



PROCEEDINGS OF THE GIBRALTAR PARLIAMENT

MORNING SESSION: 9.00 a.m. – 1.19 p.m.

Gibraltar, Wednesday, 2nd July 2014

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The Gibraltar Parliament

The Parliament met at 9.00 a.m.

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

[CLERK TO THE PARLIAMENT: P E Martinez Esq *in attendance*]

Order of the Day

GOVERNMENT BILLS

Appropriation Bill 2014 – For Second Reading – Debate continued

Clerk: Sitting of Parliament, Wednesday, 2nd July. Second Reading of the Appropriation Bill 2014. Budget speeches continue.

5 **Mr Speaker:** The Hon. Paul Balban.

Minister for Traffic, Housing and Technical Services (Hon. P J Balban): Mr Speaker, It gives me great pleasure to stand here today to deliver my third Budget address. Time and tide wait for no man and this is becoming so evidently clear now. How time flies. One would be forgiven to think that on this side of
10 the House one should be getting increasingly nervous, as our end of tenure looms ever closer. Surely, our political shadows should already be rubbing their hands together in view of this waning time, before what they feel should be a feeding frenzy on a banquet of unfulfilled manifesto commitments, but alas for them there should be no left-overs, not even a morsel to be devoured.

We are doing well, Mr Speaker. This Government, true to its word, is doing extremely well. I will only
15 speak for the ministries that I am responsible for but everywhere we turn change is now most definitely in the air. Gibraltar is being transformed and it is there. Change is now glaring in our faces.

Mr Speaker, a year on from my last Budget speech where I announced the construction of low cost affordable housing as being one of our major flagship manifesto commitments. Well, I am now happy to report that this has now become a reality.

20 Ground was broken only months ago and the Aerial Farm Site, soon to become Beach View Terraces, is already there looming right in front of our very eyes, growing day by day. I do not think that people prior to this summer were so aware that we had progressed so far in such a short amount of time, but now, as we follow our daily exodus to the beaches, it is there – Beach View Terraces. Truly affordable homes! Something which was born during our last tenure in Government – a concept that was sadly never equalled
25 successfully by our predecessors.

Mons Calpe Mews is also on track and running on schedule, as announced. In no time at all we will also see this starting to take shape. Both of these new estates are truly low-cost and affordable. Where else
30 would someone be able to buy a one-bedroom flat for £27,600 or a 4-bedroom flat for £73,360. Surely, the only complaint would be, and has been, that people want more of these types of flats, the demand has been that great! There were over 3,000 applications for these 895 flats. The demand has been so great simply because of the dismal record of our predecessors when in Government. People who have been given the chance to purchase are truly ecstatic, and are now eagerly awaiting their new homes.

35 Mr Speaker, as a result of the success of these new projects, it is clear that we cannot stop here. In fact, we will not stop here, we will carry on building low-cost homes as there is clearly a need and demand for this type of housing initiative, not only for those who are on the waiting lists but for the many upgraders who have also shown a clear interest in purchasing as they have outgrown their homes and now require larger accommodation. These families have shown an interest in releasing their properties to Government for subsequent sale.

40 Mr Speaker, this Government does not give priority to those who wish to purchase 100%. There is already a housing market out there for speculators – but not this market. We work strictly by the criteria that we announced and hold firm by this. Priority has been given to those applicants who were on the housing waiting list on or before the 9th December 2011; after this, those who were on the pre-list on these dates, followed by those who were on the Housing List after 9th December. Then those who are currently tenants of Government flats will be allowed to purchase and then upgraders will also have an opportunity as
45 long as flats are still available.

Our counterparts may criticise, as they would have done things differently. They did in fact do things differently – very differently. They sold to the highest bidder. They sold to those who chose to buy 100% over and above those who could only purchase 50%. That was their policy. Nevertheless, they were very successful in one other thing – and I think that no one could deny them of this – and that was allowing the waiting list to rise and rise to around 1,500 – the level that we inherited on 9th December 2011, when it was this Government who had brought the housing waiting list to an all-time low of 459 back in 1996.

Mr Speaker, also in keeping with our manifesto commitment on the construction of flats for the elderly in the style of Albert Risso and Bishop Canilla House, we have already announced two more blocks which will be purpose built for these specific needs. The professional opinion of occupational therapists and other relevant professionals have been consulted so that these flats will suit these exacting needs. The flats will be spacious and completely wheelchair accessible. As already announced, one block will be within the Mons Calpe Mews Development and will be known as Sea Master Lodge. The other will be Charles Bruzon House constructed at Europort Avenue. A total of 143 flats will be available within these blocks. We are also working on new Albert Risso-style accommodation on the site of the old Queen's Hotel.

60 Mr Speaker, our policy of holding regular meetings with the Tenants Association continues. Either I or senior members of my Ministry continue meeting with the established Tenants Associations on a regular basis. These meetings reinforce our contact with the tenants and many issues are highlighted and sorted out during these meetings. This keeps my Ministry in touch with the real issues that concern our tenants and affords early warning of existing and impending problems for immediate remedial action. Tenants Associations express their appreciation for this platform from which they can communicate their problems directly to senior Housing ministry officials who are truly empowered to assess such matters and take swift corrective action. In this way, tenants may have more regular contact with the ministry by way of its ground staff, who are the ones who deal with all the important day-to-day issues and this greatly speeds up the process of getting work done.

70 Mr Speaker, a complete restructuring exercise of the Reporting Office was carried out last year in order to maximise this Office's efficiency and effectiveness in dealing with the numerous day-to-day reports and counter enquiries from members of the public. The Reporting Office has established a close relationship with the Housing Works Agency's Customer Services Support Office, resulting in an efficient exchange of information that truly benefits Government tenants.

75 All customer enquiries received at the Reporting Office are dealt with within the same working day, where possible, and the success of this endeavour is evident in the significantly reduced incidence of customer calls directly to the Agency.

Mr Speaker, I am happy to say that since we addressed this matter we have not received one single complaint relating to the non-reply of phone calls. On the contrary, we have now received praises for the way that the calls are being handled.

80 We keep monthly phone statistics to ensure a good and efficient service to the public. We now also have an email address where persons can make reports directly to the Reporting Office without having to make a phone call or coming to the counter in person.

85 Mr Speaker, El Turno has now been in operation for over a year and tenants are happy with this new service being provided. Government is now considering the possibility of extending this to other estates in the near future. A team constantly oversees that the service runs smoothly and are quick to tackle any emerging queries so as to ensure a seamless operation. This is yet another commitment which this Government has fulfilled, making the lives of residents more comfortable.

90 Mr Speaker, as I announced last year, Her Majesty's Government of Gibraltar is committed to targeting practices of anti-social behaviour within Government Estates that affect many law-abiding residents. One key issue of major concern resulting in anti-social behaviour was directly related to tobacco concealment, especially within Glacis and Laguna Estates. In this respect, the Government has embarked on a programme of placing CCTV cameras in strategic locations within these estates. This scheme is in its initial stages but will develop as the refurbishment works of the estates progress.

95 The Government has also introduced a number of measures to eradicate the sale of tobacco from within these estates. The collector of customs has exercised his discretion in keeping with the Government's declared policy and views on the public interest. This has been applauded by tenants and their respective associations alike.

100 It was very disconcerting, evoking strong feelings of fear and insecurity, witnessing individuals stripping to their undergarments or dismantling their vehicles in order to conceal tobacco. Tenants feared for their safety and that of their children, and rightfully so. These persons on many occasions would challenge anyone who tried to detract them from their activity, at times showing violent or threatening behaviour to those who complained or even challenged them. These estates, Mr Speaker, are now a better place. Furthermore, tobacco can now only be sold at reduced quantities between the hours of 8am and 8pm, 105 and there is an increased presence of both RGP and Customs personnel in what are known as hot spots around Gibraltar and other Government Estates.

At Mid-Harbour's Estate, CCTV cameras have already been installed both in the garage and podium levels in order to curb anti-social behaviour at these locations too.

110 Mr Speaker, in last year's Budget speech I announced the erection of scaffolding to signify the commencement of a massive investment in the external refurbishment of our existing housing stock – housing stock which had been forgotten and neglected for many years.

115 Today, I can proudly announce that the rewards of this investment are becoming increasingly apparent as projects gather momentum. Indeed, my staff and I receive encouraging feedback from tenants of the estates undergoing refurbishment. No-one could possibly deny, irrespective of which side one sits, that this will totally transform Gibraltar. The estates being tackled at the moment will be visible from afar and are the first buildings one sees shortly after crossing the frontier into Gibraltar. The first block to have been unveiled at Laguna Estate, Rodney House, shows the impressive and remarkable change that Gibraltar was crying out for. It was most definitely time for change.

120 The change within these estates will also see the installation of lifts in the vast majority of blocks, which will make life to the many residents so much easier. These works are not simply aesthetic but they will tackle the serious issues that rip right into the fabric of these ageing blocks: water penetration, dampness, lack of ventilation and other symptoms of neglect.

125 Mr Speaker, the rolling programme to refurbish and embellish Government's historically neglected housing estates has also now seen the complete refurbishment of Kingsway House in Alameda Estate, including an upgrade of its lift facilities as commenced by the GSD Government. True to our word, we have respected and continued with these works. The refurbishment of Red Sands House is now well underway and is estimated for completion in October this year. Picton House, Victoria House and Alameda House will successively undergo the same treatment in due course.

130 Mr Speaker, at Laguna Estate the refurbishment of Rodney House, as just mentioned, is only awaiting its lift, which will be fully operational in a few weeks. Smith Dorrien House is at an advanced stage of refurbishment and Mallard House, Forbes House, Landport House, Orillon House and Bayside House are well underway.

A further four blocks – these being Maidstone House, Blackwatch House, Nelson House and Causeway House – are currently in the initial phases. We are on target and we will deliver as promised.

135 At Moorish Castle Estate, Castle House, Ince House and Wall House are in the intermediate phases of refurbishment and the construction of the first monopitch roof is soon to commence at Castle House. Works on Tarik House are also scheduled to commence shortly.

140 Mr Speaker, at Glacis Estate, George Jeger House is already in its intermediate stages. The refurbishment of Referendum House and Constitution House, which includes the provision of individual lockable storage compartments along each communal corridor, is currently in the initial to mid-phase and progressing well.

145 Work has also been carried out at Varyl Begg Estate as part of the continuous embellishment programme. The Ministry for Housing has carried out the refurbishment of the internal courtyards of Alert House, Repulse House, Valiant House and Royal Sovereign House. These consisted of the repairs of spalling concrete to the corridors and staircase slabs, the repainting of all balustrades and letterboxes and the cleaning and re-fixing of the existing gutters.

150 The demolition of the existing access ramps and the construction of new ramps, which complies with all current regulations and disability requirements, are also being undertaken. All existing bin stores have been extensively refurbished and upgraded throughout the estate and are now completely waterproof, tiled, painted and have self-closing and lockable doors.

The pending refurbishment of Varyl Begg Estate includes an upgrade of its surface water drainage systems, road resurfacing and re-paving. Also included is the demolition of inadequate access ramps to be replaced by new disability access ramps constructed to approved specifications. The area will also see the re-painting of its parking bays, which have now worn away.

155 Mr Speaker, not only has this Government concentrated on the projects and commitments announced within its manifesto and in the run-up to the 2011 General Elections, but we have also tackled other building refurbishment projects that have been seen to be in need of works and maintenance.

Other Government housing stock undergoing or scheduled for refurbishment include: St. Joseph's Estate, Anderson House, Sandpits House and New Police Barracks.

160 The external refurbishment of St. Joseph's Estate is now complete. Essential external repairs have been undertaken to St. Joseph's Estate, which includes a much-needed toddlers playground in the area, the re-surfacing of pavers to access walkways to the middle and upper area of the estate, the upper east area parking bays to the estate have also been re-surfaced and the drainage rationalised to prevent ponding.

165 Extensive repairs to retaining walls within the estate have also been undertaken including the rearrangement to the slope angle of the stairs to the common areas. The replacement and re-levelling of the pavers throughout the estate to improve the drainage of surface water has been completed.

This is currently phase one of several refurbishment phases to be undertaken to the estate. Subsequent phases will include extensive repairs to several roofs in order to eliminate the long-standing water penetration problems being experienced by some tenants of the estate.

170 These works are scheduled to commence shortly. Other phases will include the redecoration of the building façade, railings, staircases and extensive repairs to the entrance doors.

Mr Speaker, Bado's Building is now completed.

175 Gibraltar General Construction Company Limited (GGCCL) has been engaged to assist in clearing the historical inherited backlog of external works, pensioners' bath to shower conversions and GHA Occupational Therapy conversions; and I am happy to say that there is a marked improvement in the turnover of works. In this way, it is possible to make allocations allowing people to acquire their much-awaited home sooner.

180 The GGCCL has extended its role to provide further assistance to the Housing Works Agency (HWA) in tackling the most labour-intensive internal repairs. Close co-operation between these two Government entities has seen the secondment of experienced HWA operatives to optimise GGCCL's growing industrial-operations capability.

185 The current Self-Repair Scheme represents a vast improvement over the scheme in operation under the previous administration, in terms of accountability, financial control and service delivery. Whereas before tenants were issued with local purchase orders which could be easily abused – exchanged at suppliers for unrelated items of similar value – the current scheme requires a site visit by a senior Housing Works Agency operative to assess the requirement, type and quantity of materials to be issued. The senior operative also provides professional advice, care and attention throughout.

190 Following the initial assessment, the requisite paperwork is raised to draw the required materials from Housing Works Agency stores and materials are delivered to tenants' homes at a pre-arranged date and time. The paperwork provides an audit trail to verify proper accountability for all materials issued under the Self-Repair Scheme.

195 Indeed, the success of the current Self-Repair Scheme is reflected by increase in demand and the positive feedback received from tenants availing themselves of this service. Government has increased funding substantially this year to satisfy growing tenant-demand. This shows our ongoing commitment to all Government tenants.

200 Mr Speaker, the activities of the Housing Technical Division and those of the Housing Works Agency will, at long last, be amalgamated with the transfer of Housing technical staff and assets to the Housing Works Agency. This will facilitate a seamless flow of activities across the full spectrum of construction disciplines from conceptual, through planning stages to final execution of works. It is envisaged that this merger will create a synergy that overcomes the typical operational barriers that exist between competing organisations to augment the value of services extended to Government tenants.

Mr Speaker, I will now turn to my other areas of responsibility as Minister for Traffic and Technical Services.

205 As part of this Government's projects, a further two car parks were opened in 2014. Firstly, South Pavilion car park, which offered 43 parking spaces on a monthly rental basis. This facility has been greatly welcomed by residents of the area.

210 Without a doubt, the one building that I am proudest about so far – and I say so far because Beach View Terraces could, in my opinion, surpass all expectations – has to be the high quality construction of Eastern Beach car park and its completion in record-breaking time, on 9th June 2014 (*Banging on desks*) just before the bathing season. Mr Speaker, this is a sign of the times – a sign of a new Government with a new style of working.

215 As most stood in awe and disbelief at how remarkable GJBS had constructed this splendid parking facility in time and on budget, and where absolutely no compromise had been taken on the quality of materials and workmanship. This car park stood, offering a total of 436 parking spaces on three different levels, of which two floors are protected from the unrelenting summer heat.

Users are delighted to be able to find free parking at the beach, mostly out of the scorching sun. Parking will be free during the daytime hours for beachgoers from 8am and 10pm. After this time there will be a charge to ensure that the intention of this car park remains – that is as a beach parking facility and not a long-stay free car park.

220 In the future, the new contactless e-ID card will provide the access key to this parking facility. Parking facilities at Catalan Bay have also been extended onto an area of reclaimed land adjacent to the present car park – allowing for a further 100 parking spaces, bringing the total to 328.

225 Western Beach car park was opened 21st August 2012, providing a total of 109 free parking spaces. A further 78 spaces were gained at the New Air Terminal car park by extending the available space by successfully relocating Air Terminal staff to an alternative parking facility within the confines of the Terminal Building itself.

230 These spaces will operate as Pay & Display during the busy hours when aircraft arrivals and departures place a large demand on parking space. After this time, these very spaces will become free to allow overnight parking for persons wishing to avail themselves of this facility – hence, despite the closure of the old Air Terminal parking facility, a net gain of 70 overnight spaces have been gained in this area.

235 Mr Speaker, turning my attention to traffic now, I would like to report that the new criteria for granting frontier passes to those persons who have a medical condition has been a great success. The assistance of the blue badge Medical Advisory Panel reviewing the medical conditions of frontier pass applicants ensures that the information provided is accurate and up to date. This new Government development secures the integrity of the scheme.

240 Mr Speaker, the introduction of the Motorcycle Compulsory Basic Training Course for riders is now well underway and being delivered in-house by our qualified driving and vehicle examiners. The course structure covering a mix of verbal instruction and practical training is a tremendous success. Feedback from the public at large has been extremely positive.

245 Notwithstanding, as part of Government's initiative to further reduce motorcycle accidents, the Reach for Life campaign will very shortly be introduced. This campaign will offer essential tips to our riders so that they ensure that pillion passengers, especially and specifically small children, sit appropriately on the seat with both feet on adequate and secure footrests.

250 The demand for the issuing of the new photo card driving licences continues to be on the increase, yet the waiting times for the issuing of these driving licences is at an all-time low – around five to six working days. This, combined with an extra business counter being provided in the offices, will ensure an improved service for businesses and the public at large. On the technical side, the Vehicle Licensing Department has also recruited two new vehicle testers, replacing promotion and retirement. This recruitment has reduced the roadworthiness appointments immensely to around nine days.

255 Mr Speaker, notwithstanding the above, the Driver and Vehicle Licensing Department continues to use information and communication technology as a tool to achieve better customer services. The general public is now able to access a number of online services and applications via the new e-Government portal; to name but a few are: roadworthiness test bookings – the MOT, driving test and theory test bookings. Furthermore, the Department is also working on a service to purchase personalised number plates online.

260 These services will allow people to access and pay for such facilities at any time and from the comfort of their own homes. This comes as a wealth of new market footprint coverage opportunities for the Driver and Vehicle Licensing Department that will appropriately cater for market demands and service requirements.

265 As part of Government's initiative to provide personalised support to assist applicants wishing to undertake the new driver certificate of professional competence, initial qualification training provided by the Department is ongoing and continues to be a success. In the past year, 18 drivers have successfully passed the bus licence and eight drivers have successfully passed the lorry licence.

270 Moreover, Government, in an effort to ensure that all directive requirements are met, is continuing to deliver the 35-hour periodic training for existing drivers. 2014 is seeing the delivery of both the bus and lorry CPC.

275 Government is confident that all the outstanding training will be brought up to date by August of this year, shortly before the directives deadline of September 2014.

