



# PROCEEDINGS OF THE GIBRALTAR PARLIAMENT

**AFTERNOON SESSION: 2.40 p.m. – 4.47 p.m.**

**Gibraltar, Thursday, 29th June 2017**

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# The Gibraltar Parliament

*The Parliament met at 2.40 p.m.*

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

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

## Order of the Day

### BILLS

#### COMMITTEE STAGE

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

5

**Hon. F R Picardo (Chief Minister):** Mr Speaker, I have the honour to move that the House should resolve itself into Committee to consider the following Bill clause by clause, namely the Appropriation Bill 2017.

*In Committee of the whole Parliament*

10

#### **Appropriation Bill 2017 – Clauses considered and approved**

**Clerk:** A Bill for an Act to appropriate sums of money to the service of the year ending on the 31st day of March 2018.

Clause 1.

15

**Mr Chairman:** May I ask how the official Opposition are voting on clause 1? Does it stand part of the Bill? I have to say, given how you have voted ... and then I will take it ... If you give me an indication, I will then say 'Stand part of the Bill' and do not have to ask you, but I need an indication.

20

**Hon. D A Feetham:** No, Mr Chairman. Yes, of course.

**Mr Chairman:** Fine, okay. So clause 1 stands part of the Bill. Thank you.

25

**Clerk:** Clause 2.

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

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

30 **Hon. R M Clinton:** Mr Chairman –

**Chief Minister (Hon. F R Picardo):** Are hon. Members voting in favour of the clauses?

35 **Hon. D A Feetham:** Mr Chairman, we have made our position clear. We have voted against on the general principles of the Bill. Now we are at Committee Stage –

40 **Mr Chairman:** They are in Committee. I think they are entitled to give an indication as to whether they want clause 1 of the Bill, which is going to average whether that clause should stand part of the Bill. That, I think they are entitled to do, and with any other clauses, and then when it comes to the Third Reading of the Bill they can have whatever attitude they want. I think that is the correct position.

May I remind the Chief Minister that I think it would be useful if he were to give the Members an indication regarding the sitting.

45 **Hon. Chief Minister:** Thank you, Mr Chairman, so what is happening in relation to the Bill is that they are voting against it but they are voting in favour of the clauses standing as they are – okay. We will get our heads round that procedurally when the time comes.

50 The indication I have suggested I would give, Mr Chairman, is that I have got the honour of hosting the First Minister of Wales this evening for dinner at No. 6 at 7.30. The Bill needs to pass and I am unable to come back to the House in the context of the next 48 hours, so therefore I propose to continue, if necessary, until approximately quarter to seven, so that I can receive the First Minister at the entrance to No. 6, and then, if we have not dealt with the business of the House, I intend to return this evening after dinner, at approximately 9.30 or 10, to continue the process of the Bill through Parliament.

55 **Mr Chairman:** And the position tomorrow?

**Hon. Chief Minister:** I am unable to attend in the afternoon. I know, Mr Chairman, you have a longstanding appointment.

60 **Mr Chairman:** I am unable to be present tomorrow morning. Therefore, after today the House would not meet until ...?

**Hon. Chief Minister:** I think that the date that is convenient is 12th July in the afternoon.

65 **Mr Chairman:** Right, we back then to head 1.

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

70 **Hon. R M Clinton:** Mr Chairman, I would just like some clarification. I note that the establishment numbers in Treasury are going up from 89 to 91 – and I am excluding the Central Arrears Unit, which I can see has a separate subhead within Payroll – but I just wonder why it is that salaries are actually decreasing although the headcount is increasing.

75 **Hon. Chief Minister:** Mr Chairman, I am surprised that hon. Members are going to engage us in a detailed debate in the context of this part of the proceedings, because they have indicated that they are voting against these numbers and they have said the things that they have said.

80 Frankly, it is very strange indeed to have an Opposition vote against an Appropriation Bill. It is even stranger that the Opposition that is voting against the Appropriation Bill on the basis that it does not disclose any detail is now going to go into detail in the context of what it is that the Appropriation Bill is appropriating money for. It just serves to highlight further the illogicality of

the position that I dealt with in the context of the debate on the general principles and merits, Mr Chairman.

85 The answer is very simple: we have not put provision in in respect of vacancies because, as the House knows, we are engaged in a process of assessing how Departments should be, although respecting the complement of the Civil Service, reorganised in the context of more modern efficiencies, and therefore there is not likely to be any direct recruitment which would incur further costs than the establishment set out already.

90 **Hon. R M Clinton:** Mr Chairman, I am grateful for the Chief Minister's explanation – in which case, why the action to increase the headcount by two?

**Hon. Chief Minister:** Because those are actually there, Mr Chairman.

95 **Hon. R M Clinton:** Forgive me, Mr Chairman, but if they are actually there, how is it the payroll has gone down?

100 **Hon. Chief Minister:** Mr Chairman, the information that I am being given by the Financial Secretary is that the payroll goes up, not down, and the numbers that I am looking at on page 20 show £2.911 million actual in 2015, £3.164 million estimate 2016-17, which came in at £3.066 million with an estimate of £3.286 million.

105 **Minister for Economic Development, Telecommunications and the GSB (Hon. J J Bossano):** Mr Chairman, the answer is quite simple. If there are two extra bodies there – for example, one of whom is supernumerary – then clearly that supernumerary body is not a vacant body, otherwise it would disappear. So the HEO that is there, which increases it from 89 to 90, is somebody who has been somewhere else and has been brought to this place and brings his salary with him.

110 **Hon. R M Clinton:** But, Mr Chairman, this does not explain why the salary has actually gone down. Or is it that this supernumerary is being paid under a different head?

115 **Hon. J J Bossano:** The salary has gone down because not every job on that list ... The jobs that are on the list are the jobs that were there before – the 89, okay? It does not mean that each one of those 89 people are working on 1st April this year. The money that would have been there to employ those people is not there because the job may disappear from this complement and appear somewhere else. So, where there is a movement from another complement to this complement the money will appear here and will have disappeared somewhere else. Where there is a vacancy here that depends on any changes that may happen, the money has not been put here or anywhere else. It would be in the supplementary vote of the £9 million.

120

**Mr Chairman:** Any other question on payroll? Payroll stands part of the Bill.

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

125 **Mr Chairman:** Other charges stand part of the Bill.

**Clerk:** Head 2, No. 6 Convent Place. Subhead 1, payroll.

130 **Hon. T N Hammond:** Sorry, Mr Chairman, just one question on a relatively minor issue, I believe. I just noticed under payroll, temporary assistance, that is (d) 00 with a forecast for this last year of £12,000 and then a jump to £70,000. Is there any particular reason for that? Is there any particular assistance being drafted?

135 **Hon. Chief Minister:** Mr Chairman, this relates to an individual whose name and salary has been ventilated across the floor of the House, who retired and is for a short period dealing with assisting the Government in a number of matters. We have had a public debate about that.

**Hon. R M Clinton:** Mr Chairman, would the Chief Minister clarify that that was under the head of Financial Secretary – am I correct?

140 **Hon. Chief Minister:** No, this is temporary assistance in No. 6.

**Hon. R M Clinton:** Yes, but the debate we had I think was, last year, under a different head and it would appear under temporary assistance for the Financial Secretary. Is that correct?

145 **Hon. Chief Minister:** No, Mr Chairman. This is about a gentleman who we have recently talked about in exchanges of press releases during the course of this financial year.

**Mr Chairman:** Payroll stands part of the Bill.

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

**Hon. R M Clinton:** Mr Chairman, under subhead 2(2)(c), the Mount expenses, I am just curious as to what those expenses might be, seeing as the Government sold the property.

155 **Hon. Chief Minister:** It is electricity and water costs, Mr Chairman, I am told – provision for electricity and water costs.

**Hon. R M Clinton:** Mr Chairman, why would the Government still be paying water and electricity costs if they do not own the property?

160

**Hon. Chief Minister:** Because somebody has to maintain it, Mr Chairman. Even if it has been alienated to a Government company, somebody has to maintain it.

165 **Hon. T N Hammond:** Mr Speaker, on other charges, grants, in subsection (b) I note the forecast outturn is significantly higher than the estimate and the estimate going forward is significantly lower than the forecast outturn. Could one of the Ministers explain the reason for such a high forecast outturn this year?

170 **Hon. Chief Minister:** Yes, Mr Chairman. I think this related to an unexpected meritorious request for funding which was agreed to by the Government, which was not anticipated and is not in the yearly requests for funding that the Government usually accedes to.

175 As the hon. Gentleman knows, I have said repeatedly we do not disclose the list of those grants across the floor of the House, but I am quite happy to let hon. Members see what those grants relate to. It is just that if we start talking about who we give money to, others who identify themselves as similar to those who request funding might think that they might knock on the door as well. So we are careful about who we give to and we are careful about advertising who we give to, but we are quite happy to share the information with the hon. Gentleman later if he likes.

180 **Hon. T N Hammond:** Mr Chairman, that is understood, but can I just confirm then that the difference is largely based on one single additional grant rather than multiple grants.

**Hon. Chief Minister:** From what I can see, it is, Mr Chairman, one large additional grant.

185 **Hon. R M Clinton:** Mr Chairman, just a question about head 2(16), ex-gratia payments, estimate £50,000, actual £790,000 – if we could have some idea as to why there was such a large increase.

190 **Hon. Chief Minister:** Mr Chairman, that one is to a very great extent demand led. It depends what ex gratia payments are paid in the year, it depends what settlements are done and it depends how those pan out. You always have an average and then some years there are more that become crystallised for settlement.

195 **Hon. R M Clinton:** Would he be able to give an average number of people who have been paid ex gratia payments?

200 **Hon. Chief Minister:** Not that it means anything, Mr Chairman, because you could have one ex gratia payment of £1 million and then three ex gratia payments of £10,000, but the number is or two, four, six ... seven.

205 **Hon. T N Hammond:** Mr Chairman, following on, on line 10, so actually going backwards of course, again a similar question: the estimate of £½ million, the forecast outturn of £800,000 for research development studies and professional fees. Obviously that is quite a significant percentage increase on the estimate. I note the estimate going forward remains £800,000, presumably in line with expectations. What has changed during this last year to generate that extra cost?

210 **Hon. Chief Minister:** Mr Chairman, he will see that the actual in 2015-16 was £800,000. I think we anticipated less of that work being done in the context of this head, but in fact the work has been done in the context of this particular head and therefore we think it probably likely now to continue to be done in respect of this particular head.

215 **Hon. T N Hammond:** I thank the Chief Minister for that answer, Mr Chairman, and would ask a very similar question based on line 14, media monitoring services, and again the significantly higher than estimated cost.

**Hon. Chief Minister:** We all thought the United Kingdom was going to vote to stay in the European Union, Mr Chairman.

220 **Mr Chairman:** Other charges stand part of the Bill.

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

225 **Mr Chairman:** Payroll stands part of the Bill.

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

**Mr Chairman:** Other charges stands part of the Bill.

230 **Clerk:** Head 4, Income Tax; subhead 1, Payroll.

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

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

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

**Clerk:** Head 5, Parliament; subhead 1, Payroll.

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

240

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

**Hon. R M Clinton:** Mr Chairman, I am just curious about the register of electors expenses. Are we planning to refresh the register of electors next year?

245

**Hon. Chief Minister:** Well, Mr Chairman, after their conduct today, I am thinking of a snap election.

**Hon. R M Clinton:** Was that a yes or a no? Mr Chairman, I do not think I had an answer: is it because we are going to refresh the register of electors this coming year? I guess that must be the case.

250

**Hon. Chief Minister:** We may be in the process of establishing the rolling register, Mr Chairman, I think.

255

**Mr Chairman:** Any other questions?  
Other charges stand part of the Bill.

**Clerk:** Head 6, Human Resources; subhead 1, Payroll.

260

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

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

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

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**Clerk:** Head 7, Immigration and Civil Status; subhead 1, Payroll.

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

270

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

**Hon. T N Hammond:** Mr Chairman, just with respect to line 5, contribution to Borders and Coastguard Agency, there is quite a significant rise from the estimate and indeed for next year's estimates. Is there an explanation for that?

275

**Hon. J J Bossano:** ... *[Inaudible]* money has gone. There has been an increased employment, I think, as a result of more passengers coming in and recommendations from the CAA inspector team that came out here, which are more or less binding.

280

**Hon. T N Hammond:** Thank you, that is understood. So it is a salary-driven increase.

**Mr Chairman:** Other charges stand part of the Bill.

**Clerk:** Head 8, Government Law Officers; subhead 1, Payroll.

285

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

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

290

**Hon. T N Hammond:** Mr Chairman, with respect to legal advice, under line 7, consultancy services, I do note that the forecast outturn is double the estimate and yet the estimate for next year is back down to close to the amount of the 2016-17 estimate. Again, all I ask is: is there a particular reason why this year was particularly expensive in terms of legal advice, or why so many presumably unexpected costs cropped up in this area?

295

**Hon. Chief Minister:** Well, a lot of this is Brexit driven, Mr Chairman. There is a lot of advice required in relation to a lot of the detail of what we are doing, and therefore we are taking some of the top legal advice in respect of the matters that we are dealing with. Of course there are ongoing cases and we have an idea of what legal fees are going to be, but we can incur legal bills which we do not expect. We can also seek legal advice that we do not expect to seek, and that has been the main driver in respect of the growth this year – the fact that we have had to go out and get additional pieces of advice that we would not otherwise have expected or wished to have to get.

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305

**Mr Chairman:** Other charges stand part of the Bill.

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

310

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

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

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

315

**Clerk:** Head 10, Office of the Deputy Chief Minister; subhead 1, Payroll.

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

320

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

**Hon. R M Clinton:** Mr Chairman, under 2(2), overseas offices, I note the list of offices and I just wonder do we have an office in Washington that we should be paying for here.

325

**Deputy Chief Minister (Hon. Dr J J Garcia):** No, Mr Chairman, there is no office in Washington.

**Hon. T N Hammond:** Mr Chairman, with respect to 2(7), frontier monitoring expenses, there is an increase of about £110,000 estimated for this next year. Is that due to the introduction of new technology or just maintenance of older technology?

330

**Hon. Deputy Chief Minister:** Yes, Mr Chairman, it is a combination of both. There is an introduction of new technology at some entry points and there is also a series of maintenance charges that need to be paid for that technology.

335

**Hon. T N Hammond:** Mr Chairman, I thank the Minister for that answer. When he says 'new technology at some entry points', because this is the Frontier I assume there is, theoretically at least, a single entry point – and therefore what other entry points might he be alluding to?



340 **Hon. Deputy Chief Minister:** Mr Chairman, yes, it also refers to equipment which has been installed at the Port and it includes finalising the IPS maritime system as well as two ANPR cameras at the Port. There has also been further equipment requested by Customs at the Port container park as well.

345 **Mr Chairman:** Other charges stand part of the Bill.

**Clerk:** Head 11, Civil Aviation; subhead 1, Payroll.

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

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

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

355

**Clerk:** Head 12, Environment; subhead 1, Payroll.

**Hon. T N Hammond:** Mr Chairman, just in the cemeteries section, I know there are two sections devoted to salary. Can I just confirm that would be industrial and non-industrial salaries?

360

**Hon. J J Bossano:** On page 55 at the top it says 'industrial wages' and that covers all the sections that follow, one of which is cemeteries.

**Minister for the Environment, Energy, Climate Change and Education (Hon. Dr J E Cortes):**  
365 Mr Chairman, I am grateful to my hon. Friend for confirming that. The first one is salaries, which is non-industrial; and, I think as said, in the second one it comes under (2) industrial wages, and then that is industrials over the page.

370

**Hon. T N Hammond:** Thank you. So the non-industrial are office staff largely? I am not clear on that.

**Hon. Dr J E Cortes:** The non-industrial will be not necessarily ... The PTOs would be non-industrial. They tend to be monthly paid and the industrial tend to be weekly paid. So the gravediggers and so on will be industrial and the management would be non-industrial, as a general rule.  
375

**Hon. T N Hammond:** I note the discretionary overtime for non-industrial therefore is ... The outturn was £190,000, whereas salaries are £125,000. That is quite an eye-watering, in normal terms, overtime bill for a non-industrial grade, I would have thought.

380

**Hon. Dr J E Cortes:** Remember, Mr Chairman, that the cemetery is operational seven days a week at all hours and has to be because of the tradition we have in Gibraltar of having funerals very quickly, and obviously when the cemetery has to prepare for a funeral you have to have the managers present, and hence the high levels of overtime.

385

**Hon. T N Hammond:** But, Mr Chairman, the hospital, the Police, the fire brigade, many areas of society run 24/7 and they structure themselves in a way that would not incur quite such an overtime bill – an overtime bill perhaps closer to 20% or 30% of salary, rather than what is approaching 100% above salary.

390

**Hon. Dr J E Cortes:** I do not think that is logical, because if you look at the hospital there are going to be many grades; some of them will attract overtime and some of them will not. When you look at the overall pro rata it is going to be lower than when you have three people doing all the overtime. It is a mathematical argument.

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**Mr Chairman:** Payroll stands part of the Bill.

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

400

**Hon. R M Clinton:** Mr Chairman, I was curious about the running of the Alameda Gardens. Estimate to outturn is about 12% higher and there is a 5% increase forecast for this coming year. Is this not a fixed contract, or is there an element of percentage increases each year or additional costs that can be charged under the contract?

405

**Hon. Dr J E Cortes:** There are additional costs that add up. For example, in the opening of a tropical greenhouse the spend on water goes up considerably – and when new areas are prepared, particularly on water, and that will put up the bill considerably. And this encompasses all. It is not just a contractual sum, but it is other expenses that are related to, which may not be predicted at the time of the contract.

410

**Hon. T N Hammond:** Mr Chairman, can I just confirm for 3(h), it says 'control of seagull GONHS'. I have been in touch with GONHS and they insist they are not part of the gull culling programme. Can the Minister clarify what the position is there?

415

**Hon. Dr J E Cortes:** That has stayed on. It has not been the GONHS contract for about three or four years now. It has just stayed on in the book. I suppose you could call it a typo. It is no longer GONHS, but it has been there and I suppose it has not been picked up.

420

**Hon. T N Hammond:** It is just that obviously I am sure GONHS would very much enjoy that contract in terms of the finances it brings in, but it seems inappropriate to have them standing by as responsible for control of seagulls when it is clearly not their role.

425

**Hon. Chief Minister:** Mr Chairman, what we can do is take that out of the final version of the book and put whatever the correct reference is if we obtain it.

430

**Hon. T N Hammond:** Thank you.

Moving on to other charges, (m) environmental security services, again I note quite a substantial rise from the estimate to the forecast outturns – something like four-times increase. Is that due to the purchase of a particular piece of equipment or a project?

435

**Hon. Dr J E Cortes:** No, that was due to the Department taking on a considerable amount of security work, which included Commonwealth Park and some work on the Upper Rock. We have since streamlined the operation and we are providing now the service for ... You will see it has gone back down, so it is now being provided for a smaller amount.

440

**Hon. T N Hammond:** Presumably, taking on that extra work did not involve taking on extra personnel – so I am wondering how the costs actually arise.

445

**Hon. Dr J E Cortes:** Yes, at the time of the estimates we provided for only a quarter of the year, but then it was felt that we would benefit from extending that, and that is why we had the higher actual outturn. We have since considered that it was probably more than we needed to,

so we streamlined the operation and it has gone back down to a more realistic figure for this year.

445 **Hon. T N Hammond:** Can I just confirm then, environmental security services are – that is salary-driven cost rather than a cost of investment in a particular item or project?

**Hon. Dr J E Cortes:** It is a contractual cost. There is a contractor that deals with the security and it goes to the contractor.

450

**Hon. R M Clinton:** Mr Chairman, just to confirm, head 2, subhead 3(o) upkeep of cemeteries – I presume that is the new contract that the Minister mentioned during the Budget address.

**Hon. Dr J E Cortes:** That is correct.

455

**Mr Chairman:** Other charges stand part of the Bill.

**Clerk:** Head 13, Utilities; subhead 1, Payroll.

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

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

465 **Hon. R M Clinton:** Mr Chairman, I am just curious. Under 2(3), on the water contribution in lieu of water tariff increases, I notice that 2015-16 was £743,000, the estimate for 2016-17 was £500,000, and the outturn was in fact lower, £320,000. Can the Government explain whether that is because water charges have gone up per unit, or is there some other reason?

470 **Hon. Dr J E Cortes:** Yes, Mr Chairman. At that stage we carried out an exercise in which we closed one of the desalination plants and the costs decreased, and therefore there was less cost and therefore it was not necessary to pay that much back.

475 **Hon. T N Hammond:** Mr Chairman, under (1)(a), contribution from revenues received, there is a £3½ million increase from the estimate to the forecast outturn. Is there a reason for that?

**Hon. Dr J E Cortes:** This is an increase in the revenue. (*Interjection*) Yes, I can only assume that it is a greater amount of consumption. There are more houses, (**A Member:** More gardens.) more gardens, so it is obviously an increase in consumption that this reflects, as well as obviously the fact that – and we are talking about electricity here – there is ... Yes, I think I mentioned in my Budget speech there has been an increase in the number of consumers, which will have resulted in that, and there are obviously more residential areas. Also, the GEA is particularly good, as are other people not far from me, at ensuring that arrears come in, so there may be an element of that.

485 **Hon. T N Hammond:** Thank you. Just to be clear, it was not a criticism; it was purely to try and understand why there is such a variance from one column to the next.

Moving on from that, the additional contribution for the estimate this year is down by about £4 million from the forecast outturn of the year just complete. Is there a reason for that?

490 **Hon. Dr J E Cortes:** Yes, the Electricity Authority is obviously running very efficiently. There has been, for example, a decrease in the consumption of fuel due to more efficiency. The non-use of the South District power stations is one example. Also, the fuel hedge which we have just completed was maintaining prices higher. Now prices are considerably lower than the price we

495 were tied up with the hedge, so we are expecting less cost in view of the result of the hedge having been completed.

**Mr Chairman:** Other charges stand part of the Bill.

500 **Clerk:** Head 14, collection and disposal of refuse; subhead 1, Payroll.

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

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

505 **Hon. T N Hammond:** Mr Chairman, what I hope is a fairly straightforward question: can the Minister just explain what the difference between disposal of refuse as opposed to other items is? Is it a case of other items being things like refrigerators and such?

510 **Hon. Dr J E Cortes:** Yes, exactly. Refuse is the people who do our bins day to day, and the other is refrigerators, mattresses and other things.

**Hon. T N Hammond:** Okay, thank you.

515 **Mr Chairman:** Other charges stand part of the Bill.

**Clerk:** Head 15, Upper Rock Tourist Sites and Beaches; subhead 1, Payroll.

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

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

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

525 **Clerk:** Head 16, Education; subhead 1, Payroll.

**Hon. R M Clinton:** Mr Chairman, I just have one question in relation to 1(1)(f), pension contributions. That seems a decrease from the outturn of £880,000 to £570,000 – I was just wondering why.

530 **Hon. Dr J E Cortes:** That will have been an estimation of the teachers retiring. It was probably ... That is, unless I am advised otherwise, it will just reflect the real situation and the expectation of –

535 **Minister for Culture, the Media, Youth and Sport (Hon. S E Linares):** And the move to the Provident Fund as well.

**Hon. T N Hammond:** Mr Chairman, it is about £310,000 lower. It is 30-odd per cent, if not more, 35%, compared to the outturn, and in previous years it has been at about the £800,000 mark. It just seems out of the ball park as such.

540 **Hon. Dr J E Cortes:** Yes, there was an arrangement whereby teachers ... It is a reflection of what is actually expected. Teachers on the contributory pension scheme were given the option of moving into the pension non-contributory scheme, and therefore that had a readjustment and a recalculation. That is the reason.

545

**Hon. T N Hammond:** Mr Chairman, under Payroll (d)(iv), temporary cover, I do note the estimate for last year was £744,000. The estimate for this year is almost £1.4 million. I assume that is purely because more supply cover is anticipated, or the requirement for more supply cover is anticipated. Is there any particular reason why we might be anticipating or expecting that to happen?

**Hon. Dr J E Cortes:** Yes, again this is based on the expectation of a number of teachers who are going to go on maternity and paternity leave. We are expecting more this year than last, so we have to cover. So this is actually based on a calculation of providing cover for maternity and paternity leave. There are rather a lot of teachers who are pregnant at the moment.

**Hon. T N Hammond:** Mr Chairman, I presume we have enough supply teaching resource available to cover the anticipated requirement.

**Hon. Dr J E Cortes:** We certainly do.

**Mr Chairman:** Payroll stands part of the Bill.

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

**Hon. R M Clinton:** Mr Chairman, on 2(5)(b), discretionary scholarships, I note there is a very large increase, but I also note from the analysis that in appendix P that we have an amount of £450,000 going towards Washington internship, which in turn is about £140,000 increase. May I ask why the increase? Is it because you are going to be sending more people, or is it higher expense? And also, in terms of it being half of the discretionary scholarship bill almost, do students get any kind of qualification out of this?

**Hon. Dr J E Cortes:** Well, as I said in my Budget speech, Mr Chairman, education is more than just qualifications and it is preparing our citizens to take a larger part and be better able to contribute to society. Therefore, although this is not the place to justify the scheme, I think it is well recognised, particularly by the young people, so this is to allow the possibility of an increase in the number.

**Mr Chairman:** Other charges stand part of the Bill.

**Hon. L F Llamas:** Mr Chairman, I just have one question –

**Mr Chairman:** Yes, the Hon. Lawrence Llamas.

**Hon. L F Llamas:** – on other charges, 14, Project Search. I believe this was in last year's estimate for the same amount, and the same amount has been estimated for this year. Does the Hon. Minister predict that this will be used, expanded? Is he in a position to give details at this stage of what this estimate will entail?

**Hon. Dr J E Cortes:** The book shows zero for previous years, so unless this was done by another Department –

**Hon. L F Llamas:** It was. It used to be under No. 6 in last year's Budget. Unfortunately, I think there is a footer on it.

**Hon. Dr J E Cortes:** Sure. Obviously I was just looking at my own particular Department.

No, this is running well and we feel that this, for the moment, can cover this. If it expands and develops, then obviously we would have to deal with it accordingly, but there is enough provision, I think, at the moment. Obviously this is something that the more you throw at it the more you can do with it, but we feel that this is a reasonable amount for this year.

**Hon. Chief Minister:** Mr Chairman, the hon. Gentleman questions us with the legitimacy of somebody having voted in favour of this Bill, but I note that the footer he has rightly picked up is on the wrong line and in the final version it will be moved to line 14, which is where he has rightly identified it should be.

**Mr Chairman:** Other charges ... No, sorry. Is the Chief Minister providing an answer?

**Hon. Chief Minister:** Can I just, for assistance ... I am told by the Financial Secretary there actually has to be a footer on postage expenses as well, so there is a footer missing which will have to be added to show the No. 6 reference.

**Mr Chairman:** Other charges stand part of the Bill.

**Clerk:** Head 17, Gibraltar University; subhead 1, Payroll.

**Hon. R M Clinton:** Mr Chairman, obviously payroll is zero, but I have just one general observation – and the Government may or may not wish to consider this – and that is in respect of the controlling officer, because I note the current controlling officer identified is actually on the board of the University – it may be more appropriate to identify somebody else, i.e. maybe the Financial Secretary or some other individual as a controlling head.

**Hon. Dr J E Cortes:** I do not think there is any need to reply to that. It is not relevant to the Bill.

**Hon. Chief Minister:** Mr Chairman, we hear what the hon. Gentleman says. It is not a million miles from some discussions that we are having about how to ensure that there is independence in the board versus the way it is structured at the moment, so on that subject it may be that we are not a million miles away from the conclusion that the hon. Gentleman is inviting.

**Mr Chairman:** Other charges stand part of the Bill.

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

**Mr Chairman:** Still payroll for University ... *[Inaudible]* we are... really, Gibraltar University – it is other charges, £½ million. Any questions on that?

**Hon. Chief Minister:** Mr Chairman, the hon. Gentleman wants to reduce that one? I am quite happy if he wants to move a motion to reduce that head of charge, which he wanted to do last year.

**Mr Chairman:** Other charges for the University stand part of the Bill. Heritage, head 18.

**Clerk:** Head 18, Heritage; subhead 1, Payroll.

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

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

650

**Hon. R M Clinton:** Mr Chairman, contractor services, heritage, £1.490 million – I believe that was shown under Culture, or part of Culture, in previous years as part of a much larger number. Can the Government confirm that is for the running of the museum, or are there other charges in there?

655

**Hon. Dr J E Cortes:** Yes, that is for the running of the museum and there is also provision for, linked to the museum, the World Heritage site. Yes, Mr Chairman, when it was together with Culture, there was also the Gibraltar Cultural Services, which clearly was higher. That is now under the Ministry for Culture and this therefore has been split up. Now we are only showing the contractors who run the museum. The Culture one will appear later when we look at the Ministry for Culture. This is why it is now split between two.

660

**Mr Chairman:** Other charges stand part of the Bill.

665

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

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

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

670

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

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

675

**Hon. R M Clinton:** Mr Chairman, subhead 1(1)(a) salaries – in this case I have the reverse of a previous situation, where we have salaries going up from the actual £700,000 to £806,000, and yet the complement seems to be going down.

680

**Minister for Infrastructure and Planning (Hon. P J Balban):** Mr Chairman, the reason why it has gone down is due to a vacant technical post due to the retirement of one of the technical grades.

**Mr R M Clinton:** Mr Chairman, it is counterintuitive – your headcount goes down but your payroll goes up. Is it because there is some kind of change in pay structure?

685

**Hon. P J Balban:** Mr Chairman, there were vacancies in there last year which were not filled, hence the decrease. There were also four members of staff on maternity – unpaid maternity.

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

690

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

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

695

**Clerk:** Head 21, Town Planning and Building Control.

**Mr Chairman:** Payroll stands part of the Bill.

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

700

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

**Clerk:** Head 22, Statistics Office; subhead 1, Payroll.

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

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

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

**Clerk:** Head 23, Procurement Office; subhead 1, Payroll.

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

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

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

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

720

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

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

725 **Hon. R M Clinton:** Mr Chairman, I would be grateful, under subhead 2(1)(g), audit fees, for what audit fees this particular Department is paying for.

**Hon. J J Bossano:** These are the audit fees in relation to the returns that have to be made by the EU funding.

730

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

**Clerk:** Head 25, Housing Administration; subhead 1, Payroll.

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

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

740 **Hon. R M Clinton:** Mr Chairman, under subhead 2(2)(h), service charges, Government leaseholds, I note that the outturn was £11,000 last year and they now project £58,000. I was just wondering why.

745 **Minister for Housing and Equality (Hon. Miss S J Sacramento):** Mr Chairman, we pay service charges on the stock and we have greater stock this year through Seamaster Lodge and Charles Bruzon House.

**Mr Chairman:** Other charges stand part of the Bill.

**Clerk:** Head 26, Equality; subhead 1, Payroll.

750

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



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

755 **Hon. R M Clinton:** Mr Chairman, I just note under subhead 2(7) £920,000. Is that an entirely new item or a reallocation from another area?

**Hon. Miss S J Sacramento:** Mr Chairman, that is as a result of a restructure, and this encompasses the Ministry for Drugs, so this, in the last Estimates Book, came under the Care Agency because this is the Drug Rehabilitation Services. So it is not an increase; it is just represented on a different page of the book this year.

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

765 **Clerk:** Head 27, Health; subhead 1, Payroll.

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

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

**Hon. R M Clinton:** Mr Chairman, in grants I notice two specific grants for cancer. Were these under No. 6 last year or somewhere else?

775 **Hon. Chief Minister:** Mr Chairman, only one of them was, as I understand it, which was the first one. The second one is not something that has started yet. It is anticipated it will start this year and we thought it more appropriate that it be set out in the context of the Health grants rather than in No. 6, because there is going to be a lot of synergy between the GHA and the magnificent Cancer Relief Centre people, and particularly in the running of their hospice they will need a lot of support from GHA and vice versa.

780

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

**Clerk:** Head 28, Gibraltar Health Authority Elderly Residential Services Section; subhead 1, Payroll.

785

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

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

790

**Clerk:** Head 29, Care Agency.

**Chairman:** Stands part of the Bill. Payroll. Other Charges.

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

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

**Clerk:** Head 30, Policing; subhead 1, Payroll.

800

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

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

805 **Hon. R M Clinton:** Mr Chairman, I notice under subhead 2 (2) ... hang on ... It seems to have changed number. At the top of page 107, 2(6), there is a finance repayment there for £15,000. I was wondering what that is in relation to.

810 **Minister for Health, Care and Justice (Hon. N F Costa):** Mr Chairman, it is for a piece of equipment that is called 'Life Scan'.

**Hon. R M Clinton:** Mr Chairman, could the Minister advise the total cost and the term under the financing?

815 **Hon. N F Costa:** Mr Chairman, the terms of the financing have not been finalised yet. The total amount is going to be £164,000, so we are looking at financing over a period of five years.

820 **Hon. R M Clinton:** Mr Chairman, I just have one perhaps generic question but it is related to this: when does the Government decide as to when something should be financed as opposed to purchased outright through the Improvement & Development Fund?

825 **Hon. Chief Minister:** It is a decision driven, Mr Chairman, by the type of item we are dealing with, the longevity of the value of the item and the urgency in obtaining it. In some instances the Financial Secretary tells us that he thinks it makes sense to finance the item, and in other instances we are advised it is better to finance than an outright payment.

**Mr Chairman:** Other charges stand part of the Bill.

830 **Clerk:** Head 31, Prison; subhead 1, Payroll.

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

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

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

**Clerk:** Head 32, Gibraltar Law Courts; subhead 1, Payroll.

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

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

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

845 **Clerk:** Head 33, Justice; subhead 1, Payroll.

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

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

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

**Clerk:** Head 34, Tourism; subhead 1, Payroll.

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

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

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

860

**Clerk:** Head 35, Employment; subhead 1, Payroll.

**Hon. T N Hammond:** Mr Chairman, as with some of the other queries about the salaries, as opposed to the headcount, I note under Employment headcount remains 31 for both 2016 -  
865 2017 and the year 2017 - 2018, and yet the salary dives from just over £1 million for 2016-17 in the estimates, albeit down to £755,000 in the outturn, by another £100,000 drop in the estimate for 2017-18 to £652,000. I just wonder how we arrive at that figure, bearing in mind the headcount in total remains unchanged.

**Minister for Tourism, Employment, Commercial Aviation and the Port (Hon. G H Licudi):** Mr  
870 Chairman, the relevant figure for this year is the forecast outturn, how much it has actually cost us, and it is now estimated that for next year it is going to cost us a little bit less for the reasons which have already been espoused on this side of the House.

**Hon. T N Hammond:** What were those reasons? Forgive me.

**Hon. G H Licudi:** There are jobs that have not been filled and may not be filled and are being  
looked at throughout ... This is a consistent item throughout the book and it is a matter that is  
being looked at.

880

**Hon. J J Bossano:** ... *[Inaudible]* I think that Members opposite will welcome, I hope, and that is that if they actually count all the numbers they will find that the total number is down on last year, not up.

Within the Departments the standard practice in the past has been to provide throughout  
885 the Departments for the filling of all the vacancies on the basis of making a provision of 50% of the salary, irrespective of whether they were likely to be ... An estimate was made that, on average, if there were 100 vacancies you provided for 50 on the premise that on average it would take six months to get them all filled. Since we are looking at where the efficiencies are going to happen, what we have now got is that that 50% that would have been included has not  
890 been included and therefore where the vacancies come, instead of there being an amount in the personal emoluments already there for people who do not exist, it will come out from the combined supplementary head that we have got at the end. We may find that in some cases the final figure, hopefully, will be the reduced figure that we have got. In other words, it will be up.

**Mr Chairman:** Payroll stands part of the Bill.

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

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

900

**Clerk:** Head 36, Commercial Aviation; subhead 1, Payroll.

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

905

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

**Hon. R M Clinton:** Mr Chairman, I do not know if this is a typo, but under subhead 2(5) we have tribunals, income Tax, development appeals, housing tribunal and previously, it says, that

910 was under Justice. I am just a bit mystified as to what it would be doing under commercial aviation.

**Hon. G H Licudi:** I am not sure that it answers the hon. Member's question, and we may need to find further information for that specific question, but I should say 'commercial aviation', essentially what it encompasses is the office of the Minister. Whereas previously my Ministry came under Justice, following the reshuffle it had to be put under some other head, and the head that has been found this year to put the whole of my Ministry, the Ministry office itself, is commercial aviation, and to that you have to add the running of the Airport, including the Gibraltar Airport and the Fire and Rescue Service. *(Interjection)* Yes.

915  
920 A separate issue is the tribunals, which involve Income Tax, development appeals and housing tribunals, which as far as I am aware do not come under my Ministry and the hon. Member may be right. It is not something I had spotted and the hon. Member may be right. I have given the explanation as to why commercial aviation is structured in that particular way, but on this particular item the hon. Member may be right and we probably have to put it somewhere else and it has not been spotted previously.

925  
**Hon. Chief Minister:** The hon. Member will see that this has a nominal amount of expenditure in it, so we will see where it would be ... I think it may be left over from the head as it was, the old head.

930  
**Hon. N F Costa:** In any case, Mr Chairman, perhaps to just provide some further elucidation, the Development Appeals Tribunal, of which I am the chair, does not cost any money to the taxpayer, so it will not go anywhere near £1,000; it has always been zero p.

**Hon. R M Clinton:** No, Mr Chairman, I think my comment was just in terms of where it appeared in the book, but I have no comment about the level of the amounts.

**Mr Chairman:** Other charges stand part of the Bill.

940  
**Clerk:** Head 37, Port; subhead 1, Payroll.

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

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

945  
**Mr Chairman:** Stands part of the Bill.

**Clerk:** Head 38, Maritime Services; subhead 1, Payroll.

950  
**Mr Chairman:** Stands part of the Bill.

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

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

955  
**Clerk:** Head 39, Social Security; subhead 1, Payroll.

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

960  
**Clerk:** Subhead 2, Other Charges.

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

**Clerk:** Head 40, Civil Contingency; subhead 1, Payroll.

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

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

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

970

**Clerk:** Head 41, Fire and Rescue Service; subhead 1, Payroll.

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

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

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

**Clerk:** Head 42, Culture; subhead 1, Payroll.

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

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

985

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

**Clerk:** Head 43, Broadcasting; subhead 1, Payroll.

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

990

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

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

995

**Clerk:** Head 44, Youth; subhead 1, Payroll.

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

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

1000

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

**Clerk:** Head 45, Sport and Leisure; subhead 1, Payroll.

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

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

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

1010

**Clerk:** Head 46, Financial Services; subhead 1, Payroll.

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

1015 **Clerk:** Subhead 2, Other Charges.

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

1020 **Clerk:** Head 47, Gambling Division; subhead 1, Payroll.

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

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

1025 **Mr Chairman:** Stands part of the Bill.

**Clerk:** Head 48, Commerce; subhead 1, Payroll.

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

1030 **Clerk:** Subhead 2, Other Charges.

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

1035 **Clerk:** Head 49, Postal Services; subhead 1, Payroll.

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

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

1040 **Mr Chairman:** Stands part of the Bill.

**Clerk:** Head 50, Gibraltar Audit Office; subhead 1, Payroll.

1045 **Mr Chairman:** Stands part of the Bill.

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

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

1050 **Clerk:** Head 51, Gibraltar Regulatory Authority; subhead 1.

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

1055 **Clerk:** Subhead 2, Other Charges.

**Hon. R M Clinton:** Mr Chairman, I do not have the accounts in front of me, but from memory I think the Gibraltar Regulatory Authority has been showing a surplus. I was just wondering if the Government could explain why there is a contribution, unless this is under a particular law.

1060 **Hon. Chief Minister:** Mr Chairman, the submission from the GRA reflected a reorganisation and, as a result of that, some increased salaries for some officers, which required this contribution.

1065 **Hon. R M Clinton:** Mr Chairman, I am grateful for that. Perhaps the Chief Secretary can advise the Chief Minister: is my recollection correct that the Regulatory Authority actually has a healthy surplus before this contribution for next year?

**Hon. Chief Minister:** Mr Chairman, the advice that we have is that the surplus is taken into consideration when determining the figure that has to be given to them.

**Mr Chairman:** Gibraltar Regulatory Authority other charges stand part of the Bill.

**Clerk:** We now move to clause 3 of the Bill and we go to page 165 of the book.

1075

**Mr Chairman:** Clause 3?

**Clerk:** We move to clause 3, which is at page 165 of the book.

1080 Head 53, Contribution to Government-owned Companies; subhead 1, Contribution to Government-owned Companies.

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

1085 **Clerk:** Head 54, Transfer from Government Surplus; subhead 1, Payment to Social Assistance Fund Import Duty Transfer from Government Surplus.

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

1090 **Clerk:** Head 55, Contribution to the Improvement and Development Fund; subhead 1, Contribution to the Improvement and Development Fund.

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

1095 **Clerk:** We now move to clause 4 of the Bill. This is at page 170 of the book. Improvement and Development Fund. Head 101, Works and Equipment; subhead 1, Works and Equipment.

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

**Clerk:** Head 102, Projects; subhead 1, Roads and Parking Projects.

1100

**Hon. T N Hammond:** Mr Chairman, if I may, just to check the costs for the highway resurfacing programme under subhead 1: is that specifically and only in relation to the area of the tunnel and the associated roads?

1105 **Hon. P J Balban:** Mr Chairman, the highways resurfacing programme, no; that is to do with roads generally.

**Hon. T N Hammond:** Can I just confirm then the entire budget for road resurfacing next year is estimated to be £300,000?

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**Hon. P J Balban:** Mr Chairman, that is correct.

1115 **Hon. T N Hammond:** Mr Chairman, I am just slightly confused because under head 101, number 1 (0) (iv), there is road maintenance and resurfacing, which comes in with an estimate of £815,000, so if that is ... I am slightly confused as to the Minister's response in that respect.

**Hon. P J Balban:** Mr Chairman, that head includes all the ongoing maintenance to our roads – potholes and mainly works that come out as a result of rain and damage and storms. So that is the lion's share, if you like, of the money's being asked for this year.

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**Hon. T N Hammond:** I am just trying to draw a distinction here, or understand the distinction between what constitutes road maintenance and resurfacing, and why resurfacing appears in two separate heads – which is why I asked originally why one was particular to that area of North Front, whereas the other is a more general maintenance and resurfacing programme.

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**Hon. P J Balban:** Mr Chairman, the £300,000 under subhead 1(3) is for the specific project, the highways resurfacing programme. The other subhead, which is 1 (0) (iv), is for general maintenance and repair works. As a result of bad weather, if roads are in a bad state then that is where the money is derived from. The £300,000 is specifically for roads that we feel need to be resurfaced but not as a result of damage caused by storm or wear and tear.

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**Mr Chairman:** Is there a question? Yes, the Hon. –

**Hon. T N Hammond:** We are still on 102, yes? Head 102, I believe, yes? Under subhead (4)(d), climate change and renewables –

1135

**Mr Chairman:** We are on head 102, Projects; subhead 1, Roads and Parking Projects. Any questions on roads and parking projects? Stands part of the Bill, then.

1140

**Clerk:** Subhead 2, Reallocation Costs.

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

**Clerk:** Subhead 3, Reclamation Projects.

1145

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

**Clerk:** Subhead 4, Other Projects.

1150

**Mr Chairman:** The Hon. Elliott Phillips.

**Hon. E J Phillips:** Mr Chairman, insofar as (4)(q)(iii), repairs to the fence, in light of the recent commitment by the Government to reconstruct and fortify with a no-climb fence, and also given the fact that in 2013 the Government spent £130,000 on the fence itself, surely the figure of £10,000 is going to increase substantially. Can the Government give any indication as to the amounts that would be spent to reconstruct and refortify, including the building of a no-climb fence?

1155

**Hon. Chief Minister:** Mr Speaker, the cost in respect of that fence, the fence that the hon. Gentleman photographed, is dealt with under the tunnel project because it is part of the tunnel site.

1160

**Hon. E J Phillips:** Just one further question in relation to subhead (4)(z)(w). I understand there is an earmark of £1,000. Again, I would have expected that to be a lot higher, the provision ... new schools.

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**Hon. Chief Minister:** Well, Mr Chairman, it is the opening of the head which has to happen for the purposes of the work that will commence. He will see how that project develops. There is



1170 a clear indication from the Minister of a target date for completion, so he will see how the cost is accounted for.

**Hon. R M Clinton:** Mr Chairