



PROCEEDINGS OF THE GIBRALTAR PARLIAMENT

AFTERNOON SESSION: 3.30 p.m. – 6.23 p.m.

Gibraltar, Friday, 20th July 2012

The Gibraltar Parliament

The Parliament met at 3.30 p.m.

[MR SPEAKER: Hon. H K Budhrani QC *in the Chair*]

[CLERK TO THE PARLIAMENT: M L Farrell Esq RD *in attendance*]

Questions for Oral Answer

CHIEF MINISTER

Insurance specialist post Number of applications

Clerk: Sitting of Parliament, Friday, 20th July 2012. Answers to Questions continue.
Question 671/2012, the Hon. P R Caruana.

5 **Hon. P R Caruana:** Yes, Mr Speaker. Can the Chief Minister say how many persons have applied for the new insurance specialist post under the Finance Centre Director?

Clerk: Answer, the Hon. the Chief Minister.

10 **Chief Minister (Hon. F R Picardo):** Mr Speaker, five persons have applied for the new insurance specialist post under the Finance Centre Director.

Hon. P R Caruana: Mr Speaker, has one been selected?

15 **Hon. Chief Minister:** Mr Speaker, one has withdrawn and one has been recommended, and there is now a final process, which is in play at the moment, and I think one will be informed, as a result of that final process coming to an end, that he is being offered the post.

20 If the hon. Gentleman will allow me, he knows that there are, I think, three or four areas where specialists are going to be appointed, and I think the final issue now is to tell them all at the same time, in respect of... The applicants who have applied for each of the posts will all be told at the same time what the position is. I think there are some who may have applied for more than one post.

Hon. P R Caruana: Mr Speaker, is the hon. Member able to say what, in the end... I know these things are subject to a bit of negotiation with the candidate, but what the salary is? Has that been determined?

25 **Hon. Chief Minister:** No. The hon. Gentleman will know that, because these are specialised areas, there will be an element of negotiation in respect of each of the appointees. The old adverts used to say salary will be commensurate with experience, and there is an element of that in respect of the potential appointees for these specialist posts.

30 **Hon. P R Caruana:** So I take it from that that, for this particular post, the salary has not yet been fixed because the person has not yet been selected.

35 **Hon. Chief Minister:** The person has not yet been told that they are being offered the opportunity, and therefore the negotiation has not kicked in, although I understand – if this is helpful – that we have an indication of what the relevant salary figure would be in respect of each of those who have applied.

Hon. P R Caruana: Mr Speaker, is this a Civil Service post or a Gibraltar Development Corporation post, or perhaps a Civil Service contract post?

40 **Hon. Chief Minister:** Mr Speaker, he threw me with those two options, because I think it is the third. I think it is a contract, rather than a Civil Service or GDC post that is envisaged in respect of these specialists.

45 **Hon. P R Caruana:** But a contract with a civil servant – with the Crown, or with the GDC?

Hon. Chief Minister: I believe that they are contracts with the GDC, because these are posts that *develop* the economy and therefore they are appropriately provided for under the structure of the GDC.

50 **Hon. P R Caruana:** Mr Speaker, can the hon. Member tell me – these people have presumably been interviewed by the board – who has been the interview board for this post?

55 **Hon. Chief Minister:** Mr Speaker, I am afraid I cannot give him the details, but I can tell him something of the structure of those posts because, in respect of each of the specialist posts, there has been a relevant specialist on the board. So, for example, I believe that Mr Tipping has formed part of all of the boards; I believe Mr Peter Montegriffo formed part of one, if not more, of the interview boards; Mr Blight – who is the Chairman of the Finance Centre Council, he will know – has been on one or all of the boards; Mr Hogg, who was the Chairman of the Fund Association, was on one or all of the boards. There may have been other representation, which I have not been made aware of, in respect of some of the other boards.

60 **Hon. P R Caruana:** So the hon. Member's answer is that he is not aware who was on the selection board for this particular post?

65 **Hon. Chief Minister:** Well, Mr Speaker, no, I can tell him that, in respect of this particular post – I thought he said the *posts*, but in respect of *this* particular post – if my memory serves me correct, it was Mr Tipping, Mr Montegriffo, Mr Hogg and Mr Blight who would have been involved. I believe that is the list, but I preface that with *I believe*. If he wants me to tell him exactly, and hold me to it, then he needs to write to me, but I think that is what the board was.

70 **Hon. P R Caruana:** So, implicit in that answer, Mr Speaker, is that there was no ministerial involvement in any of the selection process, or the boards.

Hon. Chief Minister: Mr Speaker, that is correct about the selection process. In other words, the recommendations have been made by those boards. I told him there was a final filtering process. Now

75 there is a meeting/interview – it depends on how you want to characterise it – with the Minister for
 Financial Services, and with me in my capacity as Minister for Finance, almost just to have sight of who
 these individuals might be – not all of them, as he may know, are local individuals known in the industry
 – and just to understand that they share the Government’s vision of where these particular industries need
 80 to be going. That is not the recommendation process; that is at the end of the recommendation process.

Hon. P R Caruana: Nevertheless, Mr Speaker, I am trying to understand what the process is. So
 there is a group of professional worthies who have done the sifting and the recommending, but not the
 selecting and the appointing. Should I deduce from his last answer that the selecting and the decision
 85 whether to accept the recommendations and who to appoint or not to appoint is yet to be made, and will
 be made by this board that he has just referred to?

Hon. Chief Minister: There is no other board, Mr Speaker. The selecting and the recommending has
 been done by the board that is represented by the, as he called them, relevant worthies – but who do they
 90 recommend to, if not to Ministers? What Ministers have wanted to do is to at least have the opportunity of
 meeting those who are being recommended before proceeding to the process of appointment. He might
 understand that there could be, in this very sensitive... In *these* very sensitive areas, actually – because it
 is not just insurance – there could be reasons why Ministers might think it is not appropriate for a
 particular individual to be appointed.

He used to tell us about the macro-economic responsibility that he had in his capacity as Minister for
 Finance and Minister for Financial Services, something with which we did not disagree, and it has almost
 95 been a ‘This is the person who has been recommended.’ ‘Well, nice to meet you. Now we agree we
 should proceed to appointment.’ That is what the process has been, and that ‘Nice to meet you’ has
 amounted to asking these individuals, who are the ones recommended – in other words, we do not meet
 100 all of those who applied, just those who are recommended – ‘What is your vision for the future of
 insurance in Gibraltar for example – [*Technical interruption*]

Hon. P R Caruana: May I proceed? But, Mr Speaker, the hon. Member is making more of this than it
 is worth, and he is not providing me with the simple information that I want.

105 Given that a number of people have been interviewed and recommended by the previous group –
 which he says involves Mr Tipping, Mr Montegriffo, Mr Hogg and Mr Blight, he *thinks* – subject to
 confirmation later, whose decision is it as to which, if any, of these individuals are actually appointed?

Hon. Chief Minister: Mr Speaker, as is the case in respect of most of these types of contracts, in this
 110 particular instance it will be a decision made by Ministers, informed by the recommendations made by
 those boards.

Hon. P R Caruana: So the decision – [*Technical interruption*]
 115 So not just the formal appointment of the sort that the Governor would make formally, albeit acting on
 the advice of the Public Service Commission, if they were civil servants. So the role of Ministers is not
 formalistically procedural in that way. Ministers, in this case... and the hon. Member must not assume
 what aspects of it I might criticise, if indeed any, if it were so. I am just trying to establish now what the
 procedure is that they are adopting as a matter of policy here. The actual decision of who to select from
 amongst the recommendees and then to appoint them is a ministerial decision to be taken, I think he has
 120 said, by him and the Minister for Finance, the Hon. Mr Licudi, who is not in the Chamber today.

Hon. Chief Minister: Mr Speaker, he can characterise it like that; I actually characterise it in a
 different way. It is a ministerial decision whether or not to accept the recommendation of the board, and
 for that recommendation to be informed, other than just by the write-up of the board, we have felt it
 125 appropriate, because of the sensitivities that could be engaged in respect of each of these, to meet with the
 individuals before making the appointments.

Hon. P R Caruana: Mr Speaker, the hon. Member must not describe what I am asking him as
 characterisation of anything. It is a perfectly simple question. There is somebody who drafts the advert to
 130 put in the newspaper, there is a secretary who opens the envelopes for applicants, there is somebody who
 sifts them, there is somebody who does the initial perusal of the applications, there is somebody who then
 recommends the shortlist, and that is as far as we have got, with Mr Tipping, Mr Montegriffo – they have
 recommended a number of people.

Hon. Chief Minister: No, sorry, he has not... It may be that we are at cross-purposes. (*Interjection by*
 135 *Hon. P R Caruana*) They have recommended one individual in respect of –

Hon. P R Caruana: Oh, I see.

140 **Hon. Chief Minister:** – four posts. So there is one recommendation for the post of insurance specialist, one for funds, one for private clients and one for banking, and we are seeing, Mr Speaker, each of those *ones*, so that we do not meet them for the first time, in many instances, when they first turn up for work.

145 **Hon. P R Caruana:** That is clear now. So the recommending board – if I could call them that, the gentleman whose name he mentioned earlier – has put up to Ministers just one name for each; not one name plus other back-ups, not in order of preference? (**A Member:** No.)

150 And then Ministers – by which he has said it means him and the Minister for Financial Services – will, having interviewed this man or woman, decide whether to go along with and accept the recommendation of the recommending board, or reject the recommendation because you do not like the candidate. And what – if it were the second case, it would then remit the matter back to the board? Is that how the hon. Member sees it happening?

155 **Hon. Chief Minister:** Yes, Mr Speaker, I assume... We have not come across any instance where we feel that we need to do that, but we would remit the matter back to the board.

160 Can I just tell him, Mr Speaker, that in the context of what he calls the ministerial interview – I do not call it that – we are doing that not on our own; we are doing that with the board itself. So in other words, when we are meeting the individuals whom the board has recommended, we are meeting them with Mr Blight, with Mr Montegriffo, with Mr Hogg – I think, in one instance, Mr Hogg was not available and Mr Lasry attended – and with Mr Tipping. So we are meeting them in that context as a sort of ‘getting-to-know-you, just getting comfortable with the fact that *your* vision for where we want to go is also *our* vision of where we want to go.’

165 If we were to come to the view... and look, I am happy to tell him that I do not think we have had to exercise our minds in that respect yet. We have not met all of the recommendees – I think we have met two out of four, but some people’s summer breaks are intervening with when we can meet the others... then my attitude would be to go back to the board and say to them, ‘We do not share your view that this person is the right person to take the job – do you want to re-advertise, or do you want to recommend another of those who might have applied?’

170 **Hon. P R Caruana:** Mr Speaker, I am not addressing the *formal* aspects of who is the appointer. The appointer is the GDC, assuming that his memory serves him correctly and this is a GDC contract. The actual appointer – the equivalent of the Governor, who makes all appointments in terms of signing off the minute on behalf of the Crown, were this Civil Service – in the GDC that is the board of the GDC, of which he is the Chairman, and no doubt a couple of his –

175 **Hon. Chief Minister:** Joe Bossano.

180 **Hon. P R Caruana:** Oh, Joe Bossano is the Chairman, and a couple of... So that is the formal appointer, which does not interest me very much. I am more interested in the process of identifying and selecting the individual. Who has signed the minute appointing him is really neither here nor there. Can the hon. Member say to me – I *will* write to him asking for this – whether it will be the same board that sits with him and his colleague, the Minister for Financial Services, that he has mentioned, or could there be other people in it too? Well, he has mentioned four names. I hate to carry on mentioning them all.

185 **Hon. Chief Minister:** Yes, subject to this caveat, Mr Speaker: that I have told him that, in respect of the post in respect of which he has asked, which is insurance, I believe that was the board, but that there may be different boards in respect of the different areas of specialisation. But those boards, I think, Mr Speaker, were selected on the basis of (a) people who had wide experience across the board in financial services, and (b) a specialist from that specific field for each one of the boards.

190 So if he will indulge me, I think Mr Montegriffo and Mr Blight may be on the all the boards, Mr Hogg I think was only on the board in respect of insurance or funds, one of the two. So, subject to that, it is the board as it was. There is no intention, should we go back... Should we have to go back, because I do not think that is necessarily something that is going to happen – but remember nobody has been written to until they have got the job yet – there would be no question of changing the board, other than in this context, which is something I mentioned to him a moment ago, that when Mr Hogg was not available, Mr Lasry, who I think was his deputy at the time, attended with us, and I think the deputy may now have become the chairman, because they tend to alternate in that organisation. But it is the person who is the chairman of a particular organisation that I think has presence on the interviewing board.

200 **Mr Speaker:** The Clerk has asked for us to pause for a few minutes, without necessarily leaving the Chamber, just to enable the technicians to restart the sound equipment. They were having problems a few minutes ago.

The recording equipment was re-started.

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**Government properties
Policy re squatters**

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Clerk: Question 672, the Hon. P R Caruana.

Hon. P R Caruana: Mr Speaker, will the Chief Minister say what is the Government's policy in relation to squatters in its properties?

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Clerk: Answer, the Hon. the Chief Minister.

Chief Minister (Hon. F R Picardo): Mr Speaker, exactly the same as it was before 16th May 1996 and 8th December 2011, and will, I imagine, be in the future: namely, that people who are squatting are subject to proceedings for possession in the Supreme Court for eviction.

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Hon. P R Caruana: So, implicit in that is the fact that the hon. Member does not believe that the Housing Department can just invite the Police to go in and get them out.

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Hon. Chief Minister: Mr Speaker, this should not be a quiz on my understanding of the landlord provisions in Gibraltar, but whatever the position is in law is the position that I expect my Housing Ministry to be enforcing, and if police officers [*Technical interruption*]pretend to have powers beyond those which the law gives them, then I am sure that there will be a court to remind them of what their powers actually are.

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I think his understanding and mine are probably the same in respect of residential property. One requires a court order in order to be able to evict someone.

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Hon. P R Caruana: Mr Speaker, he must not be shy about playing quizzes when he volunteers the answer, which was that he believes a court order is required. Implicit in the belief that a court order is required is that it requires a court order and therefore cannot be done without a court order, which means that it is not open to the Housing Department simply to say to the Police, 'There is a squatter in my Government property – please go and see them out.' Unless what the hon. Member is saying is, 'Look, I'm not here to give legal advice,' – which obviously I was not seeking from him – 'the Government's policy is whatever the law permits it to be. If the law permits it to be without a court order, then it will be the Government policy to have recourse to the Police without a court order if the law permits it.' Is that what he is saying?

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Hon. Chief Minister: Yes, Mr Speaker, I think that is what I have said, but I actually do not believe that it permits it, but if it does and it is within the power of a police officer to do so, then of course the Housing Department would be perfectly entitled to do that in the appropriate circumstances which the law provides for it.

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I am not going to ask him for legal advice. I would not presume to do so. He and I have our own views about our own legal abilities. He has made clear what his view of mine is repeatedly across the floor of the House, and I am delighted to confirm that I have great faith in his legal abilities, but now that he is in private practice, I would expect him to charge for his advice, so I will not ask him for it across the floor of the House.

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**United Nations Committee of 24
Purpose of Chief Minister's address**

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Clerk: Question 673, the Hon. P R Caruana.

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Hon. P R Caruana: Mr Speaker, will the Chief Minister say whether the purpose of his addressing the United Nations Committee of 24 is to try and persuade that Committee both to recognise our

inalienable right to self-determination and to recommend our removal from the United Nations list of non-self-governing territories; and will he further say whether the Government itself considers Gibraltar to remain in a colonial status and relationship with the United Kingdom until the United Nations does both of those things?

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Clerk: Answer, the Hon. the Chief Minister.

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Chief Minister (Hon. F R Picardo): Mr Speaker, I can confirm that the purpose of addressing the United Nations Committee of 24 is to counter Spain's continued interventions before the C24 and to make the C24 realise – not to seek to persuade them, but to make them realise – that the people of Gibraltar enjoy an absolute and unfettered right of self-determination and that we should be removed from the UN list of non-self-governing territories.

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Mr Speaker, in our view, the next part of the question calls for an opinion, but we will answer it factually as follows, by saying that Her Majesty's Government of Gibraltar considers and is advised that one of the factors in international law which determines whether a territory is or is not a colony – however much we dislike that word – namely a self-governing territory or a non-self-governing territory, is whether or not the territory appears on the UN list of non-self-governing territories.

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Hon. P R Caruana: Mr Speaker, the hon. Member is aware that there are many British territories that are not on any UN list and therefore do not need delisting, are not colonies and are not sovereign independent states, to wit the three Crown dependencies, amongst others. *(Interjection)* Well, Mr Speaker, can the hon. Member... I was very gratified by the first part of his answer; less gratified by the second half of his answer, which in my view, to a degree, contradicts the first part. Let me see if I can ask him some questions.

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The purpose of asking these questions, Mr Speaker, is simply to establish the extent to which there is still a divide across the floor of this House on this question. There is not a hidden blunt instrument in my last supplementary, so you can rest assured. *(Interjection)* Now he has won! *(Laughter)* Well, Mr Speaker, some things you just have to take on trust.

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Mr Speaker, when the hon. Member says that he is advised that one of the factors... I am not asking for an expression of opinion; I am asking him for the Government's policy position. What is the Government's policy as to whether Gibraltar remains a colony or not? We are unquestionably on the list of non-self-governing territories.

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The United Kingdom, at the highest level of government... I think the Prime Minister has said it, but if the Prime Minister has not said it, certainly the last two foreign secretaries have, in Parliament. The Ambassador for the United Kingdom says it at the United Nations twice a year. He says that the nature of the constitutional arrangements in Gibraltar are not such as to regulate a colonial relationship. In other words, the United Kingdom says to the world the relationship between Gibraltar and it, the United Kingdom, is not colonial in nature. In those circumstances, given that the ex-colonial power does not consider us to be in a colonial relationship with it – although, clearly, still in a relationship of political dependence – and given that we do not believe – it is implicit in the first half of the hon. Member's answer – that... It is not as if we do not have decolonisation unless the United Nations says it. Given both those things, given that the United Nations' say-so is not essential, and given that the UK says that it does not regard us as a colony, would the hon. Member agree with me that the preferable view is that however desirable it might be to get off the UN list for housekeeping, book-keeping reasons, it does not determine whether or not we are a colony? In other words, that it is possible, even if the hon. Member were to disagree that the facts as they currently exist get us across that line, regardless of that question, but that actually is possible to cease to be a colony without the United Nations getting them off your list, or even acknowledging your right to self-determination?

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I do not think *[inaudible]* the possibility of which is not excluded by the fact that one of the characteristics is listing.

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Hon. Chief Minister: Mr Speaker, I am going to assume that the hon. Gentleman is genuine in the way that he postulates his supplementary, and not with a political blunt instrument in the sock that he lunges towards us, and try and deal with the issues that he is raising – which perhaps are more appropriately dealt with on a motion on these issues rather than on questions, but I think this is in both our interests – first of all, by telling him that the final part of his question is a hypothetical question, and in that hypothesis of course it *may* be possible for there to be a territory that is decolonised whilst it is still on the UN list of non-self-governing territories. That could, of course, be a legal possibility. It is one of a number of legal possibilities. The other, of course, also being that whilst you remain on the list of non-self-governing territories, in international law you will always be regarded as a non-self-governing territory. To make the jump from non self-governing territory to colony is to equate those two, which in my view is not necessarily always the case, but sometimes can be the case.

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Hon. P R Caruana: It is the same for UN purposes.

325 **Hon. Chief Minister:** Right. For UN purposes, however, as the hon. Gentleman is prompting me, 'non-self-governing' and 'colony' means the same. So, is a territory, let's say *like* Gibraltar, self-governing or not self-governing? That should be the question that is asked about our colonial status.

330 The hon. Gentleman said, in 2008, two years after the new Constitution at the C24, that he no longer regarded the C24 as the gatekeeper of our decolonisation. He did not say at the United Nations that he would therefore not be attending their meetings again, although there is a giveaway last sentence where he thanks them for the work they have done for Gibraltar to date and says goodbye without saying, 'I'm not coming back,' (*Interjection by Hon. P R Caruana*) to the Committee of 24.

335 In January 2009, he said in his New Year's message that, for all those reasons, he did not consider it appropriate to continue to attend the C24. But, Mr Speaker, I think he needs to accept in the discussion that we are having, as I think he did before he sat down, that being on the list *is* one of the characteristics which may indicate whether a territory is or is not colonial – it may or may not be the determining factor, I think he said.

340 Mr Speaker, we think, on this side of the House, that in international law and at the very least certainly in UN doctrine – and those two can also diverge – being on the list is what determines whether a territory is or is not self-governing. Some territories were put on the list which were clearly non-self-governing. Some territories which were not self-governing were not put on the list by administering powers in the 1960s, and that, to a very great extent, Mr Speaker, depended more on what the internal regime in those territories was than on the objective criteria that one might have applied.

345 For example, France might have what they might have called in French an overseas territory which it brought into metropolitan France by operation of French law. It was therefore a far-flung part of France, not a colony of France, and therefore France – and let's not get into Spain and what she did with Ceuta and Melilla, because that is perhaps more controversial – did not put those territories on the list. The United Kingdom put a lot of its then properly so-called colonies on the list, but did not put other territories on the list.

350 So, Mr Speaker, what are we left with? The fact is that Gibraltar is on that list. The fact is that Spain attends Committee meetings, uses the fact that we are on the list to bring up all matters related to Gibraltar at the C24, and we believe therefore it is important and appropriate that we are there. It is an issue of genuine division across the floor of the House.

355 **Hon. P R Caruana:** The issue that I am trying to see whether there is a division across the floor of the House is not whether you should go to the Committee of 24 or not. He is free to go if he pleases –

Hon. Chief Minister: Of course I am.

360 **Hon. P R Caruana:** – and that is not the issue. The issue, if he wants to define it, upon which I am asking him whether there is division across the floor of the House, is the question of whether unless the United Nations recognised that you have ceased to be a colony, ergo you have not ceased to be a colony, because if that which may indeed have been the traditional view, if that is the case, does he not believe that he is placing Gibraltar in a position whereby rights and progress that we can make in our relationship with the United Kingdom and the meaning of that relationship is not makeable and our rights to move away from ceasing to be a colony depends on UN recognition, which might never be forthcoming and therefore we condemn ourselves to continue to be in a colony?

370 I should say, whether the hon. Member will agree, that I think it is right to say that in the United Nations, self-determination... decolonisation is the same thing as –

Hon. Chief Minister: Non-self-governing.

375 **Hon. P R Caruana:** – non-self-governing, to a degree. I think it is true, but it has got to be read in the context that really for them, non-self-governing territory means independence in one of the three forms that the United Nations delisting criteria recognise independence. Either independence as your own independent sovereign nation state, either independence because you join an independent country through integration and you become *part* of an independent country and therefore the territory joins an independence status as part of the enlarged independent country, or through free association which is *entitlement* in the future to independence.

380 The hon. Member knows that free association is only recognised by the United Nations if the associating territory is free at any time of its choosing to disassociate freely into an independent sovereign state status. So all the acceptable, all the supposedly acceptable methods of decolonisation in the UN had independence as their core ingredient.

385 All I am trying to get to the bottom of – and this is my last supplementary on the matter – is whether
the hon. Member believes that if the United Kingdom does not consider that we are in a colonial
relationship and if, which I am not saying is the case, but if it were the case that the Gibraltar Government
also does not believe that the relationship it enjoys with the United Kingdom is colonial, does the
Government believe, is it within the scope of its policy to then say regardless of whether the UN, and
390 therefore other countries, recognise it or not, and desirable as it might be to get off the UN's list,
nevertheless and notwithstanding both those negatives we do not consider ourselves to be a colony?

Hon. Chief Minister: I think, Mr Speaker, there is much more international law in that than just those
three criteria and what the hon. Gentleman is trying to suggest. For example, what is the status of a
territory that unilaterally declares itself independent? Well, it depends on the *Realpolitik* surrounding that.
395 So say for example, Mr Speaker, just for the sake of argument that the Basque Country were to declare
itself independent. Would that in effect render it independent? Well, Mr Speaker, the United Nations
would not recognise it as independent. The hon. Gentleman knows that the doctrine of the emergence of
states requires to an extent recognition from other states and it is almost a political balance (*Interjection*)
400 when one has enough states on one side that vote in the General Assembly to recognise the new status of
a territory that one then achieves UN recognition and membership.

But, Mr Speaker, when is independence actually effected? Well, it may be when – usually these things
happen through violence – the moment that the violence occurs that gives rise to the Declaration of
Independence and the fact that it is later recognised by a vote at the General Assembly as an independent
state and subsequently a member of the United Nations does not mean that the point from which
405 independence flowed was the moment of the Declaration. So, Mr Speaker, when does the relationship
become non-colonial: the minute its characteristics are non-colonial or the minute that the UN takes that
territory, if it is one that was on the list, off the list?

Mr Speaker, I look forward to reading many dissertations on this subject, but I will tell him this, in all
the time that he was in Government, he would only describe the relationship between Gibraltar and the
United Kingdom as modern and non-colonial in nature. So the hon. Gentleman did not say, 'Gibraltar is
not a colony of the United Kingdom', in the context, Mr Speaker, of anything other than the new
relationship and the way that he saw the characteristics and the way that the criteria of the United Nations
should have developed. But, Mr Speaker, as he knows and I know, the criteria of the United Nations
remains the same criteria as in the 1960s. We might be agreed that those criteria should change, but it is
415 not, as he has suggested, three criteria or three statuses that are in play. The one thing he has not told the
House this afternoon is that there is of course a fourth option, a fourth option on which his speeches relied
on many occasions before both the Committee of 24 and (*Interjection by Hon. P R Caruana*) – [*Technical
interruption*] a principle or an option on which his speeches relied, both before the C24 and the Fourth
420 Committee. So there is a status, which is not one of those three statuses which he said had an element of
independence in them in one way or another which might be a tailor-made solution that applied to any
particular territory.

So, Mr Speaker, that is as far as I am prepared to go. I do not think it is in anybody's interest for us to
go further at this stage because, Mr Speaker, if he were right – *if* he were right – and I were to say in that
context incorrectly that we are not decolonising until we are taken off the list, we would be doing a great
425 disservice to the people of Gibraltar.

Hon. P R Caruana: On the contrary –

Hon. Chief Minister: If *I* am right and... or rather, if *he* is wrong, Mr Speaker, and you are not
actually decolonised in the context of international law until you are taken off the list, well then, Mr
430 Speaker, what do we achieve by going around *saying* that we are decolonised, if we are actually *not*
decolonised.

So, Mr Speaker, it is a hangman's noose and I think people need to understand that the importance of
being at the C24 *primarily* is that Spain is there putting her arguments and we will always turn up to
435 counter them.

440 **FCO paper on Overseas Territories
Government policy re Gibraltar**

Clerk: Question 674, the Hon. P R Caruana.

Hon. P R Caruana: I regret I was not able to persuade the hon. Member to join us in our very sound
445 policy position on that matter.

Mr Speaker, will the Chief Minister say what, if any, aspects or contents of the recently published Foreign Commonwealth Office paper on the Overseas Territories, entitled ‘Security, Success and Sustainability’ is contrary to the Government’s policy insofar as relates to Gibraltar?

450 **Clerk:** Answer, the Hon. the Chief Minister.

Chief Minister (Hon. F R Picardo): Mr Speaker, can I take my cue from him and say that I regret that, despite our differences, he could not find it in his heart to join me, as I invited him to do in June before the C24, because whether we agree or disagree about what the effect of the C24 may be, seeing us there together I think is good for Gibraltar.

455 Mr Speaker, in answer to this question, there are many aspects of the White Paper on Overseas Territories which are very positive and some which the Government considers to be less positive. We are engaged in addressing all aspects of the White Paper with relevant UK Ministers and officials and it would be inappropriate at this stage to say more, but I would be very happy indeed to consider aspects of
460 the White Paper with the hon. Gentleman if he wishes to have that discussion with me outside this House.

Hon. P R Caruana: Mr Speaker, whilst I accept that that position may be one on which he can stand at this point in time, and indeed for some shorter time, there comes a point, given that the UK has described this document as indeed the previous one called, ‘Partnerships...’ something or other, in my
465 days, given that the UK regards this as the bible – and I agree with him there is a lot that is positive – but at some point the Government is, I think, going to be duty bound to explain in this House what parts of the document that the UK thinks is key to our bilateral relation that it does not share. But I accept that if the hon. Member is not ready to do that now, because they are still working through the implications and discussing it bilaterally, that is fine, but certainly our view would be – obviously there is nothing that I
470 can do to oblige him to do it publicly... but our view is that at some appropriate time, it is legitimate for the House to understand what there is in that document that clashes with the policy position of the Government of the day, as I would have not minded doing, had the boot been on the other foot and I had been asked. But I might have asked for what he has now asked, which is time to consider the implications bilaterally with the UK.

475 **Hon. Chief Minister:** Mr Speaker, it is not so much a question of considering bilaterally with the UK or needing more time to work through. The document has been worked through. We are already engaging with the UK, as it is our obligation to do.

480 Mr Speaker, if I can just go back a step in the Order Paper, and for the United Kingdom to say, ‘This is it, boys and girls,’ well, that is colonialism, Mr Speaker. That is unacceptable.

I do not actually read the White Paper in that sense. I read the White Paper as what White Papers are intended to be. Therefore there are issues on which we are engaging outside the public consultation process, because the hon. Gentleman would not have expected the Government of Gibraltar, whether
485 headed by him or me, to simply form part of the public consultation process with the hundreds of thousands of other citizens of the overseas territories, and indeed of the United Kingdom, the millions in the United Kingdom who might have wanted to form part of a public consultation process.

There are parts of the White Paper that we think are not appropriate but may have been put there aiming towards actions and behaviour in other territories where they may be appropriate or they may appear to us to be appropriate from the outside for temporal reasons.

490 Mr Speaker, it is a question of continuing engagement with the UK on these issues and I have said what I said advisedly. If he has spotted things there which he wants to bring to our attention, I dare say we spotted the same ones and that we are taking up those same ones, but I would be delighted to have a discussion with him outside the hearing of these microphones.

495 **Hon. P R Caruana:** Mr Speaker, there is a key issue here, would the hon. Member agree with me? There could be different views about whether specific contents are or are not objectionable, whether we like some or do not like some, or like them all, or do not like any of them. In my view that is less important because I think the hon. Member is right in saying that this is not a document drafted for
500 Gibraltar and in the application and in the attitude towards the implementation of it, the UK will take a horses-for-courses approach and will not use the document for the same purposes in relation to all of the overseas territories, as indeed they did not with the previous one.

505 So my concern is not that. My concern, which I would ask the hon. Member simply to keep in his mind is the one of principle, and that is the extent to which the UK would be free [*Technical interruption*] if it were minded to in such a document to purport, to circumvent or even to modify formal constitutional arrangements. In other words, my view always has been that of course the UK has power to modify the Constitution and it has power to legislate for the overseas territories, although it happily has not done so for Gibraltar for many years, but these documents, White Papers, are not capable of effectively

510 moderating, altering the content of the Constitution in terms of who is responsible, primarily who is
 responsible for what. That is the overriding principle and I think is probably the only important principle
 that arises from these documents, which in their content may all be very good and may describe precisely
 the sort of co-operative relationship that ought to exist between Gibraltar and the United Kingdom – so
 long as it is not viewed by the United Kingdom as a *droit du seigneur* to modify the Constitution
 whenever it feels like it as if the Constitution were not a primary source of law, binding as much on the
 515 United Kingdom Government as on Gibraltar, which is often forgotten. The Constitution is a UK piece of
 legislation which binds us all, not just us in this House and our fellow citizens, but indeed, the United
 Kingdom as well, in how it deals with Gibraltar.

520 **Hon. Chief Minister:** Mr Speaker, I have never heard *droit du seigneur* used in that context before,
 but I understand how he uses it. I had heard it used in a much more amusing context previously. I am sure
 he – (*Interjection and laughter*) Well, it depends what the *seigneur* is trying to do, I suppose.

Mr Speaker, I actually think that we need to go a bit further than that. I think that markers have to be
 put down in respect of certain things and some of them have to be put down privately, in other words in
 correspondence, because it is not appropriate to say those things publicly; but some things have to be said
 525 publicly and it may be that we come to the stage where the Government feels that it needs to express a
 view in respect of some aspects of the White Paper in public, if we do not receive the assurances that we
 expect to receive – assurances, Mr Speaker, we do not think it would be hard for us to receive, because as
 the hon. Gentleman has said, there are some things in there which are clearly designed to fit other
 territories and perhaps most of the other territories, but very clearly do not fit Gibraltar and its present
 constitutional arrangements in particular.

530 But look, Mr Speaker, a White Paper is a White Paper. It has no status, in my view, other than as a
 political document. It does not upset what is the law of the United Kingdom and the hon. Gentleman is
 right to say, of course, that the Constitution of Gibraltar is a piece of UK legislation as binding on the
 United Kingdom, until it takes the necessary legislative Acts to change it, as it is amongst us in Gibraltar.

535 So I think it is appropriate to end this part of the debate, unless he wants to get up and say something
 else, by repeating something I said to him, perhaps I think in the first Question Time – we have had so
 many this year already – in January... (*Interjection by Hon. P R Caruana*) well, you are only missing
 one, we are catching up – which is this, Mr Speaker, that there is only one direction of travel in respect of
 the Constitution and it is the one we are all in this House agreed on and that is in the direction of further
 540 emancipation. This is a one-way road. There is no way back.

**Commercial use of airfield
 Renewal of MOD agreement**

545 **Clerk:** Question 675, the Hon. P R Caruana.

Hon. Chief Minister: Sorry, and if I may just add, Mr Speaker, to that at the end, in fact and in
 550 practice as much as in law.

Hon. P R Caruana: Since it has become fashionable to prefix a question with a reference to the
 previous one, Mr Speaker, much as I would like to travel with him to New York, he will surely
 understand that I cannot at one and at the same time occupy the position that we have achieved, our
 555 decolonised status, and at the same time go to the United Nations and ask for it. It is just not a coherent
 position.

The question that has been called from the Order, I am –

Clerk: Question 675.

560 **Hon. P R Caruana:** – obliged, Mr Speaker, for the very indulgent mood this afternoon, I have to
 say –

Mr Speaker: It is Friday afternoon. (*Laughter*)

565 **Hon. P R Caruana:** That must be the reason!

Mr Speaker, will the Chief Minister say whether the Government has renewed the agreement with the
 MOD relating to the commercial use of the airfield, which expired in December 2011?

Clerk: Answer, the Hon. the Chief Minister.

570 **Chief Minister (Hon. F R Picardo):** If I might, Mr Speaker, just deal with the point raised before I address the answer to the question.

Mr Speaker, that begs the question of why he would attend the Fourth Committee meetings in October which are essentially to a very great extent for the same purpose which is the General Assembly's consideration of the Report of the Committee of 24. Anyway, those arguments I am sure we can have elsewhere. It is probably good for both our blood pressures that we do not travel together to New York, but I hope that in October he will be able to join me!

Mr Speaker, in answer to this question, the answer remains as set out in answer to Question 470/2012.

580 **Hon. P R Caruana:** I see, Mr Speaker.

Can the hon. Member give the House any sort of indication of whether this is a negotiation that the Government thinks is difficult and complex and therefore may continue to take time to finalise or whether he, on the contrary, sees it as business that can be disposed of quite quickly now?

585 **Hon. Chief Minister:** Mr Speaker, what I can tell him is that I expected to have meetings with the Ministry of Defence in respect of this and other matters last week, but because of the change in the Budget session, those have now been shunted forward to next week. This, as he will know and I think I told him last time, is one of the issues on the agenda.

There are figures being provided to us which are enabling us to do the exercise that we want to do in order to get to the stage where we make a decision in respect of this contract.

590

Airfield use by RAF Discussions re local traffic disruption

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Clerk: Question 676, the Hon. P R Caruana.

600 **Hon. P R Caruana:** Mr Speaker, will the Chief Minister say whether, welcome as the airfield's continuing value to and use by the RAF is, there was any liaison and discussions between the MOD and the Government to minimise the considerable disruption to local traffic that resulted and continues to result at key hours from the ongoing exercises?

Clerk: Answer, the Hon. the Chief Minister.

605 **Chief Minister (Hon. F R Picardo):** Mr Speaker, the MOD notified the Government in advance about their use of Gibraltar by RAF aircraft for exercise purposes. The Government was assured that the MOD would try to keep disruption to a minimum. To this end, in order to minimise disruption, the station commander was asked to carefully manage the flying programme and to liaise with the RGP's Traffic Department so that the traffic management plans formulated during busy periods were elaborated with full knowledge of movements at the Airport.

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We have been very happy indeed to see the detachment of Hawks, which arrived in April, and the Tornados we have seen in July using Gibraltar for their exercises. They are – and I am sure I speak for the whole House – very welcome indeed.

615 **Hon. P R Caruana:** Yes, indeed, Mr Speaker, they are, and we could welcome them more often without disruption to our road traffic, if only the tunnel can be finished as quickly as possible. *(Laughter)*

Mr Speaker, of course I know that the MOD certainly does not go out of its way to maximize inconvenience and I am sure would want to minimise inconvenience to the greatest possible degree, but the question is the extent to which the Government is satisfied that that in fact has happened. For example, is the Government satisfied that landing and taking off times, as part of the training exercise or outgoing or incoming jet fighters, have been scheduled to the greatest possible extent to avoid key frontier crossing times – nine o'clock in the morning, between 8.30 and 9.15, the evening rush hour back, that sort of thing. The question is not information and co-operation, but whether the Government is satisfied that, given that we want them to use the airfield for training, given that they obviously want to cause the minimum degree of disruption, that has happened and key runway closure times have been avoided.

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630 **Hon. Chief Minister:** Well, Mr Speaker, given that they want to avoid all of those problems, as the hon. Gentleman has himself conceded, we must therefore, unless we do not accept that given, believe that that has been the case, and would, Mr Speaker, that the hon. Gentleman had developed the tunnel for the price and within the timeframe that he promised Gibraltar that he was going to. Instead, we have found

ourselves, as he knows, Mr Speaker, inheriting the chaos of litigation. I will not say any more in the interests of not affecting Gibraltar's case in that matter which is presently before the Court in London, but the tunnel ain't there and it was supposed to be two years ago.

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Hon. P R Caruana: Yes, Mr Speaker, alas, we were relying on Gibraltar still having a competent Government able to handle both the litigation and the ongoing building of the tunnel and its funding – *and its funding*, Mr Speaker. So all I can do from these lowly benches here is to encourage the hon. Member to proceed with the tunnel and persuade him, in as non-partisan possible a way, that this is something that Gibraltar wants and needs.

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I think it is implicit in the statement, and I will not press him further, but it is implicit in the hon. Member's answer that, whilst he shares my view that the MOD is welcome to use the runway and that he shares my view that the MOD would want to minimise, but actually there has been no co-ordination of landing of which the Government is aware, of which he is aware, to specifically avoid specific times for landings and takings off of these aeroplanes. It is implicit. He has invited me to take it to assume that that is the case, because otherwise we would be impugning our view that they want to minimise, which suggests that he does not actually know.

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Hon. Chief Minister: Mr Speaker, if I could just, on the tunnel, give him a piece of unsolicited advice. He really needs to stop digging, which is to an extent is what we have done! *(Interjection by Hon. P R Caruana)* *(Laughter)* Which to an extent is what we have done for this reason. *(Interjection by Hon. P R Caruana)*

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Mr Speaker, I know that he could not bear to hear the whole of my reply, during the course of the Appropriation Bill, but the point about the hole in the public finances, which would have just got bigger if we had carried on with a project that required £55 million to finish the tunnel, I think is a point already well made.

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Mr Speaker, we actually believe that there has been the level of co-operation necessary in order to avoid key times for runway closings insofar as that has been possible, but there are other criteria which apply in respect of when aircraft can and cannot take off for particular exercises. I think some of them also involved other nation states, so that was not possible in every instance, but we are satisfied with the way and the manner in which these things were handled, in co-operation with the people who we have now made solely responsible for traffic management on the ground, namely the RGP. He knows that they now control also the Highways Enforcement Officers' cadre which he created in his final four years in office.

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New ID cards and driving licences Intention to introduce

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Clerk: Question 677, the Hon. P R Caruana.

Hon. P R Caruana: Mr Speaker, can the Chief Minister say whether the Government intends to issue (i) new identity cards and (ii) new driving licences; and, if so, when?

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Clerk: Answer, the Hon. the Chief Minister.

Chief Minister (Hon. F R Picardo): Mr Speaker, it is the Government's intention to provide new format identify cards, including chip and pin or similar technology, and new driving licences to comply with EU requirements. When Government is ready to introduce these new cards, it will make the relevant announcement.

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Hon. P R Caruana: Mr Speaker, can the Government say whether it has taken a view on this question which we had before us about whether the Government would invest in the technology to produce these cards locally or whether to avoid that cost the Government would have these cards printed in the UK by a printer?

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Hon. Chief Minister: Mr Speaker, he threw me a little bit *[Technical interruption]* with the use of the word 'produce' the cards. The physical card, the plastic comes blank and that is the option we have chosen. The printing of the card will take effect in Gibraltar, so literally white pieces of card will arrive in Gibraltar and they will be printed using our own technology in Gibraltar to be the new identity cards and driving licences that will be distributed.

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**Community care
Intended changes to system**

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Clerk: Question 678, the Hon. P R Caruana.

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Hon. P R Caruana: Mr Speaker, will the Chief Minister say whether the Government considers that there is any need to bring about a change to the system of Community Care by ceasing to make grants to the current private trust and replacing those with grants in favour of a different arrangement?

Clerk: Answer, the Hon. the Chief Minister.

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Chief Minister (Hon. F R Picardo): Mr Speaker, the position of successive Governments of Gibraltar, I am sure he would agree, is that Community Care is a private charitable trust and the Government has no control over its affairs.

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As we have said in our manifesto, which I will read out, given that after the last session Members opposite complained that we would not read out the relevant parts of that splendid document, in relation to Community Care's future, we said as follows:

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'In 1996 Community Care had assets of £63 million of which £60 million was in cash and was available to provide support to resident pensioners and others with the income from its investments. In the last 15 years, its reserves have been run down to zero in a deliberate policy in order to replace its role by alternative arrangements.

This was first announced by Mr Caruana in 2009 and it was stated that legislation would be introduced that would ensure that no loss of support for those getting it or with a right to do so in future would take place and that new arrangements would better protect such payments from claims by non-residents. The new arrangements were originally said to be designed to remove any possible claims by non-residents.

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No such action has taken place, except that this year it was stated that as from 2012'

– of course, 'this year' meaning 2011 –

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'the payments would be provided as a legal entitlement, together with social insurance pensions. On the basis of this statement we believe such a change would have the very opposite effect of what was claimed to be the purpose of the exercise. Rather than protect Gibraltar from any claims or liability to pay non-residents, it would make it legally binding to do so. In other words, it will bring about what it was said it was intended to prevent.

Unless and until someone produces evidence that such a change will benefit Gibraltar based pensioners, we remain fully committed to restore the fortunes of Community Care and ensure its survival.

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To this end we are committed to resume funding it in excess of its annual requirements as from April 2012 so that once again it is able to meet all its commitments and better its reserves to achieve its own investment income and not to have to rely solely on Government grants, the position it enjoyed in 1996.

Given that its outgoings are now much higher, the target is that it should have been able to build up its reserves currently zero to at least £100 million by the time of the next General Election.'

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This is on page 63 of our manifesto, Mr Speaker.

We are also committed, Mr Speaker, on page 27 of our manifesto, as follows, in respect of our projections for growth of our economy:

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'No doubt we shall get the same reaction to the benefits contained in this Manifesto as we have had in the past elections from others – they will tell you it is impossible and will ruin Gibraltar.'

Well, Mr Speaker, that first projection was certainly true – it took them 10 minutes to say that.

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'... in the 2007 General Election our Manifesto was costed on a predicted GDP level of £800 million and a projected level for this financial year of £1.2 billion. Our figures have proved remarkably accurate. The figure for 2007/08 published some 18 months later was £804 million and the estimate for last year was £1 billion. We are assuming that in the current year the size of the Gibraltar economy will reach £1.1 billion. On this basis, the programme in this Manifesto is designed to be delivered with an economy that grows from £1.1 billion to £1.65 billion between 2011 and 2015. In the same period Government revenue is projected to grow from £400 million to £600 million and Government expenditure projected to grow from £375 million to £525 million. On this basis the surplus for the current year would be £25 million growing to a level of £75 million at the time of the next General Election. In effect, Government revenue is being kept at a constant ratio to GDP and it will grow at the same rate as the economy. Government expenditure growth will be kept below the growth in the economy and limited to an increase of 40% over the 4 year period. The annual surplus that will result from these figures will be gifted to Gibraltar Community Care in each of the 4 years to allow the charity to meet its current and future costs and build up its reserves so that in the future it will once again be totally independent of Government grants.'

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That is our published political position on the matter of Community Care funding.

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Hon. P R Caruana: Well, Mr Speaker... So the answer to my question is no, which he could just have said.

Mr Speaker, I note that the hon. Member says that he is planning to donate the entirety of the Budget surplus for the next four years to Community Care. If he plans to do that, can he say to this House where is he going to fund the rest of his programme from, without increasing public debt?

765 **Hon. Chief Minister:** Mr Speaker, I am not going to have the Budget debate all over again. We have already set out exactly what we are going to do, and I will remind him, Mr Speaker, that in respect of Community Care in particular, during the course of the Budget debate I set out very clearly a question to the hon. Member which related to the aspect of our manifesto which I read first, which set out what he had said in respect of the changes *he* was going to implement to Community Care. He was, Mr Speaker...
770 I am not going to say suspicious, but I will say ominously silent on the point of Community Care and in replying to any of the invitations that I set out for him to respond.

775 So, Mr Speaker, that is the question that is still on the table between us: what would have been the mechanisms *he* would have implemented in respect of Community Care? I offered him, Mr Speaker, the possibility not just of telling us across the floor of the House, but of telling *me* behind the Speaker's Chair, confidentially, what the mechanisms he intended to implement are, and unless I missed him trying to grab my eye on the way out, he has not sought to tell us what that position is.

780 As to how we are going to, Mr Speaker, donate the surplus to Community Care *and* deliver our programme without increasing debt... Well, it is obvious, Mr Speaker, that he does not know how to do it, and I am not going to explain it to him.

Hon. P R Caruana: Well, Mr Speaker, I have some news for him: he is *obliged* to explain it to this Parliament. That is what the Parliament that he wanted to make more transparent and more meaningful and more relevant to the democracy of Gibraltar is for; not so that he can taunt with non-explanations, but rather for which he *should* give more explanations.

785 Mr Speaker, the purpose of supplementary questions is most purely to ask questions which are raised by the answer given to the original question. He chose, in a question which had nothing to do with it, to give me a spiel about the fact, which ended with a statement that the Government was going to donate its Budget surpluses to Community Care. I have therefore asked him, given that he is committed both to giving the *whole* of the Government's recurrent Budget surplus to one organisation called Community Care, and that he is also committed – and therefore he has got no spare money in his Budget to pay for capital expenditure – and is also committed to cutting the gross public debt by 50%, Mr Speaker... He will have to explain to this House – and I am asking him now in supplementary – how he can reconcile *that* commitment, which *he* has just raised in this House today, and therefore I am entitled to ask him supplementaries about how he intends to reconcile that commitment, assuming that his understanding goes beyond simply being able to read what a manifesto drafted by others contains – how he proposes to reconcile that commitment with the commitment to reduce public debt *and* deliver all the other increases in recurrent expenditure *and* cut all the revenue by all the ways that he has promised to recover the revenue, and still have money to give Budget surpluses to the tune of £75 million over the next four years.

800 Mr Speaker, with respect to the hon. Member, it is not *I* that may not understand how these things work, but *he* – because it is axiomatic, isn't it? Doesn't he agree that if you are going to give all your spare revenue over income to a charity, you do not have it to do other things with, and all the other things are all the other things that he has promised, which by the way are not just increasing expenditure but reducing revenue, and it is not including cutting tax to 17%.

805 So, Mr Speaker, what I am asking is: is the hon. Member committing – *recommitting* – his Government in this House today to doing all of those things?

810 **Hon. Chief Minister:** He just does not get it, Mr Speaker; that is the problem. (*Interjection by Hon. P R Caruana*) He does not understand, beyond the way that he has explained it, how it is possible to finance a manifesto like ours and deliver it, and I am therefore very happy to recommit myself to it today because I am confident that it can be *and* grant surpluses to Community Care.

815 Mr Speaker, what I am telling him is not 'I am not going to tell you'; it is that he is going to see how it is done as we do it over the next four years, (*Interjection by Hon. P R Caruana*) and we are recommitted to doing it. We are recommitted to doing it by my statements in this House today, if he wants that to be the case.

820 I said during the course of the Budget debate, in my primary intervention and during my reply – although I recognise that he was not here to hear the whole of it – that I recommitted my Party to everything set out in my manifesto being delivered in the next four years. I told him, he might remember, that I would not be taking the route to the trapdoor that he offered me, where he said, 'If you like, because I have not left you enough in public finances – according to you, Fabian – come through this door where you say "That's my excuse for not delivering the manifesto."' I *told* him I was not going to go through that trapdoor.

825 Mr Speaker, this is becoming what is known in Spanish as *el cuento de la buena pipita*. I am going to tell him again. Would he like to tell me, would he like to inform Gibraltar, this House, or just me behind the Speaker's Chair, what the new arrangements he was proposing for Community Care were?

I said very clearly, Mr Speaker, in our manifesto – and everybody accuses *me* of having drafted the document; it is nice that somebody says somebody else drafted it – what our position was going to be in respect of Community Care *and* how we are going to fund it, and I am recommitting ourselves to it.

830 Mr Speaker, *he* said in *his* manifesto, *and* before that to the general public, that he would be implementing a *new* system that was *better* than Community Care. Mr Speaker, is it so much to ask him to tell us what that new system was?

835 **Hon. P R Caruana:** Mr Speaker, if the hon. Member cannot get used to the fact that he now answers questions which I ask, I am very happy to change roles with him again! (*Interjections*) By 237 votes, or something like that, the people of Gibraltar, for whose judgement I have the utmost respect, have decided that I should be cast in the role of asker of questions and he is cast in the role of answerer of questions; a casting, by the way, that I suspect many people have come to regret already.

840 But Mr Speaker, nevertheless it remains such and it really does not become the Government to ask questions across the floor and to invite the Opposition to design policy for the Government.

845 If the hon. Member does not think that Community Care needs reforming – as he has just informed me in the previous question he believes it does not need reforming – then what interest does he have in how I would have reformed it, who does think it needs reforming? Unfortunately for me, and I believe for Gibraltar, the GSD is no longer in Government. The hon. Member now saddles the whole community with the view of the Government that Community Care does not need reforming. It is not for him to taunt the Opposition to disclose what the Opposition *would* have done to fix a problem *had* it been elected into office, which the hon. Members do not think is a problem that needs fixing.

850 Mr Speaker they have to decide... This is why I asked him the question. I asked him the question in order to decide whether the Opposition *should* help the Government out. If the hon. Member had said, 'Yes, I do think there is a possible problem there for Gibraltar,' – what I call the ticking time bomb – 'but I am sorry, you know, we just cannot understand how we might fix it,' I would have rushed to No. 6 and given him the benefit of my ideas. But he has told Gibraltar in this House today that he does *not* think the problem needs fixing, he does *not* think that there is a problem. In those circumstances, for him to ask me to contribute to fashioning a solution for him is entirely, in my view, inappropriate.

855 **Hon. Chief Minister:** Mr Speaker, I actually believe that he is right that many people in the General Election now regret how they cast their votes, and that if the vote were called again, (*Interjection by Hon. P R Caruana*) the majority that we would enjoy would be much *greater* than 237 votes. (*Banging on desks*) It would be well into the thousands, where it *will* be after the next General Election.

860 **Hon. P R Caruana:** If you think that, call an Election *now!* (*Laughter*) I challenge you to call an Election now!

Mr Speaker: Order! Order! Order!

865 **Hon. Chief Minister:** Mr Speaker, he did not pick up when I said before –

Hon. P R Caruana: Call an Election!

870 **Mr Speaker:** Order!

Hon. Chief Minister: – that it was not his *last* term in Government, it was his *final* term in Government after the last time.

875 Mr Speaker, we are not going to put Gibraltar through the expense of another General Election quite at this stage –

Hon. P R Caruana: We will pay for it!

Hon. Chief Minister: – but we are very much thinking... Yes, that's nicely rigged if you pay for it!

880 **Hon. P R Caruana:** We will pay for it.

Hon. Chief Minister: We are very much looking forward to the next General Election, Mr Speaker, because in that General Election, where I confidently expect that I will be facing a different opponent as Leader of the GSD –

885 **Hon. P R Caruana:** But you will still have the same [*inaudible*].

Hon. Chief Minister: – and by which time I will have had the opportunity of wishing him a much more elegant (*Interjection by Hon. P R Caruana*) *adieu* than he might have wished any of his political opponents, and thanking him for the service that he will have given to Gibraltar to date, he will also have had the opportunity of explaining to people why it is that since 2011 – and, in fact, Mr Speaker, since 2010 when he *was* in Government – the hon. Gentleman was saying – not from Opposition, as he is today, but from Government – that, in his view, Community Care was a ticking time bomb that he said he was not willing to bequeath to our future generations. In 2010, Mr Speaker, he said, in January, in his New Year speech, ‘I will be introducing in this Budget in 2010 significant reforms to protect Gibraltar from this possibility. Reform will not result in financial loss to our pensioners or recipients of Community Care.’ That was the plan of the Government, Mr Speaker, in 2010.

890 So I am not asking him what plan did he have if he won the Election now, as Leader of the Opposition, to share with him; I am saying to him, Mr Speaker, what on earth was he basing that on, if he did not have a design or a plan at the time? Because, Mr Speaker, in 2010, in their Budget, the hon. Member did not mention the words ‘Community Care’.

900 Mr Speaker, what we were saying... and I said it specifically in my first intervention on the Budget, in my principal speech, not in my reply – because he missed an excellent part of that, in my principal speech – we do not think Community Care has a problem. I said that specifically, but *you* said, on a number of occasions, and I listed them, Mr Leader of the Opposition, when you were Chief Minister, that you believed that Community Care had a problem. I said to him, Mr Speaker, and I repeat to him, I therefore now call on the Leader of the Opposition to make public in his reply what he was going to do in 2010. In other words, what were the plans of the Government in 2010? One cannot say that one is going to do things without having some sort of plan. Or was it, Mr Speaker, that there was no plan?

905 You see, Mr Speaker – and this is how I finished my intervention on this issue – *if* we are wrong – and we do not believe we are wrong; we believe there are *no* problems with Community Care, but *if* we are wrong – it is actually very bloody-minded of the hon. Gentleman to simply say, ‘Go and sail into this problem,’ and ‘I will not help you, because I was rejected by 237 votes,’ and ‘Let Gibraltar have the problem, because I won’t tell you what my design and what my alternative plan for Community Care was. Find yourself, Gibraltar, in the quagmire, because I didn’t win by 237 votes.’

910 Mr Speaker, how bad can that be? Mr Speaker, we were actually saying, ‘Peter if you have got a better plan, share it and we may actually come out and say that your plan was better than ours. This is too important to be playing party politics on.’ But, Mr Speaker, what the hon. Gentleman has said today in his last intervention is to confirm *in terms, in terms* ‘As I did not win the Election, then you can go and sail into the problems. I don’t care.’ Well, Mr Speaker, what an attitude!

915 **Hon. P R Caruana:** Mr Speaker, the attitude that he has just described is not the one that I described, but certainly it was the one that the GSLP announced in 1996 on the night of 16th May (*Interjection*) when the then recently elected Leader of the Opposition said that Gibraltar had the Government that it deserved, and then went on to re-elect it for another 16 years.

925 Mr Speaker, I sincerely hope that as the man who has the fortunes of this community in his hands for the next three-and-a-half years at least, I sincerely hope that the powers of analysis and the powers of listening and regurgitation and the powers of discernment from what he hears his interlocutor say are not as he has just described them to be. I know that he wants to portray me to the people of Gibraltar as a traitor who left him with a huge financial black hole. Look, Mr Speaker, I have not said that Gibraltar can stew in its own juice; I have said the opposite. I have asked him whether he thinks there is a ‘juice’, and given that he has told me that there isn’t a juice and therefore he does not think there is any possibility of stewing, then I do not have to give him my stewing recipe. After all, why should I give him my favourite stew recipe when he does not want to eat a stew because he does not think there is a need for one? He is confusing remedy with the identification of whether a problem exists in the first place.

935 Mr Speaker, if he wants to have analogies, then the analogy is this: here is somebody who declares that he is fit as a fiddle and wants to berate somebody else for not prescribing the remedy for an illness that he says does not exist, never existed and will not exist. Well, Mr Speaker, he can try and convert all of that into the statement that the ex-Chief Minister, because he lost by 238 votes or whatever the number was, is happy to let Gibraltar sink – in his words, Mr Speaker.

940 All he has to say is declare publicly that he thinks that there is a problem in Community Care – in other words, reverse the position that he has announced in his Budget and today – and then, if he wants, we can work together on designing a solution, and I will be very happy to carry into that exercise if the Government needs the Opposition’s help in doing that job, as he might wish.

945 But what I am certainly not going to do it is on the hypothetical basis which is created by the circumstance that he does not think there is a problem at all, that he thinks – well, not him; the Minister for Employment, who is absent from the Chamber today, thinks – that his creation, Community Care, is

perfect and is not a problem for Gibraltar now or in the future. If that is what they think, then they must want the solution, to what the problem would be if it was not okay, for reasons other than fixing something, because they do not think there is anything that needs fixing. So what he wants is to get the solution for the purposes of playing politics with it, but not to apply to save Gibraltar from anything, because he does not think Gibraltar needs saving.

Mr Speaker, I have been in this House just a little bit longer than him.

Hon. Chief Minister: I thought he was supposed to be asking questions, Mr Speaker.

Hon. P R Caruana: If he does not like what I am saying, I am happy to sit down.

Hon. Chief Minister: I thought you had said you were ready to ask questions.

Hon. P R Caruana: If he is having difficulty hearing what I am saying, I am happy to sit down.

Hon. Chief Minister: I have absolutely no difficulty hearing what he is saying, but I am going to subject it to careful analysis to show him why it is that he is wrong about all of it.

Mr Speaker, in what I told him during the course of the Budget debate, I actually said that we were committed to the things I have now read out to him. I said it during the course of the Budget debate, Mr Speaker, and he did not come back and say, 'Well, look, I am not going to give you my answer, my new design, because you have recommitted yourself to the manifesto.' He, instead, kept schtum about the whole thing and then set down this Question.

Mr Speaker, thank goodness we have got *Hansard* and we will be able to go back and see what the hon. Gentleman said, and not rely on *his* version of what it is that he said or his now desired interpretation of what it is that he said before I rose and dealt with his previous supplementary.

Mr Speaker, I have actually not accused him of being a traitor. I have said that this attitude to Community Care displays what his politics are like. If I were to accuse him of being a traitor, Mr Speaker, it might not be about this, because the first thing that springs to mind is to remind him that he is the only Chief Minister of Gibraltar who has ever said outside of Gibraltar, in Spain, that he *might* be prepared to consider putting – *supporting* – the Andorra-style solution to the people of Gibraltar in a referendum. There are those who might consider that to be treachery.

I have not put it to him in those terms, Mr Speaker, but I will tell him this: he now says what the hon. the Member with the responsibility for employment and other matters, who is not in the Chamber today, said to him, having lost the Election in 1996. Mr Speaker, I think it is appropriate to remind *him* of what he said to the then the Leader of the Opposition in 1996 when he lost the Election and in 2000 and 2003 and 2007 when he lost the Election, which was, 'You should go because you have lost the Election and political leaders, when they lose elections, should have the decency to vacate their posts and allow younger blood to take over.' (*Interjection and laughter*) Mr Speaker, if he said then that that was appropriate for the Hon. Mr Bossano – and Mr Bossano did not take his advice, rightly, and well done; now there he is, back in Government – it may be, Mr Speaker, that either (a) he has changed his position, or (b) he needs to be giving himself a dose of his own medicine.

Medicine, Mr Speaker, brings me to this business of not being allowed to know what the remedy is for any illness other than the illness that one is suffering, in his example. Is it, Mr Speaker, that one is not entitled to consult a textbook to find out what the answer is to a common cold until one has the common cold, in his style of politics? Mr Speaker, is it that somebody can sit on this chair, with the responsibilities that it carries, for two years since 2010, tell people – the elderly, in particular – that he is going to amend Community Care, the whole structure of it, and change it and redesign it, and actually not have a clue of what you are going to replace it with?

Because, Mr Speaker, one is left with the impression that, actually, all those statements were made in the Budget in 2009, in the New Year's message in 2010, in the Budget in 2011, and not followed through because actually there was, behind St Peter's Chair – if you will excuse the analogy with the Chair in the Vatican – absolutely no plan whatsoever to replace Community Care, no design whatsoever to replace Community Care with something safer or something less safe.

Mr Speaker, he will know he is entitled to have his files of his Government confidential in all matters in respect of correspondence etc, but I am entitled to have access in respect of others. I lay down the gauntlet, and it is a simple one: will he allow me to have access to any file of his D-series which contains the new plan for Community Care? It is that simple.

1010

**Statutory old-age pensions
Review of current system**

Clerk: Question 679, the Hon. P R Caruana.

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Hon. P R Caruana: Mr Speaker, will the Chief Minister say whether the Government considers that there is any need to review, reform or change the current system of statutory old-age pensions?

Clerk: Answer, the Hon. the Chief Minister.

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Chief Minister (Hon. F R Picardo): Mr Speaker, as the hon. Member knows, and as we have repeatedly stated in the past from the Opposition benches, and given a commitment in our Election manifesto, and stated in the recent Budget session, the answer is yes.

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Hon. P R Caruana: Mr Speaker, is the hon. Member able to say when he thinks that that might emerge, roughly? Are we talking about weeks, months, the end of the year, early next year? Any timescale?

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Hon. Chief Minister: Mr Speaker, I will tell him it is a work in progress. He was very averse to having any Member of the Opposition be the timekeeper for *his* projects. It is a work in progress and it is certainly something that we want to see the light of day very soon indeed; but because it is, he will understand, a project that requires careful work, I am not going to commit ourselves to any particular time, other than what might already have been said in this House during the course of the Budget debate about how that work is progressing.

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Hon. P R Caruana: Mr Speaker, I was averse to being pressed by the Opposition to say when I was going to deliver a policy that I had not said I would deliver by any particular time during a four-year mandate. This is not the case here, where they have said in their manifesto that they would do this within a period of time which I think has expired already, and I think the... I was going to say the Chief Minister – I mean the Minister for Employment, indicated – in fact, apologised, or expressed regret, if not apologised – during his Budget address for the fact that it has not been possible for him to do it by early July, or by the beginning of July, as had been the announcement.

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So it is because there has been an acknowledgement by the Government already that they are late with this in accordance with their own timetable, not with one that I am trying to pin on them, that I am just asking whether he has any idea when this commitment – that they had planted for July, but has not yet emerged – is likely to emerge. It is not comparable to what they used to do to me.

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Hon. Chief Minister: Mr Speaker, I do not agree. I do not recognise what the hon. Gentleman has said. In fact, I do not think that the apology related to this matter. Perhaps he would like to point me in the direction of what was actually said.

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Hon. P R Caruana: Mr Speaker, perhaps he was not in the Chamber when the Minister for Employment gave his address, but does he not recall the Minister for Employment expressing regret that he had not had... I think he put it down to legislative drafting time or something, that it had not proved possible for him to bring the changes to the reform of Social Security and pensions that he was working on, and that he would bring them as soon as possible. This question is designed to just place a timetable on that, but clearly he does not know, and it does not matter. We will find out on some other day.

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Hon. Chief Minister: Mr Speaker, if the hon. the Clerk will give me the opportunity, I am just looking at the Budget speech because I do not recognise what the hon. Gentleman is saying in the Budget speech of the Hon. Mr Bossano, so if I can just have a moment, or perhaps we can recess, then I can have an opportunity of checking that, because I think he has confused different parts of our manifesto.

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So, Mr Speaker, if this might be a convenient moment, we might recess for five minutes.

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Mr Speaker: Five minutes. The House will recess for five minutes. (*Interjection*) I think the Hon. Chief Minister wants to answer the question.

Hon. Chief Minister: In the interest of clarity, Mr Speaker, I [*inaudible*].

Mr Speaker: The House will recess for five minutes.

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The House adjourned at 5.02 p.m. and resumed its sitting at 5.07 p.m.

Hon. Chief Minister: Mr Speaker, I am grateful for the short break.

1075 Mr Speaker, the position actually is absolutely clear – and totally contrary to what the hon. Gentleman was saying – that the position set out in respect of Social Insurance reform in our manifesto is on page 62 and it does not have any time limit. We recall that before he sat down, the hon. Gentleman said, ‘But this was an issue which you had a time limit on and that is why I am holding you to it.’ So I am going to read it to him, Mr Speaker:

‘A GSLP Liberal Government will reform the entire structure of the Social Insurance Fund which is now insolvent.’

1080 No time limit.

‘We will place the Fund on a viable footing.’

1085 No time limit.

‘EU Law now requires equal pensionable age for men and women in all new schemes. In the new scheme we will pay pensions to men and women from age 60.’

1090 No time limit.

And the bit that my hon. Colleague, the Minister for Employment, gave the House during the course of his Budget speech reads as follows:

1095 ‘The Social Security Fund as it stands is not viable. I have raised this issue many times from the Opposition benches. The hundreds of workers who pass through our economy and contribute to the Fund whilst here will one day become pensioners and create a future liability for Gibraltar *greater* than the one feared by the GSD Government as a result of the Civil Service Final Salary Pension Scheme.

1100 I regret it has not been possible to move on this issue so as to limit the liability at least and ensure it does not continue to grow into the future. There is a manifesto commitment to act on this and I am still hopeful that it will be possible to bring in the new arrangements during this financial year.’

– but there is no manifesto commitment to be held to in terms of time. The hon. Gentleman, in his Budget speech, said that he hoped to do it within the financial year, so if he goes back to what I first said when I said, absent what might have been said in the Budget, that is the position, and there is no question of a manifesto time limit that he can time us to.

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Hon. P R Caruana: Yes, Mr Speaker, I readily accept that there is no manifesto time commitment and that the part of the Minister for Employment’s Budget address that I had been alluding to was the statement of regret that it had not been possible to move on this issue. In other words, it is true that, contrary to what I suggested earlier, there is no time limit placed on the... no target date in the manifesto, but clearly this is something that they want to move on quickly, because the Hon. the Minister for Employment expressed regret that he had not been able to move on it yet. Therefore, the question is whether the Hon. Chief Minister can say when that will be forthcoming and if he can narrow it a little bit to the current financial year, which is 31st December next year. But I acknowledge, if he wants it formally for the record, that it was wrong of me to suggest that there was a deadline in the manifesto.

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Hon. Chief Minister: I appreciate that, Mr Speaker, and I am grateful. Mr Speaker, 31st March, not 31st December.

1120 **Hon. P R Caruana:** It is March.

Hon. Chief Minister: Sorry –

Hon. P R Caruana: Well, it is just the end of the financial year, 31st March.

1125 **Hon. Chief Minister:** That is right. The hon. Gentleman just said now – and I think it was in error – 31st December. Yes, 31st March 2012.

1130 Mr Speaker, yes, I echo the words of the hon. the Member for Employment. There was a manifesto commitment to act on this and we, as a Government, are still hopeful that it will be possible to bring in the new arrangement during this financial year, i.e. before 31st March. *Hopeful* – in other words, we are working towards that.

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**Spanish fishermen in Gibraltar waters
Number of arrests**

Clerk: Question 680, the Hon. P R Caruana.

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Hon. P R Caruana: Mr Speaker, how many arrests of Spanish fishermen in Gibraltar waters have occurred since 9th December 2011? He can provide me with the update, if he wants.

Clerk: Answer, the Hon. the Chief Minister.

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Chief Minister (Hon. F R Picardo): Sorry, the hon. Gentleman said something at the end of that which I did not quite –

Hon. P R Caruana: You can provide me with the update, because a question has been asked, a similar one.

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Hon. Chief Minister: Yes, Mr Speaker, but he has asked about 9th December 2011, so I am going to answer in that respect, and it relates to arrests.

I am informed by the Royal Gibraltar Police that no Spanish fishermen have been arrested in Gibraltar waters during the dates in question.

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Hon. P R Caruana: Mr Speaker, given that there have been no arrests and given that fishing has continued to take place, and that notwithstanding that there have been no arrests, does the hon. Member, with hindsight and the benefit of it, consider that it would have been possible and indeed perhaps more appropriate, rather than to have torn up the 1999 Agreement overnight, so to speak... whether he believes that that statistic indicates that the matter could have been dealt with, with less risk of horizontal contamination of other matters, by putting the Spanish side on notice of termination, allowing the Agreement to continue to prevail during that period of time, during which new arrangements might have been discussed and put in place in less strained circumstances?

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Hon. Chief Minister: Mr Speaker, there are two things I need to say about that. The first is that I recognise the Hon. the Leader of the Opposition was not here for the last Question Time. For good reason he was not here, and so be it. The Hon. the Deputy Leader of the GSD – I do not know whether that makes him Deputy Leader of the Opposition because the Leader of the Opposition is a constitutional post. (*Interjection*) Indeed. Well, not unconstitutional; not envisaged in the Constitution, which is not to say that they are unconstitutional, Mr Speaker (*Interjection*) – asked me exactly the same question less than a month ago.

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Mr Speaker, I do not want to have that debate again, but I am happy to tell him that we remain of the view that we have acted absolutely properly. Mr Speaker, I do not recognise that there continues to be fishing as there was before in our waters. There is *some* fishing in breach of our laws which is, in some instances when it occurs, has involved Spanish fishing vessels being escorted by Guardia Civil vessels in breach not just of the Nature Protection Act but of the United Nations Conventions on the Law of the Sea and of the appropriate behaviour that should be displayed by one nation state in respect of the territorial waters of another nation state, in particular NATO and EU allies, as Britain, Gibraltar and the United Kingdom are with Spain.

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Mr Speaker, would we have acted in a different way with hindsight? No, Mr Speaker, because there is a division between him and me as to what the effect of the 1999 Agreement is, and I said that to him when he *was* here for questions at the previous session, when I said to him if one believes that the 1999 Agreement *is* unconstitutional *and* a breach of the rule of law for all of the reasons that we debated previously, then one cannot tolerate that whilst one negotiates one's way out of it, because you cannot tolerate breaches of the law. It is not up to us to deal with application of the law; that is a matter, of course, for the Royal Gibraltar Police. We just *make* laws in this Parliament.

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So, for all of those reasons, Mr Speaker, as I told him two months ago, as I told his Deputy one month ago, the short answer – and they always try and pin me down to a yes or no, and I am happy to give them one in this instance – is no, even with the benefit of hindsight.

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Hon. P R Caruana: Mr Speaker, my question does not go to whether it is proper or improper, or whether they have acted properly or improperly. Different people in Gibraltar have different views on that question, just as different people in Gibraltar have different views on his confident assertion that the previous, the 1999 Fishing Agreement was unlawful or unconstitutional, and I have no hesitation in categorising myself amongst those who do not think it is either of those things, like the British Government did not think it was and the Commissioner of [*inaudible*]. But that is not the issue, Mr

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1200 Speaker. That is not the question. I am not asking him Questions designed to reopen any of those debates. The narrow question that I was putting to him – but his answer might still be the same – is given that the objection to the 1999 Agreement was the suggestion that it contained a behind-the-scenes understanding between the Government and the RGP that there would be no enforcement of the law – which, by the way, is not true... The Agreement does not say that they can fish. The Agreement is about the enforcement attitude of the RGP reverting to what it had been in earlier years, leaving the enforcement decision thereby in the hands of the RGP. I do not want to debate with him. I am happy to, if he wants to, but that is not the sense of my questions, to debate those aspects. Given that the Agreement left the enforcement of the law in the hands of the RGP, and that they chose to enforce it, he believes, by not arresting people, not because they were exercising any proper judgement, but because they were, in effect, complying with a behind-the-scenes agreement with the Government of the day, but the net result was that there were zero arrests, and that that, in fact, is the same net result as there has been since he tore up the Agreement; namely both *with* the 1999 Agreement and *without* the 1999 Agreement, the net result – albeit, he would argue, for different reasons – is zero arrests.

1205 I am asking him, in those circumstances, doesn't he think that the considerable strife might have been avoided by just allowing the zero arrests to continue whilst different arrangements, which he regards as less unconstitutional and less illegal, had been put in place in a way which would not provoke as much as this unilateral thing appears to have provoked?

1215 **Hon. Chief Minister:** Mr Speaker, I refer him to the supplementary asked by the Hon. the Deputy Leader of the GSD on page 21 of the *Hansard* for Thursday, 21st June, at line 1005, where he said this:

1220 'Now, does he not accept that, looking back in retrospect, this issue of the 1999 Agreement and how one tears up the 1999 Agreement – call it a memorandum of understanding or whatever it is that you wish to call it – but it has not been dealt with well by the Government side because, for example, you could have actually called in the Mayors of La Linea and Algeciras, the fishermen, in the same way as you are having discussions with them now, because you are having those discussions with them now, and say to them "Look here, as from six months' time the 1999 Agreement is out of the window..."'

1225 So I have had this debate in the House, Mr Speaker, with the Hon. –

Hon. P R Caruana: I was here.

1230 **Hon. Chief Minister:** Sorry?

Hon. P R Caruana: I think I was here.

1235 **Hon. Chief Minister:** No, you were not. The hon. Member, I am sorry to say, was not here for that one. This was when the Hon. the Deputy Leader of the Opposition was pretending to be the Leader of the Opposition already, so he definitely was not here for that one.

Mr Speaker, there is a difference. If we were just to say let's have this debate on the basis of the zero arrests, there is a difference, because you see, Mr Speaker, his question was about arrests but there have been reports for process, which there were not, Mr Speaker, before, under the 1999 Agreement.

1240 He will know, Mr Speaker, as well as I do, that a police officer has many ways to deal with people who are breaching the law. He can either caution them, he can report them for process, he can arrest them, he can just give them a strict telling off, if he likes – and that is just down to the police officer at the time. What is happening now, when people are fishing here, Mr Speaker – and there are very few who are fishing here, and I will come to that in a moment – is that they are being escorted by very large boats of the Guardia Civil – usually two large Guardia Civil boats to one Spanish fishing vessel; something which I understand is annoying members of the Guardia Civil as much as it is everybody else, given that they also think that they have better things to do.

1245 But, Mr Speaker, in that context, is he saying that what the Royal Gibraltar Police should do – and we do not interfere in what they should do – is ensure that they arrest, even if that means that they ram Guardia Civil vessels etc? First of all, I am sure he is not saying that. Second, Mr Speaker, he remembers, of course, every time he talked about upgrading the assets available to the Royal Gibraltar Police, but then actually never did that, and we, Mr Speaker, after 8th December 2011, ordered new and bigger boats for the RGP because they were having to rely – as people will know, Mr Speaker, and he will definitely know – on boats that they had confiscated from drugs magnates to be their vessels.

1255 So, Mr Speaker, in that context, 'What is the difference?' he says. Well, I have done all the analysis that I have done as to what the 1999 Agreement achieved or did not achieve and whether it was contrary to the rule of law or contrary to the Constitution, and I stand by those, but what is the strict difference between the zero – and I forgive him the pun – *net* result arrests then and now? Well, Mr Speaker, there is a *very* big difference. A *very* big difference. There were upwards of 60 vessels fishing in our waters under the 1999 Agreement. They would come, not all at the same time but whenever they wished, three or four

1260 at a time. So on one night there might be three or four, on another night another three or four. What has
 happened in the past 60 days has been that the same two vessels, perhaps three, have come in to fish,
 contrary to the memorandum of understanding we have entered into with the Spanish *cofradías*, and those
 two or three vessels are outside the control of the *cofradía*, which is in effect the union. They are the ones
 1265 that are always the blacklegs, whatever agreement has been reached by the *cofradías* with anybody else.
 The *cofradías* are staying away, and you have got these two or three that the Government of the Kingdom
 of Spain have decided should, if they want, have the protection of vessels which should not be in these
 waters, which should be used for other purposes and I would like to see, in conjunction with Royal
 Gibraltar Police vessels, controlling drug trafficking and people trafficking and other illicit activity in the
 Strait, rather than being involved in assisting in the breaches of Gibraltar's fine laws for the protection of
 1270 our environment.

So, under the 1999 Agreement, any member of the *cofradía* would come and fish, and there were zero
 arrests. Post the 1999 Agreement, post 8th December when we get into the new situation and after the
 memorandum of understanding, no boats from the *cofradía* come to fish, except two or three blackguards
 who do not accept the discipline of their union and come and fish, and are then aided and abetted by the
 1275 Guardia Civil. That is an important difference to this.

