant for more than 270 days.

The Hon. Anthony Green –

Thanks.

The Chairman –

Any other Member wishes to speak? The Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –

How will the tax actually be payable, at the end of the tax year or by instalments or what?

The Hon. Dax Richards –

So it will be all payable at the end of the tax year after being submitted to annual assessment.

Mr Nicholas Yon –

There's a provision afterwards which will come on to that.

The Chairman –

The Honourable Derek Thomas?

The Hon. Derek Thomas –

Thank you, Mr Chairman. Can I ask who would monitor this to see that the right amount of payable per day at the right amount is being charged?

The Hon. Dax Richards –

The Tax Office, the Tax Office.

The Chairman –

The Honourable Derek Thomas?

The Hon. Derek Thomas –

How would the Tax Office establish the correct dates?



The Hon. Dax Richards –

It's based on a self-assessment as the Deputy Financial Secretary outlined before, so they are required to make a self-assessment under the .....?.....

The Chairman –

The Honourable Brian Isaac?

The Hon. Brian Isaac –

Mr Speaker, for clarification for the public, so I'm building a guest house and it's not occupied for 270 days, then will be liable for this tax charge?

Mr Nicholas Yon –

It would depend on the er.....it would depend on, that I mentioned earlier about chargeable buildings, I mentioned about if it's classified as C1, so basically if the rooms were advertised and it's advertised at market related rates then that is considered to be actively conducting a business, so in that case those days won't apply.

The Hon. Brian Isaac –

Those rates won't apply, they will apply?

Mr Nicholas Yon –

No, those days won't apply for the tax because of being actively conducting a business, by advertising at commercial rates for a hotel or guest house.

The Hon. Brian Isaac –

Thank you, Mr Speaker.

The Chairman –

The Honourable Cruyff Buckley?

The Hon. Cruyff Buckley –

Thank you, Mr Chair. In terms of actually measuring these buildings to determine that they're over 90m<sup>2</sup>, who actually performs this test?

The Hon. Dax Richards –

So currently the, when you have to register your building as part of the planning process those measurement are already taken as part of that process, so they're already registered with the Property Division.

The Hon. Cruyff Buckley –

Thank you, Mr Speaker.

The Chairman –

Any other Honourable Member wishes to speak?

Clause 5.

Question put and agreed to.

The Chairman –

I put the question that Clause 6 do stand part of the Bill.

Mr Nicholas Yon –

Okay, so this section provides the exemptions so this clause provides the grounds under which the property tax does not apply for a particular day. So (a) while under renovation or construction with valid planning permission, for a period up to 2 years after planning permission was granted, or such longer period as the Collector may approve; while the occupant is receiving medical care; or due to the death of the occupant within the last 6 months; or for a period of up to 3 months from the date of the grant of probate in the case of inherited property; or for a period of up to 6 months while being advertised for public sale; or in the case where a receiver is appointed to administer the assets of the owner or occupier, for a period of 6 months from the date the receiver is so appointed. And it then also provides that if a property is not fit for use for the purpose of carrying on a business then it is exempt for a period of two years from the date of this Ordinance.

The Chairman –

Any Member wishes to speak? Honourable Cruyff Buckley?

The Hon. Cruyff Buckley –

Thank you, Mr Chairman. In the event of a property being advertised for sale, exceeding six months, it cannot be sold for whatever reason, what provision is there for **covering**?

The Hon. Dax Richards –

So at the moment they would have to pay the tax that is in addition to that 270 if the building isn't .....?.....for more than 270 days beyond that then the tax would be payable.

The Chairman –

The Honourable Dr Corinda Essex?

The Hon. Dr Corinda Essex –

I'm referring to the same clause that my Colleague has just mentioned. It says 'for a period up to six months while being advertised for public sale', why only public sale and not rental, because if we're going to be equitable then both should be taken into account, because it's while advertising that the place is vacant and they're seeking expressions of interest to rent or to buy, I feel the same provisions should apply to both?

Mrs Nicole Shamier (Government Economist) –

There may be a loophole that's created with removal of the timeframe, for example, if I were to own a commercial property and put it out for rent or even for sale and the price that I asked for being very, very inflated, I would then be able to be exempt from .....?.....so I think we were very careful as to what we were allowing.....?.....

The Hon. Dr Corinda Essex –

But that, with all due respect, could equally apply to sale or rent, so I do not see why sale and rent cannot be treated on the same footing.

The Hon. Dax Richards –

Are you proposing an amendment then, Councillor Essex?

The Hon. Dr Corinda Essex –

In the absence of a better explanation, yes, I will propose an amendment.

The Chairman –

Can we get the wording for your amendment, please?

The Hon. Dr Corinda Essex –

And the amendment is, ‘ for a period of up to six months while being advertised publicly for sale or rent’.

The Chairman –

Can you repeat that, please?

The Hon. Dr Corinda Essex –

The changes are to the last words, so it would say “while being advertised”, delete “for” “publicly for sale or rent”.

The Chairman –

Do we have a seconder for the proposal, please?

The Hon. Dax Richards –

I beg to second.

The Chairman –

Thank you very much. Honourable Members, it’s been proposed and seconded that Clause 6 (e) should read “for a period of up to six months while being advertised publicly for sale or rent. Any Member wish to speak?

Honourable Member (?) –

I put myself in the Chair and I support this amendment. Thank you.

The Chairman –

Any other Member wishes to speak? Then I put the question that Clause 6, as amended, do stand part of the Bill.

