



**RECORD OF THE BUDGET MEETING
OF THE LEGISLATIVE ASSEMBLY
HELD IN STANLEY
ON 26TH AND 28TH MAY 2009**

**RECORD OF THE MEETING OF THE LEGISLATIVE ASSEMBLY
HELD IN STANLEY ON TUESDAY 26TH AND THURSDAY 28TH MAY 2000**

THE SPEAKER OF THE HOUSE
(Mr Keith Robert Biles)

MEMBERS (Ex-Officio)

The Honourable Chief Executive
(Dr Timothy Rupert Thorogood)

The Honourable Director of Finance
(Mr Keith Padgett)

Elected

The Honourable John Birmingham
(Elected Member for Stanley Constituency)

The Honourable Dr Andrea Patricia Clausen
(Elected Member for Stanley Constituency)

The Honourable John Richard Cockwell
(Elected Member for Stanley Constituency)

The Honourable Ian Hansen
(Elected Member for Camp Constituency)

The Honourable Mike Rendell
(Elected Member for Camp Constituency)

The Honourable Janet Robertson
(Elected Member for Stanley Constituency)

The Honourable Richard James Stevens
(Elected Member for Camp Constituency)

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

PERSONS ENTITLED TO ATTEND

The Acting Attorney General
(Rosalind Catriona Cheek)

Chief of Staff, British Forces South Atlantic Islands
(Group Captain Simon Hindmarsh RAF)

CLERK: Claudette Anderson-Prior MBE

PRAYERS: Reverend Richard Hines

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**The Record of the meeting of Legislative Assembly
held on Tuesday 26th May 2009**

Prayers

Mr Speaker

A warm welcome to our visiting students, this is your first time at Legislative Assembly and I hope you find it interesting, a warm welcome to the Chief of Staff, this being his first meeting.

Oath of Allegiance

Group Captain Simon Hindmarsh RAF, Chief of Staff.

Clerk of the Assembly

His Excellency the Governor and his Address to the Nation.

HE The Governor

Mr Speaker, Members of the Legislative Assembly, good morning. Last year, the Governor's address pointed to increasing problems in managing the budgetary pressures that faced government as revenues declined and public expectations of the level of public services remained high. It was becoming clear that we would have to take action to continue to be able to live within our means. This year, the problem has worsened significantly. We have seen a major shift in the world's economy, with many developed and less developed nations suffering substantial recession and unemployment. Growth rates in the USA and Europe have turned negative; stock markets have fallen substantially; interest rates are at an all time low and world markets are predicted to be slow to recover.

In the face of such global recession, the Falklands were bound to feel some effect. Returns from savings and investments have fallen substantially. The rapid decline in the value of the pound against both the Dollar and the Euro has had a major inflationary effect on imports, though this has mercifully been cushioned by reductions in the price of oil. We have also had a very poor illex season, with consequent reductions in Government revenues. Budgetary pressures continue to increase, despite government attempts to find a further 3% saving in departmental expenditure.

The Falklands economy remains relatively strong nevertheless with substantial reserves and no borrowings but disposable reserves have now fallen below our target of 2 1/2 times operating costs and we have had to revise the Medium Term Financial Plan to reflect current reality. We face a deficit of £7.36m in this financial year, principally but not exclusively due to the failure of the Illex season. This is likely to be followed by two further deficit years before recovery can be anticipated. The plan for next year, which will be laid before the House today, foresees a deficit of not more than £2m and not more than £1m in 2010/11, followed by balanced or surplus budgets thereafter. To achieve this will require difficult choices, reductions in government

expenditure, and wider sharing of the burden of public expenditure. However if we manage our public finances carefully and continue to support export development and private sector enterprise, and maintain key public services at affordable levels, we should be able to maintain positive economic growth.

The Government has issued a series of Green Papers on Government Revenue and Fiscal Policy, Options for the Funding of Higher and Further Education, Wealth Related Payments and Health Service Funding. Their purpose has been both to provide information on the economy and the state of public finances and to seek opinion on ways in which expenditure should be prioritised and the burden of cost more equitably spread. We are grateful to all those, who have commented. We shall work to provide solutions that are fair and provide an affordable balance between public funding and the principle of “user pays”.

We have now issued two White Papers in the light of this public consultation. The first embeds the principle of individual and family contribution to the costs of personal expenses for further education students. The second, on wealth related payments, seeks to weight benefits according to the means of those who need them and sets the principle by which the thresholds for payment will be set.

We have also produced the new Islands Plan for 2009-2014. This sets clear priorities and targets over each of the next 5 years, which will give clear direction to the civil service. We have continued to improve the links between our aspirations and available resources to make the Plan more realistic. As the Government’s strategic plan for the Islands, it should be seen as one of the most important Government documents and one that the public should read carefully.

Each department of Government is now also required to have a business plan, cascading down from the Islands Plan, which sets out clearly its objectives and standards of service. This will allow us to evaluate more readily how successful Government departments have been in fulfilling their objectives. This is an important development in improving the performance of Government across the board.

Mr Speaker, it has been a feature of our economy for over 20 years that direct income to Government from fishing licenses has supported high levels of Government spending. This has allowed us to develop our infrastructure, improve living conditions, raise standards of living and encourage new businesses. The fishing industry remains the principle driver of the economy, and the quality of its management is crucial to long term success. This year has seen the transfer of most of the fishery science tasks previously carried out by Imperial College in London to the Fisheries Department. This has reduced costs and allows greater interaction with stakeholders.

The most significant current issue for the industry, however, is the failure of this year’s *Illex* season. The volatility of squid stocks is well known but, even if the squid return in the future, we shall have to restore confidence in the fishery. There is much which could be done at a regional level to improve the conservation of *Illex* and other fish stocks, such as Southern Blue Whiting, though this continues to rely on the co-operation of Argentina, which is not forthcoming. The South West Atlantic is the only major ocean area, which is not regulated by an international fisheries

conservation body. We continue to believe that there are ways in which agreement could be reached with the Government of Argentina, which would allow such a body to be set up and for the bilateral South Atlantic Fisheries Commission (SAFC) to function properly.

The arrangements made to utilise the Falkland Islands fishing vessel 'Castelo' represent a very significant commitment to fisheries research. There has been a gap of about a year without a dedicated research vessel capability but the first research cruise using the 'Castelo' should take place early in the new financial year, a welcome start to getting essential research work back on track.

The new fisheries law and Individual Transferable Quota (ITQ) system has brought huge change to the fishery, and it should provide an improved business environment for Falkland Island fishing companies. Several ITQ transfers have taken place in 2008/09, resulting in new opportunities for participants. There is still more work to do to ensure that the new system functions smoothly and develops its full potential.

Mr Speaker, the discovery of oil and gas in commercially exploitable quantities around the Falklands would be an enormous boost to our economy. Both the UK Government and we are keen to encourage the next round of exploratory drilling. We have re-opened Open Door licensing and have awarded an additional production licence in the northern area, bringing new investment to the Falklands. We also licensed two major offshore geotechnical surveys during the summer, the pace is stepping up.

The major challenge in the next few months however, is to facilitate investment by other major oil companies to fund the drilling of wells both to the north and to the south east and to see those wells drilled successfully and safely. This will require the development of plans, in partnership with the oil operators, FCO and MoD, for security and disaster management and the provision of advice to licensees on the requisite environmental, health and safety and well design standards so that companies can gain approval to bring a drilling rig to the Islands.

Mr Speaker, good external transport communications are vital to the development of our economy. We were therefore grateful for the opportunity to engage with the FCO and MOD in negotiating a new operating arrangement for civilian access to the Airbridge. Our aims in entering the negotiations were to ensure continued unchallenged civilian access to the service, to increase the number of seats available to Islanders, to achieve more affordable prices, to improve the booking arrangements and to secure some business class-type seating for those wishing to pay for it. We now have new arrangements that achieve at least some of those aims. Whilst the loss of the child/student half fare concession has been a major blow, since it reduces our scope for keeping fares low, the new twice a week service brings more flexibility and the availability of premium seating should be attractive to business travellers. We shall continue to review the operation of the service with London.

Agriculture continues to be the major employer and business activity outside of Stanley, although the new Rural Development Strategy will seek to chart new opportunities for camp businesses to thrive.

Achievements by the industry during the year include the continued successful sale of national stud flock and joint venture rams to farmers in spite of a global recession, thus continuing the spread of high value genetics on farms, and improved on-farm lamb production (both in quality and numbers) for sale through FIMCO for the export market. Consolidation of Farm Improvement Programme work on over 35 farms during the year continues to increase the availability of high quality crops for stock at critical times of the year.

We now have access to an internationally recognised organic farming scheme, with ten farms enrolling to gain organic status. Certification should give those farmers a much-needed premium for their wool and meat. The Agriculture Department has also developed a cattle-tagging database in line with EU beef export requirements in preparation for the export of Falklands' beef.

Mr Speaker, there is a strong connection between the farming and tourism industries. In many cases the one would not be able to exist successfully without the other. The continued growth of tourism is therefore very welcome. The 2008/09 season has been highly successful with over 62,000 cruise ship passengers coming ashore and some very positive customer reaction. 98% of visitors rated their trip as "excellent" or "good" and over 60% expressed interest in returning to the Islands on a land-based holiday.

Statistics from local travel agencies suggest that the number of land-based international visitors to the Islands was just slightly down from last year. Nevertheless land-based tourism generated around £3.2 million in 2008 with 93% rating their stay as "excellent" or "good".

The formation of the National Tourism Strategy Working Group, which brings together private sector planning with Government responsibilities, is an important new development, and the Jetty Visitor Centre has recently been upgraded to give a fresh, new feel for incoming visitors with better advertising facilities. The Government will continue to co-invest in the development of this key industry to ensure that we maximise potential and show all our visitors the real Falklands. Whilst we see some consolidation in cruise vessel activity due to the recession, the industry remains confident in its continued longer term development.

Mr Speaker, the Government has invested heavily in strengthening the economic evaluation and planning resources in the Policy Unit. They launched the economic development strategy project in September '08 with participation by Councillors, senior civil servants and private sector representatives. This is a major exercise and is due to report in June next year and will include the work of the Rural Development Strategy group. The unit has also sought to improve the collection of national economic data to assist the Government's economic and fiscal policy decision-making.

Mr Speaker, modern society needs high quality telephone and broadband services. The new Camp system is nearing completion. Whilst some technical issues remain to be resolved, it has brought a significant new service to Camp. Stanley meanwhile is struggling with capacity shortages and frequent technical failures that make normal business operations at times very testing. The Government is committed to replacing

our outdated regulatory framework for telecommunications and new proposals will be developed soon. It is essential for the continuing development of the Falklands that we have a service fit for purpose, reliable and affordable, but one that also gives the provider a reasonable rate of commercial return. There has been a significant loss of confidence in the current system and both the Government and Cable & Wireless need to take action to restore that confidence.

Mr Speaker, in the major spending areas, the Department of Health and Social Services has a key role to play in multi-agency work to provide protection for children and other vulnerable people in society, as well as being active in various areas of preventative medicine, including PHSE for each year group at the Falkland Islands Community School, providing guidance to patients on stopping smoking and resisting alcohol abuse, and the continuing bowel cancer screening programme. This is on top of the base workload of dental services, daily outpatient clinics, emergency services, routine surgery, overseas referrals for diagnosis and treatment, social services provision and caring for the sick and elderly. Outside observers rate the provision of medical services in the Falklands as exceptional. Our biggest challenge is to continue to provide those services at affordable rates. Our Green Paper on health service funding has generated considerable public debate and we shall come forward with a White Paper soon. In the meantime, we welcome the interim Director of Health, who comes with prior experience of the Islands and has an important task to review and update the systems and procedures in the hospital to ensure the safe and effective management of staff and resources.

It has been a dynamic year in Education, with significant effort to identify how the schools can meet the expectations of the community. This has involved a rigorous analysis of teaching provision and how this impacts on achievement. The standards of 11 year olds this year at the end of Key Stage 2 continue to be above the UK national average, and an enhanced management structure in the IJS provides the capacity to broaden and deepen achievement.

At FICS the new management structure is now well established and well on track to meet the challenges of providing an effective and broad-based secondary curriculum. There have already been improvements in overall lesson quality and student experience and now the school is focussed on working with parents and the community to raise the expectations of students, especially at senior levels. An external review of the Falkland Islands Community School conducted by the Service Children's Education Authority showed progress that was a cause for satisfaction. Most students at Peter Symonds and Chichester College continue to perform well, as do our students in universities across the UK.

Staff of the Training Centre and the Community School are working together to introduce a range of vocational options as an alternative to GCSE. The structured entry to employment scheme for 16/17 year olds has been successful with a number of young people following this route into the world of work.

Staff at the Leisure Centre have completed preliminary work to identify how it can become at 'arms length' from government. At the same time, they have continued to provide a wide range of activities and have identified potential developments for the future. Externally a group of 20 boys toured Punta Arenas playing a number of

football matches. They attracted a great deal of positive publicity as a result of their sportsmanship and enthusiasm, and the junior cricketers similarly enhanced their experience with a trip to Santiago.

Mr Speaker, it has been a year of mixed fortunes for the Royal Falkland Islands Police. The joint agency seizure of a substantial quantity of cocaine from a Falkland registered fishing vessel was a significant success marred, I fear, by the subsequent theft of much of the evidence relating to the case. Despite this, a successful prosecution resulted in long prison sentences for the two Spanish fishermen involved. Investigations into the circumstances surrounding the incident, however, have identified shortfalls in police management and areas for development, which need to be corrected.

The Chief Police Officer has made a number of recommendations in his review of the RFIP to improve professionalism in the service. These were endorsed by the FCO Police Adviser and have since been accepted by Executive Council and incorporated into the 2009/2010 policing business plan. We need now to help the police to achieve these objectives. They do a difficult job in difficult circumstances and need our support and encouragement.

The extensive building works and renovation of the 136 year old Police Station and Prison is now almost complete. The vastly improved prison extension was opened by HRH The Princess Royal in March and provides cells to modern Home Office specification for up to 10 prisoners. The new police accommodation above the prison, together with refurbishments to the existing building, will provide a modern base and much improved customer interface.

The new building provides tangible evidence of the Government's commitment to community safety and protection, and our determination to have a police service that is committed at all levels to the delivery of the policing business plan. If further changes are required to deliver this, further changes will be made.

Mr Speaker, the Public Works Department continues to provide a professional service. Planning for the next phase of the wind farm is well established. It is designed to almost double the current 24.2% fuel displacement. Major work on the overhead lines should eliminate the occasional faults through bird strike. PWD have completed the Newhaven harbour project and temporary works at Port Howard and capped a significant length of the Newhaven road to enable the inauguration of the new cross-Sound ferry service. They have started on the construction of the roads to Byron Heights and Onion Range for the MoD and have installed the San Carlos river bridge. They are all major undertakings, routinely delivered by PWD with a minimum of fuss and great professionalism.

Improving the road network in a way that is sustainable is a major challenge, with over 900 kilometres of unsurfaced road to maintain. The trialling of a low cost surfacing for roads called Otta seal is an important development. If proved effective, it will be a very significant step forward.

Tasks for PWD next year include the delivery of sufficient housing and associated infrastructure in line with the Housing Strategy; planning the move of the asphalt

plant to Pony's Pass quarry to deliver further efficiency savings, with relocation currently scheduled for 2010/11; developing a waste management strategy to meet requirements for the next 20 years, including further recycling initiatives to minimise the waste going to landfill; and developing an energy strategy by 2010/11 to reduce energy consumption Island-wide.

Amongst the many highlights of other Government departments this year has been the signing of the MoU with MoD to establish the role of the Falkland Islands Defence Force in the defence plan for the Falklands; significant successes in the Tax Office in the recovery of corporate tax arrears; the publication of the Biodiversity Strategy by the Environmental Planning Department; the trialling of the new "shuttle" system at FIGAS; the detailed and painstaking work of the Treasury in monitoring expenditure and preparing this year's budget under sometimes very stressful personal circumstances, the purchase of a new fire engine for the Fire and Rescue Service and a new ambulance; and the work of the Customs and Immigration Department both in the major drugs case and the continued enhancement of capability. Added to all this is the large amount of routine work that goes on throughout Government, often unnoticed and unheralded, for which we are extremely grateful.