280 Mr Speaker, the carriage of dangerous goods by road can involve the risk of traffic accidents, taking into account the safety requirements of vehicles transporting dangerous goods and, in accordance with the Transport (Carriage of Dangerous Goods by Road) Regulations 2010, Government has taken the initiative and provided training to a number of the Department's technical staff in order to qualify them for the issue of an authorisation certificate to vehicles carrying dangerous goods within Gibraltar under conditions laid down in these Regulations.

285 Qualified persons from the Vehicle Operators Services Agency in the UK have delivered this course. At present, seven officers have taken and successfully passed the course and are now authorised to issue ADR certificates, the other five officers will be attending the course throughout 2014.

290 Mr Speaker, further to and in keeping with our manifesto commitment, I am satisfied that all the relevant outstanding EEC regulation and amendments have now been transposed. Furthermore, and in anticipation, the Department is now studying future directive proposals in order to expedite their swift

280 implementation as and when the need arises. To this end, I can proudly state that to date the Department has successfully completed all the commitments as set out in our manifesto.

Mr Speaker, as stated in our manifesto, there is a great need to extend and regulate the provision of parking bays for disabled persons in Gibraltar. In this regard, Government is planning on introducing meaningful changes to the blue badge scheme. Part of these changes is to ensure that the badge holder is
285 aware of his/her responsibility in guaranteeing its proper use.

This review has formed part of the Traffic Plan. As stated, Government is always looking for ways in which to improve the blue badge scheme and therefore in consultation with all relevant authorities and associations this system will be looked at on a yearly basis with the initial and first year of operation being based on overall statistics and feedback from users of the scheme.

290 This system will look into the individual use and highlight any misuse of the blue badge permit. Government is confident that the data gathered will suggest whether these changes to the blue badge parking scheme have been a success, in addition to highlighting any need for further improvement.

Furthermore, in an effort to support our citizens with mobility problems, Government is presently looking at increasing the number of disabled bays and also increasing the size of the present parking bays in
295 order to assist and facilitate those persons with severe mobility problems. The number of disabled bays available has increased since December 2011 from 92 to 115.

Mr Speaker, I would now like to turn my attention to Technical Services. During the past financial year, the Technical Services Department has, as is customary, been involved with a number of projects covering a wide range of areas under their defined responsibilities, such as highways maintenance and works to the main sewer, as well as coastal protection and rock fall prevention works and works for other Government
300 entities.

On the coastal works side the main project, which Technical Services has been responsible for delivering over the past year, has been the beach protection and regeneration works at Sandy Bay. Two curved groyne have been constructed on either side of Sandy Bay, joined by an underwater breakwater which has completed, with the last few quantities of rock armour being placed along the central section.
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In addition, the regeneration of the beach is now complete through the importation and placing of 55,000 tonnes of sand. The Department has had to overcome a number of challenges to deliver this project, some of which were non-technical in their nature and I give credit to them for the manner in which this has been seen through to completion. Sandy Bay has seen a major transformation arising from the completion
310 of this project and in so doing we have honoured yet another of our manifesto commitments.

Turning now to cliff stabilisation and rock fall protection projects, the Department completed the project to clear the rock fall protection bund at William's Way. This area had suffered a major rock fall and landslide a few years ago and, even though the bund did its job at the time, it required clearance in order to fully restore the retention capacity of this protection measure. This has now been successfully achieved.

315 Assessments and designs for slope stabilisation works above Windmill Hill Road were also completed and works have recently started on this project as part of the Government's on-going cliff stabilisation and rock fall protection programme, which will continue during this financial year.

Mr Speaker, with regards to Highways Maintenance, the works programme has continued apace over the past year with ongoing repairs to roads, footpaths and retaining walls.

320 Resurfacing works have been carried out during the past year to Fountain Ramp and City Mill Lane, as well as the surfacing of a new car park on Devil's Tower Road. The replacement of pelican crossing lights and equipment has been undertaken in a number of locations working jointly with the Gibraltar Electricity Authority and this programme will continue during the coming year. The Department also continues with its ongoing annual programme in liaison with the GHA Occupational Therapy Department and the new
325 Equality Department, with regards to undertaking improvements to our roads, in particular pavements, with a view to making pavements more disability-friendly.

As in previous years, the Department continues to successfully manage road closures and diversions on the public highway, both for its own in-house works and for all other utility companies and contractors, in a manner that balances the need to undertake works against allowing vehicles to circulate. The increased
330 construction activity generated by new projects makes this task ever more difficult. Road closures are avoided during peak times wherever possible, and after hours and weekend work is the default condition imposed on contractors in order to minimise inconvenience to the public.

Mr Speaker, as stated last year, a comprehensive major resurfacing programme has been prepared by the Department, aimed at tackling the under investment in road maintenance over a number of years. Work on
335 the first phase of this programme has already started. This first phase involves the full resurfacing of Rosia Road and Line Wall Road – two of our main roads which have not seen full resurfacing for countless years.

The works will be undertaken at off-peak times and weekends, thus avoiding the traffic disruption that would inevitably ensure should these works be carried out during normal working hours.

340 The second phase of the highways resurfacing programme will include the resurfacing of Queensway from Ragged Staff roundabout up to and including Waterport roundabout, as well as the Sundial and Harbour Views roundabout.

345 This Government has been well aware of the constraints posed by the importation of asphalt via the land frontier and this has been the traditional method used in the past ever since the production of asphalt ceased back in 1990. Hence, this administration was clear that if a highways resurfacing programme was to really work then we would need to revert to local production which would allow us to dictate when resurfacing work took place and not only when it was possible to import. In this way, it is possible to keep traffic disruption to a minimum by working during the quiet hours. Advance notice has been given to utility companies so that all non-emergency works could be carried out prior to the commencement of these works to avoid the re-opening of newly-resurfacing roads.

350 Road users will no doubt be able to feel the difference after so many potholes and uneven surfaces, which we have tolerated but never got used to.

Mr Speaker, true to our manifesto commitment, we were surprised that Dudley Ward Tunnel, which had remained closed for many years since a tragic accident caused by rock falls, had re-opened at a cost to the taxpayer of £10 million, yet certain essential works which would make the tunnel safer were simply ignored.

355 Mr Speaker, I am happy to state that we are now putting these things right. We have worked closely with the essential services to ensure that their needs and general health and safety concerns were addressed. Works have now started in providing a new firefighting main and emergency telephones along the full length of Dudley Ward Way tunnel in line with our manifesto commitments. Mobile phone coverage will also be provided and during the coming year the ventilation requirements will be assessed with a view to improving the current situation as much as possible, working within the constraints imposed by this ex-military tunnel. Yet another manifesto commitment box is in the process of being ticked.

360 Mr Speaker, moving onto sewers, during the past year works to provide flood prevention measures along the southern end of Fish Market Road were successfully completed, as well as the second phase of similar works at Wellington Front. The third and final phase of the Wellington Front project will be completed during this financial year and, once finished, the habitual flooding that affected this area during periods of concentrated heavy rainfall will no longer be a problem.

370 The state of Gibraltar's main sewer and storm water drainage networks remains a matter of great concern for this Government. The lack of investment and neglect in the past of this unseen, yet essential aspect of our infrastructure continues to cause problems, as evidenced by the need to undertake major repairs to a collapsed storm water culvert on Europort Avenue. This has now been completed and the road reopened.

375 Funding is once again being provided this year to continue with the sewers rehabilitation programme started last year. This involved, amongst other works, the de-silting and inspection of the main sewer along Line Wall Road. Arising from this, work will start shortly on the relining of a section of said sewer and this will be progressively extended to other areas.

Funding is once again being provided for the purchase of equipment in order that the operational ability of the Garage and Workshop is enhanced. They will continue to provide a service to maintain the fleet of Government vehicles, including the refuse collection vehicles.

380 Over the past year, the Department has also delivered other projects including the demolition of the old air terminal complex, which was completed, as was the conversion of the magazine located at Ragged staff car park into what will become a transport museum.

385 Mr Speaker, a major project which Technical Services has been instrumental in delivering is the new Commonwealth Park. Even though this is under the remit of the Ministry for the Environment, it has been driven through all its stages by Technical Services in yet another example of inter-ministerial co-operation. Everyone is justifiably proud of what has been achieved in creating this oasis in the centre of our city for the enjoyment of all. (*Banging on desks*)

390 Mr Speaker, this brings me to a major manifesto commitment under my Ministry, working in conjunction with the Ministries for Public Transport and the Environment, in the form of the delivery of a new Sustainable Traffic, Transport and Parking Plan for Gibraltar. Work on this project continued throughout the past year with the completion of the data collection stage involving a variety of public surveys ranging from interviews at car parks, on buses and at the roadside right up to individual households throughout all of Gibraltar. Online questionnaires were also available.

395 The data obtained was collated and analysed and then used to create a traffic and transport model for Gibraltar as existing. From this, potential options to bring about changes in the way Gibraltar moves have been developed and assessed. These will form part of the Plan, which the Government will be making public in the near future.

Mr Speaker, as can be seen, Technical Services Department will this coming year continue to deliver on their defined responsibilities maintaining public infrastructure and will continue supporting and providing

400 technical input across the board throughout all relevant Government Ministries and Departments in all manner of projects, large and small, in order to deliver on the Government's extensive and comprehensive programmes.

Mr Speaker, I am fully confident that the Ministries under my responsibility are right on target to fulfil all our commitments as set out in our manifesto and in our pre-election campaign. We are on target, Mr Speaker, and I am confident that we are on target to complete all of them.

Mr Speaker, finally, I would like to conclude my contribution to this budget address by thanking all of my staff who have worked hard to see our dreams and ideas slowly become a reality. Thanks go not only to those who ensure the rolling out of our commitments, my senior members of staff, but also to those who go by unnoticed, who perform the valuable function of assisting at counters, having to put up with difficult situations, carrying out MOT's, repairing our Government fleet of vehicles, repairing and maintaining our housing stock, managing our car parks, maintaining our highways and our sewage infrastructure, to ensure our construction projects progress to schedule, all my technical staff and all office and clerical staff helping to make our essential departments tick.

In particular, I would finally also like to thank my personal ministerial staff for all of their help and support during the past year.

Thank you. (*Banging on desks*)

Mr Speaker: The Hon. Steven Linares.

420 **Minister for Sports, Culture, Heritage and Youth (Hon. S E Linares):** Mr Speaker, I have been a Member of this House for 14 years. It is a great honour and privilege for me to deliver my third budget speech as the Minister for Sports, Culture, Heritage, Youth, Utilities, Postal Services, Fire and Rescue Services, Refuse Collection and Civil Contingencies.

I will commence with Culture and Heritage. The House will recall that during my last budget speech and more recently in my contribution during the Second Reading of the repeal of the Gibraltar Culture and Heritage Agency Act in March, I explained the mess that we inherited in relation to the Gibraltar Culture and Heritage Agency. I outlined, amongst other matters, the way in which the previous administration gave wage hikes to people just weeks before the last General Election. (**Two Members:** Shame!) (*Interjections and laughter*)

430 I cannot help but mention to the Hon. the Leader of the Opposition that when he mentioned the fact that the Culture and Heritage budget had increased this year from £3.8 million to £5 million, which represents a 31.6% increase, he should consider the fact that the forming of the Agency, which was their doing, it cost the taxpayer an increase of 100% – i.e. from £1.9 million to the £3.8 million. (**Two Members:** Oh! Shame!) It has been a long process to undo the structure that we inherited.

435 I need to say that the Government is conscious of the fact that it was not the fault of those who signed up to work for the Agency, since I would have signed up too. It is the previous Government that must take the (*Interjections and laughter*) Absolutely – yes, you laugh, of course! (*Interjections*) Yes. And now I am a Minister and I have inherited that. It is the previous Government that must take the political responsibility for their actions. (**A Member:** Hear, hear.)

440 So undoing this mess took courage and good will from all parties. I am pleased to say that we will be signing contracts within the next few weeks, which will map out the future for the Culture and Heritage in Gibraltar.

The Heritage Division part of the repealed Gibraltar Culture and Heritage Agency will be run by Knightsfield Holdings, as it has been for the past 20 years. The Ministry for Heritage will be responsible for other heritage issues. The Government is happy to say that we now have an archaeologist employed in the Ministry to help us with our now well-established heritage filter. I explained this last year.

We will also count on the professional expertise at Knightsfield Holdings, should we require it.

450 Since the heritage filter on Government policy was established and given that the Development and Planning Commission became an open forum, there was a need for an in-house archaeologist to advise us on these matters. On a day-to-day basis the Ministry will also be charged with upholding the issues that will arise after the coming into force of the new Gibraltar Heritage and Antiquities Act. The indications are that this Act will be in our statute books some time this year. We have been working very closely with all stakeholders on this Act and it is very encouraging to see that at last there is light at the end of the tunnel. This is something that the Heritage Trust has been pushing for years before we came into office. They have been fully involved and consulted.

455 The Government's relationship with the Gibraltar Heritage Trust is a positive one. There is plenty of contact between my Ministry and the Trust. I regularly meet with the Chairman and the CEO and they know that my doors are always open for them.

460 We have been able to work closely on many projects. These include: Hardings Battery, the Giralda Gardens, Grand Battery and many others. The Gibraltar Heritage Trust can now also boast new modern,

state of the art offices and retail premises in the centre of town. The Main Guard has been restored with the contractor working very closely with the Trust throughout. I am happy to say that their new premises have been able to successfully blend the old with the new.

Our manifesto states:

‘HERITAGE TRUST

We will re-establish a relationship and co-operation between the Heritage Trust and the Government. We will not seek to interfere in the business of the Trust at all.’

465 We have delivered on this promise.

The restoration of a number of other sites have also taken place during the last financial year. These include: parts of the Charles V Wall; the bunker at Eastern Beach, which is being put into good use by the Blue Fin Club; the ARP Shelter opposite the Museum, which was totally abandoned. This Second World War Shelter had debris inside from when the King’s Bastion Leisure Centre was constructed. Little or no regard was had at the time of the heritage value of this particular place. It has already been refurbished.

470 The Montagu Bastion Chambers on Line Wall Road is yet another place of historical interest which was abandoned. Many people were not even aware that it existed. By liaising closely with the Trust we have been able to not only restore this beautiful place but also to house in it the Gibraltar’s Exhibition of Modern Art (GEMA). (*Banging on desks*) It is currently holding the Little Constellation project.

475 Another project which has already started is that of Wellington Front. It is yet another of our manifesto commitments that is well on its way. Wellington Front will be restored to its original glory. All outhouses that were constructed after the original period will be knocked down. Some of the Second World War features will remain. Work on its historical problem, which was flooding of the area, has now been completed. All the area will be beautified and the vaults will house some clubs, scouts premises, and other leisure amenities.

480 Our Manifesto stated:

‘WELLINGTON FRONT

Wellington Front needs to be entirely refurbished in order to make the most of the City Walls and provide premises for clubs and societies that need to be centrally located. This will also involve having to deal with the problems of flooding in very wet weather.’

We are on the way to delivering this promise.

The Northern Defences was put out to the public for expressions of interest. These have now been gathered and the Government is in the process of looking into the possibilities that this site can offer. 485 Needless to say that the heritage value of this whole site will be taken into consideration together with its commercial potential as a tourist and leisure area.

As is now known, my offices have moved to the City Hall. This iconic building which housed the housing department is yet another building which had been left to deteriorate. It will now be restored.

490 The fact that my offices are now there is in line with our commitment to heritage and fulfils a manifesto commitment which states:

‘CITY HALL

We will move the housing department out of the City Hall and into purpose built offices. The City Hall will then be exclusively used for cultural and historical events.’

We have delivered on this promise.

The bid for the UNESCO World Heritage Status will be an important area of action during this financial year. The nomination will be put forward in January 2015 and the process of inspection and evaluation will follow.

495 We are currently engaged in the process of preparation of the nomination dossier, management plan and accompanying documentation. The House will be aware that the nomination will be put forward on our behalf by Her Majesty’s Government in the UK. We are in close contact as partners in this bid.

500 UK advisers have been out to Gibraltar and form part of a Steering Committee, which we set up last year. The Steering Committee is made up of members of the Government Departments and other stakeholders, including the MoD, GONHS and the Gibraltar Heritage Trust. It meets quarterly to evaluate progress with the bid – the next meeting being this Thursday, tomorrow.

505 I should first tell the House that Government, following the recommendation of the Steering Committee, and taking into account comments made by the UK Technical Evaluation Panel, agreed earlier this year to an extension of the site’s boundaries. The site to be nominated now includes the cliffs above Gorham’s Cave, right up to the peak at O’Hara’s Battery, and the Catalan Bay Sand Dune. Put together, this area represents an exceptional landscape, which has survived since the time of the Neanderthals.

We are working on stabilisation of the cliff area directly above Gorham's Cave to ensure the safety of persons working in the caves. We are removing all metal and other rubbish, which has accumulated on the beach as a result of winter storms, and the old scaffolding has been removed and will be replaced. The steps leading down to the site are being repaired.

510 There are caves along this path, which have been vandalised over the years and we will be undertaking works to remove graffiti. I sincerely hope that the importance of these caves comes to be appreciated by all.

It will be possible to view other areas of the site from various vantage points on Sir Herbert Miles Road. It is not intended to open Gorham's or Vanguard Caves to a large number of visitors. These caves are too sensitive and would be adversely affected. However, the Government will consider limited viewing by small groups with guides.

515 In addition to this, the plan is to provide viewing platforms at the 1st, 2nd and 3rd Europa Advance Batteries, so that visitors to Gibraltar can enjoy the sites without causing damage. Similar arrangements are in place in a number of existing World Heritage Sites. It is also part of our strategy to encourage tourist visits to the site by boat. The best view of the site is from the sea and it is from here that it is best understood. We will offer the possibility of small groups landing to see Gorham's Cave with professional guides.

520 During the course of this financial year we will be opening Parson's Lodge as an interpretation centre. Here we will offer interpretation for tourists who can then visit the caves either by road to the Europa Advance Batteries or by boat from a future refurbished Rosia Pier.

In addition to the Neanderthal story, Parson's Lodge will tell the story of the relationship of people and the limestone of the Rock – from caves to tunnels and batteries. This financial year will see a number of projects to restore and bring to life other sites and areas of historical and heritage interest. We will be announcing these, as and when they are completed.

530 A new company has been formed by former employees of the Agency. Gibraltar Cultural Services (GCS) is based on the same principles as the Environmental Agency Ltd and Land Property Services Ltd. They will be able to organise and maintain cultural services.

Properties such as the Ince's Hall Theatre, Gustavo Bacarissas Galleries at Casemates, Central Hall, the Fine Arts Gallery, the John Mackintosh Hall Complex including the theatre, committee rooms, etc, the Mackintosh Hall Library, Casemates Square, The Mount for bookings only at this stage, and changing room vaults at Casemates will now be under the auspices of this company. They will also be responsible for the administration of a number of committees, for the management of the art collections, and for the management of the premises held by clubs and associations.

