



# PROCEEDINGS OF THE GIBRALTAR PARLIAMENT

SECOND AFTERNOON SESSION: 4.36 p.m. – 8.00 p.m.

Gibraltar, Friday, 8th July 2016

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# The Gibraltar Parliament

*The Parliament resumed at 4.36 p.m.*

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

[CLERK TO THE PARLIAMENT: C McDonald Esq *in attendance*]

## Order of the Day

### BILLS

#### COMMITTEE STAGE

*In Committee of the whole Parliament*

#### **Appropriation Bill 2016 – Clauses considered and approved**

**Clerk:** A Bill for an Act to appropriate sums of money to the service of the year ending on the 31st day of March 2017.

Clause 1.

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**Mr Chairman:** Stands part of the Bill.

**Clerk:** Clause 2, Head 1, Treasury; subhead 1, Payroll; subhead 2, Other Charges.

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**Mr Chairman:** Stand part of the Bill.

**Hon. R M Clinton:** Mr Chairman, may I? (*Interjection by Mr Speaker*)

I beg your pardon? (*Interjections*)

No, no; on Treasury 1.

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**Mr Chairman:** Clause 3, I have received notice from the Hon. Mr Clinton that he wishes to move an amendment and I have circulated this to all hon. Members.

The Hon. Mr Clinton.

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**Hon. R M Clinton:** Thank you, Mr Chairman.

The amendment I would like to make to the Bill is in respect of clause 3(1), that clause 3(1) be amended by the deletion of £32,501,000 at the end of that subclause and that be substituted thereof by £7,501,000.

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Mr Chairman, my thinking behind this is, at the moment we are blind as to what that £25 million is intended for. There is nothing that I can see in the Estimates Books that gives a breakdown as to how that money would be expended and furthermore, as I understand it, the Government is not yet in a position to provide any audited accounts for any Government

companies that may require this supplemental funding; and, on that basis, I would propose that amendment.

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**Mr Chairman:** The House may wish to focus their attention on Rule 33 – Bill in Committee, subparagraph (4) about preference to an amendment there; subparagraph (5), as well.

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The question may arise as the Hon. Mr Bossano was telling me privately, there was a view taken in the past under the old constitution that no amendment could be moved, certainly to the Appropriation Bill, but certainly that would result in increased expenditure from the Opposition – that was out of the question.

But he tells me that on one occasion even a reduction was proposed and again the ruling – and, in those days, the Attorney General was a Member of the Government and was sitting on those benches – and the ruling was that that was not allowed.

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When I received the amendment this morning, I looked through this section on the Appropriation Bill, Bill in Committee and obviously there is no suggestion that no amendment shall be moved. But, no amendment can be moved which is inconsistent with any clause already agreed upon.

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My limited knowledge of accountancy does not allow me to make a ruling on the matter and that is why I took the precaution this morning of giving a copy to the Financial Secretary so that he could have a look at it.

**Chief Minister (Hon. F R Picardo):** Yes, Mr Speaker, but there is an issue also with section 35 of the Constitution.

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Section 35 of the Constitution says that:

Except on the recommendation of the Minister with responsibility for finance, the Parliament shall not –

(a) proceed upon any bill (including any amendment to a bill) that, in the opinion of the person presiding in the Parliament ...

Mr Speaker that is you –

... makes provision for imposing or increasing any tax, rate or duty, for imposing or increasing any charge on the revenue or other funds of Gibraltar, or for altering any such charge, otherwise than by reducing it, or for compounding or remitting any debt due to Gibraltar; or

(b) proceed upon any motion ...

and of course, Mr Speaker, an amendment is a motion,

... (including any amendment to a motion) the effect of which, in the opinion of the person presiding in the Parliament, would be to make provision for any of the purposes aforesaid.

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Now, Mr Speaker, in my submission, although this looks like a reduction, and not the imposition or increase of the revenue or other fund of Gibraltar, of course that £25 million will go somewhere else and that may result in an increase somewhere else.

I think therefore, at first blush, my view is that it is possible that the proposed amendment is unconstitutional before you even get to the Standing Orders and Rules of the House.  
*(Interjection)*

60

**Hon. D A Feetham:** Mr Speaker, our position is very simple, this is a Bill – perfectly entitled to amend a Bill, the rules provide for it – and, of course, Mr Speaker is not in a position to make a ruling on the constitutionality of something.

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At the end of the day, this is not a court of law and from my reading of what the Hon. the Chief Minister – I do not have it in front of me – but what he has read to me, it does not appear to infringe the Constitution.

But of course with these things and, being a lawyer myself, these are not easy things; and I am just not sure that Mr Speaker is in a position, quite frankly, to make a ruling based on the interpretation of the Constitution and something that is not straightforward.

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**Mr Chairman:** There is something that can be done for the moment.  
Would hon. Members look at subparagraph 6 in the Rules:

A clause may be postponed, unless the decision has already been taken upon an amendment thereto. Postponed clauses shall be considered after the remaining clauses of the Bill have been considered and before new clauses are brought up.

That gives us an element of time if we wish to involve that rule.

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**Hon. Chief Minister:** No, Mr Speaker –

**Mr Chairman:** But ultimately, what we cannot do is to have an impasse here and leave the matter in abeyance. I am not a constitutional lawyer, I am not an expert and I certainly do not think the deliberations of Parliament on this Appropriation Bill should be delayed whilst we get a constitutional expert to advise me on the ruling.

80

I do not think we want to proceed down that route.

**Hon. Chief Minister:** Absolutely and if I may say so, Mr Speaker, the Hon. the Leader of the Opposition has said that there is provision in the Rules for amendments etc.; well, he needs to read the section that I am talking to him about, which deals specifically with Bills – which are Bills which relate to finance and this is *in the Constitution*, Mr Speaker, and it is very clear.

85

My interpretation is that somewhere in the context of what is being considered here there will be a consequent increase of £25 million potentially or an uncovering of it. Therefore, Mr Speaker, I would urge you to rule that this motion, which is what it is, or an amendment to a Bill which is specifically provided for, is unconstitutional and outside Section 35 of the Constitution.

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**Hon. D A Feetham:** Mr Speaker, I just really do not understand that point.

How an earth the Speaker of the House, who is not a lawyer, can rule that if something is unconstitutional is beyond me, Mr Speaker, I have to say.

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**Mr Chairman:** The Speaker of the House, whether he is or is not a lawyer, is empowered to make rulings and does so. I have done so; Major Robert Peliza did so on many occasions, and so on. (*Interjection by Hon D A Feetham*)

Not on the Constitution, on what is before the House – given the reality of what the Constitution says about the Appropriation Bill and that is what we are involved in this afternoon.

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**Hon. Chief Minister:** And not just that, Mr Speaker, the hon. Gentleman has just raised another issue.

How can the Speaker of the House rule that something is unconstitutional?

105

Mr Speaker, because the Constitution says that he shall; the Constitution says that the person presiding in the Parliament determines that and this is the Constitution that he came back with from London, Mr Speaker.

**Hon. D A Feetham:** Yes, Mr Speaker. Of course you can make a ruling on the Constitution if you take legal advice, Mr Speaker.

110

But, for you to rule on the hoof as to whether the Hon. the Chief Minister's interpretation of section 35 of the Constitution applies here ... well, I really think that it is placing Mr Speaker in a completely invidious position.

115 The proper way to proceed with something like this is as follows: Mr Speaker can, in my view,  
in my humble opinion – and I know that the hon. Gentleman does not like to listen to my  
opinion, but I am the one expressing it at the moment – in my view the way to proceed is, we  
will just take a vote on the amendment, the Government is going to vote it down with the  
majority because we all know the Government is going to be voting it down, but it is an  
important point; and then Mr Speaker can take advice on this.

120 I think that the danger here, Mr Speaker, is for Mr Speaker to be making a ruling on the hoof  
on something that actually may arise later on without the benefit of legal advice, it places Mr  
Speaker in a disadvantageous position and it places everybody in an invidious position.

**Mr Chairman:** I am not afraid to face issues.

125 I helped this morning, the Hon. Mr Clinton in drafting the amendment knowing that I was  
going to have to have a look at the Rules and knowing that the amendment might not or should  
not be allowed; and, knowing that there was that possibility, that did not stop me from giving  
him the help which he needed in getting an amendment that could be understood by all hon.  
Members.

130 Now, obviously the easy way out – and I also thought of that – in any case the amendment  
can be put, I am sure I have heard the Government was not going to accept it; and if that is the  
case and he seems to think along the same lines, that would be the end of the matter as far as  
the Appropriation Bill is concerned.

135 Now if there are issues arising from that – and perhaps there are – then they can be referred  
to, and eventually I will get advice and make a ruling on the matter.

**Hon. D A Feetham:** I think this is –

140 **Hon. Chief Minister:** No, Mr Speaker, with respect, the hon. Gentleman does not like to listen  
to my opinion but given that he has just given us his, he might give me the benefit of sharing  
mine with the rest of the Members, Mr Speaker.

145 We are talking about the Constitution of Gibraltar. We are talking about the overriding and  
empowering enactment which allows us to progress, Mr Speaker. This is not something that,  
because Mr Clinton has decided to move a motion which he has failed to understand, is covered  
by the Constitution, we are simply going to allow to go and then take a vote, Mr Speaker,  
because it would be a precedent (**Mr Speaker:** Absolutely.) to determine, constitutionally, that  
this can go forward and we can take a vote and just vote it down like that.

150 The Government is not satisfied with that, the position under the Constitution is clear, Mr  
Speaker, and I invite you to find that the motion is therefore not one which cannot be  
proceeded upon. It is exceedingly clear, Mr Speaker, and I invite you to find therefore that the  
motion is not therefore one that can be proceeded upon so that the House can continue with  
looking at the detail of the Estimate if hon. Members want to.

155 As the Hon. Member has said just now, this is about making a point and they know that they  
are going to be voted down. This is how they make points; they now decide that instead of  
raising them, they make points by way of motion. Mr Clinton has made a number of points when  
I invited him to do so by way of contacting the Government if he wanted to make a motion  
which would enjoy support, Mr Speaker, he could.

160 But he does not want to do that; he wants to make his point, he wants to get his headline, he  
wants to get his air time by doing something which is not what he has to do.

If he wants to make the point he can make the point when we get to the item and he can tell  
us exactly the same thing he would have told us in the motion, in the context of pointing to the  
figure and giving us that view. He just wants more air time, he wants more headlines and that is  
all that this is about.

165 The Constitution is an overriding and principal enactment and we *have* to respect it,  
otherwise everything is up for grabs.

**Mr Chairman:** Personally, I am not satisfied that it is correct to proceed with this amendment. I am not satisfied that that is the case.

I am not saying that it is out of order but I am not satisfied that it is *in* order, which is a difference.

170 Therefore, my preference would be not to proceed with it and we carry on with the Estimates. In all the years that I was a Member something that never happened, no-one from the Opposition ever *dared* do anything akin to this – it has not happened in the intervening time. (*Interjection*) We have a Constitution that you have to have regard to the provisions of the Constitution, before you come up with an amendment here at this stage.

175 All these matters have to be looked into carefully.

As I say, I am not satisfied that we ought to proceed with this amendment. Really, I am not satisfied, I am very much in doubt about it; but, as I say, subsequently if that is the view of the Leader of the Opposition he himself, can seek advice from the Attorney General from a constitutional lawyer and the matter can be ventilated subsequently.

180

**Hon. R M Clinton:** Mr Chairman, if I may?

Would I be correct in saying then that there is no way that the Opposition can in any way, shape or form influence any of the numbers on the Appropriation Bill?

185 **Hon. Chief Minister:** Mr Speaker, this is something that happens quite often.

We are going to have a detailed debate now; we are going to look at the numbers together. If the hon. Members spot an error, for example, and it has happened before, I have spotted errors; we have had pages replaced when the hon. Members were in Government. We have had new pages brought to us because there have been errors which we have spotted and shared with Members opposite.

190

But this is the proposal that we are making in respect of the Bill going forward. If there were to be a proposal which is required to be brought by way of amendment, then the Constitution is clear. Hon. Members have to persuade *me*, in effect, to bring the amendment and then it is brought and the change occurs – and Mr Bossano can probably enlighten us more about when those things have happened.

195

**Hon. D A Feetham:** Mr Speaker, it appears to me that there are two separate points here, with respect. One is Mr Speaker's concern as to whether it is in order or out of order.

The second point, which concerns me more than the first, quite frankly, because if Mr Speaker had said, 'I am not sure about this, I want to rule it out of order for these reasons' ... it is Mr Speaker's ruling at the end of the day; and Mr Speaker draws in aid, for example, past practice and Mr Speaker makes a ruling on the basis of past practice and the Opposition accepts that.

200

What concerns me more about these exchanges, Mr Speaker, is that the Chief Minister should read to you, a non-lawyer, a section in the Constitution where the Leader of the Opposition who is also a lawyer – and I have got a lawyer next to me as well who has also read it – and we are reading and it says:

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... for altering any charge otherwise than by reducing it ...

And we have our doubts and I put it no higher than that because I have been practising law long enough not to state opinions on a 100% basis, particularly in relation to interpretations of the Constitution.

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But what I do not want, Mr Speaker, is for Mr Speaker to make a ruling about the constitutionality of something without taking advice; because that, I think, would not be the proper way to proceed.

215 **Mr Chairman:** I am certainly not going to make such a ruling.

As I said my reservations were clearly as in the first instance and I am certainly not going to be here listening to legal opinions from the number of lawyers that we have (*Laughter*) otherwise, Mr Bossano and I who are not lawyers will probably come to the same conclusion: *a plague on all your houses!* (*Laughter*)

220 So, as I am not satisfied, we are not going to proceed therefore with the amendment and if other issues arise they can be ventilated as appropriate; but I am going to give the Hon. Mr Bossano an opportunity as well.

**Minister for Economic Development, Telecommunications & the GSB (Hon. J J Bossano):** Mr Speaker, the reason why I brought this to your attention when I came in was because I was stopped once from making an amendment, from the Opposition, to reduce somebody's salary – which was a reduction and not an increase.

225 This was in the previous Constitution where it said that you could not make any change without the consent of the Financial and Development Secretary, which was replaced then in the new Constitution by the Minister for Finance.

230 As far as I can tell the text is the same except that now it is the Minister for Finance instead of the Financial and Development Secretary – and it is quite obvious why that was there historically. It was there historically because of course the control of public spending, going back to the 1969 Constitution ultimately the person that had the last word was the Financial and Development Secretary – and you will remember, Mr Speaker, in the old days he was the one who answered for what was in the Appropriation Bill.

235 I think now that function and that role and that responsibility was for the Minister for Finance and that is why it requires the consent of the Minister for Finance, whereas before it required the consent of the Financial Secretary.

240 But I can definitely tell Members that what I proposed at the time from the Opposition was not an increase, it was a reduction and it was about reducing by £1. (*Interjection*) I think you might have been on this side at that time. (*Laughter*) Yes.

**Mr Chairman:** It was a view generally held that if you were not satisfied with the performance of the public servant or of a civil servant, one way to register that view was by reducing his salary by £1; and when he tried it he was not able to succeed.

So let's carry on.

**Clerk:** Clause 3

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**Mr Chairman:** Clause 3, stands part of the Bill.

Clause 4, stands part of the Bill.

Clause 5, stands part of the Bill.

Clause 6, stands part of the Bill.

255

The Schedule, which is a book, Head 1.

**Clerk:** Head 1, Treasury; subhead 1, Payroll.

**Hon. D A Feetham:** Mr Speaker, as the Chairman, you have left out 7.

260

**Mr Chairman:** I have left out 7? My apologies.

Clause 7, stands part of the Bill.

