



**RECORD OF THE BUDGET
MEETINGS
OF THE
LEGISLATIVE ASSEMBLY**

**HELD IN STANLEY
ON 04 AND 06 JUNE 2014**

**RECORD OF THE BUDGET MEETINGS OF THE LEGISLATIVE ASSEMBLY
HELD IN STANLEY ON WEDNESDAY 04 AND FRIDAY 06 JUNE 2014**

The Speaker of the House
(Keith Biles, JP)

MEMBERS (Ex-Officio)

The Honourable Chief Executive
(Keith Padgett)

The Honourable Financial Secretary
(Nicola Granger)

Elected

The Honourable Janet (Jan) Lynda Cheek
(Elected Member for Stanley Constituency)

The Honourable Roger Anthony Edwards
(Elected Member for Camp Constituency)

The Honourable Dr Barry Elsby
(Elected Member for Stanley Constituency)

The Honourable Ian Hansen
(Elected Member for Camp Constituency)

The Honourable Michael James Poole
(Elected Member for Stanley Constituency)

The Honourable Phyllis (Phyl) Mary Rendell MBE
(Elected Member for Stanley Constituency)

The Honourable Gavin Phillip Short
(Elected Member for Stanley Constituency)

The Honourable Michael Summers OBE
(Elected Member for Stanley Constituency)

PERSONS ENTITLED TO ATTEND

The Acting Attorney General
(Rosalind Cheek)

Commander British Forces South Atlantic Islands
(Air Commodore Russell La Forte CBE)

DEPUTY CLERK: Cherie Clifford

PRAYERS: Reverend Richard Hines

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That it is resolved by the Legislative Assembly that 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 and alcoholic beverages and (b) this amendment of the Customs Order comes into force on 6 June 2014.

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**The Record of the Budget meetings of Legislative Assembly
held on Wednesday 04 and Friday 05 June 2014**

Prayers

Mr Speaker

Honourable Members, I bid you good morning and my usual reminder not only to you but to everyone in the house please, about mobile phones, which should be turned off.

Deputy Clerk of the Assembly

His Excellency the Governor.

Mr Speaker

Your Excellency I welcome you to the Legislative Assembly and I request that you address the Members of the House.

His Excellency the Governor

Thank you Mr Speaker

Deputy Clerk of the Assembly

His Excellency the Governor's address to the Legislative Assembly.

His Excellency the Governor

Mr Speaker, once again the past year has been exciting and challenging for the Falkland Islands and I will outline some of the reasons in this address. I will also set out how the Government responded to those challenges and outline its aims and aspirations for the coming year.

Following the election of a new Legislative Assembly in November last year, an ambitious new Islands Plan has been adopted. The plan retains a large proportion of the good work that has gone before, but also deliberately gives more detail on the Government's focus on environmental protection, community development and also separate sections on developing the economy and workforce. Economic development and continued financial self-sufficiency are a clear aim of the plan and to this end detail is provided on the Government's intentions in terms of the key industries in the Islands. Work has already commenced on a timely review of the fishery licensing regime. Considerable work is also ongoing in the areas of Agriculture, Tourism and Hydrocarbons. I shall cover these in more depth later in my address. The Islands Plan essentially provides a manifesto for government service provision and enhancement and Members see this as their template guide for the coming years.

In terms of the existing key industries, there remains continued optimism in the farming community despite the fact that last summer's cool conditions made for challenging times for

farmers finishing livestock for meat production. Investment in farms is continuing and the Department of Agriculture is working with farmers to implement improvements in production. FIMCo has more than achieved its targets for meat production and sales. The returns to farmers from meat production provide encouragement to continue the development of the meat side of their businesses.

Tourism remains an integral part of the economy of the Falklands. The Tourism Strategy, aimed at increasing the number of tourists and transforming the tourism industry is being further developed by the Tourist Board. This will become a Statutory Corporation in the near future, which will allow the organisation to develop more fully and implement new Islands-wide initiatives. Redevelopment of the public jetty as a gateway from the sea will continue and the relocation of the Museum will be completed in time for the next tourist season in support of the strategic ambitions and in line with the Waterfront Master plan. The potential for additional air links and increase in accommodation capacity will also continue to be pursued.

The Hydrocarbons industry also continues to go from strength to strength despite Argentine efforts to disrupt activity and threaten legal action against participants. These efforts have proved ineffective, and the unwavering support of the government of the United Kingdom will continue to ensure that legitimate economic activity in Falkland Islands waters continues unhindered.

Premier Oil passed a key decision gate in early 2014, and the company decided upon a 'Tension Leg Platform' concept as the best option for oil production in the Sea Lion oilfield. Detailed technical planning work continues, working closely with the Falkland Islands Government and its regulatory advisers, and the project aims to achieve sanction by mid-2015. First oil production from the field is now projected for 2019, and peak production rates have increased slightly over previous estimates.

Significant investment also continues in offshore seismic survey work around the Falkland Islands with the most recent survey completed in February 2014, adding to the substantial investment already made during the preceding summer. The most recent survey brought the most advanced seismic survey vessel in the world to the Falklands, illustrating the significant potential of the Falkland Islands economic area.

Planning is significantly advanced for a new multi-operator exploratory drilling programme which is expected to commence in the first half of 2015. This will bring a fresh surge in economic activity in the Falkland Islands and new opportunities for the local business community. A number of exciting new targets will be tested in both the North and South basins around the Falkland Islands.

Other licensees continue to seek new partners to carry out additional exploration and appraisal work elsewhere in licensed acreage, and success may lead to extended exploratory drilling taking place in the short term.

The impact that hydrocarbons may have on the Islands is of paramount importance to all of us. The abundance of wildlife, the pristine nature of the Islands and the way of life of the Islanders are always in our minds. The Government has therefore developed a Hydrocarbon

Development Policy Statement, which sets out a broad policy framework for the future development of the industry. This must be, and will be, carefully planned. Relevant legislation has been reviewed and new and amended legislation is in the pipeline. The legislative side of the Tax Review is almost complete and new, much needed, maritime legislation is being drafted. Planning, in all areas is progressing well and industry specialists have been commissioned to guide and assist us in the process.

The Government has been working with the private sector to define 'Local Content' policies that will encourage and maximise opportunities for local businesses to work with the oil industry. The prospect of oil provides a real opportunity to boost the economic prosperity of the Islands and this opportunity must be grasped if we are to play a full part in our long-term economic development.

The current financial year is once again looking healthy for fishery finances. Despite initial concern that the cold conditions would adversely affect the catch, catches of *Illex* have exceeded 270,000 tonnes, which is the highest since the fishery began in 1987. However, the success of our fishery is not judged by catch sizes alone. Despite the fact that our neighbours unilaterally withdrew from all aspects of joint management of the South Atlantic fishery, the Falkland Islands fisheries' scientists continuously monitor fish stocks and associated environmental factors. As a result, the Falkland Islands fishery is widely regarded as one of the best-managed fisheries in the world.

The South Atlantic Environmental Research Institute (SAERI) was formed in 2012. Since its formation, SAERI has uniquely positioned itself to focus its research on the natural environment of the South Atlantic. It has been very successful in attracting local and international funding for projects and the resource base has significantly increased. The Institute is currently accommodating 4 PhD students. A major project has recently been commenced, in partnership with oil companies, to address gaps in environmental knowledge in Falkland Waters and funding has also been secured to explore the potential for marine protected areas around the Islands.

The Falkland Islands fiscal position continues to grow strongly and another significant Government surplus will be evident this year. This is partly due to additional revenues from the hydrocarbons industry and investment returns, but it is also the result of another excellent year for the fishing industry. This historical surplus, together with the additional revenues anticipated from the oil exploration and development activities currently in progress, has allowed significant investments in infrastructure, facilities and services to be planned. These will be detailed in the next few days as the Government's budget for the next financial year and Medium Term Financial Plan are announced.

The infrastructure and capital programme will include provision across a wide range of areas, including health, housing, education, the prison, and sports development. Agreeing a capital programme for the next year has been a real challenge, but I am pleased to see that the Government took the time to consult on this recently, and that the community is genuinely engaged on this important issue.

The provision of effective, efficient and affordable healthcare is a prime responsibility of any modern Government. Patients have ever-increasing expectations; and improving clinical

standards, technological advances and increasing clinical specialisation all combine to compound the challenge. As most people will be aware, we recently appointed our first local Chief Medical Officer. This appointment will enhance provision of locally accountable medical services and improve resource targeting. It is worth noting that access to primary care appointments improved significantly in the last few months and the recently completed mammography programme was a logistical triumph with 285 women screened. In the coming year it is our intention to review the Camp health strategy, improve the physical environment of the hospital and secure more patient and public involvement in service delivery and development.

The Social Services section has had a number of significant challenges in the recent past. However, following the Child Safety Review undertaken by the Lucy Faithfull Foundation, an improvement plan was developed and funded, which is being implemented enthusiastically. It is pleasing to see that we now have a comprehensive Social Work Team successfully engaged.

It is also pleasing to see that the numbers of children coming into the education system continue to increase. Standards in Primary education remain high and Secondary education and Adult training are moving forward. Action plans are in place to further enhance the learning experience in the Islands and arrangements are in train to expand much needed school facilities. Networks for Further and Higher education students are widening to allow students to access education in a global market. Partnerships within the Island are also expanding and we are now affiliated to the LEAD Academy Trust in the United Kingdom. This link will enhance recruitment, training and teacher exchange potential between the United Kingdom and the Falkland Islands.

However, the Falkland Islands will continue to face difficult challenges in the immediate and longer terms. The last census revealed that our population is essentially static and ageing. This in itself will result in employment and care issues for the future and the Falkland Islands Government must prepare to respond to them in the coming years.

It is vital that a strong economy is maintained. Whilst the potential economic benefits that would come with oil production would be welcome, the economy cannot yet rely on this. The Economic Development Strategy, or EDS, which was produced in partnership with local businesses, was designed as a roadmap to help in developing the economy. The EDS includes measures to develop existing industries such as fisheries, agriculture and tourism but also includes options for diversification into new sectors and for improving the general economic environment. The Government budget includes funding to support investment in the EDS proposals.

The challenges we face also include dealing with continued attempts by the Government of Argentina to stifle our economy and block our economic development. However, we are confident that these attempts will continue to fail and we have the full backing of the United Kingdom Government and international law. Such attempts are inconvenient and frustrating but our focus must remain on our own objectives and we should not be diverted by baseless attempts to derail us. We will continue to concentrate on our own development agenda.

Mr Speaker, in addition to the headline services already mentioned, the Government has a number of other priorities for the coming months.

Immigration has been the subject of considerable discussion and debate. The independent Review of Immigration was intended to assist in formulating a fair, transparent and easy to follow immigration system; one which balances the need for a larger labour pool to facilitate economic growth with the aspiration to preserve the Falklands way of life. A consultation exercise has been conducted following the review and policy formulation will follow in the near future.

Localisation of Government jobs wherever possible and practical remains a priority. However, it is difficult to progress this aspiration without the associated training and experience that will allow local candidates to be appropriately developed. The Government budget includes £200,000 a year for the Career Development Scheme and the eligibility criteria and scheme limitations were recently reviewed to ensure that training budgets can be appropriately spent following a considerable under spend previously. This demonstrates the Government's commitment to succession planning and developing local talent.

In the area of Regulation, 2013/14 has already seen improvements in telecoms with further increases in download limits and decreases in prices being realised. As the Government's Regulatory work continues we are entering a critical period that will see a new telecommunications licence being negotiated to secure the provision of the Islands' telecommunications needs beyond 2019. Work has already commenced. In line with the Government's wish that monopoly and general regulation is enhanced, a regulatory framework that comprehensively covers and extends beyond the currently regulated sectors will be developed throughout the next year.

There is also a lot of work to do in relation to Civil Aviation Regulation also. Work continues to support airstrip owners and FIGAS and to encourage enhancements to further improve passenger safety. Within this we will ensure improvements meet international standards and fully support future economic development and ensure that we are ready to meet the demands of further hydrocarbon exploration and growth of the tourism industry. An extensive programme of Camp airstrip assessments recommenced in 2014 and is set to continue. We recognise the contribution that the hard work of the camp airstrip owners makes in ensuring passenger safety. Executive Council, the Ministry of Defence and Foreign Office have recognised the need to review the Airbridge arrangements with a view to further supporting the Islands' economic development needs in an expanding and confident economy.

Transport links have always been an important part of the Islands' infrastructure; both internally and internationally. The Government is investigating a number of possibilities for increasing air links to improve accessibility and allow tourism and the economy generally to develop. Additional funding has also been included in the budgets for future years for maintenance and improvement of the Camp road network.

Housing remains a key strategic priority for the Government. 81 housing plots have so far been opened up on the Sapper Hill development, of which 32 have been taken up by private individuals; largely by first time buyers. Four properties are already occupied and significant

progress is being made on a number of others. Work continues on the next phases which will provide a further 65 plots. Looking ahead, an additional phase which will offer around 60 plots is already being considered for commencement in early 2015.

The Government continues to devote considerable additional resources to strengthen and develop the justice system within the Islands. Falkland Island Law provides protection to our citizens and maintains the Islands' reputation for the highest standards of protection under the law. The Government has made significant investment in reviewing our laws and has committed to continued investment. Considerable work is ongoing with reviews of child law, criminal law and criminal procedural law substantially progressed. With funding confirmed it is anticipated that a Law Commissioner will be appointed shortly to begin a complete review of our Statute Book. The work of the Attorney General's Chambers has been enhanced by specialist criminal and child protection lawyers.

Working together with the Royal Falkland Islands Police, the Attorney General has secured convictions in a number of serious cases involving child and adult sexual abuse. The convictions obtained demonstrate our commitment to bringing both current and historical offending before the courts and the Police and Prosecution Service continue in their commitment to support victims and witnesses to encourage confidence to report offenders and bring them to justice.

In the forthcoming year the Government has committed to bringing forward the following key legislation:

- A new and updated Education Ordinance to ensure that our laws support the provision of an appropriate education service
- Comprehensive Criminal Law and Criminal Evidence and Procedure Legislation
- A suite of Marine legislation to ensure that our regulation of ports, harbours and shipping is appropriate as we move forward from oil exploration to oil exploitation; together with any environmental legislation required for ongoing oil development
- A review of the Electoral Ordinance to ensure that we continue to maintain the very best standards in electoral practice
- A review of the Administration of Justice Ordinance – following on from the Ministry of Justice review of the courts, and to ensure that our framework for administration of justice is appropriate to support a potentially growing community and economy
- Legislation required to implement Rural Enterprise Zones and Rural Tax Reliefs

This is an ambitious legislative programme.

Finally, amidst all the day to day work of the Government here in the Islands and the progress we are making in community development, there is an international dimension that unfortunately cannot be ignored. It is not of our making nor is it our desire. Argentina continues to attempt to present historical inaccuracies and spurious sovereignty claims. However, as a result of continuing positive action by Members of the Legislative Assembly and local people, supported by the British Government's steadfast resolve, the profile of the Falkland Islands remains high in the international community. Therefore, since international interest in the Islands continues unabated, we have:

- Welcomed a number of key politicians, opinion formers and journalists, particularly from Latin America to the Islands;
- Continued with our public diplomacy strategy, which increasingly involves members of the local community, at home and abroad; and
- Developed our use of social media to amplify our messages and reach nations and cultures that are far away from the Islands.

As a result we will continue to promote a clear and unequivocal message about who we are and who we want to be to the international community in general and to our South American neighbours in particular.

Mr Speaker, as has been said many times before, Falkland Islanders are resilient and resourceful people. For nearly two hundred years they have been meeting challenges by employing practical and inventive solutions. They stand up for themselves and are steadfast in their resolve. The Falkland Islands have a modern society, which quite rightly has modern expectations and modern ambitions. The community has high standards and high moral obligations. It deserves a modern Government. There are many serious challenges ahead. However, the Government will continue to work, to provide practical, imaginative and sometimes bold solutions in order that first class services can continue to be provided. This approach will enable the Islands to continue to have the bright future that they deserve.

Mr Speaker, thank you.

Mr Speaker

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

The Honourable Mike Summers OBE

Mr Speaker, Your Excellency, Honourable Members, it's my pleasure and privilege to propose the Motion of Thanks for the address of the Governor to the Legislative Assembly today, and to welcome the new Governor for the first time to this House. A privilege that many of your predecessors enjoyed on a regular basis. You will enjoy it on only an occasional basis, but welcome never the less.

We very much welcome the support of Her Majesty's Government in continuing to develop the Falkland Islands both economically and socially, and particularly politically and in terms of supporting our right to self-determination, and that is crucial. Its perhaps poignant that that address of the Governor today to the nation, reviewing the last year and looking forward to the next few years of this Government occurs on the same day as the state opening of Parliament, and for outside observers it's interesting perhaps to see that our own Parliament opens on a different basis and very separately from the Parliament in the United Kingdom, thus enhancing, if you like, the separation between the Government of the Falkland Islands and the Government of the United Kingdom, which has grown over many, many years, but at a Governmental level and not at a spiritual level.

It might be an interesting idea to think about for the future that we should actually open our Parliament on the same day that Her Majesty the Queen opens the Parliament in the United Kingdom.

I would also like to welcome the Acting Clerk to her first meeting in the House and wish her good fortune in, perhaps, the most complicated of our meetings.

I would like to take this opportunity to thank all the Government staff, all the public servants who work for us throughout the years, those who are Falkland Islanders and have been in the staff for a long time, those who have joined more recently, those who come from overseas to work as contractors. The important thing is that they all work together, they all work for the same purpose and they all work to the same purpose and I thank them all for the work that they have done and wish them good fortune going forward.

The Address to the Nation focused very much on the Islands Plan and that is right. There is an ambitious capital programme, there is an ambitious legislative programme and making those work over the next few years is going to be a key task for us.

Very briefly, in the areas that I have particular responsibility for: in Health & Medical Services I would like to thank the Director, Hilary Rowland, for the work that she has done over the past few months. I regret that she has decided at this stage to leave having done all the hard work, but there we are, that's where we are. I think the hospital is becoming a stronger place. I think it is becoming more robust and we still have a lot of work to do there, but the development of primary care, the development of the outpatient services remains a key commitment to us. Medical Treatment Overseas is a huge challenge and the management of that budget is going to be an essential part of our activities for the next several months.

I would like to echo the thanks to the Social Services Department for the excellent work that they have done in the past several months, together with the police and the Attorney General's Chambers, to support those victims of crime and abuse and their part in putting the perpetrators of that abuse where they belong in the jail. Some very good work has been done on safeguarding of children going forward. I think the Islands have always been very careful about looking after their children and making sure they are properly protected, but we have given, I think, a different focus and that's important work.

I mentioned already the Police, the Directorate of Emergency Services has had a huge role to play in getting ourselves through this difficult time, and worked hard with the Attorney General's Chambers and the courts to put the perpetrators away. So thanks once again to all the Police who have worked in sometimes very difficult circumstances to achieve a fine result.

My thanks also the Falkland Islands Defence Force and the Fire Service who continue to provide protection to our country.

Sometimes the Customs & Immigration Department gets left behind when we think about the Department of Emergency Services, but they are equally critical and they work quietly in the background doing things that we require them to do. Immigration, of course, is a key issue

for us all going forward, and reflecting again on a part of your address, your Excellency, there is nothing wrong with people getting old as far as I am concerned, but we do have to replace them and the way we conduct our Immigration going forward will be critical.

We all look forward to the budget which will be the issue which will underlay all of our thinking and all of our ability to carry out the various things that we have outlined that we want to do. The operating budget remains tight, but there is an ambitious capital programme which we look forward to discussing later in these sessions.

Finally to close, as you say there is always an international dimension to life in the Falklands. I am very happy to reflect that the support that we have from the United Kingdom Government in the work that we are able to do amongst ourselves gives us a strong and viable position here in the Falklands. None of our citizens need fear the fact that there is this unwelcome and outstanding claim from the Government of Argentina. We will continue to progress and we can continue to progress in the way that we wish to do so.

I support the Motion for Thanks.

The Honourable Phyl Rendell MBE

Mr Speaker, Your Excellency, Honourable Members, in seconding the Motion of Thanks to his Excellency the Governor for his address, I would like firstly to comment on my portfolio, Natural Resources.

I agree that it has been a remarkable year for the Illex fishery with the catch this season being the largest on record for the Falklands. This has resulted in a great deal of activity in the fishing grounds and in our harbours where the squid has been trans-shipped. Illex licence fees have therefore made a major contribution to the Government's income this year, and it is very welcome indeed when we have been planning the capital programme.

You mentioned the review of fishing licenses regime or the ITQ system. This is a very important piece of work. The commitment of individual licence holders and FIFCA (the Fisheries Association here in the Falklands) have been striving to add value to the fishery and also invest in new vessels, warehouses and other necessary infrastructure and this to be commended.

Revenue from the fishery has been the main driver of our economy for the last 25 years, and has enabled the growth of high standards in many of the services that we have in the Falklands. You mentioned the Government Fisheries Department's continuous monitoring of fish stocks in our zone, and I reiterate that we would welcome an exchange of data with Argentina to ensure the better management of all fish stocks in the region to the benefit of both countries and the environment. It is never too late to re-start the dialogue. Perhaps with a change of Government in Argentina next year we may be able to do that.

The season has indeed been a cool one for farmers with the associated issues with poor crops and lighter stock, but it is a credit to all in the industry and the Department of Agriculture as to how these conditions have been managed, and I think that may set us on the right path when we have to deal with climate change which we are told is a reality. The wool yields

have been good and the number of animals supplied to Falkland Islands Meat Company was on target. Most importantly wool prices have remained steady and meat prices have improved, so we should be able to see a continuous investment into farm improvements.

I would like to speak about Falklands Landholdings for a moment. I chair the Board and it's had several profitable seasons now, and I think all would agree that it has been very encouraging to see major investment in these farms, particularly in wind power, which will give us long term savings, and with renewed buildings, fencing and machinery. Many of these farms are on the road network and you will drive through them and you can see the tangible changes on those farms in the last few years.

The number of animals supplied by Falkland Landholdings to Falkland Islands Meat Company is critical in running the meat company, and requires commitment and hard work on the part of the managers and staff. Owen Summers, Falkland Landholdings General Manager for some 10 years, retires this year and it must be very rewarding for him to see the farms turning a profit after so many lean years with low wool prices. I would like to thank Owen for all his work for Falklands Landholdings over the last 10 years and also his work for Falkland Islands Government before that, and wish him well in his retirement.

Your Excellency, you mentioned the need for improved transport links in your address. In addition to external links, people living in Camp need improvements to roads in particular, or perhaps I should call them tracks as my Honourable Colleague Mr Edwards would call them, to enable to operate more efficient and profitable businesses. I am pleased to see that in the budget process so far we have had considerable support for increased funding for maintenance, and re-construction in some cases, of roads in the Camp. I also look forward to seeing policies being drafted on tracks to non-agricultural destinations for one, also on air strips and jetties, and they should be presented to MLAs for consideration in the coming year.

A number of funded projects have come to an end and we now need to look forward to the next phase and how we are going to support infrastructure. The Rural Development Strategy Steering Group recognises this need for these baseline facilities to ensure Camp businesses can thrive, and we will work with the Public Works Department and Falkland Islands Development Corporation and other organisations to work out the details of these policies.

The Rural Development Strategy is also currently active recruiting an Alternative Energy Advisor, who, when appointed, will address the need for a policy on replacement power infrastructure as well as providing advice on new power systems.

The legislative drafting timetable for the coming year is indeed ambitious. I welcome in particular the work being done by the Fisheries Department, the Policy Unit and their consultants, and the Attorney General's Chambers on the Marine Legislation that will address many shipping issues which are well overdue, and are required to regulate increased activity by the oil industry in our waters. As with other Bills, the Marine Bill will be available for public comment in due course.

You mentioned in your address, your Excellency, the difficulties we have with Argentina, and the Falkland Islands Government's determination to get our message out around the world about our right to have a Government of our own choosing, and to develop and

responsibly manage our natural resources. I look forward to helping promote this message in the coming year.

Mr Speaker, I second the Motion of Thanks.

The Honourable Dr Barry Elsby

Mr Speaker, your Excellency, Honourable Members, in rising to support the Motion I would like to echo the comments made by two previous Colleagues.

In his speech His Excellency rightly outlines the successes we have had over the last year, but also points out there are difficulties ahead. Some of those difficulties, such as how to develop an oil industry, will be very welcomed by many other countries so I think they are difficulties, but they are something we should cope with and we should learn from and it will be a great asset to the Falkland Islands.

But he also quite rightly points out we shouldn't ignore our traditional industries, such as agriculture, tourism and fisheries, because if you look at other countries that have had a successful oil industry, it has been by maintaining those traditional industries and not relying purely on oil that has made them a success. If and when oil extraction occurs, we need to be sure that we are in absolute control of that process, and His Excellency mentioned the fact that we need to make sure that local companies benefit from this industry.

Your Excellency mentioned in your speech the fact the numbers of children entering education are increasing and that is obviously a welcome fact, but it brings with it a few difficulties particularly with space in the Infant and Junior School, that the numbers are now outgrowing the space we have available, and we are looking at interim measures to make it possible for us to maintain the class sizes at 30 or below that we wish to do because we see that is a way of providing a good quality education. Those interim measures, I am sure, will be put into place as soon as they can, but I am firmly convinced that the long term solution to this difficulty is that we build a new Infant and Junior School on a greenfield site and I hope that will not be in the too distant future.

Remaining on education, it is always our wish that the education that we provide should be of the highest standard possible in the Islands, and at the moment we have a new Director and a new Senior Management Team for the Education Department, We have recently undergone what we call a desk top OFSTED inspection or a virtual OFSTED inspection as a means of assessing how the changes that have been put in place have affected the way education is provided. The full report for that virtual OFSTED inspection is not yet available, but it will be published when it is and I have every confidence that that will show that the new team, the new Director and her Management Team, have brought about changes that are going to lead onto an improvement in the standards. We are planning a full OFSTED inspection in the Islands at the end of the year and I am sure again that will point to the fact that the changes the Director has put in place are working to the benefit of our children.

Finally I would like to comment on the fact that we are, as your Excellency mentions, continually under pressure from Argentina. I had returned a couple of days ago from a meeting of the Commonwealth Parliamentary Association in Wales. They are friends of us,

they talked at that meeting about the pressures we are still undergoing, in the same way that they talked about the pressures that our friends in Gibraltar are undergoing, and they asked me to bring back to this Chamber their wishes for our future, and the fact that we must stand up to this pressure, and that we have their full support.

Mr Speaker, Your Excellency, Honourable Members, I support the Motion.

The Honourable Michael Poole

Thank you Mr Speaker, Your Excellency, Honourable Members, I would like to add my thanks to the Governor for his address, and also associate myself with the earlier thanks that were offered to the United Kingdom Government generally for their unwavering support, and also to the local Civil Service for their hard work and support of the Government as well.

As His Excellency highlights, we have laid out, I think, a challenging but generally optimistic new Islands Plan. Personally, I am really delighted we have done that and agree with most of what's contained within that, but clearly still welcome peoples' feedback on the plan generally.

I do hope that in 10 year's time, anyone that looks back on this period will be able to see tangible output from this Government.

I hope that they will be living in a country that has significantly better infrastructure, that continues to support the young and elderly, and that has a much more transparent and accessible legal framework and system generally.

Regardless of our economic situation in 10 year's time, I also hope I will continue to live in a country and in a community that continues to welcome people, and I think as has been mentioned, I hope that any new immigration strategy we may agree over the coming years has that fundamental principle underpinning it.

I shall conclude by making reference to a particularly important piece of work that was mentioned in this morning's address – that of the Local Content Code of Practice for the Oil Industry. It is fundamentally important that we get this document right first time, we won't have any second chances here and that we need to make sure that the general tone, the level of obligation that's imposed on the industry generally and also the definition of what is a Falkland Island company is done properly up front, because I think we will regret it in a decade if we are not strong enough today.

There is still some work to be done on the draft, but I think it's progressing and hopefully in the next couple of months we will see that work conclude. I clearly appreciate any views from the private sector on that document as well.

Mr Speaker, I support the Motion.

The Honourable Roger Edwards

Your Excellency, Mr Speaker, Honourable Colleagues, in rising to support the Motion of Thanks, I too would like to echo the words that have gone before.

I, like the Honourable Dr Barry Elsby, have just returned from an overseas trip to the Pre-C24 meetings in Fiji, where the Argentine delegation were incredibly critical of the fact that the Queen is our Head of State, and we have her representative here in the Islands in the form of the Governor. I am proud to have the Queen as Head of State, and I am proud to have the Governor here this morning, invited by this Assembly into this House to give his annual address, and I welcome the Governor here and I am delighted that he is still wearing the uniform that we provide for him.

The Argentine delegation were very critical of the whole of the Falklands because we have the Governor, we are a colony they say, our birth rate is too low to continue and so the British have to continually send contractors here to keep the numbers up and to keep the country viable. One does wonder where they get this imagination because sitting where I do, where we're arguing about how much we can spend on additional classrooms, or whether or not we can afford a new school because the numbers of children are growing at such a pace that we cannot keep pace in the classrooms and teacher numbers, I really do wonder where they come from. But I will repeat: I am proud to have the Queen as Head of State and I am proud of the system we have here in the Islands. We have self-determination, internal self-government and economic self-sufficiency. We have, as you rightly say Governor, wonderful wildlife, in a pristine environment and we are fortunate enough to have the stewardship of that and take it forward and pass it on safely to the hands of our children and grandchildren.

I, too, thank all of the Civil Service for their support throughout the past year, and in particular my own portfolios of the Attorney General's Chambers, Regulation and the Treasury. You mentioned the Regulation for telecoms. Yes, that is a big piece for work which are still to complete, but we are also requiring to take that forward to our fuel supply both here in Stanley and in Camp and out on the high seas within our territorial waters.

The review of the laws has been a huge piece of work and we have had to contract, bring in and support the staff that we have in the Attorney General's Chambers. This is ongoing and will be ongoing for a considerable number of months, and in advance, I would like to thank the Attorney General's Chambers, the staff there and all the Members here who will have to take those laws forward, and we hope that we can complete them by October.

Our economy I have already mentioned. We are economically self-sufficient, it doesn't happen just because it's there, it happens through a lot of hard work by both Government and the private sector. You will hear later this morning thanks to all the people who work in the Treasury, but I too would like to add my thanks to all those who make the economy happen.

My Colleague Phyl Rendell mentioned that it has been a hard time for farmers in the cool conditions, and they made for challenging times, and it is sad that we still have to provide a small assistance to the abattoir, but I would like to point out that this small amount of subsidy that we give to the abattoir, it has a multiplying effect of five or even ten times to be passed back into the community, and we do see farmers prospering as they should.

Your Excellency, Mr Speaker, I support the Motion.

The Honourable Ian Hansen

Mr Speaker, Your Excellency, Honourable Members. Your Excellency, in your address you mentioned many if not all of the challenges facing the Falklands over the coming years. I would just comment, in no particular order, on one or two of those.. Hydrocarbons, of course, is going to be possibly our biggest challenge, but where we stand at the moment, I guess, is we just have to be ready, we have to be prepared and to accept what will happen when oil is eventually taken out of the sea, or indeed we have to accept or be ready and accept the fact that it may not happen. So, I guess, what we are basically doing is getting prepared and playing a waiting game.

On public diplomacy I do believe it is important for us to get out and visit countries, but it's equally important that we invite others here to see our country and to see our way of life and to sample that way of life. I do think and I do believe that our strategy over the last few years has been successful, but obviously we can only do so much with the small population we have. I would like to extend my thanks to those who have given their time to support us on overseas trips, and this also, of course, includes our sports men and women who continue year after year to do a sterling job in representing the Falkland Islands worldwide, and along with us, they continue to spread our message on self-determination and internal self-government. I thank them very much for that.

The Honourable Phyl Rendell and the Honourable Roger Edwards have mentioned agriculture and farming, and I agree entirely with their sentiments that it has been a difficult season for agriculture in some respects. Finishing of animals for the abattoir hasn't been particularly easy, wool prices haven't been as high as in the past few years, but there is still optimism in the farming community and that is being seen by ongoing AI programmes and the will from farmers to increase their beef herds so they can continue to support the Falkland Islands Meat Company and the abattoir. As the Honourable Roger Edwards mentioned, the payments that we make towards the abattoir and the Falkland Islands Meat Company are actually returned in spades to the farming community, and they are very welcomed by farmers who support the abattoir.

Just to conclude, Your Excellency, our internal affairs I believe are very important, and I think the continued monitoring and updating of our transport and communications system is, to my mind, top of the list. Our road network and internet and phone coverage is vital to all businesses both in Camp and in Stanley. All of our industries need FIGAS and the ferry in some way or another, and I would like to take this opportunity to thank all those involved in those components of Government. They do a great job and we need them.

Your Excellency I thank you for your address. Mr Speaker, I support the Motion.

The Honourable Gavin Short

Mr Speaker, Your Excellency, Honourable Members, ladies and gentlemen, if I could just perhaps address a couple of points raised in the Governor's address to the House.

I guess the first place I want to start would be to associate myself very much with comments that went before me, but with external relations, I think I should start there because, after all, I think this is what it's all about, this is one fight we cannot lose or else everything else we do is just not worth doing.

The Argentines are certainly, I think, at the moment upping their game. They are scurrying around the world spreading what I could say is mendacious twaddle, but they are doing it quite well, and whilst the eight of us will do our very best to counter that, the problem we have is that we cannot get access at the same level as say the President of Argentina can, and this is why I must say I am very, very thankful for the support we get from British Government who can access those levels that we can't get at.

Also, I think I heard you make mention of local people being involved in what I see as a battle for our country, and I would like to pay tribute to those local people, there is a small quarter from here in the Falklands, who do battle wherever they can, whenever they can, with those who spread the untruths, but we also have supporters and people who are working extremely hard for absolutely nothing, they have no real connection with the Falklands what so ever. They are people who have looked at our case and believe in it, and are in fact still researching it deeply, and those people are in different parts of the world and I would like to pay my thanks to them because they are vitally important in our struggle to survive.

The Government here in the Falklands is changing slowly as it must do. Looking back to the referendum whilst it was a most wonderful event and we spoke and gave our message clearly to the world in general, I see this not just as an isolated event. This is very much a stepping stone, I believe, to us further evolving our political structures here and taking even more control than we presently have, and I think that is only right and proper that as a people we strive to do so.

The Public Works Department boys and girls are probably leaping up and down now saying: "well, we didn't really get a mention in the Governor's Address to the House". Well, if you actually look through that address a lot of what was mentioned has Public Works Department input directly and indirectly, so I would say to them relax you are not forgotten, and I think in a way it's a department that almost does like to be unseen, it just gets on with it, we are the doers and fixers, probably not the most exciting department in the world, but by golly, if we fail, you notice it. Mention was made of the weather and the effect it has had on the farming community. I did see that for myself as I was out and about, but it also had a very nasty effect on our attempts to maintain the rural road network. Certainly, when I was out on the West speaking to the boys there, they were having some days where maybe there was only an hour or two that they could usefully do anything in the way of rolling and grading, so I would like to thank all staff in Public Works, but also the people who are doing their best to maintain that rural road network. Hopefully, when we come back to the House in a couple of day's time we may have some extra money to help us if not make progress on the rural road network, then stop the deterioration that is most definitely happening.

Immigration is a contentious issue, it's one perhaps that I see slightly different from some of my other Colleagues. I look forward to whatever does come back to us to debate, but all I will say is that it has to be done in a very sensitive manner. I believe a lot of the immigration stuff we have in place is actually fairly transparent and it works, but we just have to be

careful that whatever we get up to does not lead or leave our core or native population here in the Falklands feeling threatened, or feeling that they are losing control of their country.

I am pleased that localisation is still important for this Government. At times I, and I think some of the population out there, scratch our heads and think, “well, is this really happening?” I certainly do welcome Becci at the hospital. She has a very difficult job ahead of her, but I believe being a local she can bring that extra little bit of something to it, so I do wish her well, I really do. There are some departments where localisation is forging ahead, there are others though, where I am not seeing it happening, for what reason I am still not too sure, and I am not really seeing understudy jobs, things of that nature where we should be getting real knowledge transfer from people who come down to do the jobs that we can’t fill.

Finally, before sitting down I would just like to say that it is indeed, I believe, the State Opening of the Parliament in the United Kingdom, but also it is another anniversary, a far less savoury one. It is, I believe, the 25th anniversary of the Tiananmen Square massacre in China, where people stood up who were wanting more rights, more democracy and were crushed, and when you think about that and look at the country we are living in now, I perhaps moan as much as the next man about this or that, but by golly, we are living in a pretty nice little country.

I thank you.

The Honourable Jan Cheek

Mr Speaker, Your Excellency, Honourable Members, I have been struggling to catch the Speaker’s eye for quite a long time. I thank His Excellency for his address and will talk about just a few of the items included in it.

While I agree that we should in the long term aim to increase tourist numbers, I believe the more immediate need is to increase and enhance accommodation and other facilities. Bad news invariably spreads further and faster than good, so we should try to ensure that every visitor has a good experience so that they tell others about it, and inspire them to visit. I think we will find that almost as many of our visits are inspired in that way rather than people simply seeing adverts or visiting a stand.

As has been remarked by many, good progress is being made on oil readiness, but we mustn’t underestimate the speed with which things could happen should Premier press the button next year. It’s crucial that we have a well-founded regimen of legislation, regulation and environmental protection in place when it’s needed, and I can only praise the cross departmental work that has already been undertaken to this end, in particular by the Minerals, Legal and Policy Departments, and I wholeheartedly support what Colleagues have said about the importance of the Code of Practice on Local Content. We hope that that Code of Practice will be strong enough, but if it’s not, then we will have to look at legislation.

While I have mentioned a few departments there, we need to recognise those who work long hours in departments that, for various reasons, have been understaffed in recent years, and we should recognise that we, as full time members, are increasing that workload to those departments.

In spite of the relatively healthy state of Government finances it has been and will continue for the next couple of days to be a struggle to balance the many requirements for operating and capital expenditure. It's also worth remembering that we are in this relatively strong position, in part because of the cautious approach to the treatment of oil related revenues, and in part because of our reserves which contribute both to the stability of our economy and provide part of the income.

It's very important while we are so focused on the oil industry that we don't neglect our other industries and their requirements. They are our bread and butter, and their further development should be a priority and Falkland Islands Development Corporation and others have an important role to play in this.

Turning to social issues, we have been pleased to increase the availability of housing plots including a significant subsidy for first time buyers to give them the opportunity to get a foot on the housing ladder owning their own home.

In medical services, standards and expectations continue rising. Managing the huge demand is not easy, and I would like to join with others thanking the Director and the Chief Medical Officer for their work to this end.

It's a relief to me to see that many of the recommendations of the Lucy Faithful Foundation Report commissioned about a year ago now during the last Assembly are being put into effect. It's just a bit unfortunate that so many months on we have still not seen the proposed information campaign to advise children and young people and their parents in how best to protect them against abuse. I can only hope that that delay has not made it too late for anyone.

Moving to the international situation, Argentina are expending vast resources and have whole departments dedicated to acting around the world trying to justify the unjustifiable, namely their big lie that our country is theirs. We will continue to counter that and we will continue to work around the obstacles they attempt to place in the way of our trade and economic development. We remain open to working with all our neighbours in the interests of everyone in the South Atlantic, but it's difficult to do so with a neighbour who will not recognise us.

I support the Motion of Thanks.

Deputy Clerk of the Assembly

Confirmation of the record of the meeting of the Legislative Assembly held on the 24 April 2014.

Mr Speaker

Honourable Members, I have in front of me a record of that last meeting. Is it your wish that I sign this as a true record?

Honourable Members

Aye

Deputy Clerk of the Assembly

Papers to be Laid on the Table by the Honourable The 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 35(1) of the Interpretation and General Clauses Ordinance 1977.

- Criminal Justice (Police Codes of Practice) Order 2014
- Electoral Registers (Publication Date) Regulations 2014
- Fishery Products (Hygiene)(Amendment) Regulations 2014
- Fishery Products (Vessels, Establishments & Installations) Regulations 2014
- Fishery Products (Designations) Order 2014

In accordance with Section 80(2) of the Constitution the report of the Public Accounts Committee in respect of accounts for the year ended 30 June 2013 for:

- Falkland Islands Development Corporation Accounts 2013

In accordance with Section 80(2) of the Constitution the report of the Public Accounts Committee in respect of audit reports for the year ended 30 June 2013:

- Interim Audit Report
- Audit Completion Report
- Interim Audit Completion Report

The Honourable Chief Executive

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

Deputy Clerk of the Assembly

Question for Oral Answer.

Question Number 11 of 2014 by the Honourable Gavin Short.

The Honourable Gavin Short

Mr Speaker, could the Honourable Michael Poole please advise whether all employers operating within the Falkland Islands are now fully compliant with the Minimum Wages Ordinance that came into effect on the 1 December 2013.

The Honourable Michael Poole

Thank you Mr Speaker, I would like to thank my Honourable Colleague for his question, and also for his continued monitoring of this important issue.

Unfortunately, I cannot definitively answer the question as to whether all employers in the Islands are currently fully compliant with the minimum wage Legislation.

Honourable Members may recall the legislation which was enacted last year made non-compliance a civil matter. This enables an employee to make a complaint to the Summary Court. It places the obligation on the employer to share information with the employee so that the employee can then check themselves whether they are being paid the minimum wage as defined within the Ordinance. The Government currently plays no official role in that.

If the employee believes they are not being paid the minimum wage, they can then bring the case before the Summary Court, who will make a ruling either way.

I can confirm that there have been no cases brought before the Summary Court since the legislation came into force on the 1st December 2013. This would appear to suggest that the legislation is being adhered to, however, we need to be conscious that there has been a very short period since it was enacted so this is far from definitive.

Anecdotally, a number of Members have also heard of instances of alleged non-compliance with the law. If this is the case then I am sure that my Honourable Colleagues will join me in condemning such actions.

Where employees feel that their rights are not being met under the Minimum Wage Ordinance, then advice is available from the FIG tax office, the Citizens Advice Bureau, and MLAs are also happy to act as advocates for individuals if required, I know that has been happening. The legislation is detailed in two short information leaflets that are available from the tax office and are also online on the policy section of the FIG website.

I would encourage people to please make us aware of any potential issues surrounding the minimum wage, as the more we know, the more we can address the issues.

Thank you Mr Speaker.

The Honourable Gavin Short

Mr Speaker, I thank my Honourable Colleague for his reply. When I drafted this question I had anecdotal evidence that certainly one large employer based outside of Stanley still had not implemented the minimum wage within its workforce. I have since heard within the last couple of days, only anecdotally because I did write to the company and they have not replied to me, that they are now in compliance. Wages, I believe, have been adjusted, but I am also hearing, anecdotally again, that some, certainly local people have received back pay for the period of non-compliance while I believe some of their overseas people may not have, but I am pursuing that.

Would he not agree that although it was a conscious decision to leave the pursuance of non-payment of the minimum wage to the civil court, we may have got it wrong and that perhaps it might be an idea to revisit this and see whether there should be a department or person within Government whom a person can go to? It probably would require a change in legislation, but certainly talking to employees a lot of them are actually scared to put themselves forward into a situation where they may get into a court case, because they have the abject fear that they probably would not get another contracted employment with that company should they do so. Whether that is real or not or just perceived I do not know, but it is the perception that certainly stopped one or two people pursuing claims.

The Honourable Michael Poole

Thank you Mr Speaker, and thanks to the Honourable Gavin Short for his follow-up. I think in response I would probably say it's a bit too early to say whether we should be thinking about any kind of legislative change at this point. We are only a few months into it. I take on board the comments about the perceived threat that employees may feel from their employers in terms of potentially being sacked if they were to raise concerns, but from my basic understanding the legislation does cover that and prevents employers from acting in that way. The Acting Attorney General may wish to comment on that particular area afterwards. I think it is something we need to monitor. There is advice available within the Falkland Islands Government, from the Tax Office, from the Policy Section of the Government website, that's relatively clear cut and if there are issues continue to raise them with us and obviously we will make an assessment in due course.

Thank you Mr Speaker.

Acting Attorney General

Mr Speaker, I am afraid I can't give any further information on the detail of the legislation at the moment, but I am happy to talk about that afterwards.

Mr Speaker

Are there any supplementary questions?

The Honourable Gavin Short

Mr Speaker, thank you. I thank the Honourable Michael Poole for his reply. Could he just clarify one point for me please, though. If we are going to continue to monitor, who should people report to, could he tell me what the reporting chain is because there seems to be some vagueness about that as well, as to who the buck stops with.

The Honourable Michael Poole

Thank you Mr Speaker. I am sorry to say it's not as clear cut as it should be, and I think that's a good point and something we will need to tie down. At this point I would suggest that the Falkland Islands Government Tax Office is probably the best place to feed information into,

and then I think we will talk to them about collating that and making sure that we as Members and probably the Policy Unit receive that summarised information as well.

The Honourable Gavin Short

I thank him for his reply.

Mr Speaker

Are there any supplementary questions?

No.

Deputy Clerk of the Assembly

Question Number 12 of 2014 by the Honourable Gavin Short.

The Honourable Gavin Short

Mr Speaker, could the Honourable Mike Summers please advise how many Medical Treatment Overseas over the last five years can be:

- a) directly attributed to the lack of exercise and
- b) how many were related to exercise or sports related injuries, and
- c) has there been any discernible trends developing with these two categories over the five year time frame, please.

The Honourable Mike Summers OBE

Mr Speaker, Honourable Members, this is a very difficult question to answer because to provide the sort of detail that the Honourable Member may be looking for would take an inordinate amount of staff time and that doesn't seem to be a reasonable thing to do, but I can provide the following information.

That is that it would be difficult to tease out whether Medical Treatment Overseas was directly due to a lack of exercise, but I will provide some more information on that shortly. Medical Treatment Overseas referrals would not indicate if it was a sports injury as such, it is most likely to be captured as an orthopaedic referral and these would also include other types of injuries, but again, we live in a small community and anecdotally I think there have been very, very few sports injuries referred overseas for treatment. So, because of the above it is not possible to discern any trends, but let me share with you some thoughts that were provided to me by the Chief Medical Officer at my request, which I think confirm some of the both anecdotal evidence and beliefs that many Members share.

The National Institute for Clinical Excellence in the UK (NICE) is trying to start an initiative to promote lifestyle change to encourage more activity and productive life. That's exactly the debate we had in this House last time we met because I think we regard it as important. There has been much debate on the fact that a relatively small amount of weight loss and as

little 3%, can cut the burden on health costs considerably by reducing the numbers of new type II diabetes and hypertensive cases. The key is keeping this weight off and obviously participation in exercise is one of the key ways to do that.

There is excellent evidence to show that waist size directly impacts on a person's health. As a rule of thumb your waist measurement should be no more than half your height, obese and overweight people should make this basic aim as a starting point to reach. I see many people looking around and looking down. Disease is directly linked to obesity and being overweight in general, including hypertension, cardiovascular disease and heart attack, stroke, type II diabetes, osteoarthritis, spine pain and certain cancers, for example bowel cancer, breast and endometrial cancer, this list is not exhaustive. All of these diseases listed have led to and will continue to lead to medical treatment overseas from the Falkland Islands.

I hope that answers the Honourable Members question.

The Honourable Gavin Short

Mr Speaker, Honourable Members, I thank the Honourable Mike Summers for his reply and certainly, I would not want to put the Medical Department to great trouble trying to tease out this information. It was very much because of the debate in the House that I asked this question. I was trying to see whether if we are indeed all beer swilling, overweight, fag smoking type people we should be seeing some correlation between this, but I am guessing perhaps we may not have the way of figuring out whether our lifestyle down here is causing the large MTO budget, but what I would suggest though, even if I did slim down slightly, something else is going to get me in the long run, so I guess everything in moderation probably is the way to do it.

The Honourable Dr Barry Elsbey

Mr Speaker, Honourable Members, as the Honourable Gavin Short says "it'll get us some time". The question is just we want to push that time further along so we lead a longer healthier life, and as my Honourable Colleague Mike Summers has said, obesity and things like that are vitally important.

Understanding that my Honourable Colleague Gavin Short is very interested in healthy matters, would he not agree with me that the more people we can encourage to stop smoking the better the community would be?

The Honourable Gavin Short

Mr Speaker, Honourable Members, I laid myself open to that one didn't I! I will speak from the heart here actually. I will say to everyone listening: smoking is a stupid thing, don't do it, but I will also say that when you get hooked as I have, I have tried many times to give up and have failed, and to be honest with you, I have now taken the opinion that something's going to get me so I will enjoy a bit of baccy along the way. Indeed it's a choice matter too, it's up to you whether you wish to smoke or not, but I would say to the younger generation: don't do it, but if you are smoker I don't wish to be made almost a pariah if you see what I mean, I make my choices and I will go with them.

The Honourable Jan Cheek

Just a very brief additional comment related to smoking as that seems to have come into it. Are the Honourable Gavin Short and the Honourable Mike Summers aware that a 20 a day smoker could have another £2500 a year in their pocket if they quit.

The Honourable Mike Summers OBE

Mr Speaker, just to be clear, I didn't wish to leave the Honourable Gain Short with the idea that there wasn't a directly identifiable trend in terms of the connection between Medical Treatment Overseas and obesity. There is a very direct correlation between obesity and a wide range of diseases which in our particular circumstances do lead to the necessity for treatment overseas.

The Honourable Gavin Short

I thank him for that clarification.

Mr Speaker

Any other comments or questions?

No.

Deputy Clerk of the Assembly

Motions.

Motion number 10 of 2014 by the Honourable Financial Secretary.

That this House agrees to suspend Standing Order 5(2) xiv for the current sitting of the Legislative Assembly and for the sitting scheduled to take place on Friday 6th June 2014.

Honourable Financial Secretary

Mr Speaker, Honourable Members, I propose this Motion today to allow the Customs Resolution to be placed on the Order paper after the final meeting of the Budget Select Committee. This will enable any changes to customs duties to be discussed alongside the provisions of the Appropriation and Finance Bills prior to announcement.

Mr Speaker, I beg to move that Standing Order 5(2) roman numeral 14 is suspended for this and next sitting of the Assembly.

Mr Speaker

And seconded by the Honourable Roger Edwards?

The Honourable Roger Edwards

Mr Speaker, I rise to support the Motion and would like to point out that the timing in the Order Paper for the meeting on Friday has indeed been changed. The meeting will now be on Friday morning rather than Friday afternoon.

I second the Motion.

Mr Speaker

Does any Members wish to speak to the Motion?

The Motion before the House is that this House agrees to suspend Standing Order 5(2) roman numeral 14 for the current sitting of the Legislative Assembly and for the sitting scheduled to take place on Friday 6th June 2014 at the new time.

Is there any objection to passing this Motion?

There is no objection. The Standing Order will be suspended for those two sittings.

Deputy Clerk of the Assembly

Motion number 11 of 2014 by the Honourable Mike Summers OBE.

This House supports the extension of certain provisions of the Road Traffic Ordinance to all roads in the Falkland Islands. Those provisions to be agreed by Members might include those which deal with basic road safety, insurance protection for third parties and the construction and use of vehicles.

The Honourable Mike Summers OBE

Mr Speaker, Honourable Members, I bring this Motion to the House for the purpose of clarifying whether Members would wish this to be pursued as a matter of policy. It was a policy of the previous Government that certain provisions of the Road Traffic Ordinance should be applied to roads in Camp, it is not clear whether that remains the case and a discussion here might clarify that for us.

The issue of applying the Road Traffic Ordinance to roads in Camp has been going on for years and years and years and years and no resolution has been found, and I think the principle reason for that was that there was an attempt to apply the Road Traffic Ordinance in whole to roads in Camp through designation of roads. That turns out not to be a satisfactory mechanism, it simply won't work for all sorts of reasons that Members will know about.

I proposed quite some time ago I think, it actually arose in a Farmer's Week, saying "well, why don't we just provide the key provisions of the Road Traffic Ordinance to Camp roads, rather than trying to pursue this route of designation", and I think that has taken root. So the debate between members has to be whether it is right for basic safety provisions to apply to all roads, rules about wearing seatbelts which already apply to all roads be mirrored by provisions to apply the rules on the consumption of alcohol to all roads, certainly the

construction, use of vehicles and the protection of third parties. So, the purpose as I say for introducing this Motion to the House is to determine the views of Members as to whether we should have this on the Policy Task list for the Government or not.

The Honourable Gavin Short

Mr Speaker I wish to second the Motion and also to just reflect exactly what my Honourable Colleague has said before me. This has rumbled on for years, and I think this is the time to sort it out once and for all, and if there is a feeling to go ahead with laws covering basic vehicle safety etc. then I would like to see it done within the lifetime of this sitting. I think from my personal point of view I do think it can be done, should be done, but done in a sensible way that isn't going to wreck Camp life, or put unsustainable financial burdens on those in Camp.

The Honourable Roger Edwards

Mr Speaker, Honourable Colleagues, I am sure you are all very well aware of my dislike and my feeling towards road designation. I do not support road designation across Camp particularly as long as the tracks remain in the state they are at the moment.

The Honourable Mike Summers OBE

Mr Speaker, road designation is not proposed.

The Honourable Roger Edwards

I appreciate that, but I am leading into the fact that some legislation has already been introduced in Camp like the wearing of seat belts, I supported that and thought it was very sensible. I am sure that some aspects of the Road Traffic Ordinance could be introduced into Camp to the benefit of all, but I would urge that this needs and requires a huge amount of input by those of us who live and work in Camp.

The Honourable Jan Cheek

Mr Speaker, Honourable Members, I support the Motion and have long supported the common sense application of those aspects of road traffic law that relate to safety and insurance issues, and they become more important as we have more and more tourists driving around our Islands.

I support the Motion.

The Honourable Phyl Rendell MBE

Mr Speaker, I support this Motion. I do remember the very heated discussions around Farmer's Week last year. I wasn't a Member of the Government on this issue and I think that those heated comments were very much directed at road designation and the need then for vehicles to be licenced, and that would be considerably onerous on farmers with multiple vehicles when all they want to do is cross a road or drive a few hundred yards down it to

access parts of their land because, after all, roads do go right through their land. I think that was the problem for us last year when those issues completely dominated the discussion, but I do support this Motion because I do feel that we have to take steps to look at third party insurance, and speaking to people on the West I know that they are concerned about that with tour driving and so on, and also I do think we need to look at conditions of vehicles and so on, so I would support further work on this, but I would want to see it coming back to MLAs. Just what would possible to be included in that list, and I do notice the word “might” in the Motion, what might be included and I think we would need to very carefully look at what would be included in any future regulation.

I support the Motion.

The Honourable Michael Poole

Thank you Mr Speaker, like a number of my Colleagues here I come at this issue from the perspective of trying to mitigate risk, nobody wants to unnecessarily add cost or reduce personal freedoms across the Islands. Intuitively, it does feel like there is slightly less risk in Camp in terms of road traffic issues, so I think we can afford to pick and choose key provisions that we may wish to apply across the Islands generally. Clearly, the exact make up of those provisions, as this Motion suggests, is to be discussed and will need further thought and more evidence based decision making, I think. It’s certainly an important issue and I think it’s worthy of being added to the Policy Task list for the next year and so therefore Mr Speaker, I support the Motion.

The Honourable Ian Hansen

Mr Speaker, Honourable Members, I too support this Motion with the same provisions I guess that the Honourable Phyl Rendell mentioned. I have no issue at all in having a discussion as long as the wording of the Motion is followed to the letter in as much that it “might include” because we just have to sit down and discuss between ourselves, and as the Honourable Roger Edwards said, we must consult with those people that it’s going to affect. I think where we have moved forward on this is the removal of the word “designation” because that was always the stumbling block, because for many years I can recall this going on, and as soon the word designation was mentioned it just came to a halt, and it was the mind-set many years ago that because the mistake had been made in designating some roads the only way to fix it would be to treble that mistake and designate them all, I am pleased to find that we have got passed that.

The Honourable Phyl Rendell also mentioned the issue of licencing and taxes and later on today or tomorrow I intend to ask my colleagues to, at the very least, support that there be no increase this year in vehicle tax and perhaps even set it at zero.

Mr Speaker I support the Motion.

The Honourable Dr Barry Elsby

Mr Speaker, Honourable Members, I will be brief. I think everyone has said the same sort of thing. I think we all support this in principle, it’s a logical thing to do, is it an infringement

on peoples liberties - I don't think so, will it change lifestyles as they are practiced in Camp at the moment – I don't think so. Something has to be done, we cannot have a situation where a drunken driver in Camp will cause the death of someone else in Camp and will face no sanction, that is not right and we must take action to change that sort of thing.

I support the Motion.

The Honourable Mike Summers OBE

Mr Speaker, thank you. Just in winding up I am happy to hear there is large consensus amongst Members and we can take this forward. The issues to address clearly will be issues about lifestyle, issues about tax and licencing, and I think it was the attempt to impose taxation and licencing laws that exist largely for Stanley on Camp that provided most of the problems, but there is a key issue about the safety of third parties, about the requirement for insurance, so the process from here on in, as I understand it, will be that this will go on the Policy Task Status Report, the content of what is to be applied will be debated fully by Members as a matter of policy before going to legislation and would finally have to be agreed in this House. Thank you.

Mr Speaker

Honourable Members any other comments?

No.

The Motion before the house is this House supports the extension of certain provisions of the Road Traffic Ordinance to all roads in the Falkland Islands. Those provisions to be agreed by Members might include those which deal with basic road safety, insurance protection for third parties and the construction and use of vehicles.

All those in favour of that motion would they please show – 7, and those against – 1 and no abstentions.

That Motion is therefore passed.

Deputy Clerk of the Assembly

Order of the day – Bills.

The Supplementary Appropriation (2013/14) Bill 2014 - this Bill has not been gazetted and requires a first reading.

The Honourable Financial Secretary

I beg to move the first reading of the Bill.

The Honourable Roger Edwards

I second the Motion.

