

# PROCEEDINGS OF THE GIBRALTAR PARLIAMENT

### AFTERNOON SESSION: 3.05 p.m. – 5.23 p.m.

### Gibraltar, Thursday, 21st January 2016

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## The Gibraltar Parliament

The Parliament met at 3.05 p.m.

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

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

## **Questions for Oral Answer**

#### **CHIEF MINISTER**

#### Q116/2016 Eastern Beach tunnel -**Completion date**

**Clerk:** We continue with questions to the Chief Minister. Question 116. the Hon. T N Hammond.

Hon. T N Hammond: Mr Speaker, could the Government provide an estimate as to when it 5 expects the tunnel at Eastern Beach under the runway to be completed?

Clerk: Answer, the Hon. the Chief Minister.

Chief Minister (Hon. F R Picardo): Mr Speaker, it is expected that the tunnel and road under 10 the runway will be completed during the lifetime of this Parliament.

Hon D A Feetham: Mr Speaker, can the Hon. the Chief Minister help us with this: is the tunnel under the runway going to be completed by GJBS, which was the intention of the 15 previous administration – I think the hon. Gentleman made statements to the effect that that policy was going to be continued; or is it going to be completed and the works undertaken by some other company?

Hon. Chief Minister: Mr Speaker, an announcement will be made by the Government when 20 the works are underway in respect of any part of the works which are not currently being finished by GJBS.

The hon. Gentleman knows GJBS have done an excellent job already of finishing the roundabout in the area of Beach View Terraces, the southern access road in that area, and have started the dewatering of the tunnel. If anybody else is going to become involved in any other

aspect of the works an announcement will be made. 25

**Hon. D A Feetham:** Yes, Mr Speaker, but can the Hon. the Chief Minister provide some further details and be a little bit more helpful in relation to this? Because, of course, if the works go to somebody else then one would expect – unless of course the works are going to be undertaken, for example, by OHL, I merely speculate in relation to this, which was a previous contractor, in relation to which the Government has these proceedings in London – that it would go out to tender. And therefore, if it goes out to tender, then we are talking about a process that is going to take longer than certainly could be done within the term of this Parliament, but it would take longer than just simply continuing the works when GJBS finish the works that they are presently undertaking.

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**Hon. Chief Minister:** Mr Speaker, I do not envisage any eventuality which would make my original answer in any way incorrect.

Hon. T N Hammond: Mr Speaker, if I could just ask then, for absolute clarity, obviously,
 within the term of the next Parliament, the Hon. the Chief Minister has given an assurance that the tunnel will be completed within the next four years?

Hon. Chief Minister: Well, Mr Speaker, I think the hon. Member needs to look at the legislation. I understand an election would be due within 90 days of this Parliament having been
sworn in, and so the maximum lifetime of this Parliament is probably just over four years.

#### Q117/2016 Bluewater project – Update

Clerk: Question 117, the Hon. R M Clinton.

Hon. R M Clinton: Mr Speaker, can the Minister for Inwards Investment please give an update on the Bluewater project and whether the £83 million premium has been or is likely to be paid by Camoren Holdings Ltd?

Clerk: Answer, the Hon. the Chief Minister.

**Chief Minister (Hon. F R Picardo):** Mr Speaker, as at the date that the question was received, the £83 million premium is not due.

Discussions are still ongoing with Camoren in order to finalise arrangements which would lead to the payment of the premium agreed.

Hon. R M Clinton: Mr Speaker, could the hon. Member please give an indication to those members of the public who registered interest in affordable housing as to when they might expect a response?

**Hon. Chief Minister:** Mr Speaker, that is a question that does not arise, in my view, from the question that has been asked.

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Mr Speaker: I did not hear the supplementary.

**Hon. Chief Minister:** I have been asked, Mr Speaker, when those who have registered an interest in respect of some of the affordable housing on the Eastside may expect a response.

70 This is not a question, in my view, that arises, but I am quite happy to say very shortly, I understand.

**Hon. R M Clinton:** Thank you very much. And if the hon. Member would indulge me, in his Budget speech in 2015 he also mentioned another project at Coaling Island. Can he give us any details on that?

**Hon. Chief Minister:** Mr Speaker, that is really quite a distance from the Eastside. I have absolutely no difficulty in continuing with this debate, but it would really be something that is not the sort of discipline we need to be getting into in respect of these questions.

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**Mr Speaker:** I suggest to the hon. Member that he puts the relevant question on the agenda for the next meeting.

#### Hon. R M Clinton: Thank you.

I will continue on the Eastside project. Can the hon. Member give an indication as to when he might expect to complete negotiations? I see in today's *New People* they have been described as intense, but given that this project was announced back in June last year I would have expected the negotiations to be less intense by now. Can he give an indication as to at what point the intensity will reach a climax so that either he gets the £83 million or he decides to go with another developer?

**Hon. Chief Minister:** Well, Mr Speaker, I do not like to go into the detail of the sort of intensity that the hon. Gentleman is talking about, but he can be assured that the climax is coming. (*Laughter*)

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Hon. R M Clinton: I will look forward to that climax with baited breath! (Laughter)

Hon. Chief Minister: Mr Speaker, he can be assured that I will enjoy it very much indeed.

#### Q118/2016

#### Calpe House – Government contribution to restoration and relocation

Clerk: Question 118, the Hon. Ms M D Hassan Nahon.

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**Hon. Ms M D Hassan Nahon:** Mr Speaker, can the Government reveal what financial contribution it is making towards the restoration and relocation of Calpe House?

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

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**Chief Minister (Hon. F R Picardo):** Mr Speaker, the amount donated by Government towards Calpe House in respect of the relocation and restoration of Calpe House is £144,245.

#### Q119/2016 GFA national stadium – Government funding

**Clerk:** Question 119, the Hon. D A Feetham.

- 110 **Hon. D A Feetham:** Mr Speaker, can the Government please state what money has been paid either directly or indirectly by the Government, a Government-owned company, authority or agency, whether by way of gift, loan or otherwise, to the GFA or anyone else in respect of the proposed GFA national stadium project either at Europa Point or elsewhere?
- 115 **Clerk:** Answer, the Hon. the Chief Minister.

**Chief Minister (Hon. F R Picardo):** Mr Speaker, after discussions with the GFA and UEFA, a temporary advance of £929,176 has been made to the GFA, which is due to be repaid with the funding agreed between the GFA and UEFA.

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**Hon. D A Feetham:** Does the Chief Minister have a timeline as to when he expects that £929,000 to be repaid?

Hon. Chief Minister: Mr Speaker, during the course of the development of the new stadium.

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**Hon. D A Feetham:** Mr Speaker, but this must be a matter of contract and there must be a trigger date for the repayment of the  $\pm 929,000$ . The course of the development is likely to take two years, three years – it might even take four years. Can he be more specific in terms of the repayment of this loan of  $\pm 929,000$ ?

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**Hon. Chief Minister:** Mr Speaker, I am sure I can be, but can I ask him to give me notice of the question and I will bring the details of the agreement entered into with the GFA.

Hon. D A Feetham: Mr Speaker, this really is a supplementary that the hon. Gentleman should have expected because it arises out of the original question, but nonetheless I will ask the question again next time round.

What about in terms of interest? Is this an interest-free loan that is provided to the GFA, or is there interest accruing to the Government, and obviously the taxpayer, on this £929,000?

- 140 **Hon. Chief Minister:** Mr Speaker, I did not anticipate I was going to be asked the details of the loan. I was asked what amount had been lent; I was not anticipating to be asked this level of detail, but I can tell him it is not an interest-free loan.
- Hon. E J Reyes: Mr Speaker, if I recall correctly, I had once asked the Chief or asked the
   Government what expenses had been incurred, if any, in respect of the original development of
   the football stadium at Europa Point and I cannot remember the exact number I know it was a
   very low figure he said. Does the Minister happen to recall if there has been no further
   expenses, or does he require further notice? I think I can deduce from the answer he has given
   me, because it is just a loan to the GFA, that there have been no other expenses; but if he is not
   certain, perhaps he could indicate that I should propose a question next time round.
  - Hon. Chief Minister: He is absolutely right, there are no other expenses.

Hon. L F Llamas: Can the Hon. Chief Minister please give details of with whom the contract is made with the GFA: is it directly with Government, or a Government-owned company? Hon. Chief Minister: If the hon. Member gives me notice of the question I will be able to.

Hon. D A Feetham: Mr Speaker, I do not mind, because I really do not want controversy in the first session of Parliament after the General Election, which they won with 6.8 out of 10 people walking up and down Main Street. But, Mr Speaker, it does actually say 'by way of gift, loan or otherwise', it says 'directly or indirectly by the Government, a Government-owned company, authority or agency'. I would have thought that it arises out of one of those, and it is certainly an answer that I would have expected to have been provided in the original answer to the question, or indeed you know for the Chief Minister to come prepared to answer a supplementary, because it really is something that arises out of it. But, Mr Speaker, I will give notice nonetheless, because I do not want –

- Mr Speaker: Given the main question, 'what money has been paid either directly or indirectly by the Government, a Government-owned company, authority or agency, whether by way of gift, loan or otherwise', and the answer that the Chief Minister gave is that a temporary advance of £929,176 has been made. The Chief Minister has not said which entity has made that advance. I do not know whether he has that information or whether he does not, or whether at this stage he does not want to release it.
- 175 **Hon. Chief Minister:** Mr Speaker, I do not have that information because the question asks me *what money* has been paid. It does not ask me *by whom* the money has been paid, it asks me what money has been paid, and that is why the answer that has been prepared is the answer that has been given.

But, look, Mr Speaker, I am delighted that at least it is sinking that almost seven out of 10 people voted for us at the last Election – at least that is a positive outcome from today's Question Time.

#### Q120-122/2016 Naturalised and nationalised British in Gibraltar – Numbers; housing waiting list

**Clerk:** Question 120, the Hon. D A Feetham.

Hon. D A Feetham: Mr Speaker, how many people have been naturalised British in Gibraltar
since 1st December 2011 and how many of those (a) qualify to apply to join the housing waiting
list and (b) have applied to join that list?

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

190 **Chief Minister (Hon. F R Picardo):** Mr Speaker, I will answer this together with Questions 121 and 122.

**Clerk:** Question 121, the Hon. D A Feetham.

195 **Hon. D A Feetham:** Mr Speaker, when, if they have not already done so, do each of those who have been naturalised British in Gibraltar since December 2011 qualify to apply to join the housing waiting list?

Clerk: Question 122, the Hon. D A Feetham.

**Hon. D A Feetham:** Mr Speaker, how many non-British relatives of those nationalised British in Gibraltar between December 2011 and December 2015 were (a) in possession of a residency permit in Gibraltar before their relative was nationalised British and (b) were granted residency permits in Gibraltar after their relatives were nationalised British?

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Clerk: Answer, the Hon. the Chief Minister.

Hon. Chief Minister: Mr Speaker, since 1st December 2011 a total of 1,090 people have been naturalised. Of these, 737 qualify to apply to join the housing waiting list and 208 have applied to join. All applicants naturalised who wish to join the housing waiting list are required to provide 10 years' proof of continuous residence and to meet the requirements, of course, of the housing scheme.

Seventy-two non-British relatives of those nationalised British in Gibraltar between December 2011 and December 2015 were in possession of a residency permit before their relative was nationalised British; 179 were granted residency permits in Gibraltar after their relatives were nationalised British.

> Q123/2016 Substituted public service posts – Number longer than three months

**Clerk:** Question 123, the Hon. D A Feetham.

Hon. D A Feetham: Mr Speaker, can the Government please provide details of all those posts within the public service that are currently being substituted for longer than three months?

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

**Chief Minister (Hon. F R Picardo):** Mr Speaker, the question is answered in the attached schedule.

**Mr Speaker:** The schedule amounts to two pages, so could I suggest we move on to Question 124 and the Leader of the Opposition can come back and ask any supplementaries that may arise from the schedule.