The Schedule, Head 1, Treasury.

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**Clerk:** Head 1, Treasury; subhead 1, Payroll; subhead 2, Other Charges.

**Mr Chairman:** Now, when he calls Payroll, for the benefit of the new Members, you can ask any question and you can raise any matter in respect of the items listed under Payroll.

270 I will pause for a moment in case any Hon. Member wishes to ask something; otherwise we will then proceed to Other Charges. Again, the same procedure, you may ask any questions that you wish and then at the end of it all, I will move that it stand part of the Bill.

So Hon. Members, on Payroll or Other Charges in Head 1; are there any questions? Head 1, Treasury, stand part of the Bill.

275 **Clerk:** Head 2, No. 6 Convent Place; subhead 1, Payroll; subhead 2, Other Charges.

**Mr Chairman:** No, do not call the subhead Other Charges until we have dealt with Payroll. Payroll first.

280 Head 2, subhead, Payroll.

**A Member:** Mr Chairman, I do not think we have done –

**Mr Chairman:** Any questions arising from –

285 **A Member:** Sorry, Mr Chairman, I do not think we have done Other Charges of Treasury. *(Interjections)* Oh, you did it together, sorry. *(Interjections)*

**Mr Chairman:** The Hon. Roy Clinton.

290 **Hon. R M Clinton:** Mr Chairman, on the Payroll side of No. 6, I assume the Establishment numbers of Chief Secretary is under No. 6, Establishment?

I could not help but notice on the green pages at the end, on the salary scales, that the Chief Secretary seems to be getting a pay increase of 28% from £123,219 to £157,978.

295 Is that correct? *(Interjection and laughter)*

**Hon. Chief Minister:** Yes, Mr Speaker, I think this was giving effect to a commitment of the former Chief Minister in respect of the salary of the Principal Auditor, which is connected. These salaries are all connected, they are all in a grid – the Attorney General, the Chief Secretary. They were all connected under the former administration and this is a historical undertaking that had been given by the former Chief Minister which was given effect to.

300 I can write to him and let him have the details if he likes, because it was something that was brought to my attention, I think, by the Auditor or by the Chief Secretary himself on behalf of the Auditor; and with the consequent effect which he explained to me also that his own salary would rise as a result of it, and he was transparent at the time.

305 But I am quite happy to let you have a note that sets out how it arises.

**Hon. D A Feetham:** Yes, I think that I recall that in fact the Chief Secretary's salary – it was the Chief Secretary or Attorney General I think, the Financial Secretary's salary – they are all on the same level.

310 Does that mean that all of those three post holders, their salaries have also gone up, because we have not actually seen that reflected in the book?

**Hon. Chief Minister:** Mr Speaker, I understand that they are all connected, I do not know which of the three or four that are connected but I understand that there is a connection. But I am quite happy to let them have a note, a copy of the note that I got at the time explaining why it was and whose commitment it was that it would rise. *(Interjection)*

315 I do not know whether mine goes up or not; I do not know whether the allowance goes up or not.



**Mr Chairman:** Any other questions?

320 Other Charges.

**Clerk:** Subhead 2, Other Charges.

**Hon. E J Phillips:** Yes, Mr Chairman, I have got just one question in relation to No. 19 on the  
325 co-ordination of the fight against illegal drugs.

Given that in Item 18 Project SEARCH has been given a healthy amount of £10,000 I was just wondering, given the commitment by the Government to the fight against illegal drugs, whether that is just a nominal figure or whether there will be further amounts dedicated towards the co-ordination at No. 6?

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**Hon. Chief Minister:** Mr Speaker, £1,000 when it appears in the Book is usually a nominal amount, as it is here. There is an amount in respect of the fight against drugs in another section in the Book. This opening of the line is in order to be able to work together in the process which the hon. Gentleman knows we are embarked upon.

335

**Mr Chairman:** Other Charges continue on page 26 and page 27.

**Hon. T N Hammond:** Mr Chairman, just with respect to Other Charges on page 26, I believe it will be paragraph 5(f) Maintenance Agreements and Licences, Contracted Services, I notice the  
340 total for Maintenance Agreements and Licences goes up by £400,000 by about 40% for the coming year as an estimate.

Is there any particular reason for that? I am assuming it is not an inflationary increase, with inflation being so low?

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**Hon. Chief Minister:** Mr Speaker, the reasons for the increase are as follows. The discount which was given to Governments, local authorities etc. around the world by Microsoft, has now been reduced so we get less of a discount from Microsoft.

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The additional licences required for the server firm, the additional licences required as a result of the audit undertaken by the suppliers of this equipment, and changes to Microsoft licensing procedures that has made us carry out benchmark testing with our suppliers to achieve the most cost effective solution possible in respect of software.

Also, new contracts for Rendezvous software, backups of exchange databases, the maintenance of the Government website and preventative maintenance equipment which has been required.

355

So it is all IT-driven.

**Hon. D A Feetham:** Mr Chairman, on the same clause we have got the forecast outturn for Travel, Protocol and Entertainment and we have got a figure of £1.2 million, and then the estimate next year £650,000 – £500,000 for travel and £150,000 for Protocol and Entertainment.

360

Now I understand that factored into that – I do not know, maybe I am mistaken about that – but probably is the downsizing of the Gibraltar Day in London of making people pay in relation to that.

But given that we are in a post-Brexit situation and no doubt there is probably going to be more travel rather than less, is it realistic to suggest that travel and entertainment is actually going to go down? It is going to be halved?

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**Hon. Chief Minister:** Mr Speaker, the hon. Gentleman is right, these are pre-Brexit estimates – and I am happy to give notice now so that it is clear on the record – it maybe that those numbers have to rise because we may be travelling a lot more than we expected to travel and we may be taking people with us who we would not usually take with us on trips.

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And in any event, Mr Speaker, the creation of the august office of the Deputy Chief Minister which now has its own pages, will have a part of the travel etc. because the Deputy Chief Minister, of course, does his own travel and therefore the hon. Gentleman will see part of the cost is there as well.

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**Hon. D A Feetham:** And also, Mr Chairman, if we go to number 9, we will see that the forecast outturn for the end of this year was £1.5 million in grants and donations, and that has been reduced by over two thirds to £420,000.

380

Can the Hon. the Chief Minister explain the considerable reduction in expense in relation to that particular Head?

**Hon. Chief Minister:** Yes, Mr Speaker, the Hon. the Chief Minister found he was often criticised for a lot of the costs arising for No. 6 Convent Place which in fact related to other Departments.

385

So those charges which related to other Departments are now in the other Departments; and a number of them related to matters relating to Health, for example, and the hon. Gentleman will see that those Departments are now carrying their own costs rather than subjecting the Chief Minister to those unfair and entirely inappropriate allegations that were made before.

390

**Mr Chairman:** Any other questions?

**Hon. T N Hammond:** Mr Chairman, in the same section on page 26, paragraph 11, Research Development Studies and Professional Fees, I note that the forecast outturn is almost double the estimate of £450,000 rising to £870,000, and the estimate for the coming year is £500,000.

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Just two questions on that: is the £500,000 realistic based on this year's outturn? And is there an explanation for such a significant overspend in that particular area?

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**Hon. Chief Minister:** Yes, Mr Speaker, this is a head that is usually demand driven. If the hon. Gentleman looks at the Actual in 2014-15 and the Estimate, and then the Actual now, the Actual would have been more demand led than anything else and the Estimate should not be any much larger, so much more increased than the Estimate for last year was, other than trying to see that we keep it within that. But if there are professional fees, then we have to meet them and that is how the outturn is usually larger.

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Those professional fees may not be related to No. 6 Convent Place but we are still a bit of a bucket, despite my best efforts, for other people's professional fees as well, because if there is an agreement that something happens and there needs to be advice taken, very often there is not the budget in the other Departments and it has to be dealt with out of No. 6.

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**Mr Chairman:** Anything else on page 26?

**Hon. T N Hammond:** I do have some more on page 26, but just mainly on that point.

Can I ask, Mr Chairman, if the Chief Minister is saying that the £500,000 is likely to rise as it has in previous years and therefore would it be sensible to put a higher estimate to reflect the likely true figure there?

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**Hon. Chief Minister:** No, Mr Speaker, what we are saying is that we think that £500,000 is the right figure. If you look at 2014-2015 it was closer to £500,000 than to £870,000, and so there must be an attempt to keep it towards the £500,000 and not to allow it to increase. But there may be demand-led reasons why it has to increase.

420

For example, I am looking at some of the fees which relate to the current year and I can see they are all about professional fees incurred in the context of some of the issues that the hon. Gentleman may have read about in the paper, and where we have had to take advice and

understand what Gibraltar's rights are internationally etc. and that comes out of this head very often.

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**Hon. T N Hammond:** Yes, I understand that, I think the only point I was trying to make was obviously an estimate tries to reflect a reality rather than an aspiration, and so if the expectation is that the ... certainly in the last year it was a significantly higher cost. Unless the Chief Minister is telling me that he is not anticipating a similar year coming up, and in the Brexit scenario obviously I think we can expect to have – certainly in terms of professional fees – the significant potential there, whether it would be wiser.

430

But I do accept the Chief Minister's point and I will not press that any further.

**Hon. Chief Minister:** Mr Speaker, the book was done well before Brexit and it may be that there is a need to take further advice and we may exceed the amount, or we may be taking a lot of advice from other sources that do not come out of this head.

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So I am not one for encouraging people to think that there is more money available; and it is also a tool in my negotiating arsenal to say to people, 'I have not got money in the head', so I can try and get better fees.

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So I would not encourage him to give succour to those who would take us for suckers.

**Hon. D A Feetham:** Yes, Mr Chairman, two items at 14, Government General Advertising and Official Notices.

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If the Chief Minister looks at the Actual for 2014-2015 it is £1.1 million. I would be very surprised if that did not actually come above the estimate for that year but certainly, if you look at the Estimate for 2016 was £600,000, the forecast outturn is £900,000 and now we have got a figure which is £500,000 which is less than what was estimated last year.

450

Unless the Government has taken a conscious decision to really decrease the level of Government General Advertising that is likely to increase isn't it, during the course of this year, to an Actual probably closer to the £900,000 in the forecast outturn, bearing in mind that if you look at 2015 it was £1.1 million.

That is one. Secondly, in relation to 17 there is an ex-gratia payment there of £460,000 in the forecast outturn for the end of 2016. Can he explain what that is when the Estimate last year was £25,000?

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**Hon. Chief Minister:** Well, Mr Speaker, whilst the information on 17 is provided, in line 14 what he is seeing is another one of the effects of the Office of the Deputy Chief Minister being created, because one of the largest areas of expenditure was property in relation to property advertising, Mr Speaker. So he will see, for example, that one of the lines that is open in respect of the Office of the DCM is a line in respect of Land Advertising and Official Notices which is now going to be dealt with there, Mr Speaker.

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Different rules will apply in relation to advertising so that it is controlled in the way that we think is more appropriate. So if the hon. Gentleman looks at the Estimate for last year and he looks at the Estimate for this year based on what I have told him, he will find that we are estimating the same amount and we are going to continue the exercise of trying to keep the cost down. But again, with the caveat that this was a pre-Brexit book and that *these* areas may be areas where more expenditure is required.

465

In relation to ex-gratia payments, Mr Speaker, he needs to be very alive to the fact that it is a plural, it is ex-gratia *payments*, and there are nine payments which are the ones that make up the £460,000, including the £25,000 which was the approved estimate so it is an overspend of approximately £435,000.

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But this is again demand-led and this relates to a settlement in one Department; all of those settlements come to No. 6 Convent Place for payment. The other Departments, I think, apart from the GHA, do not have a head for ex-gratia payments so they all come here.

475 There is the argument to put £1,000 in as a line rather than £50,000. There are some years when you find you are entirely underspent on the line and there are some years where you are overspent on the line, it depends on settlements.

480 **Hon. T N Hammond:** Mr Chairman, if I just may take us back to paragraph 15, Media Monitoring Services. Again, I notice that the Actual for years 2014-15 was £450,000, the forecast outturn for the last financial year was £550,000, and yet the Estimate for the coming year is £180,000 – quite a significant cut.

485 It has never been absolutely clear what those Media Monitoring Services are, but whatever they do presumably it costs money and has cost £550,000. Why is there an expectation that that budget should be cut by a third this year?

**Hon. Chief Minister:** Mr Speaker, we do not talk about what the details of that is, but I will give him the confidence that none of it is national, so I do not pay anyone to tell me what he tweets. This is all about outside of Gibraltar and I think that has been made abundantly clear.

490 Mr Speaker, we had an expectation that the services we were going to need outside of Gibraltar were going to be considerably reduced. Nothing has changed in that respect except Brexit.

495 So the aspects that we thought we were going to need regarding – if I may put it this way – the more traditional issue that we have consistently had, is adequately dealt with in the context of the reduction, because we are now able to do things in a slightly different way; technology changes and therefore those who were doing things for us can do them in a slightly different way. But Brexit may require us to change our view in respect of that figure as well.

500 At the moment it may be that we are talking a lot about Brexit costs, etc. and that we may not incur a lot of that in this financial year, it may be that the real work in respect of what we need to do internationally comes later because this is a process that is not necessarily going to be over in this financial year – we may not even see an Article 50 notice given by the United Kingdom in this financial year, or we may.

505 So it is either something that is going to start to affect our costs in the three-quarters that remains of this financial year, that may affect the following financial year, or may continue to affect us even into a third financial year.

For now all I can say is that we will nonetheless seek to stick to these estimates wherever possible in all matters that are not Brexit-driven, because I think it is important that we should try to.

510 **Mr Chairman:** Any other questions?  
Head 2 stands part of the Bill.

**Clerk:** Head 3, Customs; subhead 1, Payroll.

515 **Mr Chairman:** Any questions?

**Clerk:** Subhead 2, Other Charges.

**Mr Chairman:** Head 3, Customs, stands part of the Bill

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**Clerk:** Head 4, Broadcasting; subhead 1, Payroll; subhead 2, Other Charges.

**Mr Chairman:** Head 4, Broadcasting, stands part of the Bill.

525 **Clerk:** Head 5, Income Tax; subhead 1, Payroll; subhead 2, Other Charges.

**Mr Chairman:** Head 5, Income Tax, stand part of the Bill.

**Clerk:** Head 6, Parliament.

530

**Mr Chairman:** Stand parts of the Bill. *(Laughter and banging on desks)*

**A Member:** Hear, hear.

535

**Clerk:** Subhead 1, Payroll; subhead 2, Other Charges.

**Mr Chairman:** Stands part of the Bill. We can carry on in business.

**Hon. E J Reyes:** Mr Chairman.

540

**Mr Chairman:** Yes.

**Hon. E J Reyes:** I was just trying to ask a question –

545

**Mr Chairman:** Yes, go on.

**Hon. E J Reyes:** On Other Charges, 2(a) about the Commonwealth Parliamentary Association. I see that a token of £40,000 is standard.

550

It is just that looking at the forecast outturn we seem to have hit the nail on the head and I thought there might have been a saving this year given that, for reasons of security mainly, the hon. Lady and myself along with I believe, most of our regional representatives, did not attend the Islamabad Conference.

So maybe the actual outturn may even be slightly lower. I am asking if perhaps the hon. Lady can enlighten us.

555

**Minister for Tourism, Housing, Equality and Social Services (Hon. Miss S J Sacramento):** Mr Chairman, to set that off Gibraltar did host a CWP Conference; while there was a saving because we did not travel to Pakistan last year, Gibraltar did host a conference in February for CWP.

