



**RECORD OF THE BUDGET  
MEETING  
OF THE LEGISLATIVE  
ASSEMBLY**

**HELD IN STANLEY  
ON 25 AND 27 MAY 2011**

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**THE SPEAKER OF THE HOUSE**

(Mr Keith Biles, JP, B.Sc., ACIB)

**MEMBERS** (Ex-Officio)

The Honourable Chief Executive

(Dr Timothy Rupert Thorogood)

The Honourable Financial Secretary

(Mr Keith Padgett)

Elected

The Honourable Janet Lynda Cheek

(Elected Member for Stanley Constituency)

The Honourable Emma Jane Edwards

(Elected Member for Stanley Constituency)

The Honourable Roger Anthony Edwards

(Elected Member for Camp Constituency)

The Honourable Sharon Halford

(Elected Member for Camp Constituency)

The Honourable William Robert Luxton

(Elected Member for Camp Constituency)

The Honourable Richard (Dick) Sawle

(Elected Member for Stanley Constituency)

The Honourable Gavin Phillip Short

(Elected Member for Stanley Constituency)

**PERSONS ENTITLED TO ATTEND**

The Attorney General

(Mark David Lewis)

Chief of Staff, British Forces South Atlantic

(Group Captain James Klein, RAF)

**CLERK:** Claudette Prior MBE

**PRAYERS:** Reverend Richard Hines

**APOLOGIES:**

The Commander British Forces South Atlantic Islands  
(Commodore Phillip Thicknesse RN)

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- a) the total cost of the new Cattle Grid recently put in place at the Fox Bay Airstrip
- b) who decides the need for works such as these?
- c) which budget was this charged to?

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Would The Honourable Sharon Halford please advise this House:

The total cost of the Capping of the main Port Howard to Fox Bay road from the Hill Cove turn off to the Chartres turn off.

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“It is resolved by the Legislative Assembly, under section 113 of the Customs Ordinance 2003 (No 9 of 2003), that –

(a) The Customs Order (Title 26.1.2) is amended to increase the customs duties payable for tobacco products as follows –

on cigars from £241.85 to £270.87 per kilo;  
on cigarettes from £260.41 to £291.66 per kilo;  
on tobacco from £158.96 to £178.04 per kilo; and

(b) this amendment of the Customs Order comes into force on 28 May 2011.

Proposed by: The Honourable Financial Secretary

Seconded by: The Honourable Chief Executive

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**The Record of the meeting of Legislative Assembly  
held on Wednesday 25 May and Friday 27 May 2011**

**Prayers**

**Mr Speaker**

Welcome Honourable Members to the sitting of the Legislative Assembly. May I make the usual reminder about mobile phones.

**Clerk of Assembly**

The Oath of Allegiance Mr Mark David Lewis (Attorney General) and Group Captain James Klein, RAF (Chief of Staff, BFSAI).

**Clerk of the Assembly**

His Excellency the Governor.

**Mr Speaker**

Welcome Your Excellency.

**Clerk of the Assembly**

His Excellency the Governor and his Address to the Nation.

**His Excellency The Governor**

Mr Speaker, the past year has presented both domestic and international challenges to the Falkland Islands. I would like to focus today on the Government's responses to those challenges and on its aims for the future.

The most important issues have been the economy and the Government's budget. These have both been affected both by the world-wide economic situation and some local factors. There have been mixed developments: some positive, some less so.

As predicted, tourist numbers have taken a dip with a direct impact on businesses and Government revenues. Government income from investments has recovered to some extent but is still some way below historic figures.

Inflation at the end of March reached 7.4% and the fuel price increases announced since then will have a further impact, posing a challenge to all households.

Fisheries income overall has remained at historically low levels. However, the current *Illex* season has been going much better than in the past few years, with a total of 93 vessels being granted licenses. The season started well, with good catches, but came to an early end. Nonetheless under the new approach to *Illex* licensing, whereby the actual fee ultimately depends on catch volume and value, there should be a

substantial increase in revenue. We may not know the final effect on Government revenues for some weeks.

Other good economic news has included the agricultural sector. Wool incomes have again had a good year reflecting both market conditions and the increasing quality of our wool. The Falkland Islands Meat Company has had an excellent year, with 26,013 lambs being processed during the recent export season. Increasing numbers of quality cattle are being processed to meet domestic market demand. This has been an excellent start to the new business plan for the meat industry and for the Government's substantial investment in the industry. The returns from meat production provide encouragement to farmers to continue the development of the meat side of their businesses.

Oil exploration has also been very successful. The *Ocean Guardian* rig has now been operating in our economic zone since February 2010. Many local companies have seized the opportunities presented and Government has benefited substantially from the effect on personal and corporate taxation. Tax receipts in general have bolstered the Government's balances, indicating a further maturing of the economy.

Overall the economy has progressed well despite the continued global slowdown. In 2010 it is estimated to have grown 5% from 2009 and is expected by our Policy Unit to grow a further 2.55% in the current year.

We continue, however, to face rising costs, particularly in areas such as Health and Education. These make it difficult for us to achieve our overriding aim of a balanced budget. We have therefore introduced a Medical Services Tax with a general rate on employees of 1%. This measure has been effective in helping reduce the deficit. But achieving a balanced budget will remain a continual challenge.

The Government is aware of the hardship caused to many in the community by economic pressures. It will continue to work hard to play its role in alleviating these both by encouraging economic growth and by programmes to help the less well-off.

The past year has also seen several major Government objectives being achieved. Notable amongst these have been the coming into force of the ban on smoking in public places; new mental health legislation to protect the interests of vulnerable members of society; changes to immigration policy; the completion of the Economic Development Strategy, supported by the introduction of new statistics legislation; agreement on the principle of a minimum wage, and the implementation of the Rural Development Strategy. Other important steps have included the completion of the Port Howard ferry terminal; implementation of Island-wide digital TV; a major upgrade to the abattoir and a new container park for shipping.

Mr Speaker, this Government remains committed to achieving steady progress on a range of fronts and continuous improvement in the delivery of public services. In this context we have continued to oversee important improvements to Health (via a new management structure); the Police (with the introduction of a new Policing Pledge), and FIGAS (with a return to a more flexible service).

There are, however, some difficult challenges which we continue to face in the immediate and longer terms.



The most important challenge is to ensure our economy remains strong. The Economic Development Strategy, or EDS, developed in partnership between Government and business, sets out how this can be done. It involves continuing our successes in fisheries, farming and in tourism through measures such as accessing new markets; improving productivity and improvements to our facilities; diversifying into new sectors such as environmental research and kelp harvesting; examining the potential for other developments such as energy and offshore finance; and improving our general economic environment to make it more attractive to invest in the Islands, and as easy as possible to develop businesses successfully.

The EDS provides a sound plan for sustaining our economic success. The challenge now is to implement it effectively. A Falklands Economic Council is being formed which will ensure that the strategy is given continuity, momentum and substance, as well as being prioritised and costed to reflect changes in the current economic landscape.

The challenges we face include dealing with attempts by the Government of Argentina to impede certain sectors of our economy. There are many reports of companies coming under Argentine pressure. Whatever the truth of these reports, the Government is confident that such attempts will not succeed. Our approach has been not to react to each and every report and public pronouncement but to continue to develop the economy in our own way, and to ensure that we are not diverted by outside pressure. We believe this approach continues to work. Despite a good deal of noise from elsewhere, we are succeeding in growing our economy and in going about our business. There are storms to be weathered, of course. We have to deal with outside influences and change. But our focus must not be diverted by attempts to derail us – in order to succeed we must concentrate on our goals and on our agenda, not someone else's.

Mr Speaker, let me give you an example. The Government in close partnership with the Falkland Islands Tourist Board has now agreed a new Tourism Strategy. This includes continuing to build on our successes in cruise ship visits by developing the waterfront of Stanley to provide more opportunities for visitors. Key to this will be the relocation of the Museum to the Government Dockyard which we aim to achieve for the 2012/13 tourist season. It also includes looking at cruise passenger exchanges which have operated successfully in the past and at the potential of the North American tourist market. In doing so, we will continue to investigate the possibility of enhanced air links.

But there is much work to do to improve our facilities if we are to realise the potential for tourism from new and exciting markets. We will need more accommodation of a high standard, more organised activities, greater choice of quality catering and international standards of customer service. The Government will support the Tourism Strategy through policy changes, support for marketing activity, negotiations with overseas tour operators and some pump-priming funding. But local companies and independent tourism providers will need to seize the opportunities being presented to ensure success is achieved. The Government looks forward to working closely with the private sector to ensure that tourism on these Islands reaches its full potential.

The Tourism Strategy is just one example of the steps being taken to develop the economy in an independent and sustainable way. Another is the potential localisation of support functions at Mount Pleasant and Mare Harbour.

The aim of localising those functions which are not core defence functions has now been agreed with the Ministry of Defence. A programme is being developed to identify priorities for localisation. This will involve contracting out to local companies. It may also include the joint development of new port facilities.

If developed carefully, this programme has the potential to provide over time several hundred jobs at all levels in the local economy. Part of this careful development is to ensure that local companies are able to take on contracts effectively and that in the longer run at least they will be staffed by people who will live long-term in our community.

Steps such as the Tourism Strategy and localisation of MPA functions represent potentially major changes to our economy which will create significantly more economic growth and wealth. These steps are the best way to ensure the Islands' economy remains strong and can deal with external challenges. With them will come challenges in infrastructure development and immigration. In meeting these challenges the Government will ensure that the strengths of our cohesive community are not undermined and that a balance is struck between economic growth and preserving the community.

It is of course possible that oil development will also feature in our economic growth. Exploration has gone well but it is too soon to say what the outcome will be. If, as we hope, oil is brought in to commercial production in the next few years, the Government will again ensure that a balance is struck between facilitating the development of the industry and preserving our community and environment. I must, however, emphasise that the economic development of the Islands is neither dependent on, nor waiting for the results of, oil exploration.

Other economic issues, such as shipping, will continue to be pursued in a quiet but effective way. We will continue to ensure all options are considered thoroughly and will announce our plans as soon as it makes sense to do so.

Investing in economic growth puts further strain on the Government's budget in the shorter term. Resources required for economic development must be prioritised alongside resources required for health care and other important Government services. Budget setting will continue to be a tough process particularly if revenues are static. Although the Government has achieved its aim of a balanced budget for 2011/12 we expect budget setting for the following year to be challenging: but we will remain focused on balancing the budget to provide sustainable public finances in future years.

The Government has a number of other priorities for the coming months.

We need to ensure that key messages about the Islands' status, constitutional and legal position, and the overriding determination of the community to remain a British Overseas Territory are understood internationally. But we also need to tell the success story of the Falklands as a modern community with a successful economy, a

commitment to the highest levels of environmental stewardship, and a huge tourist potential.

The Government believes that we have not been active enough in promoting the success of the Islands. Accordingly we are allocating substantial additional resources to our public relations efforts. These will include the creation of the new post of Public Relations Manager; more tours by MLAs to key international centres such as Brussels where we can influence opinions; and more visits to the Islands by overseas journalists, so that they can see the facts for themselves and report back to their domestic audiences.

The review of immigration will continue until we are satisfied there is a completely fair, transparent and easy to follow system in place, and one which ensures the best balance between supporting economic and population growth on the one hand and protecting our community on the other.

Localisation of Government jobs remains a priority. Substantial steps have already been achieved through new promotion and recruitment procedures which will enable Falkland Island staff to be identified for development and promotion at an early stage, with the expectation that they will eventually fill senior posts. £150,000 has also been added to the budget for additional training at all levels to enable Falkland Islanders to achieve their potential within the public service.

An independent review of the implementation of the Review of Government undertaken in 2008/9 will take place in the latter part of this year. This will assess how far the objectives of that review have been achieved and what changes may now need to take place.

Ensuring healthcare which is both effective and affordable will be one of the major challenges of the next few years. A worldwide trend towards increased specialisation, together with improving drugs and technologies, sits alongside rising expectations as the key challenges and opportunities that face the Health Service. All of these elements are likely to drive costs up in real terms over both the short and longer-term. These factors have led to real questions about what type of health care we can continue to afford. In response to this, the Government is considering seeking a long term partnership with organisations which specialise in health care for small and remote communities.

Our standards in primary education remain high, but secondary and further education require further improvement. The recent progress review of the FICS shows that the right steps are being taken to improve standards, and that the school is moving in the right direction. The 2010 GCSE results were comparable with those in England, but all involved will continue to work hard to ensure greater consistency in standards and to provide our young people with a world-class education. The relevance of the curriculum to the Falkland Islands, including the need to support economic growth, also needs to be considered.

It is in further and higher education that one of the biggest issues lies. In a globally competitive and ever more highly-skilled economy there is increased emphasis on tertiary education. We have to ensure that more of our young people can benefit from higher levels of training and education. Achieving this in a way that does not involve

unrealistic levels of overseas training or education is a challenge. Accordingly, a review of education provision over the next year will look at both the secondary curriculum and at further and higher education and training to ensure steps are taken to ensure we have the most appropriate approach in future years.

The review of telecommunications regulation will continue, with the aim of having an effective regime in place for regulating charges and provision of telecommunication services. Proposals have been brought forward and will be further considered. Consideration of the regulation of other types of monopoly will follow.

The Government's review of Employment Law will continue. The next steps will include new measures defining the standard working week and working hours to guarantee worker's health, welfare and safety and to ensure a minimum level of paid breaks, holidays and leaves, while balancing these with the economic and social costs that they entail.

The Government will continue to focus on the need for housing. The provision of three two-bedroom and one three-bedroom houses at Hansen Hill and 19 plots at the Mink Park site over the past year, and the beginning of work on the Snake Hill site which should be completed in August 2012 and will provide a further 7 plots, has relieved the immediate pressures. However, the Government intends the phased development of the Sappers' Hill site and plans for this will be agreed during the next few months

There will also be a referendum on a single constituency in November.

Mr Speaker, the Government's policy priorities will translate into the following legislation for the Assembly during the financial year 2011/12:

- an Employment Protection (Minimum Wage) Bill to implement a minimum wage for workers in the Islands – it is also anticipated that there will further employment legislation as the review continues;
- a Referendum (Single Constituency) Bill and an Electoral (Amendment) Bill to make arrangements for the referendum on the single constituency;
- a new Access to Committee Meetings and Information Bill replacing existing legislation with new, more appropriate, provisions;
- a Compulsory Purchase Bill making it easier for FIG to acquire land for infrastructure projects, but incorporating the necessary safeguards;
- an Offshore Minerals (Amendment) Bill strengthening the environmental protection already in place in relation to the extraction of offshore minerals;
- Immigration and Falkland Island Status (Amendment) Bills to implement decisions currently being taken about immigration policy;

- subsidiary legislation under the Livestock and Meat Products Ordinance to support the development of the Sand Bay abattoir's export development;
- the first stage of legislation to bring the Road Traffic Ordinance up-to-date to reflect modern driving conditions and traffic patterns.

Mr Speaker, I would like to say a few more words about the international situation as I know people have concerns about this. I mentioned some moments ago that we in the Falkland Islands should remain steadfast in our determination to forge our own economic agenda and goals. We should at the same time take comfort and encouragement from the fact that the UK Government remains steadfast in its support of our rights and freedoms. The people of the Falkland Islands make their wishes known through this Assembly, with regards to the status of the Islands, and the UK Government both believes in, and will uphold those wishes and the freedom to make that choice. The right to self-determination is undiminished, as is the support from the UK to uphold that right. No amount of posturing by others can affect that right. We will continue to respond as necessary, and in an appropriate manner, to correct misconceptions, counter distortions, and criticise actions which run counter to international law. In the meantime we will continue to go about our rightful business with dignity and with confidence.