Mr Speaker

Honourable Members the Motion before the House is that this 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.

Deputy Clerk of the Assembly

The Supplementary Appropriation (2013/14) Bill 2014.

The Honourable Financial Secretary

Mr Speaker, Honourable Members, this is the second Supplementary Appropriation Bill to be presented for the current financial year. Its purpose is to authorise the withdrawal of the additional sum of 11 million pounds from the Consolidated Fund to meet supplementary expenditure recommended by the Budget Select Committee on the 22nd May 2014.

The supplementary expenditure relates to one item; an additional transfer to the Capital Equalisation Fund in order to support an increased capital programme in the next financial year. Current funding in the Capital Equalisation Fund is sufficient for the needs of the existing programme but would not allow Budget Select Committee to reprioritise funding towards additional infrastructure schemes.

This transfer effectively seeks to reprioritise some of the surpluses received in the current and recent years towards investing in infrastructure.

I beg to move that the Bill be read a second time.

The Honourable Roger Edwards

I second the Motion.

Mr Speaker

Does any Member wish to speak to the Bill?

There is no debate. Is there any objection to taking this Bill by the short procedure - there is no objection. Does any Member wish to propose any revision of the wording of the Bill - there are no amendments. I declare that the Bill be read a third time and do pass.

Deputy Clerk of the Assembly

The Supplementary Appropriation (2013/14) Bill 2014.

Appropriation Bill 2014 - this Bill has not been gazetted and requires a first reading.

The Honourable Financial Secretary

I beg to move the first reading of the Bill.

The Honourable Chief Executive

I second the Motion.

Mr Speaker

Is there any objection to passing the Motion - there is no objection the Bill will be read for a first time.

Deputy 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 2015.

The Honourable Financial Secretary

Mr Speaker, Honourable Members, the purpose of the Bill before you today is to authorise the appropriation of monies from the Consolidated Fund for the next financial year.

Before I describe the budget it is worth starting with an overview of the Falkland Islands economy.

The economy has continued to perform well over the last year. Developments in hydrocarbons continue to be positive, with a new exploration campaign planned for 2015 and possible sanction of the Sea Lion development late next year. Whilst last year saw limited off-shore activity, the future looks promising as the industry develops and the Government is progressing well with its oil readiness programme.

As mentioned earlier it has been an exceptional year for fisheries. Alongside high catch levels, the 1st of January was an important date for the Islands fisheries, with a new agreement with the EU coming into force which removed the previous quota restrictions on tariff-free exports to the EU. This is a measure which the Government and the industry has long lobbied for, and which is hoped will increase sales and profitability within the sector. A stocktake of the ITQ system is underway to review how it is performing against expectations and whether there is scope for improvement to the system.

It has been a challenging year for farming with a generally cooler and dry spring leading to slower plant and animal growth. However, farmers responded well to achieve a good level of wool production with much of the wool already sold at above historical average prices. It is anticipated that overall returns to farmers for this year's wool clip will exceed £5.5 million. FIMCo has processed almost 56,000 sheep and lambs, predominantly for export, although the domestic market volume continues to increase whilst farm returns from livestock sales are expected to exceed £1 million for the year.

In tourism, after four years of decline, the number of cruise ship visitors grew by almost 30%, with more than 38,000 arrivals. 2014 is expected to be a good year for tourism in the Falkland Islands and overnight tourist arrivals are forecast to grow by almost 10%.

The strong position of the Falkland Islands economy has had a positive impact on Government finances, particularly from Illex, taxation and investment returns. A surplus, prior to the transfer to capital discussed earlier, is therefore expected in the current year.

The national economy is clearly of high importance for the future of the Islands and this year the Budget Strategy recognises this by covering more than the traditional operating budget for FIG service provision but extending to national economic policy and social fiscal policy.

The Budget Select Committee have reviewed the overarching budget strategy this year and have agreed nine principles for the term of the current Assembly. This builds on the strategy and aims of previous years and looks at strategic fiscal policy as a whole.

To start we have three overarching principles. Firstly, to spend within our means. We recognise that as a National Government we need to ensure a sustainable financial future for the Falkland Islands. FIG currently has high reserve levels which have enabled deficit budgets to be set. However, in agreeing this principle we are recognising that despite these deficit budgets we fully intend to only spend to the level we can afford.

The second principle is that there will be no public sector borrowing for operating purposes. FIG is one of the few National governments globally that does not have external borrowing. With a small tax base and a relatively undiversified, though growing economy we recognise that Falkland Islands Government does not currently have a sufficient asset or economic base to support public sector borrowing. At such time as Falkland Islands Government believes there is a need for borrowing then a National Debt Limit will be considered. However, at this time FIG is only prepared to consider doing so for non-operating purposes.

The final overarching principle is to ensure that a reasonable level of funds are held in uncommitted reserves. In the past we have effectively achieved this by having a policy of a balanced budget. However, the higher than historic levels of reserves currently held, arising from oil and gas exploration and favourable Illex and investment returns, have enabled Budget Select Committee to consider allowing a deficit budget. This ensures funds are available to progress priorities outlined in the Islands Plan and fund the following principles.

We remain aware that the major revenue streams continue to be volatile and that the full level of commitments, for example pension fund liabilities, are not included in the balance sheet. By maintaining uncommitted reserves at a reasonable level for the five years of the Medium Term Financial Plan we ensure that Falkland Islands Government does not enter into a borrowing situation nor puts undue risk on the Islands financial stability. The detailed budget policy I will talk through shortly defines this further.

The next six principles detail elements of the budget strategy that Falkland Islands Government is seeking to achieve in the prioritisation of funding. Firstly, there are two principles relating to Falkland Islands Government service provision starting with ensuring

that an appropriate level of funding is provided to maintain efficient and effective public services. Falkland Islands Government provides a wide range of public services and a balance will be found between meeting the expectations of the community and funding service levels. Once again I will explain this further later.

The fifth principle is to ensure that appropriate funding is in place for the Falkland Islands Government Special Funds, namely the Insurance and Currency Funds. These funds are effectively self-financed through investment returns and enable us to ensure that risks are appropriately managed.

The next two principles concern social fiscal strategy starting with ensuring sustainable pension arrangements are in place. Falkland Islands Government has two directly managed pension schemes, the state scheme and the old civil service scheme which are complemented by the Island wide Falkland Islands Pension Scheme. We recognise that there are pension liabilities in the two directly managed funds and will continue to monitor and review the sustainability of these schemes.

Falkland Islands Government will also seek to improve the quality of life in the Falkland Islands as its next principle. Whilst overlapping with a number of the other principles the intention here is to ensure that quality of life is not impeded by tax or social security burdens and financially assist lower earners. In the future we will also consider the creation of a Sovereign Wealth Fund to support this principle.

Moving onto the final two principles relating to National Economic Policy. Falkland Islands Government will seek to encourage economic development to ensure a sustainable future and strengthen infrastructure within the Islands through the development of a National Infrastructure Plan supported by a Capital Investment Strategy.

Some of the principles I mentioned require further definition as specific budget policies. Firstly, the Budget Select Committee considered the level of uncommitted reserves that it felt was reasonable to hold over the next five years. As mentioned earlier in reaching this decision consideration was given to the small economy and tax base, volatility and uncertainty of key revenue streams and potential future liabilities. With this in mind the Budget Select Committee agreed to maintain two and a half times departmental spend in uncommitted reserves which, based on current budgets, equates to just under £122M pounds.

Moving onto the appropriate level of funding for public services the Budget Select Committee agreed for public service budgets to be maintained at the current level, in real terms, for five years. In making this decision the committee were conscious that recurring spend needs to be managed given relatively static revenue levels. Therefore, to prevent the operating budget growing substantially, whilst enabling services to continue at the same level, we will maintain public service budgets at the current level but allow a small increase to account for inflation. The Committee however recognised that to deliver the priorities outlined in the Islands Plan this may require the rebalancing of budgets within FIG or additionally revenue generation.

In order to prevent additional cost during the financial year, Budget Select Committee also agreed they would not consider any requests for funding in the first six months of the

financial year and requested appropriate financial monitoring procedures be put in place to ensure this.

The Budget Select Committee also agreed to report non-recurring revenues, predominantly those relating to oil and gas exploration and development separately to ensure that the operating budget does not become dependent on these revenues at this time.

The budget will therefore consist of a Medium Term Financial Plan covering five years which will provide an operating budget in three areas; departmental expenditure, Island Plan Investments and Social Investments.

This Medium Term Financial Plan will then be supplemented by a Long Term Financial Plan which will initially include the five year expectations relating to Oil and Gas Development, both revenue and expenditure. Over the coming months this will be extended to result in a 25 year Long Term Financial Plan.

The resulting Budget Strategy will enable Falkland Islands Government to ensure a sustainable financial future for the Islands both over the term of this Assembly and into the future. The Budget Select Committee has reviewed budget submissions and proposals from Directors and today recommends a budget that meets the nine principles.

I will now move onto some of the specifics contained in the Appropriation Bill put before the house today.

The Appropriation Bill will enable the delivery of the first eight principles I outlined. The total appropriation included is £60.3M pounds; £57.3M pounds to support the Medium Term Financial Plan and £3.0M pounds to support Oil and Gas Development. Taking revenue into account the deficit in the Medium Term Financial Plan over the five years is projected to be £7.1M including a £3.2M deficit in 2014/15. After taking the non-recurring revenues in the Long Term Financial Plan into account the deficit over five years is projected as £20.4M.

The breakdown across directorates is set out in the Schedule to the Bill and I will talk about these in more detail when the Bill returns from the Select Committee.

The Budget presented to you today is set in a manner than achieves all the principles in the Budget Strategy, firstly it ensures that Falkland Islands Government is only spending in a sustainable manner, it contains no requirement for public sector borrowing and results in 2.5 times departmental spend being kept in uncommitted reserves.

The Appropriation Bill includes £12.5M additional funding in support of Principle Four Public Services, £9.5M for promoting sustainable pension funds, £1.6M reduction in revenue in support of principle Seven the Quality of Life and £17.2M for principle Eight economic development. This year the traditional Transfer Payment and Fund Transfer elements of the budget have been renamed Island Plan Investments and Social Investments to better reflect their content.

The operating budget also includes funding of £20M to support the capital strategy as transfers to the Capital Equalisation Fund.

Moving on to the detail of the changes to revenue streams that the Budget Select Committee has recommended in order to fund the principles I set out earlier.

The Retail Price Index at the end of March showed inflation as being 1.6% over the last year. The Budget Select Committee have therefore recommended a 1.5% inflationary increase to the following fees and charges: aviation landing fees, court fees, dental charges, training centre fees, Government rents, department of agriculture fees and charges, charges made by the Attorney General's Chambers, civil aviation fees, work permits and other immigration fees, harbour dues and customs clearance fees, car licence and other licence fees, vehicle registration (excluding change of ownership) fees and police vetting fees.

Some fees are recommended for a greater than inflation increase due to not being increased for a number of years or to ensure the cost of the service provision is covered. The Budget Select Committee has therefore recommended the following increases: Stanley House fees and non-entitled patient medical charges by 10%, funerals in Stanley and Camp by 8% and 10% respectively, septic tank cleaning by 6.2%, banking licence fee to £6,000 per annum and Illex fees by 5%. Current projections for Illex are included at £6.5M per annum and Falkland Islands Government has accepted an element of risk in the inclusion of this projection given the volatility of this revenue stream.

Passenger levies to the tourist industry have been kept static for six years in recognition of the Tourism Development Strategy. However, the Budget Select Committee is of the view that an increase in this charge can now be accommodated by the industry and as such is recommending an increase in levy for Stanley to £20 and Camp to £7 from the 2015/16 season.

There are a number of charges where the cost of service provision is being covered by the existing revenue levels and therefore no increases are proposed for postal charges, electricity connection charge, town hall hire charges, cemetery plot reservations, domestic service charge, metered water and refuse collection charges, quarry aggregate prices and the embarkation fee. The fee for the change of ownership to vehicles was considered to be set at a rate higher than cost recovery and will therefore be reduced to £21.50. Fees charged by the Registrar General have been reviewed to ensure cost recovery and a number of charges have been reduced.

The Budget Select Committee are also conscious of ensuring fees and charges are not in conflict with other strategies that are in place and therefore have not approved any increases in Falkland Islands Government Air Service fare and freight charges in support of the Tourism and Rural Development Strategies. They have also repealed the charge for mammography scans in line with the Island Plan priority relating to health and social care.

Falkland Islands Government considered a number of areas where new charges could be raised in order to recover the cost of service provision thereby passing the cost to the direct user rather than the taxpayer in general. Proposals for a TV licence, charging for nursery education and prescription charges were given consideration by Budget Select Committee but not supported for inclusion. However, Falkland Islands Government still intend to introduce a Commercial Community Service charge to spread the cost of community services across

both domestic and commercial users and will be exploring the options regarding charging for planning applications in the near future.

Moving onto spending measures that have been included. In support of Principle Seven relating to improving the quality of life the Budget Select Committee recommended the following changes. Child Allowance, Welfare & Attendance Allowances and the related assessment thresholds will be increased by 1.5%. The Child Allowance will also be extended until the child leaves secondary education and the eligibility criteria be amended to be based on the tax status of the applying parent.

The annual student allowance paid to further education students will be increased to £7,086 pounds or £8,319 pounds for students based in London.

To reduce the burden of Medical Services Tax for employees Budget Select Committee agreed to increase the personal allowance for Medical Services Tax from £15,000 to £60,000 per annum, therefore no one who earns less than £60,000 will pay Medical Services Tax from 1st January 2015. As a result 97% of employees and 99% of self-employed will not be paying any Medical Services Tax. The employer's contribution and the rate of Medical Services Tax will remain unchanged. This amendment will help to protect the lower earners, including the self-employed, without fundamentally changing the structure of the Falkland Islands tax regime.

Executive Council have requested a review of how contributions into the state pension scheme are structured to highlight whether a more equitable salary based scheme can be implemented. Early options have been prepared for this and it is anticipated that this will be submitted for consideration in the next few months. Until such time as this is considered, Budget Select Committee have agreed to keep the resident pension contribution rate at £29 per week and the threshold of £180 per week unchanged. To prevent the burden of social security costs increases to the individual Budget Select Committee agreed for Falkland Islands Government to continue to fund the difference of £16.50 per week between the resident and actuarial rates directly.

No changes to winter fuel allowance, working and childcare credits and Christmas Bonus are proposed.

In summary, the budget I present to you today has achieved the principles of the Budget Strategy agreed at the beginning of the process. This budget provides additional funds for Island Plan priorities, economic development and infrastructure improvements whilst ensuring that the financial stability of the islands is maintained.

Once again the budget process has taken a substantial amount of time and effort and I would like to thank all those have been involved in the process. As ever, special thanks are due to Lydia Morrison, Daniel Heath and Margaret Butler for their dedication to finalising the budget over recent months and all those within the Treasury and Tax sections for keeping the office going whilst we've been otherwise occupied. I'd also like to thank Jamie Fotheringham and the Policy Unit for their valuable contributions to the process.

Mr Speaker, Honourable Members, this concludes my presentation of the Appropriation Bill 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

Honourable Members the Motion is that this Bill be read a second time - does any Honourable Members wish to speak on the principles of that Bill?

The Honourable Mike Summers OBE

Mr Speaker, Honourable Members, this has been quite a long budget process and I think many of us have reflected on regular occasions about whether it is the right way to be setting a budget, but we will come back to that in due course. We have had to be incredibly cautious about operating budget commitments because, as the Financial Secretary has indicated, whilst there have been substantial windfalls in a number of areas, the recurrent revenue to the Falkland Islands has not increased substantially, and so that gives us an opportunity to commit monies to capital expenditure that are additional to what had previously been available to use, but we have to be incredibly restrictive about operating expenditure. There are, therefore, a number of areas in which we might like to have expanded our services or reduced the requirement for user pays, or reduce the charges we have had to make, but that hasn't been possible, and I don't think it is likely to be possible for at least the next two or three years. So it's important, I think, that we help people understand that expectation as a result of hydrocarbons exploration has to be tempered, it has to be held back, because we don't have huge amounts of income from hydrocarbons income at the moment, and we are not likely to have for another three or four years. Having said all of that, I support whole heartedly the principles that we have adopted for this budget strategy, there are one or two things inevitably that you end up not liking, I don't like the fact that we still have Medical Services Tax for employers, and we will have a discussion about that, I am sure, in Budget Select Committee in the next day or so, but otherwise I think the sort of strategy that we have proposed to adopt is the right one for the Falklands going forward. It is optimistic and there is a significant amount of capital expenditure proposed which will have a real stimulating effect, I think, on the private sector of the Falklands and generate future taxation revenues and the like, which are more difficult to predict, but I am content with the strategy.

Mr Speaker

Does any other Member wish to speak? The Motion before the House is the Bill will be read a second time. Is there any objection to passing the Motion? There is no objection. The Bill will be read a second time.

Deputy 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 2015.

The Honourable Chief Executive

Mr Speaker, Honourable Members, I beg to move that the Bill and the Draft Estimates be referred to the Select Committee on the Estimates.

Mr Speaker

The Motion before the House is that the Bill and the Draft Estimates be referred to the Select Committee on the Estimates - is there any objection to the Motion? No objection – that Bill will be referred to the Select Committee on the Estimates.

Deputy Clerk of the Assembly

The Capital Appropriation Bill 2014 – this Bill has not been gazetted and requires a first reading.

The Honourable Financial Secretary

I beg to move the first reading of the Bill.

The Honourable Chief Executive

I second the Motion.

Mr Speaker

The Motion is that this Bill be given a first reading – is there any objection to that? No objection – the Bill will be read a first time.

Deputy Clerk of the Assembly

A Bill for an Ordinance to authorise the withdrawal from the Capital Equalisation Fund of money for capital projects.

The Honourable Financial Secretary

Mr Speaker, Honourable Members the purpose of the Bill put before you today is to authorise the appropriation of monies from the Capital Equalisation Fund for the next financial year.

Capital funding has historically been approved by Order but this year has been presented as a Bill to ensure the same level of scrutiny within the Assembly as the Appropriation Bill. This Bill represents the Capital Investment Strategy and includes funding of £18.7M in the next financial year to strengthen infrastructure in the Islands. The total Capital Investment over the next five years is projected to be £48.9M.

At the end of last financial year the Capital Equalisation Fund had a balance of £23.3M and spend in the current year is anticipated to be in the region of £14M. I mentioned earlier that

an additional transfer is required in order to fund the programme for next year. This will enable a net investment of £16.9M to support a number of capital projects. The funding for future years capital spend has not been included but is intended to be funded from the higher reserve balances currently held to the tune of £32M.

This year the capital programme has been re-categorised to align with the Island Plan priorities and includes £42.8M over five years to support the Island Plan priority on Infrastructure, £5.2M for Transport and Communications, primarily to maintain FIPASS, £4.4M for Health and Social Care including funding for an Elderly Care Facility, £2.6M for recurring maintenance schemes and ¾ Million for Safety and Security. Budget Select Committee are conscious of the Island Plan aim to set out a Capital Investment Strategy to invest in infrastructure over the next 20 years and therefore intend to highlight longer term priority schemes in the final Capital Investment Strategy as well. This strategy will then be refined as part of the development of a National Infrastructure Plan.

Mr Speaker, Honourable Members, after the Bill has been referred to the Select Committee I will provide more details of the schemes contained in the Capital Investment Strategy however at present this concludes my presentation of the Capital Appropriation Bill 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 before the House is that this Bill be read a second time – is there any objection to that Motion? There is no objection. The Bill will be read a second time.