#### Answer to Question No 123/2016

<u>Civil Service</u>		
Department	Grade	WEF
Culture (Ministerial Office)	Senior Executive Officer (Ex GDC Officer)	May-12
Department of Education		
Gibraltar College	TLR 1B - IT Co-ordinator TLR 2B - Assistant to Senior Teacher TLR 2B - Language Co-ordinator	Sep-15 Sep-15 Sep-15
Westside Comprehensive School	TLR 1B - Design Co-ordinator TLR 1B - Head of Spanish TLR 1B - Head of English TLR 2B - Head of Social Sciences	Sep-15 Sep-15 Sep-15 Sep-15
St Paul's First School	TLR 2C - ICT Co-ordinator	Sep-15
Bishop Fitzgerald Middle School	TLR 2D - Foundation Subject	Sep-15
St Joseph's Middle	TLR 2B - Year Co-ordinator & FSL	Sep-15
St Bernard's Middle School	TLR 2D - Foundation Subject	Sep-15
Driver & Vehicle Licensing	Administrative Officer	Sep-15
Economic Development	Administrative Officer	Apr-15
Training	Instructional Officer	Oct-13
Invest Gibraltar	Executive Officer	May-15
Employment	Health & Safety Officer Grade 3	Dec-12
	EO (GDC Ring-fenced)	Mar-15
Environment Ministerial Office	Personal Secretary	Apr-14
Finance Centre	Senior Finance Centre Executive (Financial Services)	Dec-14
	Jervices	Contd

#### Contd answer to Question 123 of 2016

Gibraltar Audit Office	Audit Manager	Jun-15
Gibraltar Courts Service	Senior Executive Officer	Apr-15
Gibraltar Health Authority	Administrative Officer	May-15
Housing Department	Principal Housing Officer	Dec-12
<u>Human Resources Department</u>	Human Resources Manager Senior Executive Officer Human Resources Officer (Ex GDC Ring Fenced) Higher Executive Officer	Nov-12 Jan-15 Sep-14 Sep-15
Income Tax	Commissioner of Income Tax	May-12
Justice Ministry	Executive Officer Personal Secretary	Apr-15 Mar-14
Ministry for Tourism, Housing, Equality and Social Services.	Higher Executive Officer	Feb-15
No 6 Convent Place	Administrative Officer	May-13
<u>Technical Services</u> Ministerial Office Engineering & Design Highways Sewer	Executive Officer SPTO PTO SPTO HPTO	Mar-15 Feb-15 May-08 Oct-15
Treasury Department	Executive Officer	Mar-15

#### Q124/2016 No. 6 Convent Place – Cost of refurbishment, restoration and construction works

**Clerk:** Question 124, the Hon. D A Feetham.

Hon. D A Feetham: Mr Speaker, can the Government please state what has been the cost of all refurbishment, restoration and construction work done to No. 6 Convent Place from 9th December 2011 to 31st December 2015?

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

**Chief Minister (Hon. F R Picardo):** Mr Speaker, the total cost of the refurbishment, restoration and construction works at No. 6 Convent Place from 9th December 2011 to 31st December 2015 – the new annexe and the existing building – is £6,526,163.89.

#### Q125/2016 Airport VIP lounges – Use by Ministers

**Clerk:** Question 125, the Hon. D A Feetham.

Hon. D A Feetham: Mr Speaker, on how many occasions from 9th December 2011 to 31st
 December 2015 did the Chief Minister or any other Minister use the VIP lounge at Gatwick or
 Heathrow Airports; and what was the total cost per annum of such use?

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

250 **Chief Minister (Hon. F R Picardo):** Mr Speaker, I am advised that the information sought by the hon. Gentleman is public information which is available on the Government website and is updated shortly after each of my trips.

Hon. D A Feetham: Mr Speaker, the information is provided in the website. What there is not on the website is a breakdown in relation to what relates to the VIP lounge in Heathrow and the VIP lounge in Gatwick. Does the hon. Gentleman have that information, and can he please provide it?

Hon. Chief Minister: I certainly do not have that information. If he wants it to be broken
 down further, not only will it be provided but I will make sure that it is added to the Government
 website as a column so that the hon. Gentleman knows which of the two it is in the future.

Hon. D A Feetham: Mr Speaker, since 2012 there has been a considerable use by the hon. Gentleman of the VIP lounge in London. We do not know whether it is the VIP lounge in Gatwick
or Heathrow – it is probably a combination of both. In 2012 he used the VIP lounge on two occasions and in 2013 he used the VIP lounge on seven occasions, with a cost of £480 to £1200. He used the VIP lounge on three occasions in 2014, with a cost of £600 to £1,380; and he used the VIP lounge last year on four occasions, with a cost to the taxpayer of between £1,200 and £2,700.

In the light of the fact that the hon. Gentleman used to examine the use of the two VIP lounges by Sir Peter Caruana, or Peter Caruana as he then was, with the minute detail of a

forensic accountant examining accounts, and indeed the criticisms of that use that he used to level at his predecessor, how does he justify that use of the VIP lounge which he used to criticise when he was Leader of the Opposition?

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Hon. Chief Minister: Mr Speaker, the hon. Gentleman obviously knew that the information he was asking about was public information when he asked this question, because he was ready with it for his supplementary.

But let me tell him that I have flown, in the times that he has asked about, on 62 occasions 280 and that I have not used the VIP lounge on 41 occasions by his reckoning, given the numbers of times he has said I have used it, and that between the period 7th June - he might want to make a note of this – 2006 and 18th October 2011, Sir Peter Caruana, then Peter Caruana, used the lounge on 78 occasions at a cost of £42,000 to the taxpayer, although the fees were then considerably lower.

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So, Mr Speaker, it seems to me that I am using the VIP lounge must less than my predecessor used it, following exactly the rules that I indicated I would follow – which are that I would only use it when it was absolutely necessary and that I would not use it just not to go through security – and in fact the hon. Gentleman should know that most of the occasions when we use it are when we are travelling transatlantic and we need to connect and we would not connect if 290 it were not for the VIP lounge.

I would also tell him that the Gatwick lounge, which is the one which was used many years ago when there was just a link to Gatwick, has the crest of Gibraltar there from the time that it was used by many of my predecessors as one of the entitled users.

- So the ratio of use is exactly as it should be. Because I was very critical of the former administration using it all the time, I will not use it all the time, I have not used it all the time. 295 The basic math tells him that I have used it a third of the times I have travelled. (Banging on desks)
- Hon. D A Feetham: Well, in actual fact, I must apologise to the hon. Gentleman because I actually made a mistake. In actual fact, the figures that I quoted were the figures for the use of 300 the VIP lounge - the Gatwick and the Heathrow we do not know – just for visits to London, not transatlantic. So, indeed, when you actually take the transatlantic and you add it to the London ones you are talking about double the number that I quoted and the number that he so selfsatisfyingly quoted back at me with the comparison.
- But, Mr Speaker, I have asked him because this is what I am concerned about and this is what 305 I am charged to do. I am here to ask questions about Government policy, and the policy of the then Opposition when he was leading it was not to spend money on these VIP lounges because they were an expense to the taxpayer that was not justified. And, low and behold, he becomes the Chief Minister of Gibraltar and he seamlessly slips into exactly the same mode, which he criticised, of his predecessor. Now how does he justify the change of policy? 310

Hon. Chief Minister: Mr Speaker, he was here for a lot of that time, so I am surprised he does not remember what the debates were about. The debates were about the fact that this lounge was used all the time.

- 315 He cannot get out of the fact that I have given him the statistics and in five years – in fact, just barely five years, almost, four years – when their party was in Government they used the lounge 78 times. In more or less the same period of time I have used it 26, although I have travelled 62. Now, Mr Speaker I think that demonstrates that we are keeping to our view that this lounge should not be used frivolously, We use it when we have to: we use it because we have got very tight connection times; I have used it because I have had meetings at the airport 320 and I would not have been able to do that otherwise. Two thirds of the time I travel I do not use
  - it.

He needs to understand that when they were here and what he used to defend was that it should be used *all the time*. All the time. I did not accept that, I did not think that was the right use of taxpayers' money, and I therefore make sure that it is only used when it is necessary.

I know it is very difficult for the hon. Gentleman to realise that we actually do what we say, that we demonstrate that we care about people's money and that we would only use this facility when it is necessary for the purposes of conducting Government business; *not* as the former Chief Minister said, because he did not like to show his toes at security.

330 Mr Speaker, I do not mind walking around in my socks like every other passenger has to do in order to comply with the exigencies of today's security requirements at airports. That is not what it is about. We use it when we have to, we do not use it frivolously, and the hon. Gentleman cannot get off that hook.

Hon. D A Feetham: Mr Speaker, I have more supplementaries?

Mr Speaker: You have some more! Yes. Absolutely.

Hon. D A Feetham: Yes. Well, Mr Speaker, let me read to him what he said in his supplementary to Question 336/2011. He said this to the Hon. Peter Caruana, Chief Minister:

I accept that Mr Speaker, and I accept, of course, that the cost of the hon Gentleman not having to take off his shoes and show us his toothpaste is not included today.

- I am not going to ask about shoes or toothpaste today -

But having now had an opportunity to glance at the schedule, can I commend to the hon Gentleman, and would he agree with me, that he should really, in my view, stop using this lounge

- not 'use it for when it is necessary or essential': 'stop using this lounge' -

but if he does, can I prevail upon him to at least ensure he goes to Heathrow as often as possible because the cost of the Gatwick Lounge is £793 per trip, whilst the cost of the suite at Heathrow is £470, and, although I think, that he does not agree, that £470 is already too much to pay, is it not at least better that the hon Gentleman should pay that and not the £790 ...

And, of course, if you look at the actual schedule, you are talking about  $\pm 2,700$  at times that the Hon. ... Indeed, by no means is it out of the ordinary that he has been paying that amount of money in relation to these particular lounges – and that is the point, Mr Speaker.

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At the time that he was Leader of the Opposition he was saying, 'Don't use it; it's costing too much money,' when it was only £470 and £790; and yet now, when it is costing £2,700, it is essential for Gibraltar business that the Chief Minister of Gibraltar uses it. Now, does he justify that shift in position from when he was Leader of the Opposition to now that he is the Chief Minister of Gibraltar, whether he takes his shoes off or he does not take his shoes off at the lounge?

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**Hon. Chief Minister:** Mr Speaker, the hon. Gentleman does not factor into any of those calculations the savings that Gibraltar often makes because we do not have to stay overnight in London because we are able to make connections which we would not otherwise make by the use of the lounge, and sometimes there may be six of us travelling, or seven of us travelling, or eight of us travelling, and the cost of us staying overnight in London would be higher than using the lounge.

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But given that he wants to talk about pounds, shillings and pence, then let us do the comparison. Does he know that the amounts spent from the moment that charging was introduced when I told him it was, in 2006, by the Chief Minister, whom he defended, *at those* 

*lower rates*, at those lower rates, was £43,000 – *forty-three thousand pounds;* and at the higher rates, because we use it much less, the total has been £33,000?

So, Mr Speaker, I am perfectly comfortable, because I know that I am doing what I need to do to ensure that we save taxpayers' money, that we use a resource that is there sparingly, that we ensure we use it when we need to and that it is not about, as the former Chief Minister said in answer to an earlier question, which is what led to my remarks in that supplementary, that he used it because he simply could not be fussed standing at security with everybody else and taking off his shoes.

Mr Speaker, that is what being responsible is about, that is what we demonstrate, we ensure we look after taxpayers' money, and we use this resource sparingly and when required.

But I do remember, Mr Speaker, his face of adulation looking at Sir Peter – then simple Peter – clapping and banging the table every time he defended the use of that lounge. Well, that is when Sir Peter was not telling him to shut up and sit down.