Mr Speaker, the picture I have painted in this address is of a resourceful community, which has a long history of meeting challenges effectively, and which is facing a number of further challenges today in its characteristically inventive and practical way. The vision of the Islands which sits behind this is of an independent community which upholds the rule of law and which seeks a peaceful co-existence with its neighbours. It is also of a community with high standards which we have to work to maintain. There are serious challenges ahead, as there are in so many other places around the globe, but the Government will continue to work on them, and to seek practical, imaginative and sometimes bold solutions. These will, of course, be made known as they come to fruition. Mr Speaker, it is this quiet but effective approach which I believe will enable the Islands to continue to look forward to the bright future which they deserve.

### **Mr Speaker**

Your Excellency, thank you, I invite you to take a seat and remain in the Chamber for the Motion of Thanks.

The Motion of Thanks to His Excellency The Governor on his Address.

### **The Honourable Jan Cheek**

Mr Speaker, Honourable Members, I thank His Excellency the Governor for his address.

We cannot escape some of the financial ills of most of the world but activities like the improved Illex season and continuing oil exploration are assisting us in balancing the budget. Nevertheless rising costs are a challenge on every level.

We want to fund the best possible education for all our students but face increasing costs in our schools and for further and higher education. Additionally we are identifying increasing numbers of students with special needs of varying degrees that includes gifted and talented. We have record numbers of learning support assistants working alongside teachers and pupils at considerable expense. It is very important that special needs are identified as early as possible to enable pupils to attain their full potential.

All this has a cost so I would argue that we should be looking at preventable learning difficulties causes. Some, though clearly not all may be avoidable with enhanced antenatal care and monitoring in early years.

Given that our schools cater for all abilities I feel it is neither realistic nor helpful to compare a single year group's results with UK averages. Our aim is to ensure every student reaches their potential.

This second year of this Assembly has been a challenging but exciting one. As you have highlighted Argentina has done its best to inhibit our economic development. We have just heard clear evidence that they have failed. Yes they have created some inconvenience but nothing unmanageable. It is right that our agenda should prevail, not theirs. I have observed a bit of hysteria in some quarters, more often than not people who did not live here through the 70s, one of the most difficult periods in our history. At that time we could not be confident of the unequivocal support of the British Government. I am happy to record that we live in a very different situation today. In addition to political support we enjoy the physical security provided by British Forces.

This is probably a good moment to welcome the Chief of Staff and ask him to convey to Commander British Forces who departs in mid June our very good wishes and thanks for his time here. I hope all Members of the Forces know how welcome they are and how much we appreciate their presence and professionalism.

Moving on to the future developments, something very close to my heart and I have to declare an interest as a Trustee of the Museum is the move of the Museum to the historic dockyard and site. We have an amazing history and making it more accessible to resident and visitors demonstrates if needed, the strength of our right to self determination. All those tourists who mill around on busy days will now have somewhere in easy walking distance where they can learn more about us. We reach large numbers that way and most of them even know where the Falkland Islands are having arrived here by sea.

Much of what we do simply keeps the Islands running and on track economically but a few things stand out as achievements with which I'm more than happy to be associated. First and probably most important to me is the agreement in principle to a minimum wage, which for me is a basic requirement in a fully developed country. I look forward to the time when we can implement it and other advances in employment law. The smoking ban is another landmark in becoming an advanced country where protecting people's health is important. Despite the minority loud objections at the time I believe it was a very popular move for the normally silent majority.

We are making real strides in enabling the advancement of able young Islanders in succession planning.

We seem to be close to keeping pace with the demand for housing and I take my hat off to the young people who often take extra work to invest in their own property instead of expecting Government to provide for them.

Another group I would like to congratulate are the farmers who have taken up the challenge to diversify into meat production and to the very professional crew at the abattoir who make it all happen. I'm pleased that my firm and longterm support for a meat industry has been well rewarded by the results.

We've much hard work and some difficult times ahead but I'm confident that those of us fully committed to developing our islands will prevail.

**The Honourable Emma Edwards**

Mr Speaker, I wish to second the Motion of Thanks.

**The Honourable Sharon Halford**

Mr Speaker, your Excellency, Honourable Members, in rising to support the motion of thanks to His Excellency on his address I would like to make a few comments and observations. I will keep it brief. It was pleasing to hear a round up of the year that was not all doom and gloom but instead showed positivity and progress achieved through determination and hard work and looked towards a productive and improving future. I believe it is an exciting time for the private sector in the Islands at present with many opportunities looming, I hope they will rise to the challenges ahead and progress them well into the future.

We have been greatly criticized for our support of FIMCO but I for one am pleased that I gave my support to the level of investment needed to get the company up and running. It is now starting to show its worth and of course this would not have been possible without the hard work and support of many in the farming community. All concerned should be congratulated for their continuing efforts in this area.

However, to ensure that this and other areas can continue to grow we must do our best to make sure that our transport network is able to deal with the increased usage. With this in mind we should give thanks to the maintenance crews who work tirelessly to keep the roads open whatever the weather. If only we could control the weather for the ferry crossings all would run much more smoothly.

For me shipping is one area that I would like to see progressed far more quickly than it appears to have been at present. I am assured however; that much work has been done in this area and it should therefore not be too long before we see some results for consideration. Shipping is vital to our every day life and for our economic development into the future.

I support putting more effort into PR as so many people out there in the world do not know the true story of the Falklands. We should be proud of our successes and not be afraid to talk about them and to this end we need to be getting more positive messages about the Falklands and their achievements out and about. A good example of this is

that only a few days ago I had an email from a College in the UK asking if I could confirm that our first language was Spanish.

We spend a lot on education and need to ensure that we make the most of this investment as ultimately our children are our future. I am therefore pleased to see that at last the potential of some of our youngsters is being recognized and that there is a real push on succession planning.

Healthcare was mentioned and the ever increasing costs of drugs and our ever growing expectations, it is a very difficult area to manage and an especially difficult one to budget for. It is hoped that should we manage to create a partnership with an organization that specializes in health care for small and remote communities, coupled with enhanced technology and communications would give us the ability to start using telemedicine. If and when this is achieved it should greatly enhance diagnostics for patients in many specialist areas.

The referendum on whether or not to have a single constituency later this year will no doubt cause much debate but I suspect this will pale into insignificance once we start debating the various sections of the Road Traffic Ordinance.

Mr Speaker, I know we have serious challenges ahead and some tough decisions to make, but as we are a strong and resourceful island community perhaps, when we are faced with what seems to be the impossible, we should be adopting President Obama's saying of "Yes we can."

### **The Honourable William Luxton**

Mr Speaker, Your Excellency, my thanks Your Excellency for your comprehensive review of the first full budget year under this Assembly and laying out our plans for the next year to June 2012. The last year has been a bit like the curates egg – good in parts but there have been some knocks as well. The rise in fuel costs has been alarming and I am not convinced at all that we are getting the best deal from our monopoly supplier when one looks at comparative prices elsewhere. Monopolies are really the curse of these islands in every way. The rise in inflation is very worrying and the so far unresolved crisis in shipping our produce to world markets is not a good situation. I believe that we simply have to have a shipping service and an air link that we alone control. It is intolerable that the shipping of goods to the islands is subject to the whim of MOD with containers of cargo being shut out at the docks at the last minute and with two or maybe three air links that are subject to arbitrary interference or cancellation right outside of our control. It is not a question of whether we can afford to make our own provision – it's whether we can afford not to.

The good parts of the said egg have been a huge boost to our economy with the abattoir on a roll with good prices and more than achieving all its targets. Excellent wool prices have also been a big boost to farmers following a good lambing. Fisheries income is better than predicted and there has been a lot of trickle down effect from oil exploration with higher local incomes meaning enhanced tax receipts. The contribution from the wind farm has also been huge and helped considerably to keep electricity charges lower than they would otherwise have been. This is a huge tribute to ex-councillor Glenn Ross who will be greatly missed in this group. Personally I didn't know Glenn at all before the election but as I got to know him (and like him immensely) my respect for him grew by leaps and bounds. The way he threw himself into the Agricultural portfolio with an open intelligent mind gained him great



respect in the farming community. He was a very fine councillor and his successor will have a big pair of shoes to fill. I wish him well in the future and maybe one day he will find himself in a position to stand again for a position at this table.

Of course I hope I won't be able to vote for him – unless he stands for Camp! This is because I hope that the referendum to be held later this year gives a firm boot in the backside to the idea of a single constituency. I urge all Campers to say no – so as to preserve our representation at this table – don't forget the element that says that money spent on the Camp is a total waste and that it should be left to fend for itself. I hope that thinking Stanley folk will also reject the idea as they did last time.

As far as the Camp and farming community is concerned I think it is fair to say that the two biggest concerns are shipping and the state of the roads.

Shipping, because the lack of a container link direct from New Zealand and Australia is going to mean a huge increase in the cost and availability of fencing fertilizer and other farm requirements and, roads, because the state of many of the branch roads are frankly dreadful. The costs, difficulty and availability of transport from some of the more distant farms are placing a huge financial burden on them with hauliers reluctant even to tackle the journeys at any price.

As you will hear later- I believe we need to tackle this situation urgently in the next year. The Transport Advisory Committee needs to be given more teeth and a bigger role in planning and I also hope that we can re-establish the PWD Committee so that MLAs and the public can have a more direct input as to where funds are allocated.

We now proceed to put the final touches to the budget for presentation next Friday. It will be quite tough in some respects but I urge the public to look at it in the light of what is happening in the rest of the world. We do not owe money to anyone thank goodness – let's keep it that way. Some European countries are staring into the abyss of total financial collapse and the consequences of that are quite scary. By comparison any belt tightening we may have to do is a minor discomfort.

I support the motion

### **The Honourable Dick Sawle**

Mr Speaker, Your Excellency, Honourable Members. In rising to support the motion I would like to make comment on some of the issues raised in the Governor's speech.

Our economy is, as it always has been, fragile. We have always been over-reliant on natural resources. We have a long history of good fortune in respect of natural resources and these, coupled with good management, have seen our success grow over many years. This last year has been no different. We have been fortunate that Illex has had a reasonable year – the first one for some time. That, coupled with the big increase in oil exploration activity has given our economy an unexpected boost and consequently has made this year's budget a far easier task than it would have been if it were not for these two factors.

However, Mr Speaker, it would be unwise to think that we can sit back and relax and expect to be constantly rescued by unexpected good fortune. The government has, in

partnership with the private sector, reviewed the economy in great detail over the last three years and the Economic Development Strategy, together with the Tourism Development Strategy and the Rural Development Strategy are now completed. Whilst all three represent many hours of meetings and consultation and some considerable paperwork, they do contain ideas, plans and actions for our future. The time has come to put the pens away, roll up the sleeves and get stuck in. It is good that we now have actions to take. It would be unusual if we were all unanimous on the right way forward to grow our economy, but we must not let small issues get in the way of tackling the big solutions. The country needs to move forwards and requires change and growth if we are to maintain living standards and the level of services to which we have become accustomed.

Sometimes it can be hard to see the big picture when confronted with the plethora of detail. Moving the economy forwards requires above all partnership. It can't be the sole preserve of government – it needs both government and the private sector to pull together. It needs a listening government keen to assist and make things happen and the entrepreneurial spirit of the Falklands private sector to assume some risk and realise the rewards. For our economy to grow we need to create new opportunities and business, add value to what we already have, source funding, create infrastructure, find the right people with the right skills required to make it happen, provide education and training and, for sustainable growth we need sensible, targeted and achievable immigration. These are all on the table now.

We need to improve our external communications – both air and sea. We need to have more bed spaces, activities and attractions for our tourist industry. We need cheaper and better telecommunications. We need to grow more in order to reduce reliance on expensive imports and boost activity in Camp. There are some huge opportunities at MPA for the private sector and I know that the Chamber of Commerce which represents over 90 key businesses is keen to explore those opportunities. This is a perfect example of the partnership that I have been referring to and I know that some have already taken up the challenge and are making it work. There are many areas remaining to be explored and I am optimistic that there will be many businesses that will see the potential and grow as a result.

If there are any doubters left who feel that this is all a waste of time and that we are not a capable and resourceful nation, then I would urge them to have a look at FIMCO. I have to say that I was concerned at the end of 2009. I saw that large amounts of public funds had been spent on FIMCO but had doubts as to whether our farms could supply the quantity and quality of what was needed and was not convinced that they would surmount the many difficulties they faced, work together and make it a success.

However, the result of a close working relationship between the farmers, FIDC, FIG and FIMCO has been an outstanding success. The recovery plan targets that had been set were (to quote David Waugh) “ambitious but achievable”. Many farms have changed their working practices to meet the demands of quantity, quality and variety and, thanks to their efforts and of course an excellent summer season, those ambitious targets have been exceeded and FIMCO looks set to make a profit by the end of this financial year.

I was recently at a meeting of the Livestock Working Group – Mr Speaker; it was a truly great meeting. There was healthy and constructive debate. There do remain problems to be solved, and I am sure that these will be solved, but above all this is a group that shares information and works together with common purpose. FIMCO is very well run and managed. They know and understand the nuts and bolts of their business. We funded the second phase of improvements and good project management and excellent work by the private sector saved us over £300,000 on that project which has been completed professionally and to the highest standards. The next phase has now been approved and should see FIMCO continue its success well into the future.

Mr Speaker, when we look at how to deliver other projects that will strengthen our economy, we need to look at the FIMCO example which shows that FIG, FIDC, FIMCO, our farmers and the private sector can all work together in partnership with common purpose and create success.

On the international front, nobody is in any doubt that the noisy neighbours have been doing their utmost to harm our country with attempts to disrupt business here and block our external links. They have not and will not be successful. Their actions in the international arena amount to antics unworthy of a young democracy - a country that should be demonstrating a more mature and respectable face to the outside world. As usual, we are being used as a handy tool to distract from the many problems that they have. However, it does little more than strengthen our resolve as Islanders and their actions will simply result in our happily looking elsewhere for links with countries that do not suffer from this type of perennial paranoia and petty mindedness.

I will be heading off soon for the United Nations C24 meeting and look forward to representing the Falklands and forcefully putting our political points across. I thank you all for giving me that privilege and will, for the moment, keep my powder dry.

Mr Speaker – I have concentrated solely on the economy today, but this does not mean that I have no regard for other matters. I am well aware that we are now feeling the effects of high prices in our shops, a large increase in fuel and electricity prices and that there are many here who are now starting to feel the pinch. Whilst we are to some extent victims of world events that are outside of our control, there will be many listening today who will be worrying about how to pay the bills as they arrive in the post box. We have a duty to protect the less fortunate in our society, and we will. This, Mr Speaker is why I have concentrated on the economy today. It is an urgent task, but the only one which will make the difference in the longer term. I want to see these Islands stronger, self-sufficient and more independent.

Mr Speaker, I support the motion of thanks.

### **The Honourable Roger Edwards**

Mr Speaker, Honourable Members, Colleagues and friends. Your Excellency I thank you for your very full and detailed address to the Country this morning. You highlighted the fact that our economy is growing, but as my colleague on the right has just pointed out our finances remain very fragile. We are shortly to go into the Budget Select Committee, we here on the Assembly have declared that the aim is a balanced budget and we hope that there are no surprises.

This year our economy and income has been boosted by that from the additional Illex catches and substantial income from tax from the oil related activities that we have around the Islands. However, as we go into this budget we must ensure that our spending is directed wisely towards economic development and investing in our Islands' future.

Mr Speaker, I support the Motion of Thanks.

### **The Honourable Gavin Short**

Your Excellency, Mr Speaker, Honourable Members, Ladies and Gentlemen. In rising to speak to the Governor's address, I fully intend to keep my comments brief and save myself for the Motion of Adjournment on Friday.

We do indeed seem to live in funny old times. With world commodity and fuel prices rising the effects of inflation are making themselves felt. As the vast majority of our inflation is imported there would seem to be very little that can be done to mitigate their effects.

The Governor's speech gave a higher level overview of our situation and I would like to make a couple of comments about the functioning of individual departments over the last year.