Question put and agreed to.

The Chairman –

I put the question now that Clause 7 do stand part of the Bill.

Mr Nicholas Yon –

Thank you. So this Clause then gives the detail and process by which the tax assessment is made, so this provides that the owner of the property, not the tenant, the owner of the property must submit a return to the Commissioner in the prescribed form before the 1<sup>st</sup> June of the following year on the number of vacancy days and whether any exemptions should apply and also make payment of any tax due.

The Chairman –

Any member wishes..... The Honourable Anthony Green?

The Hon. Anthony Green –

I do apologise and hope my gut feeling is right, Mr Speaker, but I think we've put to the vote the amendment, but it still means that the Clause hasn't been put to the vote.

The Chairman –

Oh, sorry. I moved that the Clause, as amended? Yes. I thought I put that clause, as amended?

The Hon. Dax Richards –

....?.....Mr Chairman, is that actually approve the amendment first.

The Chairman –

Ah, I'm sorry, okay, I do beg your pardon. Right, I put the question then that Clause 6, sub clause (1)(e) should read "for a period of up to six months while being advertised publicly for sale or rent". I put the question now that the amendment be approved.

Question on amendment, put and agreed to.

Clause 6 (as amended)

Question put and agreed to.

The Chairman –

Okay, we're into Clause 7. Any member wishes to speak to Clause 7?

Clause 7.

Question put and agreed to.

The Chairman –

I put the question then that Clause 8 do stand part of the Bill.

The Hon. Derek Thomas –

Mr Chairman, for the benefit of the listening public I thought that the Assistant Financial Secretary was talking through the clause to explain what it is about, we got the listening public here.

The Chairman –

He already did that.

The Hon. Derek Thomas –

What, Clause 8?

The Chairman –

No, 7.

The Hon. Derek Thomas –

....?.....saying Clause 8 now.

The Chairman –

No, I said I put the question that Clause 8 do stand part of the Bill and now the if the Deputy Financial Secretary .....

Mr Nicholas Yon –

Thank you. So this clause simply provides that records must be kept of the vacancy period applicable to the property and one of the questions earlier around how do we check vacancy period for exemption, so this is basically saying that the owner of the property must keep those records so as to how that vacancy period is calculated and this is important for the tax assessment and tax audit purposes and the document, for example, could include tenancy document or contracts or decision notices, for example, so make sure that evidence is available should we be required to investigate or audit those numbers.

The Chairman –

Do any Honourable Members wish to speak?

Clause 8.

Question put and agreed to.

The Chairman –

I put the question that Clause 9 do stand part of the Bill.

Mr Nicholas Yon –

Thank you. So this Clause, as with the Income Tax Ordinance, provides that where the owner of the property fails to submit a return or submits a return that does not reflect the correct number of days or makes claims for exemption that are incorrect that the Collector believes shouldn't apply, the Collector can issue an assessment in respect of the estimated number of days of properties vacant and charge the tax. That's very similar to the process that we use for the Income Tax Ordinance as well.

The Chairman –

Any Honourable Member wishes to speak?

Clause 9.

Question put and agreed to.

The Chairman –

I put the question then that Clause 10 do stand part of the Bill.

Mr Nicholas Yon –

Thank you. This section deals with administrative penalties and it basically mirrors the provisions of the administrative penalties under the Income Tax Ordinance, so there's an administrative penalty of £100 plus £10 for each complete month that the return or statement remains outstanding and if any amount of property tax is not paid by the due date prescribed then penalty must be made to the amount of tax at a rate of 10% of that tax outstanding on the due date and then 1% per month of the amount of tax that remains outstanding. If a person makes a statement to the Collector that is false or misleading or omits from the statement a material particular then the tax liability of that person on the basis of that statement omission

is less than would have been if the statement wasn't false or misleading and the person is liable if it was knowingly or recklessly done to a penalty equal to 75% of that tax shortfall; any other cases, the penalty equals 20% of the tax shortfall. The penalties under this section are due and payable without formal assessment but before it can be taken via the Court the Collector must first issue a written demand for payment and allowed 21 days for that payment of the penalty. And that basically mirrors again the Income Tax Ordinance and if a penalty remains unpaid after the time allowed for payment, after the written demand is issued, then amount is recoverable as similar to the unpaid property tax and the Collector may remit part or all of the penalty imposed under this section if the Collector is satisfied that the person's failure to submit a return or pay tax was due to a cause beyond the person's control or because it is considered reasonable to do so or the person who made the statement or omission did not know and could not reasonably be expected to know the statement or omission was false or misleading in a material particular, so that last part in sub clause 6 just allows the element of consideration by the Collector in terms of dealing with circumstances that led to the person not submitting a return or not paying the tax.

The Chairman –

Any Honourable Member wishes to speak to Clause 10?

Clause 10.

Question put and agreed to.

The Chairman –

I put the question then that Clause 11 do stand part of the Bill.

Mr Nicholas Yon –

Thank you. So this clause allows that a person who is aggrieved by a decision of the Collector under section 9, which is the assessment by the Collector for failing to submit a return and the Collector makes his own assessment, that they can appeal to the Magistrates Court of that decision. It also allows that they can appeal against a decision under 10 (6) as well, which is where the Collector has that level of discretion about the person's ability to submit a return to, so it basically provides an appeal process to the Magistrates Court of those decisions.

The Chairman –

Any Member wishes to speak to Clause 11?

Clause 11.

Question put and agreed to.