Hon. D A Feetham: Well, Mr Speaker, I can see the rueful grin of the Father of the House when I am actually going through all these figures and the amount of money that the man that he has placed at No. 6 Convent Place is spending all this taxpayers' money, when quite frankly, and in fairness to him, the Father of the House, he would never have dreamt for one moment, being the socialist that of course he is, of spending £2,700 on a lounge in Heathrow and Gatwick. But, Mr Speaker, you see, there is an inconsistency here. Not only did he criticise the previous

Government in relation to this and now he does exactly the same, but in 2013 he told me, 'Well, I'm only using it for transatlantic flights, really as when there is a stopover,' which is part of the answer that he has given me today. But I look through this schedule and I see:

March 2013, Oxford Literary Festival with Mr G Flower Oxford Literary Festival address, 'Deconstructing Self-determination' at Christchurch College, Oxford Attended reception, University College Oxford Dinner at Christchurch Oxford

I then look at further along the list and I see:

Meetings in London Meetings with senior officials of the Foreign and Commonwealth Office Conservative Party Conference

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These are not transatlantic, because if you actually compare it with the dates that we know that the hon. Gentleman is going to be on transatlantic flights, they are not: they are just simple visits to London. So it just simply does not stack up, does it, that he is using these lounges just simply for transatlantic flights.

Hon. Chief Minister: Mr Speaker, the hon. Gentleman is referring to information which I have
 made public. It is not that he has discovered something and matched it up to something else.
 The schedule of what is on the website tells him when I have used it for transatlantic flights and
 when I have used it for another reason, and if I have used it for the purposes of travel which
 keeps me in the UK, there must have been a very good reason. In other words, I must have
 needed to get somewhere at a particular time, which I would not have been able to do other
 than by using the lounge. That is what he is not getting. It is very simple.

The socialist sitting next to me, Mr Speaker – who is, in effect, sitting between two other socialists, I would have him know, and among seven socialists and three liberals – would be very happy to spend £2,000 if he was saving £3,000, £4,000 or £5,000 as a result.

So, Mr Speaker, it does not seem to be that the hon. Member gets it. Well, look, I will tell him this: he says that I am the person that Joe Bossano has *placed* at No. 6 Convent Place. Then he also says, when it suits him, that I am the Machiavelli who manipulated Joe Bossano into not

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giving him the crown of the GSLP and giving it to me. Well, Mr Speaker, Machiavelli or *marioneta*, but not both: he has to make up his mind!

405 **Hon. T N Hammond:** First of all, I really must commend the Hon. the Chief Minister on the depth of knowledge he has on this subject, when he was unable earlier to answer a question earlier on the GFA loan as simple as –

Mr Speaker: No, that ... I am sorry, I am not – (Interjections)

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Hon. T N Hammond: I do have a question, of course.

**Mr Speaker:** Ask your question, but do not make a remark of that nature.

- **Hon. T N Hammond:** Okay, I do have a question. The question is fairly straightforward: bearing in mind the intent of the use of the VIP lounge appears to be to save taxpayers' money, would those on the Government benches travelling in normal economy class when travelling British Airways, rather than in club class, to save further money, certainly on short haul flights?
- 420 **Hon. Chief Minister:** Mr Speaker, we very often do. The hon. Gentleman, perhaps from his vantage point at the tower, may have seen that we do not often board the plane with the blue and red insignia; we very often go on the orange plane, and on the orange plane nobody yet has been able to find the club class section.

#### 425 Mr Speaker: Any other supplementary on this matter?

**Hon. E J Phillips:** When the Chief Minister and other Ministers fly British Airways, is it not possible to use the fairly normal lounges that many people are accustomed to? I am certainly not accustomed to using the usual galleries at British Airways, but there are opportunities for that to happen rather than use VIP lounges. Unfortunately, I am not accustomed to the specific VIP lounges that you are referring to in this Chamber, but possibly maybe one day I will be.

What other lounges are there available that are low cost that include the price of the ticket or the price that you paying for?

I am grateful, thank you – a general enquiry.

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**Hon. Chief Minister:** Mr Speaker, for some time since I was a partner of Hassans I have enjoyed the benefits of a gold card with British Airways, and so therefore I am lucky enough to be able to enjoy the galleries lounge at any of the airports which offer them, and sometimes I am even able to wag my way into the first-class lounge by blagging about the fact that it is a gold card – and it is perfectly adequate, and that is why on two thirds of the occasions on which I have travelled I have used those lounges and not the other lounges.

I am delighted to hear him say that he hopes that perhaps one day he might be able to use the VIP lounge that I am referring to here today, because therefore he obviously (a) believes it should continue to be used and (b) has the intention of moving from that chair to the central chair at least on the other side and from there to here, because it is only used by the Chief Minister. There's another challenge on your hands! (Laughter and banging on desks)

**Hon. E J Phillips:** I am grateful for the Chief Minister's comment in relation to ... I really wanted to know what the VIP lounge was. Normal people are clearly not used to knowing what a VIP lounge is and I am grateful that the Chief Minister has now confirmed that only the Chief Minister is allowed to use the VIP lounge at Gatwick or Heathrow. I am grateful. Thank you for the response. (Interjection)

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Hon. D A Feetham: Mr Speaker, just on that note, so that people understand what we are
 talking about – because perhaps people confuse the VIP lounge with the club lounge at
 Heathrow and also at Gatwick – can the Hon. the Chief Minister provide some information, just
 for the purposes of listeners and viewers, in relation to what the VIP lounge is used for? Apart
 from simply sitting in the VIP lounge, also working in the VIP lounge, obviously, it is also a fast
 track as well in relation to how you move around the airport, and perhaps the Hon. the Chief
 Minister can explain for the purposes of viewers and listeners to this exchange.

**Hon. Chief Minister:** Well, Mr Speaker, I am very grateful for the opportunity to do that. In fact, there is an element about the VIP lounge which is not very VIP at all, which is that there is no food available in the VIP lounge, so the galleries and first-class experience of British Airways is much better in that respect. There is absolutely no shopping, so if you have got to the airport and have not bought anything for your wife or children you are really then in a very difficult position indeed and have to make the best of what is on the aircraft.

It is all about actually getting around the airport more quickly and it is about being collected at the aircraft and being able to get to your car and get out of Heathrow or Gatwick within 10 or 15 minutes of the aircraft landing, and about being moved from one aircraft to another without having to check in again, because they will come with your boarding passes. Therefore, it is for that reason and without, in particular at Heathrow, the issues about arriving at the airport at a particular time. The hon. Gentleman may know that one is now not allowed through into

Heathrow at Terminal 5, even from the check-in area, if you do not at least have I think it is an

470 hour and 10 minutes, because they reckon you will not be able to make it to the gates. Very often our connecting times are shorter than that, and what the lounge does is not to allow us to lounge at all – all it does is take us from the aircraft to a car that takes us to the other aircraft and brings us home to Gibraltar or takes us to the United States or wherever it is that we may be going.

So it is not about lounging, it is not about more luxury; it is actually about the ability to work harder for Gibraltar when we use this lounge and to get the best out of every penny that we spend.

Hon. D A Feetham: Mr Speaker, I have used the lounge myself and I can assure the listenersthat we are not exactly slumming it when you use the VIP lounge.

Hon. Chief Minister: Mr Speaker, I am grateful for that indication.

Given that the hon. Gentleman has said that, I should just clarify that the rule that only the Chief Minister can use this lounge – or engage the use of it, because there are other Ministers who may be travelling with him – is not my rule; it is the rule that was there before. It was the only rule that seemed to be sensible to keep, because the other rule was 'book it every time we go to London'. That one I did away with; the one that it was only the Chief Minister who should use it I kept – with the full support of the 10 people who sit with me on this side of the House.

490 **Mr Speaker:** Right, I suggest we move away from the VIP lounges back to Parliament.

#### Q126/2015 Debts owed to Government – Details; Credit Finance Company Ltd loans

Mr Speaker: Question 126.

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**Clerk:** Question 126, the Hon. D A Feetham.

#### 495 **Hon. D A Feetham:** Yes, I used it with the former Chief Minister as well.

Mr Speaker, can the Government state how many companies, partnerships or entities owed the Government a cumulative amount of more than £50,000 in arrears in each of the financial years since 2011-12, providing a breakdown by reference to (a) PAYE, (b) Social Insurance and (c) other Government debts?

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

Chief Minister (Hon. F R Picardo): Mr Speaker, I will answer with Question 127.

505 **Clerk:** Question 127, the Hon. D A Feetham.

**Hon. D A Feetham:** Mr Speaker, can the Government state how many companies, partnerships or entities that owed the Government a cumulative amount of more than £50,000 in arrears in each of the financial years since 2011-12 have been provided with loans by Credit Finance Company Ltd?

Clerk: Answer, the Hon. the Chief Minister.

Hon. Chief Minister: Mr Speaker, the information as requested is not presently available, as there is one database for tax and Social Insurance and another for Government debts.

The response therefore provides the number of companies, partnerships and entities with cumulative arrears for tax and Social Insurance in excess of £50,000; and separately, those companies, partnerships and entities with arrears of other debts in excess of £50,000.

It may well be that there are other entities when you add (a), (b) and (c) above which exceed the £50,000 limit. However, it is not possible to provide this information in that form. I will give it as follows.

In respect of PAYE and Social Insurance: in financial year 2011-12, 63; in financial year 2012-13, 74; in financial year 2013-14, 53; and in financial year 2014-15, 43.

In respect of other Government debts: in financial year 2011-12, 23; in financial year 2012-13, 29; in financial year 2013-14, 28; and in financial year 2014-15, 29.

Throughout the period of 2012-15, one such company has had arrears in excess of £50,000, in respect of Question 127 – in other words, those with loans from Credit Finance.

**Clerk:** That concludes questions to the Chief Minister.

#### ECONOMIC DEVELOPMENT, TELECOMMUNICATIONS & THE GSB

#### Q101/2016 Midtown coach/car park – Source of investment

530 **Clerk:** We now move to Question 101, the Hon. R M Clinton.

**Hon. R M Clinton:** Can the Minister for Public Finance please advise which Governmentowned entity or agency has paid or committed to pay £17½ million for the Midtown coach/car park project, seeing as this amount does not appear as a capital project in the Improvement and Development Fund? **Clerk:** Answer, the Hon. the Minister for Economic Development, Telecommunications & the GSB.

- 540 **Minister for Economic Development, Telecommunications & the GSB (Hon. J J Bossano):** Mr Speaker, following the method that was introduced by the previous administration in respect of the car parks constructed in previous years, the car park company will be investing in the Midtown car park.
- 545 **Hon. R M Clinton:** I presume it is the Government-owned Gibraltar Car Parks Ltd: and will it own 100% of that facility?

**Hon. J J Bossano:** It will own the part that has been agreed with the contractor and which has not been put on sale. There are spaces that have been sold to members of the public and those clearly will not be part of it. The financing of the construction reflects the amount of car parkings that will belong to the car park company.

Hon. R M Clinton: Would I be correct in saying that the car parks sold to the general public ... that money does not accrue to the Government? And if perhaps the hon. Member could give some information as to how the remainder has been financed by the Government?

**Hon. J J Bossano:** The money that comes in from the sale of a car park goes to finance the building that is not financed by the car park company. The final account will be that the car park company will be paying for the one that it remains with, because they are not being sold to the public and therefore if those are rented they will produce a revenue.

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In all the previous car parks that have been financed in this way, it has been the revenue from the rental that has serviced the cost of the investment. The same model is being used now.

#### Q102-104/2016 Public finance debt – Breakdown of figures

Clerk: Question 102, the Hon. R M Clinton.

565 Hon. R M Clinton: Can the Minister for Public Finance please supply the total gross debt, cash reserves and net debt figures for public debts for each of the following month ends, namely: July 2015, August 2015, September 2015, October 2015, November 2015 and December 2015?

