



PROCEEDINGS OF THE GIBRALTAR PARLIAMENT

AFTERNOON SESSION: 3.04 p.m. – 8.35 p.m.

Gibraltar, Wednesday, 24th June 2015

Business transacted

Order of the Day	2
Suspension of Standing Orders 7(1) and 7(3) to permit Government Statement to be made.....	2
Government Statement – Statement by Lloyd’s Register	2
<i>The House recessed at 3.10 p.m. and resumed its sitting at 4.15 p.m.</i>	4
Government Bills	4
Appropriation Bill 2015 – For Second Reading – Debate continued.....	4
<i>The House recessed at 4.15 p.m. and resumed its sitting at 6.45 p.m.</i>	24
Appropriation Bill 2015 – For Second Reading – Debate continued.....	25
<i>The House adjourned at 8.35 p.m.</i>	42

The Gibraltar Parliament

The Parliament met at 3.04 p.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

Suspension of Standing Orders 7(1) and 7(3) to permit Government Statement to be made

Clerk: Suspension of Standing Orders. The Hon. the Chief Minister.

Chief Minister (Hon. F R Picardo): Mr Speaker, I beg to move, under Standing Order 7(3), to suspend Standing Order 7(1) in order to proceed with a Government Statement.

5

Mr Speaker: I will now put the question that Standing Order 7(3) be suspended...that, under Standing Order 7(3), Standing Order 7(1) be suspended in order that the Chief Minister may make a Government Statement.

Those in favour? (**Members:** Aye.) Those against? Carried.

Government Statement – Statement by Lloyd's Register

10 **Mr Speaker:** The Hon. the Chief Minister.

Chief Minister (Hon. F R Picardo): Mr Speaker, it is important that the House and the nation as a whole should immediately be made aware that this afternoon Lloyd's Register, one of the most reputable organisations in assessing industrial risk in shipping, and in particular the use of liquefied natural gas in marine installations, is causing to be published a statement in relation to the report that was published by the Gibraltar Social Democrats in the last weeks by their Chairman and their Leader, the latter being also the Leader of the Opposition in this House.

15

Mr Speaker, it is also important that the House is aware that the statement in question has been drafted exclusively by Lloyd's Register and in particular by the professionals who drafted the report which has been published in Gibraltar by the Gibraltar Social Democrats.

20

It is important that I emphasise that this is a statement from Lloyd's Register which it alone has drafted in response to the publication of their report in Gibraltar and subsequent events and comments both in Gibraltar and in the international press.

Mr Speaker, the statement from Lloyd's Register speaks for itself. I have a copy of that statement – which addresses the distortions of Lloyd's Register's recently cited report and its scope – to place on the record of the *Hansard* of this House, which reads as follows: The title is:

25

'Gibraltar: Evaluating the risks and benefits of gas power, the associated infrastructure and bunkering Operations. A report recently released by Lloyd's Register relating to LNG infrastructure in Gibraltar has been cited in the media and in political debate in Gibraltar.

The report cited is an evaluation study covering proposals to site LNG offloading and storage, with specific technical specifications for their design, in Gibraltar. The study examined the risks involved with proposals for two potential locations of LNG offloading and storage tanks: the North Mole Western Arm adjacent to the cruise terminal and the Detached Mole, to the South of the North Mole. It did not address LNG bunkering.

Lloyd's Register's report, since being handed to the commissioning client, has appeared in the public domain and been cited in political exchanges in Gibraltar.

Lloyd's Register's conclusions were that both proposals, as defined, presented relatively high risks. With modifications to technical specifications it is likely that such risks could be reduced considerably; whilst there are obvious concerns related to siting gas storage tanks near to cruise ship berths, modifications to the technical requirements and repositioning of the tanks could see major risks entirely reduced. And opportunities exist to assess other options or locations.

Lloyd's Register's findings into a very specific tank siting proposal should in no way be seen as prejudicial to the broader opportunities to reduce harmful air emissions, support LNG commercial activities or LNG bunkering in Gibraltar. Our findings relate to the risks associated with specific and defined siting proposals.

The overall health benefits of reductions in local air emissions that are hazardous to health are important ambitions. This wider issue of reducing the risks and managing safety of LNG infrastructure in Gibraltar and the benefits of improved air quality was not considered and was not within the narrow scope of the evaluation of two specific tank sites.

It is also noted that reports of this type, issued at a preliminary stage, will be conservative as detailed design parameters and intended operational parameters have yet to be defined.'

30 Mr Speaker, this statement by Lloyd's Register now establishes that they were commissioned not by the Gibraltar Social Democrats, but by a commercial entity, and Lloyd's Register is disassociating themselves from the use to which their report has been put. Indeed it would, moreover, also appear that the published report has been considerably redacted.

35 The House and the nation must further be informed that HM Government of Gibraltar has now been able to establish that it was in fact a failed bidder for the new power station that is the commercial entity behind the commissioning of the report which the GSD published in the last weeks.

Mr Speaker, I am now able to disclose that the commercial entity in question is the Spark Group of Companies in Gibraltar. That is the commercial entity that provides the power-generating facility at the North and South Moles, the failures of which have recently also caused a number of unexpected power cuts.

40 Mr Speaker, for this Government, as for every government of all and any political complexion, the safety and security of the people of Gibraltar are paramount. Their safety is something which we would never put at risk. The manipulation of public concerns about safety is equally concerning. The Government is considering and taking advice on what next steps are appropriate in light of the clear and responsible statement now published by Lloyd's Register.

45 I shall, of course, during the course of this session have more to say about this matter. I am now not making any comment on this subject and am limiting myself to stating facts.

I give notice, Mr Speaker, that I shall not be withdrawing the motion standing in my name in respect of the funding of the Lloyd's Register report, which is already on the Order Paper and which will be debated later in this session, but I will be giving notice of amendments to it.

50 Mr Speaker, a copy of the statement by Lloyd's Register is being circulated to all hon. Members now with my Statement. It will also be posted on the Government website in a few moments with the written copy of this Statement.

In keeping with the established practice, I am of course prepared to clarify such part of this Statement as hon. Members may wish to ask me about.

55 **Mr Speaker:** As is common practice in the House, whenever the Government makes a Statement the Opposition may ask questions clarifying that Statement. The Statement cannot be debated now, but in any case there is a motion later on the Order Paper which will give an opportunity, because the matters are relevant, for the whole thing to be debated in due course. But at this stage we must limit ourselves to any questions which are seeking clarification about any matters contained in the Statement.

60 **Hon. D A Feetham:** Mr Speaker, I have no statement to make. I have nothing to say in the form of questions. I would have said something in response to the Statement, but of course, as Mr Speaker has rightly pointed out, I have got an opportunity on the motion and I will take my opportunity in the motion.

65 With your indulgence I would just make this point: there is absolutely nothing at all in the statement that Lloyd's have issued that is incompatible with anything that either we have said about the report or that has been made public about the report, because I myself made it absolutely clear that Lloyd's clearly cannot possibly be against the use of LNG when they have certified the use of LNG in other areas. But these two locations remain –

70 **Hon. Chief Minister:** What is the question?

Hon. D A Feetham: – bad locations, Mr Speaker. But that is the only thing that I can say within the Rules of the House.

Hon. Chief Minister: Mr Speaker, that was clearly not a question, and the incompatibility between the things that the hon. Gentleman has said about the Lloyd's report and what Lloyd's have now said will be the subject of further debate when I will have the opportunity of highlighting exactly what those differences are.

I am making no further comment at this stage because this is just a Government Statement and I am just putting facts into the public domain. Tomorrow I will have an opportunity of commenting on this and all other matters that relate to trust.

Mr Speaker: I now call upon the Hon. Edwin Reyes.

Hon. Chief Minister: No, Mr Speaker. I now move that the House do adjourn until 4.15 p.m. The effect of this Statement is that I now have urgent Government business to attend to and I have to be present when Mr Reyes speaks, so I now move that the House recess until 4.15 p.m.

Mr Speaker: The House will now recess until 4.15 p.m.

The House recessed at 3.10 p.m. and resumed its sitting at 4.15 p.m.

GOVERNMENT BILLS

Appropriation Bill 2015 – For Second Reading – Debate continued

Mr Speaker: The Hon. Edwin Reyes.

Hon. E J Reyes: Mr Speaker, what an exciting day Saturday 13th June turned out to be. Yes, little Gibraltar's Football Team proudly walked onto the pitch to battle it out against the current World Champions – Germany – as part of their Euro qualifiers matches.

The sense of pride and excitement felt by over 5,000 Gibraltar supporters who had endured the long journey to Faro was certainly clearly felt by all in the stadium. To have been personally present at the stadium when the National Anthems were played was enough to make the long journey to Portugal worthwhile. But what about the feelings of all those supporters who could not attend this historical match due to the huge distance and time factor involved in getting to the venue in what was after all an official home match for Gibraltar? Therefore, the question remains: why cannot our National Football Team play its home games in Gibraltar itself?

Gibraltar needs to have at least a Category 3 UEFA-approved stadium in order to host its official games in respect of the Euro Qualifiers. It has only been a short time since the Gibraltar Football Association were accepted as Members of UEFA and therefore as an interim measure, and until we eventually have a suitable and approved football facility of our own, Gibraltar's home matches are being played at the *Estadio do Algarve* in Faro, Portugal. However, we must look towards the future and do everything possible to play our home games within Gibraltar itself.

The Gibraltar Football Association is exploring the possibility of building its own stadium at Europa Point, but the choice of this site is proving rather controversial and the process, we are told, is still under consideration by the Development and Planning Commission. However, the GSD has carried out its own studies to look into the possibility of upgrading the present Victoria Stadium football facilities in order to meet UEFA Category 3 standards at least and we are pleased to say that it is possible to achieve this. Indeed, at the Parliamentary sitting of Thursday 16th October 2014 we offered to show the Minister for Sports how it could be possible to play our games in a category 3 stadium in Gibraltar but, unfortunately, and much too many sports and football lovers' disbelief, the Minister answered he would not consider our proposals.

The GSD has no objections to the Gibraltar Football Association building its own stadium, but would rather at an alternative site to Europa Point. However, irrespective of what the GFA does or does not build, preferably at a site which is not Europa Point we insist, the GSD believes there is a need for more and better football playing facilities to be provided for the benefit of our community at large. Very shortly, indeed as early as next week, the GSD will be making public its vision for an enhanced Victoria Stadium. The immediate effects of this could be for all of Gibraltar's home games to be played within our homeland itself, and all this in a UEFA-approved Category 3 stadium.

125 The Forecast Outturn for 2014-15 shows that £1,300,000 has already been spent on 'Upgrade to
Football Ground to UEFA Standards' and now a further additional £2,200,000 is being catered for under
this same head of expenditure for the financial year 2015-16. These figures show that over the last two
years a total of £3,500,000 has been spent under the sub-head of 'Upgrade to Football Ground to UEFA
Standards' – but, despite all this expenditure, this will still not result in Gibraltar being able to play its Euro
130 Qualifiers within its home territory. Gibraltar deserves to have at least a UEFA Category 3 Stadium and
also additional football playing and training facilities. The GSD knows how to make this a reality, with the
minimum of disruption to other sports in the process, and we will soon be announcing these to the public.

On a more positive note I am glad to note, yet again, that Government continues with the already
existing policy to assist all local sporting bodies to overcome any foreign government's politically-inspired
135 attempts to block our membership of international sporting bodies. This policy will most certainly continue
to receive the Opposition's support and I take this opportunity to sincerely wish other sporting associations,
such as rugby in the current bid, and even tennis where Amanda Carreras has been given a wildcard for
Wimbledon and the now tiring but yet never-ending continuous IOC application. We wish them all the very
best in their continuing battles to obtain their respective international memberships which both sides of this
140 House agree are rightfully and legally theirs.

The summer season is already upon us but as yet the Gibraltar Cricket Association has been unable to
commence any of its competitions due to the current unfit-for-purpose facilities at Europa Point. Through
questions asked during this year, the Minister for Sports said that Europa Point would, at least for the time
being, continue to be made available for the playing of cricket until other alternative facility or facilities
145 were secured. Therefore, the cricket fraternity continuously asks why is Europa Point still not ready for use
and commencement of cricket leagues for this season.

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, 'To monitor the demand for additional
facilities for all sports to ensure that existing facilities are further developed in line with our community
150 demands... The Government is committed through its election promises to provide renewed facilities for
the playing, teaching and development of both cricket and rugby' – but unfortunately these have still not
materialised.

I would also like to remind the Minister for Sports of Government's commitment to provide separate
premises for martial arts clubs and associations in what they claimed would be one large martial arts centre.
155 Although we have heard during this Budget session that a further Martial Arts Association has been
allocated premises at Jumper's Bastion, it unfortunately seems that these pledges as stated for *all* martial
arts have still not become a reality.

The Minister for Sports has highlighted how the Summer Sports and Stay & Play programmes will
continue again this year. These programmes, I am proud to say, were first introduced by the GSD and as
such Government can rest assured they will continue to receive our full support.
160

Likewise, I am really pleased to hear that an acceptable solution has now been found so as to provide
floodlighting for the Hockey Pitch within Bayside Sports Centre. I know how much work has gone into
this, because during my tenure as Minister for Sports we were in deep discussions with the Ministry of
Defence and I personally thank the Minister for Sports for completing this process. *((Banging on desks))*

165 Mr Speaker, through the collective celebration of social events, participating Gibraltarians continue
reinforcing our identity, culture and history as a people and as 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 extremely proud
through their international participations and, I am pleased to say, in numerous cases even obtaining top
170 grades in any competitions in which they have participated.

However, I cannot let the opportunity go without reminding Government that it committed itself to
provide: facilities for teaching of music and instruments to young people; the establishment and funding for
a Gibraltar Philharmonic Orchestra; run a 'learn an instrument' campaign amongst young people; the
establishment of an academy of the performing arts, administered by an Arts Council – although I think I
175 can safely deduce that provisions have been made in this year's estimates under the heading of 'Academy',
so the Minister seems to be heading there and I wait to hear further news on how this would be achieved;
and also they promised to seek to establish Gibraltar as part of the touring circuit for UK and Spanish
theatre productions – and given the success of our local drama productions, this if it does materialise, will
only but help enrich our drama culture.

180 I therefore look forward to hearing at some stage from Government, when will all these projects become
a reality?

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 related activities. However, there are still mixed feelings among
the community as to how these sites will be developed and especially 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 deeply enhanced.

Mr Speaker, we continue to recommend the Government Archives be transferred into a possible refurbished ex-Chronicle Printing Works building next to the Gibraltar Garrison Library. In this way, together they could operate as a modern, well-resourced Gibraltar Archives and Reference Research facility including – what we would all like to see – full digitalized searchable data.

Updated legislation for the management and preservation of our heritage and the listing and preservation of buildings still needs to be completed. In this respect work had already commenced during the GSD's time in office, and we are told that drafting in close consultation with relevant experts and the Heritage Trust is well advanced. It is now up to the present Government to complete this process as soon as possible, because the community hopes it will be completed at some stage and perhaps dates can be announced during this budget debate.

The Government continues to act responsibly in its pursuance of UNESCO World Heritage status for Gorham's Cave and adjacent sites. Indeed, some work in this respect had commenced via the Museum Team during my personal tenure as Minister for Heritage and, therefore, I continue to wish the Museum Team all the very best for the future in their ongoing excavations which I know mainly take place at Gorham's and Vanguard's Caves during the summer months.

Mr Speaker, there is widespread consensus amongst society and political parties in Gibraltar that our own education system is both our most important investment as a community and also a justifiable source of pride for a community of our size. Given this, the GSD believes that any possible significant changes to our education system and to our schools should only be made after a wide process of consultation between Government, teachers and parents.

The Opposition welcomes Government's plans to transfer both St Bernard's First and Sacred Heart Middle Schools into newly purposely refurbished buildings which were once part of the Old St Bernard's Hospital. This project is extremely similar to that which the GSD had developed to an advanced planning stage and which would have seen the light of day had we been returned into office. There had already been a high level of consultation with the Gibraltar Teachers' Association in respect of this project and the only major deviation to what will finally see the light of day seems to be that, whilst we would have also transferred St Bernard's Nursery onto the new site, Government confirms that the nursery will remain in its present location, albeit continuing to fall under the direction of St Bernard's First School Head Teacher. Projects which help to enhance educational services will always be supported in principle by the GSD Opposition and therefore I take this opportunity to wish teachers and pupils alike all the very best for the future in their new schools.

I respectfully suggest that a review of the geographical distribution of our first and middle schools, to better suit our changed and future changes to catchment areas, is carried out in the very very near future. It is important that we plan ahead whilst still in the design and construction phases of new housing estates. The review should include updated assessments of the optimum locations and/or relocations of schools, inclusive of provision for present day demands in respect of a modern secondary education. The GSD has already made public its desire to move all secondary education into modern and purpose-built premises – of course, with full consultation with the Teaching Profession, pupils and parents as to whether they recommend it would be best to move into a co-educational set-up or seek other alternatives. It is now almost 45 years since we changed our secondary education system from selective schools into a comprehensive system and although this has, generally speaking, worked well we need to ask and investigate if we are still offering the best alternatives possible.

Likewise, a detailed review and programme should be embarked upon to ensure that our less academic children, who may not necessarily follow a full range of GCSE examinations, obtain as good as possible, a relevant education programme to prepare them for future adult working life. Indeed, there are now many bodies within the United Kingdom who we follow as an educational model, who are already stating that the GCSE system as we have known over these last 25 years or so does not really cater for present industry's demands. I recommend that we keep a close and active interest in respect of educational developments, not only in the United Kingdom, but other possible locations, because at the end of the day it will benefit our children and our future local workforce.

Many parents and educators are continuously asking: how best can we equalise subject choices at secondary level so that both males and females have real equal opportunities? Therefore, in turn, I ask the Minister for Education what is his policy in this respect? The Minister for Education is requested to also bear in mind the following question: do we need to broaden the educational and vocational range of choices on offer to our students with the potential to mix both, especially at post-GCSE educational stage?

Towards the end of August our local students will receive news in respect of what grades they have attained at this summer's public examinations. In anticipation of these examination results the Opposition wishes to take this opportunity to thank all members of the teaching profession, both past and present, who have contributed over many years in a highly professional manner towards our students' successes.

Likewise, Mr Speaker, coming from the teaching grades myself, I know it has taken some 20 years of debate to finally arrive at what seems to be a consensus across the floor of this House, that Spanish will now be taught starting at first school levels – and this will only result in a better and proper bi-lingual community in our own homeland.

250 Mr Speaker, I note that Government continues to reduce the workforce employed within the Housing Works Agency as the number of industrial staff has been further cut from 91 to 70 for this year. In effect what has happened over the last 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. If the number of industrial staff members employed at the Housing Works Agency continues to be
255 reduced, 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? Unfortunately feedback from tenants who have had remedial works carried out over the last few years in their homes indicate that, at times, the quality of the finished product leaves somewhat to be desired. I therefore ask, what assurances can the Minister for Housing offer to existing tenants who are worried that
260 repair standards seem to be dropping?

The visible presence of scaffolding in housing estates for such a long time now leads us to conclude that the refurbishments must be near completion. However, many residents in these estates are concerned at the length of time works are being taken to be fully completed. In some cases concerns are made worse because the quality of workmanship for what has already been completed seems to leave somewhat to be desired. I
265 therefore urge the Minister for Housing to ensure that quality monitoring is strictly adhered. Residents in estates where refurbishments are taking place would even welcome the publication of target dates for different phases to be completed, and I ask on their behalf when will this be made public?

Government pledged that everyone on the housing waiting list and on the pre-list as on 9th September 2011 would be rehoused before the next general election. In order to meet their target Government pledged
270 through their manifesto that they would build high quality homes both for rental and for sale. Despite being in their fourth year into their term in office there has still been no announcement of new homes to be built for rental, which has resulted in great disappointment for those who are unable to afford purchasing their own homes. It is highly disappointing to see that the only new rental homes to be built will be exclusively for senior citizens, at what will be known at Charles Bruzon House. The question of where and when the
275 new rental homes are going to be built still remains unanswered.

In respect of the projects for home co-ownership there is great discontent amongst many applicants on the priority system used to offer these homes for purchase; whereas in respect of rental homes applicants are offered these in precedence order corresponding to the rooms composition for which their application is being considered, this was not the case when it came to home ownership purchases. What in effect
280 happened was that applicants who would only qualify for a one or two bedroom home under rental allocations were allowed to purchase even up to three and four bedroom homes despite this being well above their housing application entitlements. For applicants to be able to purchase on a co-ownership basis homes which are above their entitlement, is not perceived as being fair by many taxpayers, and above all by those applicants with larger families who have been waiting patiently and need larger three or four bedroom
285 homes.