Deputy Clerk of the Assembly

A Bill for an Ordinance to authorise the withdrawal from the Capital Equalisation Fund of money for capital projects.

The Honourable Chief Executive

Mr Speaker, Honourable Members, I beg to move that the Bill once again be referred to the Select Committee on the Estimates.

Mr Speaker

Honourable Members the Motion before the House is that the Bill be referred to the Select Committee on the Estimates – any objection to the Motion? No objection – the Bill will be referred to the Select Committee on the Estimates.

Deputy Clerk of the Assembly

The Finance Bill 2014 – this Bill has not been gazetted and requires a first reading.

The Honourable Financial Secretary

I beg to move the first reading of the Bill.

The Honourable Chief Executive

I second the Motion.

Mr Speaker

The Motion before the House is that this Bill be read a first time – any objection to the Motion? No objection – the Bill will be read a first time.

Deputy Clerk of the Assembly

A Bill for an Ordinance to amend miscellaneous provisions of various enactments in force in the Falklands Islands so as to vary or abolish specified allowances, benefits, charges, contributions, fees, and penalties provided for in these enactments, to insert in various enactments provisions imposing new charges, and to amend the Currency Ordinance (Title 25.1) so as to remove the requirement for the Commissioners of Currency to meet at intervals not exceeding twelve months.

The Honourable Financial Secretary

Mr Speaker, Honourable Members, the purpose of this Bill is to give effect to the changes in various allowances, charges, fees and penalties provided for under the laws of the Falkland Islands. It also makes new provisions in relation to certain fees and charges. These changes relate to the proposals in my budget speech and can be summarised as follows:

- Clause 3 increases the Air Navigation fees. The revised fees are set out in Schedule 1 of the Bill.
- Clause 4 increases the banking licence fee.
- Clause 5 increases the Civil Cases (Fees) rules. The revised fees are set out in Schedule 2 of the Bill.
- Clause 6 increases Commissioners for Oaths fees.
- Clause 7 amends companies and private partnerships fees. The revised fees are set out in Schedule 3 of the Bill.
- Clause 8 increases Court Fees (Family Proceedings) Rules. The revised fees are set out in Schedule 4 of the Bill.
- Clause 9 removes the requirement for the Commissioners of Currency to meet annually.

- Clause 10 increases customs service fees and entry/clearance fees.
- Clause 11 increases various animal and animal product importation fees.
- Clause 12 increases the Dog Licence fee.
- Clause 13 increases the Falkland Islands Status Application Fees.
- Clause 14 increases the family allowance, extends the allowance so it is payable to the end of education at FICS and allows families where only one parent is exempt from tax to still receive the allowance.
- Clause 15 increase firearms and ammunition licence fees.
- Clause 16 increases fishery products inspection fees. The revised charges are set out in Schedule 5 of the Bill.
- Clause 17 increases Harbour Dues.
- Clause 18 increases immigration fees.
- Clauses 19, 20, and 21 increase various land charges and land registry fees. The revised fees are set out in schedules 6 and 7 of the Bill.
- Clause 22 increases the personal allowance within the Medical Services Tax Ordinance.
- Clause 23 increases the registration of ships fees within the Merchant Shipping Regulations.
- Clause 24 increases the notary public fees and the revised charges are set out in Schedule 8 of the Bill.
- Clause 25 increases plant importation fees.
- Clauses 26, 27 & 28 change various licence and registration fees for example for patents, marriages, births and deaths. The revised charges relating to Registrations are set out in Schedule 9 of the Bill.
- Clause 29 increases the rate of pensions; and
- Clauses 30, 31 and 33 amends the vehicle licence and other road traffic fees.
- Clause 32 increases the fees under the Stanley Airport Regulations.

All the aforementioned increases take effect from the 1st July 2014 apart from Clauses 4 and 22, relating to banking regulations and taxation, which take effect from the 1st January 2015.

The 'Objects and Reasons' section of the Bill seeks to explain the increases and shows the old and new figures for ease of comparison.

I believe that covers all the changes to legislation required for the items that were included in my budget presentation.

I would like to express my gratitude to the Attorney General's Chambers, in particular Duane, for the advice, assistance and drafting skills in preparing this Bill. Once again it is a long and complex piece of legislation which this year amends 33 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

Honourable members the Motion before the House is that this Bill be read a second time – does any Honourable Member wish to speak to the Motion? No - is there any objection to passing this Motion – there is no objection, the Motion is therefore passed. The Bill will read a second time.

Deputy Clerk of the Assembly

A Bill for an Ordinance to amend miscellaneous provisions of various enactments in force in the Falklands Islands so as to vary or abolish specified allowances, benefits, charges, contributions, fees, and penalties provided for in these enactments, to insert in various enactments provisions imposing new charges, and to amend the Currency Ordinance (Title 25.1) so as to remove the requirement for the Commissioners of Currency to meet at intervals not exceeding twelve months.

The Honourable Chief Executive

Mr Speaker, Honourable Members I beg to move that this Bill also be referred to the Select Committee on the Estimates.

Mr Speaker

Honourable Members the Motion is that this Bill be referred to the Select Committee on the Estimates – any objection to passing this Bill? No objection – the Bill is now referred to the Select Committee on the Estimates.

That concludes our business for this morning and the Assembly is now adjourned until 9 am on Friday 06 June 2014.

ASSEMBLY RESUMES

FRIDAY 6 JUNE 2015

Mr Speaker

Honourable Members, I bid you good morning and we will proceed with the next sitting of the Legislative Assembly and the rest of the Budget Session.

Deputy Clerk of the Assembly

The Appropriation Bill 2014 remaining stages.

Mr Speaker

The Honourable Financial Secretary, I invite you to report on the proceedings of the Select Committee on the Estimates and this particular Appropriation Bill.

The Honourable Financial Secretary

Mr Speaker, Honourable Members.

The Budget Select Committee met on Wednesday afternoon to review the Appropriation, Capital Appropriation, and Finance Bills remitted to it by this House on Wednesday morning.

Following consideration of these bills and the decisions made during the Select Committee since it was opened in January, the final Budget Select Committee confirmed previous decisions with a number of changes which I will outline this morning. The nine principles of the Budget Strategy continue to have been met.

£13.6M additional funding has been approved over the next five years in support of principle 4: providing an efficient and effective public service. This means that next year £10.4M has been provided for Health and social care, £6.6M for Education, £12.8M for Public Works and £6.8M for Natural Resources. £16.7M has also been provided across the other Government departments.

Within these budgets are some significant increases that are worthy of mention.

Included is a £8.0M increase to staffing budgets. This is made up of four areas: new and extended posts, a cost of living increase, some specific departmental pay structure amendments and other changes to staff budgets.

Firstly, during this budget 19 new and 7 extended posts have been approved. 17 of these were approved for local appointment only and 9 are anticipated to require overseas recruitment. These additional posts are across education, emergency services, central services and executive management, health, PWD and Attorney General's Chambers.

Budget Select Committee agreed a higher than inflation cost of living increase for the civil service of 2% effective 1st July 2014 which will be implemented over the next couple of months.

In terms of departmental pay structures two changes have been made. Firstly an annual bonus scheme for the wind farm to incentivise operating staff to increase fuel displacement. This will only be paid when fuel saving exceeds 35%. The second change is an increase in on-call allowance for firefighters to assist with recruitment and retention.

The final item is an increase of £4.0M for changes in staff that have occurred since the last budget. To partially offset this figure, and recognise a recurring historic underspend in salaries across departments, the Budget Select Committee reduced the overall staffing budget by £2.5M over the 5 years and requested the Corporate Management Team submit a report to Standing Finance Committee detailing how this will be delivered. It is anticipated that this can be achieved through more proactive management of staffing budgets and there is no intention for this to remove posts from the establishment or reduce service levels.

The other significant increase in funding is an additional £1.5M that has been included for medical treatment overseas over the next five years. The budget has also been broken down into some detail in this area so a better understanding can be gained as to how these costs arise.

There are several revenue areas that I haven't mentioned yet. In 2009 a late booking fee was introduced on FIGAS to discourage last minute changes to the flying schedule. However, it is recognised that in some instances there are available seats on existing schedules, therefore the Budget Select Committee this week agreed to give the General Manager the authority to waive the late booking fee if a seat is requested up to 10am the day before and there is capacity without the need for a schedule change.

On Wednesday I didn't mention customs duties. The Budget Select Committee approved increases of 5% on tobacco products and 3% on alcoholic beverages. This will result in an additional 11 pence a packet on ten cigarettes, 2 pence on a bottle of wine and 8 pence on a case of beer. These increases become effective at midnight tonight.

Following the passing of the motion in this House on Wednesday relating to the Road Traffic Ordinance, Budget Select Committee agreed to freeze vehicle licence fees for the next year to allow this work to be undertaken.

In support of Principle 6, to ensure sustainable pension arrangements are in place, £10.4M is included in transfers to the two pension funds to seek to reduce the deficits in these schemes, as recommended last year by the actuaries. The increase since the draft Bill was presented relates to FIG maintaining its policy to subsidise the difference between the resident and actuarial contribution rates following a decision to increase the pension payable. These are included as part of the Long Term Financial Plan and will be supported through the projected revenues anticipated from oil and gas exploration and development.

To recognise the increase in pension allowance that I will talk about in a moment, the overseas voluntary pension contribution rate will increase to £47/week.

Quality of Life, Principle 7, is supported by an increase in the personal allowance for MST to £60,000 per annum and increases in welfare and child allowances. As mentioned on Wednesday the MST personal allowance increase will result in 97% of employees and 99% of the self-employed not paying any MST. After consideration this week Budget Select Committee agreed to back date the personal allowance increase to the 1st January 2014. However, in order to prevent complications for employers and administrators the existing payroll tables will continue in force until the end of the current tax year. On submitting personal tax returns employees and the self-employed will then receive the appropriate refund.

No increase is included for the domestic service charge and the electricity unit price will be reduced by 1 pence per unit to 21p per unit from midnight tonight. All of these measures will improve the quality of life in the Falkland Islands by reducing the cost of living. Prepaid meter cards will continue to be sold above the face value, however at a lower rate than present. This means that

- A £5 card will cost £5.53
- A £10 card will cost £11.06
- A £20 card will cost £22.12; and
- A £50 card will cost £55.30

Pensions, including the retirement pension, will be increased by 5% resulting in a standard weekly pension of £141. Resident pensioners will also continue to receive the equivalent of one week's pension as a Christmas bonus.

£17.2M over 5 years is included to encourage economic development, in line with principle 8, across the following areas:

- £8.7M for shipping links;
- £3.8M for the Tourism Development Strategy (including FITB and the Museum and National Trust);
- £3.3M for FIDC;
- £820,000 for the Rural Development Strategy;
- Subsidy is included for FIMCO for the next three years totalling £650,000

It is hoped that this funding will assist in the development of a sustainable economic future for the Islands and will provide the key funding for a revised Economic Development Strategy.

Moving on to the last of the nine principles. In order to strengthen infrastructure within the Islands the capital investment strategy includes net investments of £47.4M into capital projects. The following significant investments are included:

- Funding next year for options appraisal and initial design work to enable business cases to be put forward to ExCo for a variety of projects;
- Under transport and communications a £1M pounds a year is included to improve and extend the life of FIPASS;

- Funding is included to enable temporary facilities for the Infant and Junior School to be provided which are needed as a result of increasing numbers of students;
- Also included is funding for an Elderly Care Home. Budget Select Committee were keen to explore options of how this could be delivered and operated;
- £2.6M is included for a number of recurring maintenance schemes including Government buildings and housing and improvements to waste management and electricity supply
- £2M a year is included for the improvement of Camp roads and further funding for the continued works on Ross Road
- A house building programme of £6.1M is included to ensure that sufficient Government housing is available for the expanding population
- £6.4M is included for housing and industrial infrastructure plots including phases 1, 2 and 3 of Sapper Hill;
- £2M is included to improve the short term resilience of the power station and Budget Select Committee recognised the need in the foreseeable future to build a new or substantially extended power station. This project will be included in the forthcoming National Infrastructure Plan and will be considered in the Capital Investment Strategy for future years.
- Funding has been included as part of the programme to start work on the MPA road. As I mentioned earlier funding has been included next year for options and appraisal works to be undertaken on a variety of schemes and this will include the potential options for work on the MPA road.
- Budget Select Committee recognised that the emergency services infrastructure is ageing and have included funds for a temporary expansion of prison facilities. However, permanent changes across emergency services need to be balanced alongside other priorities and with interrelated schemes for the usage of available land. Larger works on the prison, fire service and government and Assembly buildings will therefore be considered for future investment as part of the development of the National Infrastructure Plan.
- Additional funding has been included to build a road to Cape Pembroke Lighthouse following a proposal received from the Friends of Cape Pembroke.
- Finally to assist with broadening the opportunities for sporting and recreational activities in the Islands the Budget Select Committee agreed a contribution of £1/2 M towards an all-weather sports pitch.

In agreeing the Capital Investment Strategy this year the Committee needed to review and prioritise the available additional funding for capital of £32M. Some schemes have not currently been included in the 5 year plan but will be actively considered in the development of the National Infrastructure Plan and for future funding.

After the changes I've mentioned the resulting position in the Medium Term Financial Plan is a deficit of £9.2M over 5 years. For 2014/15 the deficit projected is £3.6M, made up of revenue of £54.2M, departmental expenditure of £47.5M, Island Plan Investments of £9.8M and Social Investments of £1/2M. The oil and gas development budget includes a further net deficit of £300,000 resulting in a Long Term Financial Plan deficit anticipated of £3.9M.

In summary, this budget achieves the principles set out in the Budget Strategy and finds a balance between investing within the Islands and maintaining the financial stability of the

Government. The measures set out will improve the financial position of individuals across the community and as an example, a two adult family earning £25,000 each with 2 children at home will be £750 a year better off.

Once again, I would like to thank all those who have spent many hours working on the budget this year in a range of capacities. Each year we identify areas of the process that can be improved, and we hope to continue to develop how the budget setting procedure is managed over the next few years.

Mr Speaker, this concludes my report of the proceedings of the Select Committee on the 2014/15 estimates.

The Honourable Roger Edwards

Mr Speaker, Honourable Colleagues, at the very beginning of this Assembly when we began looking at its first budget process, nine guiding principles were agreed: not to spend beyond our means, savings to be maintained at 2½ times operating budget, and the like. This report complies with those nine principles, so I move that the report be accepted.

The Honourable Mike Summers

Mr Speaker, Honourable Members, I would like to give my thanks to the staff who have worked so hard in preparing the budget. I rather frivolously asked the Financial Secretary in Executive Council earlier on how many man hours had been expended across the Government in setting the budget this year, and I don't think we have a very clear number on that, but it will be quite high, not only in the Treasury, but in all the departments and amongst Members themselves. Thank you to everyone who has worked to achieve this position.

As I mentioned at the opening of this session, I think the strategy for the budget is broadly correct and we have managed to achieve most of the things we wanted to do. Clearly, not everybody gets everything that they want. I am personally very happy with the Capital programme, particularly with the proposals for the provision of a facility for the care of the elderly. I understand that one of my colleagues had a slightly agitated constituent yesterday asking whether old people were going to be forced to go and live in an old people's home. That is certainly not the intent; it is a facility that I hope will be, in the next couple of years, available for people to move into and live out very comfortable lives instead of having to be stuck in the end of the hospital where they are now, when they become of a suitable age. There is a lot of work to do and there will be a lot of public consultation to carry out on that facility before we are finished. I am also very happy in the capital programme that we have been able to make some provision for additional capacity for the Infant/Junior School and for the Prison and also to make sure that we keep FIPASS in good repair.

The Operating Budget has been difficult to set this year, we don't have increased revenue and we do have huge amounts of additional expectation and requirement, and it has been quite difficult to get somewhere near a balance in the operating budget. In achieving that position, I am very happy that we have been able to get rid of Medical Services Tax for employees. I am less happy that we haven't been able to remove it for employers, but there was a split amongst Members on that and it didn't go in favour. I have asked the Financial Secretary and

the representative from the Attorney General's Chambers this morning in Executive Council to investigate whether it would be possible to make Medical Services Tax paid by companies allowable as an expense for corporation tax. That would relieve the burden on a number of businesses without unduly affecting cash flow in the Government. That will come forward as an Executive Council paper in due course, and hopefully can be considered before the end of this tax year. That gives us several months to consider that issue.

I am personally delighted that pensions have gone up by 5%. I had a manifesto commitment to try and put pensions up by 10% per annum for the next four years so I have achieved only half of what I wanted to do, but I think that is a very good start and will help to bring pensioners up to a decent living amount.

In my portfolio area Health and Social Care, the budget now is up around the £10M mark. That is a huge amount of money to absorb amongst the many other expenses we have to run as a Government, and I will personally commit to Members to work hard, to work with the staff in the Health and Social Services sections to contain expenditure in the health care as best we can, whilst still providing the best possible level of service to members of the community, and in particular on medical treatment overseas, there are a number of things that we do need to do to make sure that the MTO budget for the future is contained. It is passed £2M this year and I think we all agreed that that isn't sustainable. We will have to work harder to make sure that that budget remains doable.

Overall Mr Speaker, Honourable Members, I am content with the budget and I commend it to the House, I second the Motion.

The Honourable Michael Poole

Mr Speaker, Honourable Members, clearly this is my first budget as an MLA, and also I would like to add my thanks to the Treasury team, the Policy unit, and my Colleagues as well, for their support throughout this entire process which has been going on for a number of months. As has been mentioned, as we all did coming into this budget, we made a number of commitments during the election process last year, and I will talk a bit about the kind of commitments that I have made and the things I would like to see achieved.

Beginning with the budget process itself, I am pleased to see that we have been able to open up a number of the budget days at the start of the process; I think there is still more that we can do. Hopefully, next year the final day or day and half of Budget Select Committee can be open up to public scrutiny as well. It really depends on what is being discussed, how much is being tied down at that point, but I think that should be our objective.

I am also pleased to see that throughout this budget process we have had quite active input from the general public. We have had a number of groups and organisations come and talk to us about things they would like to see included or excluded from the budget, and that really has changed our view in a number of areas, and I think hopefully, those people who have come and spoken to us will see that we have taken on board what they have said to us.

In terms of the outcomes from the budget itself, I am a little disappointed that we have once again fallen into the easy trap of increasing charges almost across the board. In a number of

areas you can understand why we do it, but I think our objective should be to make sure that any increases in charges should be properly evidence based, for example the Registry this year did a piece of work leading up to this budget where they reviewed all their charges, looked at what their costs were and were looking for proper cost recovery, which is exactly how things should work, and that may result in some charges going up and it may result in some charges going down. But we should be encouraging departments to do that on a periodic basis as well.

I'm also very disappointed to see that we will have MST included for employers in the budget and clearly a number of us made a commitment to try and set that to zero across the board. Unfortunately, there was a split and we haven't achieved that this year, but clearly we will keep working on the issue and the Honourable Mike Summers has suggested at least a partial solution perhaps that we can consider later in the year.

I'm also a little disappointed too that we haven't been able to increase the Government pay award as much as some of us would have liked. 2% is slightly above the rate of inflation, but we will keep working away at that as we have with pensions this year, which I think is a very positive step.

In terms of my portfolio areas, hopefully relatively uncontroversial. I don't think there is too much of interest there. I will mention that we have budgeted to increase the landing fees for tourist from the 2015/16 budget year. This increase was in line with the professional advice that was received from the Tourist Board, but personally I do worry that it maybe it's a bit premature pushing those charges up, and I made that point in Budget Select Committee. We will see how that works out.