**Clerk:** Answer, the Hon. the Minister for Economic Development, Telecommunications & the GSB.

**Minister for Economic Development, Telecommunications & the GSB (Hon. J J Bossano):** Mr Speaker, I will answer this question with Question 103.

575 **Clerk:** Question 103.

**Hon. R M Clinton:** Can the Minister for Public Finance confirm that there have been no breaches of the net debt limits or debt service ratio as set in the Public Finance (Borrowing Powers) Act 2008 at any time in the period from December 2011 to December 2015 inclusive?

**Clerk:** Answer, the Hon. the Minister for Economic Development, Telecommunications & the GSB.

Minister for Economic Development, Telecommunications & the GSB (Hon. J J Bossano): 585 Mr Speaker, the gross debt at the end of each month from July to November 2015 has been £447.7 million. In other words, it has not changed.

The cash reserves in the same months have been  $\pm 27$  million,  $\pm 30.7$  million,  $\pm 13.6$  million,  $\pm 34.6$  million and  $\pm 16.6$  million.

The net debt for the same month has been £420 million, £417 million, £434.1 million, £413.1 million and £431 million.

As regards the breach mentioned in the question, no such breach of the limits of ratio has taken place at any time in the period December 2011 to December 2015.

#### Hon. R M Clinton: Thank you.

<sup>595</sup> I seem to have numbers for five months there, rather than six. Could the hon. Member please clarify or check?

Hon. J J Bossano: Yes, Mr Speaker, whenever we have answered questions previously we made the point that the figures are not accurate unless they are a month in arrears, and therefore this is the figure at the 1st December, which is the end of November.

**Hon. R M Clinton:** Just to clarify then, we do not have the end of December number, which will be de facto 1st January, if I understand the Member correctly.

605 **Hon. J J Bossano:** The end of December will be 1st of January, and that is true of all the questions, as he will see in the other questions he has put.

Hon. R M Clinton: Thank you.

610 **Clerk:** Question 104, the Hon. R M Clinton.

**Hon. R M Clinton:** Can the Minister for Public Finance advise if the Principal Auditor has sought clarification on any points from the Attorney General under the Public Finance (Control and Audit) Act section 56(1)(e) in the period from December 2011 to December 2015 inclusive?

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**Clerk:** Answer, the Hon. the Minister for Economic Development, Telecommunications & the GSB.

Minister for Economic Development, Telecommunications & the GSB (Hon. J J Bossano): Mr Speaker, I am informed by the Attorney General that no such clarification has been sought by the Principal Auditor in the period mentioned in the question.

**Hon. R M Clinton:** Mr Speaker, would it be in order for me to ask whether the Financial Secretary has asked for similar advice from the Attorney General?

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**Hon. J J Bossano:** Well, Mr Speaker, he can ask it but he is not going to get the answer, because I asked the Attorney General and not the Financial Secretary, because that is what he asked in the original question.

#### Q105-106/2016 GSBA Ltd – Purpose

630 **Clerk:** Question 105, the Hon. R M Clinton.

**Hon. R M Clinton:** Can the Minister for Public Finance please advise the purpose of GSBA Ltd, whose £11 million of issued ordinary share capital is 100% held by the Gibraltar Savings Bank?

635 **Clerk:** Answer, the Hon. the Minister for Economic Development, Telecommunications & the GSB.

**Minister for Economic Development, Telecommunications & the GSB (Hon. J J Bossano):** Mr Speaker, I will answer with Question 106.

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Clerk: Question 106, the Hon. R M Clinton.

**Hon. R M Clinton:** Can the Minister for Public Finance please advise with whom Credit Finance Company Ltd and Gibraltar Investment (Holdings) Ltd bank?

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**Clerk:** Answer, the Hon. the Minister for Economic Development, Telecommunications & the GSB.

Minister for Economic Development, Telecommunications & the GSB (Hon. J J Bossano): Mr Speaker, the purpose of GSBA is principally to hold real assets.

Credit Finance and Gibraltar Investment Holdings bank with the Government, since the former GSD administration established that Government companies are dealt with collectively in their cash transactions by the Treasury.

655 **Hon. R M Clinton:** Could the hon. Member please clarify what it means by 'real assets': is that real estates, physical assets, gold bullion? Some indication perhaps would be helpful.

In terms of the second question, by banking with the Government, which obviously is not a bank, I presume he means the savings bank?

660 **Hon. J J Bossano:** If I answer the second one, by Government I mean that the companies that he has mentioned and others do not have separate bank accounts, but collectively all the cash is dealt with by the Treasury. That was the system introduced previously and the system has not changed since 2011.

As regards the assets, the biggest single asset in that is in fact the building of the savings bank, the main street building. The others are not real assets, because if you consider the way the accounts of the savings bank are done, which are really the accounts of the special fund, there has never been a provision there showing anything other than the investments that the fund has made externally, as it were, with other people. It is not like a company account that shows the assets undepreciated. By putting things like the building or any other real asset in there, we will be able to reduce the value over time, if there is a need for it, and produce therefore a more accurate reflection in the accounts. There is no other way of doing it other

than by having it in a company.

Hon. R M Clinton: Thank you. I will try to deal with each point separately.

From my reading – and maybe the hon. Member can correct me – of the Principal Auditor's report in terms of Government cash reserves, would he agree with me that the majority of the

Government's cash reserves, which I can only take to mean the Treasury, are actually held with the Gibraltar Savings Bank?

- 680 **Hon. J J Bossano:** The cash reserves of the Government are held in the Savings Bank, but the cash reserves can in fact and have been, if the hon. Member looks in previous years sometimes be less than the Government technically owns because part of it is owed to the Government by companies, or sometimes more than the Government technically owns because the cash surplus of a company is in fact included with the Government.
- 685 So in fact it is simply that there is one single pot of cash which covers Government Departments, authorities, agencies and companies.

**Hon. R M Clinton:** So my understanding, again if I am correct, is that the Treasury has a pool of money which collects in from Government agencies or Government companies. The Treasury and how the money, or the Government total cash reserves which would include the money it holds on behalf of companies, will be shown in the Principal Auditor's report in terms of the total cash reserves and how those cash reserves are invested. And if I have read the Principal Auditor's report for 2014 correctly, would the Member agree with me that the majority of that is invested in the Savings Bank?

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**Hon. J J Bossano:** Mr Speaker, the Government does not have to put it in the Savings Bank. It generally does, but in fact there is nothing to stop the Government, for example, having a direct bank account with NatWest or Barclays. What I am telling him is that it is the Government that opens those accounts and not the companies.

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#### Hon. R M Clinton: No, I understand that.

If I may come back to the investment by GSBA, again if I understand the Hon. Member correctly what he is saying effectively is that there is a fixed asset, which is the building in which the Savings Bank is housed. Could he explain to me how he reconciles that with the requirement to match the maturity profile of deposits?

**Hon. J J Bossano:** Well, because in fact the £11 million is less than the money that belongs to the Savings Bank as its reserves. That is to say the Savings Bank has more than £11 million, which it does not have to match to anything or anybody because it is its own money.

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**Hon. R M Clinton:** So, Mr Speaker, by that logic I take it the hon. Member would accept that he has to keep at least the value of the investment, of £11 million, in reserves and that he cannot move that much out from the Savings Bank if he so chose.

Hon. J J Bossano: Mr Speaker, it is not the case that it has to be kept; it is the case that, as a matter of policy, the Government intends to keep the profits of the bank in the Savings Bank. The Savings Bank could have rented the property and had it part of recurrent expenses; instead, it chose to buy it and hold it in a company, and therefore that is reflected in the profitability of the Savings Bank.

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**Hon. R M Clinton:** I understand that, but that was not my question. My question was the Savings Bank Act specifically provides – and directs, in fact – the Financial Secretary to ensure that investments match as closely as possible to its maturity profile.

Now, obviously a fixed asset does not have a maturity date and, as you have just said, you have more profits in the bank than you have deposits and therefore it is not an issue. But by extension of that argument we would have to agree that you have to keep those reserves to cover that fixed asset. Hon. J J Bossano: Mr Speaker, as the hon. Member knows, the Savings Bank is programmed,
 as part of Government policy, to keep on increasing its reserves and retaining it and not distributing it to the shareholder, which is the Government. Therefore, what the maturity dates are about is the matching of the maturity of the external investments with the repayment of the debentures to the public.

The hon. Member is talking as if the Savings Bank tomorrow, for example ... in the month of December we had over £40 million maturing, and that has been repaid because we have had investments that have matured on the same date to enable ... It is not as if the position was that that £11 million represented maturing debentures and consequently the Government and the bank had to sell the baby to be able to pay of the debentures. That is surplus to the amount, because it is in excess of what is, if you like, owed to savers.

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**Hon. R M Clinton:** Mr Speaker, I fully understand that. What I am saying is that the hon. Member could not, as is currently allowed under the Savings Bank Act, actually, as it were, pay a dividend to the Government that would eliminate the reserves such that they reduce below the cost of that fixed asset, £11 million; otherwise, he would not have a matching maturing amount.

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**Mr Speaker:** May I say that the hon. Gentlemen should be careful that they are beginning now to debate. That was expressing a point of view. It was not framed as a question. It can be framed perhaps as a question – does the Hon. Minister agree with me that so and so – and then it becomes a question; otherwise you are making a statement.

Could I suggest that you rephrase it slightly, and then you are covered perfectly by the rules.

**Hon. J J Bossano:** Very good advice, Mr Speaker, because if he asks me if I agree with him the answer is going to be no – so just for the record! I am trying to satisfy his curiosity. I do not mind doing it and I do not think I am arguing with him or debating. I get on quite well with the Member.

The point is, of course, the choice was open to the Savings Bank not to invest in the building, for example, which, as I have told you, is the biggest element, and instead the building would have been owned by somebody else or some other company and there would have been a rental payment. Therefore, that would have been a reduction in the annual surplus.

The view was taken that, given the returns that we get, the return on the building would have been better if there was no rent, and therefore the asset had to be shown in some way. The only way that we can show the asset in the balance sheet, if the hon. Member looks at how special funds work, is that there really is no way of dealing with a building other than saying there is a company, the company owns the building and the value of the company reflects the value of the underlying assets into which the Savings Bank fund has in fact invested some of its reserves.

We do it, and we have done it, frankly, because we have done an exercise that shows that if, instead of doing it that way, we had not spent our own money, as it were, and invested in that, it would have been a less favourable return, so it was just a question of being intelligent about investing money.

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Hon. R M Clinton: I thank the hon. Member for his indulgence. I think I have satisfied myself on the points on GSBA.

If I may return to the question of banking and Credit Finance and Gibraltar Investment Holdings, would the hon. Member agree with me that if Credit Finance, for example, or Gibraltar Investment Holdings, for example, have any surplus cash that they then deposit with the Treasury, that the Treasury in turn would deposit that cash with the Gibraltar Savings Bank, certainly given the profile as reported by the Principal Auditor for March 2014, when it would appear that the bulk of the Government's cash is in the Savings Bank?

**Hon. J J Bossano:** It is true that the bulk of the Government's cash and the cash of the companies is in the Savings Bank, because it makes more sense to have it there than to have it with another bank and not get any interest. Instead, it serves to maintain the liquidity in the Savings Bank.

The whole point of the question, as I understand it, is that the hon. Member wanted to know whether there were separate bank accounts, and the answer is no.

**Hon. R M Clinton:** Mr Speaker, I do not know if you will allow this further final supplementary. Would the hon. Member agree, or perhaps he will disagree, that it is entirely possible to increase the deposit base of the Savings Bank by causing the Savings Bank to make an investment in a Government company, that Government company in turn depositing surplus cash with Treasury, who in turn deposits it with the Savings Bank?

Hon. J J Bossano: Well, it is theoretically possible to do that if one had nothing more worthwhile to do than do it. I can assure him that has not been done since 2011 and I do not know whether it was being done before 2011, but I think that the proportion of the Government money in the Savings Bank in 2011 was higher than it is now.