540 GCS have been and will be running, supervising and monitoring the events which have traditionally been in our social and cultural calendar. These include: the New Year Celebrations & Fireworks; Young Artists Art Competition & Exhibition; Drama Festival, in which we now have international groups participating; Logo Competition for the Spring Festival; Short Story Competition; Spring Art Competition & Exhibition; the Miss Gibraltar Pageant; Spring Festival, which now extends to eight weeks; Zarzuelas which are now four; Book Crossing Days – maximum of three; Summer Nights increased from six to eight or even ten weeks; supporting the SDGG in all celebrations to do with National Day and week; National Week Classical Concert, which will be reintroduced this coming year; the International Art Competition & Exhibition; Poetry Competition; Autumn Cultural Programme; Saturdays Arts & Crafts market at Casemates.

545 They will also be responsible for the Calentita night and fireworks. The House will know that the date of these events was changed to a Saturday, so that our Jewish community could also take part. The event was improved even further this year. It was extended into Market Place, where a long table and benches was introduced and even marquees were put, for the first time. The Government has received very positive feedback on the Calentita night.

All the above improvements to events fulfil the manifesto commitments which states:

‘CALENTITA

We will maintain and improve community events such as Calentita, which are already taking place.’

555 Once again the Government has delivered.

GCS has during this time of change been involved in many new and exciting events and projects. The Little Constellation project is proving a very useful forum with which to foster cultural links with other nations. The Ministry of Culture is fully participating in this event, which comprises other comparatively small countries, such as Andorra, Cyprus, Iceland, Liechtenstein, Luxembourg, Malta, Monaco, Montenegro and San Marino. It also includes European geo-cultural micro-areas, including Canton Ticino from Switzerland, Kaliningrad from Russia, Åland Islands, Faroe Islands, Jersey, Guernsey and Gibraltar.

560 The project is based on an intensive dialogue between these two identities through the privileged eyes of contemporary art practice, by the Little Constellation Network. This is an international network of

565 contemporary art – based in San Marino – which aims to organize and promote projects with a specific focus on current artistic research activity in these small states of Europe. It networks with all these countries to find out how Modern Art is influenced by their size.

‘Listening to the Sirens’, which is the current project underway in Gibraltar, is of a cultural dialogue between two territories – San Marino and Gibraltar – that share a common path of research and interest in contemporary visual culture. The Exhibition is currently open at Montagu Bastion, which I said before, will
570 now house the Gibraltar Exhibition of Modern Art (GEMA).

The GCS has also been involved in a number of other events such as: this year’s Holocaust Memorial Day; the Queen’s Baton Relay in May, together with the Gibraltar Commonwealth Committee; the Literary Festival, working closely with the Gibraltar Tourist Board that leads on the event. Through the good offices of members of the Gibraltar Tourist Board and the GCS, it is now possible for local artists to participate in
575 the Royal Academy Cultural Exchange that has seen local artists enter into competition for participation at the Royal Academy Summer Exhibition 2014; participation by local artists at the Biennial of the Young Artists from Europe and the Mediterranean – *Mediterranea 16* – Summer 2013; Organising Festival of Lights, which will now include the switching on of the Christmas Lights, that will now become an annual event. The GCS will also be charged with supporting the Cavalcade Committee for this January event;
580 organising the Small Business Saturdays in December as they did in 2013, in conjunction with the Ministry for Tourism.

In all these events we strive to emphasise the environmental awareness and more importantly to make all these events inclusive to all our community. Very recently the Government was gifted by the MoD the entire content of the HMS Rooke Library. Soon these books will form part of the John Mackintosh Hall collection. I would like to thank the MoD for this and I am sure that it will definitely add more value to the already vast collection at the John Mackintosh Hall. We would also like to thank the John Mackintosh Hall Trust who have funded books which students at GCSE, AS and A2 levels can use. This has been achieved by working closely with the Department of Education who were able to advise on the books that were required.
585

There has been a vast improvement in the facilities at the John Mackintosh Hall over the past couple of years. All the changing rooms and dressing areas for the theatre have been refurbished. All the committee rooms have been transformed into bright, pleasant areas with the state of the art equipment. The Charles Hunt Room is used to hold meetings of the DPC in public. It is also used by others as a conference room. The reception area has been painted and new furniture has been purchased. All the wooden and metal balustrades have been restored and painted.
595

The John Macintosh Hall celebrated its 50th anniversary this year. It is therefore very fitting that all these refurbishments have been carried out at this time.

Mr Speaker, an exhibition took place in April to celebrate this occasion. During this financial year we intend to continue to improve and maintain the John Mackintosh Hall. There is in the estimates, waiting for the approval of the House, an amount specifically for purchasing artwork. The Government was recently able to acquire six artworks by Gustavo Bacarisa, which will now form part of its collection.
600

The Garrison Library has also been able to develop. The staff there have been able to secure a project called ‘Bordering on Britishness. What it means to be a Gibraltarian’. They have been able to help in the organisation of many cultural and political events. Events such as the Literary Festival and the meetings of the Foreign Affairs Committee. They are further involved in the digitisation of documents.
605

Mr Speaker, the reforms and changes that have been made were carried out in full consultation with the employees. At all times, we have been able to work together to unravel the great mess that was the Gibraltar Culture and Heritage Agency. (**Several Members:** Hear, hear.) I wish to wholeheartedly thank all those at GCS, Knightsfields Holding Ltd and the Garrison Library for having engaged on this matter in such a positive manner.
610

Moving on, Mr Speaker, to events which are being organised by the Ministry for Culture. It can be seen that our commitment to have an annual mega-concert is well and truly fulfilled. This will be the third year in which the Ministry will be involved in organising of what is easily the biggest event of our music calendar. The Gibraltar Music Festival is attracting many top international artists to Gibraltar. (*Interjections*) I can take it, it is okay. It is just that they do not like what they are listening to, it is okay. Never mind!
615

The brand name of the Gibraltar Music Festival is attracting international attention. This year we have a line-up which is second to none: The Script; Rita Ora; John Newman; Tony Hadley, from the very well-known Spandau Ballet; James Arthur; Roger Hodgson, from the famous band Supertramp; Clean Bandit; Maxi Priest – a legend in the world of music; plus our very own Adrian Pizzarello, Headwires, Georgia Thursting, and Orfila. The Festival will run as it did last year from 12.00 midday to approximately 12.00 midnight and it is geared for all ages. This year again children under the age of 13 will be able to go free, when accompanied by their parents.
620

625 The Gibraltar Jazz Festival, which continues to attract people to Gibraltar, will now also go into its third year. Last year we saw the Blues and TV Jazz star, Jules Holland and his band perform in the Queen's Cinema. This year the production team is working to have a great line-up, which will be announced soon.

630 Mr Speaker, another event which is attracting a lot of interest abroad is that of the Gibraltar World Music Festival. This is a festival that exposes music from around the world. This year the Festival's theme was Chindia. The festival saw musicians from Japan and China, who played eastern music with traditional instruments from the east, from Israel with musicians playing percussion instruments, and from the UK, which had a fusion of Hindi and modern music. This Festival attracted interest from abroad and I would say that more than half of the audience that filled the Cave came specifically to Gibraltar to see this show. It also exposes the multi-cultural aspect to Gibraltar, of which we are so proud.

635 All the above and all the sport events which I will mention later are in line with the policy of the Government of Events-Led Tourism.

We have been able to work closely with the Gibraltar Tourist Board so that these events are marketed abroad with the GTB network. We also use social media websites and other marketing tools to be able to announce these events in order to attract people to Gibraltar. So the above fulfils the following manifesto commitment:

'JAZZ FESTIVAL

We will promote a jazz festival in which the Government will sponsor an international act. This will also help to showcase more widely the great talent already available in Gibraltar in this field. The Gibraltar Jazz Festival will be part of the Spring or Summer Events. The first festival will begin in 2012. This will be in addition to the mega concert we will organise each year.'

640 The only innovation to the manifesto is that we have decided, with the jazz fraternity, that the best time of the year for this festival is in the autumn.

'MEGA CONCERT

As we committed ourselves to doing in the last elections, a GSLP Liberal Government will sponsor an annual music Festival for our youth. The concert will be promoted internationally and will count with the use of Government facilities as well as financial backing.'

Again, Mr Speaker, we have delivered on our commitment.

Mr Speaker, I move on now to my responsibilities for Sports and Leisure.

645 As Minister for Sport and Leisure and Chairman of the GSLA, it gives me great pleasure to see more and more people taking part in sporting activities. The reason could well be the success of the GFA in obtaining membership of UEFA. This seems to have spilt over into other sports to encourage greater participation.

650 Children are starting to get interested in sport at a younger age. It is incredible to see that in a population of 30,000, we have registered 40 sports: 22 of these are internationally recognised in one way or another and there are approximately 8,300 sportsmen and women registered in all sports associations. This represents close to 30% of the population involved in sports.

655 These figures do not include those who practise sport but are not registered under a specific association. For example, it does not cover those who do Batuka, Zumba, attend fitness classes, etc. For this reason, facilities need to be adequate and maintained in a fit and proper state for our participants not only to enjoy their chosen sport, but to be in a position to excel in it.

The fact that participation levels have increased and that standards are rising has increased the demand on the Ministry of Sport and on the GSLA. For this we need to move the GSLA, as an authority and institution, to another level.

660 In relation to facilities, Mr Speaker, I am pleased to say that we have been able to refurbish many parts of the Bayside Sports Complex, which were in desperate need of repair. The Old Victoria Sports Hall has seen a transformation. The Hall has seen the refurbishment of all changing rooms and toilet facilities. The corridor areas have all been painted and the Hall has had all the roof girders and walls refurbished and painted.

665 All the hot water that serves the changing rooms at the Tercentenary Hall is now heated via solar panels. A monitor at the entrance to the Hall shows the amount that we are saving on electricity by using this system. The aim is to extend this to the whole complex.

The main pitch and pitch No. 2 have been resurfaced with a new FIFA Two Star astro-turf pitch. This astro-turf is also valid for International Rugby matches and we have been able to see a number of them already.

670 The lighting system has been upgraded which has seen an increase in Lux from 200 to 1,200 which means that it now complies with the proper standard to have events televised. Some of the old turf has been recycled to the 5-a-side areas at the complex. The three Padel Tennis Courts have been resurfaced. The

boathouse area and the slipway is now being used by the Jet-skiing Association. Jet-skiers can now place their jet-skis in this area and use the slipway without affecting the day to day running of the complex.

675 Mr Speaker, during this financial year, we will see a number of other facilities within the Bayside Complex, which will be built and/or refurbished. This includes the stay and play area. Offices will be built below the hockey stands, and new build within the area where the staff car park is now located. This will include changing rooms for officials, press conference rooms, media rooms, VIP and new bar areas. The bar facilities will be changed to a proper built cafeteria, sports bar area will be located at the entrance to the
680 Tercentenary Hall. This will replace the existing bar which is called 'El Murga'.

The hockey lights that I mentioned last year have already arrived and will be in place during the summer. We have now been able to work with the Education Department in order for the allocation of schools for community use to be extended beyond 31st May and we will also soon be able to make these facilities available during the summer.

685 The skate park, which was situated in Landport, has also been relocated in the car park by the east entrance to the stadium. We have been able to rearrange the whole area in order to provide bar facilities and more parking.

The GASA swimming pool, as I said last year, has been transferred to the GSLA. It has been transformed to the extent that it is unrecognisable. It was a complete mess. There was, for example, no air treatment system and this was affecting the health of users. There were broken tiles in the changing rooms and main spectator areas. There was no disabled access to the spectator stands, to highlight only but a few of the problems.

690 Mr Speaker, I am pleased to announce that we have completely refurbished the whole building. We have re-designed and improved the changing rooms for all. We have provided a new accessible toilet. We have built new offices for the staff and for GASA. We have increased the space available for participants by the poolside by building an extension to the pool to accommodate swimmers in competition.

And more importantly, Mr Speaker, the pool is now an example of how we can use sustainable energy and make vast savings in order to maintain the operation of all systems in the pool. Mr Speaker, we have placed solar panels on the roof and installed a system that now powers and controls the temperature of the water in the pool, heats the water for the showers in the changing rooms, and powers the air treatment, pumps and filter system.

700 The system is also producing more electricity than it needs for all this and we are therefore going to extend it to the other pool. The savings are considerable. As an example, the GSLA had to spend an average of £2,500 per month on diesel to power the filter and the pump system and now we spend zero. (*Banging on desks*) Zero.

705 Currently, we have been making savings to the tune of £104,000. A projection of the savings was done before the system was put in place and it was envisaged that the investment made would be paid for within five years. It is working so efficiently that now this investment will be paid for in half that time, i.e. in two and a half years.

710 So not only have we got all these systems running for the pool, which was badly needed, but we are making savings of approximately 85% of the running cost of keeping the pool. During this financial year we will continue to improve on other facilities within this complex, namely the senior citizens pool next door.

Mr Speaker, we had a manifesto commitment that stated:

'MID-HARBOUR BATHING

We will explore locating a bathing platform in front of the Mid-Harbour Estate so that people can swim.'

715 After exploring this possibility and having had more professional advice about the location, the Government decided that the best place for this was the Bathing Pavilion next to the GSLA pools. Mr Speaker, it is with great pride that I can announce that the Gibraltar Bathing Pavilion is near completion. My Ministry have led on this project, which will be handed over to the Tourist Board for them to run in the same way as the beaches, once it is complete. (*Banging on desks*) I am also very grateful to the Project
720 Manager, Mr Chris Riddell.

The general public will be able to enjoy swimming and leisure facilities second to none in a short period of time. A floating solution has been constructed which includes two 25-metre swimming pools, two toddlers' accessible pools, recreation areas, outdoor bar, lifeguard and first-aid posts, exercise areas, restrooms, showers, and dressing rooms. and a number of other facilities which will make up the Bathing Pavilion. All the above accessible to all. (**Several Members:** Hear, hear.) (*Banging on desks*)

725 Mr Speaker, on another matter, the House knows that the GSLA have been involved in constructing and maintaining of all parks in Gibraltar. New parks and play areas have been constructed at Catalan Bay, Schomberg Estate and Vineyards Estate. The construction of the Catalan Bay Park fulfils a manifesto commitment which states:

‘CATALAN BAY – THE PARK

A children’s park has been provided but in a relatively unsafe area which is difficult to access with prams. We will re-provide it in a safer area in consultation with the residents.’

730 A number of meetings took place on site with residents in order to ascertain their needs and now the new park is ready.

In this year’s estimates, we have allocated funds to complete the manifesto commitment in relation to Catalan Bay which states:

‘CATALAN BAY – STREET LIGHTS

We will ensure that all areas in the Village are well lit – in particular the areas giving access to the Caleta Hotel.’

735 Mr Speaker, the GSLA has also refurbished a number of parks and ball playing areas in: Laguna Estate; Edinburgh Estate; Europa Point; Varyl Begg Estate; Chilton Court; and the Park opposite the Trinity Cathedral. The refurbishment of this last park is yet another manifesto commitment that states:

‘DUKE OF KENT HOUSE PARK

We will maintain and upgrade the park and playgrounds in the square opposite the Duke of Kent House.’

Mr Speaker, fulfilled.

740 A number of other playgrounds are currently being refurbished and/or are under construction – I see that the hon. Member is getting fed up, it is too much he cannot take it, you see! – Sir William Jackson Grove; Harbour Views; Waterport Terraces. This is a manifesto commitment, which is ongoing.

We can now say that we have a team of three workers who are specifically charged with the maintenance of the Parks. They have been provided with workshops, vehicle, tools and resources to allow them to go around the parks and tackle issues of general maintenance.

Mr Speaker, our manifesto states:

‘CHILDREN’S PARKS

The children’s parks have only been upgraded in an election year, before they were neglected. They have cost a massive amount of money. They must be looked after. We will ensure that existing children’s parks are properly maintained and refurbished as necessary to encourage that the investment made using public money endures as much as possible.’

745 There are more manifesto commitments in the field of sports and leisure that have been fulfilled and are ongoing. These are: Elite Athlete Assistance; Sports Injury Clinic. It will be seen in the estimates that on page 188, Gibraltar Sports and Leisure Authority, Appendix J, Payments (28), an amount has been earmarked for both these items. These items have also been discussed in the Gibraltar Sports Advisory Council (GSAC) on a number of occasions. The GSAC are in the process of defining who is an Elite Athlete in each sport, since they all differ from each other.

750 Further we are currently working with stakeholders in order to see the best way in which we can have sportsmen and women tackle injuries in a way in which they can return as quickly as possible to continue practising their sport.

755 Assistance for Non-Recognised Sports: this is an ongoing item, which I can say we are currently engaged in delivering. The sports concerned know that they have our full backing to be able to achieve their goals by being recognised internationally. Our staff at the GSLA is there to help them by advising them on how to establish themselves in a manner which will be acceptable to the international organisation they would like to join.

760 Paint Balling Park: the paint ball park is ready and this amenity will be included as part of the sports summer programme. We are also awaiting for the paint balling fraternity to organise how they will run it. It will enable them to organise competitions and at the same time will allow the public to participate in this leisure activity.

765 Chess: we will continue to support the chess tournament, which is a great event, as we promised in our manifesto, and further we have been able to support the local chess association as and when they have needed our help. The Gibraltar Chess Open has become the biggest open chess tournament in the world. It has been recognised as the best organised tournament in the world. HM Government will continue to support this event. We have also had the opportunity to support the 3rd Junior International Tournament, which is held in August here in Gibraltar. I would like to thank the organisers and the sponsors for the way in which they have developed and supported this tournament.

770 Mr Speaker, works are well under way to relocate the Pistol Shooting from its present location to the area of the Retrenchment Block. The GSLA are involved in the sponsoring and the facilitating of events, such as the Wildcats British Championships, Backgammon International Tournament and Ten Pin Bowling

Mediterranean Challenge Cup. The Gibraltar Darts Trophy is an event which is organised by the Ministry for Sports.

775 When analysing the value of organising and sponsoring these events, it is important to understand, what are the benefits to our economy? In doing this analysis which has been done using all sporting events and the well-tested formula of expenditure by tourism, we see that over 15,000 bed nights have been sold. Multiplied by an average of £100 minimum per bed night, it means £1.5 million a year which the economy benefits. These figures are not inclusive of all other events such as the Gibraltar Music Festival, the Jazz
780 Festival, the World Music Festival, the Literary Festival and others.