In conclusion Mr Speaker, I do think that we have struck a reasonable compromise on the operating budget with a manageable projected deficit over the next five years. It's not without its risks, but it does intuitively feel quite reasonable. We haven't achieved everything we would like to be able to do, but obviously we have future years to try and rectify that. Thank you.

The Honourable Jan Cheek

Mr Speaker, Honourable Members, as previous speakers have said, a certain amount of compromise was required to achieve a workable result in the budget. With my Trade and Industry hat on I'm very pleased to see a substantial capital programme which opens up many opportunities for the private sector, and the knock on effect of that on peoples' pockets will also be a contribution.

The real stand out figure, as the Honourable Mike Summers said, is the £10.4M for Medical and Social Services. Even netted down to £9.6M, that is way above the figure that was being inaccurately quoted some months ago. I hope that we can rein in that figure, but without rationing severely the treatment that people need. We talk about quality of life; health is a huge factor in that.

Finally, I would just like to say thanks to all involved, and as well as the Treasury, we know that the Legal department were running the midnight lamps yesterday as well. Thanks to all involved in the hard work.

The Honourable Gavin Short

Mr Speaker, Honourable Member, obviously I would like to start off by concurring very much with what some of the speakers before me have said. I do suspect that like most, if not all, of us around this table, there are bits in this budget that aren't exactly what I wanted, and there are parts that are indeed all that I wanted, and there are some bits that fall in between. I guess this budget, like life itself, is all about compromise.

To be honest, given the fact that our future economically is anything but certain at this stage, I would say that this is very much a budget for its time. The recurrent expenditure has been kept in check, which means that some areas where there wasn't actually a real desire to expand on some things had to be kept damped down. I will say that the Capital Budget is pretty exciting.

There were pressures for even more staff, which we see every year, and in most cases you can actually see that a lot of the posts would be great to have. This, of course, means that in most cases you would be funding these positions for years to come. If we had agreed to all the posts that were asked for, apart from running an even larger deficit budget or balancing the books by taking money away from the Capital Budget, and if oil doesn't happen then you would have to start looking at making people redundant. I do have doubts about whether there are enough people physically here in the Falklands to fill even the posts that were asked for and approved this year, and of course, bringing people to the Islands means greater expense and pressures on housing etc.

On the Medical Service Levy or Tax, people know that I am one of the few Assembly Members who would have been quite content to leave MSL as it was; however, I am at this stage content to support the compromise position that has been reached. I do, though, give a gentle warning that if MSL is got rid of we are going to have to accept that the money will have to come from somewhere. It may be that we could take it away from the Capital funding, slash the recurrent budget or do what I think might be the easiest and most appealing solution for some, and that is raising the general rates of tax. I do believe that to get the same amount of money as was being raised by MSL when it was first introduced we would have had to raise the tax rates by somewhere around 3%. That means that employees who instead of paying 1% of their wages as we have been, would have been paying 3% and unlike the companies who can afford accountants and to find other ways to offset that percentage increase, the poor old working person could not.

I was extremely happy to support the proposal for an increase in pensions that was above inflation. This is something that has been mooted before and has always got knocked back. It doesn't cost much and is long overdue in my opinion. It is only right and proper that it was done, because we are now enjoying the fruits of the labours of those who have gone before us, and who lived and worked in conditions that were much, much worse than we have today. There are the normal increases in the range of services and taxes, which whilst being annoying, is perhaps better done this way than the large increase every few years.

I would like to ask the Honourable Financial Secretary one question please, if I may. In her address to this House she mentioned the price of cigarettes going up by so many pence per packet of ten. This may be something that is always announced, but I have had a long and glorious career as a taker of tobacco, and in the Falklands I have never seen a packet of ten. I wonder whether it would be nicer to express it as a packet of twenty which means more to us who partake.

The capital budget, this year is quite a biggie, and I would like to make comment on one or two items if I may. Although this is a very exciting Capital programme, it is going to bring real pressures on my staff at PWD. There are not many of them and they are going flat stick as it is. To this end, I am happy, and indeed thankful, that Members voted funds to allow us to bring in, or even tap into, expertise which will allow us to undertake preparatory studies in such areas as power and the MPA road resurfacing.

I certainly don't wish to sound like some gushing actress at the Oscars, but I would like to publicly thank everyone from the PWD Road section, the main office through to the members of the Transport Advisory Committee, and Members of this House, for agreeing to our proposals to increase the funding for rural roads, plus endorsing a longer term approach to contracts for their upkeep. I firmly believe that the amounts that will now be spent will, at the very least, help us to hold the line and make some improvements on the network. The longer term nature of the contracts will hopefully be attractive enough to encourage competition and possibly folk crossing the water from East to West or vice versa. I supported the provision of money for the construction of a track to the Lighthouse, subject to a further report being submitted to EXCO. I believe that this will have a positive impact for the people of Stanley, and could lead to the Lighthouse area becoming quite a tourist attraction. My support though was caveated; this must be a project that is undertaken by private sector companies. It must not in any way detract from works on the rural roads, or put even more pressures on our small group of staff in the Highways section, and its funding is completely separate from the amounts that have been voted for the upkeep of rural roads.

I am, perhaps, less happy with the interim solution regarding power, however, like other Members I have to accept that there is only a finite amount of cash, and we have to compromise. The study into the power requirements and solutions will go ahead this year, and we should have a clearer view of just what is going to be needed after it has been concluded.

I am also content that the request for permission and funding for the next sections of Housing plots in Sapper Hill and the funding for another tranche of FIG houses was agreed to. I firmly believe that these two decisions will very much ease the pressure on FIG accommodation, as well as giving us a breathing space in the supply of plots for private people to build houses, as the uptake of building plots on the present site at Sapper Hill has been phenomenal, and it is only right and proper that this Government does all that it can to help its people.

We also have the green light for five more cabins for FIMCO, which I hope will ease their accommodation problems when the next season rolls in. There were other decisions taken such as the inclusion of classrooms etc. that will also impact upon the workload of the PWD staff but I know as we always do, we will rise to the challenge and equip ourselves well. In

general, I would categorise that this budget was a cautious one on recurrent expenditure, but very much look forward to the capital projects.

Before I sit down, I would just like to touch on the wage increase for Government staff. It is not as high as I would have liked, but I did make a proposal for a higher increase, but was not supported. So we will keep beavering away at that. I thank you.

The Honourable Financial Secretary

In response to the Honourable Gavin Short's question, I am happy in the future to report on a packet of twenty.

The Honourable Gavin Short

I thank you.

The Honourable Ian Hansen

Mr Speaker, Honourable Members, as usual the end result of this year's budget will create a mixed reaction throughout the community as it did in the Assembly, but I do hope that the level of consultation leading into the budget process will ensure that the majority of the general public will have, at least, some understanding as to how and why certain decisions were reached.

I believe that the consultation and the presentations we made were really helpful in assisting us in prioritising and making final decisions, in particularly the capital programme. Our projected capital expenditure for the next five years is fairly ambitious; to say the least, not so much perhaps in terms of funding, but as to whether or not we will actually have the physical labour to complete such projects. There is a Nursing Home, Police Station, Infant/Junior School, to name a few. While I am very pleased with the increase of funding for the Camp roads programme, I do have the same slight reservation about physical resource to get the work done, and I would really like to see these things happen, but I think that is something that we have to keep in mind over the next few years.

As usual there were things in this budget that I particularly like, and those I don't. I am very pleased that there are no increases to FIGAS fares and freight. I am pleased that the vehicle tax has been frozen, though as I said the other day, I will be pushing next year to have them set at zero percent. I do wonder though, at sometimes the point making small increases in certain areas to create more revenue. I understand the argument that if you don't do it year on year then sometimes you will have a bigger percentage increase, but while this is often very minimal to the revenue side of the budget overall to the Falkland Islands Government, in some instances it can actually make quite an impact on the average wage earner in the Islands.

The Honourable Michael Poole mentioned the increase in tourism landing fees, and I also share his unease with that situation, but I do bow down to the better judgement of those who work closer to the Industry.

I think probably the most controversial issue in the whole of this budget process has been the MST and its removal or not quite removal. I am disappointed that it remains in some form. Given the coverage it attracted in the lead up to the General Elections and the debates appearing in this Chamber which were led by the Honourable Michael Poole and the Honourable Barry Elsby, several members of the general public have spoken to me over the last few days expressing their deep disappointment and disapproval as to how this decision could have happened. Considering those debates, and considering electoral promises that indicated quite clearly that a majority would be in favour of the complete removal of MST. And, of course, I would like to thank all those who have put a vast amount of work into the preparation of the budget; all those in the Treasury, the Legal Department and everywhere else. Thank you, Mr Speaker.

The Honourable Phyl Rendell

Mr Speaker, Honourable Members. In rising to support the motion I just have a few comments to make on the Budget process really. It has really been a very interesting set of meetings for me, starting in January, as the Financial Secretary said, and it was interesting to see how the Budget is scrutinised and how we finally conclude the Budget, so I am going to be much better prepared, I think, for next year having gone through the process. Making decisions on the Budget, from my perspective, this year's been rather schizophrenic, I think, due to the timing of many things of impact on our economy. We have had the good news about another offshore drilling programme that will benefit businesses and FIG revenue, but we also still have that uncertainty about the long term, and whether we will have consistent offshore activity bringing consistent revenue. With such an outlook, just now it has been important not to act too cautiously and hamper growth in the economy, and I think the Budget reflects this need, and I associate myself with the words of the Honourable Gavin Short who I think also understood that.

With greater income than budgeted for this current year from the Fishery, from investments, and oil taxation, etc., I think that has helped to increase, obviously, our consolidated fund, and from the consolidated fund we have been able to draw down more funds for support to the operating and the capital budgets, but still keep two-and-a-half times reserves in place as we set out to do at the beginning of the process.

I am pleased, too, that we have met most, or many, of the requests put to us by the Public Service, but there will, of course, be some disappointments, but we have to be prudent with the operating budget in particular, and it will be very difficult to reduce the level of our services which we enjoy now if revenue is not forthcoming in future years. Referring to my portfolio of Natural Resources, I am pleased that colleagues supported the appointment of a Fisheries economist on a limited contract. The review of the ITQ system currently underway will be better supported when the post is filled, and I am assured that fishing companies welcome this move, as well as the Director of Natural Resources. Although Natural Resources hasn't had a great lift-up in funding this year, as has been the case for some departments who did require it to improve their base-line services, I believe there is a reasonable level of funding available to support both the fishing and the agricultural industries.

The one area that I am disappointed with, and I associate some of my comments with my Honourable colleague to my right and the Honourable Ian Hansen, I am disappointed that we still have MST in this Bill, even though the threshold has been raised to £60,000 and that this decision will be back-dated to the 1st January of this year, but I am still disappointed that MST is in the Budget. Mr Speaker I support the motion.

The Honourable Barry Elsbey

Mr Speaker, Honourable Members, in rising to support the motion I would like to echo the comments made by my colleagues already for the amount of work that various officers have put in – it has been a tremendous amount of work and it seems to grow year by year, but they have always done it well and have been extremely helpful, especially for people like me who budgets don't come naturally to, and I need explaining quite well, so I thank them for that very much so. As other Members have said, a budget process is a compromise, and we always start off with things that we would like to see – they don't always come to fruition, but it is a compromise, and some of the things are big projects and some of them are less big, but it is sometimes the lesser size projects that affect people, and I am pleased to see that within the budget this year we will be altering the way that Child Allowance or Family Allowance is paid. At the moment once the child reaches sixteen whether in school or not, the support stops, and a number of people have approached me to say that is just not logical. If we are using Child Allowance to help people develop, then we should be using it, and giving it, until that child leaves school and that is what will happen now in the future, and I am pleased about that.

I am also very pleased that pensions have increased above the rate of inflation to 5%, and I think we would all welcome that, as indeed we will all welcome the reduction in the cost of electricity.

I am also very pleased to see that within the posts that have been continued is that of the Nursery Liaison Officer. As Members will know, and as the public will know, we have four nurseries in our community at the moment and they have been working very much on their own in isolation, but over the last few months they've really started to form themselves into a group. It has enabled them to form an alliance. It has enabled them to start developing their own nurseries, but also, more importantly, to train together so that they can all raise the standards of each other, and that's been greatly supported by the Nursery Liaison Officer we have had, and I think if we are going to see the tremendous changes that we hope to see in nursery provision, the fact that that post has been extended, I think, will ensure that those changes and those improvements take place to the benefit of the youngest members of our society.

MST, is something I am committed to getting rid of totally. You will have heard in the speech by the Financial Secretary today that we have effectively abolished MST for all but 3% of employees and only 1% of the self-employed will still pay tax. The raising of the threshold that people can earn before they pay MST to £60,000 per year means that the poor, and the middle earners, are protected and only a tiny percentage of the higher paid will pay MST. That still leaves employers paying MST, as we have already heard from my other colleagues, and I am aware that it is a tax they should not be paying and it is a tax on employment. I agree with that, and I know I will get grief when I go home today because

Bernadette now has a small business, she is an employer, she will be paying MST and she will be telling me she shouldn't. I had hoped that we would be able to do away with it completely this year, but I have been persuaded that more work needs to be done to plan for those losses that we will incur if we stop employers paying tax, particularly for the off-shore workers, but I do hope that by next year we will have completely abolished MST for employers as well. As I said, MST hits people on low incomes the most, but so did lowering the tax thresholds for income tax down to £12,000 per year, and I am pleased to say that with the changes in MST, and the raising of tax thresholds for income tax, no-one earning less than £15,000 will pay any form of tax, be that MST or income tax, and I think that has to be good. The Financial Secretary mentioned how these changes might affect a family with two children, and I know the Policy Unit are working on a process such that our next budget will be able to give clearer indications of how the changes we propose will affect various peoples in our society, so we can better inform ourselves of that change before we agree to it.

Finally, I would like to touch on the Junior School. We are not a poor society here, but neither are we, yet, a wealthy society, certainly not wealthy enough to spend money on all the capital projects we know we would like to do. Before the Budget process, and during it, we held a public meeting at the Chamber of Commerce to discuss which major projects we might prioritise by freeing up money from our reserves. A number of projects were discussed and some, such as the residential home and an extension of the prison, I fully support as being a priority. But we need a new Junior School because the present one is no longer big enough, plus sizes have increased such that all year groups are now split and all the available rooms, including the music room, are being used as classrooms. We already have a pre-school year in temporary accommodation in the grounds of Stanley Hostel, and we need to find another two new classrooms off-site for Year 6 before the start of the school year in September if we are to keep our policy of splitting classes when they reach 30. A number of temporary options are being looked at and we will have to wait and see how that works out.

I appreciate that it is always a compromise in a budget process, but I am sorry to say that, due to the conflicting demands, money for the new school has not been included in the capital programme for the next five years, although some money has been allocated to look at possible design options for this, and indeed other projects. All parents will be aware of the lack of space for children to play, the dangerous situations they face regarding vehicles at home times, and the lack of the sports playing area. These are the sort of issues that faced the old senior school when it was on the Beauchêne complex site in the late 1980s. Had it not been for the vision on the part of the community and counsellors at that time, the Senior School might still be where it was then, with various additional classrooms scattered offsite. I believe we need that vision, and that leap of faith now in relation to the Infant and Junior School. The cost of a new school is estimated to be in the region of £9-10 million, but we would be handing back a central site worth many millions of pounds in its own right, ideal perhaps for conversion to the much-needed expansion of Government offices, or some other project. I am well aware that these are conflicting bids for the money that we set aside for the capital projects, but I hope that when more detailed plans have been developed, and a proper assessment of the worth of the present site is taken into account that this decision might be reversed.

Mr Speaker, I support the motion.

Mr Speaker

The Honourable Roger Edwards, it is your prerogative to wind up or are you content.

The Honourable Roger Edwards

I am content.

Mr Speaker

Thank you. The Motion before the House is that the Report from the Select Committee be accepted. Is there any objection to passing that Motion?

There is no objection. That Report is therefore accepted and the House is now in Committee.

Deputy Clerk of the Assembly

Clauses 1 and 2.

The Honourable Financial Secretary.

I beg to move that Clauses 1 and 2 stand part of the Bill, that the consideration of Clause 3 be left until after the Schedule has been considered.

Mr Speaker

The Motion is that Clauses 1 and 2 stand part of the Bill. Is there any objection to that? There is no objection – Clauses 1 and 2 stand part of the Bill.

Deputy Clerk of the Assembly

Schedule

The Honourable Financial Secretary

I beg to move that the Schedule as per the amended version circulated and explained in my earlier Report stands as part of the Bill.

Mr Speaker

The Motion is that the Schedule, as amended, stands part of the Bill. Is there any objection to that?

There is no objection. The schedule, as amended, stands part of the Bill.

Deputy Clerk of the Assembly

Clause 3

The Honourable Financial Secretary

I beg to move that Clause 3 stands part of the Bill, with the following amendments, delete the figures £60,317,850 and insert £59,680,970.

Mr Speaker

Honourable Members, the Motion is that the Clause 3 as amended stands part of the Bill. Is there any objection to that?

There is no objection. Clause 3, as amended, stands part of the Bill. The Assembly resumes.

The Honourable Financial Secretary

I beg to move that the Bill be read a third time and do pass.

The Honourable Chief Executive

I second the Motion.

Mr Speaker

Thank you very much. Honourable Members, the Motion is that the Bill be read a third time and do pass. Is there any objection to that? There is no objection. The Bill will be read a third time and do pass.

Deputy Clerk of the Assembly

A Bill for an Ordinance to authorise the withdrawal from the Consolidated Fund of monies for the Financial Year ending 30 June 2015.

The Capital Appropriation Bill 2014 remaining stages.

Mr Speaker

The Honourable Financial Secretary would you like to report back on the proceedings of the Select Committee?

The Honourable Financial Secretary

Mr Speaker, my Report was covered in my earlier presentation.

The Honourable Roger Edwards

Mr Speaker, Honourable Colleagues. We all recognise that this Capital Appropriation Bill, and the funds involved are rather ambitious, but I believe that they will make some considerable real change to the Islands. I recognise what my colleague on my right, Ian Hansen, says about the lack of labour force perhaps to complete this ambitious programme,

but I do feel that this is an ideal opportunity for the private sector to step up to the mark and take on some of these works so that the wealth is spread across the whole nation. One of the problems that we do have when establishing any capital programme and budget, is to ensure that that capital does not feed across and incur additional charges to the recurrent budget and, I believe, that this capital budget laid before us today does just that. Mr Speaker, I move that the Report be accepted.

The Honourable Mike Summers

I second the Motion.

The Honourable Phyl Rendell

Mr Speaker, Honourable Members. In rising to support the Motion I would just like to say a few words about the Capital Budget. I think it is very important that a good proportion of any windfall monies, particularly those from oil activities or Illex Fishery, are channelled in to the capital budget. I think it is through the capital budget that real step changes can be made to the life in the Falkland Islands and make it worthwhile living here. I am really pleased to see that we have agreed a pretty bold programme for the next five years. It has not been easy to prioritise what to do with so much to do, but I do think that we have come up with a good spread of new projects as well as on-going ones. It will take some time to consult and design new builds, and not everything will come on stream together and we will, as my Honourable Ian Hansen mentions, we will have to look hard for the resources to allow us to keep up with the pace. I am not going to mention all of the capital projects here, as my colleagues have referred to them already, but I am particularly pleased to see a reasonable level of funding in the budget for Camp roads and also a sum for a contribution towards the track down to Cape Pembroke lighthouse. That will, I hope, improve the environs of Stanley and make better access to the area, and help with the restoration of the land down there, which has been the case with the Gypsy Cove road. I support the Motion.