#### Q107/2016 Shell land lease – Financial terms

**Clerk:** Question 107, the Hon. R M Clinton.

Hon. R M Clinton: Can the Minister for Public Finance please advise the financial terms upon which Shell is to be granted a lease on the land upon which the LNG storage tanks are to be situated?

**Clerk:** Answer, the Hon. the Minister for Economic Development, Telecommunications & the GSB.

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**Minister for Economic Development, Telecommunications & the GSB (Hon. J J Bossano):** Mr Speaker, this matter is currently part of the ongoing negotiations with the company.

Hon. R M Clinton: Mr Speaker, would the hon. Member cast his mind back to the Chief Minister's Budget address of 2015, where, if I may quote the Chief Minister:

Another great driver of economic growth for our future, Mr Speaker, will be the establishment of an entirely safe Liquefied Natural Gas storage, re-gasification and bunkering facility.

The Government's discussions with interested parties suggest that the facility is likely to be financed entirely by third parties, giving the Government the option to invest in such a facility but not requiring us to do so.

Could the hon. Member advise whether the Government is taking up any such option, or whether the land is seen to be payment for some type of facility to participate in the LNG operation?

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**Hon. J J Bossano:** I can tell him that there will be an investment by the Government; what I cannot tell him is the nature of that investment because those negotiations have not finished.

#### Q108/2016 Power station – Total cost and financing

820 **Clerk:** Question 108, the Hon. R M Clinton.

**Hon. R M Clinton:** Can the Minister for Public Finance please advise the total anticipated cost of the power station project and how this amount is to be financed, given that only £1,000 is provided for in the estimates for 2015-16?

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**Clerk:** Answer, the Hon. the Minister for Economic Development, Telecommunications & the GSB.

- Minister for Economic Development, Telecommunications & the GSB (Hon. J J Bossano): Mr Speaker, the new power station is a design-and-build contract. As such, the precise cost changes with variations to the design, which, as Members will appreciate, is an iterative process. At present it is projected to cost around £73 million. Ongoing negotiations are underway to finance the majority of the cost through a Government-owned company.
- 835 **Hon. D A Feetham:** Mr Speaker, in relation to the cost of the power station, have the costs that are ancillary to the power station. For example, the land reclamation we now know that part of the power station is being built on the land reclamation has that already been paid, or does it have to be paid?
- 840 Hon. J J Bossano: I cannot tell the hon. Member what has been paid until now unless he tells me information he wants and I ask the people who are doing it. All I can tell him is that the negotiations for the funding are still ongoing and there are things that have happened already but that does not mean that the invoices that have arrived have been paid or not ... without the hon. Member putting a direct question, for which I can then get a specific answer on a specific date.

**Hon. D A Feetham:** Does he accept that– in the light of the answer that he gave to Question 102 in relation to, for example, reserves, which stand at £16.6 million as at the end of December 2015, and indeed net debt stood at £431 million, very close to the £457 million debt limit – that really the Government, as the law stands today, does not have the cash reserves, nor does it have the borrowing capacity in order to pay for the power station and the cost of £73 million?

Hon. J J Bossano: I only accept that that is accurate to the same extent that it was when he was in Government when they produced a list of projects of £1 billion and at the time they did
not have £1 billion. The reality of it is that of course the Government has got targets that it publishes ahead of time and we work to achieve the target by the date of that target. The hon. Member will see how these things fluctuate. In fact, if you ask me for one day's figures, then the following day it could be higher or it could be lower, because it is all about whether bills are being paid on a particular date or receipts arrive on a particular date. But the reserves of the Government are not relevant to this, because I have already told him it will be done through a company.

Hon. D A Feetham: Yes, Mr Speaker, but it will be done by a company either capitalised by the Government through cash that the Government holds, ergo – the word that the hon.
Gentleman does not like us to pronounce – ergo, it is either from cash reserves of the Government or, alternatively, that company may borrow itself and may then effectively pay for it but from borrowing that the Government-owned company basically undertakes.

So, and at some stage, of course, the Government then has to step in, and unless that company is a profit-making company, the Government would have to step in or the Government 870 would have to be some kind of guarantor in order to pay for that loan, I mean £73 million, a Government owned company... Unless that Government-owned company is producing some very serious profits it is very difficult to see or conceive of a situation where that Governmentowned company is going to be able to pay £73 million to build this particular power station.

Hon. J J Bossano: Well I think the hon. Member, Mr Speaker, appears to have forgotten the 875 system that they invented, which did not exist prior to the GSD being in government, which was in fact, as was explained at the time by the then Chief Minister, the greatest ever living Gibraltarian ... The position is that when this is done with a company there is a supposed higher element of risk that the lender is taking, precisely because it is not Government debt, and that was said about, for example, the money that was raised for the car parks and the money that 880 was raised for the hospital purchase and for the refurbishment of the building in Europort when that was converted into a hospital.

What the Government then explained in fact was that the agreements entered into by a company with a local bank, for example, which involved 20 years where there was an annual payment and it involved a reducing element of interest on the balance of the loan because it 885 was really like a repayment mortgage, where every year they paid off part of the original cost ... and therefore the £60 million of the hospital had been paid off like that. The car parks have been using that same system. Those systems were introduced as an alternative to public debt by the previous Government and it was explained in this Parliament, to questions that I put, that in those cases there was a slightly higher element paid because in fact there was not a Government guarantee attached to that. That still is the system that is in place, the one they came up with.

Hon. D A Feetham: So, effectively what we are talking about is incorporation of a Government-owned company that enters into some kind of lease arrangements in relation to 895 the power station, whereby the power station is paid ... There are lease payments, for example, every single month or every six months or whatever, and over 20 years then the sum of £73 million will be paid over twenty years... the £73 million pounds. Is that what the hon. Gentleman is envisaging, the way that this is going to be funded?

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Hon. J J Bossano: This is the nature of the funding model that is being looked at, that is still not 100% certain, because it is only one possibility - but it is the most likely one. That would be related to the assets - that is the real assets - that are being purchased. It will not cover everything, because there are certain things that are not covered by this kind of agreement, and the same has been done with other things where there has been an element of things that are real assets, like construction, but other things that are not included and are not possible to include. But we are looking at using the mechanism that we found when we got there.

Hon. D A Feetham: I understand, and indeed we have had exchanges, he and I, in relation to PFI arrangements, now for the last, I think its, 13 years. He may recall that in 2003, when the 910 then GSD Government funded the hospital using a PFI arrangement, the public debt then was £78 million and the legal borrowing limit was £100 million. One of the points that I was making was that, actually, if you look at this PFI arrangement it is a way in which you can circumvent the legal borrowing limit, because if you had to borrow directly you would be over the £100 million. At the time, he and the Hon. the Chief Minister were at idem – he was Leader of the Opposition 915 - in relation to this. But you see the difference, then with now, is that then although there were commentators who were commenting adversely on the use of PFI arrangements because it is a form of hidden debt and were recommending that PFI arrangements be brought onto the balance sheet so that you can have a realistic debate on the real state of what the indebtedness

- of the community of the nation is and there were one or two, me included, even though I did not understand matters then as the hon. Gentleman – now the United Kingdom, for example, includes PFI arrangements as part of the calculation of public debt. Is the Government intending to go down the route of the United Kingdom and do that as well?
- 925 **Hon. J J Bossano:** Well I do not know whether it falls into the definition of a PFI arrangement or not, because in fact the former Chief Minister used to argue that what we did in our previous term in office with the incinerator had been a PFI arrangement without us knowing that it was a PFI arrangement, where somebody came in, built something and ran it.
- I do not think that leasing assets, where there is a payment over the life of the asset which involves interest and repayment of the original sum, is necessarily the same as a PFI arrangement. But in any event I do not accept that it is part of the public debt and I am not sure that it is right in saying that things like this in the United Kingdom are included in the public debt. But even if they are, they are certainly not included in the public debt of everybody else in Europe. And in any event, even if we were to include this in the public debt, it would be nowhere near the 75% of GDP that the UK has or, for example, the ratio of debt to GDP that the third biggest economy on the planet has, which is 240% of GDP in Japan.

So these things, from my perspective ... As the hon. Member knows, I view it on the basis that if you raise money, for example, to invest in a car park – which was the argument that was used by the Government when they did it the first time – and that, in effect, produces an income stream, then really this is not money that you are raising in order to produce a public service; this is ... Whether the Government should be in the business of running car parks or running other things is a different issue, but the nature of that transaction is that it would be no different if it was a private investor raising money to build a car park and then use the money that is produced by the utilisation of an asset to repay the cost of the asset.

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- From an economic point of view, whether it is a public entity or a private entity that is doing the transaction does not alter the nature of the transaction. Therefore, there are assets that have got an effect on the economy and on the output of the economy and it is not an unreasonable way to do it. I think the real use of public debt is when you are doing things like schools or things like that, which, at the end of the day, are assets that you create, which, after they have been created, do not produce income; all they produce is additional cost. There is no
- way, therefore, of amortising that asset and saying, 'Well, I am going to pay it out of the income that it produces.'

So you know I do not accept the analysis and the logic of the analysis, but I accept that he has that view and is entitled to have it, and he used to have it when he used to criticise the GSD in 2003. At the time, he criticised me for agreeing with the GSD; and now he is criticising me for disagreeing with the GSD – now that he is a GSD.

Hon. D A Feetham: Mr Speaker, when he talks about all these countries having a huge debt, of course – sorry, large percentages to GDP in terms of debt; he has quoted the United Kingdom
 – it is not comparable. We have, for example, Bermuda, which is an Overseas Territory that has 36% debt to GDP, are in financial difficulty, because at the end of the day one also has to look at different factors, not just simply ratio of debt to economy – we have also got to look at income and other issues like that.

But just examining a little bit further how the model that is going to be used in relation to this particular power station, are we, is the Government exploring that the power station is going to be owned by the French company over the 20-year period and the French company perhaps is going to be selling electricity, or is it going to be just simply a straightforward lease? Can he give us some more information in relation to that?

970 **Hon. J J Bossano:** No, Mr Speaker, when it is ready to run there is an initial period where the French company will be involved, because there is a period of warranty and a period when our

people from the old generating station will be working alongside theirs, but I think there is a maximum of a year and then, after that, they go and we take over. So the whole issue is that the operation will be run by the Gibraltar Electricity Authority, and once the thing is completed it will be owned by the Gibraltar Electricity Authority to the extent that, like anything else, if tomorrow we buy in the old station a generating set and that generating set is financed by an arrangement where we are paying, if you like, in instalments, technically the engine is mortgaged in support of that facility, but that is the only element.

Q109/2016 Urban wastewater treatment plant – Total cost and financing

Clerk: Question 109, the Hon. R M Clinton.

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**Hon. R M Clinton:** Can the Minister for Public Finance please advise the total anticipated cost of the urban wastewater treatment plant project and how this amount is to be financed, given that only £1,000 was provided for in the estimates for 2015-16?

985 **Clerk:** Answer, the Hon. the Minister for Economic Development, Telecommunications & the GSB.

**Minister for Economic Development, Telecommunications & the GSB (Hon. J J Bossano):** Mr Speaker, there is no anticipated cost in respect of this project in the current financial year.

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**Hon. R M Clinton:** Would I be correct in assuming then that what the Hon. Minister is saying is that that project will not proceed in the financial year 2015-16?

Hon. J J Bossano: Mr Speaker, the hon. Member's original question is how are we going to finance it in the current financial year with £1,000, and the answer is we are not even going to spend the £1,000 in the current financial year. He will have to wait until he sees next year's Budget to see what will happen after 1st April.

Hon. R M Clinton: That may be the case. I understand what the hon. Member is saying, but does he have an indication of what the cost might be?