Mr Speaker, the deficit of the King's Bastion Leisure Centre continues, but I am happy to say that we have been able to reduce this from the levels it reached under the previous administration. This has been achieved by terminating the contract that the previous administration gave to King's Bowls. This was an OPEX + contract. It meant that the company running the ten-pin bowling facilities would do so by having
785 all its costs paid for and on top of that a 30% mark-up was added on. So we had a situation where the more the company spent on costs, the more they would earn in profits!

We have been able to terminate the contract and we have awarded it to the company running the catering in the centre, but this time with the cost greatly reduced and no 30% mark-up on costs. Further, we have been able to reduce by half the amount that used to be paid to the GSLA for the running of the centre.
790 The centre will soon be run by the people who are currently managing it. We are hoping that during this current financial year, we will be able to reduce the costs of the centre and at the same time provide an even better service to the general public.

Before I end my contribution in relation to the sports, I would like to acknowledge the good work that has been done by the retiring CEO of the GSLA, Mr Joe Hernandez. (*Applause and banging on desks*) He has been active in this field of work for over 25 years. He was involved with sports within the Government first and then in the GSLA. He has been a civil servant for nearly 38 years. Thank you, Joe.
795

In the past year, the whole of the Gibraltar Youth Service has undergone a number of significant changes, more noticeably within its structure and staffing arrangements. The administration role of the Gibraltar Youth Service has moved to the main offices of the Ministry for Culture where the staff continues
800 to provide support for the Youth Service.

Through this support the burden on youth workers of having to do administrative work is greatly reduced, which means that they can now concentrate on producing and running programmes for our young people. The management and total complement of the youth workers in the service has increased and has been restructured. What was the Team Leader's post is now that of a Principal Youth Officer. The posts of
805 two Senior Youth Officers to assist the Principal Youth Officer have been created and the complement of Youth Officers has increased from four to five.

Therefore in total we have moved from having one team leader and four youth workers to eight in total to concentrate and direct youth work. This has fulfilled numerous recommendations from the Gibraltar Youth Service Review of 2008, which has never been tackled by the administration of the Members
810 opposite.

Recommendation 11 of that Report states:

*'The Service should consider its staffing requirements and structure with the aim of
a) making the post of the Senior Worker more manageable, reducing the post holder's operational responsibilities to enable more strategic development*

– i.e. the reforms of the administration –

'b) allowing management responsibility to be delegated to full time youth workers, consistent with their current grades'

– i.e. creating the two senior youth and community post workers –

'c) increasing the part time paid establishment, with staff on appropriate permanent contracts to be negotiated, as the most cost effective way of increasing the direct delivery of youth work.'

– i.e. increasing the complement with the permanent youth workers to do this.

Recommendation 12 of the Report that they never put into place, Mr Speaker, read as follows:

'Up-to-date job descriptions should be provided for all posts in the service.'

By renaming and creating the posts the job descriptions have been re-evaluated and they are now clear
815 as to the role they are to fulfil.

Mr Speaker, the interviews for four new Youth and Community Workers have already taken place and the ones selected are in the process of joining our team soon.

820 In relation to material resources, I am happy to tell the House that the Youth Centre has undergone some significant refurbishment and now, in addition to its new front entrance which is now visible from Line Wall Road, it boasts a new kitchen, complete paint redecoration and it also offers a separate project/resource room.

The Laguna Youth Club has received a new air-conditioning system. The Plater Youth Club has received a fresh coat of paint. This year more funds have been made available to continue the refurbishment programme.

825 Since 18th January this year the Youth Centre has been opening during the weekends. The Youth Service is analysing this initiative to see how this is working with a view to opening all other youth clubs. This fulfils another manifesto commitment as follows:

‘YOUTH CLUBS

Resources will be made available for.... youth clubs to open at weekends.’

830 Mr Speaker, I am pleased that the Principal Youth Officer has also met with the newly established Unite the Union Youth Section. During the year 2013-14, the Gibraltar Youth Service has offered young people a wide variety of personal development opportunities and fun activities. These include: a film project; an Easter project; a Spring fun-day at the Plater Youth Club; Aquapark/Tivoli trips; Clean Up the World; *Isla Mágica*; Halloween events; cycling marathons to raise money for GBC open day; residential weekends, which was the Plater Youth Club and Youth Centre organised a ‘feel good’ residential weekend that took place at the Retreat Centre; Christmas and Cavalcade events; trips to Sierra Nevada.

835 Mr Speaker, the Youth Service team has been very committed to continue operating the four youth clubs. In addition to normal club opening hours, the team has also worked closely together to offer young people the opportunity to take part in new community projects with outside organisations. These include the Luce Foundation project; the PSHE... and Personal Support with both Bayside and Westside Comprehensive Schools and the College of FE; Social Services training programmes; safeguarding children; working close with the Royal Gibraltar Police neighbourhood policing units in the areas of the four youth clubs.

840 All four youth clubs combined resources under the Youth Service in order to provide a trip to *Aventura Amazonia* in Marbella during May and the Luce Foundation Summer Camp took place at the beginning of June.

845 The Youth Exchange project for a partner group from Wales is to take place this month in July and the Youth Service is supporting the Cheshire Homes flag day this coming weekend. A group of young people also took part in a Heritage Trust project to plant trees in the Upper Rock in March 2014.

It is obviously clear, from all that has been done above, that our manifesto commitment has been fulfilled. This reads as follows:

‘THE YOUTH SERVICE

We will work with the Youth Service and Youth Workers to provide better facilities and more frequent events at Youth Clubs – where the work being done keeps young people out of trouble.’

850 Despite the fact that we have fulfilled our manifesto commitment, the Youth Service will continue to develop to deliver quality programmes for young people and more importantly programmes that they... identified with. For this reason the Youth Advisory Council will be re-established as from September and a new Active Citizenship programme is currently being planned, starting in the autumn of this year.

855 As the hon. Members can see, the Youth Service is an extremely busy organisation and it has provided a wide range of activities for our young people. With the new Youth and Community Workers in post in a few weeks’ time, we hope to continue our success and look forward to an even busier and promising year ahead.

860 Mr Speaker, I now move on to my responsibility as Minister for Utilities. I will start with electricity. The House will recall that the GSD had made arrangements to build a Power Station at Lathbury Barracks with a company called ETDE. ETDE was in a Joint Venture with Volker Stevin. The station was to cost approximately £126 million and was to be fuelled by diesel. This project would have made us rely on diesel for the next 30 years.

865 The price of diesel is increasing by the day. It would have meant that electricity bills which are currently subsidised by the Government to an average of 40% would have had to be increased by 5% to the consumer each year for 20 years. This would have been unsustainable. Talk about prudent management of taxpayers’ money!

On top of that, as the House knows, diesel is far from environmentally friendly. These are some of the untold truths before the general election. The power station planned by the Members opposite did not go

870 through the planning process. (*Interjection*) It was not subjected to press or public scrutiny. *Anda! Pa'lante!*
(*Laughter and banging on desks*) Indeed, consumers were not even told about the increase to them in the
cost of electricity. The then GSD Government kept this a secret. Yes – *pa'lante!* (*Laughter and*
interjections)

875 Even if this contract had gone ahead, Mr Speaker, the GSD's power station would not have been fully
functional even today. (*Interjection*) Generating capacity would have been diminished. It *is* true –
absolutely true! Mr Speaker, he is now saying that what I am saying is not true! It *is* true, because of the
time that it would have taken to have done the Lathbury Barracks, you see. Therefore, today, there would
not have been the power station functioning. True. It was untrue. And all the untruths that the Hon.
Member's side did not say during the general election – that is the untruths.

880 **A Member:** The Big Lie.

Hon. S E Linares: Generating capacity would have been diminished after the fire at Waterport Power
Station. There would have been a real possibility that areas would have been cut off for certain times during
the day on a permanent basis until the power station was complete. It is for this reason that we took the
885 decision to bring in the turbines and more recently the new skid generators. Now we have 55.8 MW
installed and 40.8 MW available at any given time which is enough capacity. I know that the hon. Members
are getting jittery about all these truths that we are saying.

890 **Several Members:** Hear, hear!

Hon. D A Feetham: Would the hon. Member give way? Hadn't we better take your speech as having
been read already?

895 **Chief Minister (Hon. F R Picardo):** That is so disrespectful, Mr Speaker.

Hon. S E Linares: Mr Speaker, I was working – for the hon. Member to know – (*Interjections*) since he
has made the allegation that somebody must have prepared this for me –

900 **Hon. D A Feetham:** I have not said that, Mr Speaker.

Hon. S E Linares: Implying. And therefore –

Mr Speaker: Will the Hon. Minister... do not give any credence to that remark and just carry on.

905 **Several Members:** Hear, hear! (*Banging on desks*)

Hon. S E Linares: Thank you, Mr Speaker, for acknowledging that it was –

910 **Mr Speaker:** You should not take any remark into account. As if, nothing had been said. Just carry on.

Hon. D A Feetham: Because I did not make the remark.

Mr Speaker: No, right, fine. (*Interjection and laughter*)

915 **Hon. S E Linares:** Mr Speaker, as the Chief Minister announced on Monday, the contract for the
construction of the new power station has now been awarded to Bouygues Energies & Services. The cost of
the contract will be £67,958,000 to construct an 81 MW power station in the North Mole Road after the
completion of the competitive tender process.

920 The power station will house six MAN engines – 'MAN' is the make, Mr Speaker – half of which will
be gas only and three other MAN engines will be dual fired. This will include best available technology to
deliver the more resilient and secure electricity generation supply in Gibraltar. The company has awarded
the power station contract to the parent company of ETDE.

925 ETDE was the company who, in a joint venture with Volker Stevin, was awarded the construction of the
power station at Lathbury Barracks. The power station at Lathbury Barracks would have supplied 65
megawatts of power and would have been, as I mentioned above, single fuelled, diesel only. This award not
only provides Gibraltar with approximately 30% more installed generating capacity but it is also almost half
the price than Gibraltar would have paid if the Lathbury power station would have been constructed using
the same company.

930 So not only are we paying *half* the price with *more* capacity, but the new power station will operate using natural gas, with diesel as a back-up. The use of natural gas as the main fuel reduces air-borne emissions considerably and it also costs about a third of the price of what diesel currently costs. This makes this option a win-win for Gibraltar in financial, technical and environmental terms.

935 Mr Speaker, an additional incentive which we are considering is the fact that we could, for a further £8.5 million, incorporate a heat recovery system which would produce more electricity or even produce water at no cost in consumption.

Water: continuing with Utilities and therefore as Chairman of AquaGib, I can report that the company has been able to maintain and improve all levels of services. A total of £11.3 million has been undertaken to ensure that infrastructure for the provision of potable and seawater supply and sewage is maintained to customers.

940 The RO plants producing the water are also maintained despite the fact that the cost in electricity consumption is exorbitant. I will go on to explain a little on this later. The service to clients is now greatly enhanced by the creation of a website. Now customers can pay their bills and make applications for the supply of water online. This is another part of the e-Government initiative, which has been taken on by AquaGib and which was launched during this financial year. In addition to the recurrent expenditure, 945 AquaGib has continued to invest on capital projects as part of its assets replacement plan.

This aimed at maintaining and improving the water infrastructure assets as provided for in their contract with HMGoG. During this period a total of £598,000 was spent on capital projects. This has included two major projects to extend the AquaGib potable and seawater networks to areas of Gibraltar, which had previously been supplied by the Ministry of Defence's water distribution system. The fact that the MoD 950 was responsible for the infrastructure and the customer was AquaGib has been a problem that has existed for many years and has never been tackled.

There were many customers who were within the MoD infrastructure but who complained to AquaGib when they had a problem which could not be solved in a timely manner. The successful completion of the projects has enabled AquaGib to have a full control of and provide increased levels of service to customers 955 in these areas. The two projects of this nature include the building of a new potable water pumping station located within the Waterworks, and a new pumping main from that station to AquaGib Middle Hill Potable Water Service Tank. This has enabled AquaGib to provide its own potable water supply to customers in the Middle Hill area of the Upper Rock.

960 The other has been the extension of AquaGib potable and seawater mains from the junction of Middle Hill Road to Europa Road/Lighthouse area. This has enabled AquaGib to provide its own potable and seawater supply to customers in these areas.

Mr Speaker, I am pleased that in conjunction with this project Technical Services, with the same contractor, have been able to construct a pavement along the road leading to St Bernard's church to near the old 1772 Club. Walking to the bus stop from Elliot's Battery, Europa Terraces and Europa Mews is now 965 much safer. I know that, because I live there.

The Multi Stage Flash (MSF) Desalination Plant, which was producing fresh water through a process of evaporation and condensation undertaken by multiple stages, was built in 1980. This was operated by 15 employees. In 2008, under their watch, it was decided to decommission the MSF Plant and replace it with RO plants. One would have thought that the employees currently operating the MSF would be deployed to 970 operate the RO plants. No, that was not the case. What happened was that the previous administration agreed to have these men continue on shifts, fixed overtime and allowances, despite the fact that there were no distiller to operate. Overheads and maintenance costs also continued. The fact is that in 2008 an approximate £1.2 million *per annum* has been spent.

975 The worst thing about this is that it was even agreed to maintain the manning levels. This meant that when one employee retired or moved on he had to be replaced by someone else to be employed to do nothing. Further the company that set them up, the RO plants, were also contracted to operate them at an annual cost of approximately £400,000. So we have a situation where 15 men are without work to do and being paid whilst the company pays two operators to run the RO plants. The cost of this disaster has been an expenditure of £1.6 million per annum. This is what we have inherited from the hon. Members opposite.

980 I can now say that this issue is close to being resolved with the co-operation of the union, the management and more importantly with the employees.

I now move on to my responsibility as Minister for the City Fire Brigade. During the past financial year, a number of officers from the City Fire Brigade have attended various courses at the Fire Service College, UK. These have included Fire Safety Engineering, Fire Safety Smoke Control for Inspecting Officers and 985 Fire Safety Smoke Control design. Numerous officers have also attended the Incident Command Courses at levels 1, 2 and 3. There has also been Heavy Goods Vehicle Rescue courses, a Hazardous Materials and Environmental Protection course. Two Recruitment courses were also attended, in May 2013, February 2014, were five firefighter recruits successfully passed their training.

990 Eleven members of the brigade attended a breathing apparatus maintenance course provided by Dreager, in Newcastle UK, and two officers attended a Tunnel Safety Conference. Additionally, various locally run courses were attended, which include two officers completing the Blue Light Driving Instructor's course delivered through the Customs Department. Four officers attended the Maritime Casualty Handling and Survival at Sea courses provided by the GHA and the Port Authority, and all three watches have attended presentations on security awareness delivered by the RGP.

995 During the year there have been seven promotions within the City Fire Brigade: one Divisional Officer for Operations and Training, one Station Officer, two Sub Officers and three Leading Firefighters. The brigade has provided Fire Safety Courses to 334 persons from 32 different companies and organisations – for example the GHA, Post office and the Gibraltar Bus Company.

1000 Ten fire drills have been undertaken by the fire Brigade in different Government and private buildings, and Community Fire Safety talks and advice has been delivered on 12 occasions to schools and other agencies. The Fire Safety Department has also carried out nine Fire Investigations into the cause of fire at various incidents; 438 building applications have been processed and issued with fire safety requirements; and 180 building applications have been completed, inspected and approved.

1005 A new initiative of focusing fire safety advice in areas which have recently experienced a fire has been introduced – known as Hot Targeting. This provides residents of the affected area with booklets and advice, and has been well received by those affected.

1010 Operationally, the brigade has responded to 1,598 calls from 1st June 2013 to 18th June 2014. These can be categorised as 369 fire calls, of which 100 were actual fires, 252 false alarms with good intent and 17 malicious calls. The Brigade has also attended 948 Special Services, 550 of which were emergencies, for example: 352 lift rescues, 6 rescues of persons, 19 road traffic collisions, amongst others, and a further 428 Special Services classified as requests, which include entry into locked premises, flooding and rescue of animals, amongst others.

1015 The City Fire Brigade Ambulance was dispatched on 281 occasions in its commitment to the Health Authority as a third ambulance, and the Brigade control room mobilised the GHA Ambulance on 4,901 occasions.

1020 One of the most noticeable fires during this period was the fire that occurred at the Waterport Generating Station. This involved three appliances from the City Fire Brigade, the recall of 18 firefighters for the incident and to maintain fire cover for the rest of Gibraltar, the assistance from the Defence Fire Service. The incident impacted on the whole of Gibraltar due to the interruption of electricity, but what would have been a disastrous incident was dealt with by the Brigade within a few hours.

Electricity supply – thanks to all the new generators and the capacity that we have – was restored within a few hours later without injury or loss of life. (*Banging on desks*)

1025 Yesterday, we had an unfortunate incident of a fire breaking out at the workers' hostel in Devil's Tower Road. All workers were evacuated and have been housed temporarily at the Queen's Hotel. I must add, as I stand, Mr Speaker, that yet another incident happened last night. It was near midnight when one of the boats in Queensway Quay also went on fire and I can now say that I was in touch with them all night, whilst I was preparing my budget speech. I thought I would add this on the Queensway Quay and also...

1030 It is due to the fact that the City Fire Brigade are in the front line and are valued by the present Government, the announcement made by the Chief Minister is recognition of this. They might be in the fire station for weeks and months, but then when it comes to the crunch, we might get in one night, two fires.

1035 This pay rise will mean a 5% increase plus the elimination of the 3% abatement – i.e. 8% more in the wage package. We are at present still working at the Audit Report which includes terms and conditions with staff. I would like to congratulate them all, and all the essential services, and in particular the Fire Brigade, for the professional way in which again they tackle situations and the exemplary service that they provided Gibraltar.

1040 Mr Speaker, I now move on to my other responsibility of Civil Contingencies. During the last financial year, HM Government has invested substantially in the development and modernisation of the command and control unit necessary for disaster management. This will increase the infrastructure available to the front-line emergency services, through the purchase of this command unit. The state-of-the-art Joint Command Unit is expected to arrive during October and user training will start immediately.

This year Government is investing substantially in developing a modern C3 Co-ordination Centre as part of the major works currently taking place at No. 6 Convent Place. Investing in both the Joint Command Unit and in the new facilities within No. 6 will ensure that we can adequately respond to a major incident in an efficient and co-ordinated manner.

1045 Meetings of the Civil Contingencies Committee have taken place frequently. There were six during 2013 and three during the current year. The last one took place only last Wednesday. There have also been a number of one-to-one meetings between myself and the C3 co-ordinator. In addition, I have attended C3 organised events, such as security training for all Government Departments' security officers and specific presentations.

1050 Meetings of the C3 and exercises which are conducted now were virtually non-existent before December 2011. Staff at the Civil Contingencies Office are engaged in updating response plans and in consultation with others, planning both table top and full scale exercises. Two of these exercises have already been held, involving all relevant responding agencies and, where appropriate, the MOD involved.