The pressures put on the quarry over the last year have been awesome, not only producing mind bending amounts of product for the MOD but add into that high level demands from the oil industry, our local building trade and road capping etc both the machinery and employees at Pony's Pass were driven hard day in day out and it is amazing that both the machinery and men made it through this prolonged period without going into meltdown. The PWD is many tentacle beast and although it was the quarry that was at the sharp end of the operation, we should not forget the truck drivers, mechanics, storemen etc, right through to the office girls who played their part in supporting the quarry lads. It was a truly amazing effort.

The Power Station was hit with disaster in this year and I would like to thank Glenn and all the staff up there for single mindedly moving heaven and earth to make sure that the lights stayed on. I have purposely kept away from the Power Station at this time as I have a feeling that the last thing that they want is some wandering twit under their feet asking inane questions, adding nothing to the situation and distracting them from what they really want to do which is get the problems rectified.

Once the dust has settled a bit, it may well be time to start looking at whether we should invest in a new engine and this of course leads to the question of where it should be sited. Is it sensible to have all your generating capability in one location in case disaster strikes? Whatever the answer, it is going to be eye wateringly expensive but it is a bullet that is going to have to be bit.

Similarly water supply is another area that we may have to address sooner rather than later. This is an old chestnut and each year we find it easier to postpone the decision and use the funding for other things. This year we got fairly close to "interesting times" and although summers of the type that we experienced last year only come

along every few years, with an expanding town and increased demands on the supply from the hydrocarbon industry, we may well have to finally look at alternative sites to bolster our supply.

Once we build the infrastructure to enhance the water supply, it is there, we can forget about it. The hardest part is making the initial decision to spend the money to put it in place. I suspect by this time next year we will be in a better position to know what we should do. If the hydrocarbons industry looks like staying then the decision is almost made for us. Delay and we may well pay a high price.

Mention was made of the workers protection legislation. Alas due to slightly more important things taking precedence and also a lack of continuity in the department dealing with this, things have spluttered to a halt. I am more than hopeful that we can start work again very soon once we sort out a few minor problems like shipping and airlinks and once we have new staff in place.

As we get ourselves ready to finalise the estimates for this coming year it is important that we bear in mind what the effects of what we may do will have on the lower paid. We cannot give a wage rise to those in the private sector, it is up to the private sector to do that and I hope they will, but we as a central government must be careful that we do not make the burden that we place upon our people too onerous. I said in my election speech that I thought that the good times were probably over, for a while at least, but that said, our economy is still strong and our people even stronger. If we have the guts to make some bold decisions and very soon, I believe we will be able to drive our little country onwards and upwards and make this a better place for us all.

It is vital for our country to have robust external communications and we are still working very hard to make these happen. Not just sea links but air links as well. Anything that goes near South America is vulnerable to Argentine pressures and we must look in other directions for our links. Argentina is doing it's very best to strangle us economically or at the very least control the pace at which our economy can grow. In a way they are doing us a favour as it is making us look at alternatives that in the long run, I believe, will make for a better more robust supply line. This is something that I will probably return to in the motion for adjournment.

Before I sit down I would like to fully associate myself with remarks made by the Honourable William Luxton about Glenn Ross, I am going to miss him.

Finally, I believe congratulations might be in order for the Clerk of the Assembly who I believe may have just had 17 years in the job. Rather a dubious pleasure I think and perhaps to use a very corrupted version of an extremely famous phrase "she has counted them in and back out again".

### **Mr Speaker**

The Motion of Thanks to Your Excellency has therefore been passed.

Honourable Members before we start the business of the day I have two Legislative Assembly ties to present to our new Members. Wear them with pride.

### **Clerk of the Assembly**

The Confirmation of the record of the Legislative Assembly Meeting held on Friday 25 February 2011.

**Mr Speaker**

Honourable Members I have before me the record of that meeting, is it your wish that I sign this as a true record?

Aye.

**Clerk of the Assembly**

**Papers to be laid on the Table by the Honourable Chief Executive**

Copies of Subsidiary Legislation published in the Falkland Islands Gazette since the last sitting of the Legislative Assembly and Laid on the Table pursuant to section 34(1) of the Interpretation and General Clauses Ordinance 1977.

- Taxes & Duties (Defence Contractors' Employees Exemption) Order 2011
- Immigration (Permanent Residence Permits) Regulations 2009 (Correction) Order 2011
- St Mary's Walk (Parking Control) Order 2011
- Stanley (Various Roads) One Way Traffic (Amendment) Order 2011
- Coins Order 2011
- Taxes (Amendment) Ordinance 2011 (Correction) Order 2011
- Davis Street at Philomel Street (Parking Control) Order 2011
- Coins Order (No 2) 2011
- Criminal Justice (Revised Standard Scale of Fines) Order 2011
- Road Traffic (Variation of Fines) Order 2011
- Ross Road (Clearway) Regulations Order (Amendment) Order 2011

And in accordance with Clause 11 of the Public Accounts Committee Ordinance 2009 the reports of the Public Accounts in respect of the Falkland Islands Government Internal Audit Reports on:

- The Pensions Department
- The Fisheries Department
- Capital Projects
- Individual Transferable Quotas
- The Power and Electrical Department

In accordance with Section 80 of the Constitution the report of the Public Accounts Committee on the Public Accounts of the Falkland Islands Government 2009/10

In accordance with Section 81(7) of the Constitution the report of the Public Accounts Committee on the activities of the Public Accounts Committee during the period 1 February 2010 to 31 December 2010.

**The Honourable Chief Executive**

Mr Speaker, Honourable Members I hereby lay the aforementioned papers on the Table.

### **Clerk of the Assembly**

### **Motions**

#### **Motion Number 3 of 2011**

“That this House notes the report and recommendations of the Public Accounts Committee on the private use of Government Telecommunications facilities by government employees.”

Proposed: The Hon Emma Edwards

Seconded: The Hon William Luxton

#### **The Honourable Emma Edwards**

Mr Speaker I propose the Motion, the Public Accounts Committee has really just finished its first full year and this is our first set of recommendations which we have provided to the House. This particular one has been looking at telecommunications and private use of those telecommunications by Falkland Islands Government and their employees. We would like to thank Andrew Lee who assisted us when we carried out the enquiry. For public information, FIG spends about £220,000 per annum on telecommunications, but perhaps we need to put this in some perspective when we actually looked at how much usage in one month FIG uses on the Internet. The top ten FIG departments use a total of 27,296MB whereas just one private sector company used 12,717MB in November 2010. I think that we can feel that FIG is using their Internet in an appropriate manner. The PAC did recommend some areas were perhaps FIG and this House may wish to look at how telecommunications is used. For example the use of local telephone calls are currently not logged, I believe though that it is up to this House to decide whether logging and then trying to retrieve the money is a worthwhile matter. There are also other recommendations within the report suggesting that FIG may wish to look and review the policy that it currently uses for personal emails for their employees and also to identify the amount of time wasted surfing the net. There are suggestions by the PAC for the Government to invest in certain software packages which maybe able to assist with this.

I personally am not sure if this is the right approach to use in the 20<sup>th</sup> Century but it is up to my Honourable Colleagues and the Falkland Islands Government to decide that.

#### **The Honourable William Luxton**

Mr Speaker I would like to second the Motion.

#### **Mr Speaker**

Does any Member wish to speak to the Motion? No, is there any objection to passing the Motion? There is no objection, the Motion is passed.

There is a reporting back procedure - within six months there has to be a report back to this House.

### **The Clerk of the Assembly**

### **Motion Number 4 of 2011**

“That this House notes the planned programme of work for Public Accounts Committee for the period January 2011 to December 2012.

Proposed: The Hon William Luxton

Seconded: The Hon Emma Edwards

### **The Honourable William Luxton**

Mr Speaker, I would like to propose the Motion. This planned schedule of work for the PAC for the forthcoming year is quite extensive, the list is in the public domain and other Members have sight of it. Perhaps the items that would be of most interest to the public, which may result in certain amount of discussion at public meetings and in other areas, are the question of recruitment costs for government posts. The PAC would be looking at that. I am glad also to see that they will be looking at the cost of Morrison's contract and reviewing the government contract with Morrison and also looking at the Stanley Services monopoly on provision of fuel. Mr Speaker I would support the Motion.

### **The Honourable Emma Edwards**

Mr Speaker, I wish to second the Motion. The planned programme for the PAC is quite exciting, as well as looking at the accounts of statutory bodies and the bodies receiving public funds, the Committee has identified a number of areas that people want to have investigated. These include: Morrisons, Recruitment and the supply of fuel which I believe is affecting everybody's budget this year. The PAC has also just recently finished the detailed enquiry into the Stanley Dairy and I'm sure the findings will be published shortly. It will make good reading as well as highlighting recommendations to improving the way Government funds are spent.

### **The Honourable Dick Sawle**

Mr Speaker, I would just like to thank my Honourable two Colleagues for their work on the PAC and once again to reiterate my support for the PAC. I believe it is still looking for Members, I believe it does a very valuable and worthwhile job and I'm sure also that the work is quite interesting and rewarding. I support the Motion.

### **Mr Speaker**

Does any other Honourable Member wish to speak? No, is there any objection to the Motion? No objection, the Motion is therefore passed.



## **The Clerk of the Assembly**

### **Questions for Oral Answer**

Question Number 03/11 by the Honourable William Luxton

#### **The Honourable William Luxton**

Mr Speaker, would The Honourable Sharon Halford please advise this House:

- a) the total cost of the new Cattle Grid recently put in place at the Fox Bay Airstrip
- b) who decides the need for works such as these?
- c) which budget was this charged to?

#### **The Honourable Sharon Halford**

Mr Speaker, the total cost of the new Cattle Grid recently put in place at the Fox Bay Airstrip was £9,800. This includes the construction cost as per Contract won by McLee Ltd and all materials supplied by PWD.

Who decides the need for works such as these?

PWD Highways based on survey work carried out in 2009/10 and 2010/11. This particular one was the old steel tube type and had reach the end of its useful life and needed replacing. There has been a policy over the last couple of years to gradually replace this type of cattle grid island wide as generally they do not stand up to the heavier traffic on the roads these days.

Which budget was this charged to?

954 – 4020 Cattle grid replacement.

#### **The Honourable William Luxton**

Mr Speaker, I thank the Honourable Member for that reply. I dispute the fact that the cattle grid had reached the end of its life, it was at the end of an airstrip taking no heavy traffic at all. The only vehicles that went over it would be Landrovers, no lorries. I consider it to be a total waste of money and I really feel that the £9800 could have been well spent addressing some of the really poor areas. Would the Honourable Member advise whether in future we can have some greater input into where these funds are spent?

#### **The Honourable Sharon Halford**

Mr Speaker, I believe that this would have been looked at by the TAC when the list of works went out for the season, we had a number of cattle grids and they were all listed prior to the contracts going out.

#### **The Honourable Gavin Short**

Could the Honourable Sharon Halford please confirm that the £9800 was for one cattle grid?

**The Honourable Sharon Halford**

The cost I was given included the construction cost and materials supplied by PWD.

**The Honourable Gavin Short**

Could the Honourable Lady obtain for me a breakdown of the material and labour costs?

**The Honourable Sharon Halford**

I would absolutely love to.

**Clerk of the Assembly**

Question number 4 of 2011 by the Honourable William Luxton

**The Honourable William Luxton**

Would The Honourable Sharon Halford please advise this House:

The total cost of the Capping of the main Port Howard to Fox Bay road from the Hill Cove turn off to the Chartres turn off.

**The Honourable Sharon Halford**

Total cost was £134,102.25 as per Contract won by McLee Ltd.

**The Honourable William Luxton**

Could the Honourable Member clarify whether that is the piece of road that I mentioned in my question, rather than all the works done this summer.

**The Honourable Sharon Halford**

It is for the answer to your question.

**The Honourable William Luxton**

Mr Speaker, would the Honourable Member agree with the assessment of other Camp Members around this table and others that this was a total waste of money in that this was generally recognised as one of the best bits of road on West Falklands and it was easily drivable on at 60-70mph if you wished. Dead straight with a perfect surface. Would she agree that that money would have been far better spent in some of the death trap areas that still exist south of Fox Bay and will she endeavour to ensure that in future such waste of money does not take place.

**The Honourable Sharon Halford**

I don't think it is actually for me to give an opinion as to whether or not certain places on the West should or should not be done. I have already made known to people that I am not familiar with the roads on the West and I have to ask for advice on various areas. I take on board that a lot of people on West Falklands thought this to be an area that was not necessary to have been done. I was actually under the impression that spot capping was going to be the order of the day and not a large area, however this did not materialise. Whilst in many areas we can't go back and the money has been spent whether considered to be wasted or not, it has been spent. But in the future, surely we must be looking at trying to make the best use of the funding we have. Funding is not as we would like, we would love to have much more, and therefore we should be making the best use of whatever is available to us.

### **The Honourable Roger Edwards**

Mr Speaker, Honourable Members, I would like to support the views expressed by the Honourable William Luxton. This was some three and a half miles of excellent road, in fact some years back whilst carrying Bill Rammell who was Minister of the Foreign Office at that time along the road with the Governor, I told Bill Rammell that this was the only remains of the Roman occupation of the Falkland Islands. Bill Rammell did pick it up and thought it was funny; the Governor was not so impressed. However, it pointed out that this was a very good piece of road and it was totally unnecessary and it came about because the Transport Advisory Committee of twelve months ago failed to make its decision perfectly well known, there was confusion and by the time I was sitting on that Transport Advisory Committee had discovered the errors, it was too late as the contract been let and we couldn't then do any thing about it. I do agree it was a waste of money, I do agree that it would have been better spent on the capping and would ask please that the Honourable Sharon Halford takes this point forward to the next Transport Advisory Committee on June 3<sup>rd</sup> and please ensure that the decisions taken at that meeting are clearly expressed.

### **The Honourable Sharon Halford**

Mr Speaker, We will do our best to ensure that it is very clear at the meeting what is proposed. However, might I just add on the Transport issue, I have realised for some years and a Member around this table told me once before that when it comes to the building of roads and the maintenance, we all become experts.

### **The Honourable Dick Sawle**

May I first apologise to my Honourable Colleague for making her jump up and down like a jack in the box, just a very minor point, I misheard I think, I hear £134,000 and something followed by £134, 304. I just want to be clear on what the cost was.

### **The Honourable Sharon Halford**

Apologies if I got the figures mixed up, it was £134, 102.25.

### **The Honourable Emma Edwards**

Mr Speaker, would the Honourable Sharon Halford explain to me why it was that the decision was taken to cap this area of road when areas down further south of Fox Bay

had been pointed out on numerous occasions to be in a serious state that really do require capping.

**The Honourable Sharon Halford**

I think we have already said that we were not aware that this area was going to be done and when it comes to capping we are not in a position to do huge areas, we simply cannot afford it and as the Honourable Colleagues to the right of you have said it was a waste of money.

**The Honourable William Luxton**

Mr Speaker, could I ask, would the Honourable Sharon Halford please ensure that at the next meeting of the Transport Advisory Committee one area in particular is impressed on the Committee which is on the Port Stephens road past an area known as Carew Harbour, this is a real death trap and people who live down there feel that sooner or later someone is going to be killed unless something is done about it. So I would ask that that area is addressed within the next season.

**The Honourable Sharon Halford**

Mr Speaker, declaring my interest, this area was also mentioned in the last round because I nearly came off the road there.

**The Clerk of the Assembly**

**Order of the Day: Bills**

The Appropriation Bill 2011

**The Honourable Financial Secretary**

Mr Speaker, I beg to move the first reading of the Bill.

**The Honourable Chief Executive**

I second the Motion.

**Mr Speaker**

The Motion is that the Bill will be read a first time, is there any objection to the Motion? There is no objection, the Bill will be read a first time.

**The Clerk of the Assembly**

A Bill for an Ordinance to authorise the withdrawal from the Consolidated Fund of money for the financial year ending 30 June 2012.

## **The Honourable Financial Secretary**

Mr Speaker, Honourable Members, the purpose of this bill is to authorise the appropriation of monies from the Consolidated Fund for the next financial year. Before I set out the details, I would like to say a few words about the background in which this budget was prepared.