None of the foregoing assumes that the Government is complacent: there is always room for improvement. A wide-ranging review of Government has been carried out by the Chief Executive, involving widespread consultation. The review contains a number of recommendations that have been adopted by Executive Council. These propose changes to the top level structure of the civil service to promote greater efficiency and accountability, downsizing and outsourcing services where that is in the public interest, improved regulation of statutory monopolies, more delegation to middle management to improve personal professional development and promotion capability, more effective performance management and performance reviews, a greater emphasis at senior level on strategic management, a substantial programme of training and development, the promotion of shared services to enhance efficiency, and clarification of the civil servant/elected member interface.

This is a substantial programme of improvement that will take some years to complete. It represents a major commitment by the Government to the people to deliver services effectively and at the least possible cost. It will ensure that we build on the many years of Government input to education and training so that we can develop from within our own management resources and technical capability for the future.

Mr Speaker, last year, we changed the format of the Governor's address so that it now reflects the views and policies of elected representatives rather than the Governor. This must be right. It reflects the policy behind the new Constitution, which received Royal Assent in November and came into effect on 1 January this year. The negotiation of the new Constitution was a major achievement. It has set the framework for a major step change in the development of internal self-government in the Falkland Islands, clearly setting out the formal relationship between Executive Council and the Governor, developing new institutions to enhance democracy, and enshrining the right of self-determination in the body of the Constitution. We are now a long way forward in agreeing the provisions for the new Public Accounts Committee, following public consultation, and we shall soon see a discussion paper

on the new Complaints Commissioner distributed for public comment. Both institutions should be in place by the end of the year.

Mr Speaker, relations with Argentina on Falklands issues remain difficult. The Argentine Government has maintained its diplomatic pressure on sovereignty issues in the UN and other international organisations, not always with success: they failed, for example, to secure language in the UN Fourth Committee, which suggested that the principle of self-determination should not apply in cases where there was a dispute over sovereignty. They enacted their threatened legislation imposing sanctions on companies fishing in Falklands waters without an Argentine licence, whilst continuing to stall on UK requests for further meetings of the South Atlantic Fisheries Commission on matters of mutual concern over fisheries conservation. They protested about the award of an additional licence for oil exploration and against the new Constitution and most recently they have reacted negatively to the UK's extended continental shelf submission in relation to the Falklands Islands and South Georgia and the South Sandwich Islands, having put in their own claim beforehand.

The UK Government continues to explain carefully and patiently that sovereignty is not negotiable whilst Islanders wish to remain British. The Prime Minister reiterated this firmly when he met President Kirchner in Vina del Mar before the G20 summit. The UK and Falkland Islands Governments both want to maintain good relations with Argentina, provided sovereignty is not in question. There are many areas where progress could be made with good will under the so-called sovereignty umbrella. But by insisting on sovereignty, the Argentines are foregoing real opportunities for mutual benefit, for example in fisheries conservation and in facilitating the exploitation of the oil and gas reserves that the oil operators so confidently assert are to be found in Falklands waters.

The Falkland Islands Government has no issue with the people of Argentina. Falkland Islanders continue to welcome Argentine visitors to the Islands (over 3000 Argentine visitors came by cruise ship last year and a sizeable number for longer visits by air). We continue to respect the need for Argentine veterans of the 1982 conflict and their next of kin to visit the battlefield sites and the cemetery at Darwin. It is striking that when British veterans meet their Argentine counterparts, when there is no political axe to grind, there is genuine reconciliation.

Mr Speaker, Sir I am pleased to announce that agreement has been reached on the way forward to allow the Argentine next of kin pilgrimage, requested by the Argentine Families Commission, to come to the Islands this year to inaugurate the memorial to the Argentine fallen at the cemetery near Darwin. The plan is that the Argentine visitors will travel by air on Saturday 3rd and Saturday 10th October using the scheduled LAN Chile service. We understand that LAN has agreed to put on a larger aircraft for the purpose on these two dates and to alter the schedule to allow the Argentine visitors to travel in and out on the same flight with sufficient time in between to allow them to attend a ceremony at the cemetery. Both flights will travel from Punta Arenas via Rio Gallegos and back via the same route: the Rio Gallegos leg on 17 October will therefore be cancelled. There have to be two successive Saturday flights (and therefore two ceremonies) to cope with the numbers requested. They are not charter flights but rather the scheduled LAN flight, from which normal passengers to and from the Falklands will not be excluded. There is still much to do in working

out the logistics for the pilgrimage and to agree the details of the ceremonies. The Argentines of course accept that the next of kin will have to abide by FIG immigration requirements.

Why are we doing this? First because the issue has been dragging on since the Falklands Islands Government agreed to the Families Commission's request back in late 2006. Second, because it was becoming all too clear that the impasse over whether they should come by ship rather than by air was beginning to exacerbate relations to the point where, possibly, action might have been taken against our interests. Third because all sides, including the Falkland Islands Government, wanted the pilgrimage to go ahead. This proposal involves the next of kin coming by the scheduled flight, albeit with some minor re-arrangements. It is a pragmatic solution, which should lead to a successful outcome.

Mr Speaker, I should not let this opportunity pass without expressing pleasure that Her Royal Highness the Princess Royal and her husband, Admiral Laurence, were able to visit the Falklands as well as South Georgia earlier this year. This was her third visit to Stanley and the first Royal visit to South Georgia since 1957. It is a mark of the continued Royal interest and involvement in these British islands in the South Atlantic that is most welcome.

Finally, Mr Speaker, this is the last budget session for this Legislative Assembly. There will be elections on 5 November. A test of good democracy includes the number and quality of candidates who make themselves available for election, the quality and inclusiveness of the debate at the hustings, and the turnout of voters to choose their next Government. Both the current Members and I hope that as many candidates as possible will consider making themselves available to serve and provide leadership to the community in the next few years.

Mr Speaker Sir, and Members of the Legislative Assembly I thank you for your patience and forbearance.

Mr Speaker

Your Excellency, thank you for your address, I invite you to stay in the Chamber for a response from the Members.

Clerk of the Assembly

Motion of thanks to His Excellency the Governor on his address.

The Honourable Mike Summers OBE

Mr Speaker, Your Excellency the Governor, Honourable Members, it is inevitable in this budget session and because of the state of the world economy that economic issues are going to dominate the proceedings in this session of the Legislative Assembly.

It is tempting in presentations to the public to engage in all sorts of hyperbole on these occasions sometimes to over-state the case to make the point. But I have been

consistent in what I have had to say about the Falklands economy over a number of months and indeed years and I think remains the case that we actually have a strong economy for which we can be very proud and on which we can continue to build and one which does not put us in a position where we have to take any panic measures or emergency measures to effect the way we will move forward.

We do have to examine closely the effect of expenditure as well as reductions of expenditure on not only the economy but also the people of the Falkland Islands because both expenditure and reductions of expenditure have consequences. And we must always be conscious about what they are. There is a balance to be struck between investment in development and investment in social and societal welfare and benefit. And that's what we hope to achieve over the next few months that are left of this Assembly.

We aim to achieve an egalitarian society in which everybody can benefit and which avoids poverty and excessive elitism. That has been the philosophy, I believe, of this Assembly and the philosophy that carries forward into our budget process and, I believe a philosophy that pervades this community. The Green and White papers have been an important part of that process.

Sir, you mentioned in your address the work of the Policy Unit. There are not too many parts of the Government for which I have portfolio responsibilities that I should directly address but I think the work of the Policy Unit is important. The Economic Development Strategy in particular is a very important piece of work that was started in this Assembly it will carry on in the next. It provides a major opportunity for both public and private sector participants to engage positively in the future development of the future economic development of the Falklands and I look forward to its outcomes.

You mentioned the Government Review. This has been a large and important piece of work and I know that has caused a certain amount of disturbance amongst public servants as inevitably it was going to do. But as I said on the radio when we were talking not very long ago, you can't achieve change without changing things. And those people who have been saying to us for years and years that actually the Government doesn't work in the way in which it ought to, it is sometimes slow, it is sometimes cumbersome, it is not efficient, and we accept those conclusions but you can't change them without changing things. So changing things is what will have to happen. The essence of the Government review is not really about top-level directives. It's really about how you affect the important policies of training, performance management and professionalism. And, the top-level review is only to achieve those aims and, again, in the Government Review and in the new government we have to find a balance between professionalism and generic management and skills capabilities and that is the essence of the Government Review.

I would like to touch on just two more issues that you raised in your address, Sir; the first is telecommunications. It is clear that there has been a change in management style in the delivery of the telecommunications service in the Falklands from a co-operative, helpful, working together type of approach to a much more attritional approach. That being the case, the Government has to adjust its stance in terms of the

regulation of that monopoly. I think it was made perfectly clear, Sir, in your address that that the Government would do and will do in the next few weeks.

Finally, I am, like you, very pleased to note that the visit of Argentina Next of Kin is to be affected in the next few weeks, hopefully in early October. This matter has been dragging on for a long time. It's caused a significant amount of international friction and difficulty, not only between the UK and Argentina but in comment by other nations, who couldn't understand why a Next of Kin visit was so difficult to organise. It has been difficult to organise. We believe we have an effective way forward that doesn't compromise our principles but will provide the opportunity for the Argentine Next of Kin to make a visit to the Darwin Cemetery and to pay their respects to the dead. The Government has long said that it supports and it continues to support Next of Kin visits to the cemetery, providing nobody's playing politics with it, so I look forward to that being done quietly, peacefully and respectfully in the next few weeks.

Mr Speaker, I support the Motion for Thanks on the Governor's Address.

The Honourable Ian Hansen

Mr Speaker, Your Excellency, Honourable Members, thank you for your opening address to this Assembly. Since your address a year ago there have been significant changes and, as you state, many of them to the detriment of the economy of the Falklands as a whole. Global recession has, to an extent, I guess, affected all our major industries and may continue to do so in the future. I would just like to, in this brief reply to your address, touch upon my portfolio responsibilities. I would like to begin by thanking the staff of the departments that I am responsible for. I would like to thank them for their support over the last year and not least of course in the process leading up to this budget.

Concerning Agriculture, there was certainly a very negative beginning to this financial year for farmers. However, that has since been negated to some extent, with the recovery, or at least the part recovery of wool prices and meat prices and the eventual pick up and speed of sales both through overseas agencies and the Falkland Islands Wool Company.

I doubt that there's been for some time what you would describe as an easy year for agriculture based businesses but despite the current economic climate that makes it even more difficult than usual and despite the constant criticism from certain sectors about investment in Camp as a whole, I have little doubt that the farming community, or the rural community indeed will survive. I do believe it is the nature of those who choose to live in the difficult environment that is the Camp.

I do hope there will be continued support from the Falkland Islands Government for the Farm Improvement Plan, which will ensure the farmers have the best possible chance of supplying the Abattoir with good quality stock for export in future years.

Sir, you mentioned the Rural Development Strategy and this, of course, has to be strongly linked to Agriculture and the future survival of the Camp. It's perhaps unfortunate that we are not as far along as we hoped to be with this strategy but nevertheless a considerable amount of consultation and a considerable amount of

work has been achieved since its beginning. It is intended to next update and to consult with the general public during Farmers' Week in July.

I guess, on a positive note, I am going to speak about Minerals briefly. The joint meeting with the oil operators earlier this month, I believe, was a huge success. There is, unquestionably, a will to contract a drilling rig or rigs as soon as possible by those companies that are required to do so under their current licensing agreements. And, Your Excellency, it is indeed a challenge to facilitate investment. It is, indeed a challenge to develop plans for security and disaster management. But this is a challenge, I think you would agree, that's a forward-looking and a positive challenge.

And just finally, Mr Speaker, I, too, would like to comment on the Next of Kin visit. This visit has been, indeed, a lengthy process, or the organisation of it. But I do believe that this compromise proposal is the best way to see that this pilgrimage happens. And, it happens without there being any loss in service to our community through scheduled flights and it also minimises any chance of potential radical decisions in the Argentine Government.

Mr Speaker, as I have an opportunity on Thursday to speak further, I will halt at this point. Sir, I support the Motion.

The Honourable Janet Robertson

Your Excellency, Mr Speaker, Honourable Members, thank you very much for your excellent speech, Governor but while listening to it did occur to me to think over the years and how much change there has been. Just as a small reminder, a little over 20 years ago, expenditure in these Islands was a fraction of what it is today, there were no roads to maintain apart from those in Stanley, there was no FIPASS, there was no Abattoir, there were much fewer public buildings to furnish and maintain, there was no Civil Aviation Department, no Leisure Centre, no IT Department, no television, no internet, a two longs and a short telephone system, for those who could remember that, a vehicle section and a Defence Force much, much less provisioned than they are today, Government Housing was extremely scarce, there were no social services, no medical treatment overseas and only a determined and lucky few ever got to go abroad to study. How much it has all changed in 20 years!

And how much we have all benefited from it! And, of course, how much it all cost! And, that's what we are looking at today and we are looking at it against a back-drop of falling growth around the world, which has affected the Falkland Islands as much as anywhere else. This is centred principally on the need to find a balance between maintaining good standards of service and continuing to invest in areas of growth and development.

Health and Education are the principle services where, perhaps, the strongest and the most wide-spread passionate views exist. We all want a good standard of health and we all want our children to have the best educational opportunities possible. Whilst this cannot make these services completely immune from requirements to make efficiency savings, it does stand to reason that for most people it is preferable to make the choice to contribute to a service rather than to lose it all together. And, I think the

recent consultation periods we've had on finance and the health paper have demonstrated that quite clearly.

When we try to achieve cuts in expenditure we can't forget the basic principle because a failure to provide decently in these areas will undoubtedly lead to people making a choice actually to go and live elsewhere where they perceive the provision of these services to be better. In this budget at least in this respect, I am sure we will allay people's fears about that but it is something that all Assemblies are going to have to take into account when deciding.

A little more on the Health Service it has continuously received high commendations from external reviewers for clinical practices and services. And, really, the staff at KEMH should be congratulated and commended for this. Still, over the next year, work to strengthen our administrative and budget management capabilities must be undertaken to ensure that the public and Councillors alike can be assured that the system is operating efficiently and with minimal inconsistencies. And part of this will be also to ensure that we are gather a variety of statistical data that will facilitate the analysis that we need to ensure that particular areas of concern can be properly targeted and strategically planned for. And, anyone who has looked at the aims and objectives in the Islands Plan will see that this is one of the purposes and business objectives of the Health Services.

At the 2006 Budget Session, initial comment was made on the subject of Means Testing in certain areas. At the time I advocated caution, concerned that an over-exuberance of means testing of benefits and allowances could lead to placing considerable burden on middle income families and penalising the sector for hard work, career development and holding high aspirations for their children's education. I did also say that if financial circumstances were such, we would need to accept that some means testing was inevitable. Well, that time has now come, hopefully, as no surprise to anyone, and hopefully, largely within acceptable boundaries. I will say more about this during the budget process itself. It is likely that future budgetary decisions by the next council will also need to consider further means testing measures as a cost-cutting contribution but the original plea for caution still stands.

Along with the provision of services there is the necessity of investing and supporting areas of economic growth and development. It's already been mentioned twice today that that balancing act has got to be the prime purpose in making our budget decisions.

Without growth we will one day simply not be able to fund the services that we currently enjoy, even with the providing of public contribution. There are several strands to this, firstly the development of service and export opportunities, which allows new money to come into the Islands, investment in Tourism, including FIGAS and the Ferry, the development of a meat exporting industry and infrastructure such as the port and dockside developments, which lead to greater value-added benefits to industries who are all part of this process. All require scrutiny and evaluation on a regular basis to ensure that value for money and contribution to the economy overall remains positive. But they also require long term commitment and investment. Secondly, developments which encourage money to circulate within the Islands and move freely between industries are important contributors to the economy and, of

course, inward investment. The means to encourage entrepreneurship and local investment within the Islands is key and of course all form an essential part of the Economic Development Strategy.

Councillor Hansen has already mentioned the Rural Development Strategy, a very important piece of work and I would urge them not to allow it to lose steam. The strategic development of business and social opportunities in Camp to reverse decline of a falling population will benefit the whole islands, not just mainly the agricultural population. A viable Camp population is a benefit to us all.

And lastly, I would just like to congratulate the Treasury for all their hard work and for responding so well to our criticisms and our requests last year for an earlier budget process, to allow us to have a wider public consultation and debate that we have had on this occasion. As a result of this, there won't be anything, I don't think, of great surprise to anyone. And though some of those decisions may not be popular, they won't be a complete surprise.

I did say lastly. There is one more thing, Argentina, I am very pleased that the Next of Kin issue has finally been resolved satisfactorily. Many of us were uncomfortable with the appearance that the Next of Kin were being used to achieve political agendas. I think this outcome satisfies both the Next of Kin's wishes and our own to have the circumstances and the practicalities of their visit settled.

