



# PROCEEDINGS OF THE GIBRALTAR PARLIAMENT

AFTERNOON SESSION: 3.10 p.m. – 6.45 p.m.

Gibraltar, Thursday, 29th May 2014

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# The Gibraltar Parliament

*The Parliament met at 3.10 p.m.*

[MR SPEAKER: Hon. A J Canepa GMH OBE *in the Chair*]

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

## Questions for Oral Answer

### SPORTS, CULTURE, HERITAGE AND YOUTH

**Q354-359/2014**

#### **New power station; update – Cost of imported generators; storage/transportation of LNG**

**Substitute Clerk:** Answers to Oral Questions continued.  
Question 354/2014, the Hon. D A Feetham.

5 **Hon. D A Feetham:** Mr Speaker, can the Chief Minister state what has been the cost so far to the taxpayer of all the temporary generators which the Government has imported since 2012?

10 **Substitute Clerk:** Answer, the Hon. the Chief Minister on behalf of the Hon. the Minister for Sports, Culture, Heritage and Youth.

**Chief Minister (Hon. F R Picardo):** Mr Speaker, I will answer this question, together with Questions 355 to 359.

15 **Substitute Clerk:** Question 355.

**Hon. D A Feetham:** Mr Speaker, can the Chief Minister state when the Government expects to commence work on the land reclamation associated with the new power station?

20 **Substitute Clerk:** Question 356.

**Hon. D A Feetham:** Mr Speaker, can the Chief Minister state when the Government expects to commence the building of the new power station at the North Mole?

25 **Substitute Clerk:** Question 357.

**Hon. D A Feetham:** In the light of the tender in respect of the liquefied natural gas installation at the Detached Mole, can the Government state what minimum amount of natural gas would be required in order for the storage facilities to become cost effective... *to be* cost effective? I beg your pardon.

30 **Substitute Clerk:** Question 358.

**Hon. D A Feetham:** Can the Government confirm whether there will be an exclusion zone around the liquefied natural gas installation and, if so, provide details of the same?

35 **Substitute Clerk:** Question 359.

**Hon. D A Feetham:** Mr Speaker, how does the Government intend to transport and/or supply liquefied natural gas to the proposed liquefied natural gas installation in Gibraltar and from there, how will any gas be transported to the new power station in useable form?

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**Substitute Clerk:** Answer, the Hon. the Chief Minister on behalf of the Hon. the Minister for Sports, Culture, Heritage and Youth.

**Chief Minister (Hon. F R Picardo):** Mr Speaker, before I launch into my reply as this is the first opportunity I have to speak in this session, may I just quickly record on *Hansard* the Government's thanks to the Returning Officer, his staff and all public servants in Gibraltar for their excellent work at the recent European Election.

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Mr Speaker, the total cost so far of the temporary generators since 2012 until the end of April 2014 has been £10, 252,359.75.

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It is anticipated that the reclamation works associated with the new power station will commence at the end of June 2014.

The validity date of the new power station tender has had to be extended until mid-June on account of the numerous technical clarifications from the tenderers that were still outstanding to allow the tender to be evaluated. This delayed the process by 60 days.

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Mr Speaker, at this stage we have issued a prior identification notice, not a tender, to identify interested parties for the supply, storage and reclassification of liquefied natural gas in Gibraltar. Once these expressions of interest are reviewed, we will be able to engage with the different interested parties to determine what is the minimum amount of LNG that will be needed to be stored for it to be cost effective, together with what will be any exclusion zone around the LNG installation.

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**Hon. D A Feetham:** Yes, Mr Speaker, the Hon. the Chief Minister has not provided an answer to Question 359, which is the transport of the gas to the installation and then from the installation in useable form to the power station.

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**Hon. Chief Minister:** Mr Speaker, I thought he would have understood that because the PIN is not yet determined, it is not possible to give a detailed answer to his question.

**Hon. D A Feetham:** Mr Speaker, he may not be able to give me a detailed answer to my question, but no doubt the Government has investigated how it intends to bring liquid gas to the Detached Mole, and then presumably from there it has an idea as to how it is then going to either pipe or transport in another way, the gas, to the power station.

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Can he provide us with at least a flavour of how the Government intends to do that or alternatively what are the various possibilities in relation to this?

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**Hon. Chief Minister:** Mr Speaker, there are very many different options and until the Government decides which option based on the advice we are receiving is the one that we are going to pursue, I would not be able to give any detail that is of any use to the House, other than to set out what all the possible options may be. He is, I assume, as able as anybody else in our community to work out what all of those possible options may be.

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We can have a discussion, if he likes, about what all the possible options are, but I do not think that is conducive to the community being any wiser as to what exactly it is that is going to happen. That position can be put once the technical advice to the Government has been received. The Government has then made the decision and then explains publically what methods are going to be used. But you know he is saying himself from the Detached Mole it is not going to involve trucks, it is going to involve probably some sort of underwater pipeline if that is the solution that is recommended.

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**Hon. D A Feetham:** Mr Speaker, the Hon. the Chief Minister is aware or must be aware that there is European legislation in relation to exclusion zones around plants of this nature and it requires that any authority that is planning to install a plant of this nature conducts a risk assessment in order to determine what kind of exclusion zone there is around a plant of this nature. Can the Government confirm that such a risk analysis has already been completed?

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**Hon. Chief Minister:** Mr Speaker, different levels of risk analysis are required. Until the actual amount of gas that is going to be stored is determined – and that is the subject of advice – the actual exclusion zone, such as it may be, cannot be determined. I would have thought it obvious that the exclusion zone for 100 cubic metres of gas, or whatever it is measured in, is different to the exclusion zone for 1,000 cubic metres, and that is an issue which is still the subject of advice.

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100 **Hon. D A Feetham:** Mr Speaker, is he satisfied on the information that he has at the moment that locating a plant of this nature in the Detached Mole is going to allow him or his Government to have an exclusion zone around this particular plant that satisfies risk and any relevant European legislation?

**Hon. Chief Minister:** Mr Speaker, I am satisfied that the options that are being put to the Government do not involve the Government being in breach of any relevant legislation, European or otherwise.

105 **Hon. D A Feetham:** Mr Speaker, moving on to the question of the power station, he said that the land reclamation is to commence work in June 2014 and that the tender in relation to the power station has actually been extended by another 60 days. Is he satisfied that the completion of the power station will be completed before this Parliamentary term and before the next General Election?

110 **Hon. Chief Minister:** Mr Speaker, I am satisfied that it will be done with such alacrity as it is possible to do it in order to do it safely and in order to ensure that we make the right choice for this community for many generations. I am certainly satisfied that work will start during the lifetime of this Parliament, but as he knows, Mr Speaker, we did not have a manifesto commitment [*inaudible*] fixed Parliaments. Therefore the next Election is not necessarily going to be held on 8th December 2015 and it may very well be held before the end of this year for all he knows, and therefore with the best will in the world, nobody can build a power station in a few months.

**Hon. Sir P R Caruana:** Mr Speaker, I rise just to touch on the same subject, as I did last time this matter came before the House.

120 Whilst admitting to not being very technologically minded, the hon. Member knows that I have a sort of luddite nervousness about the concept of liquefied natural gas in a small place like Gibraltar, and indeed the fact that there are EU Regulations that require the determination of the required exclusion zone suggests – at least to the ignorant person and I admit to being that on this matter – that there is an element of risk, otherwise EU regulations would not be concerned with the size of exclusion zones.

125 The Government obviously does not share the same concern as I do about the intrinsic risk involved in liquefied natural gas fired power stations. But can I just ask whether the hon. Members are now, as a matter of policy, committed to that or are there any options that they are being given in the bidding process that might limit the Government, might enable the Government ultimately to opt just for a more traditional diesel powered station, or is that beyond policy decisions that have already been made?

130 **Hon. Chief Minister:** Mr Speaker, to a great extent policy is driven by technical advice and it is within the realms of what the technical advice tells one is possible that policy can be fixed. I think this is something that he will have come up against himself on a number of occasions, that however much you might want to push a particular policy, if the technicians say, ‘Look this does not come within the rules and the ambit of what is allowed under the European rules, for example, then it is not a policy that is going to prosper.

140 So the Government is satisfied that its policy of pursuing a cleaner fossil fuel in terms of emissions, a much cheaper fossil fuel in terms of cost, is one which is deliverable within Gibraltar and the technical advice demonstrates that. We would not be pursuing it if the technical advice was such that we were told that the exclusion zone required around any type of liquefied natural gas solution was two and three quarter miles, in which case it would be very nice to have the facility here, but none of us would be able to get near our homes. That is not the position.

145 The hon. Gentleman knows that there are exclusion zones in terms of health and safety requirements around many different types of installations. It is not possible these days, for example, if you are not grandfathering, to simply have a large deposit of diesel without some element of an exclusion zone as well. So therefore this is degrees of exclusion zone, degrees of health and safety concerns and ensuring that what is done comes within the sort of HAZ OP, as I think they are called, Hazardous Opinion of what is viable and not viable, and nothing that has been said to the Government suggests that this is technically not viable, although it may require the movement of certain things which may be within a radius of a particular area, and fitting those concentric circles into what is Gibraltar is part of the art, as he knows, of being in  
150 Government.

**CHIEF MINISTER**

**Q416/2014  
Nature Group Company –  
DPC application; extension of agreed terms**

**Substitute Clerk:** Question 416, the Hon. Mrs I M Ellul-Hammond on behalf of the Hon. J J Netto.

155 **Hon. Mrs I M Ellul-Hammond:** Mr Speaker, given the recent announcement by the Nature Group Company to extend the terms of the granting of its application from the DPC from storing to treating oil, will the DPC review the original application and will the Government make clear what its position is in relation to this matter, given that there are two Ministers who are members of the DPC?

160 **Substitute Clerk:** Answer, the Hon. the Chief Minister.

**Chief Minister (Hon. F R Picardo):** Mr Speaker, one is tempted to think that the first part of the question is actually addressed to the DPC.

165 Mr Speaker, the DPC deals with all building, development and planning issues before it, based on the applications before it. If applicants want to make any change to any consent to build or develop, granted by the DPC, they need to apply to the DPC for that change. Until they do, whatever they may say about their intentions, they would be acting illegally if they went outside such consent to construct or use land as may have already been granted.

In any event, Mr Speaker, the issue of oil treatment or oil storage would require a specific licence, not from the DPC, but from the Port Licensing Committee which does not include any Ministers.

**Q417/2014  
Gibraltar Fair –  
Naval Grounds; parking facilities available**

170 **Substitute Clerk:** Question 417, the Hon. S M Figueras.

175 **Hon. S M Figueras:** Mr Speaker, can the Government confirm what plans are in place for the temporary, or permanent as the case may be, relocation of the coach park and associated parking and facilities during the use of the Naval Grounds for the fair this year?

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

180 **Chief Minister (Hon. F R Picardo):** Mr Speaker, plans are being put in place to provide an alternative set down area for the week of the fair this year, in a manner designed to inconvenience the public as little as possible, and details of which will be made public nearer the time.

**Q418-419/2014  
Legal consultants –  
Drafting services; costs incurred**

**Substitute Clerk:** Question 418, the Hon. S M Figueras.

185 **Hon. S M Figueras:** Mr Speaker, can the Chief Minister provide details to this House, further to answers to Question 338/2014, of the work done by legal consultants providing drafting services to the Government since December 2011?

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

190 **Chief Minister (Hon. F R Picardo):** Mr Speaker, I will answer this question together with Question 419.

**Substitute Clerk:** Question 419.

195 **Hon. S M Figueras:** Mr Speaker, can the Chief Minister provide details to this House of all legal costs incurred by Government-owned companies since January 2012 on a month-by-month basis, detailing the law firm/lawyers to which payment has been made and details of the matters in respect of which such payments have been made?

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

200 **Hon. Chief Minister:** Mr Speaker, the information requested in Question 418 has now been uploaded on the Government website.

205 In relation to Question 419, the information has not previously been provided in this House by any Administration, I understand. I nonetheless now hand the hon. Member a statement with the information requested and I have asked that it now be added to the Government website in the area that deals with legal fees.