The Chairman –

I put the question that Clause 12 – Offences, do stand part of the Bill.

Mr Nicholas Yon –

Clause 12 deals with offences and it makes clear that it is an offence if you fail to submit a return or submit a return knowing it to be false or incorrect and the maximum penalty is a fine of £500 or imprisonment of twelve months or both.

The Chairman –

Any Member wish to speak? The Honourable Gavin Ellick?

The Hon. Gavin Ellick –

I'd like to say that the fines, that's bit high or what, £500? I'd would see like £100 or three months.

The Hon. Dax Richards –

So this is consistent with the same type of fines and offences that is outlined in the Income Tax Ordinance.

The Hon. Dr Corinda Essex –

Is it not correct that this is the maximum?

The Hon. Dax Richards –

Yes.

The Chairman –

Okay, anyone else wishes to speak?

Clause 12.

Question put and agreed to.

The Chairman –

I put the question that Clause 13 – Liability in case of body corporate, do stand part of the Bill.

Mr Nicholas Yon –

Thank you. So this final clause provides that if an offence is committed by a body corporate or a company and it is proved to have been committed with the consent of the director, manager or secretary of the company then that person as well as the company commits an offence, so it provides not just for the person themselves in terms of the offence but also individuals within a company. And it also provides that an unincorporated body of persons if it had to be a body corporate would have committed an offence if that person committing the offence is liable and could be prosecuted.

The Chairman –

Any Member wishes to speak?

Clause 13.

Question put and agreed to.

**Council Resumed.**

The Speaker –

Okay, Honourable Members, we are out of Committee stage now. Honourable Mover?

The Hon. Dax Richards –

Mr Speaker, I beg to report that the Property Tax Bill, 2019, passed the Committee with one amendment and to move that this Council approves the said Bill and recommends to the Governor that it should be enacted.

The Speaker –

Do we have a seconder, please?

The Hon. Susan O’Bey –

Mr Speaker, I beg to second.

The Speaker –

The Honourable Mover, you may wish to speak to the Motion?

The Hon. Dax Richards –

Thank you, Mr Speaker. I would just like to thank the Honourable Members for their support during the Committee stage.

The Speaker –

Thank you. Honourable Members, I put the question that this Council approves the Property Tax Bill, 2019, as amended, and recommends to the Governor that it should be enacted. Any Member wishes to speak? You may respond?

I put the question that this Council approves the Property Tax Bill, 2019, as amended, and recommends to the Governor that it should be enacted.

Question put and agreed to.

**Council Suspended.**

**Council Resumed.**

The Speaker –

Good afternoon, Honourable Members and welcome back to continued debate this afternoon. Can I ask the Secretary to announce the next item of business, please?

***Motion No. 3 – The Honourable Financial Secretary***

### **THE APPROPRIATION BILL, 2019**

The Speaker –

The Honourable Financial Secretary?

The Hon. Dax Richards –

Mr Speaker, I beg to move that the Appropriation Bill, 2019, be approved in principle and referred to a Committee of the whole Council. I formally confirm that this Bill is presented on the recommendation of the Governor in accordance with Section 73(2) of the Constitution and just to also advise I have a Certificate of Urgency given that the ten-day normal period was not able to be achieved and also I have authority to proceed.



The Speaker –

Thank you very much indeed. Do we have a seconder, please?

The Hon. Susan O’Bey –

Mr Speaker, I beg to second.

The Speaker –

The Honourable Mover wishes to speak?

The Hon. Dax Richards –

Thank you, Mr Speaker.

Mr Speaker, I beg to present a Bill for an Ordinance - The Appropriation Bill, 2019 to provide for services for the financial year 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020.

Mr Speaker, for the past two consecutive years it has been necessary for Members to endorse a rollover budget, but today I’m afforded great pleasure in presenting a balanced budget prior to the commencement of the new Financial Year 2019/20.

Mr Speaker, for the past two Budget Speeches I have said that the Island has experienced difficult times, this next budget period will continue to be a challenging but exciting period for the Island. We have all seen the uncertainty that Brexit has created across the globe but particularly for those in the UK and for the UK Overseas Territories. The implications from Brexit are yet to be fully understood for St Helena, be it a deal or no deal scenario, however it is pleasing to note that amongst all of that we continue to be supported by Her Majesty’s Government with the settlement that we have received.

For an Island in the middle of the South Atlantic with less than 5,000 people we are certainly punching above our weight and we have achieved a lot during these challenging times. We are leading the way in a number of areas such as our environmental programmes and the ‘green’ agenda, in particular our Energy Strategy where we hope to be generating electricity through 100% renewable energy sources by 2022.

We recently held our second environmental conference here on the Island which was a great success and a credit to all involved. Our thanks are extended to all those who made it possible. We hope that such conferences will become regular events in our annual calendar.

Mr Speaker, some of the key highlights for the current year include:

Starting the implementation of the Digital Strategy which will provide St Helena with a fibre optic cable, we took receipt of 10 million Euros from the 1st Tranche of the EDF 11 programme.

Expansion of the air service with the announcement of the second flight for 2019/20 including a period of flights originating from Cape Town.

The successful creation of St Helena Airport Limited who have taken over the operations at the Airport after the termination of the Design, Build, Operate and Hand back contract with Basil Read.

Open-ended certification of the Airport from ASSI.

Successful 1st year of commercial air services, with a small profit on the service.