Firstly, everyone will be aware that the global economic downturn had a huge impact on international financial markets. Economies throughout the world were affected and many governments are still struggling to maintain their fiscal and financial stability. Interest rates remain at an all time low and the market recovery is still fragmented. The projections for investment returns in the Government's budget, whilst improved on the last couple of years, therefore remain cautious.

The Government has significant financial reserves; built up during the years of prosperity, from fishing licence fees and associated industry activity. Although those reserves were not totally immune to the impact of stock market and interest rate declines, the impacts were limited by our investment policies, which value security above speculative high returns. I am happy to report that the value of our balances is now greater than the pre-downturn levels.

Secondly, for the first time in some years, the Illex season was a relative success. The final revenue figures are not yet available but we can be confident that the eventual total will significantly exceed our original projections. Nevertheless, as a result of the recent history of the industry a cautious approach has been taken for future years' projections.

Finally, I must make mention of the oil exploration activities that are underway in the waters around the Falkland Islands. Whilst I hope that these efforts bear fruit in the future, no account has been taken of any income that might arise from oil discovery. However, the current activities are generating significant income for local businesses and also for the Government. In formulating the Government's budget for next year I have recognised that additional income will accrue from taxation and other direct receipts; but that is all. I have made no assumptions about future oil prosperity. That would be speculative and imprudent.

In any financial year the actual levels of spending and revenue raised will be different to those originally estimated. Honourable Members approved an operating budget deficit of £1M for the current financial year. I am pleased to report that I anticipate a significant budget surplus at the end of this year as a result of the net impacts of the areas I have mentioned.

Net Liquid Assets are the modern equivalent to the balance on the Consolidated Fund, which was historically used as a comparative measure of the Government's useable reserves. The Financial Management Report presented to the Standing Finance Committee in April showed that Net Liquid Assets at the end of this financial year are projected to be in excess of £100 million, which represents 2.6 years worth of operating expenditure. This means that our long-standing budget target for maintaining useable balances will be achieved.

In operational terms, the Government has been in a fragile budgetary position for some time. In the medium term, increases in expenditure projections outstrip the anticipated increases in revenue. I have presented recent deficit budgets to the Legislative Assembly in response to the challenge of balancing the economy. We need to promote our economy rather than allow stagnation to take hold and this means developing new policies and priorities and nurturing new industries and opportunities. Inevitably this will result in some redirection of Government funding but we will also need to raise additional funding or reduce expenditure. We still have a way to go before I can be confident that future Government finances will be stable and affordable.

This is an appropriate point to start my report on next year's budget. The revised Medium Term Financial Plan (MTFP) strategy approved in April 2010 sought to reduce the government's reliance on volatile Illex licence fee income, whilst recognising that the precipitous decline in international markets would have an impact on the government's revenues.

Honourable Members' continued aim is for economic stability including achieving at least a balanced budget each year. This strategy continues to ensure that Net Liquid Assets will be at least 2.5 times the operating budget.

The budget projections I am presenting to the Assembly this morning meet the MTFP targets but for 2011/12 only. Additional work will need to be undertaken over the coming months to identify options to reduce the future deficit projections.

Moving on then to specifics – In the Bill, the total appropriation requested from the Consolidated Fund amounts to £45,466,270. The schedule to the Appropriation Bill shows how this figure is allocated to each department. In addition the budget includes internal charges of almost £1 million. Total operating expenditure for 2011/12 therefore amounts to £46.4M

Operating revenue for 2011/12 is forecast at £46.5 million. This produces a projected budget surplus for next year of just over £100,000. As I mentioned a moment ago, this surplus is forecast for one year only and the balanced budgets of the MTFP have not yet been met for the remaining four years of the Plan.

The operating revenue for next year is estimated to be £4.1 million more than the original estimate for this year. The main reason for this is revenue relating to oil exploration activities. The revenue forecast includes fisheries licence fee income inserted at £12.6 million with Illex licence fees included at £1.7m; a similar level to the original budget for this year. The volatility of Illex catches in recent years continues to cause difficulties in forward planning however licences continue to form a significant percentage of Government revenues at just under 30% of the total amount.

This brings me to the draft estimates of operating expenditure totalling £46.4 million. Following the adjustments made at recent budget meetings of the Standing Finance Committee, this figure represents an increase of £3 million on the original estimate for the current year. This figure is the result of discussions between Treasury staff and departmental managers, and several days of debate by Honourable Members. During the process, detailed consideration was given to savings proposals, additional

spending proposals and several new service options, which are all subject to approval by the Budget Select Committee. I will elaborate further on the increase on Friday.

The draft estimates for transfer payments amount to £3.9 million. This is £1 million less than the original estimate for the current year. As usual, Honourable Members were faced with some difficult choices. There are some differences from what was approved for this year but the amounts proposed represent a balance between what was requested and what the government can afford to pay.

Fund transfers remain unchanged from last year at the level of £3.9 million and will be used for the same purposes.

Moving now to proposed capital expenditure for 2011/12. The draft Capital Programme totals £10 million (or £7.7 million net of capital receipts). This expenditure will be met from the Capital Equalisation Fund. A further £2.3million is projected for the subsequent two years. Therefore, the net capital programme for the next 3 years totals £10 million. This is within the £12 million 3 year rolling programme strategy on which the annual contribution to the Capital Equalisation Fund is based. It should however be noted that the projections for future years are not 'approvals to spend' at this stage and further work will be required to firm up the figures and the schemes themselves.

I now turn to revenue measures and I'll start with a brief mention of the Retail Price Index. The latest RPI figures, as at the end of March, show an annual inflation rate of 7.4%. However, a significant element of the current RPI figure relates to the impact of increasing oil prices and the RPI figure is therefore somewhat distorted. Partly to take account of this, and partly as an attempt to limit the inflationary cycle, a general revenue inflationary increase of 3% has been factored in for next year. I would ask you to note however that this has not been universally applied to all fees and charges since many are based, or are moving towards, a 'user pays' pricing structure.

All departmental fees and charges have been subject to review and a variety of increases is included in the draft budget. The Finance Bill includes a list of those subject to legislative change and the others were set out in various reports to Executive Council. Full details will be available to the public in due course, but I will outline some of the more important areas.

In line with the Health of the Nation initiatives, it is once again proposed to increase customs import duty on cigarettes by significantly more than inflation. The duty on cigarettes, tobacco and cigars will therefore increase by 12%. These increases will, for example, add an extra 44 pence to a packet of 20 cigarettes and 95 pence to 50 grammes of tobacco. However, this year no increase is proposed in the duty on alcoholic beverages.

An inflationary increase in vehicle licence fees of 3% is proposed. This would, for example, increase the fee for a Land Rover or Shogun from £110.25 to £113.50. It is also proposed that the fees for vehicle registration, drivers licence, driving test and firearms licence should be increased by the same percentage.

House rents in Stanley are generally still significantly lower in the public than in the private sector and therefore the policy in recent years has been to increase rents for

government properties by more than the rate of inflation. It is proposed that the general rent increase for government houses will be 5%. In order to provide consistent protection to low income tenants it is proposed that the allowances under the rent rebate scheme will also be increased by 5%. There are some tenants in government flats who are provided with communal heating schemes. The charge for this is recovered with their rent on a monthly basis. Given the recent increases in fuel prices it will be necessary to increase these charges by 16% to recover the full costs of provision.

A policy of full cost recovery of water charges was established 3 years ago. Under that policy the projections for 2011/12 incorporated a 3% increase and that is now proposed.

For a number of years part of the costs of community services such as street lighting, street cleaning and the maintenance of open spaces have been recovered through the domestic service charge and commercial refuse collection charges. In order to further improve equity and transparency, Honourable Members are minded to introduce a commercial community service charge to recover a proportion of these costs instead. It is envisaged that the commercial refuse collection charge will reduce accordingly when this is implemented. However, due to legislative drafting resource limitations, it will not be possible to introduce this change until 1<sup>st</sup> January 2012. . Therefore no changes are proposed at present to the current commercial refuse collection charges.

The domestic property service charge is currently £396 per annum with a 50% reduction for pensioners. As I mentioned earlier this charge includes an element relating to community services charges. However, the main costs relate to water supply and refuse collection. In order to reflect the proposed increases in these areas and continue the move towards cost recovery, it is proposed that the service charge is increased to £426. The 50% reduction for pensioners will continue. It should be noted that the service charge is payable by tenants of government housing and that the rent rebate scheme also covers this charge. To ensure that householders on low incomes are afforded equitable protection, it is proposed that the allowances under the service charge rebate scheme should also be increased appropriately.

Until 2008, the prices for the supply of quarry products to the private sector had remained static for several years. At that time the Director of Public Works proposed a staggered increase in prices in an effort to allow the quarry to break even. To continue to work towards cost recovery, a 20% increase for 2011/12 is now proposed. Since this is a significant increase, and it is the last step in the 'break-even' increases, it is also proposed that this rate will be maintained for the next 2 years.

Inflationary increases of 3% are proposed for harbour dues and customs clearance fees to recognise the general increase in costs.

The cruise vessel passenger levy is normally reviewed a year in advance. This reflects the advance notice requested by the tourism industry due to the impact on cruise operators. The last increase took effect from 1 July 2009. No increase was agreed last year and no increase is proposed from 1 July 2012. It will remain at £18 per passenger for vessels arriving in Stanley and £6 per passenger for vessels arriving elsewhere in the Islands. Keeping the levy the same is intended to make a small contribution to offset the increasing costs being encountered by the cruise vessel



industry, and hopefully alleviate some of the impacts on our local tourist-related enterprises.

In addition, no increase is proposed in the embarkation fee which will remain at £22 per person as set three years ago.

Continuing on the tourism theme, the industry has requested advance notification of any increases in FIGAS fares. An increase of 10% in passenger fares was approved for 2011/12 when the current year's budget was agreed and the General Manager has proposed a further 10% increase with effect from 1 July 2012.

Postal charges are currently reviewed every 2 years and the last changes were introduced from 1 July 2010. No further increase is therefore proposed this year.

Governments generally review tax rates and tax allowances periodically; usually annually. At this stage, I am pleased to confirm that no changes are proposed to the current form and structure of the tax system and there will be no changes to tax rates or tax thresholds. In addition, no changes are proposed to the current rates of Medical Services Tax. This is intended to maintain stability in the tax regime.

Moving now to pay, pension benefits, pension contributions and social payments:

Members are well aware that the provision of effective public services depends on having efficient and motivated staff. Given the budgetary difficulties that exist, there is a strong argument for a pay freeze in Government. However, we recognise the effect that this would have on recruitment and retention and indeed on the morale of the government workforce. It is therefore proposed that a basic 3% cost of living award will be paid to all government officers with effect from 1 July. In order to assist lower paid staff in particular, a minimum increase of £450 per annum will be paid to those in full-time employment, with a pro-rata equivalent for part-time workers. This means that anyone working full-time earning less than £15,000 a year will get more than the basic 3%.

A review of the Retirement Pension Fund is still awaited from the Government Actuary's Department. However, in the meantime, a package of measures is proposed to improve the long term position of the Fund, whilst recognising the increased cost of living for pensioners.

Firstly, it is proposed that contribution rates should be increased from 1 January 2012. The voluntary overseas contribution rate would be increased to maintain contributions at the full actuarial rate. The resident rates of contribution would increase by approximately 3.7% in order to close the gap between the two rates. This would increase the employer and employee rates to £14.00 per week and the self-employed rate to £28.00 per week. No increase is proposed in the earnings limit threshold. It is proposed that it will remain at £180 per week.

Secondly, it is proposed that all pension payments, including retirement pensions, public service pensions and Falkland Landholdings pensions, should increase by 3% in line with the government cost of living award.

It is proposed that the Christmas Bonus, equivalent to one week's pension, should continue to be paid to those pensioners in receipt of a retirement or ex-gratia pension who reside in the Falkland Islands.

It is similarly proposed that the winter fuel allowance for pensioners should be continued and that the income threshold should increase by 3%.

It is proposed that all welfare allowances, attendance allowances and fostering allowances will be increased by 3% to maintain their value in real terms to some extent.

No changes are proposed in the family allowance of £60 per month for each child and the allowance will continue to be taxable.

Finally, I am pleased to propose an amendment to the procedure for winding up the Holiday Credit Scheme. It was resolved some years ago that the scheme would be wound up by 30 June this year. By that date participants will have had 3 years to either use their accumulated balances or cash them in at 50% of face value. As previously announced any outstanding balances will be forfeit. However, the amendment proposed will allow participants that are under the age of 16 at that date to retain their balances until they reach their 16<sup>th</sup> birthday. They will then be allowed a year to make the same choice as their parents and older siblings, that is to draw the full balance as a contribution to travel or take 50% of it as cash.

In summary, I am pleased for the first time to be able to present a budget that shows a budget surplus (first time for me anyway). It is a small surplus that in no small part is the result of additional revenues from oil exploration activities. As I mentioned earlier, I have placed no reliance on future oil related revenue streams. However, the 'windfall' revenues from exploration activities have allowed me to present a budget that includes significant economic investment proposals, in addition to maintaining existing levels of service wherever possible. I will outline further details of planned expenditure in my report on the Budget Select Committee when the House resumes on Friday afternoon.

Mr Speaker, the proposed budget includes carefully considered increases in fees and charges, and incorporates expenditure proposals that will be linked to departmental business plans and the Islands Plan. Through these documents we will monitor progress and achievements against planned targets.

The end result of the budget process is the culmination of the whole machinery of government, working together for the benefit of our country and our community. I would therefore like to take this opportunity to say thank you to everyone involved!

I would also like to pay tribute to Honourable Members who once again devoted a huge amount of time to the budget process. In the course of many meetings we endured spirited debate and hard fought compromise. I would like to thank the Assembly members for their diligence and their enthusiastic participation in the process.

As ever, I relied very heavily on my colleagues in the Treasury for pulling the whole process together (and for once again keeping the day to day processes running

throughout the budget cycle). In particular I must thank Nicola Granger. She carried out all the number crunching and was the prime author of most of the many budget reports that Members received over the last few months. She will be leaving the Islands on Friday for a well-deserved holiday. I would also like to thank my PA Margaret Butler, for her secretarial support during the budget process.

In closing, I would take a final opportunity to stress that, without changes in our approach or management of public expectations, government costs will continue to rise. We are taking steps to address this but there remains much still to do. We need to re-establish a healthy financial position for FIG. We must ensure that responsible budget strategies and financial plans are followed and that, as a society, we live within our means. There may be potential wealth from oil in the future but we cannot rely on that and we would be foolish to assume that oil will come to the rescue. On the other hand, it would be pre-emptive to implement major savings proposals or revenue raising initiatives until we see if the current exploration programme is successful. We still have a potentially strong resource base without oil and we need to ensure that we can finance the services that our residents deserve. The choices may sometimes be challenging but I am confident that there is a stable financial future for the Islands. It is a question of balance.

Mr Speaker, this concludes my budget presentation to this house and I beg to move that the bill be read a second time.

#### **The Honourable Chief Executive**

I second the Motion.

#### **Mr Speaker**

The Motion is that the Bill be read a second time. Does any Honourable Member wish to speak to the Motion?

#### **The Honourable Dick Sawle**

Mr Speaker, I would like to make just a few comments on the budget so far. Last years' budget was not an easy one and the lowering of the tax threshold plus the introduction of MST were two items that were not popular, however the options that we had were stark and simple. We had to increase revenue or cut services. Any cuts in services would result in a lowering of living standards which people have quite rightly come to expect.

I spoke earlier about the economy and will not go into those same arguments again but suffice to say that we are not yet heading into the rosy glow of economic comfort. If it hadn't been for Illex and oil exploration, this year's budget considerations would have been a great deal more difficult. We have been fortunate but we must never become complacent. I sincerely hope that by this time next year we will see some positive results from the Economic Development Strategy, Tourism Development Strategy and the Rural Development Strategy, we need to invest rather than just spend and decision makers need to consider carefully and properly what the potential return on our investments is, not just to the Government but also in terms of economic benefits to the Country.