Answer to Question 419			
	Company	Description	Payments
<b>2012</b>			
<b>January</b>	Gibraltar Land Holdings Limited	Corbett & Co	(550.00)
	Gibraltar Land Holdings Limited	Triay Stagnetto Niesh	(26,446.92)
	Gibraltar Residential Properties Limited	Triay & Triay Lawyers	(610.00)
	Gibraltar Residential Properties Limited	Triay Stagnetto Neish	(235.00)
<b>Total</b>			<b>(27,841.92)</b>
<b>February</b>	Gibraltar Residential Properties Limited	Corbett & Co	(870.00)
	Gibraltar Residential Properties Limited	Triay & Triay Lawyers	(4,931.70)
	Gibraltar Residential Properties Limited	Triay Stagnetto Neish	(235.00)
<b>Total</b>			<b>(6,036.70)</b>
<b>March</b>	Gibraltar Residential Properties Limited	Triay & Triay Lawyers	(2,002.50)
	Gibraltar Residential Properties Limited	Triay Stagnetto Neish	(2,974.50)
<b>Total</b>			<b>(4,977.00)</b>
<b>April</b>	GCP Investments Limited	Triay Stagnetto Neish	(114,646.00)
	Gibraltar Residential Properties Limited	Attias & Levy	(2,000.00)
	Gibraltar Residential Properties Limited	Triay & Triay Lawyers	(1,507.50)
	Gibraltar Residential Properties Limited	Triay Stagnetto Neish	(4,223.32)
<b>Total</b>			<b>(122,376.82)</b>
<b>May</b>	Gibraltar Land Holdings Limited	Corbett & Co	(250.00)
	Gibraltar Land Holdings Limited	Triay Stagnetto Neish	(31,179.45)
	Gibraltar Residential Properties Limited	Corbett & Co	(240.00)
	Gibraltar Residential Properties Limited	Triay & Triay Lawyers	(1,615.32)
<b>Total</b>			<b>(33,284.77)</b>
<b>June</b>	Gibraltar Residential Properties Limited	Attias & Levy	(175.00)
	Gibraltar Residential Properties Limited	Triay & Triay Lawyers	(2,495.00)
	Gibraltar Residential Properties Limited	Triay Stagnetto Neish	(235.00)
<b>Total</b>			<b>(2,905.00)</b>
<b>July</b>	Gibraltar Land Holdings Limited	Triay Stagnetto Neish	(3,097.50)
	Gibraltar Residential Properties Limited	Attias & Levy	(475.00)
	Gibraltar Residential Properties Limited	Triay & Triay Lawyers	(3,420.00)
	Gibraltar Residential Properties Limited	Triay Stagnetto Neish	(235.00)
	Westside Two Co-Ownership Company Limited	Triay Stagnetto Neish	(275.00)
<b>Total</b>			<b>(7,502.50)</b>
<b>August</b>	Gibraltar Residential Properties Limited	Attias & Levy	(450.00)
	Gibraltar Residential Properties Limited	Triay & Triay Lawyers	(1,827.50)
	Gibraltar Residential Properties Limited	Triay Stagnetto Neish	(470.00)
<b>Total</b>			<b>(2,747.50)</b>
<b>September</b>	Gibraltar Residential Properties Limited	Attias & Levy	(225.00)
	Gibraltar Residential Properties Limited	Triay & Triay Lawyers	(715.00)
	Gibraltar Residential Properties Limited	Triay Stagnetto Neish	(1,713.00)
<b>Total</b>			<b>(2,653.00)</b>
<b>October</b>	Gibraltar Bus Company Limited	Hassans	(9,026.35)
	Gibraltar Residential Properties Limited	Attias & Levy	(300.00)
	Gibraltar Residential Properties Limited	Ellul & Co	(200.00)
	Gibraltar Residential Properties Limited	Triay & Triay Lawyers	(2,686.00)
	Gibraltar Residential Properties Limited	Triay Stagnetto Neish	(3,241.00)
<b>Total</b>			<b>(15,453.35)</b>
<b>November</b>	Gibraltar Bus Company Limited	Verralls	(725.00)
	Gibraltar Residential Properties Limited	Attias & Levy	(150.00)
	Gibraltar Residential Properties Limited	Triay & Triay Lawyers	(2,150.00)
	Gibraltar Residential Properties Limited	Triay Stagnetto Neish	(4,484.00)
<b>Total</b>			<b>(7,509.00)</b>
<b>December</b>	Gibraltar Residential Properties Limited	Attias & Levy	(100.00)
	Gibraltar Residential Properties Limited	Triay & Triay Lawyers	(650.00)
<b>Total</b>			<b>(750.00)</b>
<b>Year total</b>			<b>(234,037.56)</b>
<b>2013</b>			
<b>January</b>	Gibraltar M & E Services Limited	Hassans	(32,250.00)
	Gibraltar Residential Properties Limited	Dunham Guest & Lyons Solicitors	(4,031.00)
<b>Total</b>			<b>(36,281.00)</b>
<b>February</b>	Gibraltar M & E Services Limited	Hassans	(7,675.38)
	Gibraltar Land Holdings Limited	Triay Stagnetto Neish	(4,917.00)
	Gibraltar Residential Properties Limited	Triay & Triay Lawyers	(1,130.00)
<b>Total</b>			<b>(13,722.38)</b>
<b>March</b>	Gibraltar Bus Company Limited	Verralls	(8,585.00)
	Gibraltar Land Holdings Limited	Triay Stagnetto Neish	(2,033.50)
	Gibraltar Residential Properties Limited	Triay Stagnetto Neish	(10.00)
<b>Total</b>			<b>(10,628.50)</b>
<b>April</b>	Gibraltar Land Holdings Limited	Triay Stagnetto Neish	(17,945.00)
	Gibraltar M & E Services Limited	Hassans	(22,441.78)
<b>Total</b>			<b>(40,386.78)</b>
<b>May</b>	Gibraltar Bus Company Limited	Verralls	(3,725.00)
	Gibraltar Commercial Property Company Limited	Attias & Levy	(150.00)
	GCP Investments Limited	Hassans	(25,000.00)
<b>Total</b>			<b>(28,875.00)</b>
<b>June</b>	Gibraltar Bus Company Limited	Hassans	(2,000.00)
	Gibraltar Bus Company Limited	Verralls	(2,448.00)
	Gibraltar Residential Properties Limited	Triay & Triay Lawyers	(982.00)
<b>Total</b>			<b>(5,430.00)</b>



<b>July</b>	Gibraltar Bus Company Limited	Hassans	(1,148.00)	
	Gibraltar Residential Properties Limited	Triay & Triay Lawyers	(1,187.50)	
<b>Total</b>			<u>(2,335.50)</u>	
<b>September</b>	Credit Finance Company Limited	Hammerstrom Puhakka Partners, Attorneys Ltd	(14,413.91)	
<b>Total</b>			<u>(14,413.91)</u>	
<b>October</b>	Gibraltar Bus Company Limited	Verralls	(3,430.00)	
<b>Total</b>			<u>(3,430.00)</u>	
<b>November</b>	Gibraltar Bus Company Limited	Isolas	(4,490.00)	
	Gibraltar Bus Company Limited	Verralls	(4,755.00)	
	Gibraltar Commercial Property Company Limited	Attias & Levy	(150.00)	
	Gibraltar Residential Properties Limited	Triay & Triay Lawyers	(525.00)	
<b>Total</b>			<u>(9,920.00)</u>	
<b>December</b>	Gibraltar M & E Services Limited	Hassans	(39,573.00)	
	Gibraltar Residential Properties Limited	Triay & Triay Lawyers	(450.00)	
<b>Total</b>			<u>(40,023.00)</u>	
<b>Year Total</b>				<u>(205,446.07)</u>
<b>2014</b>				
<b>January</b>	GCP Investments Limited	Triay Stagnetto Neish	(36,664.60)	
	GCP Investments Limited	Hassans	(260.00)	
	Kings Bastion Leisure Centre Company Limited	Hassans International Law Firm	(3,520.00)	
<b>Total</b>			<u>(40,444.60)</u>	
<b>February</b>	Gibraltar Bus Company Limited	Verralls	(5,725.00)	
	Gibraltar International Bank Limited	Hassans	(38,830.00)	
<b>Total</b>			<u>(44,555.00)</u>	
<b>March</b>	Credit Finance Company Limited	Hassans	(75,010.00)	
	GCP Investments Limited	Triay & Triay Lawyers	(555.00)	
	GRP Bishop Fitzgerald Company Limited	Triay Stagnetto Neish	(8,650.65)	
<b>Total</b>			<u>(84,215.65)</u>	
<b>April</b>	Gibraltar Bus Company Limited	Verralls	(3,600.00)	
<b>Total</b>			<u>(3,600.00)</u>	
<b>Year Total</b>				<u>(172,815.25)</u>
				<u>(612,298.88)</u>

210 **Hon. S M Figueras:** Mr Speaker, in relation to the Hon. the Chief Minister's reply to Question 418, I checked the Government website to see what information was available at the time when I filed the questions and the only information that had been provided had been provided in relation to 2014 and there were entries for January to April, where there were only two recipients or beneficiaries of Government contracts in that context.

215 There was no information that I was able to find for 2013 and 2012, and I wonder whether perhaps he can confirm whether this is something that is being worked on or whether it is not intended to provide that information?

220 **Hon. Chief Minister:** No, Mr Speaker, the intention is not just to provide that information. I understand it is now on line and going back to 2008.

**Hon. S M Figueras:** Yes, Mr Speaker, could the Hon. the Chief Minister tell us when that information was uploaded?

225 **Hon. Chief Minister:** No, Mr Speaker, but I understand it is now on line.

230 **Hon. S M Figueras:** Mr Speaker, the point that I am seeking to make is that the information was not available when the question was asked and I would therefore expect that the information be provided in this House accordingly. If there is any reason why that should not be the case, I would be glad to hear it.

**Hon. Chief Minister:** Mr Speaker, the information that I have from the people who prepare my questions for me... or my answers for me, is that the information was on line and so I am afraid I do not have it with me.

235 If he could quickly check on his Mac Apple, then he can check and let us know whether it is now on line and he has it available. If he wants me to go outside and print it out for him and provide a copy across the floor of the House, because he says it was not available when he asked the question, then so be it. I have no difficulty in doing so at the end of this session.

**Mr Speaker:** May I help?

240 The hon. Member I think can check the Government website and I will allow him to ask any supplementaries that he feels are necessary.

245 Likewise, with respect to the very detailed supplement to the answer to the next question, which is very lengthy and detailed, I think we should move on to the next question, which is in the name of Mr Bossino, and likewise you can come back and ask any supplementaries when you have studied the information circulated by the Chief Minister.

250 **Hon. S M Figueras:** Mr Speaker, I am grateful for the suggestion certainly, but the Hon. the Chief Minister knows that that is not the point. I have a time stamped screen grab of the relevant Government website when I ask the questions and the information was not there when I asked the question and therefore should have been provided in this House. It really is as simple as that.

Now, if I have no option but to review the information, which I can easily do on my MacBook Air (*Laughter*) I am happy to do so, Mr Speaker.

255 **Mr Speaker:** I am not ruling or anything like that.

No, the only thing is that the hon. Member when he drafted the question and he checked the website, it was not there. It could well be that by the time whoever drafted the answer for the Chief Minister, the person who was dealing with drafting an answer... it may have been on the website. That is possible.

260 **Hon. Mr S M Figueras:** In that case, Mr Speaker, I would be grateful for the opportunity to review the information and revisit the issue of supplementaries at a later stage today.

**Mr Speaker:** Of both.

#### Q420/2014

Juan Verde –

#### Connection to companies tendering for Government projects

**Mr Speaker:** Question 420.

265 **Substitute Clerk:** Question 420, the Hon. D J Bossino.

**Hon. D J Bossino:** Can the Chief Minister please state whether Juan Verde has or has had any connection with any company which has so far tendered for any Government projects?

270 **Substitute Clerk:** Answer, the Hon. the Chief Minister.

**Chief Minister (Hon. F R Picardo):** Mr Speaker, it is clear that Members opposite have something against Mr Juan Verde. It is difficult to see why that should be the case.

275 In respect of this question in particular, Mr Speaker, the answer is that it is impossible for the Government to answer this question. How could we possibly know with any certainty if Mr Verde has had any connection with any of the many companies that tender for Government work? We would have to ask Mr Verde to reply or each company that has tendered for Government work.

#### Q421-422/2014

Jason Cruz –

#### Details of role in Gibraltar's London and Hong Kong offices

**Substitute Clerk:** Question 421, the Hon. D A Feetham.

280 **Hon. D A Feetham:** Mr Speaker, can the Chief Minister please state whether Mr Jason Cruz will play any role in the Gibraltar Office in London?

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

285 **Chief Minister (Hon. F R Picardo):** Mr Speaker, I will answer this question together with Question 422.

**Substitute Clerk:** Question 422.

290 **Hon. D A Feetham:** Mr Speaker, can the Chief Minister please provide details of the remuneration and any other employee benefits agreed with, or intended to be provided, to Mr Jason Cruz in respect of his position in the Gibraltar Office in Hong Kong, and in respect of any position he may have in relation to the London Office?

295 **Substitute Clerk:** Answer, the Hon. the Chief Minister.

**Hon. Chief Minister:** Mr Speaker, Jason Cruz is one of those Gibraltarians who has done extraordinarily well outside of Gibraltar. He is the sort of man we as a community are justly proud of. I cannot emphasise enough how happy this Government is that he is now working for Gibraltar in the highly competitive market that is South East Asia.

300 Jason has worked for almost 20 years in Hong Kong's commercial sector. His family has lived in Hong Kong for almost 40 years and enjoys an excellent reputation and an excellent network of relationships which will happily now accrue to the benefit of Gibraltar.

305 Jason was a Director of Cushman and Wakefield in Hong Kong, no mean feat in what is the world's largest privately-owned commercial real estate firm, and recognised as leaders in their field, who have vast amounts of experience in working with over half of the Fortune 500 companies.

In that role, Jason has been responsible for the completion of commercial transactions totalling over US\$1 billion. Indeed, it is not just the Gibraltar Government that is justly proud of him, for Jason's achievements have been recognised by the Royal Institute of Chartered Surveyors for the most significant commercial transaction in Hong Kong in 2013. Well done that Gibraltarian. Now, that is something for the whole of Gibraltar to be proud of, Mr Speaker.

310 Jason was co-Head of Asia Pacific of Cushman and Wakefield's Banking and Financial Services practice between 2011 and 2013, and previously head of Asia Pacific for Cushman and Wakefield's Global Alternative Investment Services, working with hedge funds and private equity firms.

315 Mr Cruz is presently Hong Kong SAR representative and Deputy United Kingdom representative. He will also become United Kingdom representative on 1st June 2016 or such other date as may be mutually agreed between him and the Government.

His remuneration is £130,000 per annum with an allowance for housing, education of his children and an annual return flight to Gibraltar.

320 **Hon. D A Feetham:** Mr Speaker, can he provide more information, in terms of the allowance that has been agreed for this gentleman's education of his children and any other allowances that may have been agreed with this particular gentleman? Does he have a figure in mind or is it going to be elastic in terms that Mr Cruz is to find a suitable school for his children and the Government has agreed to pay? There must have been already an agreement in relation to a sum as an allowance for this gentleman's education of his children and any other allowance that the Government may have agreed with him.

**Hon. Chief Minister:** Mr Speaker, it is not something I intend to get involved in.

330 What has happened is that there is an agreement that an allowance will be made for housing and for education of his children. I do not intend to be looking up the cost of accommodation in London or the cost of schools in London and Hong Kong as that is going to be done by the Chief Secretary, who is responsible for those things. I assume that it will be brought to me just for final approval before it is agreed, but it is an amount that is reasonable in the eyes of the Chief Secretary who will be having these discussions with him.

335 But, Mr Speaker, I am conscious of the fact that a number of people have wanted to congratulate Mr Cruz on having taken the appointment for Gibraltar, including Mr Michael Feetham, who was a Minister with the GSLP between 1988 and 1996 who publically said on Twitter that he was very happy for Jason having accepted the role.

340 **Hon. D A Feetham:** Mr Speaker, I am very glad and indeed I found the exposé in relation to this particular gentleman's experience very interesting indeed; but in the words of Jessie J – he is a great fan of Jessie J – I am interested in the price tag that comes attached to this particular individual's role in Hong Kong and also in London.

345 The hon. Gentleman says this is a question for the Chief Secretary and he does not get involved in these things, but of course he is accountable to this House for taxpayers' money and this is taxpayers' money. Perhaps I might be able to jog his memory. The word is that this gentleman is being paid £200,000. Would I be far off in relation to that particular figure?

**Hon. Chief Minister:** Mr Speaker, yes, sir, very far off. This gentleman is being paid £130,000 and then there is an amount for allowance on housing and education.

350 Mr Speaker, if housing costs £70,000, well look, I can only... the only other reference to an allowance for housing is an allowance for housing that was agreed by them for the person they sent to London to be Director of the London office where the amount might have been... I cannot remember what the exact amount was. It was brought to me for ticking off at one stage. I am reminded by the Hon. Mr Bossano, who tends not to get things wrong in respect of numbers, that what they might have agreed might have been in the region of £1,000 a week, which might have meant £52,000 a year. So, Mr Speaker, if what they are  
355 doing is applying the standards of the lavish accommodation that they thought was appropriate and adding it to £130,000, then they are already £182,000; but it may be that in Hong Kong the accommodation is much cheaper or that Mr Cruz does not want to live in St. James' Square, where they thought it was appropriate to put the person they sent to London at £1,000 a week.

360 I certainly do not know what rents are in London, but this man is the sort of man that we need doing our work in Hong Kong. He is the sort of man who may do very well for us in London also in the future. If he is quantifying the package at £200,000, so be it. I do not have any details as to what the housing allowance proposed to be agreed by the Chief Secretary is or what the education allowance is going to be. It is not that I am trying to hide anything. If he wants to ask me in a couple of months, I guess that by then it will have  
365 been agreed and then I can give him the exact figure because I will ask the Chief Secretary, but I am not the person in the driving seat of agreeing it and neither would I ever recommend that the Chief Minister should be involved in looking at that sort of detail of one particular civil servant.

**Hon. D A Feetham:** Mr Speaker, I have to say I find that very odd indeed, bearing in mind that no one would actually agree to take on a particular post unless all the major details of his contract had actually  
370 been agreed. But he says that something as central, no doubt for Mr Cruz, as accommodation allowance and an allowance for the education of his children has not been agreed, well, so be it. But even on the figures that the hon. Gentleman is talking about, probably my figure of £200,000 a year is probably a conservative estimate, because if we are talking about £50,000 for accommodation alone, bearing in mind that this gentleman has a family and the previous incumbent, if I can call him that, does not have a family... well  
375 £200,000 is probably short.

I do not want to have a controversy across the floor of this House this afternoon. If I write to him about this, will he undertake to provide me with the information in correspondence? I just want the information. I do not care whether he provides it across the floor of this House or in correspondence.

380 **Hon. Chief Minister:** Mr Speaker, he says he does not want to cause controversy after having tried to cause it. It is like every olive branch he offers: it is littered with thorns.

Mr Speaker, the reality is that the previous incumbent, who did not have a family, may be one of two people. I do not know whether he is describing Mr Poggio, who has long been in London, or Mr Canessa, who went to London. Mr Canessa is no longer in London. His salary was in the region of £70,000. His  
385 housing allowance was in the region of £52,000. You are already at £130,000 before the many flights that Mr Canessa was entitled to under his arrangement to Gibraltar. You may be very close to £170,000. He is no longer going to be doing that job. We save that money. So we save £170,000-odd in respect of Mr Canessa and Mr Cruz, who has no previous incumbent, because we have never had anybody in Hong Kong, is by his calculation, he says, going to cost us £200,000. Well, look, Mr Speaker, then we are really arguing  
390 over, by his calculation, about £30,000, if Mr Canessa's package was not worth perhaps even slightly more. I do not know. I cannot actually put my finger on what Mr Poggio's package is worth, and I do not know whether anybody ever has, but anyway let us just assume that it is in the region of the same sort of cost to have that level and that standard of representation in the United Kingdom.

395 Mr Speaker, I am a huge fan of Albert Poggio – a huge fan of Albert Poggio. I believe Mr Poggio was instrumental in defeating joint sovereignty. I believe he has the ability to communicate with well on nigh seven eighths of the Chamber of the House of Commons at the drop of a hat and he is a huge asset for Gibraltar. But, Mr Speaker, he and I have had to have a serious conversation about the fact that he is not getting any younger and Gibraltar needs representation of that standard.

400 So can I put it to him, Mr Speaker, that if he is so concerned about cost, he applauded the fact that given what the cost of Mr Canessa will have been, and what the cost of Mr Poggio would have been, if in the long term what we have is Mr Cruz in London, that is actually an overall saving with a person, who he has seen, is imminently well qualified to represent us today in South East Asia and in the future in London. The cost actually may represent a full saving. As to the detail of the Housing and the Educational allowance, I am very happy, Mr Speaker, for him to either write to me or to ask me again and when that amount is  
405 determined, then I am quite happy to write to him and give him the detail or answer his question across the floor of the House.

I put it to him however, Mr Speaker, that if he wants to be the CEO of this great corporation that we call Gibraltar, the shareholders, although expect to hold him to account and they expect him to get the best value for money, do not expect him to be involved in working out what the cost of a flat in London is or

410 what the cost of a public school in Hong Kong is. He needs to be looking at the broader picture. Sometimes he does not see the broader picture because he is stuck in the detail.

415 **Hon. D A Feetham:** Mr Speaker, I have to say that the hon. Gentleman judges me by different standards than he used to employ himself when he was on this side of the House. He used to lambast his predecessor for using the private suite at Heathrow for £1,500 a go. Now he is lambasting me because I am asking questions that could cost the taxpayer between £70,000 and £100,000, but that is up to the hon. Gentleman.

420 Can I ask him two supplementaries arising from the answers that he has given? The first one is, so the intention is for Mr Cruz to effectively replace both Mr Poggio and also Mr Canessa? And the second one is why this particular post was not advertised in order to determine whether there were other candidates that might have been better than Mr Cruz?

425 No doubt Mr Cruz has his qualities, but this being such a central and important role, both in Hong Kong and in London, we think that it ought to have been advertised, at the very least it would have given the Government a choice of candidates, rather than just simply hand picking one individual *a dedo*, so to speak.

430 **Hon. Chief Minister:** Mr Speaker, it is not that I used to lambast the Hon. the previous Leader of the House, the Hon. Sir Peter Caruana – (*Interjection and laughter*) I used to simply say that to use the lounge every time he went to London was excessive and that of course he should use it on particular occasions if he needed to, but not on every single occasion.

435 But, Mr Speaker, let us be clear. It is not that I am not responsible for the £70,000 to £100,000 that *he* estimates that the allowance for Mr Cruz may be – it may be more, it may be less. It is that the principle of an allowance is agreed and the detail of it is to be pursued by a third party, and I do not think the Chief Minister of Gibraltar, with all of the issues that any Chief Minister of Gibraltar has to deal with, should be involved in negotiating the minutiae issue of contracts.

440 He is right if he were to say, but he does not, that I used to lambast the Hon. the previous Chief Minister for being involved in that level of detail and not allowing people to do their jobs, but look, so be it... everybody has a different way of doing things. I happen to think that the right way to do them is the way I am doing them, otherwise I would not be true to myself or doing the job that Gibraltar, I think, deserves to be done.

445 Mr Speaker, he has asked me the question why did we not advertise. Why did we not interview and why did we not perhaps choose somebody who might be even more qualified to do this job than Jason Cruz? Well, Mr Speaker, because I took a leaf out of the books of Joe Bossano and Peter Caruana. I know that he has loved them and criticised them both at different times in his political career, but when it comes to precedent, precedent is precedent. Mr Poggio was appointed by Joe Bossano without an interview process or without choosing to advertise the post. Mr Canessa was appointed by Mr Caruana overnight without choosing to advertise or propose to see whether others were appointed.

450 In the same way, Mr Speaker, as the Chief Secretary is appointed, the Financial Secretary is appointed and the Chief Technical Officer is appointed, there are some posts which are simply within the purview of the Chief Minister. I actually think it is just a very few and perhaps those four are the only ones. So in this instance, Mr Speaker, I was simply following the procedure established before. I know that the fact that Sir Peter did it is not going to stop him from criticising, because he has become his biggest critic.

455 **Hon. D A Feetham:** Mr Speaker, before I ask another supplementary, he has not answered the first supplementary, which was whether it is the intention of the Government that Mr Cruz take over *both* the roles of Mr Poggio and also Mr Canessa.

**Hon. Chief Minister:** Mr Speaker, yes, thank you for that opportunity. I am sorry I missed that first limb of his supplementary.

460 Mr Canessa is back in Gibraltar. There were never two people in London. The advent of two people in London arose from circumstances, which I think were not happy ones and led to a situation where there were two captains trying to steer a ship. In any organisation it is important that there only be one captain. We have now corrected that situation: Mr Poggio is in London and Mr Canessa is back in Gibraltar. As I told him before, Mr Speaker, and I am surprised he did not deduce it from what I said, the long-term aim is that Mr Cruz should take over from Mr Poggio in the United Kingdom.

465 As I said before, and I say again, I am a huge fan of Mr Poggio, but he is getting no younger and therefore we need to ensure that we plan for a future when Mr Poggio decides that he wants to enjoy his retirement. He is almost 70, Mr Speaker. Mr Poggio looks very well for his age – I have to say that in case he reads *Hansard* – but actually 70 is the new 60 these days. Mr Poggio does not look almost 70, but he is literally almost 70 years old and therefore at some stage those who are in their seventies may wish... I

470 know there are some who are less resilient than others (*Laughter*) but some people in their seventies have indicated that they want a future where they do not work five days a week and they are not...

In fact, if I may say so, the Office of Representative of Gibraltar in the United Kingdom is not a nine to five, five days a week job, it is a very intensive job involving weekends etc. Therefore what we are doing is planning for the future, and in the future if this Administration is able to see through our plans, Mr Cruz will have taken over from Mr Poggio. Mr Poggio today is the only person representing us in London. Mr Canessa is back in Gibraltar... or will be back in Gibraltar on 23rd June, I am told by Mr Isola, working in the Ministry for Financial Services.

480 **Hon. D A Feetham:** Yes, Mr Speaker, the hon. Gentleman says that I have loved and criticised both the hon. backbencher and also the hon. the Father of the House in equal or less equal measure at different times. I have to remind the hon. Gentleman that of course he used to talk to me in less than becoming terms of the hon. the Father of the House, almost 10 years ago when we were talking about and planning as to how we could oust the hon. the Father of the House.

485 **Mr Speaker:** But we are not going to go into that, are we?

**Hon. D A Feetham:** No, we are not. Absolutely not, Mr Speaker.

490 But, Mr Speaker, does the Hon. the Chief Minister (*Interjection*) not recognise that there is a fundamental distinction between the example that he has drawn, which is Mr Canessa and Mr Poggio on the one hand and Mr Cruz on the other in this sense, that Mr Canessa is a public servant and Mr Poggio was in fact appointed – I think I am right in saying – by the GSLP Administration and the policy of the GSD Government was a continuation of effectively that appointment that was made? Whereas here, what we have is a new appointment which has not gone out in any form of advertorial to see whether the Government is obtaining the best candidate for this particular job, which is highly remunerative, with benefits, let me repeat, at least we think £200,000, and therefore there is a distinction to be drawn in relation to the two examples that he has given.

500 **Hon. Chief Minister:** Mr Speaker, I forgive him for disclosing the least indiscreet of my youthful indiscretions. (*Laughter*) But anyway, if anybody is reading history, they might think that at least I stayed and saw the job through with a smile, rather than with a dagger... but never mind.

Mr Speaker, the position is very simply this. Whether Mr Canessa was a public servant or not, he was simply appointed *a dedo* to London. The vacancy was not opened internally in any way. There was absolutely no question of others being able to apply for the job.

505 Mr Poggio was appointed by Mr Bossano and that appointment must have been a good one because it was seen through for 15 years – despite their criticisms before they were elected – by the previous administration and very well done too, because it saw Gibraltar out in great measure of the joint sovereignty issues that we faced in 2003.

510 Mr Speaker, Jason Cruz is an outstanding individual. We think we have made the right choice. We made it because we came across an individual who had all the qualifications that anybody could have thought were necessary for this job.

515 Does he really think that what we should have done is advertise in the *South China Morning Post* ‘Wanted: Gibraltarian. Must be sociable, able to manage London office and have done largest transaction in Asia last year’? (*Laughter*) Is that what he is really proposing, because, Mr Speaker, I must tell him that of all the things that he needs to be analysing and putting under the microscope, this decision, which is the right decision for Gibraltar, because Gibraltar by the way is falling behind in representation in Asia when many of our other overseas territories competitors as financial services hubs have got representation there already? It is a decision long overdue and it is the right decision with the right individual in post at the right level of remuneration. If he says he would not have done it this way, so be it.

520 The problem he has got, Mr Speaker, is 16 years of track record of his party in Government having done the opposite – the complete opposite. Appointments, which he now calls *a dedo*, not at top levels like this where you can point to previous administrations having done similar or identical things in just a handful of posts along the top ridge of appointments to the public service, but throughout the sector. Or does he really... is he such a glutton for punishment that he wants me to remind him of the people appointed at the new terminal in Gibraltar Airport simply out of –

525 **Mr Speaker:** I would rather the Chief Minister did not and we get on with the business in hand, please.

**Hon. Chief Minister:** Mr Speaker, you are absolutely right. I would rather, myself, not have to do that.

530 **Hon. D A Feetham:** Mr Speaker, does he not recognise that really there is a fundamental distinction here? Mr Canessa is a public servant who has been deployed to London. This individual is not a public servant, and he has been appointed directly by the Government.

Does he not also recognise that the examples that he has given are, with respect to him, ridiculous examples about advertising in the *South China Times* or whatever. There may well be people in the United Kingdom or elsewhere, English speaking... they do not have to necessarily be Gibraltarians, although I  
535 accept that if you are going to have two candidates of equal ability and equal standing, it is always preferable to employ a Gibraltarian over somebody from the outside.

But we are talking about the economic driver, economic development for Gibraltar and that he could have advertised in the United Kingdom. There may well be candidates in the United Kingdom or elsewhere who may have been able to do this particular role and would have been far more qualified, but what the  
540 Government has done is effectively deprived itself of that opportunity. Does he not recognise the distinction?

Can he at least satisfy me that this has nothing to do with the fact that Mr Cruz is very supportive of the Hon. the Chief Minister and his Party?

545 **Hon Chief Minister:** Mr Speaker, I knew it had to come, the allegation somehow that there is impropriety; it always is ever thus with the hon. Gentleman, Mr Speaker. Somehow it is connected to you, Fabian and somehow it is connected to the Party.

Mr Speaker, when – may he rest in peace – Mr Cantos was appointed as the Director of Media Relations for the Government of Gibraltar weeks after the 1996 Election, there was no interview for that post. When Mr Golt was appointed, there was no interview for that post. When Mr Flower was appointed, there was no  
550 interview for that post, Mr Speaker. Was it because they were particularly close to the previous Administration? I know at least that Mr Flower and I will laugh about the fact that I have had to mention him in *Hansard* again when I see him later.

Mr Speaker, the hon. Members opposite have established a course of dealing in the past 16 years where it is impossible to distinguish their appointments from those that supported them. Most of those appointments were *a dedo*. We have established a criteria. We will not in any way be involved in simply appointing people whether they are GSLP or otherwise. We will do this in the proper way. There will be interview boards where necessary, but in some instances, at the very top level, we will continue to exercise the prerogative that a Chief Minister is able to choose who represents Gibraltar as Chief Secretary, as Chief  
555 Technical Officer, as Financial Secretary, as our representative in London and our representative officers elsewhere. Mr Speaker, the hon. Gentleman may not like that. He may be saying, but I do not know if he is, that if he were elected, he would always interview for the posts. Well, Mr Speaker, that is a matter for him, he can develop that policy if he wishes, but he must if he does so say that he eschew the actions of the previous GSD Administration and adds that to the many critiques he is making of the 16 years of  
560 Government that previously he had praised as amongst the best.

Mr Speaker, I defend the fact that we have chosen Jason Cruz and I do not believe there is anybody out there who could do the job. One of the qualifications we would be looking for is that the person be a Gibraltarian, because in my view, Mr Speaker, to represent Gibraltar in a representative office, in London, or in South East Asia or anywhere else in the world, not to lobby but to represent, a Gibraltarian is always  
565 best and being a Gibraltarian is, in my view, a requirement of the role.

**Mr Speaker:** Next question.

**Q423-425/2014**  
**Lobbying/marketing abroad for Gibraltar –**  
**Consultants; details**

**Substitute Clerk:** Question 423, the Hon. D A Feetham.

575 **Hon. D A Feetham:** Mr Speaker, can the Chief Minister please explain what criteria the Government used to select Holland and Knight Limited Liability Partnership to undertake lobbying work in the United States?

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

580 **Chief Minister (Hon. F R Picardo):** Mr Speaker, I will answer this question together with Questions 424 and 425.

**Substitute Clerk:** Question 424.

585 **Hon. D A Feetham:** Can the Chief Minister please provide details of the work undertaken by GSLP Member Glyn Ford for the Government since it started to pay him as a consultant, and will Mr Ford continue as a consultant after the European Elections?

**Substitute Clerk:** Question 425.

590 **Hon. D A Feetham:** Can the Chief Minister please provide a list of consultants currently working for the Government on lobbying or marketing for Gibraltar abroad?

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

595 **Hon. Chief Minister:** Mr Speaker, as usual when choosing service providers we looked at various entities in relation to Holland and Knight, who might provide the service. We looked at track record and took references from third parties. We then made the selection and set up a meeting when I was last in Washington.

600 Mr Speaker, in relation to Question 424, the fact that Mr Ford has been a GSLP Member is irrelevant to this Government. We do not choose the people we do business with based on their partisan affiliations, but on their ability and their expertise and if he does not believe me, he might want to ask the question to the person sitting at the end of the row who has been instructed by my Government on various occasions. Indeed, the Government is working with people who have been and some who are still GSD Members, and I do not hear Members opposite asking questions about them, but that demonstrates that we, as a Government, do not consider partisan affiliation to be either a qualifier or a disqualifier when determining who we do business with.

605 Mr Speaker, we will not in any event be taking any lessons on the subject from the party opposite, who exclusively favoured its own people to the exclusion of those who were not their supporters when they were in Government. Mr Ford will continue in his role as part of the bolstering of our lobbying efforts in Brussels. I should add, Mr Speaker, now that the European Election has passed, and he was not returned as a second MEP for Labour. As for the exact work he does, I do not believe sharing information of this nature publically is in the public interest of Gibraltar.

610 Mr Speaker, in respect of lobbying, my answer remains as my earlier answer to Questions 1084/2012 and 429/2013, namely that we will continue the practice of the previous GSD Administration and not provide a breakdown. What we give is in exactly the same form as it was given to us by Members opposite when they were in Administration. I agree with the position of the previous Chief Minister, that sharing information of this nature publically is not in the public interest of Gibraltar.

615 In respect of marketing, other than the UK, US, Hong Kong and Brussels representatives, there are none.

620 **Hon. D A Feetham:** Mr Speaker, so is he saying that he will be willing to provide me with the information as to what work is being undertaken by Glyn Ford for the Government privately? Is that the position?

625 **Hon. Chief Minister:** Absolutely, Mr Speaker. I offered to do so the first time that they asked about Mr Glyn Ford and the second time that they asked about Mr Glyn Ford, and if he bothers to look at *Hansard*, they said, 'We do not want it privately. You must answer in this House'.

But I am delighted, Mr Speaker, to share with him what work is being done for Gibraltar's benefit, but I will do so *privately*.

630 **Hon. D A Feetham:** My recollection is that it was a different question that I was asking then.

In relation to the consultants and the list of consultants, is he also prepared to give me a list of consultants currently working or lobbying abroad for the Government on a private basis?

635 **Hon. Chief Minister:** Is he saying privately?

**Hon. D A Feetham:** Privately. Yes.

**Hon. Chief Minister:** Absolutely, Mr Speaker. I have absolutely no difficulty with that at all.

640 **Mr Speaker:** Next question.



**Q426-427/2014**  
**Radio Bahia/Samuel Fernandez –**  
**Government subsidy; licence to transmit**

**Substitute Clerk** Question 426, the Hon. D A Feetham.

645 **Hon. D A Feetham:** Mr Speaker, can the Government please state whether it is subsidising either directly or indirectly, Radio Bahia and/or Samuel Fernandez and/or any entity associated with him?

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

650 **Chief Minister (Hon. F R Picardo):** Mr Speaker, I will answer this question together with Question 427.

**Substitute Clerk:** Question 427.

655 **Hon. D A Feetham:** Mr Speaker, can the Government please state whether Radio Bahia and/or Samuel Fernandez and or any entity associated with him has applied for any licence or permission in Gibraltar associated with the transmission of radio signals?

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

660 **Hon. Chief Minister:** Mr Speaker, Her Majesty's Government of Gibraltar is not subsidising either directly or indirectly Radio Bahia and/or Samuel Fernandez.

In relation to Question 427, the answer is no in respect of information we have sought and obtained from the Gibraltar Regulatory Authority that regulate these matters.

**Q428-438/2014**  
**Sunborn Hotel/Credit Finance Company Ltd –**  
**Details**

665 **Substitute Clerk:** Question 428, the Hon. Mrs I M Ellul-Hammond on behalf of the Hon. J... no? It is a question posed by Mr Netto and we would like to know who is going to be asking the question. Question 428, the Hon. Mrs I M Ellul-Hammond on behalf of the Hon. J J Netto.

670 **Hon. Mrs I M Ellul-Hammond:** Mr Speaker, can the Government say if during the lifetime of the Sunborn Hotel in its current location, will there be a need to carry out yearly infrastructural or maintenance works, either on land or sea, within the vicinity of the area in order to maintain the environment and/or applicable health and safety conditions and, if so, please state what are such requirements, who will undertake such works and what costs are required on an annual basis?

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

675 **Chief Minister (Hon. F R Picardo):** Mr Speaker, I will answer this question together with Questions 429 to 438.

**Substitute Clerk:** Question 429, the Hon D A Feetham.

680 **Hon. D A Feetham:** Mr Speaker, can the Chief Minister please confirm that all monies due to Credit Finance Company Limited in respect of any Sunborn related loans have been repaid on their original due date?

**Substitute Clerk:** Question 430.

685

**Hon. D A Feetham:** Mr Speaker, can the Chief Minister please state whether the amounts lent by Credit Finance Company Limited to the owners of the Sunborn or in respect of the Sunborn have increased since 5th July 2013?

690 **Substitute Clerk:** Question 431.

**Hon. D A Feetham:** Can the Chief Minister please state whether the owners of the Sunborn or anyone else have made requests for an increase in the amount of Sunborn related loans since 5th July 2013, either from Government, the Gibraltar Savings Bank or any Government-owned or partly-owned company?

695 **Substitute Clerk:** Question 432.

**Hon. D A Feetham:** Mr Speaker, can the Chief Minister please provide details of the total amounts of loans provided by Credit Finance Company Limited as at 31st March 2014, 30th April 2014 and 20th May 2014?

700 **Substitute Clerk:** Question 433.

**Hon. D A Feetham:** Mr Speaker, other than in respect of the commuted pensions of civil servants, Government arrears and other loans, can the Chief Minister please provide details of all payments made by Credit Finance Company Limited as at 31st March 2014, 30th April 2014 and 20th May 2014, broken down by (a) the amount of each payment made in each case whether the payment was made to an individual company or partnership; (b) the date of each such payment; and (c) their purpose?

710 **Substitute Clerk:** Question 434.

**Hon. D A Feetham:** Mr Speaker, can the Chief Minister please state how much has Credit Finance Company Limited paid out in respect of the commuted pensions of civil servants as at 31st March 2014, 30th April 2014 and 20th May 2014?

715 **Substitute Clerk:** Question 435.

**Hon. D A Feetham:** Mr Speaker, can the Chief Minister please provide details as at 31st March 2014, 30th April 2014 and 20th May 2014, of all sums paid by Credit Finance Company Limited to individuals and entities in order to allow them to pay off their debts to Government in respect of Government arrears broken down by (a) the amounts of each loan, indicating in each case whether these loans were provided to an individual, company or partnership; (b) the date such loans were provided; and (c) the type of Government arrears each loan was used to pay for?

725 **Substitute Clerk:** Question 436.

**Hon. D A Feetham:** Mr Speaker, can the Chief Minister please state as at 31st March 2014, how much money the Gibraltar Savings Bank has invested in Credit Finance Company Limited?

730 **Substitute Clerk:** Question 437.

**Hon. D A Feetham:** Can the Chief Minister please state as at 31st March 2014 how much the Government has, either directly or indirectly, invested in Credit Finance Company Limited?

735 **Substitute Clerk:** Question 438.

**Hon. D A Feetham:** Can the Chief Minister please provide a list of all employees of Credit Finance Company Limited as at 31st March 2014?

740 **Substitute Clerk:** Answer, the Hon. the Chief Minister.

**Chief Minister (Hon. F R Picardo):** Mr Speaker, barely 30 months into Government we have delivered the now operating Sunborn Hotel, which provides the fabulous five-star hotel facility that the Financial Services and the Gaming Industry were saying Gibraltar needed. Now that it is on site and being used, people can see it is a fantastic asset for Gibraltar. A number of conferences have already been organised on board that might not otherwise have been organised in Gibraltar. I understand that others are already planned and booked.

The Government's first event aboard Sunborn, the Gala Evening for the Queen's Baton Relay, was a huge success. I trust the Opposition Member for Sport enjoyed his meal as we invite them and do not exclude them from such events as they used to exclude us.

750 The US Trade Mission event, which I was invited to open, was similarly an excellent function that really was to the standard one might expect in any modern European city as was, Mr Speaker, I hasten to add, the event at St. Michael's Cave, catered for by the Elliott Hotel and brilliantly supported by the Royal Gibraltar Regiment Corps of Drums and Band. Both the Leader of the Opposition and the Deputy Leader of the Opposition were invited, but unfortunately were apparently unable to attend.

755 So, on present showing, Mr Speaker, already we were certainly right to bring Sunborn to Gibraltar. The Sunborn Hotel is nonetheless a private facility and it is the responsibility of the owners and operators to ensure it complies with any requisite regulations and laws and the Government has no involvement in this.

Mr Speaker, in answer to Question 429, I am informed that it is indeed the case that all amounts due from all debtors to Credit Finance have been repaid on their due dates.

760 In answer to Questions 430 to 433, the total amount of the loan book of Credit Finance Company Limited, as at the end of March 2014 and at the end of April 2014, stood at £49.4 million. As has already been explained in the House previously, details of individual loans issued by Credit Finance Company Limited will not be given.

765 The total amount paid out to Government pensioners by Credit Finance Company Limited, stood at £21.4 million at the end of March 2014 and £22.6 million at the end of April 2014. The figure, as at 20th May 2014, is not yet readily available in the Treasury. A month end figure will be available.

The details requested in Question 435 remain the same as provided in answer to Question 758/2013 by letter of 23rd November 2013. Mr Speaker, I note that this letter was also copied to you.

770 Mr Speaker, the total amount invested, in answer to Question 436, by the Gibraltar Savings Bank in Credit Finance Company Limited stands at £400 million.

In answer to Question 437, the equity funding to date by the Government in Credit Finance Company Limited stands at £30 million.

Mr Speaker in answer to Question 438, other than the Directors of the company, who are all Government officials, Credit Finance Company Limited has no other employees as at 31st March 2014.

775 Mr Speaker, in order to alleviate the need for the Leader of the Opposition to continue to put recurring questions, I am asking that the information on the total size of the loan book of Credit Finance, the total amount of commutations paid as at the end of each month, the total equity invested by HMGOG in Credit Finance and the amount of any arrears to Government paid by loans from Credit Finance on the terms the information that was previously provided, should be put up on the Government website and updated as appropriate as at the end of each month.

**Hon. D A Feetham:** Mr Speaker, the hon. Gentleman has provided me with the loan book which is nearly £50 million... just short of £49.5 million. He has also provided me with a figure of the payments made by Credit Finance Company Limited in respect of commuted pensions, which stood in April at £26.6 million. Can he confirm that the total amount paid, and there is a distinction... I am not talking about loan book. I am talking about the *total* amount paid by Credit Finance Company Limited in respect of loans, commuted pensions or anything else that Credit Finance has paid out, exceeds, and does he have the figure, exceeds effectively, the £49 point whatever, plus the £26.6 million?

790 Indeed, it is actually one of the questions that I have asked about the payments made, the total payments made by Credit Finance, which the hon. Gentleman has not answered.

**Hon. Chief Minister:** Mr Speaker, I do not think that I have not answered.

795 The loan book, the amount of the commutations... and that is it, Mr Speaker. I think we have had this discussion before. I do not know whether he is specifically asking...that is it. I think we have given, in the exchanges that we have had in the House, what it is that Credit Finance is spending on and I think I have given him every figure.

I do not recognise the figure of £26 million that he has mentioned –

**A Member:** It is £22.6 –

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**Hon. Chief Minister:** It is £22.6 million. That is the figure in respect of commutations. So unless I am missing something or unless I have given him information before, which I am referring to having given before and therefore is not a figure referred to here, I do not think there is anything else to speak of, Mr Speaker.

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**Hon. D A Feetham:** Mr Speaker, can I draw the hon. Gentleman's attention... this is the danger with bunching up so many questions like this, but can I draw the hon. Gentleman's attention to Question 433? Question 433 asks, other than in respect of commuted pensions of civil servants, Government arrears and other loans, can the Chief Minister please provide details of all payments made by Credit Finance Company Limited?

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Now, is he saying that effectively all that has been paid out by Credit Finance is its loan book, commuted pensions and payment of, or the provision of these loans to allow for the payment of Government arrears? That is it? There is nothing else?

815 **Hon. Chief Minister:** Yes, Mr Speaker, that is the position, but he is doubling up when he talks about the arrears paid to Government. Those form part of the loan book because they are part of the loans granted by Credit Finance, the purpose of which has been to repay Government arrears. So it is not that there is an additional amount; it is included in the £49.4 million.

820 **Hon. D A Feetham:** So effectively we are talking about £49.4 million, plus the £22.6 million. That is the totality of all payments made by Credit Finance as at the dates that I have asked.

825 **Hon. Chief Minister:** With the caveat, Mr Speaker, that there may be a figure for May 2014, which will be available at the end of the month.

830 **Hon. D A Feetham:** Mr Speaker, turning to Question 438 and to the employees of Credit Finance Company Limited, it just strikes me that Credit Finance Company Limited is making some very important decisions in relation to what payments are made, what loans are made and what we have is effectively... or is this the position that effectively the people that are making the decisions as to who gets loaned any money or any payments made are just simply the Chief Secretary, the Financial Secretary and the other civil servant from the Treasury, who are making the decisions between them as to how £400 million is to be effectively invested. Is that the position?

835 **Hon. Chief Minister:** Mr Speaker, I do not see what it is that surprises him of that because of course we have added the Chief Secretary and somebody else from the Treasury to the position under the Act, whether it is just the Financial Secretary on his own who can decide how the investments are made with the monies in the Savings Bank.

840 **Hon. D A Feetham:** Mr Speaker, is it the Government's intention for the entirety of that £400 million that has been invested in Credit Finance to be used as required by – and I hesitate to use the term – his Government, but that is effectively what the reality of the situation is. Let us just call it Gibraltar Plc, shall we?

845 **Hon. Chief Minister:** Mr Speaker, we have had this discussion before and he has actually listed every single project in our manifesto and asked us whether we were going to fund it from Credit Finance and we have specifically said no in respect of each of them. So he has his answer, Mr Speaker. We are not going to be using it.

850 My Government, as he likes to put it, is not going to be using the monies in Credit Finance to finance any of the projects in our manifesto, if that is what he is trying to get at.

**Hon. D A Feetham:** Well, but Mr Speaker –

**Hon. Chief Minister:** I know he says it constantly.

855 **Hon. D A Feetham:** Actually, Mr Speaker, yes, he is using this particular money in order to pay for Government expenditure, because the very fact that it is being used to pay off the commuted pensions of civil servants, that is Government expenditure. The very fact that he is also using this particular money in order to allow people to pay off their debts, their arrears to the Government, releases other Government income in fact, and distorts the public finances of Gibraltar, but we are not going to have a debate in relation to this.

860 It just strikes me that £400 million is an awful lot of money that has been caused to be transferred... of savers' money from the Gibraltar Savings Bank into Credit Finance Company Limited and there must be a purpose, because if we are simply talking about loans to the Sunborn, Government arrears and commuted pensions, I do not expect that the payment of commuted pensions is going to escalate to £400 million. I am just asking what the Government's plans are in relation to this £400 million. Why such a colossal sum of money, which now exceeds over a third of the size of the economy, has been invested in this particular company? What does the Government intend to do?

870 **Hon. Chief Minister:** He has got the wrong size of the economy, Mr Speaker; it is much bigger than that already.

875 Mr Speaker, let us be very clear, nothing that is being done distorts public finance in any way, because he knows what the numbers are. So if he says this – and I take the words much more elegantly used by the backbencher – this *flatters* the Government accounts because you are not paying the commutations from the Government accounts, you are paying them from Credit Finance. We have told you what the figure is and so you can simply add it or subtract it from the amounts that you will have seen in the Estimates Book and you can say if you had paid the amount from here, then this is the amount you would have left over. This is not a distortion. This is just asking him to do simple mathematics; but if he is not able to do so, then I suppose then there would be a distortion.

880 Mr Speaker, we have explained the purpose of Credit Finance before on many occasions. It is intended as a vehicle that will produce the returns required in order to be able to pay the interest that the bank offers – that is the purpose of it. We say repeatedly that we are not paying for any Government projects out of it. Of course, as I have told him that we are paying the commuted pensions out of it, and we have answered all his other questions in respect of specific projects – the housing, the cladding etc. That is the position. He knows that is the position.

885 The only thing that fascinates me, Mr Speaker, is that it does not stop him – having had the information and having had all the detail – trying to go out and say the opposite to try and create a spectre of fear in people that something is somehow going wrong. But he gets it wrong, Mr Speaker, even when he says this is larger than one third of our economy. Where is he, Mr Speaker? Does he still think that the economy is at £1.2 billion, because that is what it would be if this were larger than one third of our economy. He has had the estimates, Mr Speaker. I tell you what, Mr Speaker, he has had last year's estimates and we have had a debate on last year's estimates and we were above £1.2 billion, so what is he talking about? Can he not do the simple maths?

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Mr Speaker, the fact is that the Credit Finance debate has been had. All his questions have been answered. In future, all the information will be available on a monthly basis on the website. He cannot pretend that there is a distortion, because all the information is available to him, but he wants to go out and say the opposite. He wants to talk about a perfect storm, although the clouds have dispersed after 8th December. He wants to talk about there being financial problems, although, Mr Speaker, he knows that today, Community Care, for example, already has not zero, which is what it had the last time that they were in Government until 8th December 2011 and when I am doing like this across the floor, Mr Speaker, I am not saying to him that he did things well, it is that they left Community Care with zero. Today, Community Care has £35 million already, and it is not as if we have a usable cash reserve of £2 million. I am not saying to him, 'Well done. Peace brother', across the floor of the House. I am just reminding him of how much we had left at the end of their last financial year in office: £2 million.

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905 The perfect storm gathered, Mr Speaker, but on the day of the new dawn the clouds dispersed. (*Laughter*) Financially Gibraltar is much better off. Look at the deposits in Community Care. Look at the usable cash reserve. Look at the size of the economy. It is not an amount of which £400 million is more than a third. Look at the facts and then make the argument, that is good politics; but distorting reality, trying to scare people and pretending something else is happening, that is bad politics.

910 **Hon. D A Feetham:** Mr Speaker, *mea culpa*. I am a complete illiterate – £400 million is just 2% of the size of the economy, it is really miniscule. £400 million is absolutely miniscule in terms of the size of the economy! It is absolutely miniscule.

Mr Speaker, look, the hon. Gentleman has said that the purpose as I understood it, the purpose of this investment was to allow for a return on investment to be made so that, presumably, those debenture holders in the Gibraltar Savings Bank could be paid off and it does not cost the Government money. Because, of course, if the Government is loaning... or the Gibraltar Savings Bank, I beg your pardon, is being lent money and is paying at 5% – and really in the market place at the moment it would be very difficult to actually get in any kind of safe investment, more than 1% I would have thought, the Government is really funding the balance.

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920 Now he is saying, or the purpose as I understood him of this investment of £400 million, is to allow for the Government to pay that back. Now, how does he intend to do it? What super venture does he have, bearing in mind that I have been asking him about inward investment and all he was able to say to me at the beginning of the year was that all those trumpets that he blew in 2011, all that he has attracted is a coin-minting company, how in his miraculous way of dealing with the public finance of Gibraltar... what is he going to be doing with this £400 million to allow for those losses to actually be paid to the Government, or so that there is no loss to the Government?

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**Hon. Chief Minister:** Mr Speaker, he wants to have the debate now on Credit Finance again. We have had it many times already.

930 Look, Mr Speaker, let me remind him of what it was that they used to do when they used to take the money in respect of debentures and offer a return. But first let me tell him that he should not distort – to use his words – what I have said to him in reply.

I have not said that £400 million is a small amount of money. I have not said it is 2% of the size of the economy. He said, Mr Speaker, and he is responsible for his words in this House, that £400 million was  
935 more than a third of the size of the economy. That put the economy at £1.2 billion. Our economy is bigger than that. He needs to understand that, otherwise the whole of the premise of the debate is incorrect.

So, having established that and assuming that he accepts he was wrong in that remark – but he says things quickly off the cuff without thinking and I accept that and I forgive him – let us move on to understanding what they used to do, because then he might be able to understand what it is that he is  
940 criticising.

His Government, the GSD under Sir Peter Caruana, used to issue public debt. They used to issue it directly, Mr Speaker – something which has been defended by his predecessor in this House. They used to issue debentures and they used to offer 5%. When they offered 5%, Mr Speaker, what they did was, they  
945 took the money from the debenture holder and they spent it on Government projects. They then repaid, from taxpayers' money, the capital and the interest. That is what they did and they have defended that Mr Speaker, which is one of the ways you can structure Government borrowing – perfectly acceptable.

There is now, Mr Speaker, the money going into the Savings Bank. The Savings Bank is offering the returns. The Savings Bank, in order not to have to ask the taxpayer for that money in order to pay that return, has got to make those returns in the market. It is making those returns with the money invested in  
950 Credit Finance that Credit Finance has applied to the purposes that we have discussed. It may be that Credit Finance does more loans and it may be that Credit Finance does more of these commutations – very good business it is too, very much the returns required are being produced in respect of the amounts already being used for that purpose, full stop. It is quite simple. In that way you produce the return.

If you do not invest the balance of the £400 million in anything that produces anywhere near the return,  
955 you have to put your hand in your pocket to pay the balance of the investment. That is what we are trying to avoid by making the money work. It is what every institution that takes deposits does – except of course the Savings Bank does it by buying the shares in the redeemable preference shares in Credit Finance in the way that has already been explained.

But Mr Speaker, he does not really want to have this this debate; he wants to talk about Credit Finance in pejorative terms in order to scare people, in order to talk about the perfect storm. That perfect storm, Mr  
960 Speaker, is not something that is remotely an issue based on reality. It is something that is absolute conjecture, designed by him for political purpose to scare people.

**Mr Speaker:** May I warn the Chief Minister and the Leader of the Opposition that they are now  
965 beginning to debate. I have been liberal, but I am not prepared to allow it very much longer. They will have an opportunity next month to debate to their heart's content but not this afternoon.

I will allow the Leader of the Opposition a supplementary.

**Hon. D A Feetham:** Mr Speaker, nobody here on this side of the House is trying to scare anybody. But  
970 of course, we are talking about significant amounts of money and we are talking about a break in practice from the past in the way that the Government is undertaking the public finances of Gibraltar.

And look, when I was asking the questions a number of months ago, the investment in Credit Finance Company Limited was £344 million. Now it is £400 million by the Gibraltar Savings Bank and another £30  
975 million by the Government. That is £430 million and I just want an idea of what the Government policy is in terms of what it intends to spend this money on, because I need – because it is my duty as Leader of the Opposition – to be in a position to assess the risk to savers' money in relation to the expenditure. I understand that the Government underwrites it all, because the Government underwrites everything within the Gibraltar Savings Bank, but we are talking about significant sums of money.

Whether we talk about a third more than the size of the economy or just under a third of the size of the  
980 economy, it really does not matter, Mr Speaker, because these are very, very significant sums of money indeed.

I would have thought that as a democrat, as a man who placed as the cornerstone of his policy at the last election, openness, transparency, accountability, that he ought to see the concerns on this side of the House  
985 in relation to this particular issue and that he ought to be able to answer a straight question with a straight answer.

**Hon. Chief Minister:** Mr Speaker, the answers are always straight; it is the questions that are crooked. Does he not see, Mr Speaker...? Look, of course, it is a significant amount of money, but does he not  
990 realise, when he talks about whether as a democrat I want to be transparent or not, that we have given him full transparency. He knows what the money has been spent on. Now his questions... because it used to be,

‘You will not tell us what it is spent on, hell and brimstone,’ he used to say. But when he is told everything that the money has been spent on, Mr Speaker, he says, ‘Now you must tell me what you *might* be thinking of spending it on.

995 So his question now is not about the £72 million or £73 million that has been invested. It is about the balance that has not been invested and he is not asking about actual investment; he is asking about future prospective investment.

1000 Well, Mr Speaker, look, if I am telling him that we are going to tell him what has been loaned and what has been commuted etc, he is going to see what things Credit Finance is investing in. It is going to be entirely transparent. Whilst that remains a vehicle that the Government wishes to use for this purpose, he is going to not even have to ask questions in this House. It is going to be on the website, Mr Speaker. So what more transparency can he want?

1005 They *like* to say Mr Speaker, that we are not transparent. Ten meetings a year, thousands of questions, every one of them answered. I offer them answers in private, they say no. Ten months later they ask the same question. I give the same answer and they say, ‘What about private now?’ I say, ‘No problem, in private, you can have the answer on the things that matter to Gibraltar and could be a route map to our enemies.’ Full and utter transparency Mr Speaker, because of course these are significant amounts of money and we are talking about what it is that they are being applied to and therefore there is no distortion. He just has to do the mathematics.

1010 He says there is a break from the past, Mr Speaker, in the way that this money is being managed. Yes, there is a break from the past. We have been defending that break from the past from the minute that we started answering questions about this. We are saying this is active management of that money and he says, Mr Speaker, that he is the guardian and it is his duty to ensure that this money is being properly invested.

1015 Well look, Mr Speaker, as Leader of the Opposition he has wider duties than that. He can look at every penny that is being spent. We are answering his questions. But actually, it is the Financial Secretary that has statutory responsibility for that money. This money has not passed from his control into the hands of a third party. It has gone from one hand of the Financial Secretary into the other hand of the Financial Secretary and therefore there is absolutely no risk that the money is being dealt with by anybody other than the person who has statutory responsibility for it in the way that he thinks is the appropriate way to deal with it, and with more active management will come the better returns.

1020 Now, Mr Speaker, it will be a matter for him at the time of the election to be able to say, ‘This has not produced the results that would have been produced’, or to accept, as I hope he will, Mr Speaker, at the time of the next election if we are proved right, that Credit Finance was the right vehicle, that Credit Finance has produced the return, that Credit Finance has delivered no risk, but an excellent source of investment for the taxpayer.

1025 In respect of one particular thing that Credit Finance does, which are these commutations, he has to remember that Credit Finance is paying to the pensioner the commutation and is receiving a very steady income stream and that actuarially it is very clear that that is absolutely safe. All that is in the pot, Mr Speaker. All of that information is out there. It is now going to be available to anybody on the internet, month in, month out. What more does he want? He has had the information on what money has been spent on. He will see what future money is invested in and that is the end of it, Mr Speaker. There can be no more to delve for.

1030 But of course, Mr Speaker, there is one added element to all of this. It was he himself, Mr Speaker, who said that it is very likely that he is just at the end of the day the GSD’s night watchman. Well, Mr Speaker, night watchmen spend their time at the graveyard, on the graveyard shift. What he needs to do, Mr Speaker, is stop digging.

1040 **Mr Speaker:** Does the Hon. the Leader of the Opposition have any – I will allow him one more supplementary arising from these ten questions that we are answering, because we must draw a line under this debate.

**Hon. D A Feetham:** I have one more and the hon. backbencher has another one as well.

**Mr Speaker:** Yes, go ahead.

1045 **Hon. D A Feetham:** Well Mr Speaker, the hon. Gentleman delights in the use of the words ‘night watchman’. I have to say that I do not have the arrogance that has been displayed only this morning by the Hon. Minister Balban when he said that his Government was going to remain in office for 16 more years, or indeed the Hon. the Chief Minister when I think in the same programme or the *Talk About Town* programme, he said that he was going to be serving the people of Gibraltar for the next three terms. It is a matter for the people of Gibraltar, and then for my party.

**Mr Speaker:** The Hon. the Leader of the Opposition might like to know that, on one occasion in a test match at Lords between England and New Zealand, the nightwatchman scored 99 not out! (*Laughter*)

1055 **Hon. D A Feetham:** Mr Speaker, and this particular nightwatchman intends to deliver one or two knockout punches and one or two sixes from now until the next general election.

1060 But Mr Speaker, the hon. Gentleman tries to characterise this in a particular way, minimise the importance of this. Look, he has already invested a substantial... the company has invested a substantial amount of money. We calculate about £70 million loan book and commuted pensions, some of which has gone to housing estates, some of which has gone to allow people to pay for the Government arrears, including arrears of tax. That is not possible for the Opposition to determine what kind of risk to assess, get a flavour of the risk that this involves, because of course, we do not know the identity of who is in receipt of this particular money. That is the substance of our criticism as well as, of course, other criticism about the distortion of public finances.

1065 It just strikes me that the Government continues to invest substantial amounts of money in this particular company. As I said, it has gone up by nearly... Well, it has gone up from £334 million to £430 million, by about £100 million. Does the Government envisage that by the time of the next election the entirety of that £400 million is actually going to be used in whatever venture the Government chooses that this particular company invest in?

1070 **Hon. Chief Minister:** Let me start at the beginning, Mr Speaker, of that intervention. Mr Balban this morning did not say that we were going to stay in Government for 16 years. He said, Mr Speaker, that if we were to do something about that road, we would certainly do it in our first 16 years of Government because they seem to be very keen to ask questions and push us to do things which they appear to have had absolutely no interest in during the 16 years that *they* were in Government.

1075 I did not say Mr Speaker, and he knows it is not in my character however much he tries to mischaracterise me, that I would be Chief Minister for 10 years. What I said was that even if I had the opportunity of staying for longer than 10 years, because the people of Gibraltar might be prepared to tolerate me, I would not stay for more than 10 years because I have said repeatedly, Mr Speaker, that I will not be Chief Minister of Gibraltar when my son reaches the age when he becomes a student at Bayside. That is a personal choice of mine, whether or not my party wants me to stay or whether or not the people of Gibraltar want me to stay.

1080 I would have thought, Mr Speaker, that he would say, 'You are closer to my idea of term limits which I constantly put' – which is him – that he says it should be a maximum of eight years. Well, I am saying, Mr Speaker, I would do a maximum of three. That does not mean I think I am going to win three or I am taking anything for granted. Or is it, Mr Speaker, that every time he has talked about doing two, he has assumed that at one stage he is definitely going to win and do two and get the chance. So this bears absolutely no relation to reality other than just his attempts to twist everything to try and win an easy 'spin-able' political point – nonsense, the lot of it.

1090 But it comes to something, Mr Speaker, when you try and throw him a lifeline, he shows who he really is, because when you referred to the nightwatchman that succeeded, he says that he intends to land quite a few punches. Well, Mr Speaker, I remind him that when Mr Bossano used a punching analogy, he thought that this was absolutely terrible, that it showed a preponderance for violence, that he was a man of words, not a man of physical violence. Well, I commend to him, Mr Speaker, that he re-read his speech and not use that sort of language anymore because I certainly am not a man of violence. I am a man of words and I would not be looking to spend the next three or four years having a punch-up. I would much rather we just have civilised debates on issues.

1095 Now, Mr Speaker, avoiding a debate, but trying to answer the question: it is about £72.2 million that we have given the information today has been invested in a particular way. Mr Speaker, we have said on a number of occasions, and he likes to forget because it does not work for the argument he is trying to spin, that the amounts on the loan book are more than fully secured and those that had previously had arrears to Government did not, because of the fact that there was a debt, have in any way the Government debt secured, whilst through Credit Finance, the Government has – or the Credit Finance Company – has lent the amount against security. So there is now security in respect of those loans where there was not security in respect of those arrears.

1100 We have *had* this debate. He has *had* the information. He likes to pretend he did not so that he can continue to ask the same questions over and over again. [*Technical difficulties*]

1105 Well, it is not a power cut, Mr Speaker, but it is a gremlin in the system somehow that seems to have gone wrong. Oh, it is a power cut!

1110 I am told, Mr Speaker, we should stop whilst they... Shall we recess for 10 minutes?

**Mr Speaker:** We will recess until we get power.



*The House recessed at 4.37 p.m. and resumed its sitting at 5.40 p.m.*

**Substitute Clerk:** Mr Speaker.

1115 **Mr Speaker:** The Hon. Sir Peter Caruana I think wanted to ask a supplementary before the power cut. Chief Minister?

1120 **Hon. Chief Minister:** Mr Speaker, I had not finished my answer when the power was interrupted, but given that I think I had given the substance of what I was going to say to the Hon. the Leader of the Opposition and obviously my thread has gone, I think I will leave it there.

Obviously the interruption of the power reminds every one of the urgent need for the grid and the new power station to be developed as soon as possible in the interests of our community, which is exactly what we are working on.

1125 **Hon. Sir P R Caruana:** Yes, Mr Speaker, as I understand the hon. Member's position, it is that of the £70-odd million that have been invested, the bit that has been invested in the.... which we debated last time I took part in a question and answer session on this subject that has been invested in an attempt to boost the yield so to speak of the fund in the Government pensions commutations.

1130 Is there anything the hon. Member can tell us by way of just information about how that investment is calibrated in terms of releasing profit? Given that in effect what you are doing is buying the pension rights which die with the pensioner and therefore it is a straightforward sort of life insurance annuity company type investment, is the release of profit which you can then use for the general yield of the investment, is that done on the basis of, per pensioner, has this particular pensioner died early thereby liberating profit or died late thereby creating profit rather, as opposed to costing profit, or is it done on an actuarial basis?

1135 If on the latter, presumably you would need statistics before it could be particularly reliable. You would need a longer tail to use insurance company jargon, before you could rely on it.

How do you calculate profit is the question, really?

1140 **Minister for Enterprise, Training, Employment and Health & Safety (Hon. J J Bossano):** Mr Speaker, I believe that the way we are calculating the level of profitability is in fact the more conservative way, which is since the yield exceeds the cost... that is to say, the return on the money is 8% because the commutation is a lump sum which is 12 times the pension. So if you do it in the reverse, the return happens to be 8% per annum on the amount that will be given to the pensioner. Not the cost, the income, the revenue of the pension is 8% of the lump sum –

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**Hon. P R Caruana:** Whilst he lives.

1150 **Hon. J J Bossano:** Whilst he lives, so we are paying out 12½ times the pension and therefore if you pay out x thousands of pounds – in some cases we are talking about a couple of hundred thousand quid or more – then that in effect starts yielding 8% per annum from the first monthly pension that is received.

Since that is in excess of the cost of the money, what we are doing is that in effect in terms of accounting for the income stream, it is being used as if it was similar to a mortgage which is a repayment mortgage where you are reducing the capital by the surplus of the interest which is the profit.

In terms –

1155

**Hon. P R Caruana:** You might end with a capital loss –

1160 **Hon. J J Bossano:** You might end with a capital loss if a lot of our civil servants die within eight or nine years of retiring. Given that they are all retiring at 55, it would be a major change in the demographic statistics with which we are working. The reality of it is that life expectancy is around 78 years in Gibraltar, the average male life expectancy. I know what a hard life civil servants have, which may reduce our life expectancy, but there is no evidence of that happening. *(Laughter)* Therefore, if anything, they are likely to live more. Some politicians expect to live well over 90 years, so on that basis the commutation is likely to be a very profitable business.

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The reality of it is that we are taking a conservative view, rather than saying well look, we will take all the income up front and by reducing the amount of capital that we have outlaid, rather than taking the profits upfront, we are likely to have a situation in a not very long space of time, where the amounts that are coming in will be, to a very large extent, financing what we put out once it gets to a certain critical mass. The income that comes in will mean that we have reached, for example, the end of the repayment of the original lump sum and we will still be getting an income which as well as being 8% to start off with, is actually programmed to increase by a minimum of 2% per annum, because the hon. Member will remember

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that he introduced into the Civil Service Final Salary Scheme, a minimum increase which was either inflation or 2%.

1175 **Hon. Sir P R Caruana:** And of those pension payments that you are collecting, are you releasing any part of it? Did I hear him say that he was or he was not releasing a part of it or he was keeping the whole of the annual pension payments for the eight years and then only kept the profit if the pensioner lived more than eight years, or in year one, on the basis of some actuarial assumption that people will live more than eight years – of course some might not but many more will than will not – are you releasing part of each payment, even from the very first payment? Are you releasing any actuarially computed part of each premium payment, if you could call it that, which would have been the monthly payment of pension collected by the pensioner had he not commuted with you, is any of that being released as profit, which is how an insurance company or how life insurance annuity company would do it?

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1185 **Hon. J J Bossano:** This is why I started off by saying I believe we are adopting a more conservative approach, so rather than taking the profits as we go along, on the basis that every year we will have a profit, we are taking enough of the income to cover the cost of the capital and the balance we are using to reduce the amount of the loan, as it were. So that in fact the...

1190 **Hon. Sir P R Caruana:** On the capital in terms of what the commuted... what you are paying to savers, not in terms of... That is how you get the return –

**Hon. J J Bossano:** That is right, yes.

1195 **Hon. Sir P R Caruana:** – that we spoke of before. That is how you are matching the yield gap, closing the yield gap that you need to pay the [*inaudible*].

1200 **Hon. J J Bossano:** If I were to give a simple example, if the cost of the money is 5% and the income is 8%, then effectively the 3% would go to reduce the size of the money that theoretically we have got at risk. So in effect, it means that the amount we have paid up is... I mean in terms of the amount of cash in the company does not make any difference, but we are treating some of it as repayment of capital and some of it as income.

1205 **Hon. Sir P R Caruana:** So in fact the Government, for the company as a whole, not to be in a loss-making situation, pensioners need to live more than eight years because if you are only using 3% a year, and of the 8% the other 5% is going to meet the cost of capital, the amount by which you are reducing the 5% is going to pay the cost of capital in terms of the annual interest cost of capital, only 3% of the 8% are going to reduce the capital liability, so they would have to live more than eight years for the whole of the capital to be repaid, so to speak, at the rate of 3% per annum.

1210 **Hon. J J Bossano:** Well yes, and then the effect of that is that after year one, the return goes up every year because you have got two elements that are increasing the yield. You are reducing the size of the payment that you made, but the return that you are getting is the same as if the original amount was there and the original amount is index linked.

1215 It is true that it will take more than eight years for the whole of the capital, but in fact the return in the final year is that you might be getting £50,000 on a theoretical return of an investment which is only £1.

1220 **Hon. Sir P R Caruana:** Yes, in terms of return on capital, yes, but in terms of capital at risk of not being... In terms of return on capital, yes, every year that passes, your return on the remaining capital outstanding is hugely increased, but in terms of the amount of capital in jeopardy, if I could just call it that, it may not be covered. People may die soon and you may be left, having commuted a civil servants pension – let us say somebody unfortunately dies young – you will have a capital loss that might run into £100,000 if he dies very young. That hopefully will be covered by the many other civil servants who do not die before the capital has been repaid.

1225 So in terms of the recoverability of the capital, it is not really done on an individual by individual basis, some individuals will be loss making, obviously – the ones who die. Other individuals will be hugely profitable if they live to a ripe old age of 100 and the Government is having to carry on paying the premiums, the monthly sums, those will be hugely profitable and those will make up for the capital loss in the cases of people that you have paid out a commutation to and then die the next day. In which case, all of that capital will have been lost.

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1235 **Hon. J J Bossano:** Yes, it is in fact... You could argue that you are going to lose money on 5% and make a profit on 95% but it is not being done on an individual basis. The whole of the money that is paid out in one year is then treated in that way and even if there are some unfortunate people who die before, the amount that we lose on the basis of the statistics that we have got of the rate at which people die after they retire, we are fairly confident from the figures the Treasury has produced that the whole thing will be quite a profitable thing and since people want it, and we are delivering them, it is their choice. I mean people can choose to carry on with their pensions because it is their –

1240 **Hon. Sir P R Caruana:** Actually it suits the Government that people should retire earlier rather than later.

1245 **Hon. J J Bossano:** Well, it suits the Government that if they choose to retire earlier, they take the option. That is what suits the Government!

**Hon. Sir P R Caruana:** You are more likely to recover your investment, the earlier you retire.

1250 **Hon. D J Bossino:** Mr Speaker, there is just one question arising in relation to the Credit Finance Company Limited which I would like to pose. It is simply a factual point in respect of which I would be grateful if the Chief Minister could assist.

1255 There is a scheduled answer which was provided to my Hon. and Learned Friend, Mr Figueras to Question 419, which lists the Government-owned companies which have paid out in legal fees to legal firms. There are two instances where Credit Finance Company Limited features. One is in September of last year to a firm called Hammarström Puhakka Partners, Attorneys Limited for a sum of about £14,000 and the other one is in March of this year to Hassans for about £75,000.

1260 Given that the expenditure as explained by the Chief Minister before, or rather that Credit Finance Limited has a loan book of about £44.5 million and I think he also mentioned the other expenditure is in relation to commuted pensions of about £22-odd million, can he explain how this fits in? Is this only in relation to the loan facilities which have been provided? Is that the legal work in relation to that?

1265 **Hon. Chief Minister:** Mr Speaker, I do not like to speculate but I will assume for the purposes of a debate that it is the case, and it is very likely that as part of such loan facilities the costs of Credit Finance Company Limited will actually have been amortised and borne by the borrowers. (*Interjection*) Yes, but it does not mean that Credit Finance would not pay it. They would have been assumed by the borrowers, but it would be Credit Finance instructing and making the payment, even though then it recovers it from loans. That would be the usual way in which it is done, even in a commercial transaction.

1270 **Hon. D J Bossino:** Perhaps if we can find a way of securing confirmation of that information, because I take it that the Chief Minister is unsure of the answer he has given, by writing to him.

1275 **Hon. Chief Minister:** Mr Speaker, I would seek to confirm that, but again, without indicating in respect of what particular facility it might be, I would simply write to the hon. Gentleman if he wishes and say yes, I can confirm that this relates to work done in respect of the loan facilities granted by Credit Finance Company Limited.

I am quite happy to confirm that to him in writing if somebody who is listening is making a note and ensuring that my Office prepares a response.

1280 **Hon. D A Feetham:** Yes, Mr Speaker, and that obviously it forms part of the £49 point something million – £49.4 million I think it was – loan book for Credit Finance.

And just, Mr Speaker, for the sake of the record, the economy was forecast by the hon. Gentleman to grow in his Budget speech last year to £1.224... so if I said over a third, it is just about a third of the size of the economy, £400 million. Indeed if one takes £400 plus, the £430 million is probably a third of the size of the economy or slightly over.

1285 **Hon. Chief Minister:** I am grateful that he accepts that he was wrong about that, Mr Speaker.

Of course, Mr Speaker, it is Hassans that were paid the fees. So given that it appears he acts for Credit Finance Company Limited, I am sure that he thinks that it is not such a problem company after all.

1290 **Hon. D A Feetham:** Well, Mr Speaker, as a partner of Hassans, the hon. Gentleman probably knows as much as I do. I stay away from partnership issues of Hassans, because of course every single time, he makes exactly the same point, and therefore I choose to stay out of it. But he is a partner of Hassans, so therefore he has as much knowledge as I do.

1295 **Hon. Chief Minister:** Mr Speaker, whether he likes it or not he is a partner of Hassans and whether he stays away from things or not, I am on a sabbatical. He is not: he is actively a partner of Hassans. Credit Finance can consider him their lawyer and take very badly the fact that he is suggesting it is in some way acting and not in the interests of the Gibraltarian taxpayer, and may want to take that up with his partners.

1300 **Hon. S M Figueras:** Mr Speaker, I would like, if it is alright by the Chair, to ask a supplementary in relation to the information, I think it was also in relation to Question 419 where I was provided with information about the legal drafting services, where we had the dispute as to whether it had been published or not.

1305 Yes, Mr Speaker, the information that the Hon. the Chief Minister provided me – well, did not provide me, sorry, as the case may be – that I accessed on the internet, there is a discrepancy between that information and the information as was published at the time when the question was asked, Mr Speaker.

1310 The one particular discrepancy I am referring to is that in respect of one of the legal drafting service providers, namely Mr Vinet, who had, until the point when the question had been asked, been included on the list of legal drafting services providers, is now, in the information that is posted on line, in the general legal services table.

1310 Could the Chief Minister perhaps provide an explanation as to why that is the case?

**Hon. Chief Minister:** No, Mr Speaker, the fact is that I – (*Interjection*) no, hang on! (*Interjection*) Okay.

1315 **Hon. D A Feetham:** Just to clarify that, when the information... you may recall that when I asked the question, the Hon. Chief Minister said, 'We are going to be posting this information today.' When it was posted there was a list of people, including Mr Vinet, as legal drafters. In fact the work that each drafter had done for the money had not been published, which was what I asked.

1320 It appears now that in recent weeks, he has been taken out and placed somewhere else, and that is really what we are querying – the reason for that.

**Hon. Chief Minister:** Mr Speaker, I do not know the answer to that. I do not actually contract these services myself. I am quite happy to look at it. It may be that he has been put in a drafting table when actually it is a services table and whenever they have done the re-filing of the information, they have changed it round. I am quite happy to go back and check and if the hon. Gentleman writes to me, I will send him the answer.