55 tour operators now promoting St Helena, 21 of which have sent tourists to the Island already. Visitor numbers are significantly up compared with the RMS service and in line with what was expected from the first year of commercial air services.

St Helena is now more self-sustaining in egg production, through the introduction of 1000 day-old chicks which arrived by air and there’s more on the way.

An increase in the number of SHG staff achieving qualifications across the Public service, including four Nurses and fifteen teaching staff achieving internationally recognised

qualifications – our congratulations are extended to all those who have worked hard on top of their normal day job to excel in their fields.

Successful localisation of six TC posts with 14 more identified in our succession plans.

We have 12 students in university studies.

There is a new inclusion unit in Education which will cater for students with additional needs. Expansion of the Community College which is now offering 196 courses, including many IT courses to help become ‘cable ready’, 532 students are registered and there are 868 course registrations.

We have 20 NVQ and 29 VRQ students studying, of which 19 have been certified.

The implementation of the new Marriage Ordinance and the first same sex marriage on St Helena.

We hosted a successful regional environmental conference, development of the St Helena Research Institute and a significant amount of research and conservation efforts by partners, including the Tuna Tagging programme and Whale Shark research.

We have had 24 knee and four hip replacements undertaken locally last year saving SHG around £330,000.

We recently introduced a Chemotherapy service on-Island for the first time and we are running a progressive healthy lifestyle campaign focusing on both diet and exercise.

More support on offer to the private sector through a new business advisor based in Enterprise St Helena.

Establishment of a 24-hour emergency contact support centre.

Stronger good governance and rule of law, through new legislation and strategies to promote investment, convictions by juries, and more specialist training for police officers.

Continuous training of emergency services staff, our sea rescue team was described by the trainer as ‘world class’. Mr Speaker, I could go on, but I think I’ve made the point that we continue to achieve good things for St Helena and its people even during these difficult times.

Mr Speaker, this year’s budget process was an improvement on the previous years, and I would like to thank everyone for their support in being able to present a balanced budget here today. This year’s funding envelope, conveyed formally by Her Majesty’s Government earlier this month, is for a one-year programme. We are grateful for the continued support of Her Majesty’s Government and we look forward to a continued improved relationship with Her Majesty’s Government going forward. More to come on this later.

Mr Speaker, I’m pleased to announce an increase in financial aid of £4.7 million for the 2019/20 financial year, £3.5 million of this relates to Airport operations which have been transferred to the recurrent budget from the Airport Project and an additional £1.2 million for frontline services. Similar to last year, agreement has been given for the inclusion of a ‘Call-down’ fund in the Financial Aid package of £1.5 million. We have agreement to increase the scope of what can be covered from the £1.5 million which now is expanded to include in addition to legal costs and litigation costs arising from historical cases, it’s also to support certain activities that are demand-led, such as the Health aero medical evacuations budget and the overseas medical treatment budget.

This settlement ensures that we can continue to support our frontline services, particularly during this period of uncertainty for the UK government.

Mr Speaker, the recent visit of two senior DFID and FCO officials was both positive and extremely encouraging. The discussions which were held can be described as a ‘watershed moment’ in our relationship with HMG, signalling a stronger and more equitable partnership between DFID, the FCO and SHG. We look forward to further discussions on improving relationships and working with HMG to secure a multi-year financial aid programme for St

Helena which will facilitate increased autonomy in our decision making thus creating greater certainty for the Island.

Turning now to the Economic Environment.

2018-19 saw the tailing off of the Airport construction project, and an increase in visitor numbers thanks to the commercial air service.

The first year of the air service exceeded operational and commercial expectation; sales of tickets in the first year were healthy and resulted in a small profit, which was shared between St Helena Government and SA Airlink. There were 3,831 arrivals and 3,818 departures by air in 2018, compared to 2,539 arrivals and 2,451 departures by the RMS in 2017 - more than a 50% increase. More than twice as many non-Saint tourists arrived by air, compared to the RMS in 2017 and more than twice as many Saints living overseas arrived for holiday purposes by air, compared to arrivals on the RMS in 2017. Continued marketing efforts, including the showcasing of St Helena through travel shows, videos, Television and radio programmes will help to spread the word about our beautiful and friendly Island to the rest of the world.

Looking back, DFID-funded infrastructure spending through the Airport Project and the previous Capital Programme has been a significant fiscal stimulus to the economy over a number of years. It produced a buoyant construction industry, increased the working age population, and allowed for a multiplier effect across the economy, causing increases in incomes and wealth.

The Airport has provided some opportunities, as visiting investors have been able to gain access to the Island and been attracted to do business here. In terms of local investment, there have been a number of restaurant, tourism and retail shop business start-ups, and new agricultural businesses coming on line. There have been recent inward investors developing projects in renewable energy, coffee and internet domain names. However, many investors are still waiting before investing further. The Basil Read business rescue which occurred in 2018 significantly affected attitudes amongst businesses on island.

Whilst we look back at the strong performance of the economy in 2015 during Airport construction thanks to fiscal stimulus, this year we are faced with the other side of the coin, particularly in the construction industry. Our Business Survey, conducted in November 2018, shows 44% of the 34 construction businesses suggesting that their demand is decreasing and that they intend to reduce staff.

This has had knock-on effects. St Helena's highest income earners and male workers experienced a small average decrease in income and the number of people and households receiving benefits increased over the last year. With a squeeze on some of the higher paid incomes, and more entrants into the sector, 48% of accommodation and food service businesses say they think demand is decreasing with only 24% saying that demand is increasing. Currently, in the construction and accommodation sectors the market has become saturated based on the level of demand on island at this time.