Why are there different rules in respect of the size of homes offered for rental when compared with co-ownership? Will this method of offering homes for purchase under the next phase of co-ownership be repeated yet again? The GSLP Liberal Manifesto commits them to eliminate the housing pre-waiting list but this has not yet happened. Housing applicants would like to hear when this will take effect, more so as it
290 could make a difference as to whether they will be entitled to purchase in the newly-announced co-ownership homes now being built.

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 they purchased becoming now too small for their family needs and the absence of an
295 affordable larger home in Gibraltar led them to seek a property beyond our shores. However, because they have already been home owners in the past, these families cannot file an application for either rental or co-ownership homes. Surely we could find a way whereby we can assist these families to return back to Gibraltar? As the separate housing list for this type of applicants never materialised, can you blame those families who feel rather let down by what seemed to be a concrete promise by Government?

300 Mr Speaker, there is now grave concern among purchasers of the co-ownership homes which should be ready within the next few months. Their concerns are in respect of how purchasers will obtain the necessary mortgage in order to complete the purchasing process of their new homes; unfortunately there are now less lending institutions servicing the needs of our local community in respect of mortgages. I sincerely hope that Government is able to offer some explanations of what its intentions and plans are in order to ensure
305 that mortgages will be available to all purchasers of the present and future co-ownership schemes.

Under their 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. There are still a large number of young people registered as housing applicants seeking their own homes, so I must ask on their behalf why has this promise still not been kept? There is not an in principle objection to the building of co-ownership homes in order to meet the needs of our community, but young people who do not have the financial means are surely entitled to know why the promised new rental homes have yet not seen the light of day. I look forward to hearing from Government what explanations they have to offer these members of our community.

Mr Speaker, it is now customary for contributors to this very debate to offer sincere words of thanks and gratitude before they sit down and finalise their speech. I would like to take this opportunity to echo a bit the words of Sir Peter Caruana this morning whereby we assure everyone that, despite democratic process and debate being offered across the floor of this House, there is real love for Gibraltar when we come together to serve our homeland, and I therefore thank my parliamentary colleagues, both in Government and in Opposition, whom I have had the pleasure to accompany with at Commonwealth Parliamentary Association meetings. It has been a real pleasure to work with them, especially the last two regional and plenary conferences that I attended with the Hon. Samantha Sacramento who does make Gibraltar proud and I look forward perhaps we might even – *(Banging on desks and interjections)* I will say, I look forward because we have been through some hard adventures whilst out in the streets in some countries... *(Laughter)* the next destination could be rather challenging but I know I will feel a lot safer with the hon. Lady as head of our delegation. *(Banging on desks and interjections)*

Mr Speaker, not having a ministry I do not have any direct staff to thank, but certainly I cannot sit down without first of all thanking you, sir, for the way you carry out your office and your staff.

At a personal level, Mr Speaker, you have always made yourself available to me in both an official and unofficial capacity to offer words of advice, to give me your own benefit of the experience of the many years you have sat in this House; in both sides you have held very distinguished offices such as Leader of the Opposition and Chief Minister, and I hope that for many years to come we can continue to share those words of friendship because, unseen by the camera, a lot of work does happen behind the Speaker's Chair.

Likewise, Mr Speaker, the Clerk and his staff always put up with my phone calls when I seek certain information, and so on – and not only do they provide it, but they provide it with a smile; and Mr Speaker, I hope that continues to be the case for many years to come.

Thank you. *(Banging on desks)*

Mr Speaker: The Hon. Joe Bossano.

Several Members: Hear, hear! *(Banging on desks, interjections and laughter)*

Minister for Economic Development, Telecommunications & the GSB (Hon. J J Bossano): Mr Speaker, can I just make a point about the concerns of the hon. Member in respect of the housing repairs?

I can tell him that the use of the contractors is based – I think I had explained it before – on the estimates of the work being produced by the Housing Works Agency, on three quotes being asked, on the work being certified as correct and of the standard required before anybody gets paid. So if he has any information, that does not mean there are not occasional complaints, but I can tell him that there is a very long list of satisfied clients at the same time. So there may be some people complaining, but we have also had very good reports from the contractors. Certainly when there are complaints, the contractor that is complained about is put on notice that unless they improve their performance they are unlikely to get work in the future, and so we have got a monitoring system that is working. But if he hears of concerns and he wants me to look into it, I will certainly be happy to do so.

Hon. E J Reyes: Thank you. I am extremely grateful, Mr Speaker, to the Father of House for having addressed that concern immediately and I will take him up if the need arises. Thank you.

Hon. J J Bossano: Mr Speaker, in considering the Budget this year, I think it is adequate to take an opportunity to look at how we performed since the last election, because of course there will be an election before the next Budget, and we shall have to see whether we are still here at the time of that election or the other side is. Clearly the election is going to be on the basis that either side can win in respect of what the polls may say.

I believe that the record that we have got is one that speaks for itself and in looking at the different areas, clearly the work that we have done in training, employment and economic growth is one that I feel is a key element in the results that we have produced.

Mr Speaker, in the size of the workforce, one of the areas that we have attached great importance to has been concentrating on full-time employment, as opposed to the all jobs figure that includes part-time employment, and that has been a difference between us when they were in Government and we were in Opposition and it is a view that we continue to have in Government as we had in Opposition and we still argue that it is a better indicator for a variety of reasons, including the fact that the numbers in part-time employment do not necessarily mean that they are different people from the ones in full-time; it is the number of jobs and not the number of people that the figure indicates.

One of the elements we need to analyse in the growth of the labour market is the area of employment and the nature of the jobs. We have always taken, as I have said, the view that full-time employment was an important and more effective indicator.

In addition we have looked previously at the job creation outside the construction industry for the simple reason that the jobs created by new construction are cyclically driven by Government-funded fixed capital formation and occasionally by some large private sector property investments. These investment projects can only be carried out by an increase in the size of the construction sector which then shrinks again when the projects are completed and it was this which drove the economic growth and increased employment prior to the 2011 General Election. This has not been the case since.

As I pointed out last year, we were anticipating then growth in the size of the construction sector in 2014. This has happened and is reflected in the October 2014 survey results; however, this has not to date been as much as the number of construction jobs that had been reached in October 2011. That created a distorted view of how much the employment market was expanding, clearly shown once it was reversed in 2012 when large projects were completed. For this reason, I would draw the attention of Members to what is happening in the labour market *excluding* construction, as I did last year, and as a better indicator of the job creation effect of our economic growth.

Last year I informed Parliament that the growth in non-construction jobs was from 18,813 in 2011 to 19,511 in 2012; to 20,774 in 2013; and now in 2014, 21,405. These figures are on the all jobs calculations, including part-time employment from the relevant tables. If we look at the comparable full-time employment, the expansion of non-construction employment since 2011 has been from 15,714 to 18,180 in 2014, an increase of 2,466 full-time jobs outside construction – 15.6% increase in three years. This level of full-time jobs created outside the construction sector compares to the performance of the GSD in the three years before the General Election – that is from 2008 to 2011 – when the number of non-construction full-time jobs grew from 14,580 to 15,714, an increase of 1,134, less than half the results of the last three years amounting to only 7.7%.

That is the numbers in employment outside construction in the last six years show that since the General Election the job creation in the rest of the economy has been over twice the size of what it was in the preceding three years. I indicated this last year, but did not have up-to-date figures to quote when the member opposite suggested that the growth in employment was still being driven by the construction sector, as it had been for three out of the four years of the previous administration. The importance of separating these figures is that we know that the present size of the construction sector is likely to shrink again in 2016, as it did in 2012, and will probably expand later whilst new projects are initiated.

I was able to demonstrate last year, Mr Speaker, how the figures for the increase in Gibraltarian employment presented in the 2011 Budget, prior to the General Election, were incorrect and misleading, based on the results of the 2010 Employment Survey.

If we look at Gibraltarians in full-time employment in 1996, 2011 and 2014, we can judge how our record over three years compares with 15 years of GSD Government.

In 1996 there were 8,207 Gibraltarians in full-time employment out of a total full-time jobs of 11,467. In the 15 years of GSD Government when they boasted of how successful they were in running the economy and creating employment, the record of which they were so proud and which the new Leader of the Party, who regrettably is not here to listen to me, like I was not here to listen to him (*Laughter*) takes credit for – although he was not there then – does not look so good when we compare it with the past three years, and absolutely lousy if we look at the increase in Gibraltarian employment. Here their best year out of 15 was in fact 2011-12, the election year.

In 15 years, the full-time jobs went up from 11,467 to 19,071, an increase of 7,604 – 7,604 more jobs in 15 years; however, in that same period the number of Gibraltarians in full-time employment went up from 8,207 to 8,544 – a miserly 334 increase in Gibraltarians employed in 15 years. Out of 7,600 new jobs, 334 went to Gibraltarians – that is their record.

Up to 2010, when challenged on this abysmal performance, the argument was that we had run out of employable Gibraltarians, we had full employment, that we had exhausted the economically active population and could only have economic growth by importing labour. Not true, Mr Speaker.

Up to October 2010, the increase was 260 in 14 years – an average of 18 to 19 extra Gibraltarians a year. Suddenly in the last year the argument changed: the construction contract policy comes in; priority in cleaning contracts comes in. What had previously been jingoistic nationalism now became respectable,

priority in jobs for our people – the year of the election. In one year, October 2011, we saw an increase of 77 Gibraltarians in full-time employment – in one year. Much better and even better if it had been done earlier.

So how have we performed since 2011 with a clear manifesto commitment of priority in employment for locals? From 2011 to 2014, the Survey Report tabled by my colleague the Minister for Employment shows what this record is. From 19,071 in 2011, the number of full-time jobs in our economy grew to 21,064, an increase of 2,013. However, the contrast with the previous 15 years could not be greater when we see how many of these extra jobs have been taken up by Gibraltarians – the bee in my bonnet that the hon. Member was complaining about last year. These Gibraltarians, who we were being told did not exist or were not out of work, or if they existed it was because they were not employable. These very Gibraltarians went up from 8,544 in October 2011 to 9,293 in October 2014: 749 more Gibraltarian jobs in three years – **(Several Members: Hear, hear.) (Banging on desks)** An average, Mr Speaker, of 20 extra Gibraltarians in full-time employment every single month of those three years. More Gibraltarians employed in each month from October 2011 to October 2014 than they managed to employ in each year of the 14 years they were in Government **(Banging on desks)** from October 1996 to October 2010 when the average was 18 to 19. **(A Member: Hear, hear.)** A record figure which I am confident will continue to grow this year and in the future if we are back, although future numbers will be less dramatic because we have now considerably reduced the unemployment that was hidden but grew between 1996 and 2011... or where else do the hon. Members opposite think the extra 749 Gibraltarians have come from. If the economically active population had been exhausted before 2010 as they claim, how was full-time Gibraltarian employment growing by 749?

In the context of the numbers that I am highlighting to illustrate the point, I am reminded of previous debates on the subject. I note from a recent statement that the GSD gets upset about the way I deal with the kind of rubbish we hear from its present Leader **(Laughter)** and thinks that this has no place in politics. Clearly the GSD has already forgotten how the former dear Leader used to deal with anyone who disagreed with him. When the current dear Leader became the next in line of succession and joined this House, he may remember how his mentor reacted to my arguments regarding the failure to achieve an increase in male Gibraltarians in employment after 10 years of GSD Government. The GSD view then, to which he was a party, was that the male Gibraltarian population was static and never went up. It was not a failure to provide jobs that was a problem; it was a failure to produce Gibraltarian males. Births did not exceed deaths.

The Gibraltarian population resident in Gibraltar was 19,825 in 1981 and 20,022 in 1991 – a very small increase of 197 in 10 years. This was not evidence of an ageing population and low birth-rate – the implication of the GSD Government from 1996 to 2010 – to explain away falling levels of Gibraltarians in employment. The failure of the population to grow between 1981 and 1991 was almost certainly due to net migration, but this changed later and less Gibraltarians left and more came back. In the decade from 2001, it grew by 2,860 and the census tabled last week shows a further increase to 25,444 by 2012 to 2,562 more Gibraltarians in a period of 11 years.

So from 1991 to 2012 the Gibraltarian population went up by 5,422 in 21 years – 15 of those 21 years under the GSD government who defended themselves in the House by saying that the population was static and that we had exhausted the local labour supply. Well, if it had been true, then the number of Gibraltarians would only have grown before the GSD – that is in 1991 to 1996 – and after the GSD since we came in in 2011 and up to November 2012 in 11 months. If this had happened, this would not constitute a normal demographic pattern, as the Chief Minister argued.

What this would show, if it had happened, would have been that something very wrong was taking place under the GSD administration. It would have implied, Mr Speaker, that we had an outflow of refugees escaping from the regime, as is happening in other parts of the world.

Chief Minister (Hon. F R Picardo): The love index was down!

Hon. J J Bossano: However we are not suggesting that this was so; the simple explanation is that what they were accusing me of doing, which was manipulating the statistics and lying, was in fact what they were doing. They were twisting the facts to suit their political objectives and defend themselves against their failures.

They did it in Opposition before 1996. They did it in Government between 1996 and 2011, and they have carried on doing it since in Opposition, to this day. **(A Member: Disgraceful.)**

My argument, the House was told, was a complete distortion of the statistics, which I was putting to an obscene political purpose! *Obscene*, Mr Speaker! Never mind the Soviet Union, Mr Speaker. If we had been in North Korea, for the offence of disagreeing with the Great Leader's interpretation, I know what my fate would have been! Even though the Great Leader was quoting figures which actually went against the argument he was using of zero male population growth. Male Gibraltarians in employment had in fact fallen below the 5,618 figure of 1996 every year to 2005, and then shot up to 5,718 the year he put his

arguments, having been previously as low as 5,168 in 1999. This loss of 10% of Gibraltarian males was said to be a demographic change, not a change in employment levels, as if the 10% of our male Gibraltarians had been eliminated Korean style.

In spite of this comparison with the style of the past, given the Hon Member's sensitivity, I will try in the future to be even more gentle with him than I have been in the past.

Mr Speaker, I have said at the start of my contribution that the relationship between employment and economic growth is two way. Setting targets for economic growth as the foundation for a four-year economic plan has been an integral part of the GSLP approach for securing our country's future from the start of the life of the party in 1976.

When we took office in 1988 the national income was £152 million. This figure which formed the base line, from which we measured our progress, had been validated by a study using input/output methodology which confirmed the estimate of the previous government.

Between 1987-88 and 1996-97 the size of our economy grew by 132%, which represented an increase in output and a higher level of national income of the order of £200 million to reach £352 million.

In 1996-97 the calculation by the GSD administration was also confirmed by an input/output study.

In those eight years, the critics of the GSLP used to question how it could be possible to achieve this level of growth and accused us of having a secret economic plan which we would not reveal.

Well, Mr Speaker, I find this extraordinary and something which you would find nowhere else in the world in terms of the positions adopted by political alternatives. This is that the party that puts before the people a set of specific policies which are quantifiable does not have an alternate option from another party, putting different targets. What we find is that the alternative party campaigns on the basis that it has to have an explanation given to it as to how our targets are going to be achieved. That is the experience we have had in fighting elections – unique in Gibraltar.

An example to illustrate the point, Mr Speaker, is that if you look over the years, others have promised to build more houses but never delivered. We have always said how many houses we intend to build, giving the number. The debate then becomes centred on our manifesto and whether it is affordable, how are we going to be able to deliver it, and where is the money going to come from.

This is what happened in 2011 and what has been happening until recently – until yesterday – when the Leader of the Opposition for the first time set out his ideas on the Public Debt on television, which appears to be what he will be committing his party to when the election takes place between now and the next Budget. He actually put some proposals.

I believe this is how it should be. If the Members in Opposition believe that they have alternatives which are better than our policies, they should spell them out, so that our people can exercise their choice between policies.

Between 1996 and 2011, our targets for economic growth were always ridiculed by the GSD. Even when the targets we were setting were actually being achieved under them. An indication of just how economically illiterate they were, considering they did not even realise that the growth figures being quoted by me, and rejected by them as 'pie in the sky', were the growth rate that was actually happening under their very noses!

Mr Speaker, the revised calculations for GDP published this week are the result of information obtained from the 2012 census being taken by the statistics office to recalculate National Income Estimates. I take this opportunity therefore to point out that in 2007 on the eve of the elections, in the final debate, the Leader of the GSD said that had he realised that my projection, for economic growth was written into the manifesto, specifying the amount, he would have rubbished it even earlier. My supposedly outlandish projection was £800 million in 2007-08 rising to £1.2 billion in 2011-12. A back-of-the-envelope calculation, I believe was how it was described.

So now we have in 2015 the final updated figure, taking the most recent information from the census, which is much more accurate than the one historically produced before, and now one can see how far out I was.

Instead of £800 million, it was £806 million in 2007-08; and the growth, instead of £1.2 billion reached £1.201 billion, in 2011-12. Clearly I will have to do better than this, Mr Speaker. *(Laughter and banging on desks)*

In the 2011 General Election, we relied on revised figures and produced estimates for the current four-year cycle based on the information that was available. Assuming the level of the GDP for 2011-12 to be of the order of £1.1 billion we projected its growth by 50% to reach £1.65 billion in 2015-16, the current financial year. Given that we now know that the figure was £1.2 billion in 2011-12 we would expect 2015-16 to reach £1.8 billion. Indeed the figures that have been published this week suggest that the original estimate of £1.65 billion could well be the final outcome for 2014-15, in which case it is not unreasonable to expect that the current year would produce a result of £1.8 billion.

For the future to manage the same rate of growth would require that our GDP should then go from £1.8 billion in 2015-16 to £2.7 billion in 2019-20.

This might be a demanding target to aim for and we shall have to consider what the target should be as we get closer to the date of the elections. But Members can be certain that we shall be setting out a specific target on economic growth as we have done in the past. (*Banging on desks*)

Although the GSD position in November 2011 was to declare it impossible to achieve, I was glad that the hon. Member Opposite – he is not opposite, but metaphorically! (*Laughter*) – in the first debate that took place on Workers Day 2012, accepted that it could happen and indeed went so far as to say:

‘the GSLP in their manifesto committed themselves and promised that the economy was going to grow by 50% over the next four years. Now if they deliver on that particular promise’

– which we have –

‘they are going to be creating hundreds of jobs.’

– which we have –

‘Look, I’m not here to wish the GSLP not to succeed with that enterprise because at the end of the day I’m a Gibraltarian and for the sake of myself, my children and the rest of Gibraltar we want them to succeed.’

So I am glad that the Leader of the Opposition has the satisfaction to see that we have done what he wanted to see happen. We have succeeded.

After which he went on to say we have to analyse the reasons why people are unemployed and for example, the position of those on Social Security. Well, what he was saying is exactly what we have done. We have reduced the numbers of persons on social assistance from 533 in December 2011 to 422 in June 2015, a reduction of 121 in the number of persons relying on social assistance as their only source of income, which represents a 22% decline in three years.

This has been done by providing opportunities in the training for employment programme and the result is that this reduction is reflected in the increases in the number of Gibraltarians in employment which also includes others who whilst not on social assistance were not previously registered as seeking employment and were deemed not to exist.

The hon. Member said this is what they were planning to do if they won the 2011 election. Now I accept that he was not there in any previous election before 2007. But saying that the GSD was going to start doing things after 2011 which they had not committed themselves to in their 2011 manifesto and which they had failed to do in the previous 15 years, when he was not there, is hard to swallow. Especially indeed when they argued that either it was not possible or else it was not needed.

The growth in the economy does not necessarily require an equivalent increase in the number of jobs, as he implied. The growth in the GDP from 2007 to 2011 of 50% was not accompanied by an increase of 50% in the workforce.

To do the correct analysis of what is happening with the numbers in employment in the context of economic growth, we needed to remove a big chunk of the part-time employees shown at the time as community officers, no longer reflected in the statistics. I have explained before why this was an artificial figure, distorting the picture that had been used by the previous Government as evidence of the effect in employment levels in terms of the number of Gibraltarians.

Indeed, in the same debate in May 2012, the Member Opposite claimed that they had in a 15-year period increased the national income by 300% and the jobs by 8,000. Something of course which he had nothing to do with and in any event the figures were incorrect.

For the record and so that it is understood, let me explain why community officers with a monthly allowance from community care were not part of the workforce, apart from the fact that the charity argued this at an Industrial Tribunal.

In economic terms, the 650 to 700 Gibraltarians are in the main persons with full-time jobs already included once in the statistics. This happened from the time the GSD asked the charity to expand the scheme and make it available to all 60-year-old males and not just to unemployed persons aged 60 years plus, who were having difficulty in finding employment, namely the previous category. The effect of the change was a huge increase in the number of community officers. This was not accompanied by any increase in the available work which did not expand to meet the availability of the extra community officers.

So it is *not* the case that the contribution to output increased, when the numbers went up from 45 to 700, and therefore the output of our economy was not affected. So although there are some 760 part-time community officers currently doing a few hours a week for community care, they do not appear in the employment survey reports that have been tabled as part-time workers, for the reasons that I have explained, but many of them do appear once as full-time workers anyway.

600 The economic growth has given rise to job creation, but to avoid what was happening before 2010, we have implemented as intended the GSD initiative announced that year requiring priority for local labour on Government contracts and we have overcome the excuse of contractors regarding trainees not being suitable or experienced by providing a link to the training programmes that applicants were required.

605 The one important factor that has contributed most to the increase in sourcing local labour to fill the increase in jobs available, has been therefore the introduction of the new training programmes which replaced the vocational training scheme (VTS) operated under the GSD.

Our manifesto commitment was that this initiative would be introduced by no later than February 2012. Demanding as the target was, it was met and those previously on the VTS were offered training employment contracts on the national minimum wage. All those on the waiting list and those already in the discontinued scheme were taken on during February.

610 There were two elements in the strategy. The first was that trainees were placed in the private sector with employers who entered into a business partnership agreement with the training company. This required the placement provider to commit to employment at the end of the training period. The training contract and their placements have been subject to a one-month probationary period, followed by a number of months of training, dependent on the nature of the work and its complexity, and the level of experience held previously by some of the trainees.

615 The second element in the new approach has been that the nature of the training is demand led. Indeed without this factor it is difficult to see how employers could be required to commit to employment on completion of training.

These two aspects were to secure the success of the training in achieving employment.

620 On the supply side, the payment of the national minimum wage has meant that it was much more attractive than its predecessor, and could be offered to unemployed persons across the spectrum, given that the national minimum wage is in fact the private sector rate of pay for most semi-skilled jobs on offer through the Employment Service.

625 Initially the Member Opposite found fault when the programme was barely one month in operation in March 2012. Only 5 employers had committed to employ their trainees and I was invited by the Leader of the Opposition, then Employment Spokesman to acknowledge that the scheme was a failure, so anxious was he to see it fail.

630 The first year was not withstanding what I have said, a difficult one. We had trainees to whom we had a commitment, but who had not been pre-selected to train them for a particular set of skills, as the old VTS was not demand-led.

This created the problem of having to recycle the trainees through different jobs until suitable positions could be found. Many of them had been placed in the private sector and employers told us that they were not able to offer employment because in the majority of cases they claimed that they were taking trainees for non-existent jobs, as a sort of public service and because they came free.

635 The approach seemed to be that it was better to have people in so-called training in non-jobs, than registered seeking employment. Indeed, those on the waiting list for the quota of available funding at Bleak House were not at the same time permitted to register with the ETB as seeking employment. They formed part of the 'non-unemployed' jobless element, which allegedly did not exist.

640 To address this problem a number of those placed in the private sector were moved to the public sector on the clear understanding that they would not be given preferential access to public sector vacancies, as I have made clear in answer to questions on a number of occasions. This is despite the fact that there were cases of persons who had been on the VTS allowance for many years, though it was supposed to operate on a six-month cycle.

645 By 13th January, however, the position had begun to stabilise with declining numbers in the public sector and increasing take-up from private sector employment.

At the time the Leader of the Opposition, as Employment Spokesman, claimed that the results of the first year in terms of obtaining employment at 28% was no better than what had been achieved by the GSD VTS programme, which he claimed was of this order. Again clear evidence of his attempts at belittling what was being achieved.

650 In fact in 2008, the then Minister for Labour – whose name I will not mention because if I do the Members Opposite will say I have a vendetta against him – went further. He said in his Budget speech that more than 30% of the VTS trainees placed in the private sector found full-time employment in the first year. A figure for which I have found no evidence in the employment records of former VTS trainees in that year. Though of course, the year of the over 40% was not identified in his contribution.

655 By contrast I am happy to report to the House that the success rate of the training for employment programme is now 69%. That is, of the 1,722 who had completed their training by April this year, or left for other reasons, 1,181 were in employment after leaving the training programme on completion. (*Banging on desks*)

Mr Speaker, he, the then Minister, told Parliament at the same time and in obvious contrast to the success rate he had just claimed, that our young people only aspired to higher education and at university level.

A Member: Doesn't want to hear it!

Hon. J J Bossano: That few, he said were interested in vocational training. Few, he added, even with low academic ability, wanted jobs in catering, hotels, shops, bars and restaurants, or even apprenticeship schemes, contrary to what we in the Opposition believed and what they seem to believe now, now that they are in Opposition.

He asserted:

'the Gibraltarian unskilled workforce cannot, nor does it have a desire to compete in the sectors of employment with workers from the new EU states and the developing world'.

An analysis totally reversed two years later and just before the election when he introduced sanctions in public contracts requiring employers to engage unemployed Gibraltarians, which he had claimed were not interested in the jobs.

Perhaps Mr Bossano should educate himself by reading what was said in the GSD years when he says there were agreements in place between major private-sector employers and the Employment Service to provide apprenticeships, which he claimed had been terminated by me in December 2011. This of course is a complete falsehood and I challenged the Member to publish the names of these alleged private-sector employers' agreements, which he has been unable to do because of course they do not exist.

The only entity he could quote was Gibtelecom, which is public sector in pay and conditions and was 50% publicly owned and even they did not guarantee employment after training under the GSD. The one he did not mention was Cammel Laird in respect of the Dockyard Training Centre, and the arrangements there continue to this day with Gibdock.

In 2008 the GSD Minister also admitted that there had been a shortage of craft and technical skills, which had resulted in most of the jobs in these areas being taken by workers from abroad – what I have been saying for years.

To address this, after 12 years in Government, the GSD decided to bring together the Construction Training Centre with Cammel Laird and Our Lady of Europa Training Centre, to deliver what was described as a more ambitious training programme in a more cohesive manner. A key element in this project was the co-operation of employers for job training placements and future job opportunities.

However, other than the announcements there is no evidence that then or in the years that followed that anything new materialised either in training or in the private-sector-based apprenticeships.

The increase in jobs created by the growth in GDP between 2011 and 2014 meant not just organic growth from existing employers whose business expanded, but also a net increase in the number of employers, adjusting for those whose business activities ceased in the intervening period. This is reflected in the number of returns of the employment survey questionnaires, which was 1,770 in 2014, compared to 1,445 in 2011. Of the 325 increase in returns, 41 were in the Construction sector, almost all being small start-ups with under five employees.

As you would expect, Mr Speaker, the fact that we have been training more people and that they have obtained employment has been reflected in the number of jobs which is up and the number of unemployed which is down.

Although again this was considered impossible to achieve, by the end of 2014 the quarterly average was 268 unemployed. The December figure at 228 was at the time the lowest ever – lower now. The number of unemployed Gibraltarians registered with the Employment Service continues to be below the 300 figure, which is what the GSD government considered to be the lowest level reasonably attainable.

In increasing Gibraltarian training opportunities and employment levels, we have ensured that more of our citizens receive some of the benefit of a growing economy. As well as creating more jobs, we have increased the national minimum wage every year even faster than the commitment in our manifesto. The minimum wage was £5.40 an hour when we were elected into office in 2011. It increased to £5.70 in 2012, £6.00 in 2013 and £6.15 in 2014, and is due for an increase this year again.

Our approach to training, in addition to demand-led employer base, has been from the start led by a scientific analysis of the skills market.

There was a commitment to carry out a skills audit of the labour market in the first quarter of 2012 to produce the action plan from April 2012. This was carried out within the timescale, using the only source of information that was then available which was the employment records held by the Employment Service which provided a breakdown by trade and industry of the skills base.

715 Having identified the areas dominated by imported labour from the reports of the previous Employment Service and indeed from the analysis explained in 2008 in the House by the previous Minister, the work was started in the construction sector and I have already in answer to questions in the past given examples of this.

I have also said that the new census questionnaire would contain detailed questions on the skills set of the resident population, which would be used to contrast with the data from the employment records.

720 The census, as Members will know, was due to have taken place in 2011 but was delayed, and we proceeded with it in 2012.

725 The more extensive questionnaire made the work of analysis and tabulation with much more information more time-consuming, and I am grateful to the dedicated team at the Statistics Department for having done an excellent job of providing us with the most detailed analysis of the skills distribution in the economy that we have ever had, (*Banging on desks*) which will be very useful for planning the future training for Gibraltar by identifying the areas with the greater skill shortages in terms of local labour. These tables provide classifications with nationalities and age breakdowns. So we also know the age profile by trade.

730 The initial work done by the research section in my Department in compiling tables based on employment records, which gave clear indications of the areas in which we should provide training. In the construction sector this information is classified by employer, by nationality and by age.

In terms of nationality, what we found in 2012 was that Gibraltarians constituted 26% of the scaffolders; 13% of the steel erectors; 58% of sheet metal workers; 29% of the welders; 48% of plumbers; 22% of pipe fitters; 6% of plasterers – which is why we started in that area; 26% of painters & decorators; 38% of woodworking trades' labourers; 42% of labourers in other trades not classified; 9% of brick layers; 23% of carpenters; and 26% in other construction trades.

We took this into account as well as the vacancies registered by the private-sector employers for which it was difficult to provide local candidates, in the training offered.

740 We also introduced training programmes and the numbers of participants in other areas have been: in hairdressing, 5 participants; the Care Training Programme, 228; in bookkeeping, 34; Police Cadets, 11; engineering trades, 45 – which includes motor mechanics; construction trades, 143, bus driving licences, 17; ASDAN, 16 trainees, and customer care training, 55.

745 I can of course understand the difficulties Members have in accepting that we have achieved more in three years in the areas of growth, training and employment than was achieved in the previous 15 years under the GSD. Mr Bossino in last year's Budget and on some other occasions has asserted that people are now in dead-end jobs, following training, because of course he is forced to admit that they are now working, so he needs to switch his criticisms. Before it was that they were without jobs.

750 They were all given glorious careers in the 15 years of the GSD, we are expected to believe, even though he seems to know very little about what went on in those 15 years. The Construction Training Centre which was initiated by the GSLP produced the greatest number of trainees in 1996 when it was opened and progressively less every year since, until after 2011.

Of the 493 trainees who joined up during the 15 years of the GSD, 369 left without any qualifications – 369! Eleven with a level I; 90 with level II; and 23 with level III. Twenty three in fifteen years!

755 Since 2011 the details already given in answers to questions, show how many more have been successful compared to what was being done before.

In these as in other areas, it will make absolutely no difference to the criticism by the Member Opposite, that we have provide have logical explanations or that we will give him the figures. He clearly feels that he has to earn his salary by arguing that things are not happening in the field of training or elsewhere, even when the information provided shows the opposite.

760 The hon. Member last year also criticised how we were going about doing the Skills Audit. Well look, let me remind him what the GSD view in government was, as regards what the Opposition was entitled to question. They used to say, 'If I have something in my manifesto which you didn't have in yours, then you have no right to criticise how well or not I am doing it, because if you had been elected you would not have done it at all.' Very logical.

765 So the answer is that if the Skills Audit, which they did not do in 15 years and has been done in the last three, and is not to the satisfaction of the Member Opposite, he has got no right to judge how well it is done, because if he had been elected, he would not have done it at all.

770 What is clear is that the Hon. Mr Bossino thinks that the information he seeks is only for the purpose of him going through it to see if he can find an excuse to criticise. The biggest blunder he made in this respect has been to criticise me last year for reducing the number of civil servants in the Employment Service from 38 to 14.

775 Well, Mr Speaker, this from a person in an Opposition which was criticising us because they were saying the Civil Service in 2012 had been increased so much that it was bloated, as it was put to me at the time on GBC! Now they are saying as a party that the public sector is the only area where the number of

jobs is going up because the private sector is down, which of course is not true. None of it is true – but that is not relevant in the statements of the Members Opposite.

However if they were so concerned that the Civil Service numbers are going up at a rate of knots that we cannot afford, then why does he criticise me when he thinks I have done the opposite and brought them down?

In fact the example that he quotes displays a level of ignorance, for which it is difficult to find a comparable example in anything any Member of this House has said in any of the 43 Budgets in which I have participated.

I explained to the House that there were 22 to 24 newly recruited AAs who had been parked at the ETB at the beginning of the financial year, pending their allocation to other Departments, before the numbers went up. I then confirmed a year later that I had now lost all of them, bar one who was still in the Department and that is what the figures reflected.

Is the Member apparently not aware after three years here, that the civil servants are deployed wherever they are needed in the different Departments and that the requirements of the Departments change, that this produces some Departments gaining staff and others losing them from one year to the next?

If he has not even learned that little in three years, then he has got a long learning curve ahead of him before he starts making a worthwhile contribution to the debate in future Budgets.

Of course, he can always emulate his colleague Mr Netto for his next Budget speech, who I understand provided a great deal of his analysis of the estimates of expenditure by explaining the relationship between the money we are voting for spending in 2015-16 with what he has done with his life in the last 30 years. (*Laughter*) And especially all the things that he found wrong with me and the GSLP government before 1996.

Mr Speaker, given that the Hon. Mr Netto has decided to bid the House farewell, by showing what a harsh critic of mine he is, I feel I owe him the courtesy of reminding the House of some of his more idiotic interventions of the past. (*Laughter and banging on desks*)

In 1998 he tabled a censure motion against the Opposition and in trying to justify his argument, he brought to the Parliament a civil servant loaded with printouts of all the computer records of the GSLP administration from the Employment Service. He was trying to prove that the published unemployment figures did not tally with the records. That is until I intervened to point out to him that in fact what he was accusing us of was over-recording the level of unemployment. He was in fact accusing us of publishing higher numbers of unemployed than was really the case.

At which point the penny dropped, and the Chief Minister wisely turned round to him and told him to shut up and sit down. (*Laughter*) A vivid picture I have in my memory.

In his brief role as Employment Minister, he was also notorious for doing what he tried to accuse Pepe Baldachino of having done: that is he changed the rules at one stage so that ladies seeking part-time employment should not be allowed to register and count as part of the unemployment levels.

He argued that these ladies only wanted to work part-time and could not really be treated as genuine jobseekers, and that there were some who only went to register for example if they heard that there was a job in Safeway or elsewhere in which they were interested. This unique interpretation of the criteria for unemployment was short lived.

But perhaps his greatest contribution to economic theory and employment practice came when he started issuing press releases showing the numbers of people that had been employed in a particular period, at the end of each month, or each quarter, and then in the same press releases he went on to argue that these numbers finding jobs was evidence of the growth in the employment market that was expanding and without doubt, by implication, the rate at which the economy was growing – however having admitted from the equation those who were terminating their employment and leaving the jobs market. Of course, had this interpretation continued unchecked, we would have in the fullness of time finished with the whole of Europe as our workforce.

Of course, that was before he became a philosopher, which I thought might improve the quality of his interventions in the House, but it has only done so in relation to him quoting political philosophers. Last year, it happened to be a Machiavelli and he got it completely wrong in the explanation that he gave. So I am sorry to say that even the philosophy degree has not done him any good.

I was otherwise engaged, Mr Speaker, and was not able to enjoy his presentation, but one thing that apparently was missing from his account was that he came to see me as Chief Minister when he visited Gibraltar at the time he was living in Wales. He did not come to my office at No. 6 to pay a courtesy call, still less to tell me all the things I was doing wrong. No, Mr Speaker, he came to tell me that he was interested in applying for the job of branch officer in the TGWU, but would not do so unless he could count on my support, which I gladly gave. (*Interjections*)

Hon. J J Netto: Mr Speaker, he is imputing allegations of me which are completely untrue! I did not ever say to him that I was coming to Gibraltar because I needed his support for the vacant post of branch

officer of the then TGWU. I did not need his support – at all! I came to Gibraltar, I campaigned for the job without his support at all, and I was glad to get the vast majority of the members of the TGWU who voted for me and that is how I got the job.

840

Hon. J J Bossano: Well, I do not know whether his memory is as good as mine, but I have got a very clear recollection. I did not tape him when he came to my office at No. 6. I am telling the House that that is what happened and that is where he came in. And I am telling the House this because I feel, Mr Speaker, I feel I have to say, given that but for that exchange, according to what he told me, he might have stayed in Wales, and I feel I have to own up and take the blame for this, and say to all those people who have in the last 30 years had to put up with him, *‘Mea culpa’*, Mr Speaker. What else can I say? Another minus on my CV for having been responsible for attracting him back to Gibraltar.

845

Mr Speaker, the level of economic activity, (*Interjection by Hon. Chief Minister*) our growth is assisted, or not, by what the Government itself does with its revenue streams, including the proceeds of debt.

850

I have often argued from the Opposition that independent of the level of debt that is placed as maximum by reference to either revenue or national income, a more relevant consideration is the use to which the money is put, as I explained in the 2010 debate when the threshold was raised by the Government and we supported it from the Opposition.

855

If money that is borrowed is deployed in the local economy and it stimulates economic growth and yields benefits that cover the servicing costs, then it is worth doing irrespective of other considerations. It is clear that the debt level is an issue about which there are serious differences between us and the Members Opposite. So what is the Public Debt today and what is the policy of the Leader of the Opposition on Public Debt?

860

When he talks about debt is he talking of aggregate debt or net debt, which is the discussion that dominated the 2011 elections and became the mantra of the GSD in 2010?

The Public Debt of Gibraltar was first limited at a finite figure of £100 million, and this was changed by a formula which happened to be what the Foreign Office requires the other colonies to adhere to and we have chosen to apply voluntarily.

865

The criteria of 40% GDP or 80% revenue, whichever produces the lower threshold, was applied to the aggregate debt initially, and then when the increase in GSD debt hit the ceiling, the ceiling was raised by changing it to apply to net debt. There is no longer a legal limit to aggregate debt. So when the Leader of the Opposition says that they will adhere to the legal borrowing limit, he can only be talking of net debt.

870

Well, Mr Speaker, the net debt as defined by the GSD law, which the former Chief Minister pointed out in 2010 I had sensibly supported, when he brought the matter to Parliament, and as applied by the GSD from that date, currently produces a figure of around £400 million. So if the net debt is £400 million, it takes some kind of miracle to reduce it to £450 million.

The figure based on the position in January when the Treasury prepared the estimates, projected the net debt at £375 million, which is the figure shown in the Estimates Book.

875

Incidentally, Mr Speaker, the Backbencher was incorrect when he said last year to the Chief Minister, ‘of course, having driven me from office on the basis for all intents and purposes of having promised 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 what they have done isn’t because what we had said was impossible that they have made possible. It was because they have done what they said in the election campaign they would not do – which is to increase net public debt.’

880

Well, there was no commitment on public net debt in the manifesto or in the election – we never mentioned net debt – which was left by the previous Government with a £20 million margin before it hit the legal limit, which became £2 million as a result of pre-programmed spending reducing the cash reserves. So even if we wanted to have a higher figure, we could not have it.

885

The Backbencher knows this and admitted it at the official opening when he offered his support to lift the ceiling of the net debt prepared for him before the general election.

So the only target that there can be on net debt is that it should be below the legal limit, because it is not a matter of choice. It has to be under, unless this House approves a breach of the stipulated maximum by motion.

890

The debate in the election was that we would reduce the aggregate debt from the figure we inherited which was £520 million, and this we have done so far. What the debt happens to be with the formula providing the legal limit changes on a daily basis, as receipts and payments are logged by the Treasury, under the system known as TAS. The same system has been in place for as long as I can remember, to arrive at cash reserves.

895

The Member Opposite insists, for his own partisan political purposes, on redefining the composition of the Public Debt by reference to the short-term cash movements which as I clearly demonstrated to him at Question Time shows the ebb and flow of cash in and out of the Treasury.

Thus, in 2012-13 cash deposits advanced to the Gibraltar Investment Holdings by the GSB Special Fund, for example in April were £37.6 million and in the same month £12.5 million was repaid. In May £6.7 million was advanced and in June the advance was £6.8 million and the repayment £40.7 million.

The Member Opposite wants to know how it was repaid. Well, Mr Speaker, if he did not understand how the system worked when he was in Government, he can hardly expect me to explain it to him so he can understand it in Opposition. But presumably he must know what the position was at the close of that financial year, in terms of liquid reserves for 2012-13, because these accounts are published and in his possession.

In case he does not remember, or he has not noticed, or has not been advised by his coterie of experts, or what someone less generous than me might describe as a cabal of GSD activists, which he claims he has gathered around him, let me remind him what the figures are: liquid reserves – 1st April 2013-14: £256,440,348.02.

In other words, Mr Speaker according to the most recently published audited accounts of the Government, we were not ‘skint’ – or at least not quite skint; in fact, some £256 million away from being skint. Ergo, to use GSD newspeak, ergo, far from being skint, we were a long way from being in that position.

Well how close were they to being ‘skint’ by comparison? The same audited accounts for 2007-08, the start of their last term in office, liquid reserves on 1st April 2008 were £72,862,167.38 million, almost £200 million closer to being skint than us.

The next year 2008-09, they became apparently less close to being skint. The liquid reserves in the audited accounts gave us £142,105,153 million, on 1st April 2009. However, during the course of that financial year they borrowed £98.7 million and therefore their liquid reserves would have been £44,445,154 million without the borrowing.

The year that followed, 2009-10, the liquid reserves are shown as £252,366,162 million, as 1st April 2010 – getting closer to our level. However this was the result of borrowing during that year of no less than £197.2 million. But for this, the liquid reserves would have been a low £55,166,162 million.

In the run-up to the election, in 2010-11 the liquid reserves are shown as having grown to £279,963,143 million by April 2011. However, again, new borrowing in that year came to £91.5 million – in effect without which the figure would have been £188,463,143 million.

Double ergo, Mr Speaker, they were closer to being skint on more occasions in their last term of office, than us.

Not only has the Leader of the Opposition announced that if he were in Government he would bring down the debt to the maximum legal limit at £450 million, but he has said he would do this by cutting overspending to the tune of £50 million every year from Government Departments. Well, clearly, this refers to the recurrent budget of Government Departments on which he will be voting this week.

The fiscal policy of the GSD is now based on two false premises: (1) there is net debt of £800 million, which is £350 million above the maximum legal limit; and (2) there is an annual recurrent overspend in Government Departments of £50 million which can be cut.

I have already informed the hon. Member that the estimated net debt is around £400 million, so in fact he can increase it by £50 million to reach the legal maximum. Secondly, the £800 million is presumably arrived at by adding the cash deposits from credit finance which are being reduced on a month-to-month basis and will continue to be reduced without any departmental cuts in expenditure. (A Member: Hear, hear.)

If targeting the debt level in cash instead of as a percentage of GDP is the present policy of the Members Opposite, then I have to assume that the present Leader of the GSD does not subscribe to the often repeated view of by the former Leader of the GSD who always argued debt targets in cash as opposed to by reference to the size of GDP is evidence of economic illiteracy. Let me remind the hon. Member of the policy to which he was a party as publicly stated in 2010: ‘The size of the debt is not by whether it is £1, or £50, or £5,000, but by how rich you are. It is completely economically illiterate to say that the Government owes £100 million.’ So, either he is now completely illiterate, or his predecessor was talking nonsense.

Something else that was said in 2010, which definitely was total nonsense was, and I quote:

‘The public debt in Gibraltar now, with all the Government borrowing, with all the Government projects, that it is doing, is smaller as a percentage of the size of the economy of Gibraltar than in 1996 when we first came into office.’

Well, Mr Speaker, in 1996 the *aggregate* debt, aggregate, was £65.68 million. The concept of net debt did not exist and was invented in 2010 because the aggregate debt had already reached the legal limit. However, if the cash in all the piggy banks that the then Chief Minister emptied after 1996 had been offset against the £65.68 million, as was the practice from 2010 onwards, for the purpose of calculating the net debt, the resulting net debt in 1996 would have been zero. So how could the then Chief Minister argue in

2010 that the net debt was lower than in 1996? An impossible concept of negative debt, whether expressed as a percentage of GDP or otherwise.

955 Be that as it may, the £50 million of overspending that the hon. Member claims he will cut does not exist. If departmental overspending is – as it has always been understood – the amount by which the outturn exceeds the approved expenditure, then in 2014-15, in the Book before the House, the so-called overspend is £6.723 million or 1.57% of the Budget approved a year ago, which totalled £427.11 million.

960 £5.142 million of the £6.723 million was the increase in the budget of Head 2, which works out at 33%, not 43% over budget for No. 6 Convent Place. But it is totally meaningless, other than as a propaganda tool, since there is no reason why spending in one head should not be above budget if the other heads come in under budget, as can be seen. The bottom line is that there is no £50 million total departmental overspending for the GSD to cut.

965 Maybe the hon. Member would like to take the opportunity to start the process this year by telling us at the committee stage as we go through the heads, which are the ones he is going to start cutting to get the £50 million. Or maybe he can explain why he did not do it before 2011.

The departmental overspending in 2013-14 was £12 million, from £392.7 million to £404.7 million – all of which was accounted for by the Utilities Head, which includes fuel costs, which went up from £48.7 million to £64 million, an increase of £15.3 million offset by savings in other heads of £3.3 million.

970 In 2012-13, the approved budget was £371.2 million and the final expenditure was £371.7 million; £0.5 million over budget. That is £500,000 – £½ million, not £50 million over budget.

The worst year was 2011-12, when the approved budget was £316 million, and the result was £332 million – an overspend of £16.2 million, which they had been running for nine months of that financial year.

975 Their last full financial year, 2010-11, is difficult to decipher, Mr Speaker, because it started off with an approved budget of £181.3 million and finished up with £297.5 million. The overspend of £116.2 million, happily, gives a misleading picture, because that was the year that they started integrating the agencies, authorities, etc. which were shown separately at the beginning of the year and were subsequently integrated retrospectively.

980 This was ostensibly to provide more transparency and accountability, although it did no such thing because no additional information was provided. However, what it did achieve was an inflation of the revenue figures for the purpose of calculating the legal maximum debt, which was already hitting a ceiling and stopping the GSD from borrowing even more money. Even if allowance is made for this, the overspending was still greater in the last full year of the GSD control of public finances than in any period since 9th December 2011.

985 Of course, there may be a simpler explanation as to why the Leader of the Opposition thinks he can cut £50 million every year from the departmental recurrent expenditure budgets – which is that instead of looking at the figures in the Estimates Book, he is looking at the graph which I am told has been placed by his supporters on Facebook. Mr Speaker, I have, to assist Members, brought a copy of the graph – I only need to send three over there, because there are only three of them left now; and they are available for Members on this side! – which compares the graph with the official figures.

990 The charts on the Departmental Recurrent Expenditure, which is the version attributed to the GSD, show that there is a level of expenditure in 2014-15, and an estimate for 2015-16 which produces increases which are totally at odds with the figures that we are voting in this House. I do not know whether the hon. Members, when they come to vote the Appropriation Bill, believe that they are voting for what the Bill actually says, which is for departmental expenditure this year of 453 million – which is what they are being asked to approve – or what the GSD claim they are to be voting for, which is £560 million.

1000 The charts when compared with the actual figures produced by the Treasury, in terms of the forecast out-turn, and in terms of the estimates for last year and this year and the preceding years, which are audited accounts, show that in their calculations the audited accounts for 2010-11 shown in blue in the chart is the same in their calculation and in the book, which is when they were there. The same happens in 2012, but it starts changing after 2012-13.

1005 Well, if the hon. Member thinks that what he is really voting for is those figures, then in fact he does not have to limit himself to £50 million, because the discrepancy between their calculations and what we have got in the book is £140 million. So instead of saying he is going to pay back £50 million, he can pay back £100 million, and have £40 million to spare for something else!

1010 I assume that the hon. Member is familiar with what his party and its activists that he loves so much are up to. I do not know if the fact that the chart purports to show levels of departmental expenditure is an indication that his recently recruited experts are the authors. If this is indeed the case, then in this area they are no experts at all; or they know that the information is false, but they do not care – so they have expertise, but they have no integrity.

For ease of reference, having distributed the pages that compare the two, I will now put on the record the information.

Departmental expenditure for 2010-11: £297.5 million; and the GSD chart shows the same amount.
 1015 Departmental expenditure for 2011-12: £332 million; and the GSD chart shows the same amount.
 Departmental expenditure, actual 2012-13: £374.7 million; and the GSD shows the same amount.
 Departmental expenditure for 2013-14: the estimate is £404 million; and the GSD version is £540 million.

1020 Departmental expenditure forecast for the financial year just ended is £433million; and the GSD claims it is £560 million.

Departmental expenditure being voted this week: we are only asking for £453 million; and the GSD claim that they are going to give us £580 million, Mr Speaker.

1025 Given that the GSD believes and tells people that the departmental recurrent expenditure is £140 million more than the approved estimate, if the Leader of the Party believes that that is the case, then as I have said, he has got much more than £50 million to dish out in order to reduce the debt.

There is in the hon. Member's mind an inescapable link between the Gibraltar Savings Bank and the debt. The Gibraltar Savings Bank is an instrument to promote economic growth, as well as an institution to provide a home for savings with competitive interest rates and greater security than the commercial alternatives. This has always been a key item in the GSLP's agenda.

1030 In 1988 to 1996, the policy was introduced by removing obstacles to growth in the legislation and promoting the growth in the Savings Bank, which became an important part of our programme. In December 1988, we started its development and the issue of debentures and investment accounts and new savings products. There was spectacular growth in both deposits and profits, and the policy was to leave the accumulated profits in the bank and increase its reserves.

1035 It was only after 1996 that steps were taken to reduce the requirements to keep reserves at a certain level. In spite of this, the GSD announced their plans for an expansion of the role as their policy in the 2003 budget. I will remind Members Opposite of this policy:

1040 Shortly after the 2003 Budget, the Government set up a working group under the Accountant General and comprising retired bank managers from Hambros, Barclays and NatWest. Following meetings in September/October 2003, a report was prepared for possible implementation in 2004.

1045 At the time the savings vehicles consisted of monthly debentures, which paid half a percent below for non-pensioner holders and half a percent above base for pensioners holders. Ordinary accounts at 1% below base rate and investment accounts which operated as current accounts and paid 2% below base rate. This was of course at a time that base rates were very much higher, something that ceased to be tenable with the level of base rates prevailing in recent years which have been very low.

The effect of the drop in these base rates meant that the interest rate later offered by the Savings Bank had to go up *before* 2011 and were already much higher than the offer from commercial banks. The GSD saw nothing wrong with offering this alternative.

1050 When the decision was taken to replace the Savings Bank debentures by Government debenture issues, the Government position was that offering rates of up to 5% was a matter of social policy to help local savers which the Government told Parliament carried a cost of the order of £9 million a year.

As well as the possible introduction of electronic systems of payment from suppliers and the receipt of payment from the Government which had been listed in the 2003 Budget speech, the report considered that the issue of annuities could also be undertaken by the Savings Bank.

1055 This was announced in Parliament as an intended initiative but later dropped because the Government considered it was likely to become a multi-million pound business and was not tenable if an additional 10% of the value of annuities had to be tied up as reserves.

1060 I remind Members Opposite of the history to demonstrate that although the GSD did not proceed with implementation of any of these initiatives, at no time did they indicate that it was dropped because it was not acceptable on political grounds to them.

1065 These facts do not prevent now the GSD Opposition complaining in the first year of the present expansion, even though all that had happened in 2012 was identical to what had been on offer in 2011 in investment products, except that it was on a bigger scale. They objected to the fact that the GSB no longer had a legal obligation to have reserves of 10%, which was considered now by the GSD Opposition a clear advantage creating unfair competition with respect to other banks.

1070 Well, look, it was the removal by them in Government of the 10% requirement that created this so-called unfair competition. But the political hypocrisy of this criticism is even more glaring when the policy they adopted was not just removing the 10% reserves but in addition issuing Government debentures at a rate of interest well above the market, in competition with commercial banks, by providing a £9 million subsidy, which clearly no bank could possibly compete with.

The criticism of the failure to keep reserves has continued since, in spite of the fact that the arrival of profits are being retained by the Savings Bank, and not paid over to the Government to be reflected as part of the recurrent revenue.

The policy will continue to be to retain profits and keep increasing the reserves even if it reaches a level higher than 10% and in any event, no dividend will be paid to the Government unless and until the 10% level is reached. In other words, the 10% will become the minimum level of reserves. How long it will take before this position is reached will not be easy to estimate, given the very high rate of increases in deposits that the Savings Bank continues to experience.

We have taken the view that it is best to await the development of the Gibraltar International Bank before considering any other activities, to ensure that the two organisations complement each other rather than compete with each other.

The Savings Bank is of course *not* a credit institution and therefore does not and will not be providing the range of banking facilities which the GIB will have available as a licensed credit institution. Having originally objected to the expansion of the Savings Bank on the spurious grounds of unfair competition, because of lack of reserves which has been addressed and already answered, the opposition to the Savings Bank has continued unabated. Although much of the campaign seems to be designed to undermine confidence in the Savings Bank as a safe haven, providing a sound return, the vast majority of our citizens continue to place their savings in it.

What is clear is that the policy of the GSD is and will be *not* to continue to promote the growth of the Savings Bank if they ever get back into Government – just as they stopped supporting its expansion after 1996.

As well as continuing the social policy initiated by the GSD in respect of higher rates of return for pensioners, the Savings Bank is now paying a lower but still attractive rate, and very competitive, on the new five-year debentures and other deposits. I am therefore confident that the deposit base of the Savings Bank will grow in cash terms as it has been growing to date.

The Members Opposite and their so-called experts will no doubt continue their efforts to undermine the institution. I suggest to all those who share the concerns of the Opposition, that they should follow the example of the Leader of the Opposition, and not make any use of the investment opportunities that the bank offers. Those of us who defend it will continue to use it and recommend it to others. I can assure the House that that will be more than sufficient to ensure it will continue to prosper, grow and make profits whilst remaining as a safeguard its reserves, for future generations.

Mr Speaker, I have tried to demonstrate to Members Opposite, and particularly to the Leader of the Opposition, how misguided their criticisms of the Savings Bank are and how in conflict with the developments planned and proposed by the GSD Government, which I supported as Leader of the Opposition because they made sense and would have been good for Gibraltar.

So perhaps there is one more argument that I can put to show the Leader of the Opposition how misguided he is – and I will put it no higher than that.

We have been there before: the old GSLP of the 1980s which he argues is different from the current GSLP – well, look, on the Savings Bank he could not be more wrong. In 1988, I set out to expand the role of the Savings Bank. It was not an easy task in those days, because the Secretary of State had the last word and the Foreign Office had to consult with the Bank of England. The reply from the Bank of England was that the Savings Bank was supposed to be a small colonial bank, as if we were still in 1832, and we should not be allowed to get bigger.

Well, as the Leader of the Opposition will know, the GSLP Government of the 1980s was not the sort of Government that took no for an answer. So I used my well-known powers of gentle persuasion and they finally agreed to let me get on with the job of making it a profitable, growing institution.

We inherited in March 1988 a Savings Bank with £2.6 million in deposits – £2,672,384.89 to be exact. The profits for the year 1987-88 were £60,187.96. The profits for the year were retained by us and added to the reserves, increasing them to a level of £398,227.

In our eight years, we increased deposits, profits and reserves. In other words, we did then what we are doing now.

By March 1996, deposits had increased from £2.672 million to £179.433 million, (*Banging on desks*) an increase of 6715%! (**A Member:** Hear, hear.) On this level of deposits, we made a profit of £4,705,698 million in one year, compared to the £60,000 of one year in 1987-88. We added the profits to the reserves and we left them there for the GSD to spend when they came in the following May.

The reserves we inherited in 1988 were £398,227. The reserves the GSD inherited from us in April 1996 were £30,549,249 million. The reserves we inherited from the GSD in December 2011 was £1,444. So perhaps the Members Opposite may forgive me if I feel that I do not have to accept any lecturing from them on prudential management or looking after our people's money! (*Banging on desks*)

Hon. Chief Minister: They don't even want to hear it!

Hon. J J Bossano: We had the same moaning from the Opposition between 1988 and 1996 as we get from the Opposition now, Mr Speaker. The same idiotic arguments about risk and exposure – but taking it

1135 to new heights, if the GSB lends to the Government and the Government fails to repay, the liability falls to the Government as a guarantor, how much more circular can an argument get!

In case Members Opposite think that the GSB lending to the Government is new, it was already happening before 1988, but on a small scale as the whole of the assets was only a couple of million pounds.

However by 1996, the GSB was investing in Government debentures to the tune of £59.334 million.

1140 This time round, however, the critics do not even try to have an element of truth in what they say! So for example, the former Tax Collector, gamekeeper turned poacher, Mr Chris White had the audacity to claim that we had UK ex-pats, like him I suppose, who he says are the depositors of the £1 billion, whom I am providing with risk-free investments at the expense of exposing Gibraltarian taxpayers.

1145 This even though I have told the GSD Opposition in Parliament on more than one occasion that 99% of the deposits are from local sources, and not expatriate money – not that I see anything wrong with accepting expatriate money, which would be very welcome.

Mr Speaker, as a political gimmick this takes the cake. Mr White should stick to advising his clients how to reduce their tax liabilities.

1150 The Savings Bank between 1988 and 1996 was an important part of our economic plan for growth and prosperity; and it has been so again since 2011 and will continue to be so in the future.

The GSB we inherited in December 2011 had £273 million of deposits and £1,444 of reserves. The results for 2014, audited and published last August, showed deposits at £856.3 million, profits for the year of £8.91 million and reserves of £11 million. For the year ending 2015 we expect, subject to audit, around £1 billion in deposits, around £9 million in profits and around £20 million in reserves. (*Banging on desks*)
1155 (**Several Members:** Hear hear!)

Mr Speaker, we shall defend our stewardship of the Savings Bank when the election takes place and will continue to grow its deposits, profits and reserves when we are returned to Government.

1160 Mr Speaker, the House will be aware of the opportunity that the Calpe House charity has had to obtain new property in London, which will be refurbished and adapted to provide accommodation for a greater number of sponsored patients who need treatment in London. It is a matter of personal satisfaction for me to be in a position that the Government can demonstrate its commitment to provide assistance to the charity to enable this to come about. The charity came into existence when I led the Government of Gibraltar 27 years ago and one of the prime movers in getting the initial concept of a home in London was Peter Caetano. He was the election agent for the GSLP and played a key role in our election victory campaign in 1988.
1165 (*Banging on desks*) (**A Member:** Hear hear.)

The initial funding has been provided by a facility from Credit Finance on commercial terms and this is now being refinanced by a loan provider who is a London-based institution. Provision for financial help in the arrangements that the charity has entered into in the acquisition of the property and the cost, upgrading and refinancing is being made in this year's budget in the Improvement and Development Fund expenditure, where there is an item for soft loans.
1170

I am sure the whole of the Parliament will be happy to support this item of expenditure, which is very small in the context of the overall level of expenditure, but one which will mean a great deal to those of our people who are in London for treatment and prefer to be in the environment of Calpe House and feel as if they are less distant from their homeland. (*Banging on desks*) (**A Member:** Hear hear.)

1175 The Leader of the Opposition is concerned about the public finances, and he told us recently that he is not the only one. He thinks I am also concerned. Well, I am as concerned in Government as I was in Opposition, and as I have been since 1972, having monitored and spoken on Gibraltar's public finances every single year since. Not that the party that he loves so much that he wants to remain as its Leader, come what may, ever gave me any credit for it – although I acknowledge that he has done so, at least recently,
1180 though I have a sneaking suspicion that his motives may not be entirely pure. I have a feeling that maybe he thinks he can gain some political traction by praising me and criticising the Chief Minister. I can assure him that he is barking up the wrong tree. He should know me well enough by now to realise that neither praise nor criticism is going to have any effect on me.

1185 Mr Speaker, the Leader of the Opposition referred to me a number of times in his address, which I listened to, even though I was in my office working, rather in the Chamber. I have acknowledged that previously, and even more on this occasion, his comments have been anything but hostile. Without wanting to sound hostile in reply, I need to point out nevertheless some of the contradictions in his analysis, which shows he has got the wrong end of the stick.

1190 He has correctly quoted my views on the logic of borrowing money to make money. I have been saying that about the use of borrowing since I arrived here in 1972. It is not a secret formula; it is what every successful business does, and I see no reason why socialists should not run publicly owned enterprises successfully and profitably for the benefit of the shareholders, who are the citizens as taxpayers and as receivers of public services not paid for at the point of consumption.

1195 This continues to be the basic approach of the GSLP to the management of the public finances, not because I have said so but because it is common sense – it works.

I believe some of the points he has made have already been answered by what I had prepared for my contribution before I heard what he had to say, so I will only deal with the points he made which have not been covered already.

1200 I do not think I could be more at home in the GSD than I am in the GSLP, though sometimes I get the impression he is trying to change the GSD to make it more like the GSLP, (*Laughter*) which seems odd as there are those around him who think that the GSD way of doing things was a winning formula and the GSLP a losing one.

1205 The hon. Member pays tribute to the former Leader of the GSD and thanks him for giving him a home 12 years ago. Well actually, 12 years ago he was accusing the 'greatest ever Gibraltarian' of all the things that he is now accusing the present Chief Minister: lack of transparency, not telling people in elections what he was going to do if elected and so forth. If one reads his press statements, in the short interregnum between his departure from the GSLP and his acceptance into the GSD, that was the line that he took.

1210 This acceptance by the GSD sounds almost as if he was a political refugee in the way he describes it now, though at the time it was described as a merger of like-minded parties. Well, he was not orphaned before he joined the GSD. He left the GSLP voluntarily because he wanted to save it from extinction – the fate that awaited it, if I did not call it a day in 2003. At least that is what he told the electorate at the time. Indeed it was the basis on which he fought the 2003 election. Members will remember that he accused me of being content to remain in Opposition and limit myself to having the handbrake and stopping a deal with Spain.

1215 It is certainly true that I told him before he left that if I had to choose between having to behave like the GSD leader and do the things he did, in order to be in Government, I would rather stay in Opposition and remain true to my principles and beliefs. I *still* hold that view. It is this business of not changing spots Mr Speaker, which they consider a vice and I a virtue. (*Banging on desks*)

1220 I can of course appreciate that he should wish his patron every success in legal practice or whatever else he decides to do – anything that is away from politics, Mr Speaker, he says. Yes indeed, away from politics – the further away the better, because if the former leader comes back, I would not put any bets on how long he would continue as leader of the GSD, however much he loves it. (*Laughter and banging on desks*)

1225 I believe that many decisions taken by the GSD in Government carry long-term costs that will be a burden for the public finances for years to come, even if the then Chief Minister did not realise it at the time. Or maybe he was simply doing things for the short-term benefit and did not care whether there was a long-term cost, and since most of them happened when the Member Opposite was in Government in the last term of office, he obviously shares some of that responsibility.

1230 It seems to me, he has only come to the conclusion that the former Chief Minister was the greatest Gibraltarian of all time *after* 2003, because until then his view was that we had to remove him from power and that I should step down because I was not sufficiently tough in Opposition to turn people against the greatest living Gibraltarian and get him chucked out of office. The transition in perception only came about after he was given political asylum in the GSD, as if he had been a refugee. I think there is a name for when this kind of change takes place, I believe it is called the Stockholm syndrome.

1235 The Leader of the Opposition makes the case that there has been an increase in import duty from a particular commodity which in the past it was thought wiser not to identify in public, and says this explains the growth of the economy or the growth in Government revenue. Well, is it that he doesn't know what was the growth from this source of revenue under the GSD? Does he not know that the yield of one year under the GSLP in 1996 became the yield of each *month* under the GSD? (*Banging on desk*)

1240 So if that is the explanation that he attributes to the soundness of public finances, he has just wiped out 15 years of Budget speeches by the greatest Gibraltarian ever, who every year boasted of how well he was managing our finances.

1245 On another point in respect of the finances, as it relates to expenditure, I certainly agree with him that it is a disgrace that taxpayers should have to pay £10 million in legal aid in one case. This has nothing to do with the merits of the case or the identity of the individual, but is a result of the outrageously high fees charged by the legal profession. (*Laughter*) So if the Leader of the Opposition has any ideas how we can get lawyers to earn less, I am certainly very interested in hearing them, although I do not think that there will be equally enthusiastic support from all the other Members, on either side of the House.

1250 **Several Members:** That's right! (*Laughter*)

Hon. J J Bossano: Whilst on the question of expenditure and the degree to which the Parliament is involved in approving capital projects, and giving expenses, and explaining where every penny is coming from, I imagine that when the Leader of the Opposition was party to the Pardo deal and agreed with the GSD policy to enter into these arrangements, he knew that this was being done without bothering with Parliament or the Opposition or providing any knowledge. So for the record, let's just note what was agreed in 2008 by Gibraltar Investment Holdings – the same much-maligned Investment Holdings of now:

This same GIH, as the Leader of the Opposition and the GSD is getting so worked up about – agreed to pay 1% of the value of the following projects to Land Projects Consultants Ltd in respect of the following, without explaining many millions were invested, or how many millions that 1% plus all the other fees would be and where the money was coming from:

Project 1 – the New Airport and Frontier Access Road; Project 2 – Gibraltar Airport Tunnel; Project 3 – Ministry of Defence British Lines Relocations; Project 4 – Mid Harbour Phase 1 and Phase 2 Reclamation and Temporary Rowing Club and Permanent Dock; Project 5 – Mid Harbour Relocations; Project 6 – Infrastructure Review and Sewage Upgrade; Project 7 – Government Rental Housing Scheme, New Link and Associated Infrastructure Works ;Project 8 – New Power Station and Network. I am not sure if they go back to the Lathbury Barracks, they will also go back to giving the commissions, but...! (*Laughter*)

Projects 9 and 10 – New Waste Water Treatment Plant and Energy from Waste Facility – no indication where all these millions were going to come from. There had to be millions, because there was a guy waiting for his percentage, so that was a difficult one to square.

Project 11 – Simple Approach Lighting System (SALS) for the Runway; Project 12 – Multi-Storey Car Park, including a park-and-ride facility for 1,000 vehicles at Devil's Tower Road, and a short-stay two or three storey car park/transport to be located adjacent to the forecourt of the new airport terminal – which has not happened.

As to his comment on what constitutes a champagne socialist, he was certainly right in thinking that this is not my favourite tipple. I think the stuff is lousy, but if what he is telling me is that in the GSD, they drink malt whiskey, then that certainly is the only thing that the party might have as an attractive feature. Though I am not really in need of joining them, since I actually get a steady supply of good malts from my many well-wishers. (*Laughter*)

I certainly do not think that it is accurate for him to suggest that I am in the twilight of my role in Parliament, just because I am planning to stay only for another 14 years. (*Banging on desks*) As I told him, which information at the time drove him into exile and to seek political asylum in the right wing of the political spectrum. I remember when I told him this in 2001 that he said he found it depressing because if I stayed on we would never get rid of the former Chief Minister. So now that we have, with his help, I suppose it is no longer so depressing a thought anyway, and he is happy that I intend to stay.

Since January, having reduced unemployment to a manageable level, below which my colleague is keeping it, my present role as Minister for Economic Development is to ensure that our nation is embarked on the road to long-term sustainable economic growth, has sound public finances and a safety net to protect future generations of Gibraltarians – the 'Rainy Day Fund'.

Living within our means is a necessary condition to achieve this. Indeed, it is a lesson that has to be learnt by many other countries whose economies are in crisis precisely because they have forgotten this golden rule.

Mr Speaker, I can well understand the discomfort that Members Opposite must feel when faced with facts and figures which they can check for themselves, that shows that we have attained the demanding targets we set ourselves in economic growth, in training, employment and many other areas which have or will be completed, meeting most or nearly all of our manifesto commitments, especially when in 2011 their position was not that what we were committing ourselves to do was impossible to achieve – and not that they were against it. Even in the debates in 2012, the GSD Members participating with me took a position on our targets for economic growth and employment based on incredulity rather than hostility. I realise that by reminding them of this, I am adding to their discomfort and rubbing salt into their wounds, which I regret.

Well, Mr Speaker, it is not true really: I do not regret it. I am actually enjoying it, and therefore happy to support the Bill before the House and commend it to the Members Opposite. (*Banging on desks*)

Hon. Chief Minister: Mr Speaker, he leaves you speechless at the best of times – the Leader of the Opposition did not even want to hear it.

I propose that, before we carry on, we take a short comfort break – an extended comfort break, maybe until ten to seven.

Mr Speaker: We will recess until quarter to seven, when the Hon. Mr Neil Costa will have the floor.

The House recessed at 4.15 p.m. and resumed its sitting at 6.45 p.m.

**Appropriation Bill 2015 –
For Second Reading –
Debate continued**

Minister for Business and Employment (Hon. N F Costa): Mr Speaker, as always, it is an absolute pleasure and a privilege to deliver my Budget Address in this House – although of course, it is always a tough act to follow the Hon. Minister Bossano in doing so.

This speech marks my eighth Budget contribution as a Member of Parliament and my fourth as a Government Minister. It is however, my first Budget address as Minister with responsibilities for Business, Employment, Skills, Postal Services and the Department of Social Security. During the course of my contribution, I will seek to report on the projects undertaken over the past six months and to set out my Ministry's objectives for this financial year.

With your indulgence Mr Speaker, I will start with my Social Security responsibilities.

As this House will recall, the House recently voted unanimously in favour of the Social Security (Insurance) Act of this year. This amended Social Security legislation now allows for a maternity grant to be claimed on the basis of the social insurance record of a child's biological father. The previous position was that the mother of the child could only claim from her own, her husband's or her civil partner's contributions to the detriment of unmarried couples where the mother has insufficient insurance contributions. Applications would be accepted retrospectively, as the legislative amendments are deemed to have taken effect as from 30th June 2014.

Death grants will now also be payable in respect of 'illegitimate children' and this phrase, and all of its outmoded connotations, have been removed. This amendment was necessary in the context of other key provisions being introduced, as I shall now explain.

Further, the benefit given to a man's wife, civil partner, widow or surviving civil partner under section 27(2) of the Social Security Act to recover a maternity grant lost as a result of the man's employer neglecting or failing to pay contributions, which the employer is obliged by law to pay on his behalf, has been extended to include 'the child's mother' as an eligible person who can also recover against the man's employer. When the employed person is a man, the child's mother in addition to the man's wife, civil partner, widow or surviving civil partner, will have the same right to recover in respect of a maternity grant lost, as a result of failure or neglect by the employer.

The identity of a child's biological father may now be ascertained or proved on presenting a requisition in writing to the custodian of the register relating to the registration of births, marriages, civil partnerships and death.

Under regulation EC/883 of 2004, foreigners working in a member state are entitled to receive benefits on behalf of the family members abroad, so long as they meet the contributions requirement for that benefit. An agreement with Morocco is also in place which establishes the same practice with that country.

Mr Speaker, although the time for claiming a maternity grant is six months if, between 30th June of last year and the date of publication of the Amendment Act, a woman received a reduced grant due to not satisfying the relevant contribution conditions and she wishes to claim the additional benefit, or a woman was confined and wishes to claim a maternity grant on the basis of the contributions of the child's biological father, the prescribed time for claiming will be the period of 12 months beginning with the date of confinement. Mr Speaker, this is to give women enough time to claim the benefits as the six-month prescribed period for claiming may have already elapsed in some cases by the time the Act came into force.

Mr Speaker, of course it gives me great pleasure to remind this House that the Hon. the Chief Minister raised the maternity grant from £600 to £700 during the course of his Budget Speech. Further still, self-employed women now also have the option of paying an additional voluntary contribution for the purpose of claiming maternity allowance. Prior to this amendment self-employed women were not eligible to maternity allowance. This amendment to the legislation transposes, in part, Article 8 of Directive 2010/41/EU on the application of equal treatment between men and women engaged in an activity in a self-employed capacity.

Mr Speaker – and taking on the comments made yesterday by the Hon. Mr Netto when he said that the GSLP Liberals had not done much in terms of dismantling the inequality that exists within Government structures – it is important to know that this directive was a 2010 directive, and in that time in office they did not address this clearly unequal treatment of women, and we have done so. **(A Member: Hear, hear.)** *(Banging on desks)* More of that later, Mr Speaker.

Mr Speaker on other Social Security related matters, Her Majesty's Government of Gibraltar is in the process of reviewing the arrangements applicable for the award of the Disability Allowance. In this respect a Multi-Disciplinary Assessment Panel has now been established. The panel will be made up of different health professionals, depending on their speciality and availability. For example, the panel ascertaining children's applications will be comprised of professionals specialised in paediatrics. As a result, these

professionals are better suited to understand the impact of an applicant's disability or health condition on their daily activities and mobility.

The panel will periodically assess applications and subsequently provide the Director of Social Security with a collective recommendation on the merits of each application. I expect these recommendations to be provided in a just, equitable and consistent manner that will be fair to all applicants. In the light of the sensitive and urgent nature of these applications, I am pleased to report to this House that the Director for Social Security has processed a total of 13 historic applications that were pending. A total of over 30 more applications remain pending which will be re-assessed under the new arrangements.

The Disability Allowance benefit was introduced many years ago on an *ad hoc* basis to cater for a small group of disabled persons. The situation today, however, is that the Department of Social Security which administers the allowance, is finding it increasingly difficult to consider the upsurge of applications in a just and equitable fashion, based on the very brief and general guidelines that have been available until now. The increase in the number of applications, which now extend to a very wide spectrum of medical conditions, require more clearly defined parameters and very specific advice from doctors and health professionals.

It is with this in mind, and the importance that Her Majesty's Government of Gibraltar places on supporting persons with disabilities within the community, that it is reforming the whole process of awarding the Disability Allowance. Her Majesty's Government of Gibraltar is hopeful that these reforms will play a significant role in achieving the Government's objectives.

Upon the development of this new system of assessing entitlement, there will be a more focused method of considering needs arising from all impairment types equally, and on an individual basis, rather than labelling people by their condition. Disability Allowance will no longer be awarded on the basis of having a particular health condition or impairment but rightly, Mr Speaker, on the *impact* of the health condition or impairment that this has on the disabled person or their carer's everyday life. In this way we will work towards a system that will assess individual needs, ensure consistency of decision-making and make the whole process fair and objective when assisting individuals.

Mr Speaker, at an operational level I am pleased to report that the Department of Social Security Application System will benefit from a complete overhaul. The software development of the DSS Application System will assist the Department in delivering a more efficient and effective service to the public in order to meet the ever-growing demands of their customers. The software will eliminate the duplication of data, which is currently occurring within the Department whilst processing different benefits. For example, a birth certificate submitted when claiming a particular benefit would be stored in the database and can be used for other future claims. It will also streamline the information currently held in manual records therefore highlighting and eventually reducing inconsistencies in the system. This will also serve as a sophisticated analytical tool that will be instrumental in producing statistical data, expediting our estimates and analysis of future expenditure in relation to any given benefit. The application system will be operational before the end of the year.

I very much look forward to continue my work with the DSS as we seek to tackle historic problems and introduce new streamline procedures and reforms for our community's benefit.

Mr Speaker, I now turn to my responsibilities for the Royal Gibraltar Post Office.

On 13th May, the Royal Gibraltar Post Office (or RGPO for short) launched its first 'Post & Go' kiosk machines in partnership with Royal Mail. The launch was held at Europhilex in London, the biggest philatelic event in Europe. This exhibition machine was a success taking £7,000 in its first week. The kiosk is available all year round at Gibraltar House in the Strand, selling UK and Gibraltar stamps. More kiosks are planned to be based locally in the future; the first two will be introduced in the Main Street Post Office and the Parcel Office by the end of July of this year. Each kiosk will have a digital screen, barcode scanner and chip & pin with Wavepay facilities. These are still a number of ongoing trials that will demonstrate the full range of services that these kiosks will provide in the future.

Mr Speaker, given the increasingly sensitive aviation safety and security issues facing the global postal network, the Government organised a dangerous goods training programme delivered by a dangerous goods expert from the UK, not only for the postal staff but also for its contract customers and the screening staff at the Airport. Consequently, the RGPO will become the 21st country in the world to have legal approval to accept lithium batteries contained within equipment. Like all other batteries, lithium does have environmental impacts associated with it over its lifecycle. Nevertheless, these have been scientifically assessed to be notably less significant than other branches of batteries making lithium the best available option of its kind on the market today. This is yet another example of how the RGPO are moving into an established circle where regulations are in force, guidance is available and the consideration of environmental impact has been thoroughly assessed and included therein.

Mr Speaker, as we all know one of the most important ways of improving health and safety is through staff training. All RGPO managers and acting managers have completed their Level 2 award in Health & Safety in the Workplace and two other managers went on to complete their Level 3 award in Risk

1430 Assessment Principles and Practice. Further, the clerical staff have completed the first stage of Customer Service training to help improve quality standards in their area.

Two new independent quality performance indicators were introduced. In January the RGPO became one of the first to introduce the new International end-to-end measure, which is controlled by the United Nations Universal Postal Union. This global monitoring system works by independent external panellists
1435 sending test letters containing a radio frequency identification transponder, which are read by the RFID antennae installed at the sorting office. Mr Speaker, now that I read this out loud it sounds like an episode out of Star Trek.

The second measure was introduced in April, which controls the local end-to-end quality and is carried out by the Ombudsman. To improve answering times within the Customer Service team, a switchboard
1440 phone system has recently been installed that will help record complaints accurately.

I am also pleased to inform the House that Mr David Ledger and I visited UK in April of this year in order to secure additional cargo space on Monarch Airlines. The meeting proved to be very positive with effective and advantageous negotiations taking place as a means of securing extra space out of Gibraltar. This extra space is very much needed with the growth of outbound mail and cargo traffic. Negotiations are
1445 now being finalised and the service will be fully operational by next month.

Mr Speaker, I turn now to my Commercial Affairs responsibilities and I start with the Department of Consumer Affairs.

Consumer Affairs continues to focus its efforts on raising public awareness on consumer rights. It is also beginning to focus on the business community to provide guidance on their client's consumer rights and how they can seek compliance with these rights. To this end, in July the Department will deliver a seminar geared towards the trading community and arranged by my Ministry's Business Support Unit, which will focus on their client's consumer rights. The Department also participated in a workshop organised by the GFSB, which helped to raise awareness of the new Office of Fair Trading legislation, how it will change the services delivered by the Department and how businesses can expect to be affected by it.
1450

During the Department's annual awareness campaign held in December, a new booklet of information was introduced that allows both consumers and traders to learn of their rights and obligations under the Consumer Rights on Contracts Regulations of 2013. This awareness day also informed the public on other areas of consumer protection, especially during the festive season, where consumer spending is at its peak and again served to promote the services of the Department.
1455

During 2014 the Department participated in other awareness initiatives in collaboration with the Citizen's Advice Bureau, namely an online safety awareness day where a booklet of information to this effect was introduced by the Department in relation to shopping safely online and participation in the Careers Fair.
1460

The Department of Consumer Affairs continues to explore new ways in which to fulfil its objectives of empowering consumers and traders via education and awareness, and hopes to develop a series of sector-specific awareness bulletins as part of their strategy to achieve this.
1465

Further, the Department has undergone training with the Royal Gibraltar Police in order to ensure best practice methods and procedures when using enforcement under current and future legislation. The training, amongst other areas, focused on statement writing and handling evidence that will be of great benefit when
1470 the Department's staff begin their enforcement functions within the Office of Fair Trading.

Three staff members undertook Interpersonal Mediation Training and are now accredited mediators in this field. This training will ensure that when handling disputes between consumers and businesses, both parties can be confident that their situation is being dealt with effectively and in keeping with best practice methods. The Department is hopeful that they will be able to continue their professional development in this area and are looking into further accreditation in commercial mediation.
1475

Mr Speaker, Consumer Affairs are committed to continue delivering a high level of service under their new areas of responsibility within the OFT. To this end, staff have engaged with the Chartered Trading Standards Institute in UK to identify a bespoke training package for its staff encompassing Product Safety, Weights and Measures, Consumer Rights and Redress and Investigation Skills, which they will be undertaking within this financial year. Also, at the end of this year two staff members will attend a best practice and work experience visit to the Trading Standards Office in the UK to allow for more familiarisation with their processes for comparison and evaluation against our own methods, for the continuation of development and improvement of these. Moreover, it will allow these team members to have a practical insight into new areas of work that will be undertaken under the OFT structure.
1480

Mr Speaker, dealing specifically with small businesses and, as I do not tire of saying, small businesses are the lifeblood of our economy and the Government has to enable the right conditions for all businesses to flourish. For us this has never been about paying lip service and the proof has been, and is, in the extremely wide range of budgetary measures over the past three years, such as: the reduction of import duty to stimulate the retail sector on many items including LED lights, LED torches, writing implements, pleasure craft, yachts, other seagoing vessels under 18 metres in length including jet-skis and kayaks, fertilisers for
1490

all flowers, gardens and other greenery, umbrellas, musical instruments, natural and cultured pearls, artworks including paintings, pastels, sculptures, textiles, items of furniture and furnishing, domestic appliances, as well as many other goods.

Importantly, Mr Speaker there has been no increase on the import duty on fuels.

1495 Importantly, Mr Speaker, there has been no increase in social insurance contributions for both employers and employees. There has been no increase in electricity and water charges.

A discount for early repayment of rates of 65% for businesses in the first year of trading for new set-up companies; those new companies that had already received a 50% general rates discount in their first year of trading since the scheme was introduced, were also given a 25% discount in the second year of trading.

1500 Discount for early payment of rates increased from 10% to 15% for offices, workshops, construction and manufacturing industries, transport and distribution industries.

Assistance in the introduction of the smoking ban extended to September of this year for bars and restaurants the discount for the early payment of rates to increase to 30% between 1st October last year and 30th September of this year.

1505 Ships anchoring in the Western Anchorage whose main purpose is bunkering, now receive a 75% discount on tonnage dues; any vessel calling at the Eastern Anchorage in order to take on provisions, spares, stores, or to carry out crew changes have also been receiving 75% discount on tonnage dues.

In connection with the measures announced by the Hon. the Chief Minister in this year's Budget, I am pleased to highlight and reiterate the following: (a) employer's contributions in respect of an employee's secondary employment are abolished, subject to the full contribution having been paid whilst in Gibraltar; (b) in order to further incentivise new businesses to set up in what is undoubtedly, Mr Speaker, our thriving economy and generate economic activity companies, partnerships and self-employed individuals will be able to claim 100% of its eligible Capital Allowance in the first year of trade; (c) following proposals from ATCOM, in order to incentivise training in the workplace, training costs will be allowed as an expense against profits of a business or company at the rate of 150% – in other words, a company that invests £1,000 in training its employees with a view to them obtaining a qualifying qualification, will now be able to claim £1,500 as a deduction against its profit for the accounting period in its tax computation; (d) the audit threshold, that is to say the level of turnover beyond which audited accounts are required, is raised from £1,000,000 to £1,250,000; (e) in order to further assist small scale start-ups, a capped 200% credit is introduced in respect of the cost of any architect's fees incurred in respect of successful planning applications under the Town Planning Act, and any fees charged by Government in respect of any such planning application made by such a company in respect of its own property in the first 24 months of operation of any new company. The credit will be available to be deducted from tax liabilities in the first three years of operation of any such company. The Cap will be a total of £5,000 as this measure is not designed to help large scale developers of land, but rather specifically, to target small scale businesses who may incur planning fees in remodelling business premises; (f) and, even to further encourage and assist small businesses and start-up companies, a Social Insurance Credit is introduced of £100 per employee in respect of employers' contributions for companies who have 10 or less employees. The credit will be made against the final payment of the year and companies will only be eligible if the required payments have been made on time throughout the year. For a new company, the credit will apply to companies with up to 20 employees in the first year of operation.

1530 Mr Speaker, I am sure that I need not explain to this House the extremely beneficial importance of these measures to further incentivise new businesses and creating enterprises to flourish in what is, by any measure, our tiger-like economy. And it is not I who describes Gibraltar's economy as 'tiger-like', although of course I would entirely agree with that statement, but the appropriate adjective is from no other publication than the internationally recognised and esteemed *The Economist*. (*Banging on desks*) I knew that at some point reading *The Economist* once a week would stand me in good stead. (*Interjection*)

1535 Mr Speaker, access to finance, however, can still be a real barrier to small businesses. It may be difficult for individuals setting up to obtain funding, unless they turn to savings or private investors. This dents our entrepreneurial drive and we have moved to restore confidence and breathe new life into small business start-ups by the launch of a £250,000 fund. The fund will give a much-needed advantage to potential entrepreneurs and to those established businesses that wish to expand.

1545 Small businesses, as we all know, collectively are Gibraltar's biggest employer. Therefore, the availability of loans is not just vital to grow our economy, but is equally important in creating employment opportunities, fostering technological innovation and expanding the range of goods and services enjoyed by consumers.

1550 To date, we have received 16 applications with many more expected to be received over the next few months. The application scheme for these loans sees applicants complete a simple form. These applications are then scored by a committee comprised of a Chamber representative, a GFSB representative and a Government official. The scores take into consideration the purpose of the loan and scores them against a criteria ranging from evidence of demand, innovation, sustainability and risk, value for money, the

safeguarding and creation of any jobs, environmental and health impact, e-commerce, urban renewal and touristic or reputational value. Applications are filtered and given a preliminary score. Applicants who obtain a satisfactory score meet with the committee. The meeting allows the applicant to meet with individuals operating in the business field and avail themselves of a steer prior to launching or expanding their business. After the meetings, the scores are finalised and a majority recommendation is made for my final approval.

We hope that the success of this fund will ensure that it is extended into the next financial year to assist an even greater number of start-up businesses. And of course, Mr Speaker, all hon. Members will welcome that the Gibraltar International Bank has opened its doors and is ready to offer loans to small businesses.

In addition to these economic incentives, and as part of the Government's drive to encourage and support new and existing businesses, the Business Support Unit is making a valuable contribution in launching a programme of free business seminars. These technical discussions are aimed at providing local businesses with guidance and support on a range of business-related topics, from accounting to recruitment.

Mr Speaker, I now turn to the Office of Fair Trading, which will cater to the needs of our business community and also our consumers. Our society is one that undoubtedly punches well above its weight in terms of business, but we must not rest on our laurels. We must keep evolving and accommodating existing businesses whilst at the same time encouraging new businesses, itself a delicate but essential balancing act. This is by no means an easy feat but I believe we have taken one long and important stride towards maintaining our competitive edge through the establishment of the Office of Fair Trading.

You see, Mr Speaker, today's day and age calls for wide-reaching methods of doing business, one where time is even more valued, where businesses and consumers are increasingly keen to operate remotely. It is an environment that calls for a greater focus on protecting consumers whilst simultaneously meeting the consumer's ever-expanding needs. To achieve these goals and to fully nurture this environment to its true potential, it is essential that we cut down on red tape. Unsurprisingly, we are not alone in seeking to minimise red tape. Frans Timmermans, the First Vice President for Better Regulation, Inter-Institutional Relations, the Rule of Law and the Charter of Fundamental Rights, echoes our ethos having undertaken a review of existing EU law with a view to cutting formalities affecting businesses.

This is one of the principal reasons why the Office of Fair Trading will be launched: to assist, facilitate and focus new business applications to the right Government Departments speedily and from only one single venue – the Single Point of Contact. (A Member: Hear, hear.) We are confident, Mr Speaker, that this facility, empowered on a statutory footing, will reap rewards for our economy.

The Office of Fair Trading will be operated from adequate office premises, centrally located and accessible to both businesses and consumers alike. The staffing complement will be bolstered with a number of new additions, not least the appointment of a legally-qualified Chief Executive Officer to oversee the operation and management of the office. The Consumer Affairs and Licensing Departments will be staffed by seasoned public servants who are experienced in their respective fields of expertise. These individuals and their supporting staff members coupled with the Business Support Unit have all undertaken substantive practical training with other Government Departments, building an internal network that will prove invaluable to the one-stop-shop service that the office will offer to new businesses. The knowledge they have gained will be valuable to businesses seeking the services of the office. Their network of contacts will serve them in good stead should they require additional information or to set up meetings between start-up businesses and other Government Departments.

In line with the EU Services Directive, there will be a single point of contact that aims to ease an applicant's administrative burden and be a first port of call for new businesses in Gibraltar who need to set up and file forms with the various relevant Departments in order to start their business locally. Start-up businesses will be able to complete and submit the forms required by the Government's Departments and agencies online via the Single Point of Contact's web portal.

Alternatively, applicants may visit the Office of Fair Trading in person, where staff have been trained to be able to advise and assist clients in completing their registration and licensing processes and arrange any necessary meetings with the different departments and agencies involved. Mr Speaker, I cannot stress enough that this facility will be a superb offering for businesses and a landmark and unprecedented step towards a single counter service.

The Fair Trading Bill has been continuously reviewed in order to create this level playing field among businesses for the benefit of consumers and businesses alike. We have received an overwhelming positive response on the Fair Trading Bill; in fact at times I did fear that this would become a never-ending consultation with no end in sight. But my teams and I persevered and spearheaded this Bill towards becoming a seminal piece of business and consumer-related legislation of which I am extremely proud to bring to this House. (*Banging on desks*) I am, therefore, genuinely excited and proud of this project's imminent launch.

I turn, Mr Speaker, to Licensing. The 'trade licence' as we now know it, will be phased out to extinction like the paleontological relics before it. It will be replaced by a 'business licensing' regime and more aptly

named 'business licences'. The categories of service that will require a business licence have been expanded, now comprising all service related businesses that are not covered by other enactments. Again, this allows the level playing field amongst a significant number of businesses, as it should be. There is no logical rationale for only a group of business categories to be licensed as was the case under the previous trade licensing regime; all businesses should be licensed on an equal footing.

Going back to the roots of the Trade Licensing Act, I have no doubt that it may have been adequate when introduced over 40 years ago. However, since its enactment it has lacked the enforcement powers it craved. As a direct consequence, the licensing authority was restricted – with some bite, but a lot more bark. The new business licensing authority will be able to step up its game and return a substantive benefit to businesses and consumers by deploying its Consumer Protection Officers and having the Commission of the Office of Fair Trading deal with complaints.

The new licensing regime under the Fair Trading Bill will see the introduction of an objection fee for objectors to a licensing application. Following our consultation with individual businesses, we were not pleased to learn that objections were presented as a matter of routine, with the primary and sole intention of imposing an unnecessary delay on applicants. The introduction of these objection fees will, I hope, serve as a deterrent to vexatious objectors. The ground-breaking amendment included in the Bill however, is the removal of one particular ground of objection that hindered competition. This ground allowed an objector to rely on the argument that the needs of the community, either generally in Gibraltar or in the area thereof where the trade or business is to be carried on, were adequately provided for. Given that the vast majority of objections to trade licence applications relied on this ground of objection, I sincerely hope that the new business licensing authority will see a vastly reduced number of objections on the remaining grounds.

There are a number of other significant changes that will improve and speed up the business licensing process: the business licensing authority will, at a minimum, now meet fortnightly, rather than monthly; the Act contains a statutory presumption in favour of carrying on businesses in Gibraltar, subject of course to obtaining the relevant licence; certain applications will also need to demonstrate suitable training or qualifications to the licensing authority, primarily for their own safety.

The new legislation also highlights that the Minister may issue guidance to certain business categories and indeed, we have already prepared three separate codes of conduct for tourism service providers, real estate service providers and for businesses holding monies in a client account. These codes of conduct are primarily concerned with the protection of deposit monies that are paid over by consumers, a type of consumer that was identified as requiring a more robust statutory protection. These businesses that handle client monies or hold financial deposits will also be required to provide evidence of a separate client account to the licensing authority within three months of the issue of the business licence.

The fines for false entry on an application or objection have also been increased to up to £1,000 and the fine for non-display of a trade licence has been set at £200. The time for processing applications is now reduced to three days, provided that all correct documentation is submitted. The time periods for publication and objections have also been reduced from 14 to seven days. The notice periods from the Business Licensing Authority to applicants and objectors has also been reduced to five days. All of these reductions should serve to speed up the licence application and granting process to the benefit of the applicant.

Mr Speaker, the Bill also introduces a number of exemptions for start-up businesses that are constructing or altering their premises and for licence holders that co-exist on the same premises in a compatible manner. The forms have also been completely redrafted to facilitate the provision of information by applicants, objectors and transferors and the processing of this information by the Licensing Authority staff.

As from November of last year, the Trade Licensing Authority has offered trade licence holders the facility to renew their licences online via the e-Government. website. This accomplished manifesto commitment will be further enhanced with other online services to be introduced, particularly as a result of the Fair Trading Bill.

Overall, we will see a streamlined, simplified business licensing procedure which will speed up Gibraltar's business licensing system, most importantly reducing the time a person has to wait before they are licensed to start a business.

I now turn to my responsibilities for Employment.

Over the past six months the Department of Employment has been involved in the process of improving the quality of the services that it offers to its customers, by conducting a wholesale review of the Department.

As this House will recall I recently announced the digitisation of forms that supports our objective to ease the administrative burden on businesses. The online functionality will offer round-the-clock virtual access to the Department of Employment and the Income Tax registration facilities. This project's advantages will be there for all to see once the new Electronic Identity Cards are rolled out at the end of the month.

The digitisation of forms supports the objectives of Her Majesty's Government of Gibraltar to ease the administrative burden on businesses, improve the interaction between the public and private sectors and strengthen the service provided to the public by electronic means. The portal will, in effect, create a one-stop-shop where the public will be able to complete and submit all necessary application forms online. It will now be possible to attend to employee and business registration online at one's leisure and as a result entrepreneurs will be able to concentrate on what really matters to them during office hours which is, of course, one's business.

The continuing work to digitise all Government forms will mark a quantum leap in our relations with the public and will qualitatively ease a businesses' administrative burden of complying with the statutory obligations.

Mr Speaker, this month I also announced the launch of 'ERASMUS 15', a purpose-built software designed to cater for the needs of the Department. This first class software will carry out tasks far and beyond those provided by the former program used by the Department, which was purchased from a UK-based company well over a decade ago and has therefore, naturally run its course. The program called ERASMUS 15 – 'Employment Reporting and Software Management Utility System' – will be able to perform the tasks that were currently being executed by the previous software, such as the registration of those in employment, the enlisting of the unemployed and other basic administrative tasks.

ERASMUS 15 will, however, also be able to undertake far more sophisticated procedures, such as matching unemployed individuals to specific vacancies according to the criteria set out by the employer. The new software will accomplish this by cross-referencing and analysing key information such as qualifications, experience, skills and other requirements. This new software together with the recently launched Departmental website and the ability to complete and submit forms online will mark a significant technological leap in the Department's history.

Mr Speaker, of course we are entirely committed to increasing employment opportunities. I have no doubt that the introduction of ERASMUS 15 will result in significant improvement within the Department. It will deliver to the Department's staff a modern internal software that will provide an effective and professional service to both the general public and the business community. The new software is yet another phase within my Ministry's objectives to streamline procedures within the Department of Employment and modernise administrative systems, thereby improving time management, productivity and the overall quality of services provided. Furthermore, this will empower officials in their efforts to serve the public, especially in helping the unemployed seek employment opportunities.

In this respect, the Human Resources forum that was successfully established by my predecessor in 2013, the Hon. Mr Bossano, in conjunction with the Ministry of Financial Services and Gaming. Following from these forum meetings we have been able to identify various skills gaps in industries from mechanical engineering in the automotive industry, to accounting and software programming in the Financial Services and Gaming industries. Working in tandem with the Director of Education, we are looking at means to incentivise students towards careers that are in demand in Gibraltar and thereby increasing their chances of gainful employment upon graduation. This Human Resources forum has also proved to be a useful window into the topics of concern for local Human Resources Departments.

Another positive outcome of the wholesale review being carried out is the speedy turnaround of Work Permits. Once the new e-ID cards are rolled out and persons complete the online registration, we will be able to complete and deliver all work permits within 48 hours of receipt of the request.

Mr Speaker, further still we have completed the re-organisation of the Labour Inspectorate section. The revamped inspectorate is comprised now of two teams tasked with the full-time enforcement of our laws under a new programme of inspections. To this end, additional labour inspectors have been appointed. It is high time, as consistently advocated by businesses themselves, that the playing field is levelled, by ensuring that every business plays by the same rules. The Government will not countenance illegal labour and the re-organisation and the full resourcing of the Labour Inspectorate reflects our commitment.

I am also delighted to say that we have started the task to restructure the Health & Safety Inspectorate in order to reclaim the Health & Safety agenda. As part of the reform, the vacancy for Principal Health & Safety Inspector at the Department has already been advertised. This post, which has been vacant since August 2006, will increase the complement of the inspectorate to five operational posts and one administrative post. The new Principal Health & Safety Inspector will be responsible for the strategic implementation of the Committee's recommendations. To this end, a Health and Safety Committee has been constituted comprising of representatives from the public sector to discuss the details of a comprehensive Health & Safety policy and Codes of Practice designed specifically for Gibraltar.

Her Majesty's Government of Gibraltar takes a very serious view on health and safety at work and considers that it should be of the highest standard. In this regard, business organisations and the general public are reminded that the Health & Safety Inspectorate is available for guidance and advice in respect of best practice on health and safety issues.

Mr Speaker, naturally I thank the Hon. Mr Netto for considering that I am ‘energetic’ and ‘intelligent’, even if he only uncharitably employs such honorifics to me as a means to criticise my six months as Minister for Health & Safety. I suppose that one must be grateful for life’s small mercies when one must, with good grace, endure a long-winded speech on a sweltering June afternoon and, therefore very much welcome the opportunity when hon. Members opposite open themselves wide open to their very own criticism. Amongst other things, the hon. Gentleman said that members of this side of the House have lacked vision and a coherent strategy in the field of health and safety and said so, without blushes, even though Gibraltar suffered the biggest industrial scale accident in recent history with the explosion of the Nature Tanks at the North Mole, partly due to the very thing that the hon. Gentleman has accused us of, namely the absence of a comprehensive programme of inspections across all industries. (*Banging on desks*)

(**A Member:** Shame!)

Mr Speaker, you simply could not make these things up. As no other than Albert Einstein said ‘only two things are infinite, the universe and human foolishness; and I am not sure about the former’.

Also just to remind him, that the Health & Safety Inspectorate in their time in office was so under-resourced, so under-resourced, that there were *no* health and safety inspections at all in the very tanks that blew up. Where, pray, Mr Speaker, was their vision for health and safety? Where, pray, Mr Speaker, was their cohesive plan? Where, pray, Mr Speaker, were their resources for health and safety? (*Banging on desks*)

Mr Speaker, the hon. Gentleman’s statements are even more asinine and incredible when I have already recently told him in this House that the Health & Safety Inspectorate is finally advertising the post for Principal Health & Safety Inspector which has been vacant since August 2006 – a lot of time under *their* time in office.

I have also told him, in this House, not just a few months ago, that the complement of the inspectorate has been increased to five operational posts and one administrative post. And, Mr Speaker, the reason why people at home would have heard the guffaws of the Members on this side of the House was because the hon. Gentleman in furtherance of his kamikaze breach of the Law of Holes, which dictates that one must stop digging, then continued his entirely unjustified assault on the Government’s Health & Safety strategy by lamenting in loud and weeping tones, the absence of Gibraltar-specific codes of practice. At the risk of causing yet another tumult I am sure it will not surprise anyone to learn, whether inside of this House or outside, whether Barbary Partridge or *homo sapien*, to learn that in their sixteen years of office they did not issue a single, not a single, code of practice specifically designed for Gibraltar. (*Banging on desks and interjections.* **A Member:** Shame) Not one, Mr Speaker. And I have also told the hon. Gentleman, not just a few months ago, that we are in fact working and writing codes of practice specifically for Gibraltar – he has to give me a little more than six months to do the job.

But the hon. Gentleman by this time, having decided that he could dig no further, having reached the earth’s crust, took the view that it was best that he poured dirt on himself and highlighted their supposed efficiency at Health & Safety by noting that in their sixteen years of office they established *one* Health & Safety committee at the GHA.

Mr Speaker, although it is not easy to know where to start on this statement, let me do so by telling him the obvious, that the last time I checked the public sector was much deeper and much wider than just the GHA – as excellent as that institute has become under the unrivalled leadership of my Honourable Colleague, Dr John Cortes. (*Banging on desks*) Indeed, Mr Speaker, ‘everyone is entitled to be disingenuous, but some abuse the privilege’. (*Laughter*)

I have also told the hon. Gentleman in this House that the Government has constituted a Health & Safety Committee with members that cover the entire breadth of Government Officers – and not just of one authority. This Health & Safety policy, although not compulsory by virtue of our domestic legislation, is a move towards best practice and one which will give uniformity to health and safety within the Government departments by way of structure of committees in plural, representatives in plural, councils in plural, and co-ordinators in plural. And this, Mr Speaker, will in due course extend to authorities, agencies and Government-owned companies. So within my humble six months, I have already done a lot more with much more to follow, than the GSD did in their entire 16 years in Government! (*Banging on desks.* **A Member:** Hear, hear)

But, Mr Speaker, because the House knows that I am grateful for all of the lessons in life, I do thank the hon. Gentleman for allowing me the opportunity to be political, at least once, during the course of the Budget speech. I also would like to take the opportunity, given that he has informed the House that he will take a step back from frontline politics to of course wish him well in any of his future endeavours. (*Banging on desks*)

Mr Speaker it would be remiss of me not to also take the opportunity to wish Mrs Ellul Hammond all the very best in her new career at the GHA. The hon. Lady and I go back a long way to my days as a student in Bayside, and although her first budget contribution remains seared in my mind as one of the most grossly unfair I have ever heard in relation to our criticism as an opposition on health matters and – as she

1795 knows this to be the case as I have told her before – the hon. Lady knows full well that I have always held her in high regard.

It will not come as a shock to the Hon. Sir Peter Caruana QC to hear that I have *never* voted for him. Indeed, Mr Speaker, it will not surprise him either to learn that my most ardent held desire in fighting the 2007 and the 2011 Election was to oust him from office and usher in a far more transparent and much less acrimonious style of politics. *(Interjection)*

1800 This preface is necessary, not just to say that this Government has qualitatively improved the workings of this House, agreeing with him that more is to be done and will be done by the Government, but because I want to make clear that the comments that I am about to make about the Hon. Sir Peter are self-evidently neither partisan nor biased. And, Mr Speaker, my fulsome praise of the Hon. Minister Bossano and my differences with Sir Peter's Government being recorded for posterity in Hansard, it may perplex those listening and no doubt I will get letters written in fury, when I describe the Hon. Sir Peter as a class act.

1805 The Hon. Mr Figueras and I have on many occasions discussed Sir Peter's staggering capacity for work, intellectual ability and energy. No-one, Mr Speaker, no-one inside or outside of this House can seriously doubt or sincerely say hand on heart that the Hon. Sir Peter has done anything other than dedicate himself entirely and virtually exclusively to discharging his constitutional responsibilities as Chief Minister of Gibraltar. He gave a 27 year old barrister and inexperienced Member of Parliament, as was his wont to remind me at every possible opportunity, quite the education on political life and I did learn tremendously by being at the sharpest end of his wit and political put-downs. But I agree with him when he said that somewhere in our DNA we can distinguish between things that are said for partisan reasons and for political effect, unfair as the comments may have been, and those things said meanly just for personal humiliation. For what it may be worth to him, I can assure him across the floor of the House that what I take from his criticism of me politically are lessons in life for which I will actually never begrudge him and which I sincerely value, as they stand me today in good stead.

1810 Mr Speaker, Gibraltar can feel extremely proud and happy that, like Minister Bossano before Sir Peter and now with our current Chief Minister, the Hon. and my close personal friend Fabian Picardo QC, we have people of talent, skill and determination in steering true the affairs of our cherished community. *(Banging on desks)*

1825 I now turn to Industrial Tribunal reform. The purpose of the Industrial Tribunal reform is simple: to make the Tribunal accessible to persons without substantial funds, whether they be employers or employees. One other major development will be to speed up the tribunal process from start to end. The reduction in the overall turnaround time for tribunal cases will be warmly welcomed by claimants, respondents and their legal representatives. Anyone going through an employment dispute will want it settled swiftly and without any unnecessary delays. This is a reasonable expectation and one that I expect will follow through as a direct consequence of the measures that I will touch on.

1830 Another key objective of our reforms is to introduce substantive legislative procedures and operational processes that will ensure and secure consistency in the decisions of the tribunals, to the peace of mind of both employers and employees. All too often parties in dispute see the decks stacked against them. Whether it be the employers or employees, who deem the system not fit for purpose as their respective underlying interests are often left out of the equation.

1835 For decades, the informality of the Industrial Tribunal served individuals to bring their own cases has been eroded. Our reform therefore introduces compulsory and fully subsidised mediation prior to a case being heard. I am confident that this measure will produce results for employers and employees alike. The ground-breaking feature will offer a new avenue of redress for the parties in dispute, one that encourages reinstatement or even a simple apology, preserving the employment relationship over a monetary settlement. As a subsidised measure, it is one that will make mediation accessible and less costly for those involved before the dispute is escalated to the Tribunal. I trust that it will translate to a positive experience for both employer and employee and one that will allow employers to take on more staff and further continue our economic growth.

1845 It is important to note that this early discussion of issues by both parties at mediation does not later prejudice their case should the mediation discussions break down and proceed to a tribunal. It is imperative, therefore, that the parties understand that the mediation process will be 'without prejudice' to their rights and remedies and that they will not be able to attend the mediation process with legal representation. The method should promote open and informal discussion without fear that their admissions or compromises will be used against them later at trial.

1850 Whilst this part of the reform intends to assist parties in avoiding the tribunal cases, I am of course cognisant that judicial determination may be necessary in some cases. For these cases, it is vital that we have a process that deals with cases justly and resourcefully. The existing Industrial Tribunal rules are out-dated and do not square up to modern employment practices. When faced with two options, to continue to update the rules by piecemeal amendments or to provide a root and branch review, we have opted for the latter. This substantive redraft of the Tribunal rules is poised to modernise the rules and re-instil public

confidence in the Tribunal. The new rules should also provide chairpersons with robust and efficient case management powers.

Her Majesty's Government of Gibraltar also intends to invest in training and maintaining the professional development of the Tribunal judiciary. Employment practitioners will also be able to avail themselves of employment law practitioner textbooks at the Tribunal offices, together with copies of Gibraltar Industrial Tribunal cases, thereby minimising the number of documents that would have to be printed in anticipation of a tribunal hearing. I am also working to bring these cases online.

Taken together, these measures will also allow us to deliver a flexible, effective and modern tribunal system that meets the reputation and aspirations of our economy.

Mr Speaker, I turn now to the number of Gibraltarians in employment and other employment matters.

The ever energetic and unstoppable Father of the House has already provided the House with a masterful exposition of the facts and figures and so I will simply highlight the main areas.

Firstly, and following on from last year, not only has the number of Gibraltarians in full-time employment once again risen to a new record high of 9,293, the total number of Gibraltarians in employment has reached an all-time high of 10,991 Gibraltarians. (*Banging on desks*) (A Member: Hear, hear.) This is clearly a principal objective of the Government that has been met with outstanding success.

Additionally, and to be clear, the private sector has experienced a record number of employee jobs again with an all-time high of 18,441. The growth compared to October 2013, comprises of a staggering rise of 1,500 employee jobs in one year, with Gibraltarians representing 11% of this increase. In fact, the total increase in Gibraltarian employee jobs was registered in the private sector.

Furthermore, in October of last year, the number of employee jobs increased to a staggering record high of 24,422, up by 1,515, with Gibraltarians representing 45% of this total, which is nearly half of all employee jobs. During the last four years, on the other hand, of the previous administration, Gibraltarians employed in the public sector actually decreased by 356 Gibraltarians. During this period the number of Gibraltarians in the public sector increased by 42.

Mr Speaker, by whatever measure, the statistics that the Hon. the Chief Minister, and the Hon. the Father of the House, and that now I have repeated, truly puts to eternal shame the abysmal record of the members opposite who, in 16 years of Government saw the employment of fewer full-time Gibraltarians than we were able to achieve in just one year in office. The GSLP Liberals in just two years since coming into office, have succeeded in ensuring 681 full-time jobs for Gibraltarians, while the GSD in a period of almost 16 years had ensured employment for just 337. Under the GSD, therefore, there was an average of – and this is a staggering statistic – there was an average of 21 Gibraltarians per year in employment; whereas our record is an average of 250 Gibraltarian jobs every year of our first three years of office. (A Member: Hear, hear.) (*Banging on desks*)

And of course all of these record highs in employment give me the confidence to say that further increases in Gibraltarian jobs are to be expected in this current financial year.

I am also very proud to announce to this House that the number of unemployed persons in Gibraltar stood at a record-busting low of 190 as at the end of May of this year. (A Member: Hear, hear.) (*Banging on desks*) This excellent achievement speaks volumes for our local booming economy, the career prospects of school leavers and returning graduates and our firm and genuine commitment to achieving record levels of unemployment.

Mr Speaker, I am now told that 190 must surely rank as full employment, but whereas I cannot in any measure claim to have Mr Bossano's command of mathematics, it seems to me that we still have quite some way to go until we hit rock bottom.

Before I conclude, I must thank all of my staff at my Ministry: the Department of Consumer Affairs, the Trade Licencing Authority, the Business Support Unit, the Department of Employment, the Department of Social Security and the Royal Gibraltar Post Office for the, at most times, unforgiving pace they have come to expect from me in just six months, but for their unstinting support in delivering this Government's exciting programme – it has meant a lot of work.

It is true to say, Mr Speaker, that it would simply just not be possible to have to stand in this House to make as many announcements or to report on the completion of as many projects without them. I owe all of them a very big thank you. And, of course, I take the opportunity to thank you, Mr Speaker, and the kind, patient and excellent assistance of your staff Paul, Frances, Kevin and Dani. (*Banging on desks*)

Mr. Speaker, it is considered a truism that we campaign in verse but govern in prose, but it is my sincerely-held belief that the philosophies on which we asked our community to entrust us were not abandoned in the bottom drawer under lock and key the moment we walked into our Ministerial offices.

We promised accessibility to Government Ministers: we have fulfilled that promise and we continue to do so.

We promised genuine consultation of all relevant stakeholders in our areas of responsibilities: we have fulfilled that promise and we continue to do so.

We promised a Government that would bring a private sector approach to the business of Government in terms of the quality of the service provided and the time in which we do so. We have fulfilled that promise and we continue to do so.

1920 We promised a Manifesto that represents a contract between us and our community and not, as had been previously suggested, a mere wish list. We have fulfilled this promise and we continue to do so.

We promised to place all information online, hold a minimum of ten sessions of Parliament for Questions and Answers; we have live video stream in this Chamber and Hansard is uploaded within 24 hours. We will release Government Papers under a 20-year rule and we will shortly introduce a Freedom of Information Act. We have fulfilled these promises and we continue to do so.

1925 We promised a complete divorce from one man rule and to introduce instead a collective system of Cabinet Government. We have fulfilled this promise and we continue to do so.

1930 We promised a progressive Government that will start the really important work of removing the systematic apparatus of discrimination wherever it was found. And as much as the Hon. Mr Netto wants to airbrush out of existence the very real words he uttered when he said that we have achieved more for equality than they ever achieved in 16 years, (*Banging on desks*) we have introduced the Civil Partnerships Act that provides same sex couples with the same rights and benefits of different sex married couples, thereby making it clear that it is not the business of the Government to determine who someone loves. This Act and other measures show that we have fulfilled these promises and that we continue to do so.

1935 We have ensured the highest number of Gibraltarians in employment and as a corollary the lowest ever number of Gibraltarians registered as unemployed. We have fulfilled this promise and we continue to do so.

1940 We promised to employ a surgical scalpel to qualitatively ease a business's administrative burden and introduce economic incentives that would create the right conditions for businesses to prosper. Aside from the numerous pro-business budgetary measures I mentioned in the course of my address, it cannot be left unsaid that the last financial year yielded GDP growth of 12.7% in money terms, with GDP forecast to grow by 10.3% in money terms this financial year.

Mr Speaker, double digit growth in a global financial climate since 2008 is nothing short of staggering and a testament of Her Majesty's Government of Gibraltar's prudent macro-economic management in establishing just the right legal, regulatory and economic conditions. We have fulfilled these promises and we continue to do so.

1945 We promised to drastically reduce the waiting time for operations and to abolish the unforgivable excuse and scourge of the cancellation of operations due to bed shortages, not to mention the establishment of many other health services and improvements. We have fulfilled these promises and continue to do so.

1950 Mr Speaker, to provide a fair and accurate characterisation on the high poetic verse with which we have undertaken the labour of Government, I would have to read every single manifesto commitment that has been achieved since 9th December 2011. (*Banging on desks*) We promised that we would discharge our obligations under this contract and it is the very first time – notwithstanding what Members opposite may say – that any Government has so self-evidently delivered on its terms of its deals with our community.

1955 Mr Speaker, if we have been able to achieve so very much in just four years, it can only be because we have woken up every day thinking about what is good for our community, and that we have gone to bed, likewise, thinking of how we can continue to be of service when we wake up the next morning. It is because we all have skin in this game that the Government has truly made these four years – and I sincerely say this – a veritable labour of love. Love for the wellbeing and happiness of our community and love for this tiny corner of the world which we call our home.

1960 Mr Speaker, I feel incredibly fortunate to have been given the privileged opportunity to serve Gibraltar and to try every day to fulfil the aspiration that I have held from a very young age, to try to improve my country. I am proud to have served with a team of such dedicated and talented colleagues and for the part, albeit small, that I may have played. The community can expect that the people on this side of the House will continue to work hard every day without reprieve, as we near the General Election.

1965 Thank you, sir. (*Banging on desks*)(*A Member. Hear, hear.*)

Mr Speaker: The Hon. Damon Bossino. (*Interjection*)

Hon. D J Bossino: Mr Speaker, talk about drawing the short straw! (*Laughter*)

1970 **A Member:** With a short speech?

Hon. D J Bossino: With a short speech, absolutely!

The faces of hon. Members – including the Speaker, with all due respect – just tell a wonderful story of complete and utter boredom.

1975 But look, it is now eight o'clock. I will give hon. Members an indication of how long my speech is intended to take and I can say that it is about, just under 40 minutes. Let's see. Let's see.

Mr Speaker: And you're off the air.

Hon. D J Bossino: And I'm off the air, so I might as well just sit down, Mr Speaker! (*Laughter*) What's the point?

A Member: I planned it!

Hon. D J Bossino: You planned it absolutely perfectly! (*Laughter*)

But of course I am not paranoid, I am not paranoid, and there is a perfectly reasonable and legitimate explanation as to why I have been last on every single occasion during the lifetime of this Parliament – and that is because I shadow quite a few Ministers. In fact, on this occasion, as after the December reshuffle, I am now shadowing a total of five Ministers, 50% of the Government. One of those Ministers we have heard today I have known from a very, very young age – the Hon. Mr Bossano (*Interjection*) – and others have indeed become good friends over the last four years. This is not to say, Mr Speaker – I am now reading from the speech – that I have and will not discharge my responsibilities as a member of the Opposition diligently and point out the things that I think are not going well, but equally congratulate the Government when they have done things right.

On tourism, Members opposite will know and hopefully appreciate that I have always tried my best to steer clear of partisan politics in relation to this issue. When I was not a Member of this House I never really understood why the then Opposition – and I think the Hon. the Deputy Chief Minister used to lead on this issue – treated this area of economic activity in this way. Indeed, their style in Opposition was to be aggressively against almost anything that the Government did, however well it did it. Quite bizarrely, and certainly in the earlier part of their time in government, they have been doing it, but this time not from the Opposition benches. My belief has always been that tourism is one of those areas which should be left 'off the hook', so to speak, from the political rough and tumble, even if one has to express strong views forcefully if they differ from the Government's, and it is with this spirit that I will deliver my speech in relation to this matter.

On cruise liner figures, the hon. Lady's predecessor and the Hon. Mr Costa will know that I have given him a very hard time in the past and criticised how his much-vaunted one-to-one marketing strategy was not really working, and I have pointed out when he has failed to meet the very successful and buoyant figures of the previous GSD administration. Without making any admission as to the success of that particular policy, I must admit on this occasion that the figures to date are looking much better (**Several Members:** Hear, hear.) and I congratulate him for that. (*Banging on desks*) There is certainly more *ambiente* on that side than on this side at the moment, (*Laughter and interjection*) even in circumstances where he has failed to reach the glorious figures of the GSD administration.

In terms of the number of cruise liner arrivals it is correct that the Government has beaten its own record since it assumed office at 63 calls up to May this year. In the previous years we have 61, 50 and 53 for the years 2012, 2013 and 2014, and 59 during our last year in office. The figures do not, however, beat those of the GSD, which, when looking at the numbers from 2000, show that our peak, as at the May point that I have just described, was 70 in 2008. The total figures for cruise liner arrivals for 2014 stood at 181, an improvement on the position in the previous year, which stood at 170, and a considerable improvement from the position in 2012, where the number stood at 173. However, in terms of a comparison to our last year in office, they are not quite there yet, given that in 2011 our call number stood at 187. Current numbers certainly remain a far cry from our top figure in 2009 of 238. (*Banging on desk*)

In terms of cruise passenger arrivals, we see once again how – thank you for that (*Interjection and laughter*) – doing a comparison up to the main points from 2000, the Government has improved the position over the years 2013 and 2014, but still, I must point out, a good distance from the position in 2011 and 2012. These last years still maintain the record years up to the May point in terms of passenger arrivals. As for the overall annual figures for which we have complete figures in 2014, we see a healthy figure of almost 300,000, which is an improvement from the position in 2012 and 2013 but still, but still I must admit, underperforming in comparison to our final year in office where the figure stood at 325,000, and again that buoyant record year of 2009 where the figure stood at almost 350,000 passengers.

Mr Speaker, given the volatility at the Frontier, we must continue as far as reasonably possible and make every possible effort to ensure that passengers continue to come and that one day perhaps, one day perhaps, we can reach and even surpass the GSD record of 2009. In this context we can never lose sight of the stiff competition that comes our way from very nearby ports in Spain such as Cadiz and Malaga.

On air arrivals here we are seeing what I would term again as healthy figures when one looks at the visitor arrivals by air. The jump is reflected in a 6.2% increase from 2013 to 2014, which was alluded to by the current Minister for Tourism – a relief, no doubt, given that the figures for 2013 showed a slight drop of 1.1%; 6.2%, however, remains a far cry from our buoyant figure of 25.4% increase experienced between 2010 and 2011, (*Banging on desk*) but we hope from the Opposition benches that the positive trend will

continue and we encourage the Government to continue to make every possible effort to make the fullest use of that great GSD legacy that is the Gibraltar International Airport. (*Interjections and banging on desks*)
 2040 Certainly if we win the next General Election (*Laughter*) –

A Member: The most challenging bit of that sentence is ‘we’! (*Laughter*)

Hon. D J Bossino: – *we*, Mr Speaker, we, will continue with a policy of securing more flight
 2045 connections and greater connectivity so that the numbers keep on coming, thereby strengthening what is a very important sector of our economy. (**A Member:** Hear, hear.)

I will dwell on one particular segment of the previous air traffic surveys. Here we see, in table 6.01 that the total number of flights has failed to reach the peak that we saw in 2007 and 2009, where the figure stood at around the 2,100 mark. Although there has been a gradual increase since this Government’s time in
 2050 office from 2011, it has once again failed to reach the healthy GSD figures which we had in this particular area.

I wish to place on record my unreserved welcome of the new connections which have been secured to the UK, as again the Minister for Tourism alluded to in her debate. I think the Minister referred to three in particular. No doubt the dream of both sides of this House will be to see the opening of Gibraltar to the
 2055 world outside of the UK and certainly other areas of the EU, as it is Gibraltar’s right to enjoy without hindrance and without restriction. (**Two Members:** Hear, hear.) (*Banging on desks*) Whilst on this subject, Mr Speaker, this is a point which was actually agreed, black upon white, signed, sealed and delivered and promised by the Kingdom of Spain under the Cordoba Agreement. The right of Gibraltar Airport to enjoy the fruits of EU legislation in the area of aviation is ours by right, but on this occasion it was actually
 2060 supported by the Kingdom of Spain contractually in the Cordoba Agreement, which it then chose to unilaterally and unhelpfully withdraw from. This is condemned in the strongest possible way by the Opposition and we lend our support to this Government (**A Member:** Hear, hear.) in all its efforts to ensure that our rights in this regard are not trampled upon. (**Two Members:** Hear, hear.) (*Banging on desks*)

No doubt aviation and other issues will be addressed by the team at the Gibraltar EU Office. We have
 2065 welcomed the opening of the bricks-and-mortar presence in the EU and particularly the appointment of Sir Graham Watson to the team. He will, we are sure, bring very welcome advice and knowledge to Gibraltar’s general benefit or, as the Deputy Chief Minister said during the course of his intervention, his network of connections. Whilst welcoming this initiative we have already flagged the issue of costs. We see, in this regard, that the estimated cost of retaining the office goes up by £115,000. No doubt we will
 2070 have an opportunity at the committee stage of asking for details of the increase.

Moving on to the land frontier visitor arrivals, we have seen a further dip, interestingly, than in 2013 and 2014. I say that because I would have expected the figures to have dropped significantly in 2014 following the troubles with Spain the previous year where that country targeted in a very direct and unfair
 2075 manner our land frontier. This is a pity, because the figure stood at around the 11 million mark in the few years before we left office in 2010 and in 2011, and in fact that same figure maintained itself during the course of 2012 when the hon. Gentlemen were already in office. The figure has now, unfortunately, dropped to 9.7 million.

On tourist expenditure the figures set out in the Tourist Survey Report for 2014 show a significant drop. Although significant, Mr Speaker, it is positive, on closer analysis, to see how expenditure in the visitor
 2080 arrivals at hotels section has in fact increased from last year. The Chief Minister made a reference to the 3.1% increase in the number of marriages since 2011. He said – in jest, I hope – that even the love is up, but the fact that married couples from outside of these shores now have to stay a night here, as the Minister said, resulted in an increase in expenditure in this particular category. It is also interesting to note that the forecast outturn in both company and income tax is expected to go up for 2014-15 so that at least insofar as
 2085 the Government’s tax revenue is concerned there has been no impact in this drop in figures in relation to tourist expenditure. It is also noteworthy that the forecast outturn figure for 2014-15 in respect of tourist site receipts is about £200,000 higher than the actual received figure for 2013-14.

Moving on to the hotel occupancy survey, here we see a steady figure of around 60%, which is stubbornly refusing to shift in an upwards direction. I am sure we would all want that figure to rise much
 2090 higher than what it currently is. By way of anecdote I can tell hon. Members that my brother, who has been in the industry now for many, many years in the Far East, in Hong Kong and now in Singapore, would shed a tear if he saw figures as low as that, given that he is normally used to dealing with 90%-plus occupancy figures. But the positive comment to make, however, is that they are at least steady and are not dropping in any significant way, but much more must be done to bring visitors here, whether for leisure or business
 2095 purposes, and see those figures go up.

In this connection I wish to pause here for a moment and record the Opposition’s utter delight at seeing the refurbishment of the Rock Hotel. This is something which some hon. Members may know is very close to my heart, given that my father, James Bossino, dedicated more than 40 years of his professional life to

the hotel, 24 of which were as its general manager. (**A Member:** Hear, hear.) (*Banging on desks*) I think indeed that my father was probably the first Gibraltarian manager of the hotel and certainly – probably – its youngest, at the age of 33. I am also pleased to see that the Caleta Hotel's ambition to refurbish and extend its offering. I have had the opportunity of meeting its general manager at the hotel's wonderful restaurant and he gave me a first-hand account and insight of the ambitious plans the owners have for the expansion of the hotel's facilities. This is something that we really take for granted, but really the iconic views and positioning of those two particular hotels are second to none.

The Chief Minister, in a recent article in the *Gibraltar Chronicle*, talked about private enterprise driving economic growth and taking its place to Government. Our tourist product must surely be one of those engines for growth, and in this regard I think that whoever wins the next election should be challenged to make sure that our hotel occupancy figures rise as much as possible.

Finally, but in relation to this particular area, I want to make reference to the superb Literary Festival, which has now seen its second successful year and going on to a third. (**Two Members:** Hear, hear.) (*Banging on desks*) Mr Speaker, what a fantastic and delectable literary feast! (*Laughter*) I can say this from first-hand experience. This is something which no doubt my party in Government will seek to continue to foster as it not only brings new blood and new visitors to Gibraltar, and with them hopefully greater expenditure, but perhaps more importantly greater cultural awareness. It opens Gibraltar up to the world in a completely different way. It is an initiative which makes all Gibraltarians feel very proud indeed. The further point I would mention, going back to statistics – and perhaps the Chief Minister in his reply can address this point – is that revenues received for 2013 and 2014 came in at a modest figure of about £300,000 whilst the forecast outturn for this same year comes in at an even more modest figure of £60,000, and I would look forward to the... £60,000 from £300,000... Sorry? (*Interjection*) In relation to Gibraltar Literary Festival. I think it is a specific item, yes.

Moving on swiftly to commercial and consumer affairs, I wish to highlight, I think, two particular points. The first one is the I think very positive indeed legislative initiative taken in relation to the Fair Trading Bill, which is due to be debated, I think, shortly in this House, possibly tomorrow or indeed Friday. The Government has known for a very long time that the Opposition has been disposed to working closely with the Government in relation to this particular initiative. The aim of having a single point of contact for all businesses to sort out all their licensing and other regulatory needs, as far as possible, is something which we support and welcome. Other features, such as the amendment of the law relating to the protection of consumers' interests, are also something to be welcomed. I have spent, personally, many hours reviewing the Bill – certainly the first incarnation of the Bill – and then with the Minister and both his Civil Service and his external counsel team, and I think we have managed, going clause by clause of the first incarnation of the Bill, to iron out some of the difficulties that we encountered and which hopefully will have produced a better law. We shall see in practice how this Bill plays out, and I see that there is already provision made in the Budget Book for the funding of the Office of Fair Trading at head 26(8), coming in at £120,000.

The second point I was going to mention under this head is the Business Nurturing Scheme. The Minister very helpfully provided me with a full information sheet setting out the terms of the scheme, black upon white, as to how it is going to work – a far cry, I must say, from the supposed start-up policy which we discovered and which featured No.6 and Town Range as registered offices. Very few people believed, or indeed believe now, that they were in fact start-ups. The point I have made in relation to the Scheme is that a lot of care must be taken to avoid the pitfalls which I have referred to when we have debated the points in previous sessions in the House and which have been encountered in the UK in relation to defaults. It is important that Government money which has been loaned in this way is returned and paid back to the taxpayer. This, after all, is Gibraltar's money. It is, dwelling on the positive aspects of this initiative, nevertheless a good development and one which will hopefully see the starting up of new businesses in Gibraltar, because everything possible must be done to foster and encourage the entrepreneurial mindset of our people.

Moving on to the Port, we see a continued growth in the number of vessels registered at least up until the 2013 point, which are the latest figures I have. The same can be said of the number of active registered vessels registered under the Gibraltar registry. Clearly, very strong and secure foundations were laid by us and we have seen continued growth in this sphere.

Pausing there once again for a moment, Mr Speaker, I assume that the Chief Minister, whom I consider to be an intelligent man, does not really believe that he has presided over – he is taking notes, no doubt for the reply tomorrow – an Alice in Wonderland economic miracle. I appreciate that this has been a theme of our time in Opposition from the time of the first Budget debate in this Parliament. This is significant, because the reason for this is that they have been boasting about their supposed economic miracle from barely six months after they were elected. The Government does not seriously expect the electorate to believe that Gibraltar was facing economic collapse under Sir Peter but that it is now somehow rolling in it. Surely he should be mature enough to acknowledge that any economic prosperity, or that some of the economic prosperity that he is now boasting about is due at least in some measure to the economic

2160 foundation stones which were laid by the former GSD Government. That, I would humbly recommend to him, would be a much more reasonable position to adopt.

As far as the Gibraltar Port Authority is concerned it is worrying that this year, unlike last year, we are seeing how the forecast outturn figures for 2014-15 show expenditure outstripping income by £645,000. One of the culprits appears to be, from a read of the Budget Book, advertising, marketing and travel, which 2165 came in at £295,000 when the estimated figure for the same year, 2014-15, was £80,000, and whilst marketing is very important... Apparently, the figures are wrong, but the Chief Minister will no doubt correct me. Whilst marketing is very important, a very close eye must be kept on making sure that the marketing is effective and leads to tangible results. If the Government can assure us that this further expenditure will result in say more ships being registered in Gibraltar and therefore greater income and 2170 economic activity, then that is something which this Opposition will not be critical of – but results there must be; if not, an alternative strategy must be found and must be found soon.

I raise the matter of the further increase in the Port Authority budget in the context of a drop in tonnage dues and berthing charges. These figures are reflected at page 8 of the Budget Book, where it was estimated that tonnage dues and berthing charges would bring £4 million and £1.2 million respectively, making a total 2175 of £5.2 million. The drop is about £1.65 million, so that all told we are expected to receive £3.55 million. We are clearly not in the happy situation which we have been in previous years, and certainly last year, which is that, in effect, the Department was paying for itself. The Hon. Minister Balban's predecessor, Minister Costa, put a lot of emphasis on and extolled the virtues of running the Department in this way. An explanation will have to be given as to why it has not happened this year and what the intention is for next 2180 year.

I do welcome, however, that the bunkering charges revenue is expected to come in at £60,000 higher than what was the original forecast for this year, although about £45,000 less than the actual receipts for this particular activity for the 2013-14 financial year.

Moving on to my other area of responsibility, employment, this is an area where clearly, Mr Speaker, 2185 despite the Hon. Chief Minister's best efforts, I continue to shadow Mr Bossano in training. Despite his valiant attempt – this is the Chief Minister's valiant attempt – at making a distinction between skills on the one hand, for which the Hon. Minister Costa has taken responsibility, and training, I must say that I have never come across such a distinction in my life, despite having read on the subject quite extensively. UK and other international reports fail to make the distinction which the Hon. Chief Minister made, but the 2190 reality is not only that Minister Costa was actually given responsibility for both skills and training, as gazetted following the reshuffle. So the only possible interpretation that I can give is that Mr Bossano would have none of it and he has firmly retained responsibility for training. And that is fine – (*Interjection*) Mr Speaker, that is fine, because I have no intention, despite Mr Bossano's aggressiveness towards me in his intervention, (**Several Members:** Oh!) of being high-handed or nasty (*Interjection*) – exactly – in my 2195 comments towards him. We have said all that there is to say to each other in the relatively short time that I have been shadowing him. I have described him as a leopard which does not change its spots, and –

A Member: It's a compliment.

2200 **Hon. D J Bossino:** Well, he took it as a compliment, but I didn't mean it that way, and he has accused me of lying on three separate occasions in one GBC interview. I know he does not believe me, and I appreciate this may not be the most popular thing to say from the Opposition benches, or certainly from the party that I am a member of, but I still do enjoy listening to him, even if I disagree entirely with many of his ideas and policies, and I think the performance we have had this afternoon – a man of his age spending 2205 two hours on his feet giving that speech with so much energy... I was speaking to him privately in the antechamber and he told me that he got up this morning at 3.00 a.m. to prepare the speech, so it really is... There is more than one difference between him and me, and it is not just the letter in our names! (*Laughter*) He certainly has much more stamina than I could ever have. But I want to say for the record that therefore it has been an honour, a privilege and an experience to have shadowed him, the Father of the House, over the 2210 last two and a bit years in the lifetime of this Parliament.

In relation to the Future Job Strategy, what can I say? He has heard me set out our objections to this policy on previous Budget occasions and in press releases, and what there clearly is is clear blue water between the Members opposite and ourselves in relation to this particular policy initiative of theirs. He believes that it is the best thing since sliced bread, and we say that it fails to do what it says on the tin. It 2215 fails generally to provide proper training and real training leading to real jobs for our young and unemployed. (**A Member:** Yes.) (**A Member:** Hear, hear.)

There is, however, a unity of approach on both sides of the House insofar as the aim which all three parties represented here share, and that is that we want, as far as possible, priority to be given to 2220 Gibraltarians in the area of employment. But what the GSD says is that these jobs should go to the Gibraltarians because they are the best equipped and qualified to do them. A future GSD government... and

in honour of Minister Isola, who says that my learned and hon. Friend, the Leader of the Opposition was unable to come up with any positive policies, I am going to try and do so in relation to this area.

Minister for Financial Services and Gaming (Hon. A J Isola): Good for you!

Hon. D J Bossino: Thank you! (*Laughter*)

A future GSD government would want to see a fundamental shift in the attitude we have towards vocational training. We should give much, much greater focus and assistance to those who do not wish to follow the academic route necessarily and want to further their education pursuing a vocational one. We want to devise a policy which will provide the gold standard which employers and businesses want. We want to ensure that businesses are fully engaged in the process of devising the apprenticeships and perhaps even traineeships which lead to internationally recognised qualifications which employers in Gibraltar want. We want employers, through business participation from the beginning of the process, to offer jobs to trainees and not because they are contractually bound to do so. Doing it the GSLP way is a contrived way of securing employment, which is probably and in many cases only being obtained because the relevant company is in return obtaining a lucrative Government contract.

This brings me to one particular discrete area of concern and it relates to the significant increase that there has been in the number of companies in the approved list of Government contractors. The figures set out in the auditor's report for 2012-13 show that the number has increased from 53 in June 2012 to 185 in March 2014. We have also seen how, just in 12 very short months since the Government took office, the number of registered employers in this industry grew from 519 to 593, almost a hundred more. One very obvious concern is whether this growth will be sustainable if construction activity drops. How will this continue to be sustainable into the future?

The Hon. Minister Bossano has made certain points which I want to consider a bit more carefully, where he says that actually the growth in employment is outside the construction areas, but from a very basic glance at the survey report we see that, certainly in percentage terms, by far the biggest increase in employment is in construction at 41.4% – almost, interestingly, the same figure by which it dropped in 2012.

Moving on to financial services, I wish to focus on the considerable upheaval in the banking industry with the loss of the Norwich & Peterborough Building Society and the withdrawal of Barclays Bank from its retail operations. The impact on the community is multiple through the loss of mortgages, savings, investment products and payment services. We welcome that the existing market participants have, where possible, sought to meet the challenge to serve the community, and in turn we welcome the creation of the Gibraltar International Bank by the Government, which really has taken place in record time and they have to be congratulated for that. (*Banging on desk*) But the bank, Mr Speaker, needs to urgently fill the gap left by Barclays, and we trust that its team of tried and tested professionals will meet that challenge quickly as well. We again emphasise that the GIB needs to be managed independent of Government's wider political ambitions and look to the Board of Directors to ensure its prudential management in the interests of the community and taxpayer as ultimate shareholder.

We also have to keep a close eye on whether indeed new businesses are coming to Gibraltar, despite the Hon. Minister's valiant efforts in relation to his marketing strategy. The number of licensees overall does not paint a pretty picture. This is not fiction; it is fact – we have debated this point across the floor of this House already. We cannot necessarily say that it is due to any changed conditions in Gibraltar, but it is a reflection of where we are as an industry, and especially in insurance, if I could highlight that, with the impact of Solvency 2, which means significantly higher local capital requirements for many local companies and few entrants would no doubt have a very serious impact on the industry.

But what we can say is that we need to buckle the global trend to remain competitive. This means we need to manage increased regulation and increased cost of regulation with an approachable and flexible local regulator, with speed to market being paramount. It is all about our regulatory offering compared to other jurisdictions. That is where we retain an advantage because of our size. It is our unique selling proposition, so to speak.

In the field of regulation we continue to see a plethora of EU directives and regulations. I think some of them will also feature in Bills we will be debating shortly in this House and they are a challenge, as we all know – previous Governments have known this – to implement, given Gibraltar's very small size. But we need to be competitive and look to the Financial Services Commission to exercise budgetary discipline, as its fees seem to be in an inexorable upwards spiral. I would, in this connection, highlight the significant amount which has been budgeted for in respect of the subvention to the FSC, which was I think at £1.078 million in the forecast outturn figure for 2014-15, with an estimated further figure for this coming financial year of £560,000.

In conclusion – that is 30 minutes – in conclusion, none of us should assume that we will be Members of this House at the next Parliament. Quite apart from party selection procedures there is also the small

matter of a General Election and all of us here will have to make personal decisions as to whether we seek re-election. This job is not easy – I think I speak on behalf of all of us – and, in many respects, such are the demands of politicians that it is very difficult to discharge your duties as an MP and, certainly in my case, do your job as a partner in a law firm. Doing, in effect two jobs instead of one, which is not the case for Members opposite, but it is for those on this side of the House who hold alternative employment, adds a considerable strain not only on your professional life but on your personal life too.

Whatever happens, Mr Speaker, in my case, I wish to place on record that for me it has been a pleasure to have served in this House as an MP. For those of us who have been political nerds from our teens –

A Member: Hear, hear.

A Member: Some of us are nerds now!

Hon. D J Bossino: But not in our teens, unfortunately! Participating in frontline politics in this way has been, from a very selfish perspective, very gratifying indeed. Membership of this House has also given me the opportunity to meet many people of this community and beyond, which I for one have found very enriching.

I do want to place on record also what an honour it has been for me to have stood as part of a team with the outgoing backbencher, Sir Peter Caruana, in 2011. I deeply and genuinely felt at the time that Gibraltar needed four more years of GSD government under his leadership. I had no particular intention of standing in 2011, principally, Mr Speaker, because my family was then still very young, and indeed still is, but I answered the call and stood. Alas, after a nail-biting election night, as the Hon. Minister Costa will recall, it was not to be and the GSD lost to my former political allies and those of my generation in the alliance.

I was in active politics when Sir Peter first became leader of the GSD and a lone Member of the House. I and my party at the time, the Gibraltar National Party, opposed his views principally on the grounds of his support of the Brussels process, which I was always against, persuaded by the Hon. Mr Bossano's arguments. Never in my wildest dreams and he is not here to hear this, but never in my wildest dreams – and I told him to his face – did I think that Sir Peter would ever be Chief Minister of Gibraltar or indeed serve as its Chief Minister for almost 16 years, and less so that I would have stood with him as part of his team 20 years after he first entered the political arena.

He knows full well that I am far from a *pelota* – and the English translation I think would probably breach the rules of this House! I have never flattered him for the sake of it; quite the contrary – I normally like to belittle his achievements, even if only in jest, because that is his style too. But all in all I think we will all agree that if we had to choose one particular political achievement, and in my view there were many – ‘He did much which was right’; I think I am quoting the Hon. Chief Minister earlier today – his finest first hour must be his ability through pure intellect, stamina and will to fend off that ill-conceived attempt at subjecting Gibraltar to joint sovereignty rule with Spain. (*Banging on desks*) For that alone Gibraltar should be eternally grateful to him. We must all therefore, on both sides of this House, do everything in our power to leave absolutely no stone unturned to make sure that no Foreign Office mandarin or Spanish diplomat or politician gets the idea that that particular spectre can ever raise its ugly head again. (**Two Members:** Hear, hear. (*Banging on desks*))

Mr Speaker, finally on Sir Peter I think it is fair to say that he will be missed, at least by some of us, in the next Parliament and I certainly look forward to reading his book.

As for the future, the next Parliament will have its many challenges. Whether it be the British Referendum on the EU, our public finances, dare I say the LNG power station, (*Interjection*) the Victoria International Football Stadium or a tumultuous Spain, all of these things will impact on Gibraltar in generations to come.

My sincere hope is therefore that the political leadership of our nation should centre and focus on debating these many real issues in a mature way. Name-calling and personal attacks should be assigned to the rubbish bin. Debating the issues and finding common ground on these important and existential matters – and Sir Peter made reference to some of them this morning – which impact on our nation is what must take centre stage.

Finally, to quote the following from Minister Isola in his last year's Budget speech, where he said:

‘I have always held the view that to be involved in politics there are two fundamental criteria that you are required to have, the first of which is a good sense of humour and the second to do the right thing for the right reasons.’

– I could not agree with him more.

A Member: Hear, hear. (*Banging on desks*)

Mr Speaker: Being the political animal that I am, (*Laughter*) and since I think we are off the air and therefore it is less likely that there will be –

2340

A Member: The radio, Mr Speaker. We are on the radio.

Mr Speaker: I was just going to say, being a political animal...

2345

A Member: No, say it, sir!

Mr Speaker: If next month was not July, I would have thought that there was going to be a General Election. (*Laughter*)

2350

Chief Minister (Hon. F R Picardo): Well, you never know, Mr Speaker! (*Laughter*)

Mr Speaker, after that very elegant and erudite contribution, which was obviously the lead contribution for the Opposition, (**A Member:** Hear, hear.) I move that the House do now adjourn until tomorrow morning at 11.30, when I shall reply to the contributions we have heard from all hon. Members, in particular, from one nerd to another, to the hon. Member opposite.

2355

Mr Speaker: The House will adjourn to 11.30 tomorrow morning, when the Chief Minister will be exercising his right to reply to the debate.

The House adjourned at 8.35 p.m.