1055 During 2014-15 the facilities available to the Civil Contingencies organisation will be greatly enhanced. It is without doubt a far cry from the state I found the Civil Contingency when I was honoured by the Chief Minister to be its Minister. A bunker that was not fit for purpose, that when we have a power cut all the power would cease and therefore communication to the outside world would not exist.

1060 Mr Speaker, I now move on to Refuse Collection – another of my responsibilities. We are in the process of working with the unions and their representatives on a number of issues which we hope to resolve amicably during the current financial year.

In relation to the postal services, Mr Speaker, as I mentioned in last year's budget address we have had to implement an EU Directive, which will mean the liberalisation of postal services. We are working closely with all stakeholders on how we can achieve this without affecting employees and at the same time improving the service and making it cost effective.

1065 Renegotiating the collective agreement, in full consultation with all affected, is one important part of this jigsaw. We have also been able to re-grade the management post. We had four ML4s and now we will soon have one ML3 and three ML4s. This has been a long-standing issue which I am glad to say has now been resolved with the unions, staff and management. The postal service is yet another Ministry that is undergoing e-Government changes. A contract has been signed by the Royal Gibraltar Post Office for an Electronic Point of Sale (EPOS) with Escher to install computers for our counter clerks at 104 Main Street.

1070 After the refurbishment of the Main Street Post Office later this year, we will have electronic receipts, chip and pin, scanning and universal counters for all products, including Redirections and PO Boxes linked to the new ID card system. The Royal Gibraltar Post Office is now a member of .post which aims to integrate the physical, financial, and electronic dimensions of postal services to enable the facilities of e-post, e-finance, e-commerce and e-government services. The UPU became the first United Nations organisation to obtain a sponsored top-level domain from the Internet Corporation for Assigned Names and Numbers (ICANN) in 2009.

1080 .post uses the latest internet security. It is the first STLD to be 100% secured by Domain Name System Security Extensions (DNSSEC), a set of codes for securing the Domain Name System (DNS), the global database system that translates a computer's fully qualified domain name into an Internet Protocol (IP) address. It is the most secure STLD on the net right now. You can trust a .post domain is not taking you to a fake postal website.

1085 The postal services have now got their own website. They have introduced a number of customer care improvements, including the new and improved Global Customer Service System run by the International Postal Corporation.

1090 Mr Speaker, as is the norm now with our New Dawn Government, our environmental filter means that we will soon be purchasing electrical vehicles and three-wheeler concepts. The electric DXP three-wheeler is a convincing response to a variety of postal delivery needs and is considered safe due to it having three wheels. Mr Netto might laugh but it is the most environmental vehicle that there is in the market. I am sure as the former Minister for the Environment, he really welcomes this, because this vehicle has had very few accidents, when compared with the traditional ones. It is tried and tested and low maintenance with less emissions and quiet operations. It is more responsive, easy to manoeuvre, high load, with trailer 270 kg plus per driver, low running costs, significantly higher efficiency in postal deliveries and EU licences. It also boasts a TÜV quality certificate.

1095 Mr Speaker, we will introduce new and improved definitive stamps that are self-adhesive. We will be a rebranding the registered services between tracked services and countries that only receive a signature service, with new bar-coded labels. We are working towards the introduction of a new and improved express letter service – currently, we are still negotiating with Royal Mail. That will have a new barcode.

1100 Later this year, we are going well in an insured service within the EU, with the registered letter service that will be introduced. We will have a new bag tracking system called CAPE Vision.

1105 Mr Speaker, I am happy to say that the Postal Services organised a hugely successful CEO Postal Forum conference here in Gibraltar, where issues such as sharing best practice were discussed. All delegates thought it was great value for money, not for profit. Postal countries that attended were the Vatican, Seychelles, Mauritius, Tristan Da Cunha, Liechtenstein, Iceland, Greenland, Åland, Faroe Islands and all the Channel Islands.

A number of statutory requirements in relation to security arrangements will come into force on 1st July. All staff who accept mail will have been trained on issues of dangerous goods when declaring goods to the Postal Services. Mr Speaker, all in all the Postal Services will progress into the 21st century.

1110 Mr Speaker, at this point, I would like to thank all my staff in all the Ministries in which I am involved, and all those who work for all the Ministries for which I am responsible for.

Mr Speaker, with this, all that is left for me to do is to support this Bill. (*Banging on desks*)

Mr Speaker: The Hon. Mr Edwin Reyes.

1115 **Hon. E J Reyes:** Mr Speaker, I have already mentioned last year that the present Government had acted responsibly in continuing to pursue UNESCO World Heritage Status for Gorham's Cave and its adjacent sites. Indeed, Mr Speaker, work in this respect had really commenced via the Museum Team during my personal tenure as Minister for Heritage, and therefore I continue to wish the Museum Team all the best for the future in their ongoing excavations at Gorham's and Vanguard's Caves, an outing which normally takes place during these summer months.

1120 The GSLP Liberal manifesto gave a commitment not to permit the destruction of important heritage sites or colonial style buildings. However, now that they are in Government I feel it has had to accept that this vision is not always easily achievable, more so when expert advice deems it not possible to salvage the façades of buildings we would all like to retain – such as in the case in respect of the Old Risso Bakery where sadly the façade will now have to be lost.

1125 The GSD is pleased to see that the Main Guard at John Mackintosh Square has been restored and that the Gibraltar Heritage Trust is, of course, the primary beneficiary of such a project. This restoration project is extremely close to what my party had planned and therefore I hope this House is now unanimous in wishing the Heritage Trust all the best for the future.

1130 Mr Speaker, pending manifesto commitments by the present Government includes digitising the content of the Gibraltar archives and transfer of the archives themselves into the Gibraltar Garrison Library. I still await news of how and when this will happen.

1135 Likewise there does not seem to have been much development on the commitment to make a new world class heritage site of the place where the first Neanderthal skull was found. That is the skull of Gibraltar Woman. The Opposition is interested to find out how Government intends to develop a world class tourist site for visitors and Gibraltar residents alike so that we all may see where she lived.

1140 Mr Speaker, through the collective celebration of social events, participating Gibraltarians contribute towards reinforcing our identity, our culture and our history as a people and a community. Both the performing and fine arts fraternities always prove themselves to be very proactive within their own specialised areas, and I take this opportunity to congratulate all the groups and individuals who have done Gibraltar proud through their international participation and I am happy to say in many cases even getting top awards gained. **(Several Members: Hear, hear.)**

1145 Through its manifesto the GSLP Liberals adopted the slogan, and I quote, 'Culture needs to be nurtured'. Now that they are in office, Gibraltar hopes that this promise will be delivered and therefore I remind Government that the committed itself through its manifesto to provide, and again I quote: facilities for teaching of music and instruments to young people; establishment and funding for a Gibraltar Philharmonic Orchestra; run a 'learn an instrument' campaign amongst young people; establishment of an academy of the performing arts administered by an Arts Council; seek to establish Gibraltar as part of the touring circuit for UK and Spanish theatre productions; and the Gibraltar Art Collection will be permanently displayed for public viewing. Therefore, Mr Speaker, with your permission, I have to ask, when will these projects become a reality?

1150 What we do know is that Government has purchased both the Queen's Cinema and the Queen's Hotel sites for the development of a theatre and its related activities. However, there are mixed feelings among the local community as to how these sites will be developed and above all at what cost. Given that the decision has already been taken, I sincerely hope that the development of these sites will be real value for money, and that our local culture in the widest sense of the word is enhanced.

1155 Mr Speaker, it is now just over a year since we offered our collective congratulations to the Gibraltar Football Association on their success to become the 54th member of UEFA. Gibraltar as a whole rejoiced spontaneously upon hearing the excellent news of attaining full membership of UEFA. Therefore I would earnestly hope that Gibraltarians will continue to support our teams in all international competitions – especially, Mr Speaker, those competitions which our clubs will participate in as from this week for the very first time, such as the preliminary stages of the Champions' League and Europa League.

1165 We trust Government will remain ever mindful and continue with the already long existing policy, which they inherited from the GSD, to assist all local sporting bodies to overcome any foreign governments' politically inspired attempts to block their membership of international sporting bodies. **(Several Members: Hear, hear.)** This policy will certainly continue to receive the Opposition's support and I take this opportunity to wish other sporting associations such as rugby, tennis, and the local branch of the International Olympic Committee, amongst others, all the very best in their continuing battles to obtain their respective international memberships which we all know are rightfully and legally theirs. **(A Member: Hear, hear.)**

1170 The Government is presently working closely with the Gibraltar Football Association towards the provision of a further football pitch and related facilities. In fact, quite large sums of money will be spent on this project, which will be of direct benefit to the football fraternity. Estimated cost of a new stadium, we

are informed, could be anything from £20 million to over £40 million. But as such we still do not know what Government's, or in other words the taxpayers', contribution will be and how much of it will be through either grants or loans.

1175

I must take this opportunity to remind Government that much needed basic facilities for other sporting associations like rugby and cricket cannot be and should not be completely sacrificed in the process of enhancing only football. (**Several Members:** Hear, hear.) I urge Government to be ever mindful that a level playing field must be provided for all sporting associations. More so as it is a manifesto commitment of theirs and I quote, to:

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'... monitor the demand for additional facilities for all other sports to ensure that existing facilities are developed further in line with our community demands...'

The Government is committed through its election promises to:

'... provide renewed facilities for the playing, teaching and development of both cricket and rugby at Europa Point.'

and I end the quote.

It is obvious the Government has modified its policy over the past year and this has resulted in highly divided public opinions in respect of the proposed development for Europa Point playing fields.

1185

Hon. D A Feetham: Very diplomatically put.

Hon. E J Reyes: There is a large amount of discontent towards a decision that Europa Point is the only suitable and available site for the future development of an UEFA-approved football stadium. The possible enhancement of Victoria Stadium into UEFA-approved facilities which we are told are required for the hosting of certain types of football matches has apparently been ruled out by Government and perhaps even along with other possible sites. This in effect means that the Development and Planning Commission has been presented with a *fait accompli*, without Government openly taking responsibility for the decision which has been presented as a GFA project. (**Several Members:** Hear, hear.) And therefore, Mr Speaker it is the GFA who is solely being blamed for the decision that (**A Member:** Shame!) Europa is the only possible site. (*Interjections*)

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Mr Speaker, these feelings are being expressed by many – (*Interjections*) Mr Speaker, these feelings are being expressed by many because it appears that the DPC's role is now limited to only recommending modifications to the design, as it is unable to challenge Government itself upon the choice of the actual location for a new football stadium. However, there is still some hope among the electorate that the DPC may even be bold enough to decide that the location is not suitable for the design submitted and might even direct not only GFA, but also Government itself to look for an alternative site.

1200

The GSD recently embarked on a public consultation exercise in respect of educational matters, among ideas put to the community at large there exists a possibility of vacating Bayside School's present site which would then in turn perhaps even offer the opportunity of a suitable site to upgrade and enlarge the existing facilities at Victoria Stadium. Given the strong concerns expressed by many about constructing a huge football stadium at Europa Point, I personally urge Government to investigate further the feasibility of constructing a suitable football stadium, meeting UEFA standards by encompassing Bayside School's present site as part of an enlarged Victoria Stadium football and other related facilities. (*Interjections*)

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Mr Speaker, although I am a firm believer that individual sports governing bodies should be allowed to manage their own affairs with no political interference, I once again urge Government to take a particular interest, especially through the Sports and Leisure Authority, to ensure that publicly owned facilities are used in a fair manner for the benefit of all sports lovers. There is both a duty and moral obligation by the Sports Authority to ensure that where desired by a citizen, membership into individual clubs and even the relevant governing body is open to all in an equal and fair manner.

1210

I must mention again this year, Mr Speaker, the Government has a manifesto commitment to provide separate premises for martial arts clubs and associations in one large martial arts centre. I would be most grateful for any information as to when this will actually materialise.

1215

Mr Speaker, the forecast outturn for expenditure relating to the Stay and Play Programme for 2013-14 is given as £19,000, yet provision for 2014-15 for this same programme has been reduced to a mere £2,000. I therefore ask, is there a reason for this drastic reduction of what in the past has proved to be a very popular and valuable programme?

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Likewise we are looking at provisions for playground expenses. The actual expenditure in 2012-13 was £208,559 and forecast outturn for 2013-14 is £170,000. Yet the allocated sums for 2014-15 is reduced to only £80,000. It therefore begs the question, are our children not expected to continue using playgrounds as has been the case over the last few years?

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Mr Speaker, there is widespread consensus across society and political parties in Gibraltar that our educational system is both a most important investment as a community and also a justifiable source of pride for a community our size.

1230 It is now over 42 years since our local education system at secondary level was changed from one of selective schools, with admission into grammar schools coming through the 11-plus system, into a comprehensive education system. It is fair to say that throughout these last 42 academic years, our schools have been able to successfully meet all challenges presented to them in many different shapes and forms, such as the introduction of a national curriculum, changes to public examinations etc.

1235 Therefore, Mr Speaker, the Opposition wishes to take this opportunity to thank and congratulate all members of the teaching profession both past and present who have contributed in a highly professional manner towards our students' continued successes.

1240 However, after over 40 years, it is time to reflect, and together with teachers and parents and the community as a whole we should take stock and see if we are as best prepared as possible for the educational challenges of the next 40 or 50 years.

With this in mind, Mr Speaker, the Opposition wishes to offer food for thought and asks all stakeholders to offer their views in respect of the following.

We ask, how best can we equalise subject choices at secondary level so that both males and females have real equal opportunities?

1245 We ask, do we need to broaden the educational and vocational scope, with the potential to mix both, especially at post GCSE educational stages?

We ask, do we have an adequate programme to ensure that our less academic children, who may not necessarily follow a full range of GCSE examinations, obtain as good as possible and relevant education programme to prepare them for future adult working life?

1250 We ask, given it is now over 40 years since implementation of comprehensive education, should we look and see if a co-education system, either throughout all secondary school years or only at post-GCSE, could actually help to better prepare our students for both university and adult working life?

1255 Mr Speaker, although we have been informed that plans for the establishment of a University of Gibraltar are at an advanced stage, we still wait for the implementation of Government's pledge to provide a Second Chance Education Programme through the establishment of their promised National Institute of Adult Continuing Education. We sincerely hope that this does take off the ground as soon as possible. and that when it does materialise, it will be established with real links with the local labour market sectors.

1260 Mr Speaker, Government has still to announce their definitive plans for the Housing Works Agency, and whenever I have asked for details of progress in this respect, I have been told that it is being considered at Cabinet level.

In effect, what has happened over the past three years is that an ever-increasing number of home refurbishments are contracted out to private companies, without going through any type of transparent and accountable tender process.

1265 The number of staff members employed at the Housing Works Agency continues to be reduced, so does this mean that what the future holds is that all refurbishment works will simply be allocated to private contractors and without being subject to an adequate and transparent competitive tender process? (*Interjections*)

1270 The GSD worked hard in consultation with Unite to reform the old Building and Works Department and its transfer into the Housing Works Agency. This project provided brand new work shops and depots and from its origins delivered vastly improved services to Government housing tenants.

1275 Therefore the question now is what plans does Government have for the Housing Works Agency and all its employees? Like the Opposition, Government knows there are indeed many excellent craftsmen and professionals within the Housing Works Agency. So I must stress that it is important to ensure that the correct and proper administration procedures and resources are in place for housing maintenance and repairs to be carried out.

Given the reduction in the number of employees, we must ask for clear answers in respect of how will the Agency be expected to carry out its duties if the Agency is not given the human resources required to meet work loads and targets.

1280 Under the section dedicated to youth, the GSLP Liberal manifesto states that young people who are entitled to housing will not wait more than three years for a home. Given that there are presently a large number of young persons registered as applicants seeking their own homes, I must ask on their behalf for a firm date when Government will deliver on this promise. After all, Mr Speaker, it is now almost three years since they were elected into office.

1285 The visible presence of scaffolding in some housing estates leads us to conclude that the promised refurbishments are well underway. However, Mr Speaker, many residents in these estates have expressed concern at the length of time works are taking to be completed. In some cases concerns are made worse because the quality of workmanship in some of the phases of works already completed leaves somewhat to

be desired. I therefore urge the Minister for Housing to ensure that quality monitoring is strictly adhered to and perhaps he can deploy members of staff from his Department to ensure that this is being carried out.

1290 Residents in estates where refurbishments are taking place would welcome the publication of target dates for completion of different phases of the planned works.

Government pledged that everyone on the housing waiting list and on the pre-list as on 9th December 2011 would be re-housed before the next general election. This in effect means that 1,415 homes need to be allocated during their present term in office.

1295 In order to meet their target Government pledged through their manifesto that they would build high quality homes both for rental and for sale. Three years into their term in office there have still been no announcements of new homes to be built for rental – resulting in great disappointment for those who are unable to afford purchasing their own home.

1300 It is highly disappointing to see that the only new rental homes to be built will be exclusively for senior citizens and in some cases, like the one at Charles Bruzon House, will be around 17 in number at, from what I can deduce from questions answered in this House, a cost of close to £130,000 per home. Perhaps, Mr Speaker, something is not quite right in my mathematical calculations there.

1305 In respect of the two projects for home ownership, there is great discontent amongst many applicants on the priority system being used to offer these homes for purchase. Whereas in respect of rental homes applicants are offered these in precedence order corresponding to the room composition for which the application is being considered, this seems not to be the case when it comes to home purchasers.

1310 What in effect is happening is that applicants who would only qualify for a one or two-bedroom home under rental allocations are being allowed to purchase up to four-bedroom homes despite this being well above the housing application entitlement. For applicants to be able to purchase, on a co-ownership basis, homes which are above their entitlement is not perceived as being fair. And applicants with larger families who really need the larger four-bedroom homes feel badly done with in this offer.

Mr Speaker, why are there different rules in respect of the size of home offered for rental when compared with co-ownership?

1315 The GSLP manifesto commits them to eliminate the housing pre-waiting list, but this has not yet happened and we still have to hear by when this is going to take effect.

Another manifesto pledge was to provide a separate additional housing list for applicants who are living in Spain and wish to return home. In many cases, Mr Speaker, these families moved into Spain due to their original home purchase becoming too small for the family needs and the absence of an affordable larger property in Gibraltar. This, like I said, led them to seek properties beyond our shores.

1320 However, because they have already been home owners, these families cannot file an application for either rental or co-ownership homes. I therefore ask, surely we can find a fair way whereby we can assist these families to return back to Gibraltar. *(Interjection)* As a separate housing list for this type of applicant has not yet materialised, can you blame those families who feel let down by the present Government after they have already been almost three years in office?

1325 Mr Speaker, I must say is it not ironic that Government Ministers, still in the Opposition mode style of politics, should choose to rubbish the Opposition's new policies in the budget speeches to score cheap political points? As if they do not have enough on their own plate to deliver their over-ambitious manifesto, they desperately and nervously have concerned themselves over our new policies.