Mr Speaker I support the Motion.

The Honourable Dr Andrea Clausen

Mr Speaker, Your Excellency, Honourable Members, I, too, looked back at last year to see what you said so that I could compare it to what's gone past in the past year. And, given that my area of portfolio responsibility is finance, I have a few things to say.

Last year you did mention that we were already facing budgetary challenges. We were and many of my colleagues have already mentioned it. We were looking at the ever increasing volatility of the Illex fishery. At that point three out of the previous six seasons had effectively been failed. We were also facing an ever-increasing demand for first world, high-quality services and that remains the case today. Since then, of course, you have mentioned already the global financial melt-down followed by a recession, the collapse of the Illex Fishery and this year, further increasing demands for services, particularly those in the medical area have also been placed with the unprecedented volatility in oil prices, all of which have had an impact and some of them will continue to have an impact in years to come on the Falklands economy.

Of course there is some good news here and it was good to hear it again at Standing Finance Committee this morning. And, I don't want to be somebody who stands and extols about the doom and gloom that the Falklands faces because it's not all bad news. Our investments are one of those areas where the news is not too bad compared to the rest of the world. We have seen declines in our investment values. However, FIG's conservative investment policy has protected us from the very worst situation.

And, for example, it was interesting to hear this morning how, whilst the UK FTSE has seen a 31% decline year on year, FIG have only seen 3.1% in Special Funds and 6.2% in the Consolidated Fund, so I think that is OK. It's not great news but it's still an awful lot better than where we would have been.

In order to try and address the worsening situations we have initiated a number of processes and procedures. The Economic Development Strategy, the Rural Development Strategy, the Green Paper process, which has been hopefully in people's eyes, a success so far in that we have gone out to consult the public, which is what the public wanted they will be followed up with White Papers. There already have been in some areas. I think it's really important that people respond to these papers so that we can be clear what their views are. And I thank those who have done so far.

Prior to last year's budget we had already approved a Medium Term Financial Plan and we had aimed to try and make a year on year reduction of £1 Million from our budget. At last year's setting of the budget we didn't achieve this not necessarily in the balance that we wished but we did achieve it. However, this year, with the events that have taken place, I am not so sure that our outturn will be as good. In fact, Your Excellency has already mentioned that that position looks like it's going to be pretty bleak.

So it remains our responsibility and, in fact, not much of ours, but more in particular the new government, to continue with these processes and to look at ways of trying to address the charges that face us.

On oil prices, I would just like to mention that you picked up on the fact that we have approved the second phase of the wind turbine project and also storage. And I think that's really good news and we have to continue to look at ways to reduce our reliance so that we can mitigate against these hugely volatile oil prices. Reading on the news this morning, I see that the "experts" are predicting there will be another peak within the next two years. So we need to be doing our best to try and mitigate such high spikes in prices going forwards.

Briefly, Sir, I would like to mention the elections that are coming up. You mentioned how you would look forward to seeing a range of new candidates standing from a wide range of backgrounds. This is something that this Government has looked at and is keen to see as well. Indeed, it's one of the objectives within the Islands Plan, which is our responsibility to achieve. I look forward to the decision being made by this Government as to how we might address that with the forth-coming elections. Of course, it will remain the case it will be for a new government in November to decide what they do or don't accept from this Government but I would like to see this Government make at least some decisions and give clear direction so that those individuals who are considering representing the country know under what terms they are to do that. And, I hope that we can see a wide range of candidates from a wide range of backgrounds.

I would just like to mention that I also am pleased to see that we have resolved the issue of the Next of Kin visit and I am pleased to see that it's been achieved within the framework of the LAN scheduled service.

Lastly, I noticed that your address concluded with mentioning the outcome of the working group on prohibition of smoking in public places. And I am certainly looking forward to the new legislation being enacted within this year. Unfortunately, we are not there and events have conspired against this work. Through no individual's direct fault, we are still in a position of not having any draft legislation produced and unfortunately I believe that we may not see it before the end of this Government. But I sincerely hope that we will, or the next government, if it remains a priority of the new government in November that they can see the completion of that work.

Sir, thank you for your speech.

The Honourable John Birmingham

Mr Speaker, Honourable Members, in rising to speak to the Governor's speech, may I welcome the Chief of Staff and also the group of year 10s to this House. I hope it won't be too boring for the students.

As we have a busy week I will keep it as short as possible as we are back here on Thursday.

Sir, during your speech you mentioned Airbridge fares and I would like to assure the public that any impression given during that speech that the fares haven't been re-adjusted to take into account lower fares for children and students isn't quite right and that they do there will be lower fares for those two sectors of flyers.

As portfolio holders, we tend to speak on behalf of our portfolios which is right and proper but there is a line in your speech, Sir, and it goes like this: *"Added to this, is the large amount of routine work that goes on throughout Government, often unnoticed and unheralded, for which we are extremely grateful."* I take that as meaning a lot. It's only two lines, actually but the air service, power, water, sewerage, roads – all of these things just continue and we don't take any notice until something goes slightly wrong. Actually, for all the talk about Government not working, there are certain areas where Government works extremely well.

I'm optimistic about the future. I tend to be reasonably optimistic anyway. However, I accept that we face certain difficult times in the future now and there's a certain re-adjustment of how we as a community are going to spend our income. As elected representatives, it's our duty to make difficult decisions when they have to be made. And, I am sure and hope that we will.

Sir, on the Next of Kin visit, I support that visit and hope that it will go ahead with respect and dignity, the dignity that it deserves.

Sir, I support the Motion.

The Honourable Richard Cockwell

Mr Speaker, Your Excellency, Honourable Members, in rising to support the Motion I will also try to be as brief as I can because all the subjects have been very well

covered. But if I could just comment on issues in my portfolios, which are Fish, Tourism, and the Development Corporation.

The Honourable Mike Summers has already commented on the issues regarding, well many Members have commented on the issues regarding the Illex results but we do need to and this does actually emphasise the need for an agreement on the issues of straddling stocks right across the waters. We do need to do something. As somebody pointed out, this is the last place in the world to actually not have some sort of multi-lateral agreement over the fisheries.

Regarding Tourism, it has been a very successful season but in the future it's not looking so rosy and I think we do need to accept this and try and get our industry to do everything which is possible to alleviate any problems. And most probably the cruise liners next year, the cruises could reduce. I think everybody has suggested that due to the economic situation. But also something which has come to my mind or come to my attention this morning is that there is also the fear of Swine Flu, which looks like it may affect the cruise industry quite seriously. But there is very little we can do about that.

The Development Corporation has had a difficult year but I am sure that the arrival of Mr David Waugh as General Manager is already injecting new focus and life into the Corporation. He is actually putting a new view on the Rural Development Strategy, which, as everybody points out, creates a lot of discussion but most people agree, and I think we have to recognise this that the whole Rural Development Strategy the success is based on good communications. And the telecommunications, which at the moment are failing quite seriously, are a vital element.

And finally, the Hon Janet Robertson has identified the improved services that are available. And these changes have made a hugely different lifestyle from what we remember 25 – 30 years ago. And, although she refers to two dots and a dash, I remember one dash and two dots.

With that I wish to support the Motion.

The Honourable Mike Rendell

Mr Speaker, Your Excellency, Honourable Members, quite a lot of the subjects I was going to talk about have already been mentioned but I am going to mention them again because I think they deserve it.

Firstly I would just like to comment on the Green and White Paper process that has been undertaken over this last year and to give my thoughts that I think this has been a very worthwhile process. It allows the public to be brought into dialogue at an early stage of discussion, it allows their comments to be taken into mind and it allows for no surprises. I think that is what is so important about the process.

I was interested to see, Your Excellency, in your address that 60% of the tourists that came by sea last year are keen to come back for a land based tour. Now if that was to be realised, it would be a tremendous to land based tourism in the Falklands. And, I am quite sure that that won't happen but even if we got one, two, three, four or five

percent of those numbers to come for a land based tour, that would make a significant increase in the land based businesses that exist here in the Falklands. And, it does show that there is an awful lot of work still to be done in terms of tourism infrastructure if we are going to be taking that kind of increase. We always thought that cruise ship passengers with their one day in Stanley or wherever it's been in the Falklands would have a lot of enthusiasm but coming back to do something in a bit more detail and let's just hope it all comes to fruition. But there is a lot of work to do and a lot of money to be spent if we are going to do it.

There has been some discussion about our telecommunications provider and I'd like to reinforce the comments made by the Honourable Mike Summers on that subject as the portfolio holder. There can be no doubt at all that Cable & Wireless needs to achieve a reasonable rate of commercial return. At the same time there can be no doubt that they need to be fit for service, reliable and affordable. The balance is not right. We all know this and robust actions have to be taken to get this right. We look forward with interest to Dr Doyle's report, which should be arriving soon in order that this can happen.

The Concordia Bay has now been operating for a full season. Without any shadow of a doubt it has not yet achieved its full potential. That's an under-statement, of course. But many lessons have been learned so far in the way it's operated and we have to put that all down to experience and move forward. It is important that when a consultation process, which is about to be undertaken, gets underway that there is a full customer feed-back process in that so that there can be no doubt that the views of all the users as well as everybody else involved with the Concordia Bay and the way it operates are taken into account because if the Concordia Bay does not operate in a fully sufficient manner next season, then we are not going to be looking very good at all.

I would just like to make a few comments about the review of Government process that's been going on. And, whilst it is clear that there has been some poor press in some areas and there are a lot of difficult areas to move through in respect of the review of Government, I think that, from my point of view, I would like to be thinking about the positive benefits for Members of the Government in the future and the fact that with the training and development process that's going to take place as part of this structure with the effective performance management that's going to be part of it with the ability for responsibility to be devolved downwards, the result can only be that the potential for Falkland Islanders to reach the top jobs becomes much more likely. And that is the important thing as far as I'm concerned. I don't think we've had time to focus on that side of it so far but I think it's most important, in my opinion.

I want to reinforce the comments made by the Honourable Dr Andrea Clausen in relation to legislative drafting and to note the unfortunate circumstances in which it looks as if no meaningful, in some people's terms, legislation is passed in the remainder of the life of this Council. I think that's regrettable but that's where we are.

And lastly, just a few comments about the Argentine Next of Kin Pilgrimage this is a pragmatic solution to an inevitable event. I think it's very important that it's going ahead and I support it.

Mr Speaker, I support the Motion.

The Honourable Richard Stevens

Mr Speaker, Your Excellency, Honourable Members, I would like to say a few things in standing to support the Motion of Thanks. Firstly, in listening to your address, we do have our challenges but there were a lot of positives all the way through.

And your address records the lot of hard work throughout the Education Department, including the Leisure Centre. Certainly everybody involved have been trying very hard to develop and evolve that service.

One of the issues that has probably been talked about quite a lot at the moment is the funding for Further Education, certainly it's been discussed to great extent amongst Members, particularly the means testing of the pocket money element. And I think over time we forget that this money that was introduced to enable students to be able to take advantage of living in Britain and the things that are available there including travelling to other parts of the world. I think one would hope even now that students could do a few enjoyable things during their years away to do things that perhaps they wouldn't have the opportunity to do here like go to a pop concerts or a huge football match where there are tens of thousands of people and to witness that kind of atmosphere, to visit ice rinks, theatre recently I heard of a number of students going to the Chinese Circus that's in the South of England at the moment. These are all things that you want our students to do to help them develop a broad mind and hopefully I am not quite sure about the circus be better people for it.

Again, if you have studied the Penguin News over the last years, really, we have seen our students all over the world in some really exotic places and again hopefully some of our Government funding had helped them if they've been prudent with it to do these things. Of course you would expect that to be supplemented by other funds. So I hope that we are able to keep that in mind when we make our final deliberations on the funding so that we are able to keep some element of support that gives that baseline because I think if that baseline was to fall below a certain level there would be a greater gap between them that have and them that haven't and I think that would be a shame. But we are where we are. We have to consider means testing.

I think while we are still discussing this, what has always concerned me is that we've done a lot of hand-wringing and a lot of talking about a very small part of our students that misuse those funds and I think we should do a lot more congratulating of our children for taking the opportunity they are young adults more than children have taken those opportunities that present themselves.

It's a shame because our funding has been a simple one up till now and by Means Testing it there will be complications and I think I mentioned in the past that things that concern me is those multiple situations where you will be Means Tested perhaps for two children and Means Tested for family allowance and for other reasons and those kind of multiples would affect another part of our population.

Although I don't think we are talking about it at the moment, we are thinking about higher education and again some of the extreme views of our children coming back with a huge debt of £30,000 I think we have to think about it really carefully and consider what the consequences could be. My feeling is a debt that size may have our students considering whether the Falklands is the best place to come back to if they are going to pay off that debt in a reasonable amount of time. To me from my perspective, trying to put myself into their position, coming back with that kind of debt and wanting to start their lives as well perhaps by building their own property, buying their own vehicle, which, of course, they will want to do, that is a huge burden of debt to me anyway.

Moving on to other things, outside Stanley, I listened with interest to the Honourable Janet Robertson was saying about 20 years ago and that's what struck me with my most recent trip to the West Falklands. When I was at Fox Bay someone told me that there were four retail outlets at Fox Bay. And we sometimes think that nothing happens in Camp and we're always asking the Rural Development to come up with a miracle. We want to see 100 people just up and move out of Stanley into the Camp but you know things are happening. I can't imagine four retail businesses in Fox Bay 20 years ago.

Some of these other topics have been mentioned before but I would like to add my voice to hoping that we can carry on supporting the farm improvements for the obvious reasons, the labour scheme, which gives people the opportunity to earn money but also to put that money back into bigger schemes.

Another topic in your address, Sir that leapt out for me was the San Carlos Bridge. Many people have said what a sterling job has been made on the bridge. And I think in better times if we had a greater budget there would have been a greater party when that was opened and there would have been ribbons cut and because to me that's a very important part of the road network on the East Falklands.

Again, telecommunications has been mentioned and I have to add my voice most vigorously and say how a number of people in Camp are less than happy unfortunately with the Wymax. I know it is early days and we are all hoping that these problems will be resolved as quickly as possible. However, there is uneasiness between trust between the consumer and the operator, which does need to be sorted. I add my voice to that.

I'd like to say finally, and say, yes, there is two more things so I am going to add my support to, the Next of Kin, I think this is an important humanitarian gesture and I have been very disappointed that it's been politicised. I think it would have, we are moving on, but I do think it would have been a lot easier for us and a lot better experience for these visitors if they had come in the boat with all the infrastructure that they would have brought with them. Anyway, it's going to happen and I think it's good to get it behind us and, for these people to hopefully find some kind of closure.

And the elections, I also would like to encourage anybody especially in the Camp constituency to think hard and long about whether they would like to stand and inject

a little bit of vigour and whatever into putting themselves forward and to be a Members of the Legislative Assembly.

Mr Speaker, I support the Motion of Thanks.

Clerk of the Legislative Assembly

The Confirmation of the Record of the Meeting of Legislative Assembly held on the 27th of February 2009

Mr Speaker

Honourable Members I would like you to please agree that I may sign this record as a true record of the meeting. Agreed.

Clerk of the Legislative Assembly

Papers to be Laid on the Table by The Honourable Chief Executive.

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

Offshore Petroleum (Licensing) (Amendment) Regulations 2009
Immigration (Suspension of Issue of Permanent Residence Permits) Order 2009
Designation (West Falkland)(Various Buildings) Order 2009
Coins Order 2009

Falkland Islands Government Statements and Audit Reports laid on the table in accordance with the provisions of Section 57 of the Finance and Audit Ordinance for the year ended 30 June 2008:

Falkland Islands Government Currency Fund
Insurance Fund
Pensions (Old Scheme) Fund
Capital Equalisation Fund

And for the year ended 31 December 2007

The Retirement Pensions Equalisation Fund

The Honourable Chief Executive

Mr Speaker, I lay on the Table the papers as listed by the Clerk.

Clerk of the Legislative Assembly

Questions for Oral Answer

Question Number 5 of 2009 by the Honourable John Birmingham

The Honourable John Birmingham

Mr Speaker, Honourable Members, will the Honourable Richard Cockwell please inform this house of the progress made by the Port Development Officer since his arrival last year in identifying possible sites for the potential new Port Facility?

The Honourable Richard Cockwell

Mr Speaker, Honourable Members, Ken Johnson, the Port Development Officer, arrived in December 2008, that's five months ago has been busy reviewing the numerous consultants' studies and previous work into the project. Following preliminary stakeholder discussions with potential partners and formulating and recommending a short-list process for the various alternative sites which will then lead to the selection of the preferred site for the new port by ExCo and the subsequent delivery of the project. A recent public seminar at the Chamber of Commerce updated interested parties on the progress of the project and further such meetings are planned. A full report is expected to be submitted to Executive Council in June or July.