**Mr Speaker:** Now we revert to the Hon. Mr Damon Bossino who had not finished with questions to the Hon. the Minister for Employment.

1330 **Hon. D J Bossino:** Yes, before everybody falls asleep, Mr Speaker!

1335 Actually just to point out, I was quite interested when I was listening to the Hon. the Minister for Employment's answer, when he was answering the hon. Member Mr Caruana, when he said in terms of life expectancy, just to point out that Santiago Carrillo and Dom Mintoff both on the left of the political spectrum lived way into their 90s. So the hon. Member really can draw comfort from that!

1340 Mr Speaker, if I could go back to Question 402, one of the companies which featured in that question is SECL, which relates to those who are in supportive employment. Can he explain what criteria there are, if any, to allow individuals basically to be employed by this company? What is it that his Department considers in terms of disabilities and what are the requirements in order to access employment in this particular company?

1340 As I understand and recall from his previous answers, this is not one where you enter into agreements with the private sector and they are permanently employed with this company for obvious reasons.

I would just like to know whether there are any criteria in terms of admission, in effect.

1345 **Hon. J J Bossano:** Well, the number that we originally inherited was 46 and it has grown since, basically by virtue of the people that we have registered as looking for employment and their ability to cope with a normal job – although in fact some of the people that were there originally have actually been able to get jobs in the market. They have applied for jobs, we have helped them and they have actually left, so in fact the total, you will see that in some months it is actually lower and that is because some people have actually left the company and gone into employment with a normal salary and a normal job and that kind of thing.

1350 The bulk of those who are there are people we are trying to help effectively to finish up with a normal job but it may not be possible. Therefore it is an evaluation that is done based on the experience we have of trying to get them work.

1355 In some cases, it is obvious from the moment they leave school that they are not going to be able to cope with the normal problems of the job market and generally it is the same criteria that were used in terms of the original 46, there are a certain kind of problems related to some kind of conditions, which were generally the ones that led to the 46 individuals in the beginning – people who fall into that kind of category automatically when they leave school would have gone into the old system and now go into this one, using the same criteria that was being used before.

1360 But, because we have widened the net as it were, the increase is because it was not just a kind of traditional conditions that were thought to make it very difficult to get work that are in there. In some cases, it is because people have been in normal jobs and it has been impossible for them to carry on working and in some instances it may be that they are close to the age when they become entitled to some income from the social security or from community care or something like that and we are bridging the gap by putting them here for two or three years and giving them an income and giving them some kind of a job to do in return for that income, which in those cases is usually somewhere in the public sector.

1365 About two thirds of them are placed in the private sector and those in the private sector often make the transition to a normal job. But the answer is that the criteria that were being used for the original 46 are still used for people with similar conditions and in other cases, it is a question of people having been identified as being difficult to place through the time that they have been registered seeking employment or the problems they have had in keeping a job when they get one.

1370 **Hon. D J Bossino:** That is precisely the point I wanted to explore further in terms of the ‘widening of the net’ as he puts it. How has the net been widened? Can he be more specific in relation to that?

1375 **Hon. J J Bossano:** Well I have just explained it, Mr Speaker. The net has been widened because there was a list of conditions that the 46 fell in and if anybody is covered by those, then we take it for granted that they would have gone into the old system and we put them in the new one.

1380 In addition to that, some people who are in their 50s and who for a variety of reasons may find it impossible to get work and are caught in-between – maybe they have had an illness, they have had an operation, they are not able to hold a job – we then help them by giving them an opportunity to be in this company, to be doing something and to have an income, until they get to the age of 60 and they get an income.

1385 Other people are people that, having come out of school and having been in the labour market in competition with others, have found it very difficult to get a placement or to get... We try first through ETCL and the normal placement and a business partnership agreement and a job at the end, so we try with everybody in that scenario. It is only when we find that it is very difficult and we think that we may not be successful, that we then look at the possibility of putting them in the Supported Employment Company. But even when they go in there, what I am saying to the hon. Member is that it is not the end of the road, we still try to get them back into the normal job market and we have succeeded in two or three cases this year so far, for example. So we have actually had two or three people leaving the system of SEC and entering back. So whereas at the beginning in 2012 when we started it, SEC was, as it were, a closed shop in the sense that the categories that were there were the ones that were there. Since then we have used it to be more of a half-way house between ETCL and unemployment.

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**Mr Speaker:** Next question.

1400 **Hon. D J Bossano:** Mr Speaker, I think there is one further supplementary which arises from a question which has been answered by the Hon. Minister and that is Question 405 and for his assistance, it relates to the GRAD trainees and as to where they are currently placed.

I took a very quick note of what he said. I think he talked about public administration and other services. There are one or two questions I wish to ask. The first one is are all these trainees exclusively in the public sector or are some of them also in the private sector?

1405 **Hon. J J Bossano:** Those in other services are in the private sector and those in the private sector are all with business partnership agreements and a job guarantee at the end.

1410 **Hon. D J Bossino:** And if he could explain how that fits in with the manifesto commitment in relation to graduates’ employment because I think the idea, certainly how it started off in 2011, was that this would be offered to returning graduates to Gibraltar and that they would be specifically carrying out work – I think the wording used is ‘in the Department’, I assume it is in the hon. Member’s Department – to assist in research activities in connection with inward investments. There was a very specific commitment. Presumably the Minister has decided to move away from that and use and widen the policy, if you like. Can

1415 he accept that the premise of my question is right, that there has been a moving away from the commitment  
as set out in the manifesto?

**Hon. J J Bossano:** Well, not quite, Mr Speaker, because we have not moved away because what was  
done in the manifesto is what we intended to do when we were told by the previous Administration that the  
1420 numbers of graduates were about six. That is what we were told in the budget before the election and the  
unit that is doing the research consists of six. But we have not got six; we have got 60 – ten times the  
number. We have not got the amount of work in research for investment opportunities and training and the  
kind of research that has been done in the skills audit and that kind of thing, to keep 60 people involved in  
doing that.

1425 Moreover, some of the people that were taken in during the course of the last 12 months were not people  
who were returning graduates, but people who had become unemployed having already been in the labour  
market. Therefore, those are, in effect, in GRAD on the same terms that they would be if they were in  
ETCL.

1430 If they are in a private placement, they are in a private placement with a BPA at the end and a job  
guaranteed. If they are not in a private placement, then they are effectively in different Government  
Departments where they are really doing something for the Government on the basis that they are moved  
around and they acquire skills which improve their prospects of employment, when they apply for jobs  
either in the public or the private sector. But they have to apply in competition with everybody else; they do  
not get a greater opportunity than if they were not in there.

1435 In some specific instances, there are some graduates, particularly in... I think we have got three or four  
that are civil engineers, where we are giving them the opportunity to work in civil engineering, because in  
fact, in looking at the succession planning in the Government, the reality is that the returning graduates  
would have been in the impossible situation that when vacancies come up, they would not have been able to  
apply because the requirement would have been that they would have had post-graduate experience of  
1440 working in a civil engineering capacity which does not exist outside the Government. So you had a  
situation where if we did not give them the opportunity of getting experience, when the jobs are advertised,  
we would have finished up with unemployed civil engineers in Gibraltar and having to import experienced  
civil engineers from outside.

1445 So that is one kind of category that was not envisaged at the beginning, but in the light of experience  
and the advice from the Department that they have in problems of recruitment that they cannot put  
somebody straight out of university into the job and expect him to do it, simply because he has got all the  
necessary qualifications, if he has not been working previously somewhere. So we have got a number of  
grads who do not have a guaranteed job in the Government, but what they are getting is the experience that  
will qualify them to apply for the job when the job comes out.

1450 That is true also of some cases where what we have done is provide people with the opportunity of  
doing some work in certain Departments where their registration in the United Kingdom in the profession  
would be lost if they did not get continued experience to prove that they are still using their knowledge, for  
example in the laboratory in the Health Authority and that kind of thing.

1455 So really, the extension of the scheme beyond the original programme for six or seven graduates doing  
research has been driven by a number of different factors. One of them has been giving specific  
professionals an opportunity to gain experience so that they are able to compete for jobs when the jobs  
come out, giving people the opportunity to retain their registration in the United Kingdom, or else simply  
helping people who have been unemployed so that they do not have a period of unemployment when we  
have had difficulty in finding them a placement. In some respects, it is more difficult to find work for  
1460 graduates than for non-graduates.

**Hon. D J Bossino:** So, Mr Speaker, just to be absolutely clear, the hon. Member's position is that this  
commitment was made on the basis of answers that he was given in the previous House by his predecessor,  
to the effect that the number of returning graduates was six in number. So is my understanding correct or is  
it not?  
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**Hon. J J Bossano:** Well Mr Speaker, I think my command of the English language is sufficient to make  
myself understood!

1470 I have said before and I have said today, that the commitment to set up a unit of graduates to carry out  
research for the Employment Service was on the basis that the information available to us when we  
designed the concept was that on average, at any one time, the number of people who were unemployed  
who were returning graduates was of the order of six or seven people.

Therefore we thought well, six or seven people can come in, do the research for the Government, rather  
than come in, be unemployed, not find work and then go back to the UK because all they did was come  
here in the summer and if they could not find work at the time, of course it might have been that there were

1475 periods in the past when the situation in the United Kingdom was that people that came out of university  
found work easier than has been the case recently. Maybe in the past the numbers were not as great as they  
have been in the last couple of years.

1480 Because of course it is true that in many instances we used to have a lot of the graduates coming back  
and just working the summer here, and if by September or October when the summer season finished they  
could not find work here, they would go and most of them would not come back.

1485 The idea was that if we had six or seven people who were doing that and then disappearing, it was better  
to give them an opportunity to do something here which would retain them in Gibraltar, we would use them  
to do research for the Government and by being here, they would be able to be in a position to apply for the  
jobs that come up which they might not do if they left Gibraltar. Because we want, having invested, as we  
do, £12 million every year in sending people to university, then if we can provide them with work here, it is  
better that our people should be here in the view of the Government than that we should have to import  
graduates from elsewhere while we are losing ours to other places.

1490 So that is the context of how the scheme started and the context in which it has grown as it has grown.  
The present size is composed therefore of three elements. There is the Research Department that was there  
originally; there are the people who are in a discipline where we need to help them in order to be able to  
equip them to be able to apply for jobs, because the degree with no experience post-graduate is not much  
use; and the third category are people that we are giving an opportunity to get experience and do work for  
the Government in different Departments, but with the intention that they should find work in the private  
sector and they know that. They know that what they are doing is being helped to obtain experience but not  
1495 being offered a job in the Government.

## ENTERPRISE, TRAINING, EMPLOYMENT AND HEALTH & SAFETY

### Q406/2014 Skills audit – Progress update

**Substitute Clerk:** Question 406, the Hon. D J Bossino.

1500 **Hon. D J Bossino:** Can the Minister for Employment provide the House with an update as to progress  
in relation to the skills audit which he has said the Government is conducting?

**Substitute Clerk:** Answer, the Hon. the Minister for Enterprise, Training, Employment and Health &  
Safety.

1505 **Minister for Enterprise, Training, Employment and Health & Safety (Hon. J J Bossano):** Mr  
Speaker, this is an ongoing exercise. There have been regular updates of the analysis for the construction  
industry – which I told the House about when this question was previously asked – monitoring its  
composition in terms of skills and as regards age and nationality of the workforce.

1510 In addition, an audit has been conducted in the care services and related industry, electricians and  
related trades, tourism and leisure, gaming, child minders, hairdressing and beauty, and the accounting  
sector.

Currently the Research Unit is doing an audit for the wholesale and retail sector.

1515 **Mr Speaker:** Does the Hon. Mr Bossino have any supplementary on this, arising? Please do.

**Hon. D J Bossino:** Mr Speaker, I think the hon. Member mentioned a unit that is looking into this. Is  
that correct? Can I ask him what resource has actually been dedicated to this in terms of, the resources in  
his Department in terms of employees who form part of this unit? How many people are looking into it and  
if it is possible, and I understand it may not be, to break it down in terms of how much expenditure is being  
1520 dedicated to this?

**Hon. J J Bossano:** Well, the only expenditure is the wages and the cost of the electricity for the  
computers. The team is a team of six graduates that are in the Research Unit so they are the ones who are  
doing it. This is one of the jobs that they are doing. It is not the only thing they do but this is one of them. I  
mean for example in terms of the construction industry, which is the one we concentrated on from the  
1525 beginning, because it was evident from the employment surveys that the participation of Gibraltarian and

other residents was very low, but we did not know before the exercise was done. We had an average figure but we did not know in different trades what was the share held by residents.

1530 Well, for example the first thing we found out – which was the reason why we decided as a matter of policy to start last September with training for tilers, bricklayers and plasterers – is that in that area  
1535 Gibraltarians were 7% of the workforce . So that for every 100 employees in the construction industry in the work trades, seven were Gibraltarians and 93 were outsiders. So clearly there was an area where there was a skills deficit which was very visible.

1535 In the case of plumbers, for example, the situation was that 55% of the plumbers were Gibraltarians and 45% were outsiders. So given that the entire concept of everything that we are doing with the companies and with the training is that we provide people with skills for which there is an identified demand, we identified the demand first and the demand is identified by the need to import labour to meet the demand. So where we have got a situation where we are having to import 93% of the workforce, it is logical to say well if we had more people here, we would need to import less than 93% and that is part of the rebalancing  
1540 exercise that will be taking place and it started in the construction industry.

1540 I can tell the hon. Member that the latest report that I have had from the unit is that for example in the last 12 months – that is, in the last financial year – the Gibraltar workforce in the construction industry has gone up by 18% and the non-resident workforce has gone up by 17%. We have still got a very long way to go because of course there are many more of the non-residents than residents, but we are beginning to try and recover a greater involvement in that area.  
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1545 We are therefore looking at other areas initially on the basis of deciding where we need to be encouraging people and providing training. So if we find – as I have told the hon. Member – in the other areas that we are looking at, the purpose of the exercise is to establish which areas in terms of skills and which areas in terms of industry are very highly dependent on Frontier Workers and which are less. Therefore in those where there is a very high dependence is where we want to do something to change that so that our dependence is less.  
1550

1550 In addition, at the same time we are looking at the age profile, particularly the age profile of the resident workers because the reality is that the imported workers tend to be on the whole younger. But the age profile of the resident workers means that as well as being in some areas a small percentage, they tend to be a small percentage and in the higher age ranges. So it means that if we do nothing, the percentage will go from being small to being zero, because there are people who are closer to retiring age, people in their 40s or their 50s rather than in their 20s. So you know that is essentially the work that is being done in terms of the nature of the audit and the use to which the audit results are being put.  
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#### Q411/2014

#### Public Service personnel – Net increase in numbers

1560 **Mr Speaker:** Can we deal with the questions in the Order Paper down to the Leader of the Opposition, to enable him to attend a pending engagement? Can we call Question 411?

**Substitute Clerk:** Question 411, the Hon. D A Feetham.

1565 **Hon. D A Feetham:** Mr Speaker, I am very grateful.

The Hon. the Minister for Financial Services and myself are attending a black tie function by the Funds Association at half past seven. That is the reason why.