Other sectors, however, continue to be more positive, with 57% of service businesses saying demand is increasing. In each sector there are some opposing views, which shows that some more competitive businesses, who trade at lower prices and/or with a higher quality of product may be expanding their share of the market, leaving some less competitive businesses behind. The annual inflation rate for 2018 was 4.1%, measured using the Retail Price Index (RPI) which was slightly lower than last year's projection which was done in June of 4.4%.

Inflation is linked to the South African and UK Inflation. As prices in the UK increase resulting from a weaker pound, the prices in South Africa increase as a result of political and environmental shocks, St Helena's prices also increase.

In light of this, the St Helena Government continues to review the Minimum Wage and Income Related Benefits to ensure the lowest paid do not struggle with inflationary pressures.

The adult Minimum Wage increased to £3.05 per hour in July and will increase again to £3.13 per hour in April 2019. The Minimum wage for 16 and 17 year olds increased to £2.10 per hour in July and will increase to £2.18 per hour in April 2019.

The poverty level (as measured using the Minimum Income Standard, MIS in February 2019) is £90 a week for an adult (including housing rent) or £4,680 a year.

The Minimum Income Standard sets the basis for both the Income Related Benefits, (which is means tested), and the Basic Island Pension, which is based upon criteria pertaining to the number of years worked on St Helena. The number of recipients of the Basic Island Pension increased by more than 6% (one of the results of St Helena's aging population) from 698 in September 2017 to 741 in September 2018.

There were 4,630 people resident on St Helena in January 2019. 753 people left for overseas employment or emigration between November 2017 to October 2018 compared to 643 the year before and 654 the year before that. This is a key challenge for this government going forward, even losing a small number of families has a large impact on society, and work in 2019/20 to address this issue will be important. On the positive side, it is also noted that a large number of St Helenians are also returning; at the end of September 2018 the number of resident St Helenians was estimated to be 4,282, an increase of 228 compared to September 2017. The government intends to develop a Labour & Population Strategy to encourage more people to move to the Island and less to leave.

Median income from full-time employment in 2017/18 was £8,500 per year. This was less than 30% of the UK median wage equivalent. The median income was a drop in real terms of 0.7% compared to the previous year after accounting for inflation. The number of full-time employees eligible for tax, i.e. those that are above the £7,000 threshold, has increased from 943 in 2012/13 to 1,597 in 2017/18, largely as a result of the stimulus created by the Airport Project and the Capital Programme. The number of employees earning above the minimum wage has been steady for the last three years, at about 2,000. The percentage of the workforce now paying tax is over 60% compared with around 35% in 2011/12.

The lowest earners and female workers experienced a small average increase in income, largely as a result of the Minimum Wage being increased. Highest income earners and male workers experienced a small average decrease in income, largely as a result of the construction industry experiencing downturn.

The most critical statistic for St Helena's development at present is its trade balance, because it helps to signify whether St Helena is altogether wealthier compared to the previous years. In 2017/18 some £37.5m was transferred abroad through the Bank of St Helena, which includes paying for imports, and £16.8m was received. In 2017/18 St Helena imported £28.2m of goods, mostly from the UK, which was 27% and from South Africa, which was 65%; £8.9m of these goods, or 32% of the total imported, was for Airport-related project. In the last year before the Airport Project began, 2011/12, total imports were £13.0m, around £14m in today's prices.

Exports of goods totalled £0.32m in 2017/18, mostly fish at £0.29m and coffee. Tourism is also an export, expenditure of holiday visitors, Saints and non-Saints, in 2018 is estimated to be between £4-5m. Based on a small sample of visitors departing from the Airport, holiday visitors were estimated to have spent around £150 per day for tourists and £120 per day for overseas St Helenians visiting friends and family. The average visitor spend per cruise ship for last year is estimated to be £40.

In 2019-20, inflation is expected to be 4.3%. In 2020/21 inflation major expectation is 4.4%, in 2021/22 it's 4.3% and in 2022/23 is 4.2%. The prediction is quantified considering the live relationship between prices in St Helena, the UK and South Africa and the inflation expectations for both the UK and South Africa.

Mr Speaker, turning now to the 2018/19 outturn. The financial performance for 2018/19, the projected year-end position is an overall small deficit. This is largely due to small under

collections in local revenues, mainly on customs duty, corporation and self-employed taxes offset by over collection in other areas such as medical fees and domain registration fees. This coupled with under spending in some areas such as overseas medical evacuations and medical referrals, offset against some areas of additional spending, such as legal costs associated with Basil Read business rescue, means that there's an overall small projected deficit.

The projected opening balance on the general reserve of the Consolidated Fund as at the 31 March 2018 is £3.7m. This, coupled with a small projected deficit would result in a year-end balance on the general reserve of around £3.6m at the end of 2018/19. These are very provisional figures for the year-end balance and as we complete the annual financial statements for 2018/19 we will be able provide greater certainty over the level of funds available in the general reserve.

Turning now to revenues, Mr Speaker. In 2019/20 revenues are expected to be similar to those in the original budget for 2018/19 with only limited growth expected on the main local revenue streams of Customs duty and taxes. This reflects the current economic climate on-Island particularly with the slowdown in the construction sector.

Revenue forecasts for the next three years have largely been based on inflation expectations, taking into account the impact of the stop-smoking programme. Overall, the revenue projections for 2018/19 are expected to be in line with or just below the original budget of £13.4 million.