560

**Hon. E J Reyes:** Yes, that more or less puts to rest the suspicion I had. I am glad to see that.

And obviously, Mr Chairman, I think the hon. Lady and myself are happy to report that there might even be a saving this year, although in the following year there will have to be an increase because Gibraltar will actually be hosting – very proudly hosting – and this is where we certainly prove that we can work together for the benefit of Gibraltar. We will be hosting the regional meeting and I wish those Members who still have not had an opportunity to get themselves well acquainted with CPA matters, that they take advantage of the one that will be held in Gibraltar and therefore we can get more people on our side because we are very much part and parcel of the Commonwealth family. *(Banging on desks)*

565

570

**Hon. R M Clinton:** Mr Chairman, I just have just one question.

In relation to Item 2.2(f) Recording Equipment, I notice that the outturn is £2,000 and for this coming year we are talking about £26,000. I wonder if somebody could explain that for us.

575

**Hon. Chief Minister:** Mr Speaker, I understand this is the new maintenance contract for recording equipment – the original one expired and this is the new one. Of course the equipment is now outside of its initial purchase and maintenance agreement period so this is, I think from memory, the first total maintenance agreement which is not linked to the acquisition.

**Mr Chairman:** Any other questions?

580 Head 6, Parliament, stands part of the Bill.

**Clerk:** Head 7, Human Resources; subhead 1, Payroll; subhead 2, Other Charges

585 **Hon. E J Phillips:** Mr Chairman, just one question in relation to 2.4 Funding of University Students – Summer Jobs.

I note there is a decrease in the Estimate for 2016-2017. Does that represent a reduction in the number of opportunities or summer jobs available to students? I would have thought that the number of students would have remained the same, or at least around the same figure.

590 But I would just like some clarification as to whether the funds available for summer jobs have been reduced.

**Hon. Chief Minister:** Mr Speaker, in fact what we wanted to do is to ensure that people who came to work with us had something meaningful to do rather than simply give people dead end jobs for which they were paid to be around, which hon. Members across the floor have repeatedly said they do not want to see us do, and we do not want to see people do.

But we inherited a system when we were elected, which had been introduced the year before the election – surprise, surprise – that whoever wanted to have a job for summer, had a job for summer and we found many idle and bored students hanging around Government.

600 So we made provision for less of them to be employed this year, well at least to have the same number to be employed but to be divided between the two months. In fact, just very few over the number that we had allowed for have applied, so we have allowed everyone who has applied to actually have the opportunity.

605 I think this will make for a much more engaging period with the Government during the summer, so that those who are with us are actually doing something with us, not to have such a large number that they are sitting around idle. I sincerely hope that this is a process that they continue to engage in as Gibraltar students because I think we get a lot out of having the opportunity to have them with us in the Government if we have them in manageable numbers.

**Hon. R M Clinton:** Mr Chairman, just one question.

610 In relation to Other Charges 2, item 5, Early Exit Schemes: I notice that seems to be creeping up year-on-year. I was wondering if an explanation could be provided as to what these exit schemes cover. What it is in respect of – other than, obviously, exit?

615 **Hon. J J Bossano:** Well, Mr Chairman, the early exit package originally was introduced in respect of the Housing Works Agency, and then it applied to the Public Works Garage; now we have made it available in other areas where we had representations from the Union where people have got a number of years ahead of them, and we are giving them similar exit terms on the basis that they are jobs that are not replaced, so that eventually the cost that appears here will be offset by the savings in the salaries of the job that disappears.

620 So the early exit package is in fact a voluntary reduction in numbers employed in the public service.

**Hon. R M Clinton:** Just to clarify for my own information, this would only apply to civil servants, yes?

625

**Hon. J J Bossano:** It applies to public servants, not just to civil servants. The Housing Works Agency were people who left the Civil Service.

630 The distinction made by the GSD was that people were paid to stop being civil servants, which is something which I explained earlier. So in the Public Works Department they were civil servants.

In order to sacrifice their status as employees of the Crown and become employees of the greatest Gibraltarian, clearly acknowledging how much worse that was, there was a 16% or 18%, 18% for craftsmen, 12% acknowledging that working for the Queen was better than working for the then Chief Minister. People had to be paid to make the move and therefore the exit was not available to civil servants.

Even now, strictly speaking, it is not available to civil servants. When we have somebody who wants to take the early exit package, we put them through the route of exiting the Civil Service first.

**Hon. T N Hammond:** Mr Chairman, still under Human Resources, paragraph 6 under Relief Cover: I note here also that there are ex-gratia payments amounting to, in the last financial year £169,000 and the year before that £113,000.

No estimate has been set aside for that in the coming financial year, so considering the last two years payments of in excess of £100,000 have been made, would it not be wise to place an estimate there?

**Hon. Chief Minister:** Mr Speaker, the hon. Gentleman needs to understand and I am not making any criticism, I know it is their first year, and I was probably much worse at understanding it in my first year than they are.

When it is in italics and indented it means it is a disappearing subhead so that head will not be there anymore. *(Interjection)*

And, as another little clue, if it goes somewhere else, it has a footnote and it tells you where it is going. If it does not have a footnote it is just disappearing.

**Hon. T N Hammond:** I thank the Chief Minister for that. The reason I ask the question is of course the footnote refers to the indented clause above it and it was not clear, therefore, that it also applied to the clause below. *(Interjection)*

**Hon. Chief Minister:** Mr Speaker, the footnote applies to the one above which is going somewhere else – the one above Contribution to GDC Staff Services is going to page 171; but the ex-gratia payments line is completely disappearing and that is why it does not have a footnote.

**Hon. T N Hammond:** Again, I thank the Chief Minister for that clarification. In which case, could I just ask for the last year as he provided the figures for the number of ex-gratia payments made under the Head 4 number 6, if he might do the same for this particular head in the last financial year?

**Hon. Chief Minister:** Eight ex-gratia payments, Mr Speaker.

**Mr Chairman:** Head 7, Human Resources, stands part of the Bill.

**Clerk:** Head 8, Immigration and Civil Status; subhead 1, Payroll; subhead 2, Other Charges.

**Mr Chairman:** Head 8, Immigration and Civil Status, stands part of the Bill.

675

**Clerk:** Head 9, Financial Secretary's Office; subhead 1, Payroll.

**Hon. R M Clinton:** Mr Chairman ... *(Interjection and Laughter)* with bated breath.

Head 1, Payroll Item 1(d) Temporary Assistance: I would be grateful as to what that temporary assistance was in respect of, seeing as it seems to be a permanent item?

**Hon. Chief Minister:** Mr Speaker, this is the amount that is paid in respect of the former Financial Secretary who continues to assist and has an arrangement to come in and help us with some issues where he is still involved.

685 The hon. Gentleman may want to go to the press release that we issued at the time which actually provided exactly for what Dilip continues to do for us. For example, he continues to be the director of some of the Government companies where I have asked him to continue doing that work.

690 He is a fantastically able man who has done sterling work in his career in the service and there was no reason why – if he would agree to continue to do that – why we should burden the new Financial Secretary also with that work; and that is the difference there.

**Hon. R M Clinton:** I thank the Chief Minister for that answer.

695 So I take it this is purely in respect of Dilip. Can I ask: is there a fixed term contract for Dilip?

**Hon. Chief Minister:** Mr Speaker, I tend to try not to use the names across the floor of the House, out of courtesy, but if he has worked it out accurately he has worked it out accurately. But just for the sake of the record I would rather not go down the road of using names.

700 Is there a fixed term contract? It is not fixed term, Mr Speaker, I have asked him to please continue; and at some stage Dilip – the former Financial Secretary – will say to me, ‘I would rather *not* continue.’

705 So it is not something that is indefinite but it is not something that is going to end this year, I hope. I sincerely hope that he will continue to assist me for the time that I am Chief Minister and I would hope that it is going to go on for a very long time indeed.

**Hon. D A Feetham:** Mr Chairman, are we talking about the £75,000 that relates to the former Financial Secretary or does that take into account more than one individual? Because in previous years there has already been temporary assistance in previous years, so the £75,000 may not relate to him alone.

710 **Hon. Chief Minister:** It does, Mr Speaker, but what I understand is that the issue is that we did not provide for the full year effect and so in 2014-15, the Actual period worked is charged. In 2015-16 the salary put in was not the full year effect but the outturn is the full year effect, and you can see the full year effect now, as well, going forward.

715 **Mr Chairman:** Head 9, Financial Secretary’s Office, stands part of the Bill.

**Clerk:** Head 10, Procurement Office; subhead 1, Payroll; subhead 2, Other Charges

720 **Hon. R M Clinton:** Mr Chairman, if I may?

I happened to notice, in just doing an analysis of headcount, that the headcount of the Procurement Office does not seem to have changed much over certainly the last four years.

725 I just wondered if there are any plans ... obviously there is nothing in the Estimate for 2016-17 and maybe it is not appropriate for me to ask now, but are there any plans to increase the establishment?

**Hon. Chief Minister:** Mr Speaker, is he encouraging me to do so? *(Laughter)* I am just trying to work out which wing of the GSD I am dealing with at the moment. *(Laughter)*

730 The answer is no, Mr Speaker, and – *(Interjection)* well, I do not know! Given your speeches, I do not know any more.

But the answer is no, there are no plans to increase in the Procurement Office. Brexit may have many consequences and, if we do not have to do EU procurement, it may be possible that some of the people who are in Procurement today may wish to work in other wings of



735 Government, where there may be more post-Brexit activity than there may be in others, where there may be less post-Brexit activity.

EU Procurement, as the hon. Gentleman may know, is one of the most demanding things that Government does these days.

740 **Mr Chairman:** Head 10, Procurement Office, stands part of the Bill.

**Clerk:** Head 11, Government Law Offices; subhead 1, Payroll; subhead 2, Other Charges

745 **Hon. E J Phillips:** Mr Chairman, just in relation to Other Charges 2, Operational Expenses (a). I just wanted to know whether the Government had thought about online resources in relation to law books, or the replacement of law books for this cost with online resources; or whether, indeed, this £90,000 also includes online resources – legal resources, should I say?

750 **Minister for Education and Justice & International Exchange of Information (Hon. G H Licudi):** Mr Chairman, yes, this is an area that is being looked at in terms of subscriptions and the law books and making the system more efficient and certainly, as the hon. Member well knows, having access to databases clearly costs money but makes it more efficient research and sometimes you do not have to buy the physical book.

But certainly that is something that has been in discussions and is in line.

755 **Hon. R M Clinton:** Mr Chairman, as a non-lawyer I wonder if the Minister for Justice perhaps could clarify for me, what is meant by parliamentary counsel officers? Are these people going to be available to Parliament and in what sort of capacity or is this a generic term common in the legal fraternity?

760 **Hon. Chief Minister:** Mr Speaker, in the context of Westminster, somebody who works to draft laws is called a Parliamentary Counsel and somebody who advises the Treasury is called Treasury Counsel but they are all lawyers who do all different things in the Government Law Offices.

765 And if the hon. Gentleman wants more detail there was a very detailed press release issued at the time of the reorganisation which detailed all of that and set out what parliamentary counsel were and all the rest of it.

770 **Hon. T N Hammond:** Mr Chairman, referring to the Payroll under Government Law Offices and I just may not have seen how some things have moved from one head to another here, so just requesting some clarification on the forecast outturn for the last financial year of £959,000 rising to an estimate this year of £2,437,000 – is that because extra resources are being shown from another head that has been transferred or is there another reason.? It is not clear to me.

775 **Hon. Chief Minister:** This is the amalgamation of – in the same press release that I have just referred the hon. Gentleman to – the amalgamation of all the Law Officers that were in different parts of the book, they are now altogether in one part of the book.

780 I am told it is in the footnotes, Mr Speaker. This is a debate where the ‘devil is in the detail’ is really one of those things that is very true. It is in the footnote, Mr Speaker, I am told. If the hon. Gentleman follows up the footnotes 2 and 3 and throughout, it then sort of explains what is happening.

**Mr Chairman:** Any other questions?

Head 11, Government Law Offices, stands part of the Bill.

785 **Clerk:** Head 12, Office of the Deputy Chief Minister; subhead 1, Payroll; subhead 2, Other Charges.

**Hon. T N Hammond:** Mr Chairman, if I may just again ask for clarification. As far as I can see there are no travel or entertainment expenses as suggested by the Chief Minister under the No. 6 Head that we might find under the Head of the Deputy Chief Minister and which may have been shifted to explain for the reduction in those costs under the No. 6 Head. Is that correct?  
790

**Hon. Chief Minister:** Mr Speaker, because the Lobbying Head carries a lot of those charges, I mean part of the lobbying work is travel costs. Now, let me just try and explain this in a way that is easy to understand.  
795

Ministerial travel comes out of the Central Travel vote at No. 6. Not that they care, but every time that they unfairly accuse the Chief Minister of travelling more etc. – it is not just the Chief Minister, it is the cost of all Ministerial travel.

Lobbying includes the travel costs of third parties. So for example if you are bringing people over, you are moving people who are not Government Ministers then that travel cost comes out of there and so that is the cost that we are dealing with in that context.  
800

**Deputy Chief Minister (Hon. Dr J J Garcia):** Mr Chairman, there have been instances when we have invited for example, Members of the European Parliament to come to Gibraltar. That might come from the Lobbying Vote.  
805

**Mr Chairman:** Head 12, the Office of the Deputy – *(Interjection by Hon. E J Reyes)* sorry –

**Hon. E J Reyes:** May I ask as well, on subhead 2(5) under the Archives, there are general expenses of £30,000 which is certainly a figure higher than what any other Department tends to have under that general heading. Is there any type of clarification? Because it could or could not include that there is a breakdown in other subheads such as rent or telephone charges or whatever. Here there is nothing except just a very general title.  
810

**Hon. Deputy Chief Minister:** Mr Chairman, this relates to the digitisation programme going on in the archives, as I explained during my contribution.  
815

**Mr Chairman:** Head 12, the Office of the Deputy Chief Minister, stands part of the Bill.

820 **Clerk:** Head 13, Civil Aviation; subhead 1, Payroll; subhead 2, Other Charges.

**Hon. R M Clinton:** Mr Chairman, may I ask under Head 2, subhead 4, Aviation Projects £105,000 – I would be very grateful for any clarification as to what that might relate to.

**Hon. Deputy Chief Minister:** Mr Chairman, yes. This relates to ongoing work into the possibility of setting up an aviation register for Gibraltar like we have a shipping register and a yacht register.  
825

**Mr Chairman:** Head 13, Civil Aviation, stands part of the Bill.

830 **Clerk:** Head 14, Health; subhead 1, Payroll; subhead 2, Other Charges.

**Hon. R M Clinton:** Mr Chairman, I would be grateful under Other Charges for some explanation as to the grants item, £770,000.  
835

**Hon. Dr J E Cortes:** They are the ones, Mr Chairman, that the Chief Minister referred to earlier that have been moved from his No. 6 to Health and if memory serves me correctly they include the Hospice and the Oxygen Therapy.

840 **Hon. R M Clinton:** I do not suppose that a sub-analysis would be possible. (*Interjection*)

**Hon. Dr J E Cortes:** The breakdown, I think the Financial Secretary just showed me it, I did not realise you needed detail – £468,000 for the Therapy Centre, £300,000 for the Hospice –

845 **Hon. Chief Minister:** Mr Speaker, we have given it now, it is 5.45 on a Friday afternoon. I dare say we are probably the only people listening.