Mr Speaker, I would just like to echo the thanks of all of us I'm sure to the Honourable Financial Secretary and all of his team who have done an excellent job of the budget sessions this year.

**Mr Speaker**

Does any other Honourable Member wish to speak to the Motion? No, is there any objection to passing the Motion? No, the Bill will be read a second time.

**The Clerk of the Assembly**

A Bill for an Ordinance to authorise the withdrawal from the Consolidated Fund of money for the financial year ending 30 June 2012.

**The Honourable Chief Executive**

Mr Speaker, I beg to move that the Bill and Draft Estimates be referred to the Select Committee of the House and that the Honourable Roger Edwards be appointed Chair.

**Mr Speaker**

The Motion is that the Bill and Draft Estimates be referred to the Select Committee of the House and that the Honourable Roger Edwards be appointed Chairman. Is there any objection to that Motion? No objection. The Bill is now referred to a Select Committee of the House.

**The Clerk of Assembly**

The Finance Bill 2011.

**The Honourable Financial Secretary**

Mr Speaker, I beg to move the first reading of the Bill.

**The Honourable Chief Executive**

I second the Motion.

**Mr Speaker**

The Motion is that the Bill be read a first time, is there any objection to the Motion? There is no objection, the Bill will be read a first time.

**The Clerk of the Assembly**

A Bill for an Ordinance to increase various allowances, benefits, charges, contributions, fees and penalties provided for under the laws of the Falkland Islands; to make new provision for certain new charges and penalties; to make new provision in relation to electricity prices and related matters; and to make new provision in relation to taxable benefits.

## **The Honourable Financial Secretary**

Mr Speaker, Honourable Members, this Bill essentially has three purposes firstly it gives effect to the increases in various allowances, benefits, charges, contributions fees and penalties provided for under the laws of the Falkland Islands, it also makes new provision for certain new charges and penalties. These increases relate to the proposals in my budget presentation and can be summarised as follows:

Clause 3 Increases the banking licence fee

Clause 4 Increase in Commissioners for Oaths fees

Clause 5 Increase Companies and private partnership fees, these are set out in Schedule 1 of the Bill

Clause 6 Increase in customs fees (service fees and entry/clearance fees)

Clause 7 Increase in customs fees (animal imports)

Clause 8 New provision for electricity supply

Clauses 9 & 10 Increase firearms fees

Clause 11 Increase fishery products fees

Clause 12 Increase harbour dues

Clause 13, 14 and 15 Increase in land charges and land registry fees, the revised fees are set out in Schedules 2 and 3 of the Bill

Clause 16 Increase in notaries public fees

Clause 17 Increase in plant import fees

Clause 18 New charges for public health inspection fees

Clauses 19, 20 & 21 Increase in various licence and registration fees (incl. patents, marriage, births and deaths)

Clause 22 Increase retirement pension contributions and allowances

Clauses 23, 24 & 28 Increase vehicle licence and other various road traffic fees. In addition Clause 23 makes provision for vehicle licence fees or car tax to be purchase for periods of less than a year.

Clause 25 Increase various Landing, Parking, and Navigation Charges at Stanley Airport

Clause 27 Increases Stanley Common grazing fees.

All the aforementioned increases take effect from 1 July 2011 apart from Clauses 3 and 22 relating to banking regulations and pensions which take effect from 1 January 2012. Clause 25 relating to Stanley Airport charges which will come into force on publication.

The objects and reasons section of the Bill seeks to explain the increases and shows the old and new figures for ease of comparison. That covers all the legislative amendments that were covered in my budget presentation.

The second purpose of the Bill is to amend and to introduce new provision in relation to electricity prices to ensure that the electricity supply regulations are fit for purpose in addition a level of flexibility is incorporated to accommodate some level of change to existing practices.

Clause 8 of the Bill sets these out and amendments would come into force on Friday. The main changes would be as follows, the Financial Secretary would be responsible for setting and reviewing electricity prices rather than the Governor acting on the advice of Executive Council. However, the Financial Secretary would have to take into account directions from Executive Council and the advice of the Director of Public Works. Changes in price would have to be published in addition to being published in the Gazette including on Falkland Islands Radio Service. The changes could be brought into force the day after they are announced on the radio. Due to difficulties in reprogramming card based electricity meters it would be possible for prepaid cards to be sold at more than the face value to accommodate any future price variations. It would be possible to use estimates of readings in a wider range of circumstances than is currently the case and the usage would be proportionate to different price periods. Limits could be imposed on purchase of prepayment cards and a breach of those limits would be an offence and finally the charge for a meter test be increased to £20.

The third purpose of the Bill is to enact minor amendments to the Taxes benefits in kind rule set out in Clause 26 of the Bill and will come into force on 1 July 2011. The amendment will mean that a Company Director will be treated the same as an employee for the purpose of those rules which was the original intention of the legislation.

I would like to express my gratitude to the Attorney General's Office for their advice and assistance, their drafting skills in preparing this Bill. Once again it is a long complex piece of legislation which this year amends twenty three different laws. Mr Speaker I beg to move that the bill be read a second time.

### **The Honourable Chief Executive**

I second the Motion.

### **Mr Speaker**

The Motion is that the Bill be read a second time, is there any objection to the Motion? No objection, the Bill will be read a second time.

**The Clerk of the Assembly**

A Bill for an Ordinance to increase various allowances, benefits, charges, contributions, fees and penalties provided for under the laws of the Falkland Islands; to make new provision for certain new charges and penalties; to make new provision in relation to electricity prices and related matters; and to make new provision in relation to taxable benefits.

**The Honourable Chief Executive**

Mr Speaker, I beg to move that the Bill be referred to the Select Committee on the Estimates

**Mr Speaker**

The Motion is that the Bill be referred to the Select Committee on the Estimates. Is there any objection to that Motion? No objection. The Bill is now referred to a Select Committee on the Estimates.

The Legislative Assembly is now adjourned until 2.15pm on Friday 27<sup>th</sup> May 2011.

## **ASSEMBLY RESUMES**

**FRIDAY 27 MAY 2011**

**Mr Speaker**

The Assembly resumes.

**The Clerk of the Assembly**

### **MOTIONS**

#### **Motion No 5 of 2011**

It is resolved by the Legislative Assembly, under section 113 of the Customs Ordinance 2003 (No 9 of 2003), that –

(a) The Customs Order (Title 26.1.2) is amended to increase the customs duties payable for tobacco products as follows –

on cigars from £241.85 to £270.87 per kilo;  
on cigarettes from £260.41 to £291.66 per kilo;  
on tobacco from £158.96 to £178.04 per kilo; and

(b) this amendment of the Customs Order comes into force on 28 May 2011.

**The Honourable Financial Secretary**

Mr Speaker, I propose that the Motion is accepted.

**The Honourable Chief Executive**

Mr Speaker, I second the Motion.

**Mr Speaker**

Honourable Members you all heard the Motion does anyone wish to speak to it? Is there any objection to the Motion? No objection, the Motion is therefore passed.

**The Clerk of the Assembly**

#### **Orders of the Day: Bills**

The Appropriation Bill 2011, final stages.

**Mr Speaker**

The Honourable Financial Secretary would you like to report on the proceedings of the Select Committee on the Estimates and the Appropriation Bill.



## **The Honourable Financial Secretary**

Mr Speaker, Honourable Members, this report covers both the Appropriation Bill and the Finance Bill referred to the Select Committee on the Estimates by this Assembly on Wednesday morning.

The Select Committee met on Wednesday afternoon to conclude the budget process and the committee's recommendations are now presented to this House for final approval.

As a result of the significant efforts already input to the budget process, the Committees deliberations were quickly concluded. I am pleased to report that the budget proposals were accepted without amendment. Therefore the proposed appropriation remains unchanged at £45,466,270 and the budget surplus for next year remains at £101,650.

I mentioned on Wednesday that the Government is taking steps to diversify and grow the economy. The main thrust of our efforts is encompassed in the Economic Development Strategy, which will be supported by the Rural Development Strategy and the National Tourism Strategy. I can now confirm that additional public investments totalling £4M have been provided next year to support these initiatives and the associated projects. It is projected that a further £1M will be invested over the life of the Medium Term Financial Plan. Part of this funding will initially be held in a Treasury Strategic Reserve, which has been created to assist with ongoing initiatives aimed at reducing the reliance of our economy on the goodwill (or otherwise) of our neighbours.

Turning back to the overall budget figures, total departmental expenditure was agreed at £42M and the 3 largest departments remain as Health and Education (with spending of £12.7M); Public Works (with spending of £8.9M); and Natural Resources (with spending of £6M). Taken together these departments account for 2/3 of projected departmental spending.

An analysis of the services provided by each department and a full breakdown of budget allocations will be available to the public when the Budget Book is published in the next few weeks.

The transfer payments budget was agreed at £3.9 million. This budget provides assistance to non-government organisations, social payments and funding for other programmes.

In terms of the main subvention bodies, the following allocations were agreed:

- £438,000 as a contribution to the Tourist Board, to support investment in the promotion and development of tourism.
- £216,000 as an operating subsidy to Falkland Islands Meat Company (FIMCo). This demonstrates the ongoing commitment of this Assembly to farmers and the meat industry. I will mention FIMCo again when I discuss the capital programme.
- £159,000 to the Media Trust to support the Falkland Islands Radio Station, including £15,000 which will be made available as matched funding;

- £110,000 to support the Museum and National Trust, including £10,000 which will be made available as matched funding; and
- £67,000 to support the work of Falklands Conservation.
- It should be noted that no subsidy has been allocated for Falkland Islands Development Corporation for the forthcoming year, since the Corporation is able to fully fund its operations from accumulated balances. This represents a one-off saving and annual subsidy allocations of £395,000 are included in the projections for future years.

Allocations totalling £250,000 were agreed to directly support the agricultural community via the Farm Improvement Programme and other related schemes. In addition, an allocation of £1.7M was approved for the continued operation of the ferry and coastal shipping service.

Full details of the other transfer payments are in the documentation provided to Honourable Members and will be included in the published Budget Book.

The Fund Transfers budget is just under £3.9M. These are transfers from one FIG fund to another, with the main transfer being the £3.5M transfer to the Capital Equalisation Fund to support the Capital Programme.

Capital expenditure as previously reported totals £10M for 2011/12. The capital programme includes the following major allocations:

- Firstly, £3.6M for Municipal Services – Which includes several infrastructure related schemes (including schemes related to water and electricity supplies, and sewage disposal). It also includes a provision to fund the potential construction of a Wind Farm to provide electricity to the Mount Pleasant Complex.
- Secondly, £3.4M for Government Land & Buildings – Which includes further Abattoir improvements, the relocation of the Fisheries Department from wholly unsuitable offices on FIPASS and relocation of the Museum and part of the Public Works Department; and
- Thirdly, £1.13M for Roads – To cover work on Camp and Stanley road networks

The Select Committee approved all the proposals on revised fees and charges. I can also report that the committee approved the proposals on pay, pensions, social payments and allowances. All the provisions of the Finance Bill to implement those revisions, where appropriate, were similarly approved.

There is one area that I omitted to mention in my presentation to this Assembly on Wednesday; that is electricity prices. In recent years the efficiencies from the wind farm allowed reductions in electricity charges of 2.5p per unit. Unfortunately, the continuing increases in fuel prices have thwarted further reductions in the electricity price. Indeed, it was recently increased back up to 19 pence per unit.

Further increases in fuel prices in the last month have forced Honourable Members to reluctantly approve another 2p per unit increase in electricity to 21p per unit. The prepaid electricity cards are currently based on a 19p unit price and when the unit price fell below this the cards were sold at a discount. Since the new unit price is

above 19p they will now have to be sold at a price above their face value. A 10½% surcharge will be needed to achieve the same effective unit price of 21p. This means that

- A £5 card will cost £5.53
- A £10 card will cost £11.05
- A £20 card will cost £22.10; and
- A £50 card will cost £55.25

Despite this increase, it should be noted that the efficiencies produced by the wind farm have held down the price per unit by 8p. They would therefore be much higher had the investment in wind power not been made.

I mentioned on Wednesday that I have been able to produce a balanced budget for the first time in 3 years. I also urged caution for the future. There is still some way to go to achieve balanced budgets on an ongoing basis but I believe that a reasonable balance has been struck this year between expenditure across the full range of service provision, economic development and capital investment.

Once again I would like to thank all who were involved in the budget process this year.

Mr Speaker, this concludes my report of the proceedings of the Select Committee on the 2011/12 estimates.

### **The Honourable Roger Edwards**

Mr Speaker, Honourable Members the budget process now engages our various departments and Treasury for the best part of a year. We as Members start the budget process early in the year and revisit various difficult items if necessary several times before a final decision is taken.

We agreed just after our election that we would strive for a balanced budget which does set up some pretty severe constraints. We also agreed a rolling three year capital programme totalling £12Million. I am please to say that this budget report does include both a balanced budget and the capital programme within the three year limit. I think it is fair to say that we have been fairly pessimistic with some of our expected revenues and overly optimistic with some of our expenditures, at least we are erring on the side of caution. This current year has seen our investment show a healthy return as the world trends towards recovery from the sudden slow down of two years ago. The income from taxation was fortunately higher than forecast and thanks to Illex catches being above the level where refunds would have to be made have all lead to a surplus. We must be wary of budgetary excess that was not planned. We must continue to live within our means and as stated by our Financial Secretary there is still much to do to achieve balanced budgets over the next few years.

Some of the decisions taken to achieve this balanced budget will not be popular at all, indeed, several decisions relied upon majority votes within our Assembly itself. However, I do hope that everyone understands that in every case decisions were made with the best interest for the economic future for these Islands. Spending must be seen as a basis for investment, income must not be squandered.

I would like to say a great big thank you to everyone who has taken part in this budget process and especially, a special thanks to our Financial Secretary, Nicola Granger and Margaret Butler who have sat patiently in meeting after meeting adding in or taking away figures so that we were at all times able to keep abreast of where we were and where we were heading. Thank you.

Mr Speaker, I know that on leaving this House some folks will find faults with parts of this budget and will make their personal views known to me in no uncertain terms, but this only shows that we live in a democracy where freedom of expression is only one of the basic and valued rights we all enjoy. Mr Speaker, I commend this budget to the House and move that this report be accepted.

### **The Honourable Gavin Short**

I wish to second the Motion.

### **The Honourable Jan Cheek**

Mr Speaker, Honourable Members, just a few brief and general comments that I have to make because this is my 10<sup>th</sup> budget session and as always I must thank the Financial Secretary and his staff for their highly efficient and orderly way in which we receive the information on which we work. I think this year it has been exceptionally easy to manage for those of us for whom financial matters are not the easiest. We should be aware that the tiny surplus currently forecast could disappear in a week or less with a few emergency medivacs so we would still have to operate with great caution as my Honourable Colleague Roger Edwards has said. Only when we have developed new sources of revenue will we be able to have a little breathing space.

I would like to applaud those who are already developing new business opportunities and investing in the Falklands. As always we regret the necessity to increase charges but must keep pace with costs. Rising fuel and transport costs affect almost everything we do, there is no escaping any of those costs and we have to ensure that collectively and individually we live within our means.

If we are to continue to develop education and medical services to meet evermore demanding expectations and to avoid the cuts in those and other essential services, we have got to expand and diversify. I will only be happy when we can not only balance the budget year on year but when we start rebuilding reserves which we have to acknowledge will be shrinking in real terms. I support the Motion.

### **Mr Speaker**

Does any other Member wish to speak? No, The Motion is therefore carried. The Report of the Select Committee on the Estimates and the Appropriation Bill is accepted. The Assembly is now in Committee.

### **The Clerk of the Assembly**

Clause 1 to 3.

**The Honourable Financial Secretary**

I beg to Move that Clauses 1 to 3 stand part of the Bill.