1330 Does not the Government realise that there is always room for improvement in housing, in education, in democracy, and indeed in all policies, however good we deem the system to be at the time? It is about striving for excellence and evolving policies – something the Governing parties perhaps do not recognise as they spent 16 years in opposition stagnating, visionless, without evolving their own policies, just waiting some day hopefully for their turn to govern. *(Banging on desks and interjection)*

1335 In stark contrast, Mr Speaker, in just two and a half years in opposition we have already revisited our policies, consulted with stakeholders and in a process of discussion we are proud to offer the improvements and enhancements we and the many organisations and individuals with whom we have consulted have together developed in the pursuit of excellence. Our vision and the statement announcing it is being mischievously and quite dishonestly misinterpreted for their own political gain. *(Interjections)*

1340 Mr Speaker, it is tradition that in closing Members of Parliament offer thanks, and I wish to offer a particular thanks to the staff here in this House, at the personal level, for their continued patience whenever I turn up and ask for sometimes what is quite trivial but time-taking matters.

1345 I must single out yourself, Mr Speaker, for your patience in when I seek a few moments of your time. I remember those days back in the late 1960s and early 1970s, when you were my Deputy Head teacher and I was perhaps a rather outspoken or mischievous little long-haired teenager, but you always treated me with the greatest of respect. Now that we have both matured in years, your respect is still there and you make me feel so much as your equal when I am in this Chamber that I will forever be grateful for that, Mr Speaker.

Mr Speaker, your advice has always been sound and, although even if at times we have not agreed, I see your ulterior motives when you have to rule upon certain matters here in this House. However, sometimes

1350 the demands on the Speaker are not just from what is being said across the floor, but sometimes, and I beg forgiveness if I have also sinned into that we are tempted to tweet and therefore are not being entirely honest or fair with our Members.

1355 If I have been boring today, Mr Speaker, in the way I delivered my speech, I seek forgiveness and I will accept criticism across the floor. But let us put our face behind our comments and please let us be clear whether it is the individual who is boring or the Opposition's policies that are boring, and then we can take it up in a true democratic, parliamentary manner.

1360 Likewise, Mr Speaker, I do not wish to return back to those school days where you had to sometimes control us in little petty things and trying to keep like a football score, where there is two QCs or one QC or whether we have two school teachers on this side and only one on the other, and Mr Speaker, having to act as a school teacher refereeing in the middle, let us hope, Mr Speaker, that we all learn from the past and that we can work together for the good of democracy in the future.

Thank you, Mr Speaker. (*Banging on desks*)

1365 **Hon. Chief Minister:** Mr Speaker, after another very boring speech (*Laughter*) from the Opposition, can I invite the House to recess for a few minutes to then hear what I am sure will not be a boring intervention from the hon. the backbencher, who has never said anything boring in this House in all the time that I have been here.

So I would invite the House to recess until 10 to 12.

Mr Speaker: The House will now have a 10-minute recess.

The House recessed at 11.40 a.m. and resumed its sitting at 11.51 a.m.

**Appropriation Bill 2014 –
For Second Reading –
Debate continued**

1370

Mr Speaker: The Hon. Sir Peter Caruana.

Hon. Sir P R Caruana: Thank you, Mr Speaker.

1375 This is the second occasion on which I rise from my remote and lonely spot in the back benches of this House to make a backbench contribution to this Budget debate.

Mr Speaker, as the House knows, I do not have responsibility for any of the matters that have been discussed today and so with the House's indulgence, I will just limit myself to a comment on some of the issues that I have heard, which I think I would like my views recorded in *Hansard* about.

1380 Mr Speaker, there cannot be any doubt that there are now more Question Times in Parliament and there cannot be any doubt that the House meets with more monthly regularity, and the Hon. the Chief Minister knows that I have been willing and never churlish in my recognition of the good changes that they have introduced into the parliamentary workings of this House, which on balance I think have been constructive and enhanced parliamentary activity. But, of course, Mr Speaker, the *quality* of parliamentary endeavour is not just a quantum matter; it is also a qualitative matter.

1385 The fact that we are meeting more frequently may, but necessarily does not mean that the Opposition is better able to do its job, is better informed and the Government is more forthcoming with information. In that respect I would venture to suggest that despite all the great improvements that they have made to the procedures of this place and to the way we carry on about our business, there is one area in which I think they still lag behind the position as it used to be before and that is that I believe that the GSD Government were more genuinely forthcoming with information about Government business and also about Government companies than the hon. Members have hitherto been.

1390 I am always amused when the hon. Members make the point that this terrible undemocratic, uncommitted to democracy previous Chief Minister in 16 years... the House only met twice a year. I think actually it met twice a year *once* in an election year. The amusing part about the reference, Mr Speaker, is this, that of course however bad they think my record was about a system that of course fully complied with the constitution that we had, our record was better than the GSLP's when it was last in Government. Of course thereby implicitly being very critical with the approach to parliamentary democracy of the now Minister for Employment, the then Chief Minister, the Hon. Joe Bossano, whom they extoll and eulogise in every other respect, but nevertheless inadvertently criticise him for that as a necessary consequence of the implicit criticism of us.

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Mr Speaker, I think parliamentary democracy moves forward. The way the House works moves forward. I recognise the hon. Members have taken steps forward. I do not accept the inherent criticism of the way it used to work before and that does not impede me from recognising that in many, many respects it works better now.

1405 If I could, just for the record, record that when the Hon. Mr Isola uses as one of the instances of hypocrisy the fact that we now call for a public accounts committee whilst not having set one up, if one was not set up it was not because we did not try or offer it, but the then Leader of the Opposition – again the Hon. Joe Bossano – was not in favour of doing so and the Government, all of whose Members are Ministers on the front bench, cannot by itself populate a public accounts committee. It is a nonsense. So unless the
1410 Opposition is willing to co-operate with it, there cannot be one and that is exactly what happened.

Mr Speaker, I think that subject to sight of the way the figures have been built up and on the assumption that they have been built up and calculated in the same way and using the same methods and using the same data input as they have always been, the continuing growth in GDP is very pleasing indeed, and indeed as is very pleasing the fact that Government finances appear to be holding out, keeping up and indeed increasing
1415 as they are, and the hon. Member has been able to announce the surplus that he has done, albeit subject to the points that have been made by my hon. Friend the Leader of the Opposition in relation to items of expenditure that are no longer reflected there.

Mr Speaker, I could not help thinking when I was hearing the Chief Minister say that we have taken our nation's economy to a quantum leap of growth, that he might more generously have acknowledged that the fact that just two years into his mandate he is able to announce continuing economic growth on that scale, continuing Government finance increases on that scale and continuing budget increases on that scale. It cannot be, *cannot be* in his view the product of what he has been able to do in the last two years which could not possibly have had the necessary economic effect to be reflected on that scale in these macro-economic indicators, and that the legacy that the GSD left him is reflected, not in his distorted debate about
1425 the level of public debt, which as far as I was concerned was the election issue and that is it... you know, he won the election. That is not the legacy that the GSD left him. The legacy that the GSD left him is not the so-called black hole about which, if he does not mind, I will say a bit more in a moment. The economic legacy that the GSD left him is a state of public finances, a state of the economy that has allowed him to announce and to continue to announce healthy and increasing Government surpluses every minute that he has been in office, starting from 12th December 2011. (*Banging on desks*) That is the legacy that he inherited from us and clearly there has been progress in that legacy on their watch.
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It is very pleasing frankly to see the growth that there has been at a time when there has been uncertainty surrounding that industry in Gibraltar – for example, in the level of employment in the online gaming industry. That is obviously contributing a significant amount to the Government's tax take as are other things, such as the 2010 Income Tax Act, which has now brought many more companies into the tax net. That is now bedding down and hopefully will continue to increase and to provide more and more corporation tax revenue, as indeed is contributing to the increase in personal taxation from self-employed people, the changes that we introduced into the law to require self-employed people to bring them closer to PAYE payers and make them pay on account ahead of the financial year and not lag and often defer personal tax liabilities.
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So it is really no difficulty frankly and ought to be no difficulty and is no difficulty from the Opposition benches to note with pleasure and satisfaction that despite the threats and challenges it has faced, the economy of Gibraltar continues to prosper and the Government finances continue to hold well, and we shall, I suspect, continue to disagree as to whether that is the GSD's legacy that he has inherited or there is some other articulation of it that he prefers.
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When talking about the black hole, Mr Speaker, let us be clear. The 'black hole', as he calls it, arises from expenditure incurred by Government companies on building housing estates, on building all the various projects that the GSD built through Government companies. Of course, if by the black hole he tries to give people the impression that there was an unpaid liability of £100 million that he has had to make good in terms of putting his hands in his pocket and paying people £100 million that the Government had left unpaid, which I suspect, whether he intends it or not is the impression that most laymen get when they hear the expression '£100 million black hole'. That is simply not the case. How does he imagine that the Government was able to get £100 million worth of public projects done without paying the contractors... without buying the goods and the materials?
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So all of that, all of the expenditure that is reflected in what he calls the '£100 million hole' was paid and funded by the Government and went to reduce the Government's reserves and therefore to increase the net public debt, that he may have found a bookkeeping situation in which the accounting relationship between the Government as *lender* to those companies of the £100 million and therefore that the Government was *owed* £100 million by those companies, and that he has had to do the necessary to reflect that in the estimates of the Government and in the Government's accounting, is probably entirely true. I do not vouch for the figure of £100 million, but there is bound to have been a very substantial figure under that
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heading, but that is not fairly described to people, who would not otherwise understand what he means, as a £100 million hole in public finances, which as I say most people would wrongly understand that there was £100 million of unfunded expenditure which was not reflected in the Government's expenditure figures.

1465 So, Mr Speaker when he uses the figure... usable cash reserves, this is not a particularly normal – of course, if the Government has usable cash reserves it means that there is – and this is what he means when he says that there was no money in the kitty... When the Government spends money it either uses its cash reserves, being money that it has in excess of what it owes or it borrows money, at which point it becomes cash reserve, and then uses it. But in both cases it increases the net public debt, because whether you bring
1470 in more money and spend it by borrowing it and spending it, or whether you use the cash reserve that you have got, both increase the net public debt, because the net public debt is the formula between gross borrowings and the cash that you have. So if you spend the cash, you increase that public debt. If you increase the gross debt and spend the cash, but not if you do not spend the cash, then you also increase the net public debt.

1475 This is why I used to argue with him, obviously not as persuasively at election time as he argued it, as he argued the contrary, this is why I used to argue that the only economically meaningful debate about debt had to be around net public debt, because gross public debt, disregarding the amount that you had in the kitty, was irreverent. The real measure of *uncovered* financial exposure by the Government is the net public debt, that is to say the difference between the total lump sum that it owes and the cash that it has sitting in
1480 its piggy bank – the cash reserve – and the difference between the two is what the Government owes that it does not have money to cover and that is the net public debt. I kept on trying to urge him that the net public debt was what he should be arguing about and that that was very healthy, and that I would be willing to increase it. If it required a change of legislation because the next year's revenues were not enough to help me fund my own manifesto commitments had we been elected, we would have done it, because the net
1485 public debt as a proportion of GDP is within every known bound of prudential limit.

Of course, having driven me from office on this basis, for all intents and purposes, and having on the basis that he would not increase net public debt and that he would fund his programme by some other means, which we said was impossible, and remains impossible, it transpires that what they have done is not because what we have said was impossible they have made possible, it is because they have done what they
1490 said in the election campaign they would not do, which is to increase the net public debt. (**Several Members:** Hear, hear.) (*Banging on desks*) So they have done what they told me in the election campaign I was irresponsible for saying that I would do and they have done what they told me in the election campaign (**Several Members:** Hear, hear.) they would not do.

On that basis it is possible, of course it is possible what they have done is adopted the GSD's policy of how to fund a manifesto commitment, whilst staying within prudential bounds and legal bounds, because he
1495 has been fortunate in that I would have been willing, whilst keeping within economically prudent guidelines, to have changed the law to increase the debt ceiling, the debt limit, which I acknowledge would have been necessary, unless I had had found a situation which he has found in, which is a huge increase in Government revenues, which has made it unnecessary to change the law in order to increase net public
1500 debt; but net public debt has been increased. The sum of money that the Government owes today is higher than it was when he arrived in office. He has increased net public debt and as far as I can recall that was almost the entirety of the economic debate between us at the time of the election.

And but for pointing out the fact that this is in my view an entirely reasonable and objective, even though self-serving comment about what has happened since the election campaign in relation to what was
1505 said during the election campaign, let us be clear. I think the levels of net public debt remain, even increased as they have been, well within the levels that are prudent in macro-economic terms by any European standards. So I am not saying any of this to criticise the level of public debt. They are at the level, or perhaps lower for all I know, than they would have been had we been in office, but that was not the nature of the debate that we had at election time.

1510 Mr Speaker, I am glad that the Government is able to keep expenditure growing at less than revenue. I am not quite sure why the hon. Member... well, I was not sure until he said so himself later, eventually, why he was going into all the comparisons of GSD expenditure. I used to make it a virtue in my Budget speeches of saying that the wealth that the Government was creating... the wealth that the GSD government
1515 created had to be distributed and that there were four ways of distributing it. One was to cut income taxes for everybody, which we did *every year* that we were in office. The other was to build capital infrastructure for Gibraltar, which we did. And the third way was to improve public services, which I think we did. The last two require public expenditure and it was our objective to keep public expenditure growth less than public revenue growth. So our object was always that revenue increases would be bigger than expenditure increases, but we did not achieve it on more than half the times. I think in our 15 years, about half the
1520 number of years we managed to keep revenue growing faster than expenditure and in the other half we did not, and expenditure grew faster than revenue, but the net overall result was that overall revenue grew over the 15 years that we were in office by £257.6 million and that overall expenditure grew by £249 million,

1525 that is to say by £8 million less. A very... Yes, the Hon. the Minister for the Employment is not the only one with *puntería* in his balancing of figures long term and it did not happen by accident. It did not happen by accident (*Interjection*) It happened because there was a policy objective that it should be so, which whilst it did not succeed every year, nevertheless the fact that it was a policy objective meant that the result would always be there or thereabouts, as indeed they were.

1530 Now, Mr Speaker, I do have to, for the sake of the accuracy of *Hansard*... I do not want to get into all this business about the frame, in what terms we should frame our debates. I think everybody knows that parliamentary debates follow a certain political and partisan course, and it is almost now expected of us. But I think it is important that *Hansard* should reflect the correct position, which is not the one that the Chief Minister described, in respect of GSD expenditure growth, even though I acknowledge that he was not being particularly critical or intending to be critical. He was just trying to make good a point, which I think is not good, that 90% of the growth that there has been post-election in recurrent expenditure is down to spending commitments incurred by the GSD Government.

1535 But you see, Mr Speaker, when he was quoting figures and wanting to make them sound as not scandalous, but as impressive as possible to underline the point that he was seeking to make, I have to tell him that he made a very considerable error. He started by telling us that expenditure in the first Budget that had been designed by the GSLP Government in 1988-89 was £71 million, and he said and when the last Budget that the GSLP designed in 1996 – yes, it would have been... the elections were in May and the Budget would have been more or less designed 1995-96 – he said was £73.2 million. Well, Mr Speaker, he cannot possibly believe... and then he said and then immediately revenue... and then he started with 2001-02 at £126 million. Well, Mr Speaker, he could have done better than that. He could have started almost in the first Budget that we designed, which was the next one.

1540 He has made two critical errors. The first is to look at the figure only for Consolidated Fund, which is not... The figure of £71 million and £73.2 million is Consolidated Fund expenditure and that led him to the second mistake, which is that he appears to have forgotten that one of the great political issues of the day was precisely the fact that the then GSLP Government was channelling *huge* percentages of recurrent public expenditure through places other than the Consolidated Fund and that they were not reflected in the Consolidated Fund; and that much of what he has subsequently gone to include in his calculations, completely wrong, of 400% increases in public expenditure is no more than the consequences of – because he is looking at the Consolidated Fund – no more than the consequences of us moving expenditure which was taking place already under the GSLP Government, bringing it back into the Government, bringing it back into the Consolidated Fund, where of course it suddenly appeared, but it did not represent increase in expenditure.

1545 **Chief Minister (Hon. F R Picardo):** That is why I have calculated from £110 million.

Hon. Sir P R Caruana: We will come back to that in a moment.

1560 It did not represent increase in public expenditure. Mr Speaker, the figures, if he wants them, and as I would want to put in *Hansard*, each of these figures has been given by me annually in a Budget, but I am reading from Table 1 in the Budget brief that I used to get at Budget time from the Financial Secretary, which I am sure he still... well, I hope he still gets one to the same very high standard.

1565 **Hon. Chief Minister:** I have it here.

Hon. Sir P R Caruana: Mr Speaker, the actual growth in recurrent expenditure in 1997-98 over 1996-97 was 3%, and I can give the figures. It increased from £123.2 million to £126.9 million, an increase of 3%.

1570 The following year 1998-99, it had increased from £126.9 million to £132.4 million, an increase of 4.3%. The following year from £132.4 million – if he likes I can leave out the points, just for the purposes of illustration – it had increased from £132 million to £141 million, an increase of 7%, and the year after that from £141 million to £155 million, an increase of 9.7%.

1575 By 2001-02 it had increased from £155 million to £170 million, an increase of 9.5%, and the following year from £170 million to £178.9 million, an increase of 5.1%. The following year to £201.6 million, an increase of 12.7%, the year after that from £201.6 million to £208.6 million, an increase of 3.5%, and the year after that from £208.6 million to £223.3 million, an increase of 7%.

1580 In 2006-07, from £223.3 million to £234 million, an increase of 4.8%, and then to £265.7 million, an increase of 13.5%, and then to £286.5 million, an increase of 7.8%, and then to £304 million, an increase of 6.4%, and to £353.7, an increase of 16%.

Then regrettably for the year 2011-12 in this table of overall revenue, I only have the estimate, which I am sure is not what the figure came in at, (*Interjection*) but in the estimate I have got it here at

£372 million, which I have calculated which is 5.2%, but I am sure that that is not the figure that was in the outturn. (**Hon. Chief Minister:** £421 million.) I am obliged to the hon. Member.

1585 Mr Speaker, up to and including the forecast outturn to the year 31st March 2011, which I acknowledge is six months short of the Election date, the overall increase in expenditure was in gross terms 202.1% in 15 financial years net of inflation, which would be economically the more interesting figure because the Government expenditure does not increase by the rate of inflation; it is falling and public services are not being maintained. Adjusted for inflation the real growth in recurrent expenditure over the 15 years, *net of*
1590 inflation, was £112.9 million. Again, always subject to the fact that my figure is really only accurate up to the end of the year 2010-11, and I have not been able to work in the last six months or the effect of the last six months or nine months of our last term.