Hon. P R Caruana: Well, Mr Speaker, it is an important *temporary* difference. It remains to be seen
 the terms upon which the hon. Members can *permanently* resolve this matter, and therefore it remains to
 be seen whether those terms are *better* than the 1999 Agreement, and it remains to be seen whether they
 1280 are better or worse in terms of the circumstances in which they are seen to have been brought about under
 pressure etc. (**A Member:** Hear, hear.) But we do wish the Government luck on that, and I want the hon.
 Member to know that the position of the Opposition is that we would like to see this matter resolved as
 quickly as possible for the same reasons that we did the 1999 Fishing Agreement. For the very same
 reasons that we did the 1999 Fishing Agreement, we want the hon. Members to bring this matter to a
 1285 satisfactory conclusion as quickly and as consistently as possible with Gibraltar's political rights, interests
 and jurisdictions in these waters. Part of that is the circumstances in which that is *seen* to be brought
 about and whether it seems to be... whether it *looks* the result of duress or a forced hand, or not, which is,
 amongst other reasons, why we did not change the law back in 1999. There is that aspect of the matter
 which is an inescapable consequence of resolving any problems of this sort.

1290 But anyway, Mr Speaker, we remain of the view that the 1999 Agreement should not have been
 determined. We acknowledge that the hon. Members have a different view. We think their view is
 mistaken, but they are the Government – they are entitled to give vent to their policies and not ours. It
 remains, we think, therefore, that it is an unnecessary problem that has been created, but we remain to see
 and we will be the first to acknowledge if they are able to resolve it on better terms than we were able to
 1295 obtain in 1999.

By the way, just for his further amusement, Mr Speaker, the new and bigger boats, as he calls them,
 that have arrived, are the ones that *we* had agreed to finance, but the order was actually put through by
 them, even though the RGP had already received the clearance, but I should hasten to add that my point –
 which is not that – is that those were not the bigger boats that Dr Garcia and I used to debate about during
 1300 the last Parliament. We believe that in the context of the Coastguard Agency, the seafaring part of the
 Coastguard Agency, there ought to be bigger, sturdier vessels, not to ram Guardia Civil boats with, but to
 be able to assert jurisdictions in nautical accidents, search and rescue, when there is inclement weather
 resulting from... and this policy arose from the incidents of the two tankers where we found we had
 insufficiently large boats.

1305 So, whilst congratulating the hon. Gentleman for going ahead with the ordering of these new bigger
 boats that he calls the fast boats that he was photographed with recently – even though he has no
 constitutional responsibility for the Police, as he keeps on reminding us, nevertheless he was keen to be
 photographed with them – will he acknowledge for me that those are not the boats that we were
 intending, and that we were intending much bigger boats? Not... yes, bigger boats in the context, and
 1310 they are probably still somewhere in my office, the photographs and brochures of the sort of thing, some
 of them exaggeratedly large, we could not have prospered. Will he therefore accept from me a further
 urge, urging this afternoon, on a Friday, to continue with – (*Interjection*) Okay.

Hon. Chief Minister: Mr Speaker, the hon. Gentleman has said a lot of things which I am happy to
 1315 deal with.

First of all, he will recall that his statement about upgrading assets was made in respect of the
 confrontations which were ongoing at sea, I believe in 2009-10, in particular in his statements and his
 New Year message dealing specifically – and this is a matter of record, Mr Speaker, that he will see –
 dealing with the incursions of the Guardia Civil, that they might also have had a use in respect of
 1320 problems like we had with the *New Flame* and the *Fedra* etc. Of course they might, but his statements
 were specific and they related to those issues which were affecting the RGP and arose from the Guardia

1325 Civil purporting to exercise sovereignty, jurisdiction or control in our waters. Mr Speaker, we agreed with him, as he knows, and the Hon. Dr Garcia was as dogged as ever in trying to get across our agreement with him (*Interjection by Hon. P R Caruana*) so that he understood exactly how much we agreed with him and encouraged him to buy those boats.

Mr Speaker, I do recognise (*Interjection by Hon. P R Caruana*) that when we were elected the RGP had already set their eyes on these boats but had not yet made their order, and that we approved that order and it was therefore an order made in our time, and if there are, Mr Speaker, plans for even bigger boats –

1330 **Hon. P R Caruana:** These were not the boats that Dr Garcia was –

1335 **Hon. Chief Minister:** I look forward to seeing those plans and those designs because, although... I am prepared to take on trust the fact that there are such plans in his office. At least there are some plans for those, because I am sure there are no plans whatsoever for what he was talking about in respect of Community Care.

1340 Mr Speaker, we do not feel under pressure to do any agreement in respect of fishing. Pressure is a state of mind. We have agreed with colleagues from La Línea and Algeciras a 60-day working process, involving experts in the field, that will lead us to conclusions. We feel very relaxed about that and we will not accept any new deadlines or timetables being imposed by anybody else for their own purposes, and we will act according to our understanding of what our law requires and what Gibraltar's environmental protection and sustainable fishing requires in the context of that timetable.

1345 So he needs to look elsewhere, Mr Speaker, for people acting under pressure – perhaps, Mr Speaker, to the events of 1999, where there were stones thrown at vehicles round the back of Convent Place, with windscreens crashed, meetings with fishermen aborted, charges brought against people who were –

Hon. P R Caruana: Not thrown by Spanish fishermen.

1350 **Hon. Chief Minister:** Well, it would have been something if a Spanish fisherman had thrown a stone behind Convent Place – I don't fancy his chances, Mr Speaker! But members of the public in Gibraltar incensed in that way, Spanish fishermen having to be met at the airport for press conferences and meetings, Mr Speaker, because they could not be brought to No. 6 Convent Place, given how the temperature had risen to febrile levels by then. Mr Speaker, that is not the situation that we are in today. I know he does not wish such a situation upon us.

1355 We are very relaxed about where we are going and we very much look forward to considering carefully the report of the internationally renowned experts that are members of the working group, together with some local fishermen and some Spanish fishermen.

1360 **MOD Lands Agreement**
Value of properties sold; expenditure on relocations

Clerk: Question 681, the Hon. P R Caruana.

1365 **Hon. P R Caruana:** Yes, Mr Speaker.

Will the Chief Minister say, as at 30th June 2012, (i) what was the total value, by agreed sale price, of properties sold by Government from the properties transferred to it by the MOD under the last Lands Agreement; and (ii) what is Government's expenditure to date on the MOD relocations agreed therein?

1370 **Clerk:** Answer, the Hon. the Chief Minister.

1375 **Chief Minister (Hon. F R Picardo):** Mr Speaker, the total value, by agreed sale price, of properties sold by the Government from the properties transferred to it by the MOD under the last Lands Agreement, as at 30th June 2012, was £1,839,500. Government expenditure to date on the MOD relocations therein agreed, is £331,985 –

Hon. P R Caruana: One hundred and...?

1380 **Hon. Chief Minister:** No, £331,985.71.

Hon. P R Caruana: Mr Speaker, does the expenditure on relocations reflect a conscious decision that they should lag revenue, or is that simply that there are no plans afoot to go any faster than that, in terms of the projects themselves?

1385 **Hon. Chief Minister:** Mr Speaker, I can tell him that he will have seen in the local press that Ms Lang MP was in Gibraltar this week, and that Ms Lang and other representatives of the Ministry of Defence who I met with were very happy with the progress that was being made in respect of this relocation programme, called Project Euston, and the pace at which it is going and its connection – as he will know, because he negotiated that for the Government – to the sale process of properties as they are handed over.

1390 So everything is going, as far as I am concerned, apace. There is now design work going on and there are demolitions going on, which I think will make sense to him because I think he agreed the schedule of some of those things. So the expense side will go up when we are charged for designs. That has already started, but we have not been charged the full amount, I think, for those designs. I *think* there are tender processes also involved for some works, so those will bite when those tenders are awarded, and there is an intention – and I think, Mr Speaker, from reading the agreement, it was always intended it should be – that sales should go ahead before expenditure is incurred insofar as possible, and that those were linked, Mr Speaker.

1395 I do not understand the Ministry of Defence to be dissatisfied with that. The Government side is not dissatisfied with that at the moment. It may be that at some stage we have a desire to either receive other bits of land more quickly, which would mean we have to hurry up the relocations, or that the MOD, for its own interest, may wish to hurry up relocations and may want to look at another type of programme for the relocations to go ahead.

1405

**Public debt
Breakdown of net figure**

1410 **Clerk:** Question 682, the Hon. P R Caruana.

Hon. P R Caruana: Mr Speaker, will the Chief Minister say, as at each of 30th April 2012, 31st May 2012 and 30th June 2012, what was (i) the gross public debt; (ii) the cash reserves; and (iii) therefore the net public debt?

1415 **Clerk:** Answer, the Hon. the Chief Minister.

Chief Minister (Hon. F R Picardo): Mr Speaker, I will answer this Question together with Questions 683 to 686.

1420

**Public debt
Government debentures**

1425 **Clerk:** Question 683.

Hon. P R Caruana: Mr Speaker, will the Chief Minister give a breakdown, as of each of the 30th April, 31st May and 30th June 2012, in the three cases by debenture issues, of that part of the aggregate public debt which comprises Government debentures?

1430

**Gibraltar Savings Bank
Outstanding debt securities**

1435

Clerk: Question 684.

Hon. P R Caruana: Will the Chief Minister give a breakdown by nominal value and issue of the debenture or other debt securities that have been raised by the Gibraltar Savings Bank and remain outstanding as at each of 30th April, 31st May and 30th June 2012 in the three cases?

1440

1445

**New recurrent expenditure measures
Estimated annualised cost**

1450 **Clerk:** Question 685.

Hon. P R Caruana: Will the Chief Minister provide the estimated annualised cost of each new recurrent expenditure measure introduced or announced by the Government since 9th December 2011?

1455

**Government-owned companies
Breakdown of 2011-12 contribution**

1460 **Clerk:** Question 686.

1465 **Hon. P R Caruana:** Will the Chief Minister say, of the £28.3 million shown on page 2 of this year's Budget Book as having been contributed in the year ended 31st March 2012 to Government-owned companies, how much relates to which company, and in respect of the amount that relates to each company: (a) how much relates to recurrent annual expenditure incurred by that company during the financial year ended 31st March 2012; (b) how much relates to recurrent expenditure incurred by that company during previous Government financial years; and (c) how much relates to capital expenditure incurred by that company, regardless of the year in which it was incurred?

1470 **Clerk:** Answer, the Hon. the Chief Minister.

1475 **Chief Minister (Hon. F R Picardo):** Mr Speaker, the amount of (i) gross public debt, (ii) cash reserves and (iii) net public debt as at 30th April 2012, 31st May 2012 and 30th June 2012 is as follows – with the caveat, Mr Speaker, that some of the figures I am going to give him are tentative. He will know that they mean very little, if anything at all, because in some instances, the Government has greater expenses which are balanced against income, that come in in different months of the year, and he will know that different months are sometimes seen as representing more expected income for the Government than others and there are cyclical issues there.

So, April 2012: Gross Public Debt, £516.50 million; May 2012, £514.77 million –

1480 **Hon. P R Caruana:** Five hundred and what?

Hon. Chief Minister: – £514.77 million; June 2012, £513.57 million.

Tentative Cash Reserves: April 2012, £209.52 million; May 2012, £200.09 million; June 2012, £192.12 million.

1485 Tentative Net Public Debt: April 2012, £306.98 million; May 2012, £314.68 million; June 2012, £321.45 million.

In answer to Question 685, Mr Speaker, the annualised cost of new recurrent expenditure measures introduced to approve by the Government since 9th December 2011 are reflected in the Estimates Book and the Appropriation Bill for 2012-13.

1490 These have already been discussed and approved by Parliament earlier this month.

I now hand the hon. Member a schedule with the information requested in Questions 683, 684 and 686.

ANSWER TO QUESTION 683

Government of Gibraltar Debentures

Summary of the Public Debt as at :

	<u>30-Apr-12</u>	<u>31 May 2012</u>	<u>30 June 2012</u>
Pensioners' Monthly Income Debentures	£49,251,100	£48,501,100	£47,884,600
Monthly Income Debentures	£8,428,700	£8,146,900	£8,059,400
Special Issue of Monthly Income Debentures 2008	£49,427,900	£48,884,200	£48,597,200
Limited Issue of 3-Year Fixed Monthly Income Debentures (30/06/2012)	£22,375,700	£22,353,100	£22,353,100
Limited Issue of 3-Year Fixed Monthly Income Debentures (31/12/2012)	£33,443,400	£33,371,400	£33,171,400
Limited Issue of Fixed Monthly Income Debentures (31/12/2013)	£15,078,000	£15,078,000	£15,078,000
Limited Issue of Fixed Monthly Income Debentures (31/12/2015)	£70,194,300	£70,192,800	£70,177,800
Limited Issue of Fixed Monthly Income Debentures (28/02/2017)	£68,305,800	£68,246,800	£68,246,800
Total of the Public Debt comprised of Government Debentures :	<u>£316,504,900</u>	<u>£314,774,300</u>	<u>£313,568,300</u>

ANSWER TO QUESTION 684

Summary of Debentures and other Debt Security issued by the Gibraltar Savings Bank as at:

	30 April 2012	31 May 2012	30 June 2012
Gibraltar Savings Bank Debentures			
3 Year Fixed Term Monthly Income Debentures (Maturing 1/5/15)	-	£698,600	£894,600
5 Year Fixed Term Monthly Income Debentures (Maturing 1/5/17)	-	£4,872,000	£8,967,200
3 Year Fixed Term Monthly Income Debentures (Maturing 1/2/15)	£1,993,300	£1,993,300	£1,993,300
5 Year Fixed Term Monthly Income Debentures (Maturing 1/2/17)	£25,028,300	£25,202,300	£25,202,300
Monthly Income Debentures (Issued 17/1/12)	£597,300	£748,800	£846,700
Monthly Income Debentures	£9,981,400	£9,817,400	£9,296,300
Pensioners Monthly Income Debentures	£7,122,200	£7,038,800	£6,886,800
Other special Debenture Issues @ 2%	£2,273,996	£2,272,631	£2,274,123
	£46,996,496	£52,643,831	£56,361,323
Gibraltar Savings Bank Bonds			
10-Year Accumulator Bond (Issue date 01/05/12)	-	£288,800	£2,302,400
10-Year Pensioner Accumulator Bond (Issue date 01/04/12)	£460,000	£626,500	£1,076,500
10-Year Accumulator Bond (Issue date 01/02/12)	£897,300	£897,300	£897,300
Guaranteed Superannuation Fund Bond	£1,539,540	£2,047,416	£2,127,226
8% Provident Trust Fund No. 2 Pension Scheme EX Bond 1	£563,439	£564,111	£564,111
8% Provident Trust Fund (Bond 1)	£2,578,277	£2,580,511	£2,580,511
8% Pension Rights and Gratuity Transfers (Bond 2)	£4,659,304	£4,642,627	£4,625,472
8% Provident Trust Fund No. 2 Pension Scheme - EX JMH	£87,033	£87,033	£87,033
Gibraltar Provident Trust (J.M.H.) Pension Scheme	£251,089	£251,089	£251,089
GSL 11% Bond	£14,624	£14,624	£14,624
	£11,050,606	£12,000,011	£14,526,266
Total Gibraltar Savings Bank Debentures and Bonds:	£58,047,102	£64,643,842	£70,887,589

ANSWER TO QUESTION 686

Contributions to Government owned companies

COMPANY	Total Contribution	(i)	(ii)	(iii)
		Recurrent Expenditure 2011-2012	Recurrent Expenditure Previous Years	Capital Expenditure Incurred
Gibraltar Investment (Holdings) Ltd	£ 3,142,949.24	£ 0.00	£ 3,142,949.24	£ 0.00
Gibraltar Residential Properties Ltd	£ 1,938,275.30	£ 1,222,856.14	£ 715,419.16	£ 0.00
Gibraltar Co-Ownership Co Ltd	£ 446,515.44	£ 34,961.23	£ 411,554.21	£ 0.00
Westside Two Co-Ownership Co Ltd	£ 193,793.58	£ 169,225.05	£ 24,568.53	£ 0.00
Brympton Co-Ownership Co Ltd	£ 22,019.57	£ 18,552.00	£ 3,467.57	£ 0.00
Gibraltar Mechanical & Electrical Services Ltd	£ 70,287.62	£ 0.00	£ 70,287.62	£ 0.00
Gibraltar Car Parks Ltd	£ 7,616,137.62	£ 3,702,163.44	£ 3,913,974.18	£ 0.00
Kings Bastion Leisure Centre Co Ltd	£ 6,636,351.36	£ 1,688,184.04	£ 4,948,167.32	£ 0.00
Gibraltar Bus Co Ltd	£ 6,184,643.42	£ 2,315,226.48	£ 3,869,416.94	£ 0.00
Gibraltar Defence Estates & General Services Ltd	£ 222,554.88	£ 222,554.88	£ 0.00	£ 0.00
KIJY Parkings Ltd	£ 86,145.81	£ 45.00	£ 86,100.81	£ 0.00
Gibraltar Strand Property Co Ltd	£ 68,801.71	£ 68,801.71	£ 0.00	£ 0.00
Gibraltar Air Terminal	£ 1,466,438.79	£ 1,460,711.29	£ 5,727.50	£ 0.00
Giblaundry Co Ltd	£ 45.00	£ 45.00	£ 0.00	£ 0.00
GCP Investments Ltd	£ 201,193.53	£ 0.00	£ 201,193.53	£ 0.00
Gibraltar Strand Management Company Ltd	£ 3,033.33	£ 2,572.47	£ 460.86	£ 0.00
GRP Management Company Ltd	£ 400.00	£ 400.00	£ 0.00	£ 0.00
Credit Finance Company Ltd	£ 413.80	£ 413.80	£ 0.00	£ 0.00
	£ 28,300,000.00	£ 10,906,712.53	£ 17,393,287.47	£ 0.00

1495 **Hon. P R Caruana:** Mr Speaker, starting first with Question 685, I know that increases in public expenditure are reflected in the Budget Book, but that is not the answer to my question. The answer to my question is not elicitable from the Budget Book.