I just caution hon. Members, if they want more detail of that I am quite happy to let them have it but not in public because we do not want everybody to think that they can ask for the same amount.

850 These are two important ones that have gone to the GHA and they are in a greyer area, if I may say so, but in respect of grants what we do we say, well I am quite happy to tell you what it is, but I do not want everybody else to know because then everybody says ‘I am also a *whatever*, *whatever* charity and can I please have because you give ...’ and so if hon. Members have that we can share that information in respect of any public grant in the future on a more private basis, not to encourage others.

855

**Mr Chairman:** Head 14, Health, stands part of the Bill.

**Clerk:** Head 15, Environment; subhead 1, Payroll; subhead 2, Other Charges.

860

**Mr Chairman:** Head 15 – yes, the Hon. Trevor Hammond.

**Hon. T N Hammond:** Mr Chairman, just under the Cemeteries section, I note that the outturn for salaries is £123,000 and the estimate for discretionary overtime is £180,000.

865 I just question whether that is the best way of operating any kind of manning protocol or whether the Government should perhaps consider employing someone else, it may be cheaper I do not know.

**Minister for Health, the Environment, Energy and Climate Change (Hon. Dr J E Cortes):** The cemeteries are run virtually on a seven day a week basis so there is a lot of overtime involved. Also you never know when a funeral might be necessary and in Gibraltar because our correct tradition of having funerals as soon as possible, sometimes they are called on bank holidays and so on.

870

This is not always foreseeable and therefore this has always been like this, it is nothing new, it goes back to a former administration and probably the one before that. And that is really the reason why it is dealt with in that way, there is a lot of overtime because sometimes you just have to do it at awkward times.

875

**Hon. T N Hammond:** I appreciate that and obviously the Health Authority also runs on a basis where you have people seven days a week 24 hrs a day and normally you work shifts which do not bring overtime in.

880

If I may just finish, the reason I ask the question, it is a fairly unusual situation to have a circumstance where your overtime expense is actually a third again higher than your salaries and normally that would trigger a response by perhaps employing more staff to deal with the situation.

885

**Hon. Dr J E Cortes:** I do not think the Health Authority is a good comparison because there you know you are working 24 hours but it is predictable and people are on shifts. In the cemetery you cannot foretell and therefore you may have people who are on shifts who end up having nothing to do. So you know, it is not as simple as that.

**Mr Chairman:** Any other questions?

**Hon. Dr J E Cortes:** I assume that Payroll is okay then?  
I do not think we have called the Other Charges yet.

**Clerk:** Subhead 2, Other Charges.

**Hon. T N Hammond:** Mr Chairman, just relating to paragraph 4(f) Commonwealth Park, I note that the forecast outturn is £390,000 above the estimate of £100,000 and that the estimate for the coming year is £450,000 which clearly shows a higher than anticipated cost for what I assume is maintenance of the park. Is there a particular reason why the costs have gone up so substantially in the space of two years?

**Hon. Dr J E Cortes:** None other than what the hon. Member has said, higher than anticipated, more in line with the previous year which only had about half a year. There has been a considerable expenditure particularly in water in what was a very dry and very hot year last year and that can take a considerable amount, so it was just higher than anticipated and therefore we have provided for this year.

**Hon. T N Hammond:** Can I just clarify then that the additional cost is down to what would appear to be utilities rather than perhaps the assumption that the lawn may have to be re-laid each year?

**Hon. Dr J E Cortes:** No, no, absolutely not, absolutely not. The lawn in this sort of situation would probably have to have considerable relaying every two to three years but not because it is taken that it will happen every year.

**Hon. T N Hammond:** But may I assume the costs for the outturn, last year's outturn of £490,000 do include the cost of the new lawn.

**Hon. Dr J E Cortes:** That presumably does include the cost of the lawn. No that was capital, that is right yes; no it does not include that.

**Hon. R M Clinton:** Mr Chairman, if I may, under Item 3, on Other Charges, subhead M – Environmental Security Services, I was just wondering what that relates to and how it is that we have an outturn for this year of £296,000 and nothing forecast in the Estimates Book last year and why that has now dropped to £90,000 for the coming year.

**Hon. Dr J E Cortes:** We are reviewing the security operation there which last year included quite a large number of security officers around many different places including the Upper Rock, around town and elsewhere.

We are reviewing that this year, have not completely changed it yet but some of these things that they were doing for example in some of the litter hot spots and so on seem to have improved so that is under review and we suspect we will be able to cut costs there considerably.

**Mr Chairman:** Head 15, Environment, stands part of the Bill.

**Clerk:** Head 16, Utilities; subhead 1, Payroll; subhead 2, Other Charges.

940

**Mr Chairman:** Head 16, Utilities, stands part of the Bill.

**Clerk:** Head 17, Collection and Disposal of Refuse; subhead 1, Payroll; subhead 2, Other Charges.

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**Hon. R M Clinton:** Mr Chairman, under Item 1, subsection 6, Finance Repayment and £90,000 showing up for this coming year, I would be grateful for some clarification on that number.

**Hon. Dr J E Cortes:** Yes, that is the purchase of a number of new refuse lorries which is financed I think by a loan and then is repaid. So that relates to new refuse lorries.

950

**Hon. T N Hammond:** Mr Chairman, in the same section under Line 4, Employers' Contributions: I note that they do rise by approximately 20% for the estimate for the coming year. Is there a particular reason for that as the wages do not seem to go up so I am assuming there are no extra personnel employed?

955

**Hon. Dr J E Cortes:** There have been more employees taken on, so I am assuming that is in order to take account of that.

960

**Hon. T N Hammond:** In which case I would have anticipated a rise in the estimate for the wages as well.

**Hon. Dr J E Cortes:** Right, I am told that this is related to pension contributions. We were down on people so the wages are alright but because people will subscribe to the pension schemes and the Government has to match it so therefore the implication is that higher contributions of pensions which the Government then has to match.

965

Again I am sure we can give a breakdown in slower time but I am advised that it is to do with the pension contributions which have to be matched by the Government under the Providence Scheme.

970

**Mr Chairman:** Head 17, Collection and Disposal of Refuse, stands part of the Bill.

**Clerk:** Head 18, Gibraltar Health Authority, Elderly Residential Services Section; subhead 1, Payroll; subhead 2, Other Charges.

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**Mr Chairman:** Head 18, Gibraltar Health Authority, Elderly Residential Services Section, stand part of the Bill.

**Clerk:** Head 19, Technical Services; subhead 1, Payroll; subhead 2, Other Charges.

980

**Mr Chairman:** Head 19, Technical Services, stands part of the Bill.

**Clerk:** Head 20, Driver and Vehicle Licensing; subhead 1, Payroll; subhead 2, Other Charges.

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**Mr Chairman:** Head 20, Driver and Vehicle Licensing, stands part of the Bill.

**Clerk:** Head 21, Port; subhead 1, Payroll; subhead 2, Other Charges.

990

**Mr Chairman:** Head 21, Port, stands part of the Bill.

**Clerk:** Head 22, Town Planning and Building Control; subhead 1, Payroll; subhead 2, Other Charges.

**Mr Chairman:** Head 22, Town Planning and Building Control, stands part of the Bill.

995

**Clerk:** Head 23, Statistics Office, subhead 1, Payroll.

**Hon. R M Clinton:** Mr Chairman, just curious: Payroll costs, salaries, I notice the establishment is still eight, with the same mix but the outturn was £319,000 for this year ended and the estimate for next year is £285,000 which is lower. It does not seem to be right to me but I would welcome an explanation.

1000

**Hon. Chief Minister:** One vacancy and two maternities, Mr Speaker.

1005

**Clerk:** Subhead 2, Other Charges.

**Chairman:** Head 23, Statistics Office, stands part of the Bill.

**Clerk:** Head 24, Economic Development; subhead 1, Payroll; subhead 2, Other Charges.

1010

**Mr Chairman:** Head 24, Economic Development, stands part of the Bill.

**Clerk:** Head 25, Equality and Social Services; subhead 1, Payroll; subhead 2, Other Charges.

1015

**Mr Chairman:** Head 25, Equality and Social Services, stands part of the Bill.

**Clerk:** Head 26, Tourism; subhead 1, Payroll; subhead 2, Other Charges.

**Hon. L F Llamas:** Mr Chairman, I have a question with regard to Other Charges, 3(c) Consultancy. I would like to have a bit more detail as to what this £80,000 is.

1020

**Hon. Miss S J Sacramento:** Mr Chairman, these are two engagements that the Tourist Board has. People are not employed as public servants but rather they are on contracts.

**Hon. L F Llamas:** Do I take it that it is a new item or is it – ? I cannot see it having been included in previous years.

1025

**Hon. Miss S J Sacramento:** Mr Chairman, it is not a new item, it was included in previous years but it was included in a different head. So for accounting purposes we have just moved it from one to the other.

1030

**Mr Chairman:** Head 26, Tourism, stands part of the Bill.

**Clerk:** Head 27, Housing Administration; subhead 1, Payroll.

1035

**Hon. E J Reyes:** May I, Mr Chairman? On the Payroll, subsection 2(a) where it says Industrial Wages – Basic Wages, there is a provision for £24,000 we are having a forecast outturn the previous year of £17,000. There was no expenditure the years before that and if I ask you sir, could you please turn back a page to page 96 on the Actual Establishment, Industrial Staff was zero. So who are we paying if there is no-one in the industrial staff?

1040

1045 **Hon. Miss S J Sacramento:** Mr Chairman, this reflects something that was undertaken by the GSD when the Housing Works Agency was created and this represents a migration from the Industrial staff in the Housing Department to the Housing Works Agency but the fund comes under the Head of the Housing Department.

1050 **Hon. E J Reyes:** I have not quite understood that. I can understand the part where we came to certain arrangements and in fact the Hon. Joe Bossano was even using that as an example. You were a civil servant and then you came to a package and you moved on to the Housing Works Agency and so on. Why in 2016-17 should we still have a charge for basic wages? That at the end of the day reflects as if we were paying a civil servant who is no longer there. Surely that person already received the ex-gratia payment and so on. I am not an accountant and I am not a lawyer; I am a simple school teacher like Mr Speaker, but we need some sort of clarification please.

1055 **Hon. Miss S J Sacramento:** Mr Chairman, that is actually in relation to – if we turn to page 96 there is a ‘supernumerary staff – messenger’. (*Interjection*) Yes, Mr Chairman, he is an industrial, reflected as supernumerary staff and that is his salary. He has been transferred from another Department into the Housing Department.

1060 To clarify, Mr Chairman finally, it is because the post is a non-industrial post and the incumbent is an industrial, which is why the salary is reflected where it is.

1065 **Hon. T N Hammond:** Mr Chairman, just reference, no sorry ignore me, I have jumped to Other Charges.

**Clerk:** Subhead 2, Other Charges.

1070 **Hon. T N Hammond:** I will have a go now. Under Other Charges, paragraph 2(f), I note again that there is quite a significant difference from Estimates to Actuals and forecast outturns to the tune of over £100,000 in the last two financial years.

Does again this represent a realistic estimate for the coming year or is it worth considering raising that estimate which may be more in line with the reality of the situation?

1075 **Hon. Miss S J Sacramento:** Mr Chairman, this is the cost that we envisage for this financial year. Sometimes decanting can happen due to unforeseen circumstances. In particular years if we have a very bad storm it may require more decanting than if the weather is better.

1080 This is the estimate that we foresee is reasonable if, due to unforeseen factors we require further expenditure, then we will deal with it at that stage. But certainly I would feel more comfortable leaving it as the lower end of the scale which is what we envisage and that is what we anticipate.

1085 **Hon. Chief Minister:** The hon. Gentleman might like to know there is £9 million of supplementary funding built into the book which is there to enable these sorts of charges to be provided for. So it is not as if we are not going to have, in any event, a built-in contingency for these sorts of areas which traditionally tend to overspend on a demand-led basis.

1090 But from the point of view from the time I have been here and I think from the point of view of others who have been here for longer, the more you put in, the more you will definitely spend. Better to put in less and allow the demand to be what leads to cost rather than anybody thinking that they can take something from a head that is likely to be underspent because it is higher and that year there may not have been storms.

**Hon. R M Clinton:** Mr Chairman, under Head 2(5), Rates and Government Housing Stock, I have taken note of Footnote 6 which says previously offset against Revenue Head 5, subhead 50, House Rents page 8.

1095 The accountant in me, I cannot resist asking the question, there is also a comparative missing for the forecast outturn for 2015-16 for the equivalent rates number for Government Housing Stock.

1100 If I were to, as it were – and I hate to use the words reverse engineer – but if I was to work backwards and effectively set the income to same methodology as the prior year, would be showing an estimate income of only £330,000 in terms of house rents versus £2.9 million last year. I was just wondering if I could be provided with the forecast outturn equivalent number for rates and Government housing stock which would be adjacent to the £1,670,000.

1105 **Hon. Chief Minister:** All that we are doing by adding this line is showing independently a line that was not previously shown. So the hon. Gentleman sometimes asks us to provide more detail in respect of some lines, this is the more detail or one of the elements of more detail in respect of that line.

1110 But if he is asking us will we go back and provide that more detail going backwards, because what I understood him to say is, will he give me the figure for the forecast outturn 2015-16, he has just given me a figure 2016-17, the answer is the line did not exist and therefore it was not there.

But I will certainly look to see if we have the figure and if I can provide it I will.

1115 **Hon. R M Clinton:** Mr Chairman, perhaps because also what we are talking about here is a net-off that would happen in previous years and now you are grossing it up. But would I be correct or perhaps the Chief Minister could confirm my assumption, if I was to net that off the income line on page 8, that the net amount to be comparable to the prior year for forecast outturn 2015-16 would be £330,000?

1120 **Hon. Chief Minister:** I cannot, because he is asking me questions as an accountant and I am a lawyer. But I am quite happy to look at it with somebody who would be able to answer it. We may not be able to do it now, but I am quite happy to reach a conclusion in respect of the question that he has asked me and give him the answer, if we cannot do it now.

1125 **Hon. R M Clinton:** Mr Chairman, with respect, it is just two numbers in the Estimates Book. I am sure the Financial Secretary could work this out in two seconds.

**Mr Chairman:** Any other questions?

1130 **Hon. E J Reyes:** May I, Mr Chairman? On 2(i) there is a new expenditure of £20,000 that says Office Rent and Service Charges. I have looked but I do not see any footnote and no expenditure for the year that has just ended. So are these new premises that have been acquired?

1135 **Hon. Miss S J Sacramento:** Mr Chairman, yes. The Housing Department moved from the City Hall to New Harbours in January of last year.

1140 **Hon. E J Reyes:** Yes, Mr Chairman, I suspected that. Therefore there must have been some expenditure between January and the 31st day of March 2016 and there is nothing here under forecast outturn.

**Hon. Miss S J Sacramento:** Mr Chairman, because that building was shared with other Government Departments. The Ministry for Culture was also there, then I suspect that the cost



was probably borne under another head and not necessarily reflected under the Housing Department.

1145

**Hon. E J Reyes:** So, just to make sure I understood it right, they have got the new premises since January which are physically in New Harbours and that before was being paid for by another Department, was it Culture you said? And therefore Culture has done like a swap.

1150

**Hon. Miss S J Sacramento:** Mr Chairman, both Culture and the Housing Department were in the City Hall so you had more than one Department in the same building. So that instead of being split was just being borne by one Department so that would be the Culture. That remains there so there will be no difference in the cost that is reflected under Culture because they still remain in the building.