**Hon. J J Bossano:** Mr Speaker, he is asking me how am I going to pay it if there is only £1,000 in the estimates for this year, and the answer to his original question is the way I am going to pay it is that the £1,000 in this financial year, approved by Parliament at last year's estimate, is not going to be spent.

If he wants to know how we are going to do it next year, then I am afraid he has to wait for the estimates for next year, which have not yet been prepared because the submissions come in at the end of January and then it has got to be looked at by the Treasury, and then that exercise finishes with a figure which will, if there is a figure, will be there when he gets the book in April, and that is when he can ask me the question.

**Hon. R M Clinton:** Thank you, but hon. Member, if I recall correctly, at the last election the contracts for this treatment plant were imminent to be signed. Surely he must have an idea. If you read my question carefully, it is divided in two parts:

Please advise the total anticipated cost of the waste treatment plant project

– pause –

and how this amount is to be financed, given ...

So there really are two elements to that question. My first element is: how much do you think it is going to cost? Simple as that.

Hon. J J Bossano: Well, I do not think there are two questions, but if there were, given that he has put so many different questions in other subjects, he should have put this one in two,
because, as far as I am concerned, he is curious to see how I am going to meet what he expects to be an anticipated cost of £x-thousand more than £1,000, since I have only got £1,000. And given that he is as minded as I am to spend as little as possible, I would have thought he would be glad that we are not even going to spend the £1,000.

#### Q110/2016 Maritime Cadet Training Scheme – Government-sponsored students

**Clerk:** Question 110, the Hon. E J Reyes.

Hon. E J Reyes: Mr Speaker, can Government provide details in respect of any Governmentsponsored students currently participating in the Maritime Cadet Training Scheme, indicating at what stage they are in with their training and estimated completion date together with qualifications aimed to be attained?

**Clerk:** Answer the Hon. the Minister for Economic Development, Telecommunications & the GSB.

Minister for Economic Development, Telecommunications & the GSB (Hon. J J Bossano): Mr Speaker, there are currently no students participating in this Scheme.

Hon. E J Reyes: Mr Speaker, the last time I asked this question was probably a year and a half or so ago. Minister Costa did answer me at the time that they were at a drafting stage and about to place out an advert to see whether there were any takers into the Scheme. Does the Minister have any information on whether anybody took on that offer – and has probably left the Scheme, because his factual answer is that there are none at the moment, but maybe since the time I asked the question to now, some did engage and are no longer in training courses. Is he aware of any of those statistics?

Hon. J J Bossano: As far as I am aware, there has not been any interest from anybody expressed in the Scheme. The Scheme, as the hon. Member knows, is not funded by the 1050Government – it is funded by the industry.

**Hon. E J Reyes:** One other one, Mr Speaker – a supplementary, he may know: does the Government intend, perhaps in the short-term future, to advertise again to see if there will be any interest arising from potential students?

<sup>1025</sup> **Hon. R M Clinton:** Well, of course I will ask this question in the next financial year. Thank you.

#### GIBRALTAR PARLIAMENT, THURSDAY, 21st JANUARY 2016

Hon. J J Bossano: It is not that there has been any change of policy. I think the people who are involved in running this put out an advert when they think an advert has to be put out, or they test the interest in some other way. All I can tell the hon. Member is that I have asked the question from those concerned that he is asking me, and the answer that I am giving him is the answer that they gave me. But it is not that there has been a decision to discontinue this or to discourage anybody.

Hon. E J Reyes: Mr Speaker, I hope the hon. Member agrees that I periodically, perhaps once a year, ask this type of question because it would even enable him, when he meets with those who have traditionally been contributors to the funding of this Scheme, to make them aware that there is supposedly, from what I hear from some youngsters, there is some type of interest. And it would be great, when one thinks really long-term plan ... In the same way that Gibraltar now boasts very proudly of having a Gibraltarian as Captain of the Port, if one wants him to be succeeded by yet another Gibraltarian we need to ensure that we do have the right people with the right qualifications in that particular area. He and I sing from the same hymn sheet when we like to make sure that our people are trained and attain as high a qualification within their areas of professional expertise as possible.

**Hon. J J Bossano:** I will make further enquiries in this and let the hon. Member know, and also perhaps what has happened to those who were last in it.

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Hon. E J Reyes: I am grateful, Mr Speaker.

#### Q111-113/2016

## Current and ex-prisoners and persons completing drug rehabilitation – Access to education, employment and housing

**Clerk:** Question 111, the Hon. E J Phillips.

Hon. E J Phillips: Can the Government confirm what academic and vocational or skills-based
 training courses/programmes are available to those persons currently serving custodial sentences at HMP Windmill Hill and to those who have completed a term of imprisonment?

**Clerk:** Answer, the Hon. the Minister for Economic Development, Telecommunications & the GSB.

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**Minister for Economic Development, Telecommunications & the GSB (Hon. J J Bossano):** Mr Speaker, I will answer with Questions 112 and 113.

Clerk: Question 112, the Hon. E J Phillips.

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**Hon. E J Phillips:** Can the Government confirm what support is available to those persons who have completed drug rehabilitation and are in need of remunerated employment?

**Clerk:** Question 113, the Hon. E J Phillips.

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**Hon. E J Phillips:** Can the Government confirm what support is available to those persons who have recently completed a term of imprisonment to access housing, employment and education opportunities?

1100 **Clerk:** Answer, the Hon. the Minister for Economic Development, Telecommunications & the GSB.

Minister for Economic Development, Telecommunications & the GSB (Hon. J J Bossano): Mr Speaker, persons serving sentences at HM Prison receive regular counselling from a professional qualified counsellor provided by the training company and are followed up by visits on release.

As part of the process they are encouraged to take up training for employment that is available and for which they are suitable on release. Whilst they are at Her Majesty's Prison, training is offered with a course currently delivered on carpentry, which can lead to the Level 1 City & Guilds Certificate on maintenance operations. Additionally, there are English, maths and Spanish courses up to GCSE standards delivered to those who are willing to undertake them.

Those who have completed their term of imprisonment are encouraged to participate in the training programmes for the construction industry, which would involve them actually being taken on and paid the minimum wage.

Persons who complete the drug rehabilitation programme in Bruce's Farm and register with the Employment Service are, on registration, referred by the Employment Service to the EDEC training section. They are then interviewed to explore past employment history, employment experience and future employment expectations. Daily vacancies are identified as suitable and individuals sent to those vacancies. Some are additionally supported by the in-house counsellor, who is also serving the Prison, as they may have been previously serving custodial sentences.

Sometimes you get a connection between the drug and the custodial sentence.

As regards access to housing, it does not follow that because a person has recently completed a term of imprisonment his housing situation has changed. Any person entitled to apply for Government housing is treated according to his or her requirements irrespective of whether they have served a prison sentence or not. If the person is homeless, the procedure for dealing with homeless persons would apply, again without discrimination.

Hon. E J Phillips: Can the hon. Gentleman confirm what educational opportunities ... I think he answered the question in respect of housing in relation to Question 113, but not in relation to the educational opportunities.

Hon. J J Bossano: Well I do not know whether one can say that learning a craft is not an educational opportunity, but I think the educational opportunity is covered by the reference that I made to English, maths and Spanish classes up to GCSE level, which does not prepare you specifically for a particular trade but it improves the literacy and numeracy skills, and that is also available but it is not something that a lot of people want to take up, to be quite honest.

Hon. E J Phillips: Thank you for the hon. Gentleman's answer to those three questions.

If we go back to yesterday, when Mr Licudi, the Minister for Justice, answered the question when I put it to him that, as part of getting people back into work after they have had significant problems with either offending or reoffending, the key to this is getting people back into work, would the hon. Gentleman agree with me that we need to be doing more than just encouraging people back into work? Offering English, maths and Spanish is a good thing – of course it is a good thing – but surely we should be doing much much more than just offering skills in carpentry. There must be other forms of ... IT ... Given the advances in the world in technology, that we should be offering further types of courses that are able to engage people and get them back into work, rather than looking simplistically at issues such as carpentry or language-based skills.

Would the hon. Gentleman agree with me that we need to look at other ways to encourage people back into work with different types of courses that target the need for our community to resource other work places?

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Thank you.

Hon. J J Bossano: As the hon. Member may know, the focus in training has been, from 2011,
that the training is driven by an analysis of the labour market on the basis that, frankly, people expect that they have got a better chance of getting a job if they get training than if they do not; and if you train them for something for which there is no work, then at the end of the day they come back and say, 'Why have you trained me?' In effect, it is by analysing the skills shortages in the market and analysing the frequency of vacancies that are open in certain areas that the numbers of places offered in different trades is designed.

Everybody who comes out of serving a custodial sentence is given the same opportunity as somebody who has not been in prison. It is not that you get better treatment for having been in prison than you would, because otherwise the guy who does not go to prison will say, 'Do I have to go to prison to get better treatment?' But people should not be discriminated against, and of

- 1165 course we make a particular point of offering them training while they are still in prison so that, if they are willing to take on training, there is no gap between the release and the employment because the training company will offer employment to them immediately they come out if they are prepared to do it as part of a training programme.
- In addition, we generally are prepared to give a longer period of time for trainees who come out of prison, on the basis that they have got greater difficulty because normally employers will be more reluctant; and therefore, in order to provide a more attractive incentive to the employer, we would normally negotiate with an employer that we would help to finance the training period longer if we want to encourage him to take somebody who has come out.
- I think the most important thing, from the perspective of what we are trying to do to help stop people falling back into and finishing up in prison, is that during the counselling period we do everything we can to persuade them that the best way is for them, immediately they come out, to come to us and we see what we can do to get them employed as soon as possible after they come out – because we feel that it is the gap between the coming out and the getting a job that is when they are most vulnerable to getting into bad habits.

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**Hon. E J Phillips:** Thank you to the hon. Gentleman for the answer to that question – a lengthy answer to that question.

I would just like to explore in a bit more detail certain aspects of that, because the Minister for Justice talked about, statistically, yesterday, that 58% of people currently at the Prison are reoffenders. When you contrast that with the many thousands of people – and I do not say that 1185 in any way to criticise him, because it is a very difficult process given that we have a number of building projects undergoing in Gibraltar, but if one reconciles the fact that there are over 12,000 people moving each day through the Frontier to work in our jurisdiction, is it not right that we should consider analysing those jobs that those people are filling to try to see whether those people that are coming out of prison, or people that are in prison, and are in need of those 1190 skills ... that we do much much more to facilitate them going into those jobs? What I mean is, the hon. Gentleman is looking at the skills that are within the community. I think it is right to say, and I think it was reported recently in the press, that many thousands more people are crossing the Frontier to access opportunities in Gibraltar. I think it is right also to confirm that every 1195 opportunity should be open to everyone, irrespective of whether someone has completed a custodial sentence or not. But what attempt has the Government made to increase the possibilities and give them better opportunities for getting back to stop the cycle of crime?

Hon. J J Bossano: Well I have always felt, Mr Speaker, that in fact our people are discriminated against when it comes to competing in the labour market, because we have got you know, people – not just who are born in the hinterland but born anywhere in Europe – whose background we know nothing about and therefore that when they come here they start with a clean sheet; whereas if you are a local everybody knows your life history, and that counts against you because you know you get stigmatised and branded.

1205 What we try to do, to compensate for that, is basically encourage people, to try to get them started in a job on the minimum wage, which is what we pay for trainees, which in a way is really, if you analyse it, the most we can pay. I mean there are 9,000 people on the minimum wage in Gibraltar – you could hardly be paying people more than the minimum wage while they are training and then say to them, 'When you finish your training you will get a wage cut because the employer will only pay you the minimum wage.'

But by trying to persuade them to go straight in I think is the best way of, in effect, getting them into that job before that job goes to an outsider, but there is a problem of resistance on the part of prospective employers and there is no getting away from that. The only thing we can do is try to change that attitude on the part of the employers and accept that everybody has got

1215 to be given an opportunity when they have settled their debt with society, and have an opportunity of building up their lives again. Certainly, as far as we are concerned, the money we invest in doing that is money well invested.