So those are the figures. I would be delighted if the hon. Member would update this and table it in the House so that it lies in the *Hansard* if he does not think that my quotation from them has been accurate. I
1595 am perfectly happy that this is the GSD's record in increase in overall... but it has got to be *overall* expenditure and *overall* revenue. The debate cannot be limited to the Consolidated Fund expenditure and the Consolidated Fund revenue, because that would not be a meaningful measure of what the Government has spent, nor would it be a meaningful measure of what the Government has collected if the debate is not at the overall level.

1600 So, Mr Speaker, there has not been a 400% increase, and the annual average is not 18%, which subject to him correcting me now is a note that I had taken of what he has said. I do not know if those figures are correct. I had heard him say...

Yes, I am happy to.

1605 **Hon. Chief Minister:** I do not want to interrupt him. I will reply in the debate.

The figure that I gave was 18% average growth per year, not working from the figure of £73 million, but working from the figure of £110 million, which I gave them credit for in their Budget because of their argument of *hidden* expenditures. The £110 million, which is the first Budget they designed, of Consolidated Fund expenditure, which is where the debate is between me and the Leader of the Opposition,
1610 the £110 million to £421 million which was the forecast outturn for the end of the 2011-12 year, that works out to the 18% that I gave the House.

But I will reply... that is just the figure. I will reply in my reply.

1615 **Hon. Sir P R Caruana:** But even with what he has just said, he cannot... the starting point for his figure as comparator cannot be a Consolidated Fund figure, but the last figure that he is going to deduct it from to work out the percentage increase is the overall expenditure figure, and that is not comparing the same thing. That is comparing the increase between expenditure channelled through the Consolidated Fund and the *total*... and at the other end comparing it to the *overall* expenditure, including public expenditure, other than through the Consolidated Fund. Mr Speaker, he cannot do that. The figures speak for themselves.
1620 We have all got the same sheet of paper. We are only missing...

If he has got this sheet of paper in front of him, which he should have, he only has one more relevant column in it at the end than I do. These are the figures and the percentages are worked out and stated there. I have not calculated anything. I have read straight from the brief to the Chief Minister, which is the last one that I received, overall revenue and expenditure over the last 15 years. So this is not an issue about
1625 which we need to argue, in terms of who said what. Let us just table in the House the updated version of this page. Then the figures will speak for themselves and it will not be necessary for either of us to quote any figure or to argue with each other about what are the best comparators for them.

Mr Speaker, I congratulate the hon. Member on the composition of the Board of the Gibraltar Investment Bank. Clearly, there has been a careful balance – two lawyers and two accountants. I am sure quite a lot of juxtaposition and careful negotiation has gone into the choice of the directors, but the hon. Members know, because it was something that I would like to have done and did some exploratory work and the case for it has become stronger since Barclays Bank announced its departure from Gibraltar, I am a supporter of the establishment of a bank of this sort provided that it operates with that degree of arm's length independence from the Government, which will make its risk decisions, its interest rate products
1635 decisions, its lending decisions, its investment decisions at arm's length from the Government, and that the Government is not effectively to subsidise a loss-making bank, and that it should be loss making because it is in effect making politically-driven unprofitable uncommercial decisions.

Subject to that caveat, I think that the establishment of a bank of this sort is a good thing and I congratulate the hon. Member for doing it. I think that the Board, and the kind of person that he has
1640 mentioned, gives a fair degree of comfort that the condition that I had attached *may* be satisfied, hopefully will be satisfied, and that it will continue to operate in that way, and that being so, I think this would be a very good contribution.

1645 Mr Speaker, the Hon. the Chief Minister during his speech, as indeed he has done in this magnificent publicly funded four-page advertisement in the *Chronicle* – of course, there is no element of public funding of party political propaganda in this; I am sure there is not, of the sort that... No, absolutely – (*Interjection*) No, that's...absolutely. It is a wonderful advertisement I am sure he will reap all the benefit, yes, yes. (*Interjection*) No, I am not being cynical here. I am not being cynical, Mr Speaker.

1650 But as he said here as well Savings Bank reserve up from £2 million... from £20 million from £144,000, and this was the (**Hon. Chief Minister:** £1,444...) Yes, £1,440, and this was the statistic that he said that his calculator had difficulty in calculating the percentage increase because he did not have enough zeros, and he described this as a phenomenal reversal of the fortunes of the Gibraltar Savings Bank.

1655 Well, I have to tell the House, Mr Speaker, that I think it is nothing of the kind. Mr Speaker, a bank only needs reserves against the risk of capital losses. The purpose that the reserves of a bank serve is as a pot from which to pay depositors their money should the investments of the bank go bad and the bank should suffer capital losses. That is why banks have reserves, and indeed that is why our previous Savings Bank legislation, the one that we changed, said that the bank had to have a reserve. What happened was that we changed the law so that the bank, the Gibraltar Savings Bank, could not make investments, which exposed its capital to losses. Having changed the law so that the Savings Bank could not invest depositors' money in a way that exposed those moneys to capital losses, there was no longer a need for reserves. We had removed the need and the justification for reserves.

1660 The fact that there is now a reserve again is not by virtue of a phenomenal reversal of the fortunes of the Savings Bank, but rather by virtue of the fact and to reflect the fact that once again he has changed the law to once again expose the capital of depositors in the Savings Bank to losses, albeit subject to the Government guarantee, of course, of depositors' money in the Savings Bank, and that he has changed the law not just to allow the sort of investments that could always have been made that expose it to capital losses, he has changed the law, as he knows, because it became controversial in the context of the CFC company, considerably to allow effectively what has happened and that is for half, or almost half or about half of the Savings Bank's deposit money to be invested in the shares of just one company called CFC Limited and the rest is the subject of well-known political debate about what the Government can, or might, or has or has not done, and whether there is a good, bad or indifferent investment, whether it will be profitable or whether they will not be profitable, that is a separate debate. I suspect that some of them will be profitable and others may be less profitable.

1665 But I only make the point in the context of the point about the reserve, which is that it is now prudent to have a reserve again because the Savings Bank is once again statutorily free, which we made statutorily unfree, to invest the money in a way that exposed it to losses and therefore the need for the reserves which we had moved and therefore took the reserve into Government. It was the Government's money. The reserve when it existed –because it needed to be there because the law required it to be there because the Bank's capital was at risk – was never depositors' money. It was always Government's money and therefore when the need for the reserve disappeared, the Government took its money out. Now, the hon. Member is putting it back – good for him – because he has changed the law again to allow the Savings Bank to do things for which there is a need to have a reserve. I would not describe that as a *phenomenal* reversal of the fortunes of the Savings Bank.

1670 Mr Speaker, talking of the Savings Bank, I wonder whether – either in his reply or notwithstanding that, it is revenue and not an expenditure item, perhaps in the Committee Stage, it does not matter –whether the hon. Member would be good enough to just explain to us the breakdown of the figure of £32 million estimate for this coming year, about £28.6 million outturn of the interest on investments. He will find this, as you know, at Appendix L, page 194 of the Budget Book. The interest of... and I am obliged to him. The interest on investments forecast outturn for this year just ended stands at £28.6 million at a time when the Savings Bank had a total of £815 million on deposit, £290 million of which was Government-owned on-call moneys, and £527 million of which was deposits. So it was on-call, investment accounts, ordinary accounts, bonds, debentures issued to savings...

1685 So the Government had...this is not the Government. Yes, the Savings Bank had to invest, so to speak, £815 million of cash, which we know it placed about half – do not hold me to the exact per cent –about half in the purchase of preference shares in CFC and the other half, I suppose, remains invested as it has always been invested in the Savings Bank in this or that cash or near cash, short-term notes of some kind or another. But it is really difficult for me to comprehend how that sum of money could produce a revenue of £28.6 million, given that interest rates that the Savings Bank... that any of us can get on our money are not much more than 1%. They are probably less than 1%. So I assume that what that means is that much of that £28.6 million has actually come back to the Savings Bank from the CFC as dividend on its preferential shares.

1700 Yes, if he wants to –

1705 **Hon. Chief Minister:** In case it assists him, Mr Speaker, just before I do my reply this afternoon, if he wants to check it, there was an answer to a question – I understand this is now on the website – which the Leader of the Opposition asked about what amounts Credit Finance Company limited received as dividend from the redeemable preference shares in the last Question Time, and he may see that number. So it will help him in his analysis, but I will reply in detail with the £32 million.

1710 **Hon. Sir P R Caruana:** Yes, I am aware of that dividends received by the Savings Bank, not by... CFC would be the payer of the dividend. Yes, it is just he spoke inadvertently. (*Interjection*)

1715 Mr Speaker, really what I was interested in is whether the hon. Member could explain how that money represents distributable profit of CFC, because otherwise, and I am not saying it is the case, but unless CFC has made £28.6 million of distributable profit... and he knows that the phrase ‘distributable profit’ means something in law. It does not mean just money available to the company, it means from distributable reserves – in other words accumulated income profit – the only other way that CFC could fund that degree of dividend, which is much higher than the going rate in the markets, is that it should be using *capital* to make dividend payments, which of course would be wholly wrong and I am not saying is the case. But those are the two alternatives and I would just like to understand, if the hon. Member is willing to provide me with the information, of how that figure of £28.6 million relates to the profitability, which is the only thing from which dividends could be paid, from the profitability of CFC, so that I can continue to assume, as I do now, that it is not to any degree funded by unreal unmade profit, or worse still, capital. In other words that the Government is just not... that CFC is not just paying back under the guise of a dividend part of the money that the GSB invested in the purchase of the shares in the first place as that would simply be recycling capital and pretending that it is dividend. I am *not* assuming that that is what has happened, but I would welcome an analysis if he is able to and willing to, so that that can be transparent and visibly not so.

1720 Mr Speaker, the hon. Member pointed out to me gently, but nevertheless suggesting that I was wrong when I had said that the pension commutation business that CFC is now in, that the consequence of that was not to flatter – (*Interjection*) That that did not flatter the Consolidated Fund expended –

1730 **Hon. Chief Minister:** I accept that –

Hon. Sir P R Caruana: That it did or it did not? (**Hon. Chief Minister:** Yes.) Oh, so. I understood him to say that he had not flattered –

1735 **Hon. Chief Minister:** No, what I said was that the hon. Gentleman’s analysis was right and that he had expressed it very eloquently – that there is an element of *flattery* in the accounts. (*Interjection*) But the only point I made, if I can help him, is that the flattery is not the full amount of the commutation – (*Interjection*) it is the difference between... exactly, those are the issues.

1740 **Hon. Sir Peter Caruana:** Because I was just going to ask him... when my understanding is that he had said the opposite when he was on his feet yesterday, I was just going to ask him whether I was wrong because I could only be wrong if he had said what he did not say if the Government was itself paying the gratuity to CFC. That is not the case, so therefore they are flattered –

1745 **Hon. Chief Minister:** It is paying the pension.

Hon. Sir P R Caruana: Exactly. So they are flattered – (*Interjection*) So the Consolidated Fund expenditure is flattered basically to the tune of the gratuity that would have been paid in a lump sum on the day of retirement to the civil servant, which is no longer being paid for out of the Consolidated Fund –

1750 **Hon. Chief Minister:** But not to the total amount –

Hon. Sir P R Caruana: But not to the total amount of the pension, because it continues to be paid, albeit to CFC... the balance. I understand that.

1755 **Hon. Chief Minister:** Such a substantial amount –

Hon. Sir P R Caruana: Mr Speaker, the Hon. Member –

1760 **Hon. Chief Minister:** It is 25%.

Hon. Sir P R Caruana: Yes, it was 25% of civil servants’ pensions.

1765 Mr Speaker, the Hon. the Chief Minister also spoke about webs of companies and whether we had contributed to, subtracted from, imitated, kept all the GSLP's company, and I cannot resist the temptation just to point out, for the sake of the record, that he focuses on the wrong word. When we spoke back then about a web of impenetrable companies, the emphasis was not on 'companies', the emphasis was on impenetrable 'web'.

1770 There is nothing wrong with the Government having companies – nothing wrong at all. What was objectionable is that they were a web *vide* the picture, the chart in our 1996 manifesto, which graphically illustrates the extent of convoluted inter-relationship of one company almost 'unfollowable' and that it was impenetrable because the Government would not answer questions in this House about it.

1775 We have more companies perhaps. I have not counted them, but if he says we have more, I have no difficulty accepting that from him; but they are not impenetrable and they were not a web, because one of the differences which I am still hoping the hon. Members, pursuant to their policy on which they have made some strides to improve the quality of parliamentary life here, the one area I referred earlier to one or two areas in which they were still worse than we were or not as good as we were, was precisely in this area.

1780 I made it clear that under a GSD Government, the GSD Ministers would account for and answer questions in this House for Government agencies and Government companies for which they were ministerially responsible as if they were Government Departments. It is true that when the hon. Members used to ask us, 'What is the state of this negotiation? What is the state of that tender? What is the state of that negotiation?' we used to say, 'Not yet, because it could prejudice the commercial negotiation'. That is true whether it is a company or whether it is the Government, but this the GSD Government did not decline to account in this House for the financial transactions of its companies in the same way as it did for the financial transactions of the Consolidated Fund itself, and the big difference is that they take the opposite view. (*Interjections*) Yes, and they do the opposite.

1785 So, yes, we have more companies I accept, but they are not... whatever they asked, Mr Speaker. Whatever they asked about... I am talking about Question Time. (*Interjections*)

1790 No, Mr Speaker, the hon. Members... I cannot answer his question here and now. (*Interjections*) No, Mr Speaker, but that is not because there is not an answer to it. It is just because I am not ready for it. It is a question of which I have had no notice. I mean, with notice of the question – (*Interjections*) Yes, the hon. Member knows that *Hansard* is replete with references to answers, such as, 'I am not accountable in this House for that'. (**Hon. N F Costa:** Never!) Never... I am not talking about you. I do not know why the Hon. Mr Costa points the finger unless he is –

1795 **Mr Speaker:** Order! Order! Order!

Hon. Sir P R Caruana: Unless the hon. Member is speaking for the whole Government, I am not interested. It suffices that one does it.

1800 Mr Speaker, all I say is that it would be another step forward. It would be another step forward in what the hon. Members have already done in their parliamentary... if they were to adopt a willingness to treat companies as an act of business convenience by the Government, rather than as a means of defraying, delaying or denying in the worst of cases, accountability and explanation to this House for the conduct of the business of those companies, which I am sure are all doing Government projects and this or that, but which if they were being done through the Consolidated Fund, we could ask questions of the Opposition, either we or you, whoever is in opposition can ask questions. If they are done through a company the Opposition cannot asks questions unless there is a policy such as the one that we adopt.

1805 If the hon. Members say that I am mistaken and that contrary to what I have said it is their policy and their position that they will answer questions about Government-owned companies, their business and their finance, subject to commercial and sensitive... while during negotiation as if and to the same extent as if it was the Ministerial Departmental responsibility of the Minister, which is what I used to say to my Ministers they must do, then I withdraw what I have said and I applaud that that should be the case because that would restore the position to what I presently believe it is not and if the position is different to what I believe it to be, the hon. Member will not find me ungenerous in acknowledging that it is not the case. But frankly, I do not think that is the position, but if it is and in his reply, in addition to criticising me for having said it, he will assert that that is the position, then that would be very, very pleasing and very satisfactory and very satisfying too. You see the difference between an Opposition spokesman and a backbencher. (*Laughter*)

1815 Mr Speaker, I accept the Hon. the Chief Minister's invitation as a past Chief Minister to serve on his Consultation Committee or Council. I think it is a useful piece of architecture and as he knows from the number of occasions on which we have spoken, I regard it as part of my responsibilities to this community as an ex-Chief Minister to assist him, in terms of transfer of information, transfer of knowledge, transfer of experience and assisting, as I am sure he will do in favour of his successor, because over and above party politics, we all have the same interests that no-one, *no-one* in any country should think that they can score

1825 goals past the Gibraltar Government because there is a new man in No. 6, and this assists in creating architecture that I think is a jolly good idea and I have no hesitation in accepting.

1830 As I congratulate them also on having on their watch defended successfully in the tunnel litigation, the careful and considered and well-advised decisions that my Government made, and particularly me in relation to the termination of the then tunnel contract, it was a big decision, but one carefully taken on advice at every step, and I think the results that they have been able to achieve in the litigation, I think shows that and sends a signal to contractors that think that they can win tenders cheaply and then apply improper pressure or inappropriate pressure to secure a renegotiation, which is just, apart from anything else, it renders the tender process undermines the integrity of the tender process. It sends a strong signal to future tenderers that the Government of Gibraltar is not going for that and has deep enough pockets to resist, finding itself... and bear in mind that the hon. Members will not give me credit for it, but we did this knowing – because it involved many, many, many tens of millions of additional pounds for the Gibraltar Government – knowing that it would prevent us from making any meaningful start in an electorally sensitive project in the run-up to an election. I do not know whether that was a circumstance that the contractor thought he might be able to exploit, but certainly I would expect any Gibraltar Government to frankly have done the same.

1840 Mr Speaker, the hon. Member said, and I would agree with him, that it is a salutary objective that he has as an objective making tobacco revenue surplus to Government's fiscal needs. Well, I think that that is true, although I do not think we should be shy in Gibraltar. I do not know to what extent there is agreement or disagreement across the floor of this House on this, but I am not one of those who thinks that the mere existence of a market for the supply in Gibraltar of tobacco is any more illegitimate than the fact that there are products in Spain that are cheaper and where Gibraltarians go to Spain to buy there. It is true that the tobacco trade has aspects to it which are unsalutary, which damage Gibraltar's reputation and make our international critics' job easier.

1845 And therefore, I note that the hon. Member is committed to tackling some of those dimensions, but in wanting to make the Government's fiscal position not... making it irrelevant – I want to choose my words carefully – making tobacco surplus to Government's fiscal needs, we should not, in my opinion, be consciously acknowledging that a properly controlled – non-illegally operated, both in Spain and in Gibraltar if they want – tobacco trade is a legitimate source of business for Gibraltar, which does not mean that it is not a good thing, and that however legitimate it might be, it is not sensible for the Gibraltar Government not to want its fiscal position to become dependent on any one source of revenue, and tobacco... I used to curtail the growth of the on-line gaming industry, because I did not want Government's fiscal revenue to become dependent on that. I used to discourage more gaming licensees, because I did not want employment prospects in Gibraltar to become dependent on the on-line gaming industry. Diversification is a good thing and I think the hon. Member does well to take steps in the direction that he has mentioned without becoming apologetic for the existence of a properly regulated tobacco business and without feeling that there is a need to eliminate it all together. I will say a little bit more about this if the House will bear with me just for...