1155

**Hon. Chief Minister:** Mr Speaker, the answer to the hon. Gentleman is that the £1,670 would have to be as he says added to the lines at Head 5, subhead 50 and then he would reach for this year, a figure of £3,600,000. The increase between the earlier year's figures and that figure would be accounted for in the context of the arrears that we are hoping to recover and the better payment of rent because he would then have rent and rates together in the blue pages.

1160

**Hon. R M Clinton:** Just to clarify, the rates are obviously an expense. The line at Head 50 is an income. If it was previously netted off and now we are grossing up rather than going up to 3.6 would we not be going in the other direction?

1165

**Hon. Chief Minister:** Mr Speaker, it is not as simple as he suggests so if he agrees, I will get to him the answer in writing.

**Hon. R M Clinton:** Thank you, Mr Chairman.

1170

**Mr Chairman:** Head 27, Housing Administration, stands part of the Bill.

**Clerk:** Head 28, Business; subhead 1, Payroll; subhead 2, Other Charges.

1175

**Mr Chairman:** Head 28 –

**Hon. T N Hammond:** Sorry, Mr Chairman, just under line 5, I notice the Business Nurturing Scheme which last year was funded to the tune of £250,000, there is an estimate this year of £20,000.

1180

Have the funds for that scheme or a similar scheme been diverted elsewhere within the book?

**Minister for Business and Employment (Hon. N F Costa):** Mr Chairman, the £20,000 is to service the interest of the £250,000 for this financial year.

1185

**Hon. T N Hammond:** So I understand the £250,000 effectively represents a loan to businesses or a loan.

1190

**Hon. N F Costa:** Remember, I said in the course of my Budget Speech that there have been various applications and only so many businesses have been successful. If I recall correctly I think there were 18 applications and seven have been successful.

There has been a second batch of applications which the Committee is currently considering. So £250,000 is the sum that has been put to one side in order to provide loans of up to £25,000

1195 per application and the interest that we foresee paying this financial year on the lump sum is £20,000.

**Hon. T N Hammond:** How does that work? Sorry, to whom are you paying interest? I am slightly baffled.

1200 **Hon. N F Costa:** Mr Speaker, we issued a press statement sometime back making it clear that the £250,000 had been loaned to my Ministry by Credit Finance. The press statement certainly made that clear.

I was surprised the hon. Gentleman opposite did not make an issue out of it when I issued the press statement, but there you are. (*Interjection*)

1205

**Hon. J J Bossano:** The subsidy is on the rate of interest here like it is in the I & D in respect of loans that are made to estates, to management companies of estates. So the loan is made by Credit Finance at the normal commercial rate. The borrower pays a reduced rate and what we are subsidising is the differential in the interest rates. That is what is there.

1210

**Hon. D A Feetham:** But the loans to estates, we do not know how much has been loaned to estates because that is nowhere. This at least is here.

1215 **Hon. J J Bossano:** The item in the I & D that says 'Loans to Estates' is also the element of the subsidy, not the actual amount of loan, the same as it is here.

**Mr Chairman:** Head 28, Business, stands part of the Bill.

**Clerk:** Head 29, Employment; subhead 1, Payroll; subhead 2, Other Charges.

1220

**Mr Chairman:** Head 29, Employment, stands part of the Bill.

**Clerk:** Head 30, Social Security; subhead 1, Payroll; subhead 2, Other Charges.

1225 **Hon. T N Hammond:** Mr Chairman, if I could refer us to Line 7, Contribution to Statutory Benefits Fund for the year 2014-15, there was an Actual of £7 million for last year there is no outturn and then we find for the next year an estimate of another £7 million. I am just not really clear where such a large sum of money is going to quite honestly.

1230 **Hon. J J Bossano:** This is the amount that goes to the Social Insurance Fund to meet a shortfall between the contributions on the payments. It is the same amount every year.

**Hon. T N Hammond:** But there was no amount set aside in the previous financial year.

1235 **Hon. J J Bossano:** It has got to be there... Because that is shown... The previous financial year...it is on page 103: Contribution to Statutory Benefits Fund and it is shown as disappearing this year because it appears somewhere else and there is a footnote.

**Hon. N F Costa:** If the hon. Gentleman were to go to page 103.

1240

**Hon. T N Hammond:** I do see it on page 103, thank you. The footnote was not clear because it was not directly associated with that particular line.

1245 **Hon. R M Clinton:** Mr Chairman, just a quick question again, following up on the point from my hon. Colleague, am I correct in saying that the Statutory Benefits Fund does not appear in the Estimates Book or its own right?

1250 **Hon. N F Costa:** Sorry, Mr Chairman, if the hon. Gentleman could repeat the question, I did not quite hear him.

**Hon. R M Clinton:** Yes, just following on from the question, am I right in saying that the Statutory Benefits Fund itself is not part of the Estimates Book or there is no information on it in here?

1255 **Hon. J J Bossano:** Mr Chairman, it is not part of the Estimates, because we do not approve the expenditure. The expenditure is the entitlement to pensions, unemployment benefit and so forth and the revenue does not go into the Consolidated Fund. What we are approving is money that is being removed from the Consolidated Fund.

1260 The bit that is being removed from the Consolidated Fund is the amount of subsidy which is the £7 million we are voting.

**Mr Chairman:** Head 30, Social Security, stands part of the Bill.

1265 **Clerk:** Head 31, Postal Services; subhead 1, Payroll; subhead 2, Other Charges.

**Mr Chairman:** Head 31, Postal Services, stands part of the Bill.

**Clerk:** Head 32, Education; subhead 1, Payroll; subhead 2, Other Charges.

1270 **Hon. E J Phillips:** Mr Chairman, apologies, one question in relation to Payroll D – Temporary Assistance to Prison Enterprise. I notice that the figure for Actual 2014 stands at zero and then £10,000 for the Estimate and then moving forward repeats the same pattern.

1275 Could there be some explanation as to what is meant by Prison Enterprise and in relation to the figure as well, please?

**Hon. G H Licudi:** Mr Chairman, there was provision there for the engagement of additional teachers, for example when we engage a retired teacher or a supply teacher to provide additional support.

1280 The reason it is zero is because this provision, this service which I mentioned during my Budget debate that there is full time provision of teaching services when there are juveniles in prison in particular, that is now being provided by a qualified teacher that is employed by the Department of Education who actually works in the Department of Education offices.

1285 He previously worked as a teacher in schools and now he is in the Department of Education offices and he is the one who goes up to the prison so he is already engaged as part of the complement and therefore because he was providing that service then the figure was zero. But we are making provision just in case we do need to engage either supply teachers or retired teachers as additional support.

1290 It has not been necessary because we have had the services of a qualified teacher whenever it has been needed this year.

**Hon. E J Phillips:** Just one further question, so that falls outside the expenses for prisoners which we come on to later at 34, but that falls outside workshop and rehabilitation for offenders, that is specifically for an education requirement at the prison.

I am grateful.

1295

**Hon. G H Licudi:** Yes, this is specifically under Education and it is being provided by the Department of Education itself.

1300 **Hon. E J Phillips:** Just in relation to Other Charges on page 116, 2(l), School Lunch Supervision. I was just wondering why there have been increases in relation to school lunch supervision. I would have thought that would have been a fairly standard cost across the board but it seems to have increased.

1305 **Hon. G H Licudi:** Yes, we do have somebody, in fact JBS carries out all the payroll in respect of this matter and they have advised that the projection for this year should be what it reflects there, £1,013,000 because that is to cover the average cost of not just the supervisors but supply cover, social insurance and pension contributions.

1310 **Hon. E J Phillips:** Just one further question in relation to (q), Hot Lunches for Schools. Obviously given the Government's commitment to provide lunches for schools, obviously now subject to consultation; I would have expected that figure to be higher.

1315 **Hon. G H Licudi:** It is a token amount that has been provided but what we have done is include the provision in the Book so that when we do need to carry out expenditure, then we can decide what additional expenditure will be required.

1320 What we do not have at the moment, is Actual expenditure being incurred at the moment, nor do we know if it is going to be incurred next month in relation to preparation and provision of the service. And because we do not have a clear amount as to what we will incur, it is not appropriate to include in the Estimates Book but we have included a token so that we can start work on this.

1325 **Hon. E J Reyes:** Mr Chairman, on subhead 2.(12) there is a provision for students' support. That incurred an expenditure for last year forecast of £5,000 and now the estimate is six or seven times as much £33,000. Can we have some indication what project that is about?

**Hon. G H Licudi:** Mr Chairman, this is to cater for additional support that we have announced and we are already carrying out which is particularly to do with the homework club which is being run by the Gibraltar College and the GCSE repeats.

1330 As you know the homework club is carried out outside hours, it has been supported by qualified teachers and therefore either retired teachers or supply teachers come in to provide that support and this is the amount that we expect to incur during the course of this year in terms of that support which is given to school children outside of school hours.

1335 **Hon. E J Reyes:** And therefore, Mr Chairman, should that not to a certain extent, so that we get the full picture, if we go back to subhead 1 where we have under Temporary Assistants, we have got all the breakdowns of specialists, special needs, learning support assistants and so on.

1340 It would have looked a lot tidier, especially for us, Mr Speaker as our education list to see in the same way that I fully understand and I support what the Minister explained a few minutes ago in respect of the Prison Enterprise, that Student Support I get the impression is to deal with Human Resources expenses and the Hon. Mr Bossano might even be very supportive that it comes under that heading and is easier for all of us to keep tabs on what is actually going on in Human Resources as opposed to the general expenses or Other Charges which are nothing to do with Human Resources.

1345 **Hon. G H Licudi:** I am not sure that I understand. Is the hon. Member saying that this would have been better reflected under the more general supply heading, Temporary Assistants?

1350 **Hon. E J Reyes:** Yes, Mr Speaker, sorry Mr Chairman, I think because it is actually expenses in respect of Human Resources, I think it would have been better reflected in a subsection under Payroll because it is not the purchasing of any equipment or the running of the teacher centre, for example ... and so on. It is actually payment to teachers to deliver something in the same way, exactly the same example the Minister gave before about the Prison enterprise.

1355 **Hon. G H Licudi:** Mr Chairman, I suppose it could have been included there, it has been provided elsewhere with a specific provision for this specific area rather than a general heading which caters for all types of student support.

I imagine the reason it is there is that Payroll and Temporary Assistants generally is related to additional cover like there is provision for maternity, there is provision for supply teachers, there is provision for SNLSAs. That is to cover during school time.

1360 This is a slightly separate provision and that is why it has been shown separately under Other Charges because it is outside of school hours for an additional provision, an additional enterprise that the Government has engaged in rather than the normal run of the mill cover, temporary assistance that is provided whenever teachers or learning support assistants are absent.

1365 **Hon. E J Reyes:** Yes, I understand that. I know I run the risk of being over pedantic but in the same way as for example under Payroll E, does that Temporary Assistant, Adult Education which is obviously taking place after school hours and so on, I just believe it looks tidier and easier especially for us educationists to understand if that one ... I suggest that for next year we consider ... The item came in brand new last year, it seems to have worked well and therefore  
1370 the Minister carries my support in taking it forward another year and even if need be to ensure we deliver the best educational product with additional expense, perhaps for the following year we can transfer it to Payroll and put it just below the Adult Education. At a glance, it gives us a better picture of what we are actually paying.

1375 **Hon. G H Licudi:** Mr Chairman, I take the point and will certainly be happy to consider that for next year.

**Mr Chairman:** Head 32, Education, stands part of the Bill.

1380 **Clerk:** Head 33, Policing; subhead 1, Payroll; subhead 2, Other Charges.

**Mr Chairman:** Head 33, Policing, stands part of the Bill.

**Clerk:** Head 34, Prison; subhead 1, Payroll; subhead 2, Other Charges.

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**Mr Chairman:** Head 34, Prison, stands part of the Bill.

**Clerk:** Head 35, Gibraltar Law Courts, subhead 1, Payroll; subhead 2, Other Charges.

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**Mr Chairman:** Head 35, Gibraltar Law Courts, stands part of the Bill.

**Clerk:** Head 36, Justice; subhead 1, Payroll; subhead 2, Other Charges.

**Mr Chairman:** Head 36, Justice, stands part of the Bill.

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**Clerk:** Head 37, Fire and Rescue Service; subhead 1, Payroll; subhead 2, Other Charges.

**Mr Chairman:** Head 37, Fire and Rescue Service, stands part of the Bill.

1400 **Clerk:** Head 38, Civil Contingency; subhead 1, Payroll; subhead 2, Other Charges.

**Mr Chairman:** Head 38, Civil Contingency, stands part of the Bill.

1405 **Clerk:** Head 39, Sport and Leisure; subhead 1, Payroll; subhead 2, Other Charges.

**Mr Chairman:** Head 39, Sport and Leisure, stand part of the Bill.

**Clerk:** Head 40, Culture and Heritage; subhead 1, Payroll; subhead 2, Other Charges.

1410 **Hon. T N Hammond:** Mr Chairman, just reference Line 3.(g), Other Events – I note a steady rise in expenditure this year, an estimate of £110,000 has been set aside. Would the Minister be able to give us a flavour of what those other events are expected to be?

1415 **Minister for Sports, Culture, Heritage and Youth (Hon. S E Linares):** No, Mr Speaker, it is to do with events we did last year, like the Winter in the Town, and other events we do in conjunction with the GTB for example, the Extravaganza at the Beach and we are looking at different things like that so that is why there is a slight increase there so that we have that income available, that money available.

1420 **Hon. E J Reyes:** And, Mr Chairman, if I may on 2.3.(h), under Academy, from an original estimate of £20,000 we ended up having an expenditure of £104,000 and yet for the current financial year we are just asking for £1,000.

What does it mean by Academy and an explanation of why such a big overspend and why no need to have anything else?

1425 **Hon. S E Linares:** Well, Mr Speaker, as the hon. Member knows, the Academy started actually that financial year. What happened was that we had put £20,000 originally because we did not know how much it was going to cost.

1430 In the setting up it has cost £104,000. The only thing is that the Academy has now got a revenue stream so we still do not know exactly how much the Government is going to have to contribute on an annual basis once it is set up.

1435 Therefore, we have left the head there as a token of £1,000 for this year because as I have been saying we have 360-odd students who actually pay in to the Academy so the accounts are not quite sorted out yet so we would rather put the £1,000 there so that when the accounts come in we will then know more or less exactly how much we will be giving every year.

**Hon. R M Clinton:** Mr Chairman, if I may ask, Item 3.(c), Mega Concert, this year projected to come in at a cost of £1.5 million, last year £3.6 million. Can we explain the decrease in cost?

1440 **Hon. D A Feetham:** A general election year.

**Hon G H Licudi:** Because you are not invited. *(Laughter)*

**Hon. S E Linares:** We will be selling his tickets actually at a very high cost!

1445 No, Mr Speaker, if he is actually trying to, because as I explained it is a business plan and therefore because it is a business plan we invested heavily last year because we moved from a one-day mega concert to a two day concert.

1450 The concept is what I went through in my Budget speech. It is better to have a two-day concert because people staying the night here in Gibraltar and spending. Therefore, what we have tried to do is we are going to offset expenditure and therefore that is why we are keeping the same as if it were £1.5 million last year. So it was not an overspend, it was an investment, we

are hoping to get more revenue this year, but we are trying to keep the production at that expenditure again.

1455 **Hon. R M Clinton:** Sorry, Mr Chairman, you say 'that expenditure again' [**Hon S E Linares:** The £1.5 million.]...for this coming year as opposed to the £3.6 million that just went by. *(Interjection)* Not me; the press! *(Interjections and laughter)*

1460 Mr Chairman, moving on to another item, Item 6 – Contracted Services – Culture and Heritage. Can he advise, is that one contract or several contracts, do we know who it is contracted to and what for?