The 2019 tax reforms also provide a level of uncertainty to the revenues this year. In particular, the take up of income tax reductions for exporters and a number of import substitution sectors may lower the tax take in the short term, but the removal of the Investment Tax Credit, and the earning of more wealth for St Helena through exportation which will have a multiplier effect and will help to also boost taxes. More on the tax policy changes later.

Mr Speaker, turning now to the key highlights in this budget. Corporate Services – Corporate Support, Policy and Planning will see an increase of £177K largely to cover salary costs, including the full annual cost of the recently approved remuneration for Elected Members and a number of inflationary increases across the services.

Corporate Services – Corporate Human Resources will see an increase in budget of £297K to cater for four new technical cooperation posts including two teachers, a contract manager who will sit within Corporate Services, and an additional legislative draftsman to assist in the development of much needed legislation.

Police - The emergency services will see an increase in spending of £258K in 2019/20, of which £101K is to finance the cost of the new contact support centre which replaces the service previously provided free of charge by SURE. There is also additional funding for the running of the new police headquarters and additional staff in the Fire & Rescue and Sea Rescue services. This additional need is linked to pressures on the service as a result of additional activity at the Airport.

Corporate Services – Corporate Finance - will see an increase in budget of £310K which is largely due to increases in Payments on behalf of the Crown. This will cover an increase in subsidy to the Fisheries Corporation from £170K to £350K and a subsidy of £200K for the St Helena Hotel Development Ltd for the operations of the SHG owned Mantis Hotel. The subsidy for these and other organisations will be the subject of review over the coming months as SHG will look to formalise its policy on providing subsidies across the board.

Included for the first time is funding for St Helena to attain a credit rating, this is something that has been talked about for a while. This will be an important tool as the Island continues to attract investment and will support investors looking to raise debt financing which in turn will provide additional fiscal stimulus for the Island.

Economic Development - A modest increase in funding of £30K for Enterprise St Helena to support the refreshed strategy which focuses on:

Stronger local businesses

Greater investment both local and international

Increasing the number of tourists and visitors and

Supporting the delivery of St Helena's Sustainable Economic Development Plan.

Access - This year, we have included the cost of Airport operations, up to £3.5m, the cost of shipping containers from Rupert's into Jamestown up to £0.5m and the cost of the Airport Contract Management Unit previously under payments on behalf of the Crown of £0.2m under the one head called 'Access' totalling £4.2m.

Education - Spending in Education is largely in line with the previous year, inflationary increases have been offset by a reduction in the number of overseas scholarships required for the coming year.

Health - Whilst it appears from the numbers that the Health budget has been reduced, with the call-down fund described earlier, there is an ability to call an additional £0.5M for Health if demand requires it, this actually means that in real terms there is an increase in the Health budget of £372K or 6.5% increase.

This additional funding will go towards the new Smoking Cessation campaign, to cover the costs of increments for staff, increased costs of drugs and medical supplies, expansion of the chemotherapy service and various other small inflationary increases across the directorate which could not be absorbed.

Environment, Natural Resources and the Infrastructure & Transport Directorate.

This year Mr Speaker, we will see the long awaited splitting of the Environment and Natural Resources directorate into the Infrastructure and Transport, and Environment, Natural Resources and Planning directorates.

Whilst the split in the directorates are noticeable, the combined funds allocated to both directorates are very much in line with the funds allocated in 2018/19 for ENRD. There are some subtle differences which will be discussed when we consider the detailed provisions of the Bill.

Safeguarding - There has been an increase in the Safeguarding budget of £153K which is largely due to applying recharges correctly within the directorate. The Safeguarding budget was underspent in 2018/19 and therefore the level of funding proposed is expected to provide similar levels of services for the coming financial year.

Turning now to Pensions and Benefits.

There will be an increase in Pension and Benefits for 2019/20 of £204K, this will fund the proposed increase in the Minimum Income Standard (MIS) which is scheduled to come into effect in early April and makes provision for an additional increase in the Minimum Income Standard to take effect from October 2019. This is expected to result in further increases in Basic Island Pension and Income Related Benefits.

It is also proposed to have an increase for SHG pensioners in the coming year which is likely to take effect from 1 July 2019, more details on this will be announced shortly.

Mr Speaker, this means that overall public spending in 2019/20 will be £46.056 million, an increase of £5.2 million on the previous year.

Mr Speaker, this year the 'pink book' also includes indicative figures for years two and three. There is still more work to be done on these figures and they will be the starting point of the budget for the following three years which will have to go through the normal budget cycle.

Turning now, Mr Speaker to the Capital Investment Programme. Some of our Elected Members have called this a 'transition period' and the description is rather apt. Whilst Airport construction, which provided a good fiscal stimulus and population boost to St Helena, is

coming to an end, we are starting to see visitor numbers increasing and we have only a short time until we are plugged into the fibre optic cable and able to benefit from the opportunities that that will bring.

We continue to become 'cable ready' in the meantime; the list of IT related courses that the Community College provide is commendable, and we are in early talks with satellite ground station providers.

With needs in St Helena relating to transport and logistics, infrastructure relating to the visitor economy, productivity based programmes and the need to develop St Helena as a 21st Century Island, the case for an economic capital investment programme is justified to develop the Island and provide a fiscal stimulus to bridge the gap during this transition period.