Mr Speaker, thank you.

The Honourable Michael Poole

Thank you Mr Speaker. Honourable Members, I didn't mention the capital plan earlier so I will just state my views very briefly here. Clearly, agreeing a capital plan has been a real challenge this year. We probably had three times the amount of requests for the sum of money we had available to allocate, so prioritisation was key. In terms of that prioritisation, I have to say that the Honourable Dr Barry Elsby did lay out a very compelling vision for the need for a new Infant and Junior School earlier and I can understand that, but I have to say that I did personally support taking a shorter term approach to that particular project at this point, just because of the sums of money involved. There is an urgent need which we'll address this year and, at the moment, we are looking outside of the five year period for a new school potentially, if and when the money becomes available, but it will be in the national infrastructure plan, but I just don't think we can afford to do that at this point, unfortunately. I am pleased to see that we have got the elderly care home, I think, fully provided for in the next couple of years and hopefully that will be a genuine achievement of this Government when it is completed, hopefully by the end of the 2015/16 financial year.

I am also pleased to see that for the projects that we are not intending on completing in the next 3 or 4 years, or 5 year period, that we have allocated a significant sum of money for consultancy in the next financial year so that we can, at least, move some of those on. I am thinking, particularly, in terms of the MPA road on which, I think, it's important we start to do some work. There is some money allocated to them to implement what that consultancy report may tell us towards the end of the 5-year plan, and I hope that we will retain that funding in future budgets. Clearly talking about a 5-year plan is dangerous, things will change on an annual basis and we will see where we are come the next budget cycle as well. Thank you, Mr Speaker, I support the Motion.

The Honourable Jan Cheek

Mr Speaker, Honourable Members, I reinforce what others have said about the need to prioritise in order to make best possible use of the money we have at the moment, and I believe we have got that right. People know of my long-term and totally committed interest in education. We have to think very hard about moving the Junior School out of the centre of town because the ability of children to walk to school is yet another spoke in the wheel of health that we talk about. I think we have to look at all the options which would include perhaps a new pre-school Infant School which would free up space on the Junior School site. There are many other options to be looked at and we don't have any clear proposal to work on at the moment. I very much welcome the commitment to some kind of nursing home for those who are currently confined to the Hospital, which is a far from satisfactory situation. All in all I think we've done the best we could with the funds available this year, but we have to recognise the uncertainty about population numbers, which will become much clearer we hope over the next two years. I support the Motion.

The Honourable Ian Hansen

Mr Speaker, I support the Motion and I would just very briefly like to mention FIPASS. I didn't mention that earlier. I see we have budgeted one million a year. FIPASS is hugely important to the fishing industry and I welcome the fact that we are going to try and maintain it. I do wonder if one million a year will be enough, but I am very pleased to see that is in the budget. I support the temporary options for both the Junior School and the Prison. I think we have actually come to a reasonable decision on both of those for now. I think we can get too far ahead of ourselves if we are not careful, certainly as far as the Prison extension or new design could go. I would, however, question the wisdom of The Honourable Dr Barry Elsbey in quoting that a new Junior School would cost 9-10 million. We have all seen figures quoted very early on in projects that just are nowhere near the real figure at the end of the day. I support the Motion, Mr Speaker.

The Honourable Gavin Short

Mr Speaker, Honourable Members. I, perhaps, just want to speak on the Junior School which is something I do know slightly a little bit about from the PWD angle. I did see the e-mails that were sent regarding the Junior School. I do think it was wrong, perhaps, that the Director was actually pressurised in coming up with a figure at that stage. We don't know until we have a better study what that school is going to cost. That 10million that he quoted was a finger in the air. Any caveat of that, of that underneath in his e-mail, so that it is a little

dangerous perhaps quoting figures, that become fact in people's minds. We just have to be a little careful about this.

The Honourable Mike Summers

Mr Speaker, I would just like to take up the issue of FIPASS and monies allocated to FIPASS. It was brought to my attention in the last day or two that the scaffolding that we require to be able to paint FIPASS has been with us for two years, that the fittings which are required to put on the front of FIPASS to take new fenders have been with us for the same period of time, and the steel that is required to fix the ro-ro has been with us for eighteen months. I wonder whether, in fact, the maintenance of FIPASS isn't more of a management issue than it is a budgeting issue.

The Speaker

The Honourable Roger Edwards, your prerogative again to sum up or are you content?

The Honourable Roger Edwards

I am content.

The Speaker

The Motion before the House is that the Report of the Select Committee on the Estimates, and in particular, the Capital Appropriation Bill, be accepted. Is there any objection to passing that Motion? There is no objection. That Report is accepted. The House is now in Committee.

Deputy Clerk of the Assembly

Clauses 1 and 2.

The Honourable Financial Secretary

I beg to move that Clauses 1 and 2 stand part of the Bill.

Mr Speaker

The Motion is that Clauses 1 and 2 stand part of the Bill. Is there any objection to that? There is no objection. Clauses 1 and 2 stand part of the Bill.

Deputy Clerk of the Assembly

Schedule

The Honourable Financial Secretary.

I beg to move that the Schedule as per the amended version circulated and explained in my earlier Report stands part of the Bill.

Mr Speaker

The Motion is that the Schedule, as amended, stands part of the Bill. Is there any objection to that Motion? There is no objection. The Schedule, as amended, stands part of the Bill.

Deputy Clerk of the Assembly

Clause 3

The Honourable Financial Secretary

I beg to move that Clause 3 stands part of the Bill with the following amendments: delete the figures £18,723,740 and insert £26,779,630. Mr Speaker, I think I should explain that the original Bill contained an error in Clause 3 as this did not match the original Schedule. The amendment is therefore intended to be an increase from £26,563,630 to £26,779,630.

Mr Speaker

Honourable Members the Motion is that Clause 3, as amended, stands part of the Bill. Is there any objection to that? There is no objection. Clause 3, as amended, stands part of the Bill. The Assembly resumes.

The Honourable Financial Secretary

I beg to move that the Bill be read a third time and do pass.

The Honourable Chief Executive

I second the Motion.

Mr Speaker

Honourable Members the Motion is that the Bill be read a third time and do pass. Is there any objection to that? There is no objection. The Bill will be read a third time and do pass.

Deputy Clerk of the Assembly

A Bill for an Ordinance to authorise the withdrawal from the Capital Equalisation Fund of Monies for Capital Projects.

The Finance Bill 2014 remaining stages.

Mr Speaker

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

The Honourable Financial Secretary

Mr Speaker, my report is covered by the earlier presentation. As mentioned then, the Select Committee approved amendments to the Finance Bill regarding Retirement Pension provisions, the commencement of personal allowance for MST and the freezing of vehicle licence fees. An amended copy of the Bill showing the changes has been circulated to Members of the Assembly.

The Honourable Roger Edwards

Mr Speaker, Honourable Colleagues. Some of my Colleagues have already mentioned the little rises that we make annually in some of these charges and fees and levies, but we do this to stop large increases which people find objectionable. Better to go up 30p a year, than £3.00 in ten. I am delighted that the Registry did take on a new view of their charges and levies. They looked at the overall cost of the things, and many of the Registry charges actually went down while they are still able to cover their own costs. I, as my Colleague earlier mentioned, would like to see this more across the whole Government. If we have to charge more for various services fine we do, but not just as a matter of course putting our prices up year on year. I am delighted that vehicle duty was frozen and I look forward to the time when we can do away with it altogether. We can't at the moment because of the income required, but I do look forward to the time when it can be reduced to zero.

There is an opportunity here to perhaps correct the suggestion that my colleague, the Honourable Gavin Short, made on MST earlier. He mentioned that the reducing MST would add 3% to the Income Tax. Indeed it would but, of course, it would not mean a 3% increase that people would be paying on their wages because they do have a £15,000 Personal Allowance which would not be taxed either for income tax and, of course, with the raise to £60,000 for MST it means 97% of employees, 99% of self-employed would not pay MST. I, like many of my colleagues, do support doing away with MST but we can't at present until we find the alternative source of income to replace that huge amount of money that is raised, so although I support the idea of getting rid of MST we do have to find a resource to replace it. Mr Speaker, I move that the Report be accepted.

The Honourable Mike Summers

Mr Speaker, Honourable Members. I have spoken previously about MST and about Pensions and will not therefore repeat myself in this section of the discussion. A quick word about Vehicle Licence Fees. I think it was a sensible suggestion of the Honourable Ian Hansen to freeze them for this year. I did, in fact, suggest a couple of years ago that they should be abolished because they are an anachronistic tax; it's a tax on owning vehicles rather than any kind of payment for service provided. There was a time in the Government when we talked quite a lot about "user pays" and it's a philosophy that I think still exists, but is rarely used, and of all the services that are provided by the Government and the fees that are raised for

them, we do, I think, have to recognise that some are genuine social services and others are simply services provided by the Government because there are no other providers. In other jurisdictions, in other societies, there would be other people providing those services and the Government wouldn't need to and in those areas particularly, I think, we do have to make sure that the fees raised for providing those services are commensurate with the costs, so far as is possible, and not all those services begin with an "F" but they include FIGAS, the ferry and funerals. So, I think, we just need to keep an eye on that for the longer term, but by and large, I think, that we probably have got it just about right in terms of raising fees for services provided. I am very happy that we have been able to hold the bin tax at the current level this year. It is something that always provides a good deal of interest amongst the Stanley community in particular, but it is at a level that is covering the cost of the services being provided, and therefore it is right that it shouldn't rise. I support the Motion.

The Honourable Phyl Rendell

Mr Speaker, Honourable Members. Sorry to be continuing going on about Medical Services Tax, but I do wish to disagree with the Honourable Roger Edwards' comments that we couldn't do away with this tax at this current time because we needed the money. We've had since January in our Budget Select Committees to debate this and we have, and we could if we had the will, to have adjusted the Budget to have removed this to zero, so I do disagree with his comments there, and I still say this is an unfair tax on employing people and as soon as we can get it to zero the better. I support the Motion.

Mr Speaker

Does any other Member wish to speak? No.

The Honourable Roger Edwards, your prerogative to sum up, or are you content?

The Honourable Roger Edwards

I am content.

Mr Speaker

The Motion before the House is that the Report of the Select Committee on the Finance Bill be accepted. Is there any objection to passing that Motion? There is no objection, that Report is therefore accepted. The Assembly is now in Committee.

Deputy Clerk of the Assembly

Clause 1

The Honourable Financial Secretary

I beg to move that Clause 1 stands part of the Bill.

Mr Speaker

Honourable Members, the Motion is that Clause 1 stands part of the Bill. Is there any objection to that Motion? There is no objection. Clause 1 stands part of the Bill.

Deputy Clerk of the Assembly

Clause 2

The Honourable Financial Secretary

I propose that Clause 2 be amended:

- (a) in sub-clause (1), to omit –
 - (i) the word “Sections” and substitute the word “Section”;
 - (ii) the number “and 22” after the number “4”; and
 - (iii) the word “come” and substitute the word “comes”, so as to read:

“Section 4 comes into force on 1 January, 2015” and that the amended clause stands part of the Bill.

(b) by re-numbering the existing sub-clause (2) as sub-clause (3), and inserting immediately after clause in sub-clause (1) the following:

“(2) Section 22 comes into force on 1 January 2015 and, as of that date, will apply retroactively and for all purposes be regarded and given full effect to as having come into force on 1 January 2014.”;

and that the amended clause stands part of the Bill.

This clause essentially brings the increase into effect from the 1st January 2014 but allows the payment on account of tax rules to remain the same until the start of the new tax year. The legislation therefore refers to this coming into force on 1 January 2015 and being retroactively applied to 1st January 2014. This ensures that employers do not have to change their payroll systems and employees will receive a refund when they submit a tax return.

Mr Speaker

Does any Member wish to speak to that amendment?

The Honourable Dr Barry Elsby

I would just like to clarify that part, as I understand it, refers to MST. When this Government started we had an Executive Council Meeting, and we were persuaded at that time not to abolish MST, but to wait for this review in the round with the understanding that any changes

we've made can be back-dated, and I think that is what the Financial Secretary is talking about now. That the increase of threshold to £60,000 will apply retrospectively so that it will take in this current tax year, but because of all the paperwork that would need to be done you won't actually claim it back this year, you'll get it when we complete our next tax year forms.

Mr Speaker

The Motion before the House is that Clause 2 be amended as detailed by the Financial Secretary and the amended Clause will stand part of the Bill. Is there any objection to passing that Motion? There is no objection. Clause 2 as amended stands part of the Bill.

Deputy Clerk of the Assembly

Clauses 3 to 9

The Honourable Financial Secretary

I beg to move that Clauses 3 to 9 stand part of the Bill.

Mr Speaker

The Motion is that Clauses 3 to 9 stand part of the Bill – is there any objections to that Motion? There is no objection, Clauses 3 to 9 stand part of the Bill.

Deputy Clerk of the Assembly

Clause 10

The Honourable Financial Secretary

I propose that Clause 10 be amended:

(a) in paragraph (a)(i), by omitting “£75.55” and substituting “£76.40”, so as to read:

“(i) by omitting “£74.80” in each place where it appears and replacing it with “£76.40””; and that the amended clause stands part of the Bill

This has effect of amending the Customs (Fees) Regulations to increase the new fee to £76.40 instead of to £75.55.

(b) in paragraph (a)(ii), by omitting “£113.30” and substituting “£114.60”, so as to read:

“(ii) by omitting “£112.20” in each place where it appears and replacing it with “£114.60””; and that the amended clause stands part of the Bill.

This has the effect of amending the Customs (Fees) Regulations to increase the new fee to “£114.60” instead of “£113.30”.

(c) I propose that Clause 10 be amended in paragraph (a)(iii) by omitting “£37.80” and substituting “£38.20”, so as to read:

“(iii) in paragraph (a)(iii), by omitting “£37.40” and replacing it with “£38.20” ; and that the amended clause stands part of the Bill.

This has the effect of amending the Customs (Fees) Regulations to increase the new fee to “£38.20” instead of “£37.80”.

(d) in paragraph (a)(iv), by omitting “£56.65” and substituting “£57.30”, so as to read:

“(iv) in paragraph (c)(ii), by omitting “£56.10” and replacing it with “£57.30” ; and that the amended clause stands part of the Bill.

This has the effect of amending the Customs (Fees) Regulations to increase the new fee to “£57.30” instead of “£56.65” following the award of a Civil Service pay award.

Mr Speaker

The Motion is before the House is that Clause 10 be amended as detailed by the Honourable Financial Secretary and that the amended clause stands part of the Bill. Is there any objection to that Motion? There is no objection. Clause 10, as amended, stands part of the Bill.

Deputy Clerk of the Assembly

Clause 11

The Honourable Financial Secretary

I propose that Clause 11 be amended:

(a) in paragraph (a), in the proposed insertion’s paragraph (a)(i), by omitting the word “animal” appearing in parentheses and substituting the word “licence”, to read:

“(i) licence for importation of animal – standard (per licence) [...]”; and that the amended clause stands part of the Bill

(b) in paragraph (b), in the proposed insertion’s paragraph (b)(iii), by omitting “£7.20” and substituting “£3.90”.

(c) in paragraph (c), by omitting “£40.90” and substituting “£38.90”; and that the amended clause stands part of the Bill.

These changes have the effects, respectively, of charging a fee per licence as opposed to per animal, and reducing the proposed new fee from £7.20 to £3.90, and reducing the new fee from £40.90 to £38.90. This corrects an error that was identified during the drafting of the Bill.

Mr Speaker

The Motion before the House is that Clause 11 be amended as detailed by the Honourable Financial Secretary and that the amended clause stands part of the Bill. Is there any objection to that Motion? There is no objection. Clause 11, as amended, stands part of the Bill.

Deputy Clerk of the Assembly

Clause 12 to 28

The Honourable Financial Secretary

I beg to move that Clauses 12 to 28 stand part of the Bill

Mr Speaker

The Motion is that Clauses 12 to 28 stand part of the Bill – is there any objections to that Motion? There is no objection, Clauses 12 to 28 stand part of the Bill.

Deputy Clerk of the Assembly

Clause 29

The Honourable Financial Secretary

I propose that clause 29 be amended by omitting its contents in their entirety and substituting the following:

“29. Amendment of Retirement Pensions (Prescribed Rates) Regulations

The retirement Pensions (Prescribed Rates) Regulations (SR&O No 39 of 1996) are amended in –

(a) regulation 3, by omitting –

- (i) “£134.00” and replacing it with “£141.00”; and
- (ii) “£76.00” and replacing it with “£80.00”; and

(b) regulation 5, by omitting from paragraph (3)(b) “£43.00” and substituting “£47.00”.”;

and that the amended clause stands part of the Bill.

This change has the effect of increasing the pensions allowance from £135.30 to £141.00 and from £77.10 to £80.00, and of increasing the voluntary overseas contribution from £43.00 to £47.00.

Mr Speaker

Honourable Members, the Motion is that Clause 29, as amended by The Honourable Financial Secretary, stands part of the Bill. Is there any objection to passing that Motion? There is no objection. Clause 29, as amended, stands part of the Bill.

Deputy Clerk of the Assembly

Clause 30

The Honourable Financial Secretary

I propose that Clause 30 be amended by omitting its contents in their entirety and substituting the following:

“30. Amendment of Road Traffic Ordinance

Section 6(15) of the Road Traffic Ordinance (Title 63.1) is amended by omitting “£11.25” and replacing it with “£11.50”.

and that the amended clause stands part of the Bill.

This change effectively freezes the vehicle licence fee at the current rate. Therefore removes the previous amendment to section 4(1) of the Road Traffic Ordinance. The remaining clause relates to replacement licences as set out in section 6(15) of the Ordinance.

Mr Speaker

Honourable Members, the Motion is that Clause 30, as amended, as detailed by The Honourable Financial Secretary, stands part of the Bill. Is there any objection to passing that Motion? There is no objection. Clause 30, as amended, stands part of the Bill.

Deputy Clerk of the Assembly

Clauses 31 to 33

The Honourable Financial Secretary

I beg to move that Clauses 31 to 33 stand part of the Bill.

Mr Speaker

Honourable Members, the Motion is that Clauses 31 to 33 stand part of the Bill – is there any objection to that Motion? There is no objection. Clauses 31 to 33 stand part of the Bill.

Deputy Clerk of the Assembly

Schedules 1 to 5

The Honourable Financial Secretary

I beg to move that Schedules 1 to 5 stand part of the Bill.

Mr Speaker

Honourable Member, the Motion is that Schedules 1 to 5 stand part of the Bill. Is there any objection to that Motion? There is no objection, Schedules 1 to 5 stand part of the Bill.

Deputy Clerk of the Assembly

Schedule 6

The Honourable Financial Secretary

I propose that Schedule 6 be amended, in item 4 of the proposed new Schedule 1 to the Land Charges Fees Rules, by deleting “per name” ; and that this change stands part of the Bill. This is to correct an error that was identified during the drafting process.

Mr Speaker

Honourable Members, the Motion is that Schedule 6 be amended as detailed by The Honourable Financial Secretary and that the amended Schedule stands part of the Bill. Is there any objection to passing that Motion? There is no objection, Schedule 6, as amended, stands part of the Bill.