The Honourable John Birmingham

Mr Speaker, Honourable Members, I thank the Honourable Richard Cockwell for his answer. I wonder if he can assure me and assure this House that the long experience and knowledge of local mariners and businessmen will be taken both seriously and into account when it comes to recommendations to Executive Council?

The Honourable Richard Cockwell

Mr Speaker, Honourable Members, this issue has actually been discussed with the Port Development Officer who had assured us that this will happen.

The Honourable John Birmingham

Mr Speaker, Honourable Members, one of the words that we have heard bandied around is "future-proof." I wonder if the Honourable Richard Cockwell – would agree with me that there is also another word that begins with "F" and that's "fordability." And, I wonder if he would agree with me that whatever decision is going to be made has got to be "fordable?"

The Honourable Richard Cockwell

Mr Speaker, Honourable Members, I thank the Honourable John Birmingham for his supplementary and yes, that is a decision for Executive Council when the paper goes to that body, I am sure they will give the right decision.

The Honourable John Birmingham

Mr Speaker, Honourable Members, I have no doubts about that.

Clerk of the Legislative Assembly

Question Number 06 of 2009 by the Honourable Dr Andrea Clausen

The Honourable Andrea Clausen

Mr Speaker, Honourable Members: Could the Honourable John Birmingham please explain to this House the process for reporting faulty or broken street lighting? Could he also inform this House how long a complainant should expect to wait before a reported failure in lighting is rectified?

The Honourable John Birmingham

Mr Speaker, Honourable Members, I thank the Honourable Dr Clausen for her question. I have rather a long answer which I shall try and cut down a little bit but the answer itself will be available to members of the public.

The reporting of faults is not necessarily seen as a complaint in this area as another member of the public, they provide the department with useful feedback. There is no guaranteed standards of service that includes minimum response time simply because the need to balance various demands against available funds and resources but the aim is to have most street lights working the majority of the time with a higher priority being placed on this element of work when day-light hours are shorter.

Street lighting is an important part of the wide range of services that are provided to the community by the Power and Electrical Section of the Public Works Department but has to take a lower priority than power generation and power distribution.

The reasons for lights going out vary. This may be that the lamp, the fitting and the switch controlling the circuits supplying a group of lights or the conductor within the lamp column has mal-functioned or has failed, each of which will require a different amount of time to find and address.

Lamps may fall or fail within days of being replaced and/or a different fault may occur in the same light or group of lights in a short period.

Wind induced vibration off the lamp columns appears to cause earlier failure than might be expected of lamps and other components and can even result in the insulating sheath or the conductors within the column chaffing through and causing a fault.

There has been a particular resource pressure of late in that a member of staff has been off for a prolonged period and other staff who ordinarily carry out this type of maintenance have been re-configuring the overhead power lines west of Stanley with a view to minimising or eliminating bird strikes. This re-configuration has taken a long period of time but there will be benefits in the short and longer term.

There was a sweep done of Street lights about three weeks ago which was very successful but bearing in mind that there are an order of 700 lights. Even a small

percentage not working tends to stand out. During that sweep there were approximately twenty-one lights out.

If any member of the public recognises that a light is out, would they please call and, I have a number here – and the number for calling is not two longs and a short. It is 27149.

The Honourable Andrea Clausen

Mr Speaker, Honourable Members, I wish to express my thanks to my Honourable Colleague for that incredibly long answer to what I thought was a relatively short question.

So, just to re-confirm, then, given that we are currently in winter period with short day length that after power supply lighting will be a higher priority for the Power and Electrical Department.

I also thank you for your very detailed account about what stops a light working though it wasn't actually in my question.

The Honourable John Birmingham

Mr Speaker, Honourable Members, Dr Clausen is a scientist so she will be aware that even the most seemingly simple problem can turn out to be more complicated than you would at first think. That's a very detailed answer to actually what is something more than just a simple problem.

Mr Speaker

Honourable Members may I add my thanks to the Honourable John Birmingham for a very illuminating answer.

The Honourable John Birmingham

Mr Speaker, I can see you are switched on today.

Clerk of the Legislative Assembly

Orders of the Day: Bills

The Appropriation Bill 2009.

The Honourable Director of Finance

Mr Speaker, Honourable Members the purpose of this bill is to authorise the appropriation of monies from the Consolidated Fund to allow expenditure to be incurred in the forthcoming financial year. Before I move on to some of the details, I should say a few words about the overall global economic background in which this budget was prepared.

I think that everyone will be aware by now of the recent turmoil in global financial markets. Economies throughout the world have been affected and many central

governments are struggling to maintain their fiscal and financial stability following the 'credit crunch' and its impact on monetary flows.

To an extent, we are fortunate in the Falkland Islands. The Government has built up significant reserves from our years of prosperity. Although those reserves have not been immune to the decline in the stock market and reduced interest rates, we have a cushion in the Consolidated Fund to help us through. Nevertheless, it is my intention to limit the use of that cushion and to move back to a balanced budget as soon as possible. Unfortunately, that will take a little time to achieve!

As usual, before dealing with the detail of the 2009/2010 budget, I will briefly review the current year. The latest outturn projections indicate that there will be a budget deficit at the end of the current financial year of £7.4 million. This is compared to a budget surplus of £441,000, as forecast a year ago. The main reasons for this projected shortfall are:

A net reduction in investment returns of £5.7M

A reduction of £4.5M in fishing licence fees

A reduction in customs revenue of £34M

These reductions are partially offset by an increase in tax revenues of £3.5M

However, it is worth noting that, if the impact of 'losses on investments' is discounted, operating expenditure is expected to be contained within the overall total budget already approved.

It is estimated that the balance of the Consolidated Fund at the end of this financial year will be £83.7 million, which represents just over 2 years worth of operating expenditure. This is less than the budget target for the Consolidated Fund (of at least 2.5 times the annual operating budget). However, the main reason for this shortfall is the current reduced value of our investments. It is anticipated that the value of our investment portfolio will recover in due course. That valuation recovery will reinstate the approved strategic ratio.

This is perhaps an important point to start my report on next year's budget. The original Medium Term Financial Plan (MTFP) strategy included a budget surplus that increased by £1m a year, to reduce the government's reliance on volatile Illex licence fee income, and allow additional investment in Island Plan initiatives. As a result of the global economic turmoil I mentioned earlier (and in particular the impact on investment returns) Honourable Members reviewed the MTFP strategy in February this year. It was recognised that to slavishly follow the original strategy would require significant and immediate government action.

The majority of financial and economic commentators are of the opinion that financial markets will eventually recover. However this will take time. Therefore, to accommodate the reduced investment returns in the short term and allow ongoing investment in local services, the MTFP strategy was amended to allow budget deficits for the next 2 years (£2m for 2009/10 and £1m for 2010/11) in anticipation of that recovery. Future budget surpluses are anticipated in the strategy and an overall balanced budget is planned over its five year life.

The budget projections I present to the Assembly this morning meet those aspirations (for the next four years at least) and I am confident that the service policy review process which is underway, together with our traditional prudent approach to fiscal management, will allow us to meet the full objectives of the strategy over the life of the plan.

The total appropriation requested from the Consolidated Fund in the Bill amounts to £43,543,370. The schedule to the Bill summarises this appropriation under three headings: Firstly, £34.3 million is allocated to the operating budget (net of internal recharges and capital charges). Secondly, £4.5 million is allocated to fund transfers; and thirdly, £4.7 million is allocated to transfer payments.

Moving on then to specifics – Operating revenue for 2009/2010 is forecast at £42.9 million and the submissions for total expenditure (excluding depreciation) are estimated at £44.6 million. This results in a budget deficit for next year of just under £1.7m. The deficit is forecast to reduce to £1m in 2010/11 and the budget is forecast to be back in surplus the following year. These forecasts are well within the parameters set in the MTFP I referred to earlier.

The draft estimates of operating revenue for next year show a decrease of £2.7 million on the original estimate for the current year. The main reasons for this are decreases in income from fishing licence fees of £2m and investments of £1.5m; partially offset by additional income from taxation of £650,000. The revenue forecast includes fishing licence fees inserted at £14.3 million. Despite recent falls in licence fees, they remain the government's main source of revenue and still represent 1/3 of the total raised. After another poor Illex season, the amount included for Illex licence fees next year has been reduced to £4.3m. This figure is felt to be achievable if there is some return to 'normality' in the fishery. A bumper year has certainly not been anticipated!

This brings me to the draft estimates of operating expenditure where a total of £38.9 million is inserted. Following the adjustments made at recent budget meetings of the Standing Finance Committee, this figure is only £173,000 more than the original estimate for the current year. During the budget process, and starting from a base of expenditure projected at this time last year, consideration was given to a range of proposed savings, additional spending proposals and service review options, which are all subject to approval by the Budget Select Committee.

The draft estimates for transfer payments amount to £4.7 million. This is £200,000 less than the original estimate for the current year. Once again, Honourable Members have been faced with some difficult choices. There are variations on individual schemes and, in some cases the amounts proposed represent a balance between what was requested and what the government can afford to pay.

Fund transfers of £4.5 million are included in the draft estimates. This is the same amount as was in the original estimate for the current year and for the same purposes.

Moving now to capital expenditure for 2009/10. The draft Capital Programme totals £8.9 million (or £3.5 million net of capital receipts). This expenditure will be met from the Capital Equalisation Fund. A further £4.4million is projected for the

subsequent two years. Therefore, the net capital programme for the next 3 years totals £7.9 million. This is well within the £12 million 3 year rolling programme strategy on which the annual contribution to the Capital Equalisation Fund was based. It should be noted that the projections for future years are not 'approvals to spend' at this stage and further work will be required to firm up the figures and the schemes themselves.

I will give further details of the expenditure allocations on Thursday, when I report back on the proceedings of the Budget Select Committee.

I now turn to revenue measures, and I'll start with the bad news! The increase in oil prices over the last year has had a significant impact on the Retail Price Index in the Falkland Islands, which peaked at over 9% in December last year. The price of oil has dropped back in recent months and the Index has fallen back somewhat as a result. The December figure is normally used as a basis for many proposed increases to fees and charges for government services. However, since this was distorted by the fuel price, the figure as at 31st March of 5.2% has been employed this year. However this has not been applied to calculate all increases.

All departmental fees and charges have been subject to review and the impact of a variety of increases is included in the draft budget. Some have been reviewed on a cost recovery basis and others on an inflationary basis. The Finance Bill includes a list of those subject to legislative change and the others are set out in various reports to Executive Council and Standing Finance Committee. Full details will be available to the public in due course, but I will outline some of the more significant areas.

To allow total revenues to keep pace with inflation, and in line with the Health of the Nation initiatives, it is proposed to increase customs import duty on cigarettes by 10%. The increase in duties on tobacco, cigars and alcoholic beverages has been limited to 3%. These increases would, for example, add an extra 23 pence on a packet of 20 cigarettes, 21 pence on 50 grammes of tobacco and 31 pence on a litre of spirits.

An increase in vehicle licence fees of 5.2% is proposed to keep pace with inflation. This would, for example, increase the annual fee for a Land Rover or Pajero from £104 to £109.50. It is also proposed that the fees for vehicle registration, drivers licence, drivers test, firearms licence and firearms ammunition registration should be increased by the same percentage.

In view of the fact that house rents are lower in the public than in the private sector, the policy in recent years has been to increase rents for government properties by more than the rate of inflation. However, given that the inflation rate is still relatively high, it is proposed that the general rent increase for government houses be limited to 5.2%. In order to provide consistent protection to low income tenants it is proposed that the allowances under the rent rebate scheme are also increased by 5.2%. There are some tenants in flats who are provided with communal heating schemes. The charge for this is recovered with their rent on a monthly basis. An increase of 15% will be necessary on this element to ensure that cost recovery is maintained.

The policy for recovery of water charges was considered last year and a 12.5% increase was agreed as part of a move towards full cost recovery. At that stage the projections for 2009/10 envisaged a 3% increase to continue this policy and that is now proposed.

A similar policy on the charge for refuse collection from non-domestic properties was established last year. At that stage, the projections envisaged a 10% increase to continue that policy. Again, this increase is now proposed. This will result in an annual charge of £123 for a wheelie bin and £370 for a large bin.

The annual domestic property service charge is currently £348 with a 50% reduction for pensioners. This charge includes recovery of some of the costs relating to community services such as street lighting, street cleaning and maintenance of open spaces. However, the main costs relate to water supply and refuse collection. In order to reflect the proposed increases on these areas and continue the move towards cost recovery, it is proposed that the service charge is increased to £372 a year. The 50% reduction for pensioners will continue. It should be noted that the service charge is payable by tenants of government housing and that the rent rebate scheme also covers this charge. To ensure that householders on low incomes are afforded equitable protection, it is proposed that the allowances under the service charge rebate scheme should also be increased by 5.2%.

Until last year, the prices for the supply of quarry products to the private sector had remained static for several years. At that time the Director of Public Works proposed a staged increase in prices in an effort to allow the quarry to break even. The envisaged increase for the supply of quarry products for 2009/10 was 10% and this is now proposed.

It is proposed that the charge made by the PWD for emptying a septic tank is increased by 5.2% from £110 to £116.

Moving on then to some good news! Due to significant increases in fuel prices, the electricity tariff was increased last year to 19 pence per unit. Based on current fuel prices, and the efficiencies gained from the wind farm, it is now proposed that the electricity price should reduce to 17.5 pence per unit with effect from 1 July 2009. This unit price will allow Stanley Power Station to continue to break-even. It should be noted that the reduction has been limited by the fall in the value of the pound against the dollar in recent months, since international fuel prices are quoted in dollars. Had the value of the pound been maintained, the reduction might have been greater. However, now that the wind farm has proved itself, the facilities are being expanded. This should provide further fuel savings and potential unit price reductions for the future.

Harbour dues and customs clearance fees were both increased by 3% last year. This year I propose to deal with them separately. In order not to fall too far behind in real terms, an inflation increase is proposed for customs clearance fees. However, no increase is proposed in respect of harbour dues. This is partly because the scale of charges for harbour dues was recently extended, which significantly increased the charges for the larger passenger vessels that now visit the Islands. It is also recognition of the ongoing impact of this charge on the fishing industry.

A 9.4% increase in the cruise vessel passenger levy was agreed last year, to take effect from 1 July 2009. The delayed implementation date reflects the advance notice requested by tourism industry representatives due to the impact on cruise operators. No further increase is proposed from 1 July 2010. It will remain at £18 per passenger for vessels arriving in Stanley and £6 per passenger for vessels arriving elsewhere in the Islands. This is intended to make a small contribution to offset the increasing costs being encountered by the cruise vessel industry and hopefully alleviate some of the impacts on our local tourist-related enterprises.

Continuing on the tourism theme, the industry has requested that they be notified of any increases in FIGAS charges in the same way as is done for passenger levy (that is, a year in advance). Unfortunately review of the pricing structure of FIGAS is not yet fully complete, so there are no proposals for increases at this stage for local customers. However, it is proposed that charges for overseas passengers will be increased by 10% from 1 July 2010.

In addition, no increase is proposed in the embarkation fee which will remain at £22 per person as agreed a year ago. However, this will be monitored to ensure that the amount raised recovers the cost of security measures.

Governments generally review tax rates and allowances periodically; usually annually. Our rates and allowances were last adjusted from 1 January 2008 following the 2007/08 budget deliberations. At this stage, no changes are recommended to the current form and structure of the tax system, pending the outcome of the Review of Revenue and Fiscal Policy which is currently underway. However, Honourable Members have recognised that there will be an impact of this year's budget, particularly on the less well off. As a result, an increase of £1,000 in the income tax personal allowance is proposed, which takes the tax free allowance to £14,000 a year. This will benefit all taxpayers but will also remove around 90 people from the tax net altogether.

Postal charges are currently reviewed every 2 years and the last changes were introduced from 1 July 2008. No increases are therefore proposed for the current year.

Moving now to pension benefits, contributions and social payments:

Avid listeners to the monthly summary of executive council meetings on the radio will be aware that the UK Government Actuary's Department recently reviewed the financial position of the Retirement Pension Fund. The review concluded that, whilst there currently appears to be a significant balance on the Fund, there is some way to go to bring the Fund to a healthy position in the long term. A package of proposals to address this will be firmed up in the coming months but the following proposals are intended to make a start to address the funding gap.