**Hon. S E Linares:** Mr Speaker, it is two contracts. It is to do with Knightsfield Holdings and GCS. Those are the two contracts.

1465 **Hon. R M Clinton:** Could he explain, is that GCS Ltd, what is it?

**Hon. S E Linares:** It is Gibraltar Cultural Services, who are the employees and the company that is running in place of what was the old mess, the agency.

1470 **Hon. R M Clinton:** Would you be able to provide a split between the two or is that too commercially sensitive?

**Hon. S E Linares:** Yes, it is commercially sensitive.

1475 **Hon R M Clinton:** If I may move on to Item 9, Purchase Cultural Items, £1,000 is obviously a notional amount. Would I be correct in thinking that the £200,000 spent on the Marrache collection would appear there in the future?

**Hon. S E Linares:** No, not necessarily because it might be -

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**Hon. Chief Minister:** Mr Speaker, the one-off amount paid for the Marrache collection is not going to appear in the recurrent expenditure.

It is a one-off payment and you said, is it going to appear here in the future? This is a recurrent cost.

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**Hon. R M Clinton:** Perhaps you could clarify where it would appear?

**Hon. Chief Minister:** It would be in the outturn. The line provides for that sort of expense but it will not be next year, it will be in the outturn.

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**Hon. R M Clinton:** I think that was my point, Mr Chairman, I would expect that line to be used in that respect.

1495 **Hon. Chief Minister:** That is the line that would be used but there will be no provision for it next year because it is a one-off payment, we are buying it once.

**Hon. R M Clinton:** I guess, Mr Chairman, I was assuming that the purchase occurred in 2016-17 financial year. *(Interjection)*

1500 I guess, Mr Chairman, I assumed that the purchase will be occurring in the 2016-17 financial year.

**Hon. Chief Minister:** That is right.

1505 **Hon. R M Clinton:** And it will appear in the outturn for that year on this line.

**Hon. Chief Minister:** It will appear in the outturn for this year, but it will not appear next year. In other words... Next year there will just be £1,000 as an estimate.

1510 **Mr Chairman:** Head 40, Culture and Heritage, stands part of the Bill.

**Clerk:** Head 41, Youth; subhead 1, Payroll; subhead 2, Other Charges.

**Mr Chairman:** Head 41, Youth, stands part of the Bill.

1515 **Clerk:** Head 42, Financial Services; subhead 1, Payroll; subhead 2, Other Charges.

**Hon. R M Clinton:** Mr Chairman, if I could on the charges at subhead 2.(b), no sorry, 4, Consultancy Services of £120,000, I would be interested to know what they would be in relation to.

1520 **Minister for Financial Services and Gaming (Hon. A J Isola):** Mr Chairman, it is in relation to the engagement of a consultant who is assisting us in a series of areas relating to the fourth anti-money-laundering directive and for such work in that area.

1525 **Mr Chairman:** Head 42, Financial Services, stands part of the Bill.

**Clerk:** Head 43, Gambling Division; subhead 1, Payroll; subhead 2, Other Charges.

**Mr Chairman:** Head 43, Gambling Division, stands part of the Bill.

1530 **Clerk:** Head 44, Maritime Services; subhead 1, Payroll; subhead 2, Other Charges.

**Hon. T N Hammond:** Mr Chairman, referring to line or rather paragraph 2(b), Marketing and Official Visits. I note again that it is another of these lines that seems to differ in the reality from the aspiration insofar as again, the £100,000 has been spent in the last two years whereas consistently the estimate is £60,000.

1535 It is surely sensible in order to provide an accurate estimate of Government's overall spending, to actually reflect what has gone on in the past two years or hold whoever is responsible for that budget to account and ask them not to overspend by almost 50%.

1540 **Hon. Chief Minister:** Except, Mr Speaker, things are not ever really quite that simple and what we were dealing with – sorry, this is your Head – but what we were dealing with was a sponsor who pulled out at the last minute in respect of one particular conference and therefore the Government had to pick up the difference.

1545 So this was not somebody failing to deal with their budget as they were expected to do; this was somebody letting us down at the last minute and the Government having to provide the additional cost.

But I will let Mr Isola if necessary deal with other details.

1550 **Hon. T N Hammond:** And that happened on two consecutive years, I presume.

**Hon. A J Isola:** Mr Chairman, I can only speak, because it was my responsibility in the year that we are talking about now, and as the Chief Minister has just explained, there was an exceptional item having been let down at the last minute.



1555 Having arranged the Gibraltar Maritime Week with three days of full conferences, and therefore we had no choice but to pick up the shortfall which was as a result of the sponsor dropping out late and not giving us the time to be able to do it again.

So we do not envisage that happening again this year and therefore it is back to where we thought and will be this coming year.

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**Hon. T N Hammond:** And for the record, Mr Chairman, I would just like to say I am not actually criticising the level of expenditure either way here, I was just trying to understand why an estimate has been set when the reality has consistently in this, and other heads, not reflected that estimate.

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Therefore, in order to achieve a truer overall estimate for the year across Government Departments, it would be helpful if you tallied all these up to see just how far off – and of course we will find out next year what those are, but it would be helpful for me to understand what the overall estimate might be.

1570

**Hon. J J Bossano:** Mr Chairman, we are doing what they have been asking us to do for a year. *(Interjection by the Chief Minister)* And what we are doing is in fact is looking at the money that was provided this year, because if the hon. Member looks at the result of the year, which they congratulated us on, they will see that notwithstanding the fact that for example this is £100,000 rather than £60,000 there have been savings elsewhere.

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Therefore, if you put £100,000 there and you finish up spending £100,000 there it means that perhaps the savings can be used for something else. So it is more logical to try and look at the book as a whole and to see that what we have tried to do is, last year we achieved an extremely good result in terms of the overall expenditure being within a miniscule percentage of what was originally provided by Parliament and we want to try and do the same this year. So in fact, we expect that even if there are heads that go beyond what we are providing, there will be other heads or other subheads which come in under.

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Therefore, if each head that goes up in a couple of years was provided for then if the hon. Member looks back at the previous year, that has been a longstanding approach to putting the book together because otherwise in effect what you do is you finish up spending more than you asked the Parliament to provide originally.

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This is something that assists to keep public spending under control.

**Mr Chairman:** Head 44, Maritime Services, stands part of the Bill.

1590

**Clerk:** Head 45, Gibraltar Audit Office; subhead 1, Payroll; subhead 2, Other Charges.

1595

**Hon. R M Clinton:** Mr Chairman, Audit Office is always something I like to look at. I was just curious on the payroll the total cost has gone up by £236,000 compared to last year in this year's estimate and yet the head count has only gone up by one and in fact the mix of staff, there seems to be a change in the mix in that there are now five assistant auditors compared to nine and now four of what is described as an Audit Clerk.

I would just be curious to know why the increase in cost when there is only one increase in head count.

1600

**Hon. Chief Minister:** A senior officer has returned to the Department who had left for a period. The pay increase that the hon. Gentleman picked up in respect of the Chief Secretary, which I told him, alerted to him, was related to the Principal Auditor. So the post of Deputy Principal Auditor was covered on substitution, and now somebody is back substantively to the post; and there are a couple of re-grading of posts which have produced higher salaries.

1605

**Hon. R M Clinton:** Mr Chairman, just for clarification, obviously the Principal Auditor is a charge on the Consolidated Fund and will not appear here but the Deputy was there last year presumably.

1610 **Hon. Chief Minister:** On substitution. This was covered on substitution internally. Now there is a person back, Mr Speaker.

**Hon. R M Clinton:** No fine, Mr Chairman, obviously the Financial Secretary knows what he is doing in this respect.

1615

**Mr Chairman:** Head 45, Gibraltar Audit Office, stands part of the Bill.

**Clerk:** Head 46, Gibraltar Regulatory Authority; subhead 1, Payroll; subhead 2, Other Charges.

1620

**Mr Chairman:** Head 46, Gibraltar Regulatory Authority, stands part of the Bill.

**Clerk:** We now move to clause 3, Head 48, which is on page 154, Contribution to Government-Owned Companies. Subhead 1, Contribution to Government-Owned Companies.

1625

**Hon. R M Clinton:** Mr Chairman, as you know, this is the area specifically looking at my motion, but I will be grateful if the Government could provide a breakdown by entity in terms of legal entity, to whom they wish to make this contribution.

This is nothing new, this information was provided in 2013-14 and also the year before that in 2012-13 and then seems to have been dropped off in subsequent years.

1630

I was wondering if the Government would be kind enough to provide that information and also update the Estimates Book on publication with this information and the tabular format that was provided before in terms of outturn and estimate.

1635

**Hon. J J Bossano:** Can I just deal with the concept that the hon. Member suggested in his motion in wanting to remove this figure? The motion that we have not taken, to amend – *(Interjection)*

1640

**Hon. R M Clinton:** Thank you. May I just explain, that was a motion which, as I said, the reason being is that we did not have the information in relation to that head of expenditure, which is why I raised the motion in those words.

1645

**Hon. J J Bossano:** Well, there is no reason why we should have that there if we had not taken the policy decision when we came in, which was to provide funding in advance for estimated losses in the companies.

If that money was not there, then what would happen, which is what used to happen until 2011, is that the Consolidated Fund would make advances to the companies because the companies cannot be operating in the red. And those advances would not appear anywhere, because the figure of the Consolidated Fund would show what the balance was and there would be a note to the extent that an advance had come out of it.

1650

We originally started by correcting the historical position of the advances that accumulated and then we decided to put in a sum of money. The sum of money that is put there now is intended to be paid in the course of a year to Gibraltar Investment Holdings and then Gibraltar Investment Holdings will distribute it to its subsidiaries because in fact since they are wholly owned subsidiaries, it is in the consolidated accounts of Gibraltar Investment Holdings that the ultimate deficit appears.

1655

**Hon. R M Clinton:** So, Mr Chairman, would the Government be amenable to just put in a footnote saying 'contribution to Gibraltar Investment Holdings'? I presume this would be by way of purchase of share capital or preference shares or –

1660

**Hon. J J Bossano:** No, it is made as an advance from the parent to the subsidiary.

The money that goes into GIH is money that is being gifted by the Government because that is what is being voted in Parliament. What you are voting is not the purchase of shares, it is a contribution. So the Government previously contributed the money as an advance on the premise, theoretically that the companies would eventually become profitable and repay the Consolidated Fund.

1665

When we came in, I think it had reached something like £68 million and it is clear that although we would like the group of Government owned companies to effectively break even, we are nowhere near that yet.

1670

The reality of it is that at the moment what happens is that the Government puts an amount of money, that amount of money is in effect a payment to the companies to cover their losses and it goes to the parent company of the group which is Gibraltar Investment Holdings which is the structure that we inherited in 2011 when there was operating companies under Gibraltar Investment Holdings.

1675

And of course the kind of company we are talking about is the Bus Company which clearly made losses when the previous Government decided that people should not pay to go on the bus. No, if you are paying people to run buses, and you are paying people to buy fuel to run the buses and you are not charging the passengers, then the only thing that can happen is that the Bus Company loses money.

1680

If there were some companies in the group making money then ultimately in Gibraltar Investment Holdings, theoretically profits in one company could offset losses in the other. That is not happening at the moment and therefore the figure that we have got there is the figure at which we are trying to contain the collective losses of the group through the holding company which is GIH.

1685

**Hon. R M Clinton:** Mr Chairman, I am very grateful for that explanation. So this is a gift as it were by Government to the holding company in – he may or may not be able to answer this question – in the accounts of GIH this I guess would not even be a revenue item it would just be a balance sheet item of some sort of increase in reserves.

1690

Would I be correct in assuming that?

**Hon. J J Bossano:** I think in the accounts of GIH this comes in in the way that it is there as shown, this is contribution to Government-owned companies and on the receipt side of the company it has contribution from the Government. So the Government in effect contributes to the Gibraltar Investment Holdings £25 million to cover the losses that are sustained by the company.

1695

As I say, had we for example accepted the motion of the hon. Member, what would have happened would have been we would not be voting to pay £25 million, what we would find would be that our surplus would go up by £25 million which might look better, but in effect the money would be advanced to a company to cover the losses.

1700

**Hon. Chief Minister:** You have dressed up our balance sheet. *(Laughter)*

**Hon. R M Clinton:** Mr Chairman, again I ask, would the Government be amenable to a little footnote saying to which company this contribution is going?

1705

**Hon. J J Bossano:** No, Mr Speaker, we do not know anyway until the accounts of the companies are finished, which company is going to need what amount of money.

1710 But at the moment our position is that this is for Gibraltar Investment Holdings and that is what has been happening in the previous years and that is when it was originally advanced it was advanced to one company, to the Investment Holdings. So in effect we are giving the money to one company and that is the company that would receive the money.

1715 As far as that company is concerned it will use that money to make advances to its subsidiaries to cover their losses. We are not providing a breakdown of those subsidiaries.

**Hon. R M Clinton:** Mr Chairman, again I am grateful. I understand the point that the hon. Member is making, I am just saying in terms of the entity to which is going to be in receipt of this £25 million, regardless of the subsidiaries, whether a footnote may be appropriate just saying 'to Gibraltar Investment Holdings'.

1720 **Hon. J J Bossano:** I understand what the hon. Member was asking was the companies that the money goes to. Well that is the companies that are subsidiaries that are shown in the chart and those are the operating companies that have got employees and therefore have got expenses. There are companies that are just holders of assets and have no movement.

1725 **Hon. R M Clinton:** Mr Chairman, yes I understand what you are saying. I only had the last analysis available; I assumed perhaps incorrectly that the money was going to individual companies directly rather than via the holding company. I just made that assumption based on the analysis.

1730 All I am saying is purely out of information, for future generations, could we just put there 'paid to Gibraltar Investment Holdings'?

**Hon. J J Bossano:** The Gibraltar Investment Holdings has been in receipt of the money from the Government all the time. That is to say not only since we have been making cash contributions but all the time including the period when it was receiving the money as an advance on the premise that it would go back.

1735 So the relationship in terms of the money is that it has only been paid to one company. That one company if you like loans money when the cash flow of a subsidiary requires it. In some cases we know that the example that I gave of the Bus Company, if it has no revenue then it means in effect that it is over running costs because it has no revenue.

1740 Other companies do have some revenue but not enough to cover the costs. For example the car parks get revenue but cannot cover everything so the companies that are covered are the companies that are shown in the chart and identified as being operating companies instead of asset holding companies. And the information we are providing, the money is being voted to be paid to GIH.

**Hon. D A Feetham:** At what point in time does the Government know which of these operating companies make a loss and therefore there is a payment to the operating companies from Gibraltar Investment Holdings Limited?

1750 **Hon. J J Bossano:** I think as I explained some time ago, the system that is operated is the system that was introduced by the previous Government which is that in practice, all the cash of all the companies and the cash of the Government is administered by the Treasury. In reality it is one pot of money and one bank account.

1755 On paper, as the accounts are progressed and eventually closed, there is an exercise of identifying where the money has actually been spent and therefore debiting the relevant account.

1760 But when I explained to the hon. Member that the cash advance of Credit Finance to GIH was part of that pool of managing, if you like, the public service cash flow as one single entity because it is done with one account with internal sub-divisions and done by the people in the

Treasury who deal with it as one thing, when the accounts are closed is when you know that if the Bus Company has lost £3.5 million then that £3.5 million has disappeared down that particular hole.