Deputy Clerk of the Assembly

Schedules 7 to 9

Honourable Financial Secretary

I beg to move that Schedules 7 to 9 stand part of the Bill.

Mr Speaker

Honourable Members, the Motion is that Schedules 7 to 9 stand part of the Bill. Is there any objection to that Motion? There is no objection, the Schedules 7 to 9 stand part of the Bill.

The Assembly Resumes

The Honourable Financial Secretary

I beg to move that the Bill be read a third time and do pass

The Honourable Chief Executive

I second the Motion.

Mr Speaker

Honourable Members, the Motion is that the Bill be read a third time and do pass. Is there any objection to that Motion? There is no objection. The Bill will be read a third time and do pass.

Deputy Clerk of the Assembly

A Bill for an Ordinance to amend miscellaneous provisions of the various enactments in force in the Falklands Islands so as to vary or abolish specific allowances, benefits, charges, contributions, fees, and penalties provided for in these enactments, to insert in various enactments provisions imposing new charges, and to amend the Currency Ordinance (Title 25.1) so as to remove the requirement for the Commissioner of Currency to meet at intervals not exceeding twelve months.

Motions

Motion Number 12 of 2014 by the Honourable Financial Secretary:

That it is resolved by the Legislative Assembly that under Section 113 of the Customs Ordinance 2003, Number 9 of 2003 that

(a) the Customs Order title 26.1.2 is amended to increase the customs duties payable for tobacco products and alcohol beverages as follows:

- on beer some 31p to 32p per litre;
- on wine some 78p to 80p per litre;
- on fortified wine from 93p to 96p per litre;
- on spirituous beverages from £6.30 to £6.49 per litre;
- on spirits from £11.63 to £11.88 per litre;
- on cigars from £298.63 to £313.56 per kilo;
- on cigarettes from £321.55 to £337.63 per kilo;
- on tobacco from £196.29 to £206.10 per kilo

and

(b) this Amendment of the Customs Order comes into force on 6 June 2014.

The Honourable Financial Secretary

I propose the Motion as read by the Deputy Clerk.

The Honourable Chief Executive

Mr Speaker, once again I second the Motion.

Mr Speaker

Does any Member wish to speak to that Motion? No. The Motion before the House then is that the Legislative Assembly under Section 113 of the Customs Ordinance makes the changes that were detailed by the Deputy Clerk. Is there any objection to passing that Motion? There is no objection. That Motion is, therefore, passed.

Deputy Clerk of the Assembly

The Motion for Adjournment

The Honourable Chief Executive

Mr Speaker, I beg to move that this House stands adjourned *Sine Die*.

The Honourable Roger Edwards

Mr Speaker, Honourable Colleagues that concludes this year's Budget deliberations. Some six months ago the new Assembly started what was seemingly a completely impossible task to produce a budget acceptable to all. Old hands were confident that it would happen while some of the newer Members could see no way forward. However, with a little give and take, a little compromise here and there, a few arguments along the way – none of them spiteful, of course, – we did manage to reach a conclusion, which was before the Assembly today.

I am delighted that we started having open meetings when we were discussing budget proposals, and I would have liked to have seen more members of the public come along to those open meetings. We did have a very good turn-out at the meeting on the Capital Proposals and the Programme. That was a very good turn-out and, I think, we got a lot of feed-back. It also highlighted to the members of the public that attended the difficulties that we face when we have 101 different options going forward, but funding to only cover a few of them. So I was delighted to see at that meeting such a huge turn-out, and I thank everyone who turned up for it.

I would like this morning to thank Cherie who stepped in as the Deputy Clerk for this Assembly as our normal Clerk, Claudette, is unwell overseas and I wish her well and a very speedy recovery.

As this is my Portfolio it befallen to me to thank everyone, absolutely everyone, across Government for the hard work they have put in so that we can, today, complete this Budget deliberation, from the Financial Secretary, Nicola, all the way through her team including Daniel, and Margaret and her many, many pages of minutes that she has had to take over the period. I thank them all, they have done sterling work and I am delighted that we have reached the conclusions that we have today. So thank you very much to all the Treasury staff and all those in the other Departments who have helped towards producing this Budget today. Thank you.

At the end of next week I, again, go on my travels – this time along with my colleague, The Honourable Mike Summers – to the C24 in New York. We have mentioned the C24

previously. It is one of those meetings that we have to go to or lose out by default. I think under the new Chair, Lasso Mendoza of Ecuador, we may see a change in the way this Committee takes things forward; we will be inviting him and some of the Members of the C24 to the Islands and I hope, for once, we can actually see a response and get some of those people here to the Islands to see for themselves our freedom, our way of life and everything else that we feel important to us. And it always saddens me when I see in the UN and the Minutes of the C24 meeting when they refer to the “interests” of the people. I always feel, right or not – I don’t know – but I always feel that “interests” can be decided by someone from outside. I would like to see the word “wishes” substituted and the “wishes” can only be from inside you, yourself.

Mr Speaker. I thank everyone, again, for their hard work in this Budget process and support the Motion for adjournment.

The Honourable Phyl Rendell

Mr Speaker, Honourable Members. In rising to support the Motion I will be brief, but I just want to touch on one subject that comes under my Portfolio responsibilities that has not been mentioned today, and that is the SAAS service. I was very pleased when my colleagues endorsed the SAAS business plan for the next five or so years in December and we have now, through this Budget process, secured the funding to keep that service in place and, hopefully, it will grow and, hopefully too, it will become a profitable service. I’d like to thank Eugene Hurley, our General Manager, in particular, and the CFL Directors for sticking with this project through the years of uncertainty and disruption, and ensuring that we have got an external shipping link. I believe that when we debated the business plan that it was agreed that this service is in the national interest and we do require such a link.

I just want to round up the whole morning from my perspective; I do hope that people in the community welcome this Budget in the spirit that it is intended. It was really, from my point of view, about being as fair as possible across the community, and also assisting those people that needed the greatest assistance, but also to stimulate the economy to develop and to make sure that our industries can continue to prosper and that those people who work in them can prosper, so I just associate my thanks to everyone involved, right down from the Directors in the Departments who put the budgets together in the first place starting way back in 2013, right through the Departments, right through to the much more intensive work of the Treasury, and I thank them all for their extremely high standard of work. I support the Motion.

The Honourable Michael Poole

Mr Speaker, Honourable Members. Whilst law-making is not often particularly exciting and clearly there is a need for proper scrutiny and public discussion as well, I do wonder if we can potentially look at some procedural change for next year to speed up the Finance Bill. No criticism of anybody involved – I know that is the current way things work – but maybe a bit of research over the next few weeks to look if we can change that for the next Budget process.

The Government had offered congratulations to the team that attended the Golden Shears event in Ireland recently – we did that via the Penguin News last week – but I just reiterate that here on behalf of the Assembly. I think that they did, once again, perform exceptionally well and it is always outstanding for such a small nation quite how well we perform at these type of events, so congratulations to all involved and to everybody who helped to organise it as well.

Finally from me, to note that both The Honourable Phyl Rendell and I shall be overseas next week. I am due to leave on Tuesday and Phyl on the Friday. I am away a bit earlier, hopefully, so that I can attend the opening of the Falkland Islands Memorial while we are away at the National Arboretum in Staffordshire on Liberation Day itself. Whilst there I hope to read the names of the Islanders that died during the war, and also talk briefly about the resistance efforts of the Falkland Islanders themselves during 1982, and so I look forward to that. The Honourable Phyl Rendell is joining me on the 14th and we are both attending a week of Parliamentary training in Westminster which, I think, we are both looking forward to and, hopefully, we'll come back and dazzle our colleagues in the next Assembly meeting at the end of next month, so thank you Mr Speaker, I support the Motion.

The Honourable Jan Cheek

Mr Speaker, Honourable Members. I note what The Honourable Roger Edwards said about being rather sad that less people were able to attend the public session that we did on the Budget, and those I would most urge to try and come in on any open meeting are those who may be starting to toy with the idea of standing three-and-a-half years hence. I know it is a long way ahead, but by attending meetings, watching process, learning about process, they will have a less steep learning curve should they stand and be successful next time round.

If anyone had any doubt months ago that there was a requirement for full time, I think, they have only to look at our diaries now to see that not only are we full time, we're doing overtime and, as I spent last evening writing the foreword to the FIDC Annual Report, I thought I should, as that is part of my Portfolio, give them a special mention this morning – they have been understaffed for many months now, but have still got through a very useful amount of work, and when that Report is published I think you will be impressed by how much has happened. However, by this time next year I hope we will have moved towards the implementation of the FIDC Ordinance which has been temporarily shelved, in which case I shall be doing myself out of a particular job as Chair, because the Chair will, I believe, no longer be an MLA, although there will be MLA representation on the board.

It's pleasing to see Commander British Forces here this morning, and I thought of him ploughing his way along the road this morning as I was weaving my way round the flying bins, which are a Friday and Saturday phenomenon when there is a gale. People have clearly forgotten the instruction to leave them just inside their property, put them out on the pavement and in consequence there was one of the huge black bins trundling along the middle of the road towards me as I drove up.

I want to add my thanks to those made by The Honourable Roger Edwards to Cherie, who has done a great job for us over the last couple of days as she does year round, and to send

my very good wishes to Claudy, as I am sure we all do, for a speedy recovery. I support the Motion.

The Honourable Ian Hansen

Mr Speaker, Honourable Members. I will be extremely brief. I would like to, of course, associate myself with the remarks made by the Honourable Roger Edwards both in thanking everybody for all they have done and, of course, for sending our best wishes to our Clerk of Councils and I would like to congratulate Cherie for the great job she has done this week. I would like to take this opportunity, also, to thank all those who work within my Portfolio responsibilities. I would like to thank them very much for all the hard work during this last financial year, and I look forward to working with Directors and staff over the next year and facing the challenges of those Departments will undoubtedly face. Mr Speaker, I beg to support the Motion.

The Honourable Gavin Short

Mr Speaker, Honourable Members. Rising to speak to,, and supporting the Motion for Adjournment, I would like to fully associate myself with the best wishes and thanks expressed to our two Clerks of Councils, Cherie definitely has played a blinder this week as she does over in the office, and I am actually just as scared of her as I am of Claudette, so she is doing it well!

I'd just like to touch on a couple of points if I may. Sapper Hill is a hive of activity – every time you go past, a house or two seems to have sprung up. I would like to say, that I believe, that the first of the FIG houses have now been completed and already have tenants in, so that is good. It is heading in the right direction. I am also pleased to see that the street lighting is coming on line on part of the loop up there on Sapper Hill; the lights, of course, are of the LED type and, hopefully, we will see them over time spread down off the hill and into the rest of Stanley.

I have alluded outside this House to the need for drivers to be careful and courteous during the times that the works are happening on the front road. I had to ask my colleague, MLA Summers, to ask whether the Royal Falklands Police could provide an officer to be present at the Infant/Junior School as the situation was chaotic at dinner times and, although the lollipop man did do his best he just couldn't be everywhere at once. I received a call from a worried member of the public two days ago, as it seems the situation that they witnessed was quite dangerous. I believe there was an officer, but they were actually in Pencil Lane so I would, again, ask my Honourable friend if he could once again ask whether, especially at dinner times, if we could have a uniformed presence around zebra crossing areas. I would plead with drivers that if you can avoid transiting via John Street/Villiers Street then please do so, and if you can't, then please kill your speed and potentially, not a child. I am going to take to occasionally lurking at that junction myself, so I can see how things are with my own eyes. I am, though, pondering whether if this situation doesn't calm down, then maybe the traffic lights might have to be brought out. I know this would be wildly unpopular and lead to even greater delays for those transiting the area by the Infant/Junior School, so please let's just calm things down in that area – be cautious, be sensible, take a different route if you are not

picking up children, and voluntarily make things work before something is imposed that will calm the situation, but will cause huge inconvenience to motorists.

I would like to wish the very best to my two Colleagues who are off to the C24 in a couple of days' time. I am sure you will do us proud and I know from experience what you are up against.

I was also overjoyed that an indication has been given that work will soon start on the updating of the Workers Protection Legislation. It is long overdue. As the Falklands modernise it is inevitable that we become more like the rest of the world, and it is sad that some of the unfair practices that happen in the rest of the world are starting to appear in our small country. I very much look forward to actively inputting into that process, and also look forward to its presentation to this House during the lifetime of the Assembly. I will say that I will not, and I don't think ever would, push for a carte blanche implementation of UK-type legislation, as they have, in some areas, gone a little silly. What we do, and implement here in the Falklands, must be legislation by us for us.

If I can just refer back to a question that I asked in this House a few days ago now, regarding the payment of the Minimum Wage. I am happy to report to the House, that since I asked the question, I have finally been in contact with the last known Company that were not in compliance and am overjoyed to say, and report back to the House, that it appears as if there is now full compliance and any back-pays that were owed, either have been or very shortly will be paid to ex-employees. That should be happening within the next day or two if it hasn't already. If anyone does have any queries about the Minimum Wage legislation then, I for one, would be more than happy if the people contact me, as I am sure all Members of this House would. I am not a lawyer, but I can give advice, and certainly orientation of what you should do if you do think you have a problem, and certainly reporting to us will help us build up a picture if there are any problems with that legislation, or something like that.

At the opening of this House, I did make reference to the fact that it was the anniversary of the putting down of the protests in Tiananmen Square in China. Of course today is the 70th anniversary of the D-Day landings and we are, indeed, but one week away from the commemoration and celebration of our own Liberation Day. What all these dates have in common, of course, is liberation, the restoration or, in the case of China, the thirst for democracy. Whilst Europe and the Falklands are both free and democratic societies, China alas, is not. What this is leading me to is this: it amazes me that there are still countries out there who would colonise others, who do not respect the rights and wishes of peoples, who would happily oppress them. I am thinking very much of a certain country very close to us – they care not one jot about the truth or democratic rights of us here in the Falklands, they continue a campaign that is based on a lie, but a lie that they consistently pedal wherever they can. A meeting of the Organisation of American States has just finished and, as per normal, the Argentines tabled a Motion on the Falklands. I suspect that we will hear trumpeting from the Argentines that it was unanimously adopted, this, is yet, another untruth or certainly a fudging. Canada spoke against, and the United States kept well out of it. The Resolution says, and I quote, “the need for the Governments of Argentina and the UK to resume at the earliest negotiations on sovereignty dispute with the purpose of finding a peaceful solution to this prolonged dispute”. As far as I and others who believe in democracy are concerned,

there is no dispute. If ever there was, it was settled once and for all in 1982, and we do have peace and any threat to that peace is from the very country that wants to colonize us.

Finally, I always like to end on an upbeat or humorous note. I have made reference before to the absolute rubbish that is being pumped out by some Argentines and social media; well, just a few days ago my attention was drawn to a site that had taken great exception to the Falklands referendum, and also our efforts to get out there and spread the truth and counter the campaign of untruths and twisted history pedalled by Argentina. In this diatribe on the Internet, I found myself being described not just as a liar, but as a vulgar liar, which I think actually has a better ring to it. But before the rest of you sit back and are probably thinking “yep, they’ve probably got that about right”. The blog was written in Spanish and actually when I read it a little bit closely and more carefully, I actually found that they included the whole of the Assembly in that statement!

The Honourable Mike Summers

Mr Speaker, Honourable Members, I will not concede to being a “vulgar liar”. I’ll deal, firstly, with the Honourable Member’s issue about the Police and the Infant Junior School. The Police have indeed provided assistance to traffic management at the Infant Junior School, both in Pencil Lane and the corner of Villiers Street and they will continue, my understanding is, to provide officers as and when they are available. There is a problem in Pencil Lane, as much as there is over on the other corner in that a number of people, rather selfishly, park in areas they are not supposed to be parking in, and indeed the flow of traffic through Pencil Lane and the attendance of the police in Pencil Lane is partly to assist with that problem, and encourage those people who do park in the area that is supposed to be pick up and drop off not to be selfish, and take that space up and leave their cars there and go off to work. Pretty poor community spirit and I hope it can be alleviated.

It is right that we will be off at the end of next week to New York. I was just musing earlier that any visit overseas from the Falkland Islands always takes at least a week, particularly if you are going to the Americas because of the spiteful and harassing attitude of the Argentine Government – that’s why it takes so long because we don’t have any other flights, and they won’t permit us to have any other flights, otherwise we could go off and do these things a little more quickly, but I guess that just reflects on the sorts of things we will be talking about in the C24, and putting in front of the C24 some of the facts about Argentine activity. I was amused to read, again today, in Ambassador Timmerman’s address to the Organisation of American States where he complained there about the United Kingdom in supporting Falkland Islanders’ rights to explore for hydrocarbons, impinging on a UN Resolution that encouraged no unilateral activities that might exacerbate the situation. I may well ask, in the C24, how you would classify the prohibition of flights across Argentine space to the Falklands, the prohibition of Falklands flag vessels entering ports in UNASUR countries, the ban on fishing companies working both in Argentina and the Falklands and the laws that they have promulgated making it possible for people working in the hydrocarbon industry to be arrested. If that is not unilateral activity against the people of the Falkland Islands, I am not sure what is. Double standards abound everywhere, and that’s the issue we have to deal with. I regret that I don’t share my Honourable Colleague’s view that the C24 is likely to change any time soon; it’s a funny old Committee, it’s moribund, it’s tied up in its own ways and it’s dominated by a number of countries who sit there and talk, not on behalf of the people of the

non-self-governing territories, but on behalf of their own countries, and their own interests and wishes, and until all of that changes, I don't think the change of Chairmanship will have much effect and, I suspect, if the Chairman from Ecuador shows any sign of changing his ways, he is likely to get a phone call from the President of Ecuador who is not at all a supporter of Falkland Islanders. Anyway we will see; time will tell.

Shortly after getting back from the C24, I will have the great pleasure and privilege of leading the Falkland Islands team of 23 athletes to the Commonwealth Games in Glasgow. I think that will be a great occasion. I also hope to be able to attend the Commonwealth Sports Ministers' meeting which is being held in Glasgow at the same time, and represent the Falklands there. I would like to echo my Honourable Colleague's congratulations to the shearers who have recently competed with great distinction at the Golden Shears in Ireland, and echo a sentiment that has been, I know, expressed in this House many, many times, that all our sports men and women represent the Falklands especially well at overseas events. I know from personal experience, how well they do as Ambassadors for the Falklands at the Commonwealth Games and I know they certainly will in Glasgow, will form a lot of new friendships, not only with Scots people, but with people from all the Commonwealth countries and that really matters; people go home and talk about the people they have met and the things that they have done. So I very much look forward to that.

In closing, I, like my Honourable Colleague the Honourable Gavin Short, was going to note that today is the 70th anniversary of the Normandy Landings; it's a time for reflection, it's a time to remember old friends and the time to remember the evils of war, and indeed it is commemoration time in the Falklands just now and there have been a number of ceremonies to which Honourable Colleagues have attended in the last few days, and it will culminate in Liberation Day on Saturday week. Unfortunately, the day that I will be flying out, but it is, as always, a time to consider those suffering as a result of loss in war and as a result of war and so, though not present at the Liberation Day ceremonies I, like all Falkland Islanders, will be thinking of those people who put themselves on the line for us, those families who lost loved ones in the Falklands during the war and we wish them all the very best for the future. I support the Motion.

The Honourable Dr Barry Elsby

Mr Speaker, Honourable Members. Coming last, I am afraid that my Honourable Colleagues have covered virtually everything that I wished to comment on, so rather than repeat matters I support the Motion.

Mr Speaker

Honourable Members, this House stands adjourned accordingly.