**Mr Speaker**

The Motion is that Clauses 1 to 3 stand part of the Bill. Is there any objection to that Motion? No objection. Clauses 1 to 3 stand part of the Bill.

**The Clerk of the Assembly**

Schedule

**The Honourable Financial Secretary**

I beg to Move that the Schedule stand part of the Bill.

**Mr Speaker**

The Motion is that the Schedule stands part of the Bill. Is there any objection to that Motion? No objection. The Schedule stands part of the Bill.

The Assembly resumes.

**The Honourable Financial Secretary**

Mr Speaker, I beg to Move that the Bill be read a third time and do pass.

**The Honourable Chief Executive**

Mr Speaker, I second the Motion.

**Mr Speaker**

The Motion is the Bill be read a third time and do pass. Is there any objection to that Motion? No objection. The Bill will be read a third time and passed.

**The Clerk of the Assembly**

A Bill for an Ordinance to authorise the withdrawal from the Consolidated Fund of money for the financial year ending 30 June 2012.

The Finance Bill 2011 remaining stages.

**Mr Speaker**

The Honourable Financial Secretary would you like to please report on the proceedings on the Select Committee on the Finance Bill.

**The Honourable Financial Secretary**

Mr Speaker, Honourable Members as I mentioned earlier the Select Committee approved all the provision as proposed in my budget presentation on Wednesday without amendment. I therefore have nothing further to report.

**The Honourable Roger Edwards**

Mr Speaker, I move that this report be accepted.

**The Honourable Gavin Short**

I second the Motion.

**Mr Speaker**

Does any Member wish to speak to the Motion? There is no debate, the Motion that the report of the Select Committee on the Finance Bill be accepted, is therefore passed.

The Assembly is in Committee.

**The Clerk of the Assembly**

Clause 1 to 28.

**The Honourable Financial Secretary**

I beg to Move that Clauses 1 to 28 stand part of the Bill.

**Mr Speaker**

The Motion is that Clauses 1 to 28 stand part of the Bill. Is there any objection to that Motion? No objection. Clauses 1 to 28 stand part of the Bill.

**The Clerk of the Assembly**

Schedules 1 to 3

**The Honourable Financial Secretary**

I beg to Move that the Schedules 1 to 3 stand part of the Bill.

**Mr Speaker**

The Motion is that the Schedules 1 to 3 stands part of the Bill. Is there any objection to that Motion? No objection. Schedules 1 to 3 stands part of the Bill.

The Assembly resumes.

**The Honourable Financial Secretary**

Mr Speaker, I beg to Move that the Bill be read a third time and do pass.

**The Honourable Chief Executive**

Mr Speaker, I second the Motion.

**Mr Speaker**

The Motion is the Bill be read a third time and passed. Is there any objection to that Motion? No objection, the Bill will be read a third time and do pass.

**The Clerk of the Assembly**

A Bill for an Ordinance to increase various allowances, benefits, charges, contributions, fees and penalties provided for under the laws of the Falkland Islands; to make new provision for certain new charges and penalties; to make new provision in relation to electricity prices and related matters; and to make new provision in relation to taxable benefits.

The Criminal Justice (Amendment) Bill 2011. This Bill is being presented under a Certificate of Urgency and therefore requires a first reading.

**The Honourable Chief Executive**

Mr Speaker, I beg to move the first reading of the Bill.

**The Honourable Financial Secretary**

I second the Motion

**Mr Speaker**

The Motion is that the Bill be read a first time. Is there any objection to that Motion? There is no objection, the Bill will be read a first time.

**The Clerk of the Assembly**

The Criminal Justice (Amendment) Bill 2011

**The Honourable Chief Executive**

Mr Speaker, this Bill is a short technical measure intended to deal with an issue that has arisen in relation to the provisions for bail in criminal case. It has emerged Mr Speaker, very recently that when the Criminal Justice Ordinance was amended in 2003 a Schedule to the Criminal Justice Ordinance that contained such provisions relating to persons entitled to bail was repealed by mistake. It is important that this issue is resolved and quite simply that is what this Bill is intended to do. Mr Speaker, I beg to move that this Bill be read a second time.

**The Honourable Financial Secretary**

I second the Motion.

**Mr Speaker**

Does any Honourable Member wish to speak on the Bill? There is no debate. Is there any objection to dealing with this Bill by the short procedure? There is no objection. Does any Honourable Member wish to propose any amendments to the wording of the Bill? There are no amendments, I declare that the Bill will be read for a third time and do pass.

**The Clerk of the Assembly**

The Criminal Justice (Amendment) Bill 2011

The Taxes (Amendment) (No 2) Bill 2011, this Bill has been gazetted therefore we go to the second reading

**The Honourable Financial Secretary**

Mr Speaker, Honourable Members this Bill will amend Schedule 6 of the Taxes Ordinance to deal with two specific issues relevant to petroleum licensees. First, the rule introduces a system of civil penalties on petroleum licensees who do not comply with notices requiring them to provide information to the Taxation Office. Civil penalties can already be imposed on failure to comply with other obligations to provide information under the Taxes Ordinance. If information is not provided in time, there would be a penalty of £250. Further penalties of £250 would be incurred for every 15 days until the information is finally provided and there would be a power to reduce or waive penalties but only in exceptional circumstances.

Secondly, petroleum licensees can already be made liable for corporation tax and income tax or by their contractors but not payments on account of tax (POAT) or Medical Services Tax (MST). This Bill will extend petroleum licensees liability to amounts due from but not paid by contractors operating in their licensed areas to cover POAT and MST. There will however be similar exemptions to those that already apply in relation to corporation tax and income tax.

I beg to move the second reading of the Bill.

**The Honourable Chief Executive**

I second the Motion.

**Mr Speaker**

Does any Honourable Member wish to speak on the Motion? There is no debate. Is there any objection to dealing with this Bill by the short procedure? There is no objection. Does any Honourable Member wish to propose any amendments to the



wording of the Bill? There are no amendments, I declare that the Bill will be read for a third time and do pass.

### **The Clerk of the Assembly**

The Taxes (Amendment) (No 2) Bill 2011

The Motion for Adjournment.

### **The Honourable Chief Executive**

Mr Speaker, I beg to Move that the House stands adjourned *Sine Die*.

### **The Honourable Emma Edwards**

Mr Speaker, in rising to support the Motion I have one or two observations. I am saddened that Glenn Ross found that he was unable to continue his MLA role due to the problems encountered at the Power Station. His actions show how committed the Civil Servants in the Islands are to their jobs and the extra mile many of them will go to, to ensure the smooth running of our country. I would like to thank Glenn for his work and his suggestions whilst on the Legislative Assembly and hope that he and his team would soon have things running smoothly again at the Power Station.

I look forward to the by-election, it is an opportunity for us to hear where we are going wrong and maybe what we have done right. I would like to take this opportunity to wish all the runners a good race and look forward to working with the successful candidate in the near future.

Last week I was given the opportunity to go and speak to newly appointed civil servants at their induction course, most around the table were Islanders which threw me somewhat. I was expecting to see a lot of new faces to the Islands, so I could give the normal brief. It was good though to hear their views and one of the things that came across was that the work of the Assembly was not reaching everyone in the community. I know that many of my Honourable Colleagues write weekly in Penguin News, send out round-up via the Internet or even chat on facebook or tweet on what the Assembly is getting up to. This is all well and good but so often it is not creating the sort of debate within the community that we should be having. If anyone out there has any other suggestions on how we can better communicate then please let me or my fellow Members know. I hoped that we will not be remembered as treating the community as mushrooms.

I guess I have to declare an interest: I am a civil servant, however I believe that that puts me in a very useful position within this Government to hear what is being said on the shop floor by my civil servant colleagues. I can tell this Assembly that there is still a lot of unhappiness. Although, a review of the “superheads” is being started, I believe in September, there are still grave concerns and upset that this is not being done sooner. I stand by what I said back in October/November 2009, these posts are too big for one individual, it is not creating the sort of job development and career structure needed within the civil service, they are expensive to recruit for and have been very difficult to retain. I so look forward to the outcome of this review and hope that we will see a bit of sense returned and the “superhead” posts abolished.

What amazes me even more is the lack of pay structure within the civil service reflecting peoples' qualifications and loyal service. Good people are hard to find and all too often cannot be retained. I am encouraged by this Council's effort to try and provide training for the civil servants to the tune of £150,000. But do question the incentive of people if they are going to remain at the same scale following their training. I also encourage all departments to identify people for this training and to put them through.

With another hat, that of a reserve police constable, I would like to bring to the Assembly's attention the growing problem of noise pollution. This is a topic brought up as I was undertaking my campaign for election back in 2009 by a number of individuals, there is nothing worse than not being able to sleep due to a repetitive beat, and often sleepless nights week after week. Officers have very few powers to help people kept awake by those having a good time. St. Helena has very good laws to cope with the noisy problems and I would hope that we may be able to explore some of these options. I don't want to come across as a bit of a party pooper, but sometimes when the drink flows you think everyone should be able to join in the fun and people's judgement is impaired.

Whilst I am on the environmental topic I would like to remind people of the survey currently being carried out by the Environmental Planning Department on the selling or not of trout. Should fisherman be allowed to sell the six trout they are allowed to catch per day or should we stick with them not being allowed to sell them on. There are arguments for or against each suggestion. We would like to hear from people their views. So please contact the Environmental Planning Department for more information or to put forward your views.

I would also like to formally welcome the new Board of Directors to the Tourism Board, they include, the newly elected Andrea Clausen, Paul Lewis and Lisa Lowe as well as Sally Ellis and Sarah Clement as returning members. The Tourism Strategy is quite a challenge but with the support of the FITB members I hope an achievable challenge. The strategy should include all sectors of the community especially those in Camp. I hope that in the coming months, the strategy will be presented across the islands and the opportunities explored so a clear plan can be developed. Tourism is a very and increasingly important industry in these Islands and hope that this Strategy will show the commitment the Islands' Government has towards tourism.

I don't like admitting I was wrong, but I was wrong with my views of the Abattoir last year. I was very worried about the huge sums of money being spent on the project, however, I was very pleased to be proven wrong. The project came in under budget, the number of lambs through the plant was higher than forecast. Well done everyone involved. Weather wise it was a good year for sheep and high wool prices also encouraging news for Camp. I wish the final phase of this project every success and hope that our farmers will continue to support our growing meat industry. This is a success story using local skills and local business; I do have to ask myself, do we still need Morrisons.

Another area I was worried about was the Public Accounts Committee. I did wrestle for a while over whether or not a MLA should sit on the Committee. Of late I have changed my mind, I see the work of this Committee as one of great importance. It

allows a body of people to sit back and reflect on what has gone on before and then recommend how wisely money has been spent. It is a Committee to identify good practices as well as bad. I believe it is an opportunity for a MLA to sit on this Committee for a couple of reasons:

- 1 they give an insight into how or how not FIG is run
- 2 they can report back findings of the Committee and drive through the recommendations.

It is the latter part that will make the PAC a success or not. I hope it is the former.

Argentina are being difficult, and I don't think that things will be getting any better for a while. I would like to say to Argentina that this is not the way to behave if they want to have any form of relationship with our country. Our sovereignty is not up for negotiation. How these Islands are governed is up to the people of these Islands, not Britain and certainly not Argentina. It is also the way the Argentine war veterans behave in these Islands that has been brought to my attention. Of late, I have not seen behaviour which I would class as being dignified. Veterans on both sides have a right to visit and lay ghosts to rest, but these Argentine veterans do not have a right to go around and dig the Islands up, graffiti rocks on battle sites and leave offensive plaques glued around the place. It is not all Argentine veterans who do this, but as always a minority could upset it for all. We need to take action against this sort of behaviour and the first people responsible to ensure that veterans do behave are those who act as hosts and escorts. It just takes a little reminder to tell them to have respect and to walk away with their dignity and not to act like hooligans. We are kept being told of the human rights that Argentines should enjoy but not at the cost of our human rights, the Islanders and the British veterans I believe, they come first.

We also should end on a positive note, well done, our gifted and talented group at FICS, our students have come into the top three in the "Shine" group international award, it is a wonderful achievement and I wish I could attend with them when they go to London and hopefully hear that they have come top.

Finally I would also like to thank Commodore Thicknesse who can't be here today and wish him all the best for the future. Mr Speaker, I support the Motion.

### **The Honourable William Luxton**

Mr Speaker, Honourable Members. The budget process is now complete for another year and I hope that people don't find it too onerous considering what is happening elsewhere in the world. We have managed to retain our financial integrity and not eat into our reserves once again, one day we may need them very badly if in the end there is no oil to be exploited. I join my Colleagues in thanking the Treasury staff in particular the Financial Secretary for the very efficient and concise way they presented all the figures and causing us the minimum amount of trauma.

Mr Speaker, at the risk of being boring, I want again to return to the question of the maintenance of our road system. I apologise to those on the East who have similar problems but I am not as familiar with those as I am with the West and no doubt they will tend to talk to my Honourable Colleague Sharon Halford.

I repeat, this last season's work on the West was an almost total waste of money and many areas that desperately needed work were not touched at all. The money wasted on the deluxe entry to Fox Bay airstrip would have gone a long way to improve the notorious Carew Harbour death-trap.

I hope the TAC will now grip this problem and ensure that local advice is sought right at the outset and that having considered this advice PWD will put the next year's program back to the TAC for approval before contracts are awarded.

Rumour has it that some patchwork improvements are planned on the notorious hills on the Hill Cove road. I think this is also a total waste of money. The road should be re aligned where it should have originally gone and a start made. There will not be enough money to finish that in one year but that is better than a temporary bodge up that that will acquire an air of permanence I fear.

I look to my Honourable Colleagues on the TAC to grip this work as soon as possible and to the Chief Executive to ensure that we do not have a repetition of last season's fiasco.

I also feel that the treatment of the outer islands is less than equitable at times, a great deal of money has been and is spent on main island road systems and the ferry. Needs vary but many could make good use of some heavier plant if it could be landed, with an operator, to do specific tasks. Such requests could go thought the TAC in the first place for approval.

Turning to other communications – I think members are now unanimous that Cable & Wireless simply have to be forced to give the consumer a better deal and that their obscene level of profit from these islands has to be turned into better value for money for their users. The recent pathetic increase in package allowance was almost insulting. I think the Honourable Dick Sawle has got the measure of them and I think he will have total support from us all in progressing a fairer deal for users. If not, we are going to slip further and further behind the rest of the world. Just the other day FIG wanted to circulate some information to MLAs and it had to be sent on a CD as the message was too big for the email system! Almost unbelievable!

The situation with Stanley Bunkers and Stanley Services is also quite intolerable and one has to raise eyebrows at the whole setup with Stanley Bunkers and wonder how it came about. In the next year I hope the Government will also get a grip on this. We cannot continue to allow excessive profiteering on essential services.

Mr Speaker, we continue to be subjected to the hysterical outpourings of vitriol from the present Argentine regime and while we can be robust in countering some of the worst excesses you only have to read some of the rabid and extreme comment on MercoPress to realise that it is difficult to deal with those who are partially unhinged. One day perhaps there will be an Argentine Government that can take a rational view in the same way that Spain is prepared to talk with the UK and Gibraltar over their matters of mutual interest but I fear that day is quite a long way off.

We do however need to take every opportunity to put our case anywhere to correct the propaganda and lies put out by Argentina.

Our essential external communications are also the subject of some intense work by the administration and MLAs and I hope that soon firm proposals will be made. I reiterate what I said last time in this house, I do not believe we can afford not to have shipping and air transport under our own control, any other option is unacceptable.

Mr Speaker, we not far from the shortest day and there is some debate about the decision to stay with local time plus one hour all the way through the winter. I hope we stick with it and assess the effect in a few months time. Originally there seemed to be a big majority in favour but I think we need to have a cool look at it for next year. Maybe it would be possible to commission a telephone opinion poll late on to give MLAs some indication of the majority view. Like the smoking thing, I am not going to die in the ditch either way; I really don't mind one way or the other.

I support the motion.