1765 **Hon. D A Feetham:** At what point, so it is at the end of the financial year? (**Hon. J J Bossano:** Sorry?) So it is at the end of the financial year that we would know how much, where this £25 million and I know that the £25 million is pooled with the money from, *inter alia*, amongst other things the Credit Finance money that has been transferred to Gibraltar Investment Holdings, it is pooled in the Treasury.

1770 I understand all that but at what point would the Government know where this £25 million has gone to, or part of?

**Hon. J J Bossano:** The final figure is known when the accounts of the companies have been closed. In practice, the whole Treasury accounting system is one that runs behind time, in the sense that revenue streams are inputted and they are credited but there are piles of invoices both in terms of Government direct expenditure, Government agencies, Government authorities and companies, all of which are debits on the cash flow.

1775 So where each item is going is known for example just like this book is not finally closed, what we have got here is a forecast outturn. The final figure of this book for the year that ended on 1780 31st March is not really known until the end of December because it is then passed on to the auditor at the beginning of January. And there are, in effect, this is why it is a forecast and not a final figure.

There are adjustments because something that should have shown up has not shown up here in time to go into the printed book, and if this is true of the accounts of the Consolidated Fund and the Improvement and Development Fund, it is equally true of the authorities, the agencies and the companies.

1785 Because in effect it is as if ... I mean this is what I referred to originally in my Budget speech about the consequences of the decision, the policy decision that was taken to fragment the public service into different units, for reasons that were never very clear from both sides of the House.

1790 If we go back in time to where a lot of these activities would have been in the Government, then it would have been not in different pages at the back where what we are doing is money comes into the Consolidated Fund and the money goes out of the Consolidated Fund and it goes into the Health Authority then comes out of the Health Authority. That movement in and out of money sometimes, the same money moving several times, has made the whole exercise more complicated and more cumbersome.

1795 But at the end of the day, nothing really can be if you like accurately identified until the Accountant General closes the accounts and sends it to the Auditor. And even in that period, not all of the companies would have been done. We started the exercise of compiling the company accounts in 2011 when the majority of them had not been done since 1996 and they were part of the system and they had been receiving advances from the Consolidated Fund.

**Hon. D A Feetham:** And in relation to the operating companies that this £25 million is basically being used to fund, are the accounts in relation to those operating companies because it cannot be as the hon. Gentleman said asset holding companies.

1805 Have those accounts been completed, are we up to date in relation to that?

**Hon. J J Bossano:** Not in relation to that, no. The company that has got its accounts most up to date is JBS which is not part of the system which was the only operating company that existed in 1996 and JBS in fact operated from day one in the eight years of the GSLP and in the 15 years of the GSD as a stand-alone with its own accountants, its own auditors and its own management

and its own bank account. But it is the only company that operates like that so they are able to produce their accounts because they are in full control of the situation.

1815 In some of the other companies where we go about the internal books of the company which clearly records ... I mean, every month they record what they spend on fuel, what they spend on repairs of buses and what they spend on wages and what they spend on insurance contributions and on pension contributions. All that is recorded in the internal but the actual finalised accounts of all these companies are all in arrears.

1820 **Hon. D A Feetham:** And I beg your pardon, Mr Chairman, but I think this is quite important.

Now in the past you have answered and you have touched upon it and we have touched upon it today, that the money from Credit Finance, it was over £300 million at one point and it went into the name of Gibraltar Investment Holdings.

1825 As I understand it, the name of Gibraltar Investment Holdings, kept by Treasury in a pool with other monies from the Gibraltar Savings Bank presumably it would have been. (*Interjection*) But that is not the point, it is this and in answer to a question that I posed to the hon. Gentleman, he said to me that the money was being used in order to fund the activities of Government-owned companies. It was being pooled.

1830 Now do we know how much over and above in past years, a proportion I mean roughly, you know obviously I am not asking for, you are not going to have the information. But what proportion over and above this £25 million, what kind of monies are we talking about over and above the £25 million that will go from Gibraltar Investment Holdings via Credit Finance Gibraltar Investment Holdings in order to fund the activities of Government owned companies? That is the –

1835 **Hon. J J Bossano:** As I pointed out to the hon. Member, the advances initially were made from the Savings Bank Fund and then they were repaid to the Savings Bank Fund and it was put into Credit Finance.

1840 The amount that was originally advanced was something like £350 million and I think the last figure that I saw it was down to £304 million so in fact the payments have been in the opposite direction. That is to say the payments initially were in one direction, there was quite a lot of movement in and out because I gave the hon. Member a schedule of the payments on a month which he asked me once from the Savings Bank Fund and there were, because it was about cash flow, I mean there were months when £50 million went in one direction and then the following

1845 month, £60 million came in another direction. Especially when there were things that were ... it is the kind of situation where you have got, for example, levels of expenditure which have got big movements in one direction or another and those levels of expenditure you are meeting through a short term overdraft not through long term funding. And that is in effect what Credit Finance did was to augment the cash pool of

1850 what is generated by Government activities, by authorities, by agencies and by companies on one side of the balance sheet and the money that goes out in terms of income and expenditure on the other side of the balance sheet. But the situation has been that for many years the extent of the reliance on that cash advance has been declining to the extent that we make the companies more efficient, that will

1855 be a reducing balance and it is going in that direction. The figure is constantly coming down, it is not going up. **Hon. D A Feetham:** Why put it in there? This is what I find hard to understand. I mean why put this £350 million in the name of Gibraltar Investment Holdings if effectively what you are

1860 telling me is that you are just simply pooling it with other Treasury money and using it for general expenditure rather than expenditure in the companies themselves as I understand it, from listening to what the hon. Gentleman is telling me now?

1865 **Hon. J J Bossano:** Well I can see that the hon. Member has difficulty understanding it, but I can assure him this is nothing like the difficulty I have in understanding why they created the whole system in the first place, which is what I have explained to him.

Look, this system is a system we inherited, it is a system that he did, he was in Government for four years and he does not seem to know that this was happening.

1870 They fragmented the public service (*Interjection by Hon. D A Feetham*) It was difficult to understand why it was created in the first place because I think it regrettably, you know the cost of creating that structure is an expense which we are going to continue to carry for many, many years because it is very difficult to undo and go back in the other direction.

1875 **Hon. D A Feetham:** Yes, but it does not answer the question.

**Hon. J J Bossano:** No, I know it does not answer the question but what I am saying to the hon. Member is that if he does not understand this, then look, he does not even understand what went on in his time. When originally the advances started from the Gibraltar Savings Bank, my position as the Minister responsible for the Savings Bank was to say well look, this has got to be, this is not the same as the advances from the Consolidated Fund and therefore this has to be on the basis that Credit Finance advances the money but has to be paid for the cost of that money.

1885 Therefore a relationship had to be created which was at arm's length between a company that was licensed to make loans and able to charge for it rather than the Savings Bank Fund being the Savings Bank Fund and it is a special fund for the Government.

I thought it was a better system and one that allows the Savings Bank to separate its activity from the role of being part of the cash pool.

1890 **Hon. D A Feetham:** I understand that part of the equation but you see there are three parts to this equation. There is the Gibraltar Savings Bank that has the money. That is invested in Credit Finance and I understand why it is done in Credit Finance, Credit Finance is licensed by the Hon. the Chief Minister and basically it has provided a number of loans, amongst other things, one to the Sunborn which we know about.

1895 I am asking why the £350 million in Gibraltar Investment Holdings. That is the answer that I ... and that is where the money has been placed, pooled I understand that, with all the other money, but in the name of Gibraltar Investment Holdings.

Why do that, why in Gibraltar Investment Holdings?

1900 **Hon. J J Bossano:** Well, because Gibraltar Investment Holdings is the one that he was advancing money to from the Consolidated Fund even though he did not know it because he was the Minister for Justice. Why did he do it then?

**Hon. Chief Minister:** Collective responsibility.

1905 **Hon. D A Feetham:** No, no, with respect, of course I know that Gibraltar Investment Holdings is the company that has stood at the top of the pyramid. We had this three years ago and I knew then and the company has always been funded from the Consolidated Fund.

1910 If the answer is that the £300 million, all it is doing is funding other Government-owned companies underneath Gibraltar Investment Holdings, then I understand that is the answer and it is a simple answer and that is the answer.

Unless of course, that money is being used for something other than the funding of Government-owned companies because £350 million is an awful lot of money to fund Government-owned companies.

1915 **Hon. J J Bossano:** The answer is, that is all it is doing; that is the answer.

**Mr Chairman:** Any other questions?

1920 **Hon. R M Clinton:** Mr Chairman, I think we have had quite a comprehensive discussion on this. Just finally, I assume that although the money is of course going to Gibraltar Investment Holdings, whether the Government will be minded to produce this type of schedule in the future or do you think it is completely redundant?

1925 **Hon. J J Bossano:** Well, if we are minded to change something in future we will tell him when we are minded to do it.

**Mr Chairman:** Head 48, Contribution to Government-Owned Companies, stands part of the Bill.

1930 **Several Members:** Hear, hear! (*Laughter*)

**Clerk:** Head 49, Transfer from Government Surplus; subhead 1, Payment to Social Assistance Fund, Import Duty, Transfer from Government Surplus.

1935 **Mr Chairman:** Stands part of the Bill – Head 49, Transfer from Government Surplus.

**Clerk:** Head 50.

1940 **Hon. D A Feetham:** Can I ask a question in relation to this? The Hon. the Father – (*Interjection*) well, I am actually travelling to Seville as well, taking my wife for a birthday break so, but we have got to do our job here first.

1945 The hon. Gentleman, this year, he was present last year – we are making progress this year! He was present to listen to my Budget speech! In the previous two years he has not been present. But in the last two years, I have been making the point that in 2014 the practice changed whereby the contributions that effectively go to Community Care, prior to 2014 were an expense because they were an expense that was paid into the Social Security Fund and from there to Community Care. The effect of that obviously, it increases expenditure reduces the surplus.

1950 As from 2014 what has happened is that it does not appear above the line anymore it is now below the line and it is basically taken out of surplus. Can he explain the change of practice, please? Unless you want to massage Government figures!

**Hon. J J Bossano:** Well, there is no massaging, Mr Chairman. The position is very clear.

1955 At the beginning we continued with a system that we inherited which was to put the money in the Social Assistance Fund and then from the Social Assistance Fund to pay it to Community Care.

We announced the policy in our election campaign and we put it in the manifesto that we would increase over and above that payment, capital grants – which is what we were doing before 1996 – and therefore what we have here is a capital grant which this year is 50% of the surplus and in the previous year has been 100% of the surplus.

1960 Because the surplus is being handed over, it means that the need for recurrent spending of Community Care decreases as it has its own investment income from the reserves that are growing so it is not the case that what we are doing is replacing something with the other.

1965 If tomorrow we were not able to make a payment, then Community Care would be where we left it in 1996 because it has got £100 million which it has invested. And after this it will have £120 million. It is not that we have taken the money that was in the Social Assistance Fund and stuck it in here, if the hon. Member looks at the –



**Hon. D A Feetham:** I did not say that.

1970 **Hon. J J Bossano:** Yes you have because you are saying we have massaged it by removing it from the current expenditure – no?

1975 **Hon. D A Feetham:** No, what I said was that in previous years, up to 2014, the Government when it made a contribution to Community Care, paid into the Social Security Fund and then from there to Community Care. So therefore it appears in the accounts as an expense whereas now, it is basically taken directly out of surplus. It is not an expense, I am asking him to explain.

1980 I know what the hon. Gentleman's explanation is historically in relation to Community Care is. He says I created a fund in relation to Community Care right up to 1996, you stopped making contributions to Community Care, which meant that Community Care had to eat into its capital, in other words the fund. All that I understand, I am talking about the change in accountancy practice in relation to how the contribution to Community Care was accounted for.

1985 **Hon. J J Bossano:** The money that we have got in front of us shows that we are voting a token sum of £1,000 right. That £1,000 is payment to the Social Assistance Fund from import duty okay. The forecast outturn is £20 million. If he looks at the Actual in 2014-15 it shows £30 million and there has been no change, it is payment to the Social Assistance Fund from import duty. Transfer from Government surplus.

1990 So it goes from the Consolidated Fund into the Social Assistance Fund and from the Social Assistance Fund into Community Care, the same route.

1995 **Hon. D A Feetham:** But the point is that it does not appear as an expense of the Consolidated Fund, as part of Departmental expenditure – that is where I say, maybe I have been harsh, using the words 'massaging a figure', but it is a change in accountancy practice that has an effect on Departmental expenditure by decreasing Departmental expenditure increasing in effect, the surplus.

**Hon. J J Bossano:** Mr Chairman, in Appendix K there is the £20 million transferred from Government going in, right? This year we have the recurrent £7.5 million, right?

2000 If we make a £20 million contribution at the end of the year then there is no need to make the £7.5 million which is what happened in the last year.

2005 The reason for the change is that the payment of the capital grants are intended to make the charity self-sufficient so that it does not need to depend on recurrent grants. But we continue to make provision for recurrent grants in case we are not able to tap the surplus to give them the capital grant. And that is the change that he can see in Appendix K. So he sees in Appendix K there is a recurrent originally in 2014-15 which is no longer there because there is a transfer of £30 million.

2010 But the £30 million or the £7 million or the £20 million still goes as import duty into the Consolidated Fund and out of the Consolidated Fund by the Appropriation that we are voting. What we are voting is moving £20 million into the Social Assistance Fund in order to pay the money to Community Care.

The estimated recurrent contribution this year is £7.5 million which compared to last year which was £7.35. In Appendix K he can see the movement.

2015 **Mr Chairman:** Head 49 stands part of the Bill.  
We move on to Head 50.

**Clerk:** Head 50, Contribution to the Improvement and Development Fund; subhead 1, Contribution to the Improvement and Development Fund.

2020 **Mr Chairman:** Head 50, Contribution to the Improvement and Development Fund, stands part of the Bill.

**Clerk:** We now move to clause 4, Improvement and Development Fund; Head 101, Works and Equipment; subhead 1, Works and Equipment.

2025

**Mr Chairman:** Questions on Head 101, Works and Equipment. It goes over the page. Head 101, Works and Equipment, stands part of the Bill.

2030 **Clerk:** We move back to page 153, clause 5, Head 47, Supplementary Provision; subhead 1, Supplementary Funding.

**Mr Chairman:** Still on clause 5, Head 47, Supplementary Provision, stands part of the Bill.

**Clerk:** We move forward to clauses 6 and 7.

2035

**Mr Chairman:** Am I correct, Head 102, Projects – is that where we are? Page 162, Head 102, Projects under Improvement and Development Fund Expenditure. I have not called that out. 102 stood part of the Bill.

So we are now on Head 102, Projects – any questions?

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**Hon. R M Clinton:** Thank you, Mr Chairman, in relation to Projects, Head 102, subhead 1, A(1) Tunnelled Road to North Front, outturn £8.5 for this last year, Estimates £4.5 million. In the light of the OHL settlement is this in relation to completing that tunnel infrastructure?

2045 **Hon. Chief Minister:** Mr Speaker, this book was obviously compiled before the settlement and provided for the cost that might have been incurred in the context of the works that were programmed at the time.

2050 **Hon. R M Clinton:** Mr Chairman, would I be correct in saying those numbers will change from the estimate?

2055 **Hon. Chief Minister:** Yes, in the context of what I said yesterday when I gave the figures in the context of my – well, not yesterday – in the context of my speech on Tuesday. And in fact the hon. Gentleman will have seen that there were more figures and more details provided in the fuller press statement that the Government made, I gave a summary to the House of the Statement because the item was on the pink pages.