Firstly, it is proposed that contribution rates should be increased from 1 January 2010. The voluntary overseas contribution rate will be increased by approximately 19% to equate to the full actuarial rate. On the other hand, the resident rates of contribution will increase by a lesser amount (8.9%). This will increase the employer and

employee rates to £12.50 per week and the self-employed rate to £25.00 per week. No increase is proposed in the earnings limit threshold and it will therefore remain at £180 per week.

Secondly, it is proposed that retirement pensions, public service pensions and Falkland Landholdings pensions should remain at their current levels next year.

However, it is proposed that the winter fuel allowance for pensioners should be maintained. The allowance and the income threshold will remain at current levels, despite the falls in kerosene prices since the current allowance was set

In addition, it is proposed that the Christmas Bonus, equivalent to one week's pension, should continue to be paid to those pensioners in receipt of a retirement or ex-gratia pension, who reside in the Falkland Islands. Some have indicated they do not actually need this payment, so in future it will be payable on application only. Individuals will be able to decide for themselves whether or not to claim it, depending on their own financial circumstances.

It is proposed that welfare allowances will be increased by 5.2% to maintain their value in real terms. However, at this stage no increase is proposed in attendance or fostering allowances. The welfare benefits review group is considering the appropriate level of all such allowances and further proposals will be forthcoming in due course

Finally, I'd like to say a little about the service policy reviews that have been underway this year:

The reviews have been progressed by means of Green and White papers. This budget includes some of the proposals that came out of the Wealth Related Payments and Further Education Funding papers but others are ongoing; and the process will be extended in the future. During the recent consultation process on the Health Funding Green Paper, it was evident that there is support within the community for some form of funding contribution. However, I don't intend to make any specific proposals at the present time since the process is not yet complete. It is likely that proposals will come forward in due course.

The White paper on Wealth Related Payments has now been published and there are specific proposals contained within it. Child allowance is currently paid at £53.50 per month per child and has been at that rate for the last 6 years. It is therefore proposed that the allowance is increased from £53.50 to £60 per month per child from 1 July 2009. However, it is also proposed that the payment of child allowance is subject to means testing from the same date. This is intended to focus resources on families in financial need rather than automatically pay for all children. Full details will be made available but, in summary, the full allowance will be payable only to families earning less than £31,000 a year; no allowance will be payable to families earning above £46,500 a year; and half of the allowance will be paid to families earning between these two thresholds.

The second significant proposal from that White Paper relates to Camp pension contributions. At present there are several exemptions for camp residents that Stanley

residents do not enjoy. It is proposed that the exemptions will cease from 1 July 2009 and all will then be treated on the same basis.

The White Paper on Further Education Funding also contains a proposal to means test the 'pocket money' element of the grant made to our Further Education students. Full details will be made available but, in summary, the full allowance will be payable only to families earning less than £15,500 a year; no allowance will be payable to families earning above £46,500 a year; and only part of the allowance will be paid to families earning between these two thresholds.

I must confess that I am disappointed that I have not been able to propose a surplus in my first budget. Income from fishing licence fees (Illex in particular) continues to challenge the forecasting process but, as I have already mentioned, a major factor in this year's budget process was the projected reduction in investment returns in the short to medium term. Also, it is inescapable that, without changes in our approach or changes in public expectations, government costs will continue to rise against a relatively stagnant revenue base. We are addressing this but there remains much to do. On a positive note; it is satisfying to see that our gradually maturing economy is producing additional tax revenues. To a degree, this has helped our overall fiscal situation. The proposed budget includes carefully considered increases in fees and charges, and incorporates expenditure proposals that are now linked to departmental business plans and Islands Plan aspirations. In addition, steps have been taken to target increasingly scarce government resources to areas of need within the community. Together, these actions have allowed me to propose a budget that meets the revised medium term financial plan over the next four years, with increasing optimism for the future.

This is not really down to me of course but rather to the whole machinery of government, working together for the benefit of our country and our community. I have been involved with producing public sector budgets for over 30 years (8 of these within FIG) and each year new challenges arise. This year was particularly challenging as those involved will appreciate.

In a large organisation like FIG, the production of a budget is a team effort and I would like to thank all Heads of Departments, accounting officers and support staff for their efforts. I also pay tribute to Honourable Members who devoted a huge amount of time to the process with their usual enthusiasm and spirited debate. As ever, I relied very heavily on my colleagues in the Treasury for pulling the whole process together and for keeping the day to day processes running throughout this extended budget cycle. In particular I must thank Nicola Granger, who has carried out all the number crunching and who keeps track of all the adjustments in her amazing spreadsheets; and Simon Wilkie who has provided invaluable input at all stages over the last 6 months or so. I would also like to thank Margaret Butler for her secretarial support during this sometimes confusing budget process.

In closing, I would stress that we are approaching the future from a healthy financial position and with a strong resource base. It may be challenging but the future is not all doom and gloom. However, we must ensure that responsible financial plans and budget strategies are followed and that we, as a society, live within our means.

Mr Speaker, this concludes my first budget presentation to this house and I beg to move the first reading of the bill.

Mr Speaker

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

Clerk of the Legislative Assembly

The Appropriation Bill 2009, to authorise the withdrawal from the Consolidated Fund of money for the Financial Year ending 30 June 2010.

The Honourable Director of Finance

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

Mr Speaker

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

The Honourable Andrea Clausen

Mr Speaker, Honourable Members, in rising I would just like to say a few brief words before we continue with this process this morning.

Firstly I would like to welcome Director of Finance to his first budget session. I know that he also has new members on his team in Treasury and Honourable Members can see a vast amount of work that has been involved in pulling together all of the relevant documents and figures for this process.

I would also like to mention that looking back over last year, we did, indeed, along with Treasury and all Government Offices, act upon our promise to try and open up and extend the budget process. For this year following the setting of last year's budget. We entered into a significant process of consultation on large policy and finance issues.

The Green and White Papers have been mentioned more than once today. The aim of this was to engage with the public so that we can endeavour to have as much as we can, no surprises budget when we set them.

We have travelled along that route to a certain degree. We have still got an awful lot of work to do. So far only two white papers have been drafted and as mentioned they are feeding into the deliberations today and for the rest of this week.

We have also engaged more openly with subvention bodies transfer payments. Rather than those submitting budgets to the Treasury, in December of a given year and hearing nothing until March of the following, we are now engaging with them more

openly and, whilst there might be room for improvement, I think it has helped along the way this year.

We have also, as mentioned previously, extended the length of the budget process so that we can more thoroughly thrash out items. The Treasury have endeavoured to simplify the budget information so that Members are better able to identify and discuss whether significant changes in proposed budgets, particularly identifying changes in service level and new policy areas. It has led to a little confusion along the way because it's new but I think, with a few tweaks, we can continue to improve that. I think it has helped at least to pick out those important areas that we need to discuss.

The Director of Finance's report was very extensive. I would just like to pick up on a couple of items. First, the Medium Term Financial Plan, which, of course, we adopted prior to last year's budget with the aim of trying to reduce expenditure by half a million and increase revenue by half a million with a net of one million – whilst we may have achieved setting that this time last year. There is little doubt that we will achieve that when we get to the end of the 2008/9 budget.

On listening to the proposed revenue lines for this year, I would like to add my words of caution regarding the proposed expectation of £4.3 Million from the Illex Fishery. When we adopted this process of setting a Medium-Term Financial Plan, we did, at the same time, except the principle of having a shadow Medium-Term Financial Plan, which would remove the volatile Illex revenue from the budget. We haven't, in the last 12 months, acted upon that. And, I think, given the recent outcome of the Illex fishery for this financial year that we need to speed up on that work so that we are not caught within the next 12 months without any plan in place.

I think I'll save all other comments for later on in the deliberation.

Sir, I support the Motion.

The Honourable Mike Summers

Mr Speaker, Honourable Members, I thank the Director of Finance and his team for their very hard work that they put in this year in sometimes very difficult circumstances. I think they've done an excellent job in trying to produce a series of options for us that at least go some way towards being acceptable. Of course, it's not just the Treasury Team but all those other Directors and budget managers in the Government who have the responsibility for doing that.

We arrive at a position where we have a deficit that's about £1.7 Million or thereabouts. It's inside our target. But I suppose it's acceptable although not very many weeks ago we were a long way from that because the demands for additional funding from all sectors of Government and other organisations that rely on the Government for funding were very substantial, indeed. And, in a number of areas, we've had to simply cut those away. As the detail of the budget comes clearer as time goes by, members of the public will discover where those areas have been cut away.

I am pleased that finally we've begun to get at least closer in the setting of the budget – to achieve a closer working relationship in setting the budget between GDP performance and Government expenditure. I think I first proposed in this House about five or six years ago, the keeping of better National Statistics. We've been through various processes to try to ensure that the National Statistics we have in place to enable us to examine and analyse economic performance simply weren't there. We are beginning to get there but there is still quite a long way to go. The enactment of a statistics ordinance is going to be an important part of that planning process. So as we move forward, hopefully, we can relate more closely public sector expenditure to gross and GDP.

For the benefit of those members of the public who are wondering why taxation income has continued to grow, when the rates of taxation income have been increased marginally last year – it is because the economy itself continues to grow and that is a fundamentally important thing. And, we spend a lot of time almost obsessing about the level of public expenditure but the important thing is – is the economy continuing to grow? And, are we continuing to be as a society better off. And, the answer is that we are. It's restricted in current circumstances but that is the most important issue.

I am delighted that this year we have been able to hold the level of expenditure to around the same as last year and, bearing in mind the rate of inflation that the Director of Finance has mentioned, that is a very substantial, real reduction in public expenditure.

We need to be conscious that that will have if not a deflationary affect, at least a dampening affect on the level of economic activity within the community and that's important to recognise and to bear in mind.

I think those are the key issues that I would like to raise from this presentation. Perhaps one more I, too, am concerned about the level of proposed Illex fees. I think we need to keep that under close consideration. And Capital Expenditure of £3.5 Million, well within targets, you might imagine is a good thing over three years - £3.9 Million but we must constantly remember that is the Capital Programme very often in this community that drives the growth in GDP. Whilst it is good to keep it under a strict control and we should not be expending money on Capital Expenditure that doesn't pass the necessary scrutiny tests, maintaining Capital Expenditure at least to some extent is an essential part of our economic activity here.

I support the Motion.

Clerk of the Legislative Assembly

The Appropriation Bill 2009, to authorise the withdrawal from the Consolidated Fund of money for the Financial Year ending 30 June 2010.

The Honourable Chief Executive

I beg to move that the Bill and Draft Estimates be referred to Select Committee of the House and that the Honourable Dr Andrea Clausen be appointed Chair.

Mr Speaker

The Motion is that the Bill and Draft Estimates be referred to Select Committee of the House and that the Honourable Dr Andrea Clausen be appointed Chair.

No objection, the Bill is now referred to a Select Committee of the House.

Clerk of the Legislative Assembly

The Finance Bill 2009

The Honourable Director of Finance

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

Clauses 3 and 9 increase fees for registration, naturalisation and for applications for Permanent Resident Permits and Falkland Islands Status

Clauses 4, 15 and 17 increase fees for the administration of oaths or affirmations, licences to hold land and notarial services

Clause 5 and schedule 1 increase company registration fees

Clause 6 increases customs clearance and entrance fees

Clause 7 increases dog licence fees

Clause 8 increases elected members' allowances in line with FIG cost of living increases over the life of this Council

Clause 10 increases the family allowance and also introduces means testing for future allowances

Clauses 11 and 12 increase firearms and ammunition licence fees

Clause 13 and schedule 2 increase fishery product fees

Clauses 14 and 16, and schedules 3 and 4, increase land registration and land charges fees

Clause 18 increases permit fees for the importation of plants

Clause 19 increases various fees in connection with marriages

Clause 20 and 21 increase various registration fees, including patents

Clause 22 increases retirement pension contributions

Clauses 23, 24 and 26 increase vehicle licence and other road traffic fees; and finally

Clause 25 increases the income tax personal allowance

All increase take effect from 1 July 2009 apart from:

Clause 8, relating to increases in Members' allowances, which takes effect only after a further future resolution of this Assembly, and will be payable after the new Assembly has been elected; and

Clauses 22 and 25, relating to increases in retirement pension contributions and income tax personal allowance, which take effect from 1 January 2010

I think that covers all the legislative adjustments that were included in my budget presentation.

I would like to express particular gratitude to the Principal Crown Counsel, Ros Cheek, for her advice and assistance; and her drafting skills in preparing this Bill. This is probably the longest and most complex Finance Bill I can recall.

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

The Honourable Andrea Clausen

I second the Bill.

Mr Speaker

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

Clerk of the Legislative Assembly

A Bill for an Ordinance to increases various allowances, benefits, charges, contributions, fees and penalties provided for under the laws of the Falkland Islands and to make new provision in relation to certain charges, fees and penalties.

The Honourable Director of Finance

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

Mr Speaker

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

Clerk of the Legislative Assembly

A Bill for an Ordinance to increases various allowances, benefits, charges, contributions, fees and penalties provided for under the laws of the Falkland Islands and to make new provision in relation to certain charges, fees and penalties.

The Honourable Chief Executive

I beg to move that the Bill be referred to the Select Committee on the Estimates.

Mr Speaker

The Motion is that the Bill be referred to the Select Committee on the Estimates. Any objection to the Motion? No objection, the Bill is now referred to the Select Committee on the Estimates.

Honourable Members, the Legislative Assembly is now adjourned until 2.15pm on Thursday 28th May 2009.

ASSEMBLY RESUMES
THURSDAY 28TH MAY 2009

Mr Speaker

Honourable Members welcome back to the reconvened session of Legislative Assembly.

Clerk of the Legislative Assembly

MOTIONS

Motion number 2 of 2009 by the Honourable the Director of Finance

It is resolved by the Legislative Assembly under Section 113 of the Customs Ordinance 2003 – No 9 of 2003 that:

- a. The Customs order titled 26.1.2 is amended to increase customs duties payable for alcoholic drinks and tobacco products as follows
 1. On Beer from 27p to 28p per litre
 2. On wines from 70p to 72 pence per litre
 3. On fortified wines from 82p to 84p per litre
 4. On spirituous beverages from £5.60 to £5.77 per litre
 5. On spirits from £10.23 to £10.54 per litre
 6. On cigars from £213.46 to £219.86p per kilo
 7. On cigarettes from £215.22 to £236.74 per kilo
 8. And on tobacco from £140.30 to £144.51 per kilo

- b. That this amendment of the Customs Order comes into force on the 29th of May 2009.

This is proposed by the Honourable Director of Finance.

The Honourable Director of Finance

Mr Speaker, Honourable Members, this resolution will bring into force from midnight tonight, Thursday, 28 May 2009, the increases in customs import duties I proposed in my budget presentation on Tuesday. I beg to move that the resolution be adopted.

The Honourable Chief Executive

I second the Motion.

Mr Speaker

Honourable Members do you wish to have a debate on this Motion? No, there is no debate, the Motion is so carried.

Clerk of the Legislative Assembly

Orders of the Day: Bills

The Appropriation Bill 2009, remaining stages.

Mr Speaker

Honourable Director of Finance could you please report on the proceedings of the Select Committee on Estimates and the Appropriation Bill.

The Honourable Director of Finance

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

The Select Committee met on Tuesday afternoon, to conclude the budget process, following a series of special budget meetings of the Standing Finance Committee. The committee's recommendations were approved by Executive Council earlier this afternoon and are now presented to Honourable Members for final approval

Although the committee debated the proposals at length, there were a limited number of adjustments made. Firstly, two adjustments were made to the operating budget, which compensate for each other financially; Secondly, it was agreed that operational responsibility for the Exercise Referral Practitioner post should be within the Leisure Centre rather than the Health Department (since that's where the individual actually works); and thirdly, the detail of the original proposal to 'means-test' the pocket money element of Further Education maintenance grants was reconsidered.

I will address the 'means-testing' element first, since this is likely to be of most interest to the community. The published White Paper includes a table which indicates the level of Government contribution that would be payable towards Further Education students' pocket money at various levels of household income. Following considerable debate, Honourable Members felt on reflection that the impact of the proposals in the White Paper might be too severe on some families. A revised set of thresholds was therefore agreed. This means that the levels of government contribution will now be:

- £40 per week for families earning up to £31,000 a year
- £30 per week for families earning between £31,000 and £46,500 a year; and
- £20 per week for families earning between £46,500 and £62,000 a year

These amounts will be payable in respect of each child in Further Education. No contribution will be made to families earning over £62,000 a year. I would add for clarification that this does not apply to students in Higher Education, since the grant made to them does not include a pocket money element.