1570 Mr Speaker, can the Chief Minister please provide the total net increase in the number of personnel in the public service from 1st April 2013 to 31st March 2014, by reference to the Civil Service, Gibraltar Development Corporation, Government-owned companies and Public Authorities?

**Substitute Clerk:** Answer, the Hon. the Minister for Enterprise, Training, Employment and Health & Safety.

1575 **Minister for Enterprise, Training, Employment and Health & Safety (Hon. J J Bossano):** Mr Speaker, the net increase in the financial year 2013-14 in the number of personnel on the public service payroll in each of the four areas is as follows: Civil Service, 47; GDC, 12; Government Companies, 40; Public Authorities, 48.

1580 **Mr Speaker:** Next question.



**Q412-414/2014**  
**Public debt and debentures –**  
**Figures for 2014**

**Substitute Clerk:** Question 412, the Hon. D A Feetham.

1585 **Hon. D A Feetham:** Mr Speaker, can the Chief Minister please give a breakdown by bank and amount, of that part of the aggregate public debt which comprises bank debt, as at 28th February 2014, 31st March 2014, 30th April 2014?

1590 **Substitute Clerk:** Answer, the Hon. the Minister for Enterprise, Training, Employment and Health & Safety.

**Minister for Enterprise, Training, Employment and Health & Safety (Hon. J J Bossano):** Mr Speaker, I will answer that question together with Questions 413 and 414.

1595 **Substitute Clerk:** Question 413.

1600 **Hon. D A Feetham:** Mr Speaker, can the Chief Minister please provide this House with a breakdown by debenture issue of that part of the aggregate public debt which comprises Government debentures as at 28th February 2014, 31st March 2014 and 30th April 2014?

**Substitute Clerk:** Question 414.

1605 **Hon. D A Feetham:** Mr Speaker, can the Chief Minister please provide details of the value of Gibraltar Savings Bank debentures or other debt security as at 31st March 2014?

**Substitute Clerk:** Answer, the Hon. the Minister for Enterprise, Training, Employment and Health & Safety.

1610 **Minister for Enterprise, Training, Employment and Health & Safety (Hon. J J Bossano):** Mr Speaker, the aggregate public debt consisting of bank debt was Barclays Bank plc £150 million and NatWest Offshore Limited £50 million for each of the three months.

The part of the debt in Government debentures by maturity dates were as follows: in February, 2017 debentures, £67,813,800; one month's notice, £87,859,400.

1615 In March, the figure for debentures is the same: £67,813,800; and the one month's notice is slightly down, £87,148,200.

And in April the same figure for debentures and the one month's notice is £86,940,100.

1620 The value of the Gibraltar Savings Bank debentures and other debt security by maturity dates as at 31st March was: one month, £24,123,900; 2015 Debentures, £44,161,200; 2016 Debentures, £23,068,600; 2017 Debentures, £87,840,000; 2018 Debentures, £165,054,000; other Debentures, £25,533,300; Bonds, £73,880,639; Deposit Accounts, £404,382,242.

The aggregate Public Debt consisting of Bank Debt was; Barclays Bank plc £150 Million, and NatWest Offshore Limited £50 Million, for the three months.

Government Debentures by maturity dates were as follows:

As at 28 February 2014:

2017 Debentures	£67,813,800
One month's notice	£87,859,400

As at 31 March 2014:

2017 Debentures	£67,813,800
One month's notice	£87,148,200

As at 30 April 2014:

2017 Debentures	£67,813,800
One month's notice	£86,940,100

**Cont. Q414/2014**

The value of the Gibraltar Savings Bank Debentures and other debt security by maturity dates, as at 31 March 2014, was:

One month	£24,123,900
2015 Debentures	£44,161,200
2016 Debentures	£23,068,600
2017 Debentures	£87,840,000
2018 Debentures	£165,054,000
2019 Debentures	£25,533,300
Other Debentures	£7,913,973
Bonds	£73,880,639
Deposit Account	£404,382,242

**Mr Speaker:** I think the hon. Member may have left out 2019 Debentures, I did not hear him.

1625 **Hon. J J Bossano:** 2019 Debentures is £7,913,973.

**Mr Speaker:** No, if he will check again, I think it is £25,533,300.

1630 **Hon. J J Bossano:** I will read the whole thing again just to be on the safe side, Mr Speaker. *(Interjection and laughter)* Why not?

**Chief Minister (Hon. F R Picardo):** Too much information.

1635 **Hon. J J Bossano:** Well Mr Speaker, if they are so keen for these figures, I thought they would enjoy hearing it. *(Interjections)*  
2019 is £25,533,300. Then the Other Debentures is £7,913,973. The Bonds £73,880,639. £404,382,242 is the Deposit Accounts.

**Q406/2014**  
**Skills audit –**  
**Question continued**

1640 **Mr Speaker:** We now come back to the Hon. Mr Damon Bossino.

**Substitute Clerk:** Question 407. *(Interjections)*

1645 **Mr Speaker:** Do you have another supplementary? I am becoming very frustrated just now, because neither the questions nor the answers are short or sharp or to the point. This is going on and on and on and that is not the purpose of Question Time.

1650 **Hon. D J Bossino:** Okay, Mr Speaker, in relation to the skills audit, the hon. Member has said in the past that the census would have an influence in the production of the skills audit. Can he give any information in relation to the census? Is that complete?

**Mr Speaker:** No, no he cannot.

1655 **Hon. D J Bossino:** No?

**Mr Speaker:** He cannot.

1660 **Hon. D J Bossino:** I thought he was just about to Mr Speaker.

1665 **Mr Speaker:** He cannot! I do not see where the census arises from any of these questions. I am sorry. None of the questions on the Order Paper have anything to do with the census and we are not going to inject new material that could keep us here till tomorrow. I am not having that, I am sorry. I am very sorry for hon. Members, but if they want to ask questions on the census, you put the census down on the Order Paper.

1670 **Hon. D J Bossino:** But Mr Speaker, with respect, the answers that the hon. Member – I can refer to *Hansard* – has given in the past directly relates the skills audit to the census which was anticipated to be conducted by the time that he last answered these questions in October 2013, and he thought – because I think the questionnaires which were being sent out as part of the census project would elicit information which would be very useful to the Minister in finalising and producing the skills audit.

1675 So I think there is a very clear link in the answer that the Hon. the Minister has given in the past and I just wanted to know given – (*Interjection*) No, Mr Speaker, just so that there is a correlation with the previous answers which the Hon. the Minister has given in relation to this specific issue in the past.

**Mr Speaker:** Okay.

1680 **Minister for Enterprise, Training, Employment and Health & Safety (Hon. J J Bossano):** Mr Speaker, the census should have taken place in 2011. For reasons which are not very clear, it never happened. When they eventually got round to doing it, it was a lengthier exercise than anticipated and it has still not been put together, so the answer is that we still have no information on the result of the census.

1685 What I did say initially was that there is a difference between the information I am giving him because the information that I am giving him includes Frontier Workers and the census will only include the resident workers, but –

**Hon. D J Bossino:** You have explained that before.

1690 **Hon. J J Bossano:** Yes, I have explained that before. But it would give us another source of raw data to test against the resident workforce composition, which would enable us to, if you like, improve the accuracy of the information that we have got. But it is not available yet. I do not know how long it will take. Clearly the sooner we get it, the happier we will be.

1695 **Hon. D J Bossino:** But the Skills Audit will not be delayed as a result of the delay in relation to the census? The skills audit continues progressing and moving forward? Just so that I have that clear in my mind.

**Hon. J J Bossano:** The audit is being done on the assumption that the data we have got is reasonably accurate. Once we get the census, we will be able to test whether it is or it is not.

**Q407/2014  
Registered unemployed –  
Figure for last quarter**

1700 **Substitute Clerk:** Question 407, the Hon. D J Bossino.

**Hon. D J Bossino:** Can the Minister for Employment state what the figure for registered unemployed is for the last quarter?

1705 **Substitute Clerk:** Answer, the Hon. the Minister for Enterprise, Training, Employment and Health & Safety.

1710 **Minister for Enterprise, Training, Employment and Health & Safety (Hon. J J Bossano):** Yes, Mr Speaker. The average number of Gibraltarians registered unemployed in the first quarter of 2014 was 386. (*Banging on desk*)

**Q408-409/2014–  
Vacancies created by Sunborn Hotel –  
Places taken up by Gibraltarians, registered unemployed and FJS trainees**

**Substitute Clerk:** Question 408, the Hon. D J Bossino.

1715 **Hon. D J Bossino:** Can the Minister for Employment state how many vacancies have been opened by the Sunborn Hotel and how many of these have been taken up by Gibraltarians and how many are from the

registered unemployed, stating the areas of unemployed activity that they are... involved in? 'Unemployed activity' – I am not sure why that...

1720 **Substitute Clerk:** Answer, the Hon. the Minister for Enterprise, Training, Employment and Health & Safety.

**Minister for Enterprise, Training, Employment and Health & Safety (Hon. J J Bossano):** I will answer the question together with Question 409, Mr Speaker.

1725 **Substitute Clerk:** Question 409, the Hon. D J Bossino.

**Hon. D J Bossino:** Can the Minister for Employment state whether any FJS trainees have been placed with the Sunborn Hotel since it started operations?

1730 **Substitute Clerk:** Answer, the Hon. the Minister for Enterprise, Training, Employment and Health & Safety.

**Minister for Enterprise, Training, Employment and Health & Safety (Hon. J J Bossano):** Mr Speaker as at the end of April 2014, the number of jobs filled by Gibraltarians in the Sunborn Hotel was 46. Of these, 25 had been registered unemployed.

The areas of employment and the vacancies in the company is information that is not made public in respect of individual employers.

Up to the end of April 2014, three trainees were placed in the Sunborn Hotel. (*Banging on desks*)

1740 **Hon. D J Bossino:** Mr Speaker, in relation to Question 409, I think in his last answer he gave me dealing with trainees, he said that when the Sunborn is able to sit down with us and do a programme for training which will lead to maybe replacing some of the people that they have, because the training will presumably take more than just the short-term training that is now taking place, then if there are suitable candidates and people interested, we will be happy to provide the trainees and finance them.

1745 Has he sat down with the Sunborn and is the programme for training up and running?

**Hon. J J Bossano:** Well, other than the three trainees that I mentioned, that were there in April, in fact none of the three are there now. One lasted a week and the other two were given permanent jobs by the company! (*Banging on desk*)

1750 The reality of it is that in the areas that they are opening vacancies and recruiting people, there is no training at the moment because they have not found suitable candidates. They selected these three individuals themselves and, given that the three individuals expressed an interest in what was being offered, and that the company – in the interviews that they gave to the unemployed persons that we submitted – thought they looked like suitable candidates and was willing to take them on.

1755 As I say one person found after the first week that it was not what he thought it would be and did not want to carry on and therefore he left. The other two carried on and they finished in April and the company was happy with the performance they had and they were employed in May.

1760 We are open, because clearly we want to give as many opportunities as we can to local people, but it is not easy. But if anybody is interested and the company thinks that they can make it, then we agree the level of training that is required, depending on the nature of the job and the previous skill of the person. So it is a one-to-one thing.

But I have got somebody permanently on board the ship now, working with the Human Resources Department from the Employment Service.

1765 **Hon. D J Bossino:** Mr Speaker, in relation to that last point which was very interesting, so he has somebody from the ETB permanently with the Sunborn Hotel? What role is that person discharging? Can he be more specific in relation to that?

1770 **Hon. J J Bossano:** Well, of course, I will tell you why, he is trying to get as many Gibraltarians employed as possible! That is what his role is and therefore because he is there first hand, we are able to be sure that the people that we send get seen, if they need any advice from him. At the same time he provides assistance to the company in the process of registration, opening vacancies, making sure that everything is going smoothly. He is not going to be a permanent feature, but given that initially the company started with zero employees, in order to help them and help ourselves in reducing our unemployment figures, we placed somebody on board.

1775

**Hon. D J Bossino:** Is that individual a public servant or is he a trainee under the FJS?

**Hon. J J Bossano:** No, no, no. He is somebody on a HEO equivalent grade.

**Q410/2014–  
Health & Safety Inspectorate –  
Review of team, legislation, policies and procedures**

1780 **Substitute Clerk:** The next question has been posed by the Hon. J J Netto. Is...?

**Hon. D J Bossino:** I think I am doing that one.

1785 **Substitute Clerk:** Question 410, the Hon. D J Bossino on behalf of the Hon. J J Netto.

1790 **Hon. D J Bossino:** Has the Government conducted any reviews of the Health & Safety Inspectorate team, the current legislation, its policies and procedures since December 2011, insofar as it applies to the private sector and Government's organisations and if so, provide Parliaments with the dates of the reviews, the name of the person or entity and details of the items examined and any implementation emanating from such a review?

**Substitute Clerk:** Answer, the Hon. the Minister for Enterprise, Training, Employment and Health and Safety.

1795 **Minister for Enterprise, Training, Employment and Health & Safety (Hon. J J Bossano):** No, Mr Speaker.

**Mr Speaker:** Next question.

**DEPUTY CHIEF MINISTER**

**Q415/2014–  
Town planning legislation –  
Update on overhaul**

1800 **Substitute Clerk:** Question 415, this is the last question, Question 415, the Hon. D J Bossino on behalf of the Hon. S M Figueras. (*Interjections and laughter*)

1805 **Hon. D J Bossino:** Does this make me Acting Leader of the Opposition? (*Laughter*) Acting Opposition. (*Interjections*) Let me relish the moment!

Mr Speaker, can the Deputy Chief Minister update this House as to when the overhaul of the town planning legislation can be expected?

**Substitute Clerk:** Answer, the Hon. the Deputy Chief Minister.

1810 **Deputy Chief Minister (Hon. Dr J J Garcia):** Mr Speaker, the review of the town planning legislation is proceeding well and is now at an advanced stage. The principal Act is almost complete. Then work will move to reviewing all the various Regulations, as the Government would like to introduce everything simultaneously.

## Questions for Written Answer

1815

**Substitute Clerk:** The Hon. the Chief Minister.

**Chief Minister (Hon. F R Picardo):** Mr Speaker I have the honour to table the answers to Written Questions W64 to W171 of 2014 inclusive.

### ADJOURNMENT

1820

**Chief Minister (Hon. F R Picardo):** Mr Speaker, I have the honour to move that the House do now adjourn.

1825

Whilst I do so, and in order to attempt to assist hon. Members with their own time planning, I want to inform the House that it is my intention after tomorrow when we deal with the Bills and the Motions that are outstanding, it is my intention to return to the House in June, not the third week but the fourth week, because the United Nations have given us notice that the session relating to Gibraltar will be held in the third week in June.

1830

I therefore intend to call the House for the 25th June, which will be a Wednesday, and to go through in those last three days of that week – the 25th, 26th and 27th – through any questions there may be and I just want to give the hon. Members opposite a ‘heads up’ that I intend to take the debate on the Appropriation Bill on Monday, 30th June.

I now move the House adjourn to tomorrow at 11.00 a.m.

1835

**Mr Speaker:** I now put the question, which is that this House do now adjourn until tomorrow morning at 11.00 a.m. Those in favour? (**Members:** Aye.) Those against? Carried.

*The House adjourned at 6.45 p.m.*