1500 My question was: will the Chief Minister provide the estimated annualised cost of each new recurrent expenditure measure introduced or announced by the Government since 9th December 2011? In other words, what is the cost in one full year of each of the new policies that they have introduced? That is not discernible from the Budget Book. The Budget Book is not disaggregated on that basis and the information requested is simply not capable of being established from any reading of the Budget Book.

1505 Since 9th December, and even since 1st April, or even since the Budget date, the Government has adopted new measures, for which of course there may be provision in the Budget Book, but not provision labelled necessarily for a particular policy. So it cannot be identified as being the cost of a particular policy, especially when it is just provided by means of increasing the vote of a particular existing Head.

1510 Indeed, the only one for which we have been provided that degree of information is in respect of the costs of the Future Job Strategy, where the Minister for Employment has said to us in previous Question Times that the cost was roughly around £1 million a month. So that is the cost of that particular new policy that the hon. Members are introducing. For the rest, it is not possible to discern it and I would ask whether the hon... Clearly he has not got the information with him, but whether he will consider... presumably when the Government introduces a new policy – in other words, not just a continuation of

what was there before, but decides to start doing something new or to do something existing, but as a matter of policy in a different way or to a greater extent – part of the decision, part of the factors they take into account is how much it will cost. So they must know what each newly introduced policy measure costs, and that is the information that I am asking for.

1515 Will he please just confirm – so that we take these issues one at a time – that he does not have that information?

1520 **Hon. Chief Minister:** Mr Speaker, I do not agree that this is not discernible from the Budget Book. It may not be discernible at first blush from the Budget Book, but in the Committee Stage what one does is go through each Head in the Budget Book, and you can ask us, Mr Speaker, ‘What is it that you are dealing with in these emoluments? Are you changing the policies that are, in effect, there in the emoluments column? Is there an effect in any of the other columns?’ All of that is what the whole of the Budget debate – which is not just, if I may call it, the glamorous part, the delivery of speeches – is about, and that, Mr Speaker, is a debate that has already been had in this House actually during the course of this session, because the hon. Gentleman knows we have adjourned to questions again. So I do not agree with him on that, Mr Speaker.

1525 Of course, it would be possible for me to work out all of the new policies separately, not just provided to him across the floor of the House at the Committee Stage, but I do not have that information with me today, Mr Speaker, and there are a number of reasons for that.

1530 First of all, he needs to understand – in fact, he probably understands better than me – that policy decisions are made all the time, and policy decisions with cost consequences are explained every time that one makes a policy decision, before you take the step of making it, not just, Mr Speaker, in terms of what is a manifesto commitment, but in the day-to-day running of Government, where there may be an industrial issue in a Department, there may be another type of issue in a Department, and that has an effect.

1535 So, Mr Speaker, what I would say to him is if he wants to write to me, identifying a particular policy and asking me what the annualised cost of it is, I will try to identify for him where in the Budget Book it is provided for and which part of a particular Head deals with that and what the costing of it is. I am happy to try and do that, if he wishes to write to me, Mr Speaker.

1540 But every single policy since 8th December – which is not just policies in the manifesto, Mr Speaker – is not something that I am prepared to sit down and go back seven months of Government of, in order to produce for him an essay on costs in respect of – remember what he is saying – *every single* policy decision, Mr Speaker. That is, in my view, not appropriate.

1545 **Hon. P R Caruana:** Mr Speaker, first of all, I am not asking for each and every day-to-day policy decision. The question is of each new *recurrent expenditure measure*. A recurrent expenditure measure is a measure which they expect to repeat every year.

1550 Mr Speaker, I do not understand the hon. Member’s answer. Does he expect that, in the Committee Stage of the Budget Book, on every line of expenditure, on every line of the Book, we should ask ‘And does this provide for any new policy?’

1555 I know that each Minister sits in their office every day, making decisions on this case or that case that might result in increased expenditure. The Minister for Social Services may decide to provide funding for this new pupil who needs to be sent to a school in England, or the Minister for Culture... all these things. That is not what the question asks. It is each *new recurrent expenditure measure*.

1560 The difficulty is that we do not have a list of them, and I just do not understand why the hon. Member thinks that this House is not entitled to know what the recurring annual costs are – in other words, by how much the Government is increasing the cost of governing in Gibraltar – by virtue of the new policies that it introduces, and that it is not capable, short of asking on every line of the Budget Book, ‘Does this provide for any new measure?’ because we cannot know the list of new measures. We can trawl your press releases and try and see the ones that you have announced, but of the ones that you have not announced, we would have no way of knowing the ones that you have just put into operation without an announcement.

1565 The question is not about each and every one-off decision that increases... It is things like the Future Job Strategy, which was a clear policy decision, the effect of which was to increase public expenditure by £12 million a year; the cost of employing 47 new teachers – a clear Government policy to employ 47 teachers with an annual cost. Yes, Mr Speaker, some of them can be discerned from the Budget, like that one, because there was a figure in the Budget Book that we could marry to a public statement, but when there is no public statement announcing it, there is no way that we can discern it from the amount provided in the Budget. He must know this. I think that this House is entitled to know, and I will put it down for Written Answer, if he prefers, next time so that his officials can prepare the answer in slower order.

I honestly do think that this House is entitled to know, and even if I was wrong in that view, given that the hon. Member makes great store by how transparent he wants to be, there is no reason, surely, why he would not want us to know simply what is the annual cost of their policy measures.

1575 I acknowledge that he cannot provide the information now and that indeed he may not agree to provide it at all, but on the next Question Time I will ask it for Written Answer, so that it can be prepared in slower order.

1580 Mr Speaker, in answer to Question 686, does he now acknowledge, given that out of the £28.3 million, £17.393 million related to expenditure in previous years, even if I were to accept – which at this stage I am not doing – that the third column is correctly filled in and that all of the expenditure, all of the £28.3 million, is genuinely expenditure of a non-capital nature, but even on that basis... and of course he was careful to sail around this point in his reply to the Budget address, when he spoke about assuring us that there was no capital expenditure in the figure, but failing to mention the other criticism that I had made of his treatment above the line of the £28.3 million, which was that it contained recurrent expenditure not just of the year to which the account related, but indeed of previous financial years.

1585 Yes, he can check *Hansard*, if he wants. I can e-mail him, if he wants, a copy of my Budget address.

Hon. Chief Minister: [*Inaudible*].

1590 **Hon. P R Caruana:** Fine. Mr Speaker, the fact of the matter is that, as I explained to him in my own Budget address, he has pretended in his presentation of the Budget – on page 2, I think it is – that the £28.3 million was recurrent expenditure of the Government since that was the bit of the Budget Book that reflects the recurrent expenditure and the recurrent revenue of the Government during that 12-month financial year. By placing the £28.3 million where he placed it, does he not acknowledge that he was pretending that the whole of the £28.3 million was recurrent expenditure in that financial year, where it was not – £17.393 million of it was not – and if he did feel a need to make a provision for previous years' expenditure that were not recurrent in that year, the correct way to have dealt with it, as I said in my Budget address, was to have provided it below the line, as it has always been in the past?

1595 Mr Speaker, the Budget Book, on page 2, does he not acknowledge, professes... Under the heading 'Recurrent expenditure', it says 'Consolidated Fund Charge, £59 million; Departmental Expenditure, £333 million; Contribution to Government-owned companies...' That is to say recurrent expenditure for the 12 months 2011-12, recurrent expenditure, contribution to Government-owned companies £28.3 million. It is neither expenditure that was incurred during the 12-month period to which that account relates, nor indeed is it recurrent. It is, at worst, one-off if it is in respect of previous years, and by putting it there he is mis-stating, mis-describing this. At least to the extent of £17.39 million, he is mis-describing it as recurrent expenditure incurred during those 12 months, where in fact £17.3 million was incurred in the previous year. It is not *recurrent* at all. It is one-off, given that he is making a provision for expenditure that has already taken place and is not being repeated, and therefore he has understated the recurrent Budget surplus by a minimum of £17.4 million. (*Banging on desks*) (*Interjections*)

1600 **Hon. Chief Minister:** Mr Speaker, first of all, let me deal with his first point, which was his retort on Question 685. I am not saying that this House is not entitled to the information. Quite the opposite: I am telling the hon. Gentleman that the House has *had* the information. Of course it has not been provided broken down by policy, because the Book actually does not provide for that. It provides for what the actual expenditure is going to be, taking into consideration what all of those policies are for the next year, and he is now saying break the Book down in another way, which is by policy, showing what the increases are by policy. I do not think, Mr Speaker, that we are going to be getting into answering questions like that, other than in the context of the Committee Stage of the Budget where we would have been able to look at each issue that concerned the hon. Gentleman.

1615 We did, Mr Speaker, for example, in respect of the example he gave of 47 new teachers. Ms Isobel Ellul-Hammond asked Mr Licudi exactly about them when we were going through the payroll in terms of the Head for Education.

1620 Mr Speaker, he was not here for the Committee Stage this year. He has been here for 21 previous years. If he could not be here this time, I make no criticism of the fact that he was not here, but that was the time when we went through the Book and we looked at that, Mr Speaker. So he can ask the Written Question that he wants to ask in that respect.

1625 Mr Speaker, coming on now to Question 686, let me start by telling him that the third column has been filled in accurately, as accurately as my speech was written telling him that, and if he suggests it has not been prepared accurately, he is suggesting that the work done in the Treasury and the Ministry for Finance by officials was not done accurately, because that is not work that I do and I do not expose them to that criticism.

1630 Mr Speaker, I do not tire of telling him that I have huge respect for his intellectual abilities. I do not believe it would have been possible for me to beat him in the last General Election – he takes

1635 compliments very badly, I must tell him – without understanding his intellectual capabilities. Therefore, Mr Speaker, I am saddened that he is now rendered as ineffective as he is, because the respect that I have for his intellectual rigour has got to be affected by the fact that he appears not to have got beyond the summary on page 2 of the Budget.

1640 If he had turned to page 140 of the Budget Book, which has a specific Head assigned to it now called ‘Contribution to Government-owned companies’ – it is the penultimate Head; it is the page before the pink pages – there is set out there, specifically, an analysis which does not list as many companies as I have given him now, which is all the companies. There is one provision for ‘other’ and most of the principal companies are set out there, setting out what the expenditure is for 2012-13, as an estimate; the forecast outturn for 2011-12; the forecast for the year 2011-12; and for previous years – specifically.

1645 So what the hon. Member has done in everything he has said, with such flamboyance and the usual eloquence, just before sitting down, in respect of Question 686, is actually specifically provided for on page 140. What he specifically said I had avoided providing is specifically set out in page 140. It is actually, Mr Speaker, I am sorry to say – and I refer him to my prepared speech, the one I gave at the beginning of the Budget session, and to my reply – specifically referred to in my speeches. There is specific reference to page 140 and how it is set out there.

1650 So, Mr Speaker, the hon. Gentleman obviously does not understand the issue himself, because if he looks at what I have given him, which he now says proves his point, and he looks at page 140, he will understand that it was set out for everyone there as an estimate, here much more particularly.

1655 He will now wriggle, Mr Speaker. He will now say that is not what he said, but when all we *Hansard* geeks go back and read *Hansard* – and I know that at least Mr Bossino and I will be reading it – we will know that he got his argument wrong. And what a pity, Mr Speaker – I tell him genuinely, what a pity – for me to see the Hon. Peter Caruana reduced to this in this House, because I have so much more respect for his intellectual rigour.

1660 Perhaps he should take the advice he so repeatedly gave the Hon. the Member for Employment, and having lost an Election, go.

Hon. P R Caruana: Mr Speaker, I do not know whether the hon. Member thinks that his condescending nonsense, his absolutely discourteous claptrap, his complete and utter mocking personalisation of his opponents will serve him as a cover for the absolute diatribe of nonsense that he utters.

1665 I have come to the conclusion that the hon. Member is, in his political understanding of public finances, so superficial that he understands neither the questions nor indeed the answers that somebody has written for him to come and read in this House.

1670 I have never heard a more nonsensical, irrelevant, completely ungermane to the points that I have raised in my supplementary, explanation than that, and I propose from now on, we will take for granted that whenever the Chief Minister prefixes his answers with the sort of insipid hot air that has emerged from his mouth for the first two minutes of that answer, we will know that that is the sign for smokescreen for *crap* to follow. (*Interjections*)

1675 **Mr Speaker:** Order! Order! Order! I do not think the word – (*Interjections*)

Hon. P R Caruana: Mr Speaker, if the hon. Member... (*Laughter*) If the Hon. Speaker does not think that ‘crap’ is parliamentary language –

1680 **Mr Speaker:** It is not really parliamentary.

Hon. P R Caruana: – I will, of course, withdraw it –

Mr Speaker: Thank you very much.

1685 **Hon. P R Caruana:** – and I will replace it with ‘that brown stuff that we all find so unpleasant’. (*Laughter*)

1690 Mr Speaker, the answer that the hon. Member has given is *complete and utter nonsense*, and of course, Mr Speaker, he starts his condescending... This green-behind-the-ears upstart Chief Minister who has not been six months in the job feels –

A Member: *Upstart?*

1695 **Hon. P R Caruana:** Yes, *upstart!* As a Chief Minister he is a complete upstart (*Interjections*) and he obviously thinks that I would come to this House asking him a question on a document that I have handled personally for 16 years, not knowing to get beyond page 2.