Honourable Members also reconsidered the level of revenue that was included in the original budget, as presented on Tuesday, from Illex fishing licences. It was concluded that the original projection of £4.3 million might be overly optimistic and should therefore be reduced by £500,000. To compensate for this, the annual contribution to the Capital Equalisation Fund was reduced by the same amount. This is made possible since the cumulative capital programme is significantly below the £12M, three-year rolling programme, on which the original contribution was based.

The budget deficit for next year remains at £1,698,550. This is because, although the total appropriation for 2009/10 is reduced by £500,000 to £43,043,370, total revenue is reduced by the same amount.

Despite another tight budget round, all essential services are maintained broadly at existing levels. The Public Works Department continues to be allocated the largest share at £8.5 million. Next is Health and Social Services which is allocated £7.5 million. Education and Training, and the Fisheries Department are each allocated £5.3 million.

£3.5 million is allocated to Central Administration. This includes the services provided by the Secretariat, Treasury and Computer Section. Aviation, which covers Civil Aviation, Stanley Airport and FIGAS, is allocated £2.5 million and the Department of Agriculture is allocated £1 million. The remaining heads of service are allocated less than £1 million and details of the revenue and expenditure for all departments will be shown in the approved estimates booklet.

No adjustments were made to the transfer payments budget of £4.9 million. This budget includes the following allocations in the form of assistance to non-government organisations, social payments and other programmes:

- £400,000 for the holiday credit scheme. This represents the anticipated 'withdrawals' during the year from balances already accrued by individuals.
- £383,000 as a contribution to the Tourist Board to support investment in the promotion and development of tourism.
- £265,000 for improved TV and radio services.
- £209,000 for family allowances; encompassing the increase in the allowance and the means testing of recipients.
- £150,000 as a contribution towards defence in the form of funding for accommodation at MPA.
- £149,000 to support the Falkland Islands Radio Station.
- £100,000 to support the Pensions Board of the Falkland Islands Pensions Scheme.
- £70,000 for donations and subventions to support youth, sports and other charitable organisations.
- £70,000 to support the Museum and National Trust; and
- £67,000 to support the work of Falklands Conservation.
- A total of £2.6 million is also included for direct and indirect support to the camp community, relating to coastal shipping and ferry services, meat

company subsidy, energy grants, agricultural business development, labour scheme, farm improvements and pension contributions.

It should also be noted that the subsidy allocation for FIDC has been restricted to £53,000 for the forthcoming financial year. This is because the corporation has sufficient accumulated balances to fund the remainder of its approved budget. I would emphasise that this is a one-off reduction and annual subsidy projections have been reinstated at more realistic levels for the future.

The committee also made some adjustments to the capital programme; deleting two schemes that are as yet undefined (and subject to Executive Council consideration first anyway); and re-profiling a further scheme to be more realistic on timing of anticipated spending. The revised capital programme for 2009/10 now totals £8,071,420.

As a result, the capital programme now includes allocations for the following major construction and improvement schemes:

- £2.27 million to complete the expansion of the wind farm.
- £1 million for the construction of a permanent sea terminal at Port Howard
- £765,000 for infrastructure development (with a further £1.7 million included in the projections for the subsequent 2 financial years). A provision of £700,000 to fund the remaining improvements to the abattoir. It should be stressed that this project is subject to further consideration by Executive Council, following review of economic benefits, which is currently underway – and is not therefore approved for spending at this stage.
- £500,000 for continuing the building, capping and repair of camp roads, on both East and West Falklands.
- £220,000 for repairs to Camp jetties and Sea Lion Island jetty
- £200,000 for major repairs to roads in and around Stanley.
- £200,000 for upgrading/resurfacing of Stanley Airport runway.
- £64,000 for improvements to the Bypass/Airport Road. And finally,
- £60,000 for improvements to the Moody Brook Road.

In addition to construction schemes, the capital budget includes the following allocations:

- £541,000 for medical equipment and hospital capital works;
- £494,000 for the purchase of plant for PWD and £200,000 for the replacement of other vehicles across the whole of government;
- £270,000 for Government housing, together with a further sum of £84,000 for replacement furniture.
- £91,000 to improve the hospital laboratory and gain accreditation to EU standards. This is required so that the fishery and agricultural exports can be tested before they are exported, in line with new EU requirements; and finally,
- £86,000 for the second phase of a substantial investment in information and communication technology for our schools.

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

Although, for the reasons I mentioned on Tuesday, we have not been able to produce a balanced budget, a reasonable balance has been struck between expenditure across the full range of service provision for social purposes, economic development and capital investment.

A paper summarising the adjustments made to the draft estimates at select committee was presented to Executive Council earlier this afternoon. I can now report that Executive Council recommends to the Legislative Assembly, the necessary amendments to the Appropriation Bill to accommodate those adjustments.

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

Mr Speaker, this concludes my report of the proceedings of the Select Committee on the 2009/10 estimates.

The Honourable Andrea Clausen

Mr Speaker, Honourable Members, I beg to move that the report be accepted by this House. I would now like to speak to the report.

Firstly I would like to start by thanking Keith and all of his team. Their job over the past 12 months has been much bigger than over the previous years purely as a result of the fact that we asked for the entire budget process to be extended to allow for wider debate and consultation on key areas of service provision. And as a result, Members have become much more closely involved in the budget process, which I, for one, think is a good thing. So, thanks to them all for their excellent work.

While setting a deficit budget is certainly not to be celebrated, I am pleased that we have managed to exceed the targets set and the Medium-term Financial Plan and set a slightly approved deficit of £1.7 Million. And whilst the forecasted budgets for the following three years also exceed the MPFP targets the final year doesn't. And so there is much more work to be done to get us to a net balance position at the end of 2013/14.

So now is not the time to become complacent. Times are becoming ever more challenging and so elected Members as well as service managers will have to work hard to stay within the budgets that have been set. I am also pleased to note that we have managed to increase the ratio between Operational Expenditure and the Consolidated Fund from 2.08 for the current financial year to 2.33 for 9/10. Of course we have to achieve our target of a multiple of at least 2.5. But given the current circumstances we are, at least, heading in the right direction again.

Whilst it will be some time before an accurate picture of the out turn of 2008/9 is known, it is clear so far that despite setting a healthy budget for revenue, the collapse

of both the financial markets and the 2009 Illex season have lead to a drop in revenue of around £11.7 Million so far. Thankfully this will be partially offset by a one-off increase in tax income over the same period.

We do, however, expect that the fall-out from the financial crisis and the subsequent world recession will continue to impact upon our revenue for at least the forthcoming two years. Indeed, this was the purpose of the review of the previously adopted Medium-term Financial Plan.

The subject of revenue collect from the sale of Illex licences continues to leave the Government Budget in an exposed position. I am therefore pleased to see that as well as £2Million we had proposed to remove from the original forecast, we have managed to remove another £½ million, resulting in the forecast revenue of £3.8Million.

Whilst this is certainly moving us in the right direction, there is also more work to do here. Many will recollect that one of the main aims of the Medium-term Financial Plan, which was approved in the later half of 2007, was to remove reliance on this volatile income stream by reducing expenditure and increasing other areas of revenue. This does remain a key objective of that plan despite the current setbacks, which are largely out of our control.

Whilst my Honourable Colleague was pleased to note on Tuesday that our proposed position on expenditure was only slightly higher than that found for the previous year, I hope that he is even happier now that we have actually managed to set operational expenditure at £850,000 less than that for the previous year.

This has been achieved despite the increasing demands for higher standards of service and the requirement to continue to provide resources, which will help to facilitate economic growth.

This year we have been able to partially mitigate against some of our expenses by changing the way in which some of those services are paid for. As previously mentioned, we have been able to use the outcomes from the Green and White paper process on wealth related payments and FE and HE funding in the setting of this budget. Outcomes from the Health and Tax Policy reviews will be, of course, considered later.

The initiation of this consultation process was in clear recognition that it was not reasonable to make the necessary budget decisions on how to find key areas of service provision or to make significant changes to revenue raising measures in closed meetings and without first seeking public views.

As my Honourable Colleague stated, on Tuesday, whilst this change will be uncomfortable for many it does remain the policy of this Assembly to try and provide as reasonable and a fairer system to all and so that has been at the forefront of our minds during our deliberations.

You will note that there have been some significant reductions in some areas of transfer payments as well as some top-down reductions in expenditure for some of the larger Government Departments. There will be impacts from these cuts but we have

bar one managed to deliver these savings without reducing the number of posts. It will, of course, be the task of managers to further organise and prioritise so that they can continue to deliver existing or close to existing standards of service.

Of course I, like many others, look forward to the day when our fortunes improve and perhaps only the Assembly of the day will be able to, again, reduce the financial burdens which we reluctantly had to implement over the course of this Assembly.

I would like to see the Falklands remain a country that can call itself first world, maintaining high standards and offering a wide range of services it currently does. Whilst for now we need to take steps to change ways in which these services are funded, I would not like to see the Country regress by purely reducing the standards of these services. This would do nothing to contribute to the valuable work that it's been done by the development of our economy, which will be intrinsically linked to the attractiveness of our country as a place to live and raise families.

Sir I support the Motion.

The Honourable Mike Summers

Mr Speaker, Honourable Members, in rising to second the Motion I would just like to make a few comments about the budget we have just set and it's affect looking forward.

I think the introduction of means testing is an important stage of development for the community. It is, of course, not the first time we've had means testing in the Falklands. But we are in a position now where we are no longer able to pay purely from public funds for all the services that we provide and simply topping that up from fisheries licence fees is not sustainable within the longer term.

So the introduction of shared funding, if you like, for services is an important step forward. I was very pleased that we made some adjustments to the means testing thresholds for further education during the course of the meetings because what was being proposed was too draconian. And, it does make sense in introducing shared payment schemes to start at a relatively modest level to see how they go and then adjust it as we move forwards. I am pleased about that.

I am less pleased that it's been necessary to increase the cost for providing services by about 5.1%, I think over the board for a wide range of Government Services. That is the rate at which inflation has been running and it wouldn't be sensible not to keep on moving these things forward but again we do have to be conscious that simply raising the cost with inflation is not necessarily going to be productive in the longer term. And I am concerned and we had some discussion within the Select Committee about the cost of social housing in particular. And the decision to raise the level of rentals for social housing by 5.1% was accepted by Members but in having a discussion about that, I think we feel there is a need to review that. The very reason that the Government has a housing stock is to help those people who are less able to provide for themselves and also young people who are coming up through the system joining the housing market for the first time and trying to save for a mortgage. So taking all that money out from them in rent doesn't make a lot of sense. Nevertheless we have

to strike the right balance between the value of the properties that have been rented and private sector housing, etc. I think we do need to have a further look at that in due course.

There have been a couple of areas where there have been some fairly major reductions in expenditure – one in the amount of money allocated to FIMCO as support and that has been reduced from a request of £633,000 to £500,000 and that's still a substantial amount of money but there will be a requirement, I think, for FIMCO to review its operating methods and procedures to be able to work within that budget and indeed to present options for Members going forward as to how that will be reduced further in the future.

And we also decided that the time had come to perhaps reduce some of the outside advice being provided from the Department of Agriculture. And the Department has been invited to reduce its staff by one in terms of contracted staff. So that will save in the order of £100,000 per annum.

A number of other areas that going forward will require more work – the whole issue of delivering television requires, I think, more work and looking at and we certainly will continue with that – and health service funding that Colleagues have already mentioned.

The one thing that does overlay the whole of the budget is the issue that Illex licence fees sitting the budget at not much less than £4Million the degree of confidence that we can have that that will actually be achieved cannot be that high and therefore there is a significant chance that the out-turn of this year's budget will be well in excess of the target that we reached at one point - £7Million deficit. If that is the case, then we will have an awful lot more work to do and an awful lot more things to change to make it possible to get back to the position of a balanced budget.

Overall, I think we probably have done what we needed to do and I hope that members of the public will understand that there has been this necessity to re-balance the payment for the cost of services between public sector provision and self help and that the concept of user pays is still an important concept in setting the budget going forward.

I would like to add my thanks to the Treasury Staff for all the very hard work that they've done over several months. This has been a very, very difficult process for them all, I know and never that easy. So, thank you to Keith as well as all of his staff and to the Chair of the Select Committee for taking us through this process.

Sir, I support the Motion.

The Honourable Janet Robertson

Mr Speaker, Honourable Members I think the point about the budget this time is that we have been discussing it over the last year. For the last two or three years we have been advising that we were going to have to look at various efficiency measures and savings in expenditure because to a certain extent we could see where the lines

between revenue and expenditure were going and we really needed to address those issues.

And, as a consequence, there are some things in this budget which probably are no surprise to anyone but which, of course, do have an impact and Honourable Colleagues have mentioned efficiency savings that have been made. And it is true that many departments are going to feel the strain of this, particularly the ones that have been asked to make target specific savings and we mentioned Agriculture. The Medical services have also been asked to find an efficiency saving in terms of energy use and Locums. And they are going to find this hard. We already know that Health expenditure is a cause for concern and that it's stretched to its limits and, indeed, that's why we are going to go through the process or are in the process of looking at the whole financing of health. But nevertheless in the interim they are going to find this difficult.

Similarly other areas of my portfolio, I would like to mention the Police here, I know people tend to think that we've got far too many policemen for our needs for only a small community and there's not that much crime anyway. But actually we have to remember that the policemen that we do have, have to serve this community 24 hours a day, seven days a week and they have to look after the prisoners after hours, they are involved in a number of things that probably never come to our attention, such as domestic violence and child abuse. And all in all, between all of those things, there is quite a strain put on them with the numbers that they only need a major incident at the Trough at 0200 on a Saturday night to really, or indeed anywhere, not to pick out the Trough particularly, actually make them feel that they are quite vulnerable in certain circumstances.

So I just want to take this opportunity to say that we are aware, at least I am aware that the savings that have been required from departments year on year is not easy for them and as the Honourable Andrea Clausen has said this will challenge Managers to look at their expenditure and see how they can possibly continue to deliver the same level of service year on year with decreasing budgets. I think that the last six years have probably shown that a lot is possible and, once you put your mind to it, it's amazing what can happen. But nevertheless, it will be a big challenge.

Mention has already been made of the Illex revenue and I think we are all a little bit relieved to have been able to adjust those figures on Tuesday afternoon. In a sense, trying to decide what your Illex revenue is going to be is a little like plucking figures from the air because we just don't know from year on year what it's going to do. It's always been volatile and it seems to be even more so now. And whilst we can reasonably expect and hope that our income from investments is going to steadily grow and get itself back into a reasonable state in the near future, we just don't have the same confidence about Illex. And after all the Medium-term Financial Plan – the purpose of that right from day one was to actually take into account the fact that one day we would like to get to a position where Illex revenue would be a surplus to the budget rather than form part of the budget revenue figures itself. And we are a long way away from that but probably the impact of this year's catches or lack of catches has probably made us realise that we have to do this sooner rather than later.

Just a subject a quick mention of medical services levy after great debate and failure last year to be able to get that in place, we were hoping that something along those lines could be brought in this year. Anyways, I'm glad it's not because, as mention has already been made, the 5.2% inflation across the board and the introduction of further means testing is already going to challenge people this year having to make them think about their own private budgeting but the fact remains that it is likely that the Green and White Paper Process we are going through on that is going to lead to some kind of contribution and I would expect the Council next year to be having to consider that quite seriously.

Having said those not very happy probably negative things, there are a few things that should comfort people out of this a quick mention of the electricity prices, it will make a difference, I think, to everybody for those prices to be reduced to 17.5 pence a unit. That's going to make quite a difference and I can tell you that times we were sitting there going to find several hundreds of thousands of pounds that it was quite hard but personally as was mentioned before we always said the principle on electricity was cost recovery and it will be interesting to see how the extension to the wind farm will actually impact on that further.

I mention about the Exercise Referral Practitioner quite clearly there's been a lot of support for this post through the Penguin News and actually individually it's been expressed on many occasions and I am very glad that a decision has been made to retain this post for another year and I am also pleased that Members have agreed to move it to the Leisure Centre because I think that part of the problem with that post has been in crossing two departments, it hasn't really been championed by any single department. They have all, of course, looked at their own budget position and although supported in principle really wanted someone else to pay for it. So now the decision has been made and I think that on the whole the level of use that has been made of the Exercise Referral Practitioner has been largely by people who are happy to pay for advice on fitness and so on and I would really encourage people to use that now that the post is there.