**Hon. E J Phillips:** I could not agree more in relation to putting in our resources where people can get back into work after a long period of offending, or at least a term of imprisonment.

- The reason why I asked the question insofar as access to the housing, employment and education opportunities, of course everyone should be afforded, if they have the need, to access housing.
- I declare an interest that I have had recent experience with a number of individuals who have gone through rehab successfully and have entered the aftercare facility successfully, but it is the issue of obtaining housing, employment opportunity and education opportunity as well which is increasingly, I find from my experience, and certainly I have declared my interest in it from clients I have had in my professional capacity ... that it is difficult for them to access those three, and that is why I raised the question.
- 1230 Insofar as housing opportunities, I asked the Minister for Housing yesterday as to whether there is any way in which we can encourage or at least give some special treatment. I understand that is not going to be the case at the present time, but I would just highlight the problem that I have experienced, and people have said to me that coming out of prison is a difficult process. They want to get back into a life free of crime and reoffending, and that is why I
- 1235 raise the point that surely the Government should now be looking at more of a joined-up approach in relation to accessing those opportunities and those services which they will certainly need for them and their families.
- Hon. J J Bossano: Well, I do not think there is any political difference between us as to what the objectives should be, and however much we want to be doing now there are always ways of improving it. But it is a difficult issue, because people sometimes say, 'Well, look, if somebody comes out of prison they seem to be getting more attention than somebody who did not go to prison, so if you are a law-abiding citizen and therefore you have to wait in a queue longer than somebody else.'
- 1245 In the area of training we do not have that problem because the training that is provided is provided in anticipation of people getting employment because the jobs have already been identified; therefore it is not that if somebody from prison has been given training, somebody else that has not been to prison will be discriminated against and not get the training. The training is based on the availability of people and the availability of jobs, and there are more jobs 1250 than people – otherwise we would not have any frontier workers.

I think in housing it is a different issue, because it would be a very difficult thing, I think, to ... There is already a provision for treating social cases and treating homeless people, and the category of homeless and social cases cannot then be subdivided with a higher priority given to ex-prisoners I think without creating, in my view, other problems. 1255 Certainly I take note of the views of the hon. Member, and if there are ways in which we can do more than we are doing already the hon. Member can rest assured that it will be done.

Hon. E J Reyes: May I, Mr Speaker, because I am very interested in the answers that the Father of the House has provided. At the very beginning of his answer he mentioned that there was counselling provided through the training company, and I am not certain whether that was applicable to persons who have completed drug rehabilitation or those who have completed a term of imprisonment. My confusion, if I throw it in now, was further exaggerated on my part when later on he spoke about an in-house counsellor. Perhaps the hon. Member can clarify that for me so I have a clearer vision.

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**Hon. J J Bossano:** The Economic Development and Employment Company has had a counsellor working at the prison part time, and that counsellor, in addition to visiting people while they are serving a sentence, continues to maintain contact with them, visit them, or they come and see him at our premises, after they have been released.

1270 The people who have been in Bruce's Farm and then come and register as unemployed and are referred to us for training opportunities also have the opportunity of having the support and the advice of the counsellor that is there, because the counsellor sees people on the premises and in the Prison, but he does not see the people at Bruce's Farm because they have got their own in-house situation. So the in-house counsellor that I am talking about is only just one 1275 person, who is a part timer.

#### Hon. E J Reyes: Yes, that has clarified that.

Mr Speaker, really it is just sort of an update and a continuation of ... Perhaps the Minister may or may not be able to confirm to me. I know we used to have a counsellor within the Employment Services: are we talking about the same person, or are we talking about an additional counsellor? Because the counsellor who was inside the Employment Services was also very keen and very able in helping people prepare even their CV and prepare them for the job application process. Are we talking of a completely different system or just an enhancement?

- **Hon. J J Bossano:** This is the person that was actually doing voluntary work before perhaps in the time of the hon. Member. People get help with their CVs but they do not get help from the counsellor; it is done as a normal routine thing every time somebody registers as unemployed and comes to us from the training point of view and gets interviewed. We help to prepare the CV because that enables us to evaluate what vacancies he is likely to be suited for.
- The way that this works is that when employers are contacted about a vacancy they are offered a selection of three, four or five individuals, depending on the kind of vacancy it is and on the supply of labour that we have got, on the basis that if they find one of those people suitable then they will get financial support as an inducement to take them on and in the knowledge that initially there is a period when the employee is not as productive as if he would be if he had been doing the job for a longer period of time.

So that the employer is, if you like, encouraged to take a less experienced employee as opposed to a more experienced one coming from outside. We try to balance the cost to the employer by agreeing the period of training that is required, and if there are people you know, with problems that make it more likely that the time they will need will be longer, then that

- 1300 serves a dual purpose. We agree a longer period, taking into account that perhaps somebody else might be able to gain the level of experience in a shorter time than somebody who has come out from drug rehabilitation or whatever, might need longer to do it, and the employer would then be, if you like, inclined not to take somebody would be, if you like, less productive over a longer period of time.
- So the assessment that is done by the evaluation of the counsellor and by helping people with their CVs helps us to try and match the skills and availability with the requirements of the

employer. In that exercise we are using somebody that is a highly experienced and qualified person and who does the work for us by getting an hourly fee on a part-time basis.

1310 Hon. E J Phillips: Mr Speaker, just a very short question off the back of that.

One of the questions, which was 112, was in relation to what support is offered in relation to persons who had completed drug rehabilitation and the need to get them back into work. I think the counselling that the hon. Gentleman is referring to is the type of counselling that gives people who have served a custodial sentence and those prisoners an insight into their criminality, an understanding of why they have committed those criminal offences, and therefore how to make reparation and remedy that situation so they can get work and get a job in the future. I think, that is the type of counselling, for the avoidance of doubt, that is the type of counselling I think the hon. Gentleman is referring to. Is that right?

- 1320 **Hon. J J Bossano:** I can tell the hon. Member that the counsellor that we have provides what he is saying while they are in prison and continues to provide a follow-up, which is more helping them to adjust having come out of prison, and that if the people who have come out from drug rehabilitation feel that it would be helpful to them to also sit down and talk to the counsellor, since the counsellor is in the premises, we do not say to them, 'Well, no, you cannot see the
- 1325 counsellor because you have not been to prison.' The system is predominantly, and has been predominantly introduced, with a view to helping the reinsertion into a normal working life of people who have served a custodial sentence, but when people who come out from drug rehabilitation come to us, then given that that facility exists, if they want to have access to it and make use of it, then they are given the opportunity to do it. The point that I also made was in fact that it is quite often the case that people who come out of prison have also had drug.
- fact that it is quite often the case that people who come out of prison have also had drug problems.

I am just giving him a broad outline of how the thing works, basically.

Hon. E J Phillips: Again, I am grateful for the answer to the question and I am familiar with
 the process in terms of counselling and the good work that that counsellor does insofar as trying
 to bring that individual back into society so they do not reoffend.

I am just more interested in the support and the services available to people that commit criminal offences and then back into the community. It is quite clear from page 77 of the hon. Gentleman's manifesto that the measures that are in place to get people back into work are going to be further enhanced, and that is the commitment that the Government has made in respect of reintegrating individuals back into work.

If the hon. Gentleman can ... I am not too sure whether he has the information available, but if he can explain what enhanced measures, which are referred to in the manifesto, will be made available to do that, to get people reintegrated back into work. I am grateful.

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**Hon. J J Bossano:** Mr Speaker, when we went into the Election we were not expecting to complete the manifesto in the first two months.

In effect, what I am saying to him is that by providing the service we have been providing, there is also a process where we ourselves learn what more can be done.

- The hon. Member has referred to the numbers that are reoffending. I do not know what would be the nature of the answer that was provided before, but I think one needs to see whether there has been, over a period of time, an improvement in that ratio. That would be the kind of thing that ... If we are investing money and investing resources and we see that this is not delivering the kind of improvement we all want to see, then we need to say, 'Well, look, maybe we need to go back and put our thinking caps on and see where else we could be doing things
- that we are not doing which might be producing a more positive result than we have had to date.'

That is the kind of enhancement. The enhancement would be, in effect, by examining our own success rate compared to what was happening perhaps before we had the counsellor.

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#### Q114/2016 GDP calculation for last 10 years – Breakdown by component

**Clerk:** Question 114, the Hon. D A Feetham.

1365 **Hon. D A Feetham:** Mr Speaker, can the Government please provide a breakdown by component of the GDP calculation for the last 10 available years, as performed by the Statistics Office?

**Clerk:** Answer, the Hon. the Minister for Economic Development, Telecommunications & the GSB.

**Minister for Economic Development, Telecommunications & the GSB (Hon. J J Bossano):** Mr Speaker, the final figures for GDP calculated by the income method for the last 10 years, eight of which were when the hon. questioner's party was in Government, are as follows.

1375 The GDP for 2003-04 was £560.39 million. Of this, the income from employment accounted for £322.21 million, income from self-employment was £51.61 million, gross trading profits of companies was £90.91 million, gross trading surplus of Government enterprises was £6.94 million –

#### 1380 Hon. D A Feetham: Will the hon. Gentleman give way?

Mr Speaker, if he goes through the income method and the expenditure method, and bearing in mind that under the income method he has already got to gross trading, there is still rent, and then on the expenditure method there are about 10 sub-categories for 10 years, it is going to be a considerable amount of information that is going to be provided and read out to the House.

1385 Can I invite the hon. Gentleman to provide it by way of the schedule – just simply the answer that he already has, which we can take as a schedule and then analyse it at a later stage? There are not going to be any supplementaries arising out of this.

**Mr Speaker:** We can move on to the next question while the answer is photocopied and provided as a schedule. (*Interjection by Hon. D A Feetham*) The only thing is that [*inaudible*].

Hon. J J Bossano: Well, Mr Speaker, you know my view, that if the Member opposite says the question is for oral answer, being as well behaved as I am in this Parliament, I try to do what he asks me to do, which is to give him an oral answer. And since we have had a multitude of questions for written answer, I have to assume that he does not want a written answer. That is why I read it to him, because I think that is what he is expecting me to do and that is why he says he wants an oral answer. And, as you know, I think that handing a piece of paper is not conducive to anybody that is in the audience, although not many, or listening or watching us, to know what is going on if all we do is say, 'Mr Speaker, I now hand over a piece of paper,' and that is the answer to every question.

Mr Speaker: I have the answer here – it is not excessively long.

Hon. J J Bossano: Thank you, Mr Speaker.

Mr Speaker, I have only produced the income calculation because it is in fact ... Both calculations come with the same result, but it has always been considered that the more accurate figure and more reliable figure, frankly, is the income side, because what happens with the expenditure side is that the figures are, sort of, rounded off in order to make sure that the two results are the same on the premise that GDP assumptions are that every income is matched by the expenditure and the two ... and the net result of the GDP has to be the same where it is calculated by the average diverse method on by the income method. So, in fact, it is calculated

where it is calculated by the expenditure method or by the income method. So, in fact, it is only half as long, but if he wants to have the expenditure I can get that sent to him. But this is the more accurate system.

I had got as far as Government enterprises, as the hon. Member correctly says. The next item therefore is rent, which was £89.84 million in 2003-04, and therefore the total domestic income was £561.51 million and stock depreciation was minus £1.12 million, giving us the £560.39 million.

This increased in 2004-05 to £599.74 million. This was the result of income from employment going up to £338.58 million, self-employment increasing slightly to £52.79 million, gross trading profit showing a more substantial increase to £111.77 million, gross rated surplus of Government enterprises was down, in fact, in that year to £3.3 million and rent up to £94.5 million, and the adjustment to the figure was £1.15 million in depreciation.