Well, his problem is that he is so selective with his recollection that he conveniently forgets what does not suit him. He will remember that I did indeed get beyond page 2 and indeed that I took him to page 14 precisely to demonstrate that the two items, contribution to wholly-owned Government companies in the summary of Government expenditure... so he has now referred me to the page that deals in detail with that heading, but the item is referred to in the summary as Head 44 on page 14, to which I *specifically* referred him in my Budget reply, and lo and behold, there it is to be found *below* the line, after departmental expenditure, as it has always been in the past.

Mr Speaker, the issue that I raised with him is not whether he had given me, before, the breakdown, even though the numbers are now different. The issue in the question, as he appears to have completely failed to grasp, is not whether he had given me the information, therefore QED... There on page 140 is information which he assumes I have not seen. Therefore, that is the answer to my question and that is why the £28.3 million was not mistreated, on page 2, to understate the Budget surplus, which is the point that I was making. It is completely irrelevant to that!

The question is not whether he had provided the breakdown of the £28.3 million; the question is the use that he had made of the £28.3 million in declaring the annual Budget surplus last year to be £31 million, and had he dealt with the contribution to Government-owned companies, the £28.3 million, on which he provided some figures in the Budget Book and different figures now, had he provided that £28.3 million in the right place on page 2, the declared Budget surplus on page 2 – which is the point that I am making to him – would have been at least £17.393 million higher than the £31.2 million, namely nearly £50 million Budget surplus.

How did he doctor the figures so as not to have to present a budget surplus of £50 million at the time that he is going on about black holes? Simply by deducting from one year's revenue several years' worth of expenditure, as he has just confirmed again here which information partly was... Well, it actually was not there, that breakdown. So he has now, by the answer that he has provided me, Mr Speaker, admitted that, of the £28.3 million, £17.4 million *did not relate* to last year's expenditure at all – it was expenditure of previous years, several years before last year – and he pretends, in the presentation in the Budget Book, that all of it, the £28.3 million, was recurrent expenditure incurred last year, when it was not – neither recurrent nor incurred last year to the tune of at least £17.3 million.

So to that extent, the figure that he declares in this Book as being the surplus of recurrent revenue last year over recurrent expenditure last year, which is what this page 2 attempts to do, is a complete *fraud* of statistical and accountancy presentation, (**A Member:** Hear, hear.) a complete and utter fraud, all perpetrated by the simple device of taking above the line a figure that belongs below the line, which would have declared the Budget figure, of £31 million, £50 million. He might then have wanted to go on to say, 'But of that Budget surplus, I then went on to spend so much in this way that is below the line.' That would have been an accurate presentation.

So I regret to tell the hon. Member that the position is *exactly* as I told him in the Budget speech, it is *exactly* as I am telling him now, and the only Member in this House who has so far spoken on this matter who appears not to know his backside from his elbows on this question is him.

Hon. Chief Minister: Welcome back! (*Laughter*)

Mr Speaker, I really thought that I had lost my foil, so I am delighted that he is back, but of course, Mr Speaker, he is wrong, wrong, wrong. (*Laughter*) He is wrong, wrong, wrong, Mr Speaker, because (*Interjection by Hon. P R Caruana*) the speech which I delivered, and which I have so usefully in front of me on my Mac Apple iPad, sets out exactly the reference to page 140, sets out exactly how those losses arise. They are all recurrent. (*Interjection by Hon. P R Caruana*)

Mr Speaker, he bangs the Book and he says he has proved the point. He has got to look at page 140, Mr Speaker! Page 140 sets out no pretence, and those figures given there are different because they are forecasts and estimates in many instances. But he can see, Mr Speaker, there is a heading, 'Previous years', which provides for £18.7 million, the one that is now set out at £17.3 million, so that there is a greater level of exactitude on how the £28.3 million is arrived at.

Previous years – Mr Speaker, where is the pretence that that was last year? *Where?* Is it that he missed it? (*Interjection by Hon. P R Caruana*) Is it that he missed it, Mr Speaker? Was there any pretence therefore that this was just in that year? No, Mr Speaker. Of course it could have been done in a different way. (*Interjection by Hon. P R Caruana*) It could have been done by restating every surplus he has pretended to have, because into every surplus he should have carried the recurrent losses to state the *real* position, rather than the GSD *fantasy* (*Banging on desks*) of surpluses that he presented this community with. It could have been done that way, but it was easier done this way and properly done this way.

Mr Speaker, he referred to us cooking the books. Now he has referred to us doctoring them. The only person who needs a doctor – or is going to need one if he carries on as he is doing – is going to be him, because he has gone from political giant to political pygmy in seven short months, and the bluster that he makes in dealing with the point that I have made before actually demonstrates the point. If he does not

like Shakespeare, then he will not like the reference to the fact that the lady doth protest so much that clearly he has been caught out.

1760 There is no question of these numbers being wrong. If he is saying that these numbers are wrong, he is saying that every official in the Treasury and every official in the Ministry for Finance has lent themselves to a fraud that he alleges. (**A Member:** Hear, hear.) Is that the allegation that he is making against the excellent public servants of Gibraltar that served him as loyally as they serve me? Because I certainly do not tell them where to put things – or is it that he used to? (*Interjections and laughter*) Is it that he used to? (*Interjections and laughter*) Because you see, Mr Speaker, the people that I have worked with do not seem to me to be the sort to be influenced in that way!

1765 And so, Mr Speaker, anybody who has followed the Budget debate heard the excellent presentation of the figures that I made, (*Interjections*) setting out exactly how the deductions are being affected, read for themselves the Budget Book on page 140 – to which I felt, ‘The poor man, after suffering an Election defeat, I can’t just expect him to read it. *I’ll refer him to it specifically*: page 140, previous years, *no pretence that it is in any particular year*’ – will know that the only person guilty of trying to perpetrate a fraud on the people of Gibraltar is the hon. Gentleman who is left clawing for his legacy! What a pity, Mr Speaker. What a pity to see him in such fashion.

1770 But, look, I will not compliment him any more. Seeing that he describes my compliments of him as being akin to things which should not be mentioned in this House, (*Laughter*) let somebody else tell him that he was a giant, because he ain’t no more. (*Banging on desks.*)

1775 **Hon. P R Caruana:** Mr Speaker, the hon. Member really is the political equivalent of a game show host. (*Laughter*) What I really cannot work out is whether that show is ‘Blankety Blank’ or the ‘Weakest Link’, (*Laughter*) but it is certainly one. I have never heard so much theatrical *nonsense* uttered in such a short space of time by somebody simply trying to obfuscate the facts.

1780 Look, Mr Speaker, for the last time I will say the question is not whether the figures are *wrong*, but whether the figures have been *treated correctly* in calculating the Budget surplus. The Hon. the Chief Minister can, in order to create a smokescreen for his own fraudulent presentation of the Budget surplus figure, continue to pretend that my arguments here are different to what they are.

1785 My argument is *not* that the figures are wrong, it is *not* that they are not on page 140 – as they were then known, although they have now been tightened up and the updated figures have been produced to us in answer to that; the figure is there, so the answer is not whether they are wrong or whether they are available, but precisely whether the figures, broken down, of £28.3 million on page 140, and also referred to in the summary on page 14 at item 44... The question is whether that figure of £28.3 million was properly or not properly treated for the purposes of calculating last year’s recurrent annual Budget surplus. The part of the book where that calculation is presented for all to see is not page 3 or page 14, or page 140. The page of the Budget Book where the Budget surplus is shown for the previous year is headed ‘Summary of forecast financial outturn 2011/2012’ – in other words, the forecast figures for last year – and they are *on page 2*.

1790 So he will forgive me for referring to the page where the sin is committed, and not to the page which has nothing to do with the bloody sin that I am complaining about!

A Member: Bloody! (*Interjections*)

1800 **Hon. Chief Minister:** Come on! Be parliamentary.

Hon. P R Caruana: Therefore, Mr Speaker, the page where the sin that he has committed – is disclosed in all its sordid details is on page 2, and that is therefore the page that I refer to him, and on this page...

1805 I know that he thinks I am a moron. First of all, he tells me that he has huge respect for my intellect – and he tells me this every time he gets to his feet – only immediately to follow it with a statement which suggests that I am an illiterate, innumerate idiot! (*Laughter*) Well, Mr Speaker, he will have to decide which of the two it is. Either I have intellect worthy of his great respect, or I am economically illiterate and actually illiterate, even semantically illiterate.

1810 Because look, Mr Speaker, you do not have to be an accountant or a Chief Minister or a lawyer or intellectually brilliant, or even intellectually not moronic to read what it says in the English language on this page! It says, ‘Forecast outturn for the 12 months 2011-12’, a 12-month period ending on 31st March 2012, and it says, ‘Recurrent Expenditure.’

1815 By the way, in case anybody listening does not know, ‘recurrent’ means occurring every year – *recurring* every year, hence recurrent. (*Laughter*) Recurrent expenditure incurred during this 12-month period ending 31st March 2012: (1) Consolidated Fund Charges, £59.628 million; (2) Departmental Expenditure, £333 million; (3) Contribution to Government-owned Companies, £28.3 million. Deduct all that from the £452 million of revenue in the 12 months ending 31st March and you get, as if by magic, the surplus of recurrent revenue over recurrent expenditure for the year, and it is declared at £31.25

1820 million, except – wait for it, *except* – that the figure that they have deducted from the year’s revenue, alleging that it is the year’s expenditure, is not the year’s expenditure, because in the figure for the year’s expenditure that they have deducted from the year’s revenue to produce the year’s surplus of £31 million, there is expenditure that was not incurred in the year but was incurred over several years *prior* to last year, and that amounts, by his own admission today, to £17.3 million, and by the information provided in the Budget Book on page 140, (*Interjection*) it amounts to... previous years, £18.7 million.

1825 Mr Speaker, the point is not whether it is on page 140 or not on page 140, or whether it was disclosed or not disclosed. The fact of the matter is that on page 2, by including that £17.3 million that was not incurred last year but in previous years, by treating it above the line as including it under the heading ‘Recurrent expenditure for the year ended March 2012’, they have treated as recurrent expenditure – which it is not – that expenditure. That £17 million does not recur again, will never recur again, that £17 million, because that is not a one-year sort of expenditure. That £17 million will *never* recur. It is a one-off, and every accountant knows that one-off payments go below the line, not above the line.

1830 Not only is it not recurrent, in the sense that it will not recur; it is not even expenditure of the year to which the sum relates, the account relates! So it is fraudulently presented on two separate counts: it is neither recurrent, nor was it spent in the year to which the Budget surplus... What they should have done, as has always been done, Mr Speaker, is put the figure of £17 million below the figure of the budget surplus, so it would have been £50-odd million budget surplus minus exceptional expenditure of £17 million, if that is what you wanted to do. That is the correct expenditure.

1835 I have to tell the hon. Member that he cannot wriggle off any hook of that by suggesting that every official in the Treasury is participant in his fraud. I have no doubt that the position was correctly explained to him, that he – or he who does the financial work for him in the Government, (**A Member:** Hear, hear.) namely the Minister for Employment – gave that instruction and officials followed, Mr Speaker.

1840 And I will say this, just to make sure that he understands it: if there is an official in the Civil Service – which I do not believe, but if there were an official in the Civil Service – who believes that this presentation of the account is correct, then he is wrong. He is as wrong as the Chief Minister is: absolutely wrong.

1845 **Mr Speaker:** Before the Hon. Chief Minister rises, I appreciate the point the learned Hon. Leader of the Opposition wants to make probably does not lend itself to a question, but he appreciates I have been indulgent – I have allowed three supplementaries, statements – so I will invite the Hon. the Chief Minister to reply as if he were concluding a debate, and that will be the end of the matter.

1850 **Hon. Chief Minister:** Mr Speaker, you have got to laugh. Let’s face it, you have got to laugh to see the performance.

1855 **Hon. P R Caruana:** You will laugh.

1860 **Hon. Chief Minister:** I think, Mr Speaker, that what happens here is that the hon. Member has such an excellent brief that he can only argue what he is told, and when he has not got someone to explain it to him, then he cannot argue it.

1865 I think it was said of a very senior, now elderly British politician that he could argue any brief. Well, Mr Speaker, I think the hon. Gentleman can argue a brief if it is properly explained to him, but now that he has lost the officials in the Treasury who explain these things, he no longer is able to argue it with any credibility.

1870 The Budget debate has been had, Mr Speaker, and I know that he missed a very large part of it – again, probably for very good reason – but there were times to have these debates. He chose to deliver the speech that he chose to deliver. He made some of these points and I made counterpoints during the course of my reply where I explained all of this, Mr Speaker.

1875 But one of the first things that he said was, ‘If I were to accept for a moment that there is no capital involved,’ – well, look, Mr Speaker, the first point he took during the course of his reply to me in the Budget was that there must have been also capital engaged in these recurrent expenses which were being set off. Now, having made a massive meal of that, he is not quite prepared to accept yet that there is no capital, but it is clearly explained to him that there is not. So what does he do? He just says that he is going to, for one moment, accept it and move on.

I do not know whether the hon. Gentleman just does not want to understand the position, but I have explained it to him twice and I am going to explain it to him again. Recurrent expenditure is expenditure which is incurred every year. He was not applying the recurrent cost in the companies against his surpluses. He was therefore inflating his surpluses. He was spending money and not showing in the final account that it had been spent.

1880 I have said to him, during the course of my intervention, there are two ways of dealing with that: go back and restate all the surpluses, or restate it on one occasion. That is what I said in the course of my Budget speech and also in the course of my reply, and I do not know whether he deigned us with his presence for that part of my reply. So there is no question of trying to pull the wool over anybody's eyes. Above the line, below the line – there it is on page 140, clearly set out in respect of previous years,

1885 So I do not know what it is that is causing the hon. Gentleman to be quite so upset about the issue. Does he want to go around talking about £17 million more in his surplus for this year, or does he want to go back and break that down and deduct it from his earlier surpluses? He can do it as he likes. We have done it in a way that we are advised is acceptable, proper and appropriate. *(Interjection)* He might want to do it the other way. It is a matter entirely for him. We have presented it as we in Government have been advised is appropriate and proper, *(Interjection by Hon. P R Caruana)* and therefore we stand by the way that it has been presented.

1890 Mr Speaker, the performance that the hon. Gentleman has given today reminds me of something I said to him some years back, and that was that sometimes in this House, instead of a Chief Minister, which he was supposed to be in this chair, and now a Leader of the Opposition, he was actually quite fun to watch in his presentation of all arguments, as if he were Basil Fawly once again having to deal with a problematic tenant at Fawly Towers. I called him Basil then and you told me I could not do that, so I am not calling him Basil this time, Mr Speaker. What I am saying, Mr Speaker, is that he is still behaving as if he were like that and that his analysis is just as 'faulty'.

1900 Finally, Mr Speaker, he said that there were parts of this debate which could be akin to a game show host, or to a game show. Well, Mr Speaker –

Hon. P R Caruana: No, that *you* were a game show host.

1905 **Hon. Chief Minister:** At least, Mr Speaker, the verdict of the public has been that he is the weakest link. Goodbye. *(Laughter and banging on desks)*

Procedural

1910 **Clerk:** The Hon. the Chief Minister. *(Interjections)*

1915 **Hon. Chief Minister:** Mr Speaker, I have the honour and pleasure to move that the House do now adjourn to Thursday, 26th July at 3.30 p.m.

Mr Speaker: I now propose the question, which is that this House do now adjourn to Thursday, 26th July 2012 at 3.30 p.m.

1920 I now put the question, which is that this House do now adjourn to Thursday, 26th July 2012 at 3.30 p.m. Those in favour. **(Members: Aye.)** Those against. Passed.

This House will now adjourn to Thursday, 26th July 2012 at 3.30 p.m.

The House adjourned at 6.23 p.m.