I won't say anything about education grants other than to reiterate the Honourable Mike Summers' comments. I am glad that some alterations that have been made from the originally suggested figures as I think it will give people a little bit more time to prepare and to think if this further expenditure that they will have if their children are going away to college in future years but to say that this is the beginning and it is rightly depending on what happens in future years that the bands will, I am not sure whether to say increase or decrease, but either way that the means testing will be more severe, probably, for the higher earners and I would encourage everyone to think along those lines.

Just a comment about the budgetary process – I think all in all it has been a reasonably comfortable process. I can say this is the 4th budget I've been involved in and it is the first time that I feel like I'm standing here not feeling that I have to defend any extraordinary surprises. I think that the whole process that we've been through this last year, there's no doubt that the Treasury has done fantastic work in it. It's been long-winded, it's been complicated, probably not as complicated as finding out what happens to broken street lights, but complicated nevertheless, a small piece of jungle in order to provide the paperwork in order to make the decisions. But at least we are

not standing here surprising anyone with decisions that we've had to take at the last minute. It's been a long period of consultation and everyone has been involved in or has had the opportunity to be involved in, discussions on it so for that, thanks to the treasury and to everyone who's contributed.

Those are my comments. I support the Motion.

The Honourable Richard Stevens

Mr Speaker, Honourable Members, I hadn't really got much to add to my colleagues apart from one small issue that might sound like knit picking but it's probably quite important to a lot of people in Camp.

I remember a number of years ago we used to have a debate about roads and who they belong to. Were they Camp Roads? And, I think, over time, we began to think of roads more as a community asset and I feel that perhaps the same could be extended to other things like the ferry, which perhaps could be seen also not so much as a subsidy to Camp but a community subsidy because it's an asset that we can all use hopefully and most people do. So it's a very small issue but I think it's an important one.

And, as I am standing I would also like to thank everybody that's been involved in the budget process. It has been hard work but hopefully it's been measured and fair. And, the number of times that we've gone back and asked people to come up with more savings and many times to probably a lot of sweat and tears we have. So, thank you.

Mr Speaker, Honourable Members, I support the Motion.

Mr Speaker

I declare the Assembly to be in Committee.

Clerk of the Legislative Assembly

Clauses 1 to 3.

The Honourable Director of Finance

I beg to move that Clauses 1 and 2 stand part of the Bill and that 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 Bill are there any objections? Clauses 1 and 2 stand part of the Bill.

Clerk of the Legislative Assembly

Schedule

The Honourable Director of Finance

I beg to move that the Schedule as agreed by Executive Council this afternoon and circulated around the table stands part of the Bill.

Mr Speaker

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

Clerk of the Legislative Assembly

Clause 3

The Honourable Director of Finance

I beg to move that Clause 3 as amended stands part of the Bill with the following amendment.

“To delete the figure of £43,543,370 and insert £43,043,370”

Mr Speaker

Honourable Members the Motion is that Clause 3 as amended by the Honourable Director of Finance stands part of the Bill. Is there any objection. Clause 3 as amended stands part of the Bill. Council will resume.

The Honourable Director of Finance

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

Mr Speaker

Honourable Members, the Motion is that the Bill be read a third time and passed. Is there any objection? The Bill will be read a third time and passed.

Clerk of the Legislative Assembly

A Bill for an Ordinance to authorise the withdrawal from the Consolidated Fund of money for the Financial Year ending 30 June 2010.

The Finance Bill 2009 remaining stages.

Mr Speaker

I advise the Honourable Director of Finance to report on the proceedings of the Select Committee on the Finance Bill.

The Honourable Director of Finance

Mr Speaker, Honourable Members, just to confirm that the Select Committee approved all the provisions contained in the Bill as proposed in my budget presentation on Tuesday without amendment.

The Honourable Andrea Clausen

I beg to move that the report be accepted by this House.

Sir, I support the Motion.

The Honourable Mike Summers

I second it.

Mr Speaker

I declare the Assembly to be in Committee.

Clerk of Legislative Assembly

Clauses 1 to 27.

The Honourable Director of Finance

I beg to move that Clauses 1 to 4, 6 to 12, 15 and 17 to 27 stand part of the Bill but that clauses 5, 13, 14 and 16 be left until the Schedule has been considered.

Mr Speaker

The Motion is that Clauses 1 to 4, 6 to 12, 15 and 17 to 27 stand part of the Bill but that clauses 5, 13, 14 and 16 be left until the Schedule has been considered. Is there any objection to the Motion? No objection, Clauses 1 to 4, 6 to 12, 15 and 17 to 27 stand part of the Bill.

Clerk of Legislative Assembly

Schedules

The Honourable Director of Finance

I beg to move that the Schedules 1 to 4 stand part of the Bill.

Mr Speaker

The Motion is that Schedules 1 to 4 stand part of the Bill. Is there any objection to the Motion? No objection, Schedules 1 to 4 stand part of the Bill.

Clerk of Legislative Assembly

Clauses 5, 13, 14 and 16

The Honourable Director of Finance

I beg to move that clauses 5, 13, 14 and 16 stand part of the Bill.

Mr Speaker

The Motion is that clauses 5, 13, 14 and 16 stand part of the Bill. Is there any objection to the Motion? No objection, clauses 5, 13, 14 and 16 stands part of the Bill. Council resumes.

The Honourable Director of Finance

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

Mr Speaker

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

Clerk of the Legislative Assembly

A Bill for an Ordinance to increase various allowances, benefits, charges, contributions, fees and penalties provided for under the laws of the Falkland Islands and to make new provisions in relation to certain charges, fees and penalties.

The Licensing (Amendment) Bill 2009. The Bill has been published in the Gazette and we therefore go directly to the second reading.

The Honourable Chief Executive

Mr Speaker, this Bill results from a request by the Police Committee that the Clerk of the Summary Court should deal with extensions and occasional licenses, provided certain conditions are met. Currently such applications are dealt with by Licensing Justices, which they have long considered unnecessary for straight forward applications.

This Bill makes the requested amendment. Section 5 sets out the licences that may be granted by the Clerk and the second part of that section sets out the conditions, which include that the Chief Police Officer has no objections.

I should report that both the Senior Magistrate and Clerk to the Court support the Amendment.

I beg to move the second reading of the Bill.

The Honourable Director of Finance

I second the Motion.

Mr Speaker

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

Clerk of the Legislative Assembly

The Licensing (Amendment) Bill 2009.

Mr Speaker

Council will be in Committee.

Clerk of the Legislative Assembly

Clauses 1 to 5

The Honourable Chief Executive

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

Mr Speaker

The Motion is that clauses 1 to 5 stand part of the Bill. Is there any objection to the Motion? No, Clauses 1 to 5 stand part of the Bill.

Clerk of the Legislative Assembly

No Schedule.

Mr Speaker

Council resumes.

The Honourable Chief Executive

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

Mr Speaker

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

Clerk of the Legislative Assembly

The Licensing (Amendment) Bill 2009.

The Livestock (Amendment Bill) 2009, this Bill has also been published in the Gazette and goes directly to a second reading.

The Honourable Chief Executive

Mr Speaker, thank you. The main purpose of this Bill is to regularise publication of non-financial information contained in annual farm returns. Though the publication of such information has been undertaken for many years, it recently came to light that the law did not actually provide for such information to be published.

Consultation has taken place with the Farming community via the Agricultural Advisory Committee. That Committee supports publication of non-financial information and most farmers find the information helpful in bench-marking their own farms performance against others.

That view is strongly supported by the Director of Agriculture.

This Bill also provides the Director of Agriculture to be able to amend the form used for annual farm returns on their own authority rather than going to the Government.

In summary, Mr Speaker, this Bill remains a Livestock Ordinance to provide for the publication of annual farm statistics, excluding financial information and empowers the Director of Agriculture to amend the form as and when required.

I beg to move the second reading of the Bill.

The Honourable Director of Finance

I second the Motion.

Mr Speaker

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

Clerk of the Legislative Assembly

The Livestock (Amendment) Bill 2009.

Mr Speaker

The Council will be in Committee

Clerk of the Legislative Assembly

Clauses 1 to 6

The Honourable Chief Executive

Mr Speaker, I beg to move that clauses 1 to 6 stand part of the Bill.

Mr Speaker

The Motion is that clauses 1 to 6 stand part of the Bill, is there any objection? No objection, clauses 1 to 6 stand part of the Bill.

Clerk of the Legislative Assembly

Schedule

The Honourable Chief Executive

Mr Speaker, I beg to move that the substitute schedule stands part of the Bill.

Mr Speaker

The Motion is that the substitute schedule stands part of the Bill, is there any objection? No objection, the schedule stands part of the Bill. Council resumes.

The Honourable Chief Executive

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

Mr Speaker

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

Clerk of the Legislative Assembly

The Livestock (Amendment) Bill 2009.

The Supplementary Appropriation 2008 / 2009 Bill 2009, this Bill required a first reading.

The Honourable Director of Finance

Mr Speaker, Honourable members, the purpose of this Bill is to authorise the withdrawal of the sum of £434,220 from the Consolidated Fund to meet the supplementary expenditure approved by the Standing Finance Committee since the original Appropriation for the year was approved.

These approvals were in respect of the following:

£168,160 in respect of carry-overs or under-spends from the 2007/2008 financial year for four items of expenditure

£6,560 to be the cost of Helicopter flights for three islands

A total of £203,000 for the Health and Social Services Department to meet the increased costs of electricity, drugs and laboratory testing

£46,500 to enable a person to be sent to the UK for needs assessment and

£10,000 under the Co-operative Societies Ordinance to meet the cost of an enquiry in connection with the closure of Stanley Co-op

Details of the supplementary expenditure are recorded in the Open Minutes of the Standing Finance Committee.

I beg to move the first reading of the Bill.

The Honourable Chief Executive

Mr Speaker, I second the Motion.

Mr Speaker

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

Clerk of the Legislative Assembly

The Supplementary Appropriation Bill (2008/09) Bill 2009

The Honourable Director of Finance

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

Mr Speaker

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

The Honourable Janet Robertson

Mr Speaker I will, if you permit me, if I could ask the Director of Finance perhaps, given a large part of the Supplementary Appropriation Bill relates to unexpected expenditure from the Hospital, including £33,000.00 for electricity perhaps I should have directed this question to the Chief Executive rather than the Director of Finance. I am very sorry. But I would like to know if there are any plans in place for addressing the fact that this extent was not provided for in the original budget. Sorry, Mr Speaker, perhaps I should say that that question should have been directed to the Chief Executive and not the Director of Finance. It wasn't entirely fair.

Mr Speaker

The Honourable Director of Finance, if you wish to respond in writing at a later date I am sure the Honourable Member will accept that.

The Honourable Janet Robertson

Yes, I would accept that. I apologise if it has caused some problems.

The Honourable Director of Finance

I am very grateful for that.

[Response to Question from the Director of Finance (submitted subsequent to the meeting)]

Certainly, Honourable Members will probably be aware that there has been a series of meetings this financial year with senior hospital management to improve financial management. This led to investigation of cost variances, including the electricity budget (which had not been adjusted since 2005). It was identified that electricity costs had risen due to increased activity at the hospital, inadequate monitoring and break down of the automated management system. Improved monitoring is now in place, the trend management system has been repaired and the budget has been set at a realistic level for 2009/10.]

Mr Speaker

There is no objection, the Bill will be read a second time.

Clerk of the Legislative Assembly

The Supplementary Appropriation Bill (2008/09) Bill 2009

Mr Speaker

Council is in Committee.

Clerk of the Legislative Assembly

Clauses 1 to 4

The Honourable Director of Finance

I beg to move that clauses 1 to 4 stand part of the Bill.

Mr Speaker

The Motion is that clauses 1 to 4 stand part of the Bill, is there any objection? No objection, clauses 1 to 4 stand part of the Bill.

Clerk of the Legislative Assembly

Schedule

The Honourable Director of Finance

I beg to move that the Schedule stands part of the Bill.

Mr Speaker

The Motion is that the Schedule stand part of the Bill, is there any objection? No objection, the Schedule stand part of the Bill. Council resumes

The Honourable Director of Finance

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

Mr Speaker

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

Clerk of the Legislative Assembly

The Supplementary Appropriation Bill (2008/09) Bill 2009

The Motion for Adjournment.

The Honourable Chief Executive

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

Mr Speaker

The Motion is that this House stands adjourned *Sine Die*; does any Honourable Members wish to speak to the Motion?

The Honourable Ian Hansen

Mr Speaker, Honourable Members, I just have a couple of very short issues to address. First of all, I would like to thank the Director of Finance and his team for all the work they put into this budget. And I do hope, Keith that this is the lowest point in your budget career from now on and things begin to look up in the following years.

Just briefly on the budget, it was mentioned a couple of times today about reduction in services. In the past six years I've been involved we have always been very aware of trying to avoid any serious reduction in services. Unfortunately, it has happened – perhaps not totally noticeable but if you take over the past six years some of the reductions in services in the Camp constituency, for instance, there has been the removal of the Dental facility at Fox Bay, there are less frequent Doctor visits now than there used to be. This year alone has seen a reduction in flying days, which means reduction of service through FIGAS. And I guess some of the outer islands and some of the outlying stations on the West Falklands would perhaps even suggest

that or argue that since reduction of ferry they have had less service from Coastal Shipping. So reduction of service has been there over the years nevertheless.

The next issue I wish to speak about I think is fairly important. It's an issue of service; it's an issue of communications – Cable & Wireless. I would like to begin by paying tribute and thanking the technicians who spent many hours in very adverse conditions at times trying to get the new broadband system set up. I think they have done a sterling job. They are still working as I speak, I am sure. However, whilst the system may or may not be in place in the next week or so Islands wide, there is definitely obvious problems with the monitoring of this package and with other packages offered and whether or not the readings are correct on the amount of megabytes used in each package. To illustrate the point I am trying to make, or am making, I will give a brief example. On the 18th of May – this is to do with the Silver Package on our Farm downloaded the amount of megabytes that we used. And, over the 1,000 we used 806. We felt that to be a little bit high for what we were using. And I will read part of the reply we received from Cable & Wireless:

“We are currently working on a fault which is affecting customers on the new Wymax broadband service. Customers may see a huge usage of data being displayed on the website on some days. We are sorry for any inconvenience caused and would like to assure you that a solution to fix the display reading is being worked on. And, when necessary, an adjustment will be made to your next telephone bill.”

It will be interesting to see what that bill does reflect because on May the 20th we downloaded the megabytes used and it had gone up to 1848. And on the 25th of May it had gone back down to 1132, which we are now assured is the right figure. I don't know how that decision was made that it was the right figure. This is just one example of many that's happening in Camp and indeed I believe possibly happening to users in Stanley as well.

It just seems to me something has to be done about this. We, as Government need to react. To regulate this I think we have to make a firm stand and stay that until or unless Cable & Wireless can guarantee a consistent way of monitoring that is acceptable to the customer that the customer can understand then they should only really be charging or invoicing the customer for the package they purchased in good faith.

I think that's all I have to say, Sir. I am sure there will be many other comments about the budget and other things from my other Colleagues.

Mr Speaker I beg to support the Motion for Adjournment.

The Honourable Richard Cockwell

Mr Speaker, Honourable Members, I, too would like to thank the Director of Finance and his staff for the sterling job that they have done this year, in particular Nicola Granger and Simon Wilkie who have been attending the meetings with ourselves, who have put up with all of our discussions which were going on and in particular being able to find out exactly where we were at any stage during the budget. I have never been able to do it quite at that level.

This is my last budget. I think it's my 12th actually. And I have to say that it has been the most difficult in some ways particularly with reductions in income, increases in expenditure and I think I should congratulate everybody for the solution that we've arrived at. It's not everybody's cup of tea but I think it's not nearly as bad as many people in the public expected.

However, I think one of the things we haven't actually stressed is, it hasn't been stressed by previous speakers is the future of the economy. We have the economic Development Strategy and Rural Development Strategy underway at the moment. But I think we need to be very aware of the fact that it may not be everybody's cup of tea but we are going to have to find some way of increasing our income and it's probably by inward investment. Now inward investment here is anathema to some people. However, our largest income earner – fisheries – was actually built through a type of inward investment through the joint venture system. And I think if we think constructively in that way we should be able to find other ways of creating inward investment which should make a difference to our economy. We cannot carry on just cutting back and cutting back on the cost of running the Government without finding ways of increasing our income. So I really do hope that the incoming government, which I will not be one of unfortunately but as I said before, I am retiring, looks at this very carefully.

If I can just say one thing about the budget which concerns me and I have certainly said it in other places, is the reduction in the Development Corporation's funding. I think this is really something which we needed to think about more carefully because with the EDS coming forward we are hopefully going to find enterprise and systems that we are going to have to invest in. Who's going to invest -the Development Corporation? The Development Corporation has the money to actually invest in the future. It's going to be very much hog tied.

Other than that, Mr Speaker, I support the Motion.

The Honourable John Birmingham

Mr Speaker, Honourable Members, in rising to speak to this Motion, I must first say, well done to those who participated in yesterday's Challenge Day including both schools and I am sure some of the Members around this table also.

This Assembly's real Challenge Day was, of course, on Tuesday when Members discussed the proposed budget for the forthcoming financial year. Some changes were made and that's where we ended up today. In this House on Tuesday I said that it's the duty of elected representatives to make decisions. Sometimes they are political as in the case of the Next of Kin Visit and sometimes and the reason we are here today, it's financial.

This budget's been difficult but as with life in general, it's not been as good as some would have hoped for but it's not been as bad as some may have feared, either. Your cigarettes are up – electricity is down.

I would also like to extend my thanks to our Director of Finance and all of his staff, especially Margaret, who takes the minutes along with the Heads of Department who

have shown great willingness to work towards the common good, which surely is a continuation of a viable, well ordered and cost effective service.

It's already been said here that we are not immune to the affects of any global downturn. I have spoken to no one who isn't aware of this. We live in a community where common sense abounds and the majority of people will understand the reasons why some of the not so popular decisions have had to be made this week.

There's a visitor here this week, a Mrs Meg Davie from Lancashire, who is invited by the KEMH to look at the way the elderly are cared for in the Islands, I look to my colleague. I went to a presentation last night and found it extremely interesting. There had been a fair turn out of people there. And it's been recognised for some time that there is a small but significant number of vulnerable people here in the Islands of all ages. And I, for one, was very pleased to find out that there is now much progress in the putting together of a strategy to help those who really do need assistance.

It's now a year since the Ocean 8 went down and a report and a review into that incident has just been to Executive Council. I am sure it will be released to the public. It will be released to the public shortly and the recommendations acted upon. There were some areas where procedures will need tightening up but on the whole the departments involved in that operation came out as having acted in a very professional manner.

I heard on the radio the other day that the last of the Task Force ships has now been paid off – HMS EXETER. That surely is a cliff of the ratchet of history. And certainly at this time of the year, it makes me pause and put things into perspective a little bit. But what's to come?

When I asked the question in this House on Tuesday about the new port, that word comes up again "future-proof". I hear the plight of this project, well, I say again, that word to me means making sure that the right decision is made and that in years to come there is money around to sustain the standard of living and levels of service that we have at present wherever possible.

To stimulate some debate on this project which, if the wrong decisions are made, would make any past or present capital project look like small change, I'm putting my hand up for a truly realistic approach to spending any large amounts of money surveying areas that clearly have no chance of ever being chosen as a location. So to me that wipes out Berkley Sound. Of the others, and having listened to some but by all means everybody locally who is professional enough to be interested, I'm going to go for FIPASS or the FIPASS area for these reasons: It's got road access, water, power, fuel storage, plenty of room to expand and surely, what is in effect, a small regional feeder port. The water depth, although not great, is adequate. And I have spoken to enough people whose views I respect to believe that. To me it's the only cost-effective, truly cost-effective and practical site.

For those who are awaiting housing plots, I hope that there will be an announcement shortly that will be of interest to them.

By the way, I have got a couple of adverts today, I get fresh milk from the dairy and I would recommend it to anybody and I hope that the dairy may continue for a long time in the future. Anybody who's thinking of trying out the local milk, please do.

I also have an apology to make. I had somebody come to my door today who gave me half a hard time over the answer I gave to a question put to me by the Honourable Dr Clausen the other day about streetlights. It would appear that I got my figures wrong and this person had been around Stanley streets last night and counted over one hundred lights out. That, to my way of thinking, is nearly 14%. I am making this public so that people will be there and in time it will be pushed along to the people responsible, who will, given time and resources, make that good.

When it comes to Chinese Circuses by the way, I would like to know whether Giraffes really do eat Pomegranates.

And I know that in a couple of weeks' time the teams will be going away to the Island Games and, Mr Speaker, I would like to send my best wishes to those teams.

Mr Speaker, I have one more thing to say and it's about the Co-Operative Society. And this is as much a message, this is a second advert, as much as a message for Members of the Co-Op, of which there are very many and it's been said in this house today that there is to be an inquiry. It would appear that there is a legal requirement for that inquiry. But all Co-Op Members, as I say, will be a member of the Committee dealing with the winding up. But we are doing as much as we can in doing as much as we possibly can to pay out to the Membership and that things are really moving along now to the end of the process and that there will be some information going out to the public and Members shortly.

Mr Speaker, I support the Motion.

The Honourable Richard Stevens

Mr Speaker, Honourable Members, I haven't got very much to say but what I would like to say is that after speaking to a few people about the budget many have taken the reasoning that we are putting forward. Some people say that we had it really good up until this point and some believe that we will have good times again and that's their right. But I suppose the difficulty for us as Members is trying to have vision and trying to do things that will keep the economy going. And it's not to say that we're always going to get it right but things like the ferry and FIMCO, which often get hit by people as the easy fix but in fact, it's another cause and effect. If we were to cut those services back, those businesses back, that subsidy back - then it would affect other parts of the community. Perhaps if it was FIMCO, you would have farms that could no longer afford to operate and people coming to Stanley looking for work and also looking for housing. So it's not always easy to have that vision but one always has to try.

Finally, on circuses, if Councillor Birmingham had the same opportunity as the students that I have been speaking to, he would know that there aren't any animals in circuses any longer because of animal rights issues. So he will have to find out about the Pomegranates from another source.

Mr Speaker, Honourable Members, I support the Motion.

The Honourable Mike Rendell

Mr Speaker, Honourable Members, I would like to follow on behind the theme that the previous speaker has made which is really to do with Camp and how we should be viewing infrastructure projects which are already in place and the importance of them in the future. The Honourable Ian Hansen also touched on the Rural Development Strategy and its importance. And it's in that area that I think we need to be thinking a long way into the future. It's a fact that a lot of things have already been put into the Camp over the last 10 years in particular roads, the new ferry service, FIMCO, telecommunications going in now, lots of things are going in and they are all part of that Rural Development Strategy although maybe not specifically what the core group that's looking at rural development is focusing on. Over the last few days in particular I had a number of phone calls from people on islands who feel vulnerable.

From what they've heard about the RDS and the way it is being looked at, it doesn't appear to be a great deal of meat on the bones for islands. And it is the people on the islands who are really at the sharp end. They don't have a choice of being able to take the ferry or get a day return to West Falkland. So they are more vulnerable than most and I do think and hope that the RDS will look particularly at that group of people and, of course, I declare an interest.

I am particularly interested to see that the Port Howard Jetty is going to be put up to the standard necessary to hopefully enable Workboat Services to come along side very much more often than they have been able to up until this stage. And we look forward with great pleasure to that service to that jetty being installed and hopefully sorting out most of the problems that seem to be there on its first season of operation.

Several Members, at least the Honourable Ian Hansen in his comment about broadband usage and as the portfolio holder, I can assure him that this matter has been taken up with Cable & Wireless today (Thursday, 28 May 2009). It only seems to be in the last day or two that the specific issues of changes in the amount of usage has been brought forward to my attention anyway and so the matter is being taken up with Cable & Wireless. I can also say that I have talked to a technical representative at Cable & Wireless earlier today, too, and the belief is that the usage that is now being shown is accurate and correct. It therefore seems that in order to take the forward matter, people don't think it's accurate and correct then it's for the individual user to progress their complaint with Cable & Wireless direct. But if it is an endemic problem, and that is the big question, then that is the area in which Government would get involved then we will just have to wait and see how that works out. So I would suggest to anybody that does have a real problem with their usage figures and anything else, for that matter, then they contact Cable & Wireless direct and if they feel – then they can contact me or, I am sure, any other Colleague.

I've only got one more thing to say and that is that here we are with an annual inflation rate of 5.1 or 5.2%. Had we taken the December figures, which we normally do, it would be 9.2% and that would be based on world fuel prices. And there was a very sobering report in this week's Economist, which is making a prediction that

world fuel prices are going to go up again. Of course they are going to go up again because once the recession is over, the demand for fuel will rise the price will go up. Unless we strike oil down here and lots of other people do, the price will go up significantly to where it was before or even more and we are back to where we were before. Just a sobering thought to remember.

Mr Speaker, Honourable Members, I support the Motion.

The Honourable Mike Summers

Mr Speaker, Honourable Members, I just have a few things to say. At the opening of this session of the Legislative Assembly I omitted to welcome Group Captain Simon Hindmarsh to the House. Welcome and thanks for joining our deliberations and we are all very pleased that we were able to maintain in the budget £140,000 that we donate annually towards refurbishment of buildings or refurbishment of the accommodation at Mount Pleasant. It is an important part of working together as is the construction of roads to the Mountaintop sites and to Onion Range and hopefully, in the future, other projects where we can work together to our mutual benefit.

We know the Ministry of Defence have problems with their budget as all sections of the UK Government do, so do we and working together will be to everybody's benefit and sharing the burden whenever we can.

There are only a couple of things I wanted to deal with today, to say a few words about the Economic Development Strategy. It has been rather stalled in some respects in recent weeks because we have had a lot of work to do with the budget but I do know that the sub groups that have been set up to look at development in fisheries, in tourism, in agriculture and other businesses have been working together very actively and I hope putting together their own thoughts and ideas about the economic development of the Falklands.

I would just like to stress that this is not an exercise in filling up people's time. It is a genuine and necessary planning exercise for everybody to get together and work together positively and productively to see how we can continue to grow the economy because that is the only way for a country as small as this with as few resources as this to succeed. We have to keep growing. We are subject to (as other Colleagues have mention) world inflation rates, to world oil prices, world exchange rate fluctuations that we can do nothing about and indeed other people's stock markets that we can do nothing about. What we can do is continue to strive in our key industries for improvement, for growth, and for creating more wealth for the benefit of the whole community.

And in setting up and proposing the Economic Development Strategy the Government has no hidden agenda. It has no secret plan to do this or that or the other thing to this industry or the other. It is that we need to work together but each of the industries positively and productively to identify those ways in which the Government can act to support the development of those areas. And I am sure there are any number of ways in which the Government can support industry development other than just throwing money at it because just throwing money at it is not going to be the way to achieve more growth.

So let's all look at the support mechanisms that we can provide, the regulations, that we currently have in place or might have in place that might either assist or hinder the growth of particular industries and let's try and move forward and increase the value of the existing businesses that we have and hopefully create new businesses as well going forward, which I know is the particular wish of some members of the team.

The other issue that I wanted to just touch on today is, it comes out in a way of the budget session and the things that we have been talking about. It also comes out of the Review of Government and many discussions that we've had over weeks and months and it is to do with harnessing the expenditure that we have made over many, many years in Education and making best use of it. I had the privilege to stand on the corner by the Mineral Resources Department this morning for the best part of 45 minutes having a discussion with a constituent on just this subject. And he was absolutely right that we do not actually make sufficient effort not only as a Government but as a community as a whole to harness the benefit that we have been putting into Education over all of these years.

There are too many people floating around that we just leave on a lazes fare sort of attitude "you can go off and do this, that and the other thing and we won't bother you." It's not a question of bothering people, it's a question of not only the Government but the private sector as well getting a hold of people and saying they want to use their talents, they want to use the investment that the public sector has put in their education to come back and help things like the Economic Development Strategy and the Rural Development Strategy. We do need to be more proactive. I know it is part of the Review of Government the Chief Executive has undertaken and it is talked about in there. I think it's one of the urgent elements of that review that we need to be planning our personnel development, particularly at middle management levels on a much more active basis and not simply waiting for people to come back home.

Sir, I think that's all I have to say today. Thank you to everybody for all their work over the budget session.

I support the Motion.

The Honourable Janet Robertson

Mr Speaker, Honourable Members, there are just a couple of things I was going to talk about today which I didn't on Tuesday and I did want to mention. Both have been mentioned by others but I just wanted to give my little take on them.

One firstly is the Review of Government which has obviously caused a lot of discussion in the community. It's quite clearly a difficult process like all change is and I think Councillor Stevens would probably agree with me that having been through a restructuring process in the Education Department a couple of years ago we realise how much anxiety it can cause to those people involved but having said that and looking how what progress has been made in the schools in the last couple of years and seeing how the positive aspects which really wanted to see arise and come out of a restructuring or review of the Education Department, how well that has

worked. And I am still so pleased when I think about the fact that we have our first ever local Deputy Head at the Infant/Junior School.

But of course with all of these things and of course the Review of Government is a much bigger process than that the fact is the proof really will be in the pudding. At the end of the day it's what comes out of it that is important. The process in itself will be meaningless unless we achieve those objectives which it was designed to achieve.

And, just as in any Education System, I was really hoping to be able to have a system which would allow some career progress and development for Falkland Islanders. This current Review of Government is going to have to provide those same sort of opportunities across the whole of Government. And of course that is what it's designed to do.

And I really hope that in five years' time we can look and we can see that how just as it has in the schools we can see the beginning of career progression of opportunities for Falkland Islanders.

I also welcome a more rigorous although this is nothing necessarily to do with the structure of Government itself but part of the Review a look forward to more structural and more rigorous performance management. I think performance Management has been something that quite rightly I think been criticised over the years simply because it has been unevenly handled and it didn't appear that many had a great deal of faith in the way it was conducted and departments seem to treat it differently, people had different views of it and as a result I think neither the public nor probably the staff the Civil Servants themselves had really much faith in it and I actually think and I think a lot of my Colleagues also think that it is actually kind of critical in order to have a properly and efficient and goals orientated Civil Service. I think that that is going to be critical.

Of course part of that is going to be proper training because I think what it came down to in the first place is probably a lack of comprehensive training across the sector so I look forward to that.

Lastly the other thing is an area that I think at least the previous three Chief Executives have criticised about our current system. We've heard about the inefficiencies and difficulties of the Chief Executive having 26 heads reporting to him and that applies but it is this issue of having a proper triangular system which allows responsibilities to be delegated through the channels of management. And what I mean simply by that is that we don't have a situation where managers or middle managers are delegating issues upwards and responsibilities upwards and conversely at the same time meddling or dabbling down into decisions that should be made beneath them.

I think again that there's a lot about training and about confidence in that and I really look forward to moving to more progress in that area.

Just another comment I wanted to make it's about the Islands Plan and the Business Plans, Heads of Department, well everybody had had to put in a huge amount of effort over this last year. The Islands Plan meetings have taken a lot of everybody's time

and so have the new Business Plans and I think some people felt and there's been some comments that it's all becoming so dry and becoming target orientated Government and society community and that some of these targets probably unrealistic and probably over ambitious and soulless as a result. And I can understand that feeling but I also try and sound and encourage people to see that if we don't have some idea about where we are going and we can't relate that to the budget process then we are in danger of just spending money in the wrong areas. We need this sort of process to be able to clearly identify where we want our money when it is tighter to be spent and that is part of the process at least tying the Islands Plan into the budget process as we have begun to do and will continue to do so allows to make those sort of clear decisions. And it is important that people comment and actually quite a few people have put in comments about the Islands Plan and I think that's very useful and generally the comments have been helpful. But I think that process is still ongoing.

Lastly just a comment I do this every year I say it again I just want to say once again to congratulations to all those people out there who spend evenings and their free time (we've got one who works with us in Gilbert House) devoting their energy and their time to voluntary groups of one description and another. I am thinking principally of the children's groups the Girl Guides and the Sea Cadets, which I myself benefit greatly from my children but there are all kinds of voluntary groups out there, the Stephen Jaffray Memorial Fund the Red Cross Society to the Cancer Support and Awareness Trust and the work that these people do is so invaluable and we'd be a much poorer place without them.

And in addition to that, I would like to comment that it is very, very noticeable over the last two years that the Junior School especially but in FICS as well the increasing range of activities available to children from cricket to knitting to golf it's really quite impressive and of course all of this is done by people in their spare time and some with probably not that much support from parents. So thank you very much to them. It's a very valuable service you do.

That is all from me.

Mr Speaker, Honourable Members, I support the Motion.

The Honourable Andrea Clausen

Mr Speaker, Honourable members, I think that actually I have said quite a lot today and on Tuesday and so I have little to add except to endorse many of the comments that have been made by my Honourable Colleagues this afternoon in their Motion for Adjournment.

Sir, I support the Motion.

Mr Speaker

The House stands adjourned accordingly.