### **The Honourable Roger Edwards**

Mr Speaker, Honourable Colleagues, in rising to support the Motion for adjournment I would like to touch on a few items that are worthy of note.

Firstly, Falkland Islands Meat Company (FIMCO), the Abattoir required some not inconsiderable funding in order that it continued to comply with EU regulation, better animal welfare, better working conditions and a greater volume of freezer capacity. In order to make this large sum of money and works required more manageable the project was broken down into three phases which we will call phases 2, 3, and 4. After initial costing for phase two were challenged as being too high, it was decided to project manage in-house using local tradesman for the work. This brought the project price down to an acceptable level. I am delight to say that this approach made the project come in under the new lower budget and virtually on time. I would like to say congratulations and very well done to all concerned.

This project to me proves that we have local craftsman who are completely capable of doing major works and I believe will give these firms confidence to take on bigger and better tasks in the future. Now phases 3 and 4 have been approved and funding provided I hope and look forward to the same outturn again.

I would like to say a big thank you and well done to the team that organised the Landing Day at San Carlos, this was the first year, and this commemorative event has been entirely civilian lead. I regret that I was not able to attend, but I have been told great things, so very well done.

Last week I attended both the FIMCO Livestock supply working group and the FIMCO oversight Board at both meetings concern was expressed about the state of the roads on West Falklands and the impact it is having on the supply of animals to the Abattoir. We do not have a huge fund to support the upkeep of our all weather tracks so we must ensure that every penny spent is put to good use and not wasted, as much of it was last year. Capping good stretches and forgetting about the bad and downright dangerous areas.

It was for some a reluctance that the price of electricity had to be put up again so quickly after the last price rise, sadly we do not control the price of fuel, and we are

assured that a method is now in place so that the prices can go down just as quickly as they go up. Whilst fuel prices and electricity prices remain high, we must pay special attention to the elderly and infirm in our society especially as winter draws in to ensure that they do not suffer undue hardships. Speaking of electricity, we must remind ourselves the input to the Stanley grid from the wind farm, without this wind farm prices would be some 7p per unit higher, without this wind farm during the recent major problems at the Power Station, Stanley would probably have been in blackouts. We must thank Glenn Ross and his dedicated team at the Power Station for the hard work that they all put in to avoid disaster. It was sadly the straw that broke the camel's back or in this case caused Glenn to resign from this Assembly, he is sadly missed. We must also remember that our generators are getting older, the spares back up chain is getting longer, over a year for one alternator, we must give serious thought in the not too distant future about purchasing some new engines and possibly a new Power Station.

I spoke earlier about high fuel prices, I am not convinced that we get the best deal from our monopoly supplier of fuels so would like to see once we have Cable & Wireless properly regulated the same controls put in place for Stanley Services. With the Falkland Islands Government being the largest single shareholder, this should not be too difficult. We do suffer having so many monopolies and if we are to continue with them then we must ensure that they are regulated and give the very best deal to the community as their licence requires.

Just a note now for farmers, I have now literally, not more than five minutes before this meeting, been told that we have to move all the lime purchased by Government from COLAs out of the hangar from which it is being stored, I believe damage has been caused by the present strong winds to another hangar so it has to be moved. I have passed this message onto Mac McArthur and hope arrangements can be made to get it moved as soon as possible, but some help from local farms may be required. I would suggest you contact Mac McArthur.

My Colleague, the Honourable Emma Edwards has mention that we are not getting through to some of the public, so I would like to mention that we are as an Assembly with officers attending public meetings on 17 August at Goose Green and 18 August at Fox Bay. I hope as many people as possible would be able to attend.

We have a by-election in the Stanley Constituency shortly and amongst those who have already declared their hand, I note we have a Camp Constituency candidate. We can already stand for either Constituency; I would like us to be able to vote in either Constituency. In other words, I believe in a single Constituency. I do believe that the great divide between Camp and Stanley in this day and age is a myth, we regularly have to make decisions on both Camp and Stanley and I can honestly say that I have never once come across any Member being anti-Camp.

Tomorrow I head off to a meeting of the Committee of 24, firstly in St. Vincent and then onto New York where I will be joined by my colleague Dick Sawle. We take with us some strong arguments and many facts to destroy the Argentine lies. I know we go with the full support of Falkland Islanders. I hope this year we can make more countries support our freedom and our right of self determination.

Mr Speaker, I support the Motion for Adjournment.

## **The Honourable Gavin Short**

Mr Speaker, Honourable Members, ladies and gentlemen.

In rising to speak to the Motion of Adjournment I would like to mention a few items.

As is normal, in the time between Wednesday's budget session and today's I received a few phone calls covering various aspects of the announced changes to prices etc. I must admit that I had every intention of pursuing one or two yesterday but got laid low with the dreaded lurgy but will be following through on the queries raised now that the will to live has started to return a little.

I believe the Financial Secretary has ideas on the way that the budget process could be changed to make it a little more streamlined and I would like to chuck in a suggestion that was made to me by a constituent. Could we not publish some of the revenue proposals that will be going to the budget select committee (such as pensions contributions increases etc) a month or so earlier before the actual day of decision as this would give people time to make any representations that they may wish. To me this doesn't seem that revolutionary.

I am still highly indignant that cigarettes are having a huge increase put on them whilst the other great evil, alcohol goes unchanged. Is this really sending the right message? We care about you sooting up your lungs (or will make a nice healthy profit out of you if you continue) but really don't care about the social problems that are caused by drinking. Makes you wonder.

It was also announced in the budget that there is to be a review of port/customs charges etc pertaining to vessels. It was initially envisaged that this would be just an internal type review but myself and another colleague felt that it would be a wonderful opportunity to open up the scope of debate and actually invite suggestions from the industry, whether it be yacht owners, fishing or oil. I have been tasked to make it happen and look forward to starting the ball rolling.

Fishing, as mentioned in the Governor's Address continues to be volatile. This year saw one of the better Illex seasons for some time but with Loligo catches dropping. Some finfish stocks still give cause for concern as well and it is to this end that we really must strive to bring more of the value of the fisheries on shore here in the Islands. I have to admit that this has suffered a setback with the problems caused to the container service to the Islands but I see this as just that, a setback, we will find a way to make it work. Also of great value to us if the transshipping operations that go along with the toothfish licences that are issued for around South Georgia, etc. This year the Islands suffered a bitter blow when the number of licences that were issued in this fishery were reduced due to conservation issues, which in itself I would applaud, however what was difficult to understand was the decision that was made by the South Georgia Government (which by the way resides here in the Falkland Islands) not to issue a licence to a Falkland Islands based company whilst issuing one to a New Zealand based company. I and others have made our feelings known about this and it makes me wonder just what the criterion for issuing these licences is. I would have thought that the British Government would have taken into account the fact that

there was a Falkland Company in the bidding and also that they base the South Georgia Government here.

Unfortunately, for me, this has soured the relationship with the South Georgia Government and I urge them to rethink their decision in the interest of good relations between our two governments.

I really would like to say a heartfelt thank you to everyone around this table for supporting the idea that the holiday credit scheme would carry on for the under 16s and not be closed at the same date as the adults. Even though I still cannot really see why the scheme had to be closed at all, at least us adults have the chance to either use what we had accumulated for travelling, donate some or all to SAMA or withdraw half its value in cash. The children did not. To take away what they had accumulated would have been daylight robbery. Now, their accumulations can still be drawn down for travel costs or otherwise it will just sit there in the fund until the young person has reached 16 and thereafter they have a year to either use or withdraw it before the chopper will come down.

The capital budget this year covers quite a spread of items which include items like the town hall lift, finally a new office unit for the Fisheries dept, medical equipment, relocation of PWD and Museum etc.

I am also extremely happy that we have made an increase to our spend on defence with some new items being included in the budget for the FIDF. I thank Honourable Members for their support. I imagine there are some out there who are saying that it's a complete waste of money. You know something, I totally agree with you. When you spend money on arms or equipment you pray to God that it is a complete waste of money and the equipment will never be used, for if the day comes that it is used then something has gone horribly wrong and in all probability people we know will be out there doing their best to defend us and our country.

Although modest in sum, the fact that we are showing that we are prepared to spend the money sends two clear messages: One is that we believe in our country and will do what we can to defend it and also that we will not hide behind the hem of the British greatcoat and expect them to keep us safe in our country, we too will do what we can, and are proud to do it. In matters of defence my motto is "hope for the best and prepare for the worst"

If I could move very briefly to Immigration, I have lost count of the times that I have stood in this House and have said that the Point System is just about to happen, I am now assured that the regulation will be brought forth and it will be with this House at our August session. I very much look forward to that as indeed the people out there who are eagerly waiting.

It is nice to be able to report some good news to the House. We have, amongst our students studying over in the UK Marcus Porter and Sam Elliot, who along with another lad have formed a band. I believe that twice now they have been selected to have a track on the CD that the university releases which in itself is quite some achievement however I am told by Jock and Liz Elliot that the lads have now been told that one of their songs has been selected to appear on the soundtrack of the new Sean Bean movie which I think is brilliant news. I am sure Members will join me in passing our congratulations onto the lads and also their families.



Finally, I would like to return to the theme of external links. If we wish to further expand our economy, to make life better for our people here it is vital that we have another air and shipping link out of the Islands. Without these we will stagnate. I am not the only person who can see this, you can bet your bottom dollar that the neighbours across the way know this as well and that is why they have done their very best, through pressures on third party companies, the use of unions etc to sabotage these links.

We can do it but it is going to mean that this Assembly will have to take some very bold decisions and soon. For the sake of our people we must be prepared to do this. It may mean that we have to invest money to make things happen and I for one am prepared to do this, I call on other Members to show equal commitment.

I do sometimes despair of ever having an adult relationship with the neighbours and the antics of a week ago when a mayor and some rather nasty union types whipped up a violent protest against two vessels that were reputed to be helping with oil exploration in Falklands waters just goes to underline the mentality of the people we facing. Even a message from their central government telling them the truth fell on deaf ears. I guess it's a case of never let the truth get in the way of a decent riot. Maybe the supply of fuel to vessels involved with hydrocarbons in the Argentine waters might be a lucrative sideline for us as it looks like the country that hired them doesn't seem to want to have them there.

The attempts by our wannabe colonial neighbour to blockade us, to cut off supply lines, to brutalise us into giving them our country continues. We cannot expect this to change. It is their mentality that what you can't achieve by coercion or corruption you can by brutality. Well Mrs K you have picked on the wrong people this time. I would rather go hungry than give an inch to you. Sir, I support the Motion.

### **The Honourable Sharon Halford**

Mr Speaker, Honourable Members in rising to support the Motion of Adjournment I suspect that for many the result of this budget will be a warning that we do need to live within our means. Whilst we may think we are hard done by here in the Falklands if you look around the world today we are still, in my view, much better off than so many others and we should not lose sight of this.

The ever increasing fuel prices are pushing the costs of many things up including travel, heating and electricity and some may even be wishing they could go back to peat, with the dust and hard work the whole process required. Electricity prices are always governed by the price of fuel, although the wind turbines have greatly reduced this cost, I hope that when the price of fuel reduces again (I can but dream) that we will be able to reduce the electricity cost accordingly as with modern living electricity in one way or another is vital to most.

I am very pleased that we have been able to continue offering the winter fuel allowance for our senior citizens and also their Christmas bonus.

There is no doubt that in some way or other we will all be affected and will need to tighten our belts a notch or two.

I would now like to respond to a question asked by the Honourable William Luxton on Wednesday of this week in relation to the cost make up of the cattle grid replaced/installed at the Fox Bay airstrip. As stated on Wednesday the total cost of this was £9,800 and can be broken down as follows: £2,300 for materials supplied which included steel, aggregates, cement and timber and the remaining £7,500 was for the works. This cost was applicable to all grids constructed during the last season on both East and West Falkland. Whilst we all complain about rising costs it is perhaps worth noting that the cost of cattle grid construction has nearly tripled since 2008, whilst our budget has not.

Mr Speaker perhaps I need to stress to the Honourable William Luxton that the views of both East and West residents are already presented to the committee through their local representatives and other members of the committee. Whilst on the subject of roads we will be having a meeting of the Transport Advisory Committee next week and I would like to take this opportunity to thank all of those who have taken the time to respond to my questions. As always we will be limited to funding and will struggle to do the work necessary to simply keep the road network operable without thinking about additional roads. At this time of the year everyone tends to think their stretch of road is the worst and of course someone will be right, as many of the roads have a fair concentration of clay in them they are not at their best when wet. Perhaps we should take a reality check and step back and reflect on what it was like before we had the road transport network and ask if we are any better off today – I suspect in most cases, but not all, the answer would be yes.

Whilst we are grateful for the support afforded us by the current UK Government, and are grateful for the support of the many men and women at Mount Pleasant, we should not be complacent and think that everyone else in the UK is of the same view or in fact even know about the Falklands. All too often people think we are reliant on everything from the UK including funding. What a surprise when they realise they are wrong, they then become keen to learn the facts. Although many visitors to the islands go away as good ambassadors we cannot rely solely on them and must make the most of all avenues when it comes to getting the Falklands message out and about, it is always a challenge but one that we must keep plugging away at.

Our Island Games Representatives will be heading north in June to once more represent the Falklands overseas. This time we have a group of 43 competitors covering a variety of sports who range in age from as young as fourteen years. All of the competitors have to put a lot of time and hard work into their particular sport in order to be able to compete and they should be congratulated on their efforts and commitment. Sport is a great way to meet others and as they do this on our behalf they will be flying the Falklands flag, I wish each and every one of them all the best in their endeavours to attain a medal. I am given to understand that the competitors will be well supported at the games with eight officials/admin staff accompanying them plus 14 VIP's who will include Governor Haywood, our previous governor Alan Huckle and the Honourable Dick Sawle to name a few. In addition to those already mentioned there are known to be 70 spectators with more expected. It is anticipated that the Falklands contingent will total upwards of 150 on this occasion. It will be really good for the competitors to have such support.

We continually hear how important education is for our children and I for one would not dispute this, they should be given every opportunity we can afford to give them, and one would hope that they in turn would make the most of the opportunities open

to them. That said I was somewhat disappointed when we met with last years' youngsters, who were at the time about to embark on their 'A' levels abroad. When asked what they all hoped to do in the future many shrugged their shoulders and said they didn't know. I hope if we get the opportunity to meet the youngsters about to leave for higher education this year that they will be more positive and have a clearer idea of what their ultimate aims are. With money not growing on trees I think it is time that we started to look at exactly what our needs are in the Falklands and only give full funding to students who are working towards qualifications that are relevant to and needed in the Falklands. Lesser funding could then be considered for other subjects. I believe there are many opportunities in the islands and all our youngsters should be made aware of these, especially with the push on succession planning within FIG and hopefully an expanding private sector.

When I went off to the UK recently there were eight full seats around the table at Gilbert House and when I returned the seat next to me was vacant as a result of the resignation of Glenn Ross. I must mention him here and thank him for all his positive contributions to our many debates; the red mist did not descend too often! He was always very focused quietly putting his points of view across but accepted that you can't win them all and when you are outvoted, even if you are right, it is a democracy and you have to live with it and move on and win another issue. He will be missed but as we all know there is to be a by-election in June and I shall look forward to working with whomever the electorate decide will best represent them.

The hospital had had its ups and downs over the years and we seem to be continually struggling to get enough people to fill the posts. However it is a reasonably large department when it comes to staffing covering many different areas of expertise. The biggest loss for many will be Dr Diggle when his contract comes to an end next month. He seems to have been with us forever but then twenty years is a fair time in anyone's career. Having gained much and varied experience whilst here and a very good understanding of and appreciation for our way of life he will be a hard act to follow. I would like to take this opportunity to publicly thank him for his hard work in the islands over the years and wish him and Jean all the best for the future.

I would once again like to mention fostering and thank all of those who have come forward to offer their services to those in need. I realise that for most people interested in doing this they do so because they care not because they expect to earn any great amount from it. The reward itself is in making a difference and caring for those most in need. However the allowances for foster carers were increased recently and we are still in need of more people on our books so do please come forward if you feel you can make a difference.