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In 2005-06 the GDP increased to £656.51 million, the income from employment rose to £384.81 million, from self-employment income went up to £56.77 million, trading profits rose to £113.77 million and Government enterprise surpluses were £3.72 million – a slight increase on the £3.3 million of the previous year, rent was up to £98.62 million, and again the adjustment in appreciation was minus £1.18 million.

In 2006-07 income from employment reached £440.57 million, self-employment rose to £61.69 million, trading profits of companies came to £128.11 million, gross trading surpluses for Government enterprise was down to £3.28 million, and rent up to £107.63 million. The adjustment for that year was minus £1.21 million.

In 2007-08 income from employment was £495 million; self-employment increased to £66.83 million; trading profits went slightly down to £127.74 million, just under £100 million; Government enterprises were up £4.68 million; and rent was up to £113.07 million. The adjustment was slightly up at minus £1.25 million.

In 2008-09 the total increased by nearly £90 million to £898.7 million, income from employment grew to £526.93 million, self-employment was down to £51.93 million, trading profits up to £197.89 million, Government enterprise surpluses up to £5.48 million, and rent up to £117.76 million. The adjustment by depreciation was £1.29 million.

- In 2009-10 the total went above the £1 billion mark for the first time it was £1,012.58 million, of which employment contributed £542.42 million; self-employment, £58.24 million; trading profits, £274.79 million; trading surpluses of the Government enterprises was £4 million; and rent was up at £134.46 million. The adjustment for depreciation was £1.33 million.
- 2010-11 saw the GDP grow to £1,082.19 million. The employment contribution grew by £40 million to £582.11 million, self-employment was down from £58 million to £35.31 million, trading profits of companies was up to £310.44 million, there was a slight increase in the surplus of Government enterprises from £4 million to £4.77 million, rent was up at £150.94 million, and the depreciation adjustment was minus £1.38 million.
- In 2011-12 it was £1,201.31 million, of which employment contributed over half 1450 £652.33 million; self-employment, £35.73 million; company profits, £349.61 million; trading surpluses of the Government enterprises, £6.76 million; and rent, £158.3 million. The adjustment for depreciation was minus £1.42 million.

And the last year for which we have the final figure, which is 2012-13, the total is £1,317.06 million – that is £1.3 billion; employment contribution was slightly up at £661.24 million; self-employment was £48.34 million; company profits was £444.08 million;

Government trading surpluses was £6.35 million; rent, £158.5 million; and the adjustment for depreciation was minus £1.45 million.

Hon. D A Feetham: Mr Speaker, I said there were no supplementaries – I had assumed,
 actually, that the last figure would be the figure for the end of 2014. I say that because when I asked for the GDP figures for the end of 2014, I think at the beginning of last year, I was told that those were going to be computed and calculated by November 2015, which is the usual practice. When will that figure for the end of 2014 be available, so that I do not have to ask this question again and I ask at the appropriate juncture? Because last time, I was told November 1465

**Hon. J J Bossano:** Mr Speaker, I asked the Statistics Office to provide me with the final figures so that they would not be subject to any further adjustment. I do not know how close we are to closing the 2013-14, but I can send it to him if he wants me to send it to him without him having to ask the question as soon as it is ready.

Hon. D A Feetham: I would be very grateful if he did that. Thank you very much.

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Hon. R M Clinton: If I may, Mr Speaker – possibly it is only the hon. Gentleman and myself in
 this room who find these numbers exciting – could I ask him to perhaps, if he can, explain the source for the company profits numbers? Certainly the last one – 2012-13, £444.08 million – is that a number that comes from Companies House? How is it derived, does he know?

Hon. J J Bossano: This is the figure that is compiled by the Statistics Office and it is a figure that gets adjusted, and this is why it is sometimes quite a long time before they are closed 1480 because when they do the first estimate, for example, if they have received 70% of the returns of company accounts ... I am not sure how the company accounts reach the statistics, whether it comes from the Tax Office or some other source ... It is not that the companies are asked to submit them to the Statistics Office, so it must be from some other department, and the most 1485 obvious and logical one would be tax returns by companies. What happens then is that at a certain point in time when something like 70% or 75% of the known companies that are trading have made their returns, the figure is then adjusted by an estimate in respect of the 25% that still have not done it. When those 25% start coming in, you then get a situation where, in some cases, the estimated figure is too high and it means a drop, and in other cases the estimated figure is too low and it means an increase, because in effect it is an arbitrary estimation – they 1490 just say, 'Well, if there are 100 companies and 75 have made so much profit, you just assume that the remaining quarter on average will make the same profit as the first 75.' There is no logical reason why that should be so. By and large it is not very far out because the ones that come in higher tend to cancel out the ones that come in lower. But it does mean, in fact, that the final figure can sometimes be revised downwards as well as upwards when they finally 1495 decide to call it a day in terms of revising the figure.

Hon. R M Clinton: If I may just ask one further supplementary on that: in terms of the profits, would these, in his view, be taxable profit to these companies, or is it just profits of all companies registered in Gibraltar?

Hon. J J Bossano: I do not think it is taxable profits, because a company may in fact have other things which reduce its tax liability, but if one were to reduce the profits that they have made, in effect you would be understating the output of the economy. The output of the economy is the income received by companies predominantly. If the hon. Member analyses the figures, for example, for the last year, out of the £1.3 billion, £440 million is companies and £660 million is employees, so you have got £1.1 million out of the £1.3 million, i.e. the income of

workers or the income of the employers of the workers. The fact is that it does not necessarily mean that the £444 million was tax, because they might have had offsetting allowances or development aid, or depreciation or whatever, but the output of the economy is made of the money that people are making either as owners of capital or as owners of labour. That is the essence of what the GDP is all about.

The treatment of offshore companies is not reflected 100% here – that is what used to be offshore companies. So in fact, there is a... otherwise, what we have done with doing away with tax-exempt companies and having everybody paying tax now would have produced a huge 1515 increase in GDP calculations, because before they were not included. So I think what has happened is that the Statistics Office has ignored that change and, in effect, the companies that have been brought into the onshore field that were offshore before continue to be treated as to their income by giving more or less the same percentage reflected here that they were getting before. If that had not been done, then the year of the change would have seen a massive increase.

Hon. R M Clinton: I am grateful to the hon. Member for that clarification. That is exactly what I was trying to understand. Thank you very much.

Hon. D A Feetham: Mr Speaker, may I just ask one, because I too am finding this quite interesting. There are two questions.

First of all, are we calculating GDP here in the same way as, for example, the United Kingdom would calculate GDP in the United Kingdom?

And, just curiously – and this is where my interest has been piqued in the explanation that he 1530 has given - isn't there an element of double accounting, in the sense that if you count the income of companies basically before tax, so that it is just the gross income of the companies, and you calculate the gross income of the workers, surely that cannot be the output into the economy because there is an element of income of the workers that is coming from some of those companies. Does the hon. Gentleman follow? That is what has sort of piqued my curiosity 1535 in relation to this.

Hon. J J Bossano: Well, if it was the income of the company he would be right, but it is not the income of the company, it is the profit of the company, (Hon. D A Feetham: Of course, yes.) and therefore the income of the company is the sales. So this is not that Gibraltar had sales of 1540 £4.4 million; it is that Gibraltar made ... £4.44 million, you know, four hundred and forty four hundred million pounds was the profits made on would could be a turnover of £4 billion or £5 billion, (Hon. D A Feetham: Yes.) and of course the profit is after meeting workers' wages, electricity, water, the cost of the things that the business uses. So the answer is that the hon. 1545 Member would be right if this was the turnover of the company, but it is not.

Hon. D A Feetham: And is it calculated the same way as in the UK?

Hon. J J Bossano: As far as I am aware, yes, I mean, it is the same code as the UK Blue Book, which is available on the internet, and the Blue Book has always been the bible that the Statistics 1550 officers use – with certain adjustments because of the nature of the economy. I mean for example, there is no agriculture in Gibraltar, so, in fact, our economy has got less diversity than the UK. The UK is a much more complex exercise, because you get GDP collectively and then you get, for example, regional GDPs and you also get figures on the output of certain industries or the agricultural industry, or the service or the city. We do not do any of those things, so what is a 1555 massive exercise over there is a much more limited exercise here. But the principle of how you arrive at the elements really is quite simple, because at the end, what we are saying is, this is the £1 billion is the amount of money that collectively our community earned.

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#### Q115/2016 Parliament building – Installation of lift

**Clerk:** Question 115, the Hon. T N Hammond.

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**Hon. T N Hammond:** Mr Speaker, considering that this House has not met since last July and the reasons for not having sat in September and October was that it would enable works to proceed on the installation of a lift to facilitate access to this House, and as no work seems to have taken place in the period since last July, is it still the intention of Government to have this lift installed; and if so, when can the works be expected to commence?

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

- **Deputy Chief Minister (Hon. Dr J J Garcia):** Yes, Mr Speaker, it remains the policy of the Government to provide lift access to persons with reduced mobility into the Parliament Chamber. The design and the location of the lift have both been studied in detail and exploratory works have been carried out. The project is expected to commence in the new financial year.
- 1575 **Hon. T N Hammond:** That is understood and thank you very much for that response. Is it likely to cause disruption to this House during the works, as it was forecast to do last year?

Hon. Dr J J Garcia: Mr Speaker, the exploratory works have already been done. Really, before
 the project commences it needs to go to DPC again because it is substantially different to the
 project that was originally envisaged and which went to DPC some time ago.

So it will be a different project. Once, at the technical level, it has been approved, then we will be able to understand the kind of disruption that will be envisaged. What they were looking at in September and October was an internal lift, so obviously that would have been far more noisy and disruptive than if the lift turns out to be external at the end of all this.

**Hon. T N Hammond:** Just one last question: so the current proposal would seem to be a reversion perhaps to the original concept of an external lift?

- 1590 **Hon. Dr J J Garcia:** Yes, Mr Speaker. The issues really have been, first of all, the type of lift whether it was internal or whether it was external. I think the Heritage Trust wanted to be satisfied that an internal stair lift, a platform lift ... whether it was possible to do this internally rather than externally. We have now established that it is not.
- The other issue was the location of the lift, and in that even the Heritage log itself was divided as to whether if it was going to be external then should it be on the Piazza side of the building or should it be on the Main Street side of the building.

The design was obviously another issue, in terms of you know, what the structure would actually look like, and the heritage considerations obviously take into account that this is a listed building.

1600 So all those factors have been in the melting pot over the last few months and it is finally an agreed design that will go to the DPC.

**Hon. T N Hammond:** I appreciate that it still has to go to DPC, but has the Heritage Trust indicated that they are already happy with the design or satisfied with it?

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**Hon. Dr J J Garcia:** Yes, Mr Speaker, there has been very close consultation between the project manager, the Government, the Heritage Trust and the Heritage department. Although there are perhaps I would say divisions or differences of opinion between those who would not prefer a lift at all and those who would, depending on the option or the structure, the design and what it looks like, in the final analysis it is going forward in full consultation with all affected parties, and also the Trust, as you know, has a voice in the DPC, and whatever final conclusion they come to I am sure will be expressed there in public for everybody to hear.

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## **Questions for Written Answer**

Clerk: Answers to Written Questions. The Hon. the Chief Minister.

**Chief Minister (Hon. F R Picardo):** Mr Speaker, I expect not to see any Member of this House in that lift unless they have a problem with their legs. It is being done for a specific purpose: for people who have accessibility issues.

Mr Speaker, I have the honour to table the answers to Written Questions numbered W1/2016 to W24/2016 inclusive.

#### ADJOURNMENT

**Chief Minister (Hon. F R Picardo):** Mr Speaker, I have the honour to move that the House do now adjourn until tomorrow at 3 p.m. when we shall consider a number of Bills.

Mr Speaker: The House will now adjourn until tomorrow at 3 p.m.

The House adjourned at 5.23 p.m.