It is pleasing to hear from a recent visit that senior officials of HMG expect to confirm a multi-year Capital Investment Programme for St Helena soon; this will bring much needed fiscal stimulus and certainty to a struggling private sector. We expect a decision from HMG in the coming weeks. Further details on this will also be released shortly.

Turning now to the Tax Policy Changes for 2019/20. Mr Speaker, every year we explore options for raising revenues but we also look at what we can do to facilitate growth and investment. This year was no different and you will have heard this morning about the agreed changes to the Income Tax Ordinance and the introduction of the new Empty Commercial Property Tax which will come into effect from 1<sup>st</sup> April 2019. I would like to take some time to inform the public what changes will come into effect from the next financial year.

Firstly, Mr Speaker, I would like to talk about changes to specific Customs duties that have come into effect as of today. In line with the current policy on Tobacco and Tobacco products we'll see an increase of 5.3% which is forecast inflation + 1%. This will mean that the duty on a packet of 20 cigarettes will increase by 21p. Mr Speaker, I can advise that the Health Committee along with the Economic Development Committee will also be exploring options within the next financial year to increase the duty on Tobacco products when a review of the Tobacco Ordinance is completed to support the Health Promotion campaign.

From today, we will also see an increase in Alcohol, however, unlike in previous years, this year will see a departure from the agreed policy where alcohol will be increased by 2% which is less than the projected inflation of 4.3%. Members felt with year-on-year increases in duty occurring previously and with the shrinking disposable income during the slowdown of the Island's economy that a smaller increase is justified. Therefore the duty on a can of Castle Lite will increase by 1p and the duty on a one litre bottle of Captain Morgan will increase by 36p from £18.09 to £18.45.

There are no changes to other specific duties in particular the duty on Petrol and Diesel in 2019/20.

Other recent changes to the Customs & Excise Regulations include the reclassification of parts of the tariff from the 20% bracket to the 5% bracket and these include: revision guides and academic books, sight correcting glasses, sanitary and family planning products, biodegradable cartons, boxes and cases and textiles imported by commercial clothing makers and upholsterers. The changes were made following representations from various groups in society. To support the Sustainable Economic Development Plan and to enhance the Island's chances of increasing export and import substitution, a number of changes were made to the tariffs in 2018/19 which will support this objective. In addition, there are other changes and incentives which have been agreed and will come into effect from April 2019, these are as follows:

There will be a reduction in Corporation Tax from 25% to 15% and reduction in self-employed tax rates from 26% to 21% for low tax payers and from 31% to 26% for higher tax payers for those businesses operating in the specific sectors identified in the Sustainable Economic Development plan which includes:

Exportation of goods and services which are bought and used abroad  
 Fishing and fish processing  
 Cultivation of honey  
 Growing and roasting of local coffee  
 Farming and butchering of meat  
 Farming of vegetables, legumes, nuts or fruit or the processing of locally grown produce  
 Distilling or brewing of liquor, wine or beer  
 Production of traditional craftwork, or jewellery using predominantly locally sourced inputs, recycled, grown, or mined in St Helena.  
 Production of upholstery or clothing

These sectors are being supported to encourage new entrants into the market and also to support those sectors that reduces our reliance on imports, increases our exports and where there is not already a saturation within the market.

Mr Speaker, for the last two years I have indicated that in this year SHG would be looking to bring the current Investment Tax Credit (ITC) scheme to an end. The changes which have been agreed to the Income Tax Ordinance earlier today will see the scheme come to a close for new entrants, however, I want to reassure those businesses who have made claims under the Investment Tax Credit scheme already that the benefits that have been accumulated will not be lost and can continue to be carried forward and offset against future tax liabilities.

Mr Speaker, we have now introduced a new Approved Investment Scheme (AIS) to replace the Investment Tax Credit scheme which will target the support to businesses where it is most needed when considering an investment decision which is at the front end of the process. This is what businesses have been telling us and now SHG has responded. The new Approved Investment Scheme will provide an opportunity for businesses to become classified as an Approved Investor A, B or C depending on the level and the nature of the investment proposed.

For an Approved Investor C this will allow for the deferral of payment of any customs duty due on the investment goods related to the approved project;

For an Approved Investor B this will allow for the deferral of payment of any customs duty due on the investment goods and for all the investment goods related to the approved project to pay customs duty at the rate of 5% ;

For an Approved Investor A this will allow for a complete exemption from customs duty due on the investment goods related to the approved project.

Mr Speaker, it is important to emphasise that the support will only be given to the investment goods and not on any stock and consumables.

Mr Speaker, this scheme has a clear and transparent process. As we heard this morning it is available to all qualifying businesses regardless of size. This should be welcome news for the private sector. Whether an investor is classed as A, B or C depends upon how the investment performs in terms of the criteria such as its green credentials, whether it uses locally sourced products, whether it employs people locally or internationally and also the magnitude of the investment.

The other key changes in policy this year will see the introduction of a Property Tax on empty commercial properties. This small tax should stimulate the supply of and encourage better use of empty commercial spaces on St Helena. SHG has also given a commitment to better utilise its spaces and support the economy by making the best use of its portfolio.



Mr Speaker, the changes to the Income Tax Ordinance agreed earlier will see the introduction of Gift Aid on St Helena, which aims to incentivise individuals to donate to organisations with charitable aims for donations made over £500 during any one financial year, by refunding the tax that would have been paid between the organisation and the individual. The individual would get back 10% of the donation made through a tax rebate capped at £2000 per annum and the charity would be set to benefit from a 25% contribution from SHG on the amount donated capped at £5,000 per donor.

Finally Mr Speaker, there has also been changes agreed to the Stamp Duty Order to encourage first-time home owners and house builders by exempting Stamp Duty to the value of £100,000 for qualifying individuals. There are also stepped changes to the Stamp Duty rates where all transactions up to £10,000 will be exempt, for transactions between £10,000 and £150,000 Stamp Duty of 2.5% will apply, for transactions between £150K and £500K 3% stamp duty will apply, and transactions over £500K Stamp Duty of 5% will be applied and there will also be an additional 2.5% Stamp Duty applied on the purchase of second homes.

Mr Speaker, you can see from what I have outlined, the changes to be implemented in 2019/20 are mostly incentives to support SHG policy and the private sector, I hope this will be welcomed by the private sector and will encourage the right behaviours through diversification where appropriate to do so. We will continue to explore other proposals in 2019/20 as part of the Tax & Revenue Working Group to further allow businesses to thrive.

Turning now to the future prospects.

Mr Speaker, although we are all still facing challenging times, there are a couple of activities which are progressing in the background.

The Cable Project. Alongside the investment in the Airport, the Cable Project will be the single biggest enabler for future prosperity on St Helena. Better internet connectivity through a cable has the potential to transform the Island into the digital age and bring increased opportunities for all. From the potential for ground satellite stations, telemedicine, to e-commerce enterprise, the Cable Project will provide greater connectivity to the outside world. The landing of the cable alongside of the telecoms review will ensure that all on St Helena has the ability to benefit from what improved connectivity will bring.

Mr Speaker, we have received Euro 10million from the first tranche of the EDF 11 programme and we hope to secure the second tranche of funding shortly. This will enable SHG to finalise the plans for the cable connection soon. We must however continue to work on becoming cable ready through the development of our human capacity and courses on offer through the Community College will continue to support this objective.

Looking at PASH Global, Mr Speaker, I am led to believe that negotiations with PASH Global to deliver over 85% of our electricity from renewable sources are close to conclusion. Not only will this stabilise the price of electricity for consumers going forward, the investment in this new technology will also provide a fiscal stimulus for the Island. This will be a significant private sector investment into the Island and I am certain this will be followed soon by further additional significant investment. We look forward to the conclusion and contracting of the service soon.

Last year saw the appointment of the External Funding Coordinator and we have since had two subsequent visits from James Bramble. The work on an overarching funding strategy for the Island is nearing completion. It is anticipated that St Helena will soon benefit from the early investment formulating a road map which will show the future requirements of the Island and

how we intend to fund what. Whilst James' focus in the early stage will be on raising heritage funds, he will also be looking at other key sectors such as sports and culture, and where appropriate, environmental funding. This will complement any capital funding from Her Majesty's Government which has generally been used for supporting key urban infrastructure projects in the past. This is particularly important given the loss of EU funding as a result of Brexit.

Mr Speaker, in addition to a Capital Programme we need more investment into the Island. Investment creates stimulus for the economy, it brings in new money, creates jobs, increases wages which in turn increases taxes and increases spending power and provides many positive spin offs for the whole economy. Enterprise St Helena and SHG will continue to focus on securing new investment. We continue to create the right environment to attract continued investment.

In concluding, Mr Speaker, this year will be an interesting year for St Helena. The Investment Policy was agreed in 2018 and the Investment Strategy is planned to be agreed in 2019. There is very much a focus on the continued implementation of the Sustainable Economic Development Plan, and being able to attract and enable investment whilst ensuring we maintain front line services and protect the most vulnerable members of our community.

The Tax Reforms, and the Immigration and Land Reforms to come, shall be further enablers on top of the Digital and Energy Strategies which are gaining speed. It may be a transition period, but like in all economies, when there is a slight downturn, there are opportunities for entrepreneurs to build new ventures, or adapt their businesses to become more competitive and be the first in the race when the economy turns the corner.

Mr Speaker, with an increased budget for 2019/20, the prospects of a multi-year Capital Programme, and through the reforms I have just outlined, St Helena is in a much better position to turn the corner and to experience some real sustainable economic growth during this transitional period. In my humble opinion there is some light at the end of the tunnel.

Mr Speaker, I would like to thank all those who have contributed to this 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, Head of Finance Services Miss Connie Stevens and Budget Manager Miss Sara Benjamin, who have been instrumental in presenting this budget here today. Mr Speaker, I beg to move.

The Speaker –

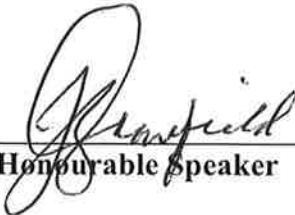
Thank you very much, Honourable Financial Secretary. Honourable Members, at this point I will adjourn the debate on the Appropriation Bill until 10 am on Thursday to allow Honourable Members time to prepare your response to the Financial Secretary's Budget Speech. I have also been given a note to the effect that SHG officials have a ...?...session arranged for 3 o'clock this afternoon, nobody said it's cancelled, okay, and I also thank the Honourable Dr Corinda Essex for agreeing to defer her Motion until Thursday, so taking this into account, Honourable Members, I now put the question then that this Council do adjourn until 10 am on Thursday.

Question on Adjournment, put and agreed to.

The Speaker –

Thank you very much, Honourable Members, and I'll see you on Thursday.

Council Adjourned.

  
\_\_\_\_\_  
Honourable Speaker

  
\_\_\_\_\_  
Date