I was hugely dismayed this week when I read the article in Penguin News about the removal of the reindeer from South Georgia. These reindeer will have been there for over 100 years, well they and their ancestors, what have they done to deserve this. There was no mention of the removal of the invasive species that put them there in the first place, man. I see this as a very stark warning to us of environmentalists and conservationists having gone over the top by any stretch of the imagination. How many birds on that island would be an invasive species too as they probably flew there from somewhere else many years ago or some may even have been taken there. How many plants will have germinated there from what birds have left behind will they too be removed as they are an invasive species? How far should we let these things go? Next thing we will be hearing is that it was a mistake to have culled all the reindeer

and that it should not have been done, it will be too late to turn back the clock then. I ask all of you out there who appreciate our environment and wish to conserve what we have for our successors to take note and do not follow this example in the Falklands. Let us be proud of what we have here, however it arrived, and whilst it may be necessary to control some things we should be living and let live. Remember you cannot go back, you can only make the most of what you have today, whatever that is, and move forward.

I would like to suggest to my colleague on my right the Honourable Gavin Short that the Medical Department do not condone either smoking or drinking. However passive smoking is also harmful to non smokers.

To finish, some of my Honourable colleagues have said that they have not as yet met anyone who does not like the summer time in winter. For the record let me say I absolutely hate the dark mornings. I like to go to bed and have a good night's sleep and not have to get up in what appears to be the middle of the night. It may be good for business and all the keep fit enthusiasts but I suggest for many it is simply depressing.

And on that note Mr Speaker I support the motion.

### **The Honourable Dick Sawle**

Mr Speaker, Honourable Members. I would like to make comment on a couple or so items on this year's budget. In general I think it contains no great surprises. I have had a few comments made to me though which I feel are appropriate to pass on as they are of value. We have been discussing budget proposals for many months and that process has been handled extremely well by the Treasury officials. However, from the public's viewpoint, the Financial Secretary made those proposals public on Wednesday morning. By Wednesday afternoon we had met and formally approved them in Standing Finance Committee. Here we are today, Friday, giving them the legal effect they require. The point raised with me is that while some items will necessarily need to remain confidential, we have not given any time for people to make representation or comment on some of the less contentious but nevertheless important proposals. I believe we should. I believe that it would be a simple task to produce papers for public comment on at least some proposals and also of course give the opportunity for the public to make their own suggestions.

I am pleased that we have finally awarded the public sector a pay increase. This has been long overdue. There has been some criticism that any percentage increase benefits the higher paid more than the lower paid. This is true, but the differentials have to be maintained. The very lowest paid will have a minimum increase of £450 awarded though as this fact had been recognised. We have also been told on many occasions that our middle layers as well as our higher layers of government are now suffering real recruitment problems as the deal we offer is not an attractive one. These are the facts, and we cannot ignore them.

I am also delighted that at least one major company here has also decided to award pay increases to their staff.

There has been a general increase of most charges by 3% with the exception of cigarettes which have increased by an alarming 12%. I believe that those who supported this did so as they wished for this Assembly to be known as the anti-

smoking Assembly. I do not believe that using the budget process for this type of personal Campaign is right, but that is a personal view and I and my Honourable colleague Gavin Short are in a minority. Perhaps we really are a dying breed, but if there are real health concerns rather than revenue concerns, then I fail to see why alcohol did not also suffer an increase as it is just as lethal a habit as smoking. I doubt therefore that the increase is really and truly based on any concern for people's health. I look forward to hearing the same zealous attempts to get junk food banned and a tax on chocolate. Of course - neither of which I would support.

However, all of the increases we have made to a variety of charges will push up the cost of living for everyone. This is inflation which hits government as well as the private individual. The only real antidote to inflation is to get prices down and the economy moving. I believe that we are prepared to do this and this next year will test people's resolve.

We have achieved a slight surplus in the budget of about £100k which is good news but, as I said yesterday, we should be in no doubt that oil exploration and Illex revenues have made this year's budget a far simpler task than it might have been.

Turning to other matters which I have as part of my portfolio, I would like to make brief mention of the Post Office. The ladies at the Post Office work extremely hard with a system that is fairly antique, yet the best that we can have given our size and financial circumstances. Sorting the mail is not much fun. I know because I have tried it. If I were to sort the mail for you, you would without doubt seldom receive any mail at all and it would probably be in the wrong box. However, the speed at which they work is truly astonishing. To sort the mail here requires an encyclopaedic knowledge of who is who, where they were, with whom, where they are now and at times, where they probably will be by the time they collect their letters. What we can't do however is control the input to the Islands. Anyone sending mail to the Falklands from within the UK will be interested to know that it heads within the Royal mail system directly to the international sorting house at Heathrow. This is a huge enterprise and mail for the Falklands is a tiny part of the mountains of mail that they shift on a daily basis. It leaves Heathrow and then heads to Northolt and the BFPO system. At Northolt it joins with the BFPO mail and twice weekly it is delivered to Brize Norton for sending down here. It would be a far simpler matter if all Falklands mail originating from the UK were directed immediately to Northolt, and this is something which I am pursuing. But, changing the working practices of the Royal Mail system may simply not be possible. There is no automatic system for knowing what amount of mail is heading our way and we only truly know how much there is when it has been collected from MPA and the bags have been counted. In the meantime, there will soon be a Post Office Committee which should meet normally before the Stamps committee. This will give people the opportunity to make comment and for me and PO staff to get feedback in a more formal way. It may seem a small matter, but we all appreciate mail. It is another vital link to the outside world and if we can make improvements we will. Please do remember though that our ladies at the PO cannot control what happens outside of our country. We do know that 200 mail bags are heading our way right now, but until we collect them, we will not know how many are for us and how many are for the military.

On immigration issues, I would simply state for the record that there are two clear issues. One is the points system itself which as my Honourable colleague Gavin Short

has already said, despite being assured that it could simply and easily be changed to suit policy and intent, seems hell bent on remaining almost exactly the same as ever. I confess to being entirely frustrated on this front and know that my colleague shares my feelings. However, this is a battle that we will continue to fight and will hopefully win eventually. The system does not suit our immigration requirements. It is fine for the high net worth individuals, but with only three successful applications since inception, it is clearly not working. The changes to points that we have been pursuing are not new but, Mr Speaker, they are bogged down to the axles. We will free this up and make it work.

The second point on the PRP application is the form filling and justification for each points claim. The forms, all three of them, together with the guidance notes for applicants are thorough to the point of being nigh impossible to complete. I recently attempted to assist an applicant with the form filling and despite qualifications in phonetics, history of language and Egyptology I found myself despairing of the degree of difficulty. If there are any of you who disbelieve me or feel that I am guilty of exaggeration then please do pick up some forms and try filling them in. It's worth noting that I would not have made the grade if this system had been in place in 1986. Whilst no doubt there are those that might think this is a perfectly good thing and precisely why it is made so difficult, all joking apart, we do have to simplify this bureaucratic barricade that we have put in place.

We are working hard to reduce expensive imports and grow our own where we can. This is going well, and I expect action soon. This proposal should, I hope, reduce the cost of living, allow the RDS to develop and give us a degree of self-sustainable security that we need. It makes perfect sense and fits well with all of our current thinking about how to take the country forward.

Shipping links with the outside world is of major concern to all of us. We need to be able to freely export wool, meat and fish and import goods and products for re-sale. A huge amount of work has gone into this in partnership with parts of the private sector. Some routes have proved not possible, but other options are currently being explored and I have high hopes that we will be able to invest in a regular and efficient service in the very near future. What for me is clear, and to echo the sentiments of others, is that we need to find a route that is incapable of disruption by unwarranted Argentine influence and one that fits well with our current needs yet allows for incremental growth. I am also equally clear that we have to speak clearly on this issue (and others) very soon and hope that this will soon be possible.

Airlinks can be an emotive issue. However, the Tourist Development Strategy has recognised that in order to grow tourism, (which I believe has great potential for growth), we need better airlinks as an intrinsic part of the complete package we need to have on offer. This is eminently achievable – we just need to get the timing right. As with shipping links, we need to be ambitious without being foolish, but above all we have to find a solution that cannot be disrupted by outside influence. For me, it is of paramount importance that we have independent links that will serve us well into the future and meet our desire to grow. Self determination, Mr Speaker, is not just a political philosophy; it means sorting ourselves out and not being subject to the whims and vagaries of our ridiculous neighbours. The sooner we do it the better.

I am pleased also that we are investing in greater public diplomacy. This is a key issue. I believe that we need to get our message out there as much as we possibly can and carefully select our targets so that we do not waste effort but gain maximum value.

I see all of these objectives as part of our expression of our right to self-determination which is not just a couple of words, but carries with it the need to carry the principle forwards in a planned and sensible way so that political maturity is reached. Elected Members need to have wider powers in order to carry out their programmes and reforms. I cannot for the life of me see why we have only three elected Members on Executive Council. The traditional scrutiny role that falls on the remainder simply doesn't happen in practice. I cannot see why we are not all equally responsible for decision making. We are all elected to represent your views and at present this does not necessarily happen. There is a debate to be had here, and I welcome the proposal that this be debated in public and properly thrashed out. Work has been done on this in the last reform of the Constitution and the report of the select Committee at the time makes very interesting and thought provoking reading. I would ask anyone with any views to make contact and let's get the discussion moving.

I would like to see the time when, at some stage in the future (and not for me I guess as my silver plume gets thinner by the day), it is recognised that this is a full time job, properly paid and a potential career for the young and the ambitious. I have every admiration for those who hold down full-time jobs and take on this role. However, it is not easy and the demands of this job will never decrease. Being retired and of independent means does not necessarily select the right people for the job. This is something which I find of interest and is always worth debating as indeed it has been in the past, but as we develop, it becomes more apparent that it needs addressing. Again, I call for views and am happy to join in any debate.

Turning to telecommunications issues. As I have said previously in this Assembly, we do now have amendments to the legislation that provide for regulation of Cable and Wireless. This is all good progress and work is very much ongoing. Quotas have increased, quality has improved, but we have a lot further to go on regulation of prices charged and performance that is delivered. Recent negotiations have nibbled at the edges, but we need to define what the ultimate objectives are and consider all elements in the one package that we need to negotiate for the benefit of all consumers.

There has been much comment about the reason for having an exclusive monopoly. A lot is made of the costs to CW of having to comply with their Universal Service Obligation – in short, this means that the cost of delivery of a service to a remote area has to be borne by all users, so in effect we all pay over the odds in order to have everyone connected. These are powerful arguments for having an exclusive monopoly, but let us not forget that FIG's taxpayers paid for the original Camp telephone network and gifted it to CW. In 2007, when agreement to renew the Camp network was reached, the taxpayer paid the lion's share of the cost – over £2m and CW were able to recover their £1.3m share of costs in a few months. In short, we are now expected to continue to pay via high service costs for an obligation that we – the taxpayers - have already paid for. The high charges we all pay simply translate into excessive profits for the company's shareholders. Yes, there are the costs of repair and maintenance in remote areas to be met by the company but to my knowledge, there is

not a single person who does not use the services of CW and therefore we are all contributing but at far too high a cost.

My views have not changed. We need to have a better deal for a modern country. This has been recognised as being of vital importance in all of the various economic plans that have been debated and discussed in public. The main objectives have to be:-

1. A cheaper service with improved performance
2. More bandwidth to bring us up to contemporary standards
3. Less restrictive package quotas to allow for suppressed demand
4. Increased freedom of choice of equipment and service
5. Publication of C & W accounts relating to the Falklands.
6. Regulation to ensure compliance

These, Mr Speaker, are the prime objectives which have not changed and I believe and am happy to report that we are unanimous in this approach.

Mr Speaker, I support the motion for adjournment.

### **The Honourable Jan Cheek**

Mr Speaker, Honourable Members, first I would like to associate myself with the remarks by the Honourable Sharon Halford about the work of Roger Diggle over the years and join in her good wishes to them for the future. I would also like to endorse the tributes that have been paid to our former colleague Glenn Ross for his time on the Assembly. I was very disappointed when he found it necessary to resign. His fresh thinking and enthusiasm were much appreciated by all of us. And I particularly enjoyed swapping an amused glance when one or more of our colleagues or officers were being self-important or pretentious. I think we inherited the same humorous gene from our shared grandmother.

More importantly, I think that the Honourable Bill Luxton's words of praise on Wednesday for Glenn's approach to the agricultural portfolio constituted the best argument I have yet heard for a single constituency. It should not matter where a candidate lives or who votes for them. We all work for the good of the whole of the Falklands regardless.

I would like to see a situation where Camp residents have the same number of votes and therefore the same democratic input. I believe that this can best be achieved by a single constituency where all voters have a maximum choice of the best candidates and the same number of votes. But I am sure this discussion will continue until November.

Moving on to a couple of remarks concerning portfolios that I hold; out of sight and out of mind is a danger for the Falkland Islands Government Office. They are far away but I would like to thank every employee there for the hard work they do for us. It is much appreciated, not least by the medical patients who are looked after by them.

Just a note I made to clarify something said earlier by the Honourable Emma Edwards, this relates to the budget, the £150,000.00 for training to which she refers is additional to the normal already large training budget.



I touched on Education the other day but would like to begin today in recognising the work of staff in both schools, where they have managed unexpected staff shortages with minimal disruption to students. As a former teacher I am fully aware of the dedication they bring with them. There is also some extraordinary work being done by learning support assistants. I was given the opportunity some months ago to observe special needs work in both schools and came away in awe of their devotion to helping their pupils.

The decision to combine the roles of Secondary School Head and Deputy Director of Education with responsibility also for Further and Higher Education seems to have created some controversy, so I thought it useful to explain the background. Firstly, the full time Deputy Director post was only ever intended and created as a temporary one of fixed duration. When the schools' inspector was here last year he spoke at length to both Assembly Members with responsibility for Education before he left the Islands. Based on his interviews with many Secondary School staff members, he recommended that we look to employ a head with substantial UK experience, not someone from a more international background.

We looked hard at this and, to find someone of the right calibre, we need to make the job attractive and interesting. I envisage the new head being based in the Secondary School but also tasked with monitoring and guiding Further and Higher Education students. This will provide lots of challenges but will also ensure more continuity in the provision of careers' advice, something that's already been alluded to here, and an area that's not been especially well covered in recent years.

The number of students for whom the new head will have responsibility will be easily manageable by a competent appointee; and will allow him or her to concentrate on rebuilding the confidence of staff and of parents.

As I walked up to the secretariat on Wednesday with our two smokers, we were waylaid and lobbied by a smoker who felt he was being discriminated against. Many smokers tend to be in denial about the harm that the many different poisons contained in tobacco may be doing. I sincerely hope that all the Medical Health professionals are being brutally honest. If smokers then make an informed choice, so be it. However, they should be aware that cancers and heart and lung disease are not the only ailments caused or exacerbated by smoking.

I had expected that comparisons with alcohol would be made but I believe that's misguided. Tobacco is harmful in any quantity. Alcohol is only harmful when abused and help is available for those who can accept it. There are plenty of studies showing moderate consumption actually has some benefits.

I don't propose to hold forth in public about the perceived shortcomings of one or two FIG departments. Rather than watch something go wrong and then complain about it, I prefer to go and discuss positive solutions with the relevant departments if they happen to be within my portfolio.

A brief word on the forthcoming by-election, I shall be looking at what candidates do as well as listening to what they say.

Finally, I believe that our generally calm and measured approach to international affairs will not have gone unnoticed by those who are being regularly subjected to shrill demands that they support the spurious and colonial claim by Argentina. Let's keep cool heads. We've got right on our side and we just need to get on with developing our country as others have said, in spite of attempts of others to hinder us.

I support the Motion.

**Mr Speaker**

Honourable Members, I, too would like to add my good wishes to Glenn Ross. I will miss his dry sense of humour. The House stands adjourned accordingly.