2060 **Hon. R M Clinton:** Mr Chairman, in relation to subhead 3, Reclamation Projects, in light of the Chief Minister's Statement about Coaling Island reclamation, would we expect to see any expenditure on this line item for 2016-17? I note there is a nominal £1,000.

2065 **Hon. Chief Minister:** Mr Speaker, if the progress that we want to make is made we will see some progress very soon and we will either see it here or elsewhere, but this is a £1,000 cost, yes, which is put in as a nominal so that we can incur more charges if we need to.

**Hon. R M Clinton:** But, Mr Chairman, would it be specifically for the Coaling Island project or for other reclamation projects that he has in mind?

2070 **Hon. Chief Minister:** As I said during the course of my address, there are a number of different reclamations being looked at; Coaling Island is one of them.

**Hon. R M Clinton:** Mr Speaker, moving on to subhead 4(c) Old Naval Hospital Conversion Refurbishment works. I note there is an additional £3.1 million envisaged for this coming year compared to the outturn £1.4 last year.

2075 I am just wondering what additional works needs to be done in respect of the Old Naval Hospital since it seems to be substantially complete.

**Hon. Chief Minister:** Mr Speaker, the hon. Gentleman has to remember that the book is compiled in March and we are dealing with the expenditure that is incurred from 1st April. So what seems to be substantially complete is something that he would have seen substantially completed about that time but in respect of which payment vouchers are coming in as the works are being finished.

So this is payment for the process of completion.

2085 **Hon. R M Clinton:** I have possibly a similar question in relation to subhead 4 in relation to Item V – St Bernard’s Catering Facility at £1.2 million. With a forecast outturn last year as £3 million and in 2014-15 we spent £2.9 million that is £6 million already.

Is this £1.2 million in relation to anything new or is it in relation to a timing issue in terms of invoices?

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**Hon. Dr J E Cortes:** Yes, Mr Chairman, it is nothing new this is picking up invoices and so on which ran over from last year.

**Hon. R M Clinton:** So, Mr Chairman, on that basis are we saying the cost of this facility is coming in at something like £7.2 million?

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**Hon. Dr J E Cortes:** I do not know whether you can pick that up from here but that is probably about right.

2100 **Hon. T N Hammond:** Finally, Mr Chairman, reference subhead 4.(j), Sustainable Traffic, Transport and Parking Plan, I note £250,000 set aside as the estimate for this year, can I just confirm that is for presumably a project contained within that plan rather than for the development of the plan itself or the publication of the plan itself?

2105 **Hon. P J Balban:** Mr Chairman that is actually for the implementation of the sustainable Traffic Plan.

**Hon. T N Hammond:** So on the basis that it is for implementation of recommendations contained within the plan, the final plan will be published any time now?

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**Hon. P J Balban:** Mr Chairman, as I have said many times, just because the final plan is not there yet does not mean that we do not progress with the plan itself.

But yes, the intention is that the final plan will be available shortly.

2115 **Hon. T N Hammond:** Yes, I appreciate that because the whole point of a draft is that it can be amended at any point without commitment, whereas once you publish the final plan it is a final plan. Of course it can be amended, but it is a somewhat different scenario at that point.

**Hon. Chief Minister:** Like an LNG report.

2120

**Hon. P J Balban:** Just like an LNG report, as just highlighted! The hon. Gentleman will notice, the final plan itself will not teach a wonderful amount of new things. A lot of what is on the draft plan will be there on the final plan – in fact all of it, there are just a few other modifications.

2125 What the final plan will provide is a lot more detail as to what went down in terms of the research, all the public feedback comments will be there, all the statistical data, all the data collected will be there. But if the hon. Member is expecting anything great and wonderful, he may be disappointed.

2130 **Hon. T N Hammond:** I am not expecting a significant change from draft to final report, it is just that I think it is a significant milestone to move any report from a draft phase to its final published phase. That is the only point I am making but the point that I was originally making, reference this particular item being for the provision of projects within the plan is really what I wanted to know and the Minister has answered that and I thank him for it.

2135 **Hon. P J Balban:** That is correct.

**Hon. T N Hammond:** If I may also, Mr Chairman, for subhead 4.(y) – Commonwealth Park – I note a nominal £1,000 has been set aside.

2140 In view of the previous discussion under the Environmental Head for the costs of the Commonwealth Park, is it anticipated that there is going to be some significant change in the park that is going to result in some capital expenditure there?

2145 **Hon. Dr J E Cortes:** No, it is not going to be turned back into a car park. Again, this is a nominal amount there in case there is anything untoward, but we are hoping that we will not have to touch that at all this year.

2150 **Hon. R M Clinton:** Mr Chairman, in respect of subhead 5, Equity Funding, Government-Owned Companies, item (b), Gibraltar International Bank, I notice that the Government has contributed £25 million as previously stated into the equity of the bank. I notice that there is a £1,000 item still there for this coming year and I am interested to know whether the Government intends to make any kind of capital injection.

2155 **Hon. Chief Minister:** Mr Speaker, it is a token in the eventuality that there might be a need to make any injection of capital, but there is not any suggestion that this could happen, it is just an open line.

**Hon. R M Clinton:** Thank you. Mr Chairman, the last item down the list is the University of Gibraltar. I see a further amount of £3.25 million required for this coming year and £6.7 million for last year.

2160 Is this to cover capital, I presume it is capital cost, is this part of the overall £10 million funding originally announced to the university and is it envisaged that this will be the final amount that the Government will be contributing towards the university.

2165 And perhaps as a final rider, has the university provided any financial information to the Government as regards its funding requirement?

**Hon. G H Licudi:** Mr Chairman, this is just a balance of £10 million which I had announced would be contributed by the Government to the university. We have made some capital expenditure and there is a contribution to the university which is ultimately going to reach £10 million and that represents the balance which is payable in respect of that £10 million which had been previously announced.

**Hon. R M Clinton:** Mr Chairman, thank you very much for that. Is there any reason why the full £10 million was not paid up front? (*Interjection*)

2175 **Hon. G H Licudi:** Simply because it was not necessary. The university did not need £10 million up front. It was originally a Government project and we were spending money on the project as and when we were required to spend those monies on the capital expenses and then on the recurring expenses once we started engaging staff.

2180 The university then became a statutory body and has become an independent institution and we now have a contribution to make to the university as and when they require the money, up to the £10 million which we had indicated we would be contributing.

2185 **Hon. R M Clinton:** So, Mr Chairman, would I be correct in saying that the £10 million would cover both the capital cost and initial running costs of the university and how many years would that cover in terms of running costs?

**Hon. G H Licudi:** Mr Chairman, that is correct. It covers the initial capital costs and the running costs of the university on the basis that it is a contribution to the University of Gibraltar Limited.

2190 As I explained when we launched the project, and in particular we brought a Supplementary Appropriation Bill, I seem to recall in respect specifically of the £10 million and I explained exactly how those – I appreciate it was before the hon. Member's time – how that £10 million was going to be split up.

2195 We anticipated that there would be largely around £6 million in setup costs and initial recurrent costs for the first year and the opening phase, and then approximately something like £2 million a year. So the £10 million was always intended to cover the initial start-up phase the first year and then two more years of operation thereafter.

2200 **Hon. R M Clinton:** Thank you very much, Mr Chairman.

**Mr Chairman:** Are there any other questions?  
Head 102, Projects, stands part of the Bill.

2205 **Clerk:** Moving back to page 153, clause 5, Head 47, Supplementary Provision; subhead 1, Supplementary Funding.

**Mr Chairman:** Clause 5, Head 47, Supplementary Provision, stands part of the Bill.

2210 **Clerk:** Moving forward to clauses 6 and 7, starting at page 170, Gibraltar Development Corporation.

**Mr Chairman:** Are there any questions arising?

2215 **Hon. R M Clinton:** Yes, Mr Chairman, perhaps more for the benefit of my education. The contribution to the Economic Development and Employment Company Limited in the order of £11 million for last year and this year, I would be grateful for some explanation as to what it is that this entity does. Sorry, that is in Item 17.

2220 **Hon. J J Bossano:** This is the money that has been voted every year to fund all the training programmes and the costs of operating the training programmes and the amount that is being paid to the individuals.

2225 We have been able to keep the costs virtually unchanged because although there have been pay rises in line with the minimum wage and the pay of the people who are employed to do training and so forth, the numbers have been coming down because there are less people unemployed and therefore there are less people going through the programmes.

**Mr Chairman:** Moving to the Appendices, page 179, Borders and Coastguard Agency as well? Then at page 182, Appendix D, the Gibraltar Health Authority.

2230 **Hon. R M Clinton:** Mr Chairman, this maybe simply a typo but on page 184 about halfway down the page on the Establishment numbers, I do not think the totals quite work for the comparative for 2015-16.

2235 As you can see it comes out £897 and then with nine people jumps to £1,308. I think that should be £897 and £82 and £856. I think it was just probably a slip of a formula in a spreadsheet somewhere.

**Hon. Dr J E Cortes** Yes, I think that was a typo ...

2240 **Hon. R M Clinton:** Yes and then I have just one question and that is the establishment and all the various grades here, would I be correct in assuming that they should all appear in Appendix Q?

**A Member:** Yes.

2245 **Hon. R M Clinton:** Yes. Mr Chairman, I cannot seem to find one grade and that is the Cancer Services Co-ordinator.

2250 **Hon. Dr J E Cortes:** That is an SEO grade. Perhaps that should be specified but it is actually graded as an SEO, Senior Executive Officer. It is that the job title has been included rather than the grade title but we can make that clear in the final document.

**Hon. R M Clinton:** Thank you, Mr Chairman.

2255 And just talking about the Dementia Care Facilities, Item 52 which is Contracted Services for Day Care, and I think that the rest is probably in the Elderly Care Agency, how is it that the estimated cost has gone from £400,000 to £954,000 for what I think is, if I remember correctly, a 90-bed facility or I may be wrong? And how is it that we have spent nothing on it in the last year?

2260 **Hon. Dr J E Cortes:** Well this has been the subject of several exchanges that for a number of reasons we were not able to open at the time.

Last year we had made provision for approximately six to seven months, or rather five to six months because we were expecting to open about half way through the year. The £954,000 is provision for what we estimated it would be for the full year effect.

2265 **Hon. R M Clinton:** Mr Chairman, I fully appreciate that a lot of healthcare is of course demand driven, but I cannot help but notice, certainly on the sponsored patients line 36, we tend to under budget for this cost, £12 million in the original estimate, £15 million in the outturn and yet for 2016-17, we seem to be going down to £11 million. Would it not be more realistic to put that number more in line with maybe even higher, maybe £18 million given the trend?

2270 **Hon. Dr J E Cortes:** I think we are trying very hard, as I think I said in my Budget speech, to repatriate a lot of services. Chemotherapy is about to come on stream, probably some neurology as well. So we are looking very carefully at how we spend sponsored patients money this year.

2275 So we are fairly confident that we can, well we are going to try very hard to make efficiencies in the way we do things rather than what we do in order to try and contain that expenditure.

**Mr Chairman:** Any other question on the Health Authority?

2280 **Hon. R M Clinton:** Just one question, your CT scanner, how much did it cost? What was the capital cost of that?

**Hon. Dr J E Cortes:** It was about ... *(Interjection)* Ah it is on the next page, I am told. *(Interjection)* Ah yes, it is there, £563,000.

2285 **Mr Chairman:** We then move on to Appendix E, which is the Gibraltar Electricity Authority, page [*Inaudible*]

2290 **Hon. T N Hammond:** My apologies, Mr Chairman. I thought we might stop at Health Authority, Elderly, which seems to be a different head in the Bill. *(Interjection)*

**Hon. T N Hammond:** Thank you for that education! *(Laughter and interjections)*

2295 **Mr Chairman:** Yes. *(Interjection)* Appendix F, we have the Gibraltar Health Authority – Elderly Residential Services Section.

**Hon. R M Clinton:** Sorry, Mr Chairman, have we gone through E – the Electricity Authority? *(Interjections)*

2300 **Mr Chairman:** Appendix G, the Care Agency.

2305 **Hon. T N Hammond:** No, Mr Chairman, I do have one question on Appendix F, please. It is under the Payments, line 31, Rent and Service Charges. The estimate this year is £78,000 from a forecast outturn for last year of £6,000. Can I just ask for clarification where the rise occurs from?

**Hon. Dr J E Cortes:** Yes, this is in relation to a number of initiatives including the renting of a stall and also service charges and so on related to the taking on of the new dementia residential facility, which is going to have considerable service charges, maintenance charges and so on.

2310 **Hon. R M Clinton:** Mr Chairman, coming back to the dementia residential facility, Item 30 – again is it the same explanation that we have £400,000 in the estimates and the outturn this year, not the outturn the estimate for 2016-17 £1.5 million, is that just pro rata or are there additional costs that were not originally envisaged?

2315 **Hon. Dr J E Cortes:** Yes, except that last year we were looking at about a quarter of the year which was about that and this year we are looking at about three quarters of the year. So we are roughly expecting it to cost about £2 million so this is a year, this is the pro rata.

2320 **Mr Chairman:** Appendix H, the Housing Works Agency.  
Appendix I, Gibraltar Port Authority.  
Mr Edwin Reyes' favourite, Appendix J, the Gibraltar Sports and Leisure Authority.

2325 **Hon. E J Reyes:** Yes, Mr Chairman, just one quick word. I did notice before that under Capital Projects and so on there is going to be an investment of I think it was £100,000 for the Europa Gymnasium and I have no query on that.

2330 But coming down to subsection 17 from the estimate last year of £12,000 we only spent £1,000. I just want the Minister to clarify, I think it was because it was a change of use and so on but looking forward, he is just making a provision for £2,000. Is that £2,000 a token figure with a safety margin or perhaps if he enlightens me now it avoids future questions in a couple of months' time.

**Hon. S E Linares:** Yes it is, it is to do basically with running costs. Water, electricity, stuff like that for the actual Europa Gymnasium so we are going to invest in it and the type of running costs like those, that is why we have got £2,000 because we do not know exactly how much it is going to be.

2335

**Mr Chairman:** Appendix K, the Social Assistance Fund. There is a breakdown there. Appendix L, the Savings Bank Fund. Appendix M, the Note Security Fund. Appendix N, Gibraltar Coins Account. Appendix O, Scholarships ... *[Inaudible]* Appendix P – is the last one. Any questions? Right, so clauses 6 and 7 stand part of the Bill.

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**Clerk:** The Scheduled Parts 1 to 5.

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**Mr Chairman:** Chief Minister? *[Inaudible]*

**Hon. Chief Minister:** Already Mr Speaker?

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**Mr Chairman:** The Schedule stands part of the Bill.

**Clerk:** The long title.

**Mr Chairman:** Stands part of the Bill.

#### BILL FOR THIRD READING

2355

#### Appropriation Bill 2016 – Third Reading approved

**Mr Speaker:** And now, the Chief Minister.

2360

**Chief Minister (Hon. F R Picardo):** Mr Speaker, I have the honour to report that the Appropriation Bill 2016 has been considered in Committee and agreed to, without amendments, and I now move that they be read a third time and passed.

**Mr Speaker:** I now put the question, which is that the Appropriation Bill 2016 be read a third time and passed.

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

**Mr Speaker:** Chief Minister.

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**Hon. Chief Minister:** Mr Speaker, at the hour which we have reached, I have the honour to move that the House do now adjourn until Wednesday, 27th July at 11.00 a.m.

**Mr Speaker:** The House will now adjourn until Wednesday, 27th July at 11.00 in the morning.

*The House adjourned at 8.00 p.m.*