1855 I am not quite sure that I agree that it is necessarily a sensible thing simply to put a freeze on new licences, because all this does is attach a huge premium value to the existing ones, without imposing some sort of restriction on the transfer of those licences. I know that there is a Bill on the Order Paper, or has it been passed already, about restricting transfers of licences when people have been convicted of offences and things of that sort, which of course does not deal with this point. I think that there may be other ways of being able to achieve this objective, which does not simply reward the existing holders of licences by giving them what will become a very, very, very valuable piece of paper, if the position is that the Government will give no more.

1865 Mr Speaker, I am gratified to hear from the Deputy Chief Minister, the Hon. Dr Garcia, that the Government is firm in its commitment to fight. He did not say it, but I understand and accept, given that I have been on that side, to the best of their abilities given that the outcome is not in their hands... the exclusion of Gibraltar from further civil aviation... I think this is shocking. (*Interjection*) I think it is shocking, not so much now that the United Kingdom does not do something more proactive, but indeed that the other European Union Member States and the European Commission that has stood idly by and watched a small community of 30,000 people invest a very significant sum of money in building a new air terminal, precisely to obtain the benefit of this, and then thinks nothing of allowing Spain to renege on those commitments. I think, personally, I think it is one of the most shocking examples (*Banging on desks*) of lack of morality in the highest places in the European Union and I think... I do not know what we can do about it but whether perhaps... I do not know whether this fact that I have just said is commonly known amongst those people. Perhaps the Hon. Chief Minister might consider writing to EU member countries, members in Coreper or the Committee that deals with these exclusions to point out the fact that we have honoured our part of the commitment and showing pictures and give them another opportunity to say that it

1885 was too big and too expensive; but we did all this and that the least that the European Commission can do is not be quite so accommodating of Spain's willingness to just not honour its obligation.

1890 Mr Speaker, the Hon. the Chief Minister – and I am going to rush through the last couple of points now – the Hon. the Chief Minister has launched a debate on whether it is still in Gibraltar's interests to remain in the common Customs Union or whether there is a case to be made for a change of that status, and I think has sensibly committed himself to a full consultation on that. Mr Speaker, I do not want to bore the House with legal details, but very often this is thought of as just being VAT. Of course VAT is not the measure from which we are excluded. The fact that there is not VAT in Gibraltar is one of various consequences of the fact that Gibraltar is *not* part of the EU for the purposes of single market in goods. Members will know that the European Union is built on four freedoms: the freedom of movement of goods, of services, of capital and of people. And that we are part of the European Union. In other words, all the treaty provisions relating to freedom of movement of services, of people and of capital apply to Gibraltar, but the freedom of movement of goods does not.

1900 Because we are not part of the single market in goods, no measure adopted by the EU under the Articles in the treaties dealing with single market in goods applies to Gibraltar, because the Articles themselves do not apply to Gibraltar. Amongst those provision that do not apply to Gibraltar for those reasons are turnover taxes. Turnover taxes are not just VAT, they are excise duties as well, and by the way, amongst the measures that do not apply for that reason but that would apply if we chose to try and join the Common Customs Union is a whole raft of other non-tax measures, which have been promulgated in the EU under the Articles dealing with the single market in goods. I cannot give him right now the list, but –

1905 **Hon. Chief Minister:** Article 108.

1910 **Hon. Sir P R Caruana:** Yes, for example, one that springs to my mind immediately is all the plethora of EU regulations on the labelling of products, on the labelling of food, all of that is theoretically not applicable to Gibraltar today because they are single market in goods measures and we are not a member. So the debate and the consultation and the economic cost in that discussion and in that analysis has to be wider than VAT, which I am sure it would be. There are lots of consequences to this and there are, Mr Speaker, economic and political impacts. So the economic impacts would be first: what would be the implications for the private sector, in terms of impact on demand for its goods and services?

1915 The Hon. Minister for Tourism would wish to consider, for example, whether it may have a negative impact on cruise companies' willingness to programme cruise visits to Gibraltar. One of our selling points is precisely that they can load up... that it gives them certain VAT-free selling facilities, because they have touched in a non-VAT port, but I just use that as an example. There are lots of potential impacts on the private sector, which the Government will want to carefully consider in consultation with the industry when it does its cost benefit analysis.

1920 There is of course a potential very significant impact on Government revenue, but of course that has got to be considered in a level-headed way because what is the impact on Government? Amongst the impacts on the private sector of joining the Common Customs Union would be that industry would have to get used to operating a VAT system, which is cumbersome and expensive. One of the reasons why we were excluded from the single market in goods when the UK joined the EU in the first place was precisely that the UK Government – the Hon. Mr Speaker may remember this – was that the UK Government said, 'Look, I am going to leave you guys out of this. I am going to negotiate for you a derogation from this, because VAT is a very expensive tax to collect', and it is true. The cost-to-yield ratio is higher than any other form of taxation, because it has to be administered at every level of economic activity, and the UK Government said to the then Government of the day in Gibraltar, 'This is very expensive. You are going to lose a lot of your tax collection on collection costs. Therefore, we think we should protect you from this and we will leave you out of it', and that still holds good. It continues to be an expensive tax to collect and that also has to be factored in, in terms of the burden on cost and industry.

1935 But then of course VAT would be instead of import duty and it would be for the Government to consider whether as between VAT and import duty whether there is any fiscal implication for the Government of that; but it is not just VAT, it is excise duty, which is levelled in addition to VAT on such things as tobacco, alcohol and petrol. So what does the European regime provide? What would be the consequences for Gibraltar to be liable to the excise regime? Well, it is not a standardised tax. There is a minimum level at which Government's in Europe have to set excise duty on tobacco. A minimum level at which they have to set it on petrol, fuels, and a minimum level at which they have to set it on... which have I not said? Alcohol, if that is the one I have not mentioned of the three.

1940 Government revenue and Government's ability to maintain its revenue from these three products depends on the demand continuing to exist, because if the demand survives any change, then the Government will continue to collect its revenue, subject to what it may have to contribute to the EU of it, in terms of excise duty. So the question is... and no country charges the minimum. So the difference between

1945 the price of tobacco in Spain and the price of tobacco in Gibraltar is not just because we do not impose the
 minimum excise duty, it is because Spain imposes excise duty at a much *higher* level than the minimum
 required by this measure. It may well be – I do not know. I have never done the calculation – it may well be
 that imposing the minimum level of excise duty, you could try this now by modifying import duty rates to
 1950 come close to the current level of the *minimum* excise duty to see whether what effect it has on demand. It
 may well be that establishing excise duty on tobacco, petrol and all these other things, at the minimum level
 still leaves a sufficient price differential with Spain that sets it at much higher than the minimum level, such
 that the demand will continue to subsist and the Government’s revenues will therefore not be as adversely
 affected as some people might rush to conclude. But these are all things, Mr Speaker, that require very
 careful analysis, very careful consultation, very careful number crunching, very careful modelling, because
 1955 the implications could be very significant.

There are of course private sector issues for the Hon. the Minister for Gambling to take into account.
 One of the locational advantages for us is the whole VAT thing on marketing costs and all of that, so there
 are issues to consider. And, of course, abandoning our current status in favour of possibly a new one, if that
 is what the consultation process throws up, would be the opposite of what the hon. Member did just
 1960 yesterday in import duty. So, on the one hand he lowers import duty in order to reduce the cost of products
 to our retail outlets. Of course, he would not be able to do that if we impose VAT and excise duty and it
 would be a cost that he would be placing, having taken it off... carried on with what we were doing, but
 having significantly gone further, then it would just be putting that burden back on our retail trade.

Then there are political implications. Of course it would require a renegotiation of the UK’s Treaty of
 1965 Accession. I think you can almost certainly assume that the speed and ease with which Spain’s consent to
 that change of Treaty which would be required, the speed and ease with which such consent is forthcoming
 is probably a measure of the extent to which it is not in Gibraltar’s interests to do it; but that would be a
 very rough and ready rule of thumb, which I am not saying you should substitute for the careful analysis.

Of course, if we went through the process of this analysis and concluded that on balance it was worth
 1970 doing, there are always going to be pros and cons, but if on balance it is worth doing, I am sure that in the
 balance that tipped it in favour of doing it there would be the political dividend of perhaps a more fluid
 frontier, of greater respect for our EU rights and diminishing Spain’s ability to interfere with fluidity at the
 Frontier. But, of course, if that did go into the balance in that way as a positive factor, we would have to be
 dead certain that we would be the beneficiaries of that dividend and that that dividend would come, because
 1975 we have seen how Frontier queues – yes I have nearly finished –how Frontier queues can be created just by
 placing a double filter 10 yards beyond the customs post.

The existence, the fact that goods are in free circulation in the EU when they are in... one of the
 consequences of us not being in the Common Customs Union and the single market in goods is that goods
 that are in France are in ‘free circulation’, as they are called, throughout the whole common Customs
 1980 Union. You can move this manufactured item or this pair of shoes or that... you can move from one
 country to the other without paying duty. It is in free circulation. The fact that we are outside that regime
 means that goods in Gibraltar are not in free circulation in the European Union; but goods that are in Spain
 are certainly in free circulation. That does not stop the Spaniards putting police controls on the road just
 beyond Campamento. We would have to be sure that there would not be recourse to any such device to
 1985 claw back any political dividend from the measure to the extent that that political dividend has gone into the
 balance and formed part of the carefully balanced decision to go ahead with this measure. So, Mr Speaker,
 it is a wide and deep issue. He always says this, together with Schengen. My understanding is that that
 might be a little bit of a red herring.

I personally do not think that it is legally possible for Gibraltar to have a different status in relation to
 1990 Schengen than the United Kingdom. At least that was the position that was adopted against the Government
 of Gibraltar when I was in Government and the UK was negotiating all the police and judicial co-operation
 measures, and these decisions...some were called decisions and some were called... and we were always
 told, ‘Look, it is not legally possible for Gibraltar. So you have just got to sit there and wait to see what the
 UK decides and the same regime has to apply to you’. I just do not see how we can... or if that situation has
 1995 changed. I have heard the Minister for Europe say casually in a newspaper that he had no objection to
 Gibraltar getting closer than the UK to Europe if that is what... but from that political statement to a
 legalistic assessment of whether Gibraltar can make any choice in relation to an inter-Governmental
 Agreement – well, some of it is inter-Governmental, but now a lot of adopted into the Schengen *acquis*,
 different to the United Kingdom’s, would be a change of what the position was when we were in
 2000 Government.

Mr Speaker, very pleasing to hear the Hon. the Minister for Justice explain the report to this House on
 his Government’s plans to arm the Police with even bigger boats. I think that this is something that we... I
 know it was a subject of some to-ing and fro-ing between us when we were each on a different side of the
 House, as the Deputy Chief Minister will recall, but never mind. It is a good thing. I wish I could interest
 2005 the hon. Members, and I know that the UK Government probably does not like it, but nevertheless I could

interest the hon. Members in the context, particularly of bigger boats, to revisit their consideration of the Borders and Coastguard Agency. The Borders and Coastguard Agency was partly driven by the need, the desire, once we had bigger boats, to populate the manning of these things on a multi-agency basis. Customs officers, police officers, you will not be able to man these boats just with policemen. Apart from being very expensive, it is in respect of many functions a waste of policing resources.

The hon. Members have chosen not to proceed with the Coastguard bit of the Borders and Coastguard Agency. It does not require fusion. It can be done on secondment, as many UK agencies do, and many examples in the UK are multi agency which are populated on secondment by officers but working together to do a common job. I do not know whether they remain implacably opposed to that or whether they would be willing to visit and reconsider it. Obviously, it is a matter of policy for them.

Mr Speaker, absent from today's session, the Hon. the Minister for Employment, he sort of came in to do a little bit of Caruana bashing and then he left. *(Laughter)* Mr Speaker, he has done a jolly good job of... almost succeeded. He has done his best to seduce me back into our traditional debates today. *(Laughter)* He obviously misses debating with me as much as I miss debating with him, but I am going to resist the temptation of the seduction to which he has submitted me yesterday. But I have to say in dealing very briefly with the points that he has made, and without allowing myself to be *seduced*, that I do not recognise the factual basis for his references to me in the facts as I know them.

Mr Speaker, when I told this House that there were only six unemployed graduates, it was because there were only six graduates unemployed registered as seeking work with the Employment Service. In the same way as when they bring us statistics to this House about how many unemployed there are of this or that category, men, women, the construction, it must be on the basis of the information available to them, which at any given time of course there may be people who *subsequently* decide to enter the labour market and therefore become economically active. Hon. Members know that the definition of an economically active person is a person who is either in employment or out of employment, but *seeking* employment, as opposed to my wife who is unemployed, but has no desire to work, does not *seek* work, and therefore is not regarded by anybody as being unemployed *(Interjection)* But she is a graduate. Okay? *(Laughter and banging on desks)* Do you see what I mean? So I think it is important to put all these things in perspective. *(Interjections)*

Mr Speaker, I think it is too late. I am in the twilight of my political career. It is too late for me to *save* or enhance my political reputation and by the same token I think it is probably too late for the Hon. Minister for the Employment to undermine or sully, for the very same reasons, my political reputation. So I do not intend to engage with him in point by point detail by detail. He is not here, but I am sure he is listening to me on the radio. *Affectionately* listening to me on the radio – *(Laughter)* I bet right now his moustache is twitching and he is scratching his moustache with his mischievous smile on his face.

The record is this, Mr Speaker. First of all the Hon. Minister for the Employment, the Hon. Minister Bossano knows that he has to treat figures about Gibraltarians and non-Gibraltarians in work cautiously for the reason that is warned by the Government Statistician every year in the Employment Survey and remains in the Employment Survey for 2013 and just tabled in this House. This nationality split – that is to say between 'Gibraltarian' and 'Other British' – presents problems of accuracy. Some employers classify all their British employees, including Gibraltarians, under the 'Other British' category, and since no personal details are provided, it is not possible to differentiate between the two categories. In other words, whilst everybody that registers as a Gibraltarian... whilst everyone that *is* registered, because it is done by the employer, in the employment surveys as Gibraltarian is certainly Gibraltarian. Amongst the British 'Other British' category, there will be Gibraltarian British and non-Gibraltarian British, thereby distorting, insofar as concerns identifying Gibraltarians, the comparability of both figures.

But the published figures of Gibraltarians in employment, subject to that point that I have made, which would make the figures better, not worse, are that in 1988 there were 8,836 Gibraltarians in employment. In 1996, by the time the Hon. the Minister for the Employment had finished being Chief Minister, there were 9,390. In 2010, which is the latest figure available here, there were 10,706, and that figure had risen again in 2011. There has been a significant growth in the number of Gibraltarians in employment, not a fall in the number of Gibraltarians in employment. A very significant increase in the number of Gibraltarians in employment during the GSD years in Government, as there had been to a limited extent to a more limited extent because they were in office for fewer years presumably, under the previous GSLP Government.

Mr Speaker, when we left office the number of Gibraltarians in employment stood at record levels. So all that presentation by the Hon. the Minister for Employment with which my Learned Friend, Mr Bossino, otherwise disposed of anyway, based on somehow there being fewer Gibraltarians in employment is a complete nonsense. Mr Speaker, the fact that some Gibraltarians – mainly I suspect as a matter of personal choice – passed from being full time to part time is invariably a matter of choice. The hon. Members know that there is no tradition, that there is no syndrome in Gibraltar of employers converting full-time jobs to part-time jobs over the heads and wishes of employees. One never hears about this in the newspapers; it just does not exist as a phenomenon. So if at any given time there is an increase or decrease in full time or part

time, it is because individuals are making choices either to move to part-time employment or employers are accommodating individuals, usually it has to be said women in connection with starting families and things of that sort into more part-time employment.

2070 But, Mr Speaker, the suggestion that somehow the Hon. the Minister for the Employment in just this year alone... he says there are 650 more Gibraltarians. Well, where were those 650 before Mr Bossano worked his magic during the last 12 months? They certainly were not registered as unemployed because there were not 650 Gibraltarians registered as unemployed. We know that from the unemployment statistics. So where have they come from? This idea that in a workforce the size of ours it is *possible*... yes, 2075 by reference to the reproduction joint collective effort of all married and non-married reproducers 18 years ago (*Laughter*) that it is possible for there to suddenly appear in Gibraltar 650 *new* additional Gibraltarians to put in employment that were not before even registered as unemployed, let alone where they were physically, barely needs articulating. It is so obvious that it cannot be the case.

2080 Not only did we have record numbers of Gibraltarians in work, but, as importantly, their take home pay, their disposable income, the amount of money that we put into the pockets of Gibraltarian families also rose to record levels. (*Banging on desk*) So it just was not more Gibraltarians working, it was more Gibraltarians having more money to spend in their households in whatever way they pleased.

Mr Speaker, my final point, I promise, and it is very briefly made. I will just limit it to saying this to the Hon. Minister Linares, who is temporarily absent from the seat in which he has been sitting all morning. 2085 (*Interjection*) If he wants to... he is now returning to the Chamber. (*Laughter and banging on desks*) Mr Speaker, if he wants to make a comparison of the cost of his new power station and the one that we had contracted, and he wants to do it in a way which meets the Chief Minister's standard of 'framing the debate in honesty', then he has got to compare like with like. He has got to give us an explanation of what was included in our contract of £100-odd million, what is and is not included in his, so that we can see whether 2090 it is fair to allow people to run away with the false impression that they are getting for half the price what we had contracted to get, which is a complete and utter nonsense. (**Several Members:** Hear, hear.) (*Banging on desks*) So in the interests of framing the debate in integrity, let us have in this House...but again I know this is not the case, but again, if he can demonstrate that I am wrong he will not find me unready to quickly, apologise to him.

2095 What I think he should now do is that you should publish and lay in this House – and I challenge him to do so – the contract specification of the one that he terminated, including all his termination costs of it, and including all the lost opportunity, including the land costs that he is now going to incur, all the things, the pluses and the minuses of the package that we contracted for and the package that he has contracted for, so that we can make a *real* interpretation of the comparison and be certain that when comparing like for like, 2100 generator for generator... machine, he may not actually be paying more than we were paying for our generating machines. (*Banging on desks*)

I am a grateful to the House for indulging me, a backbencher... a *mere* backbencher, for an hour and twenty minutes.

2105

ADJOURNMENT

Chief Minister (Hon F R Picardo): Mr Speaker, that was of course in very many ways an excellent riposte to the speech of the Leader of the Opposition that we had to hear on Monday, for reasons that I will 2110 be explaining to the House when I can continue with my presentation of the Appropriation Bill in my reply tomorrow at 11.30 in the morning.

So I therefore move that the House adjourn to tomorrow until 11.30 in the morning.

Mr Speaker: The House will now adjourn to tomorrow at 11.30 in the morning. 2115

The House adjourned at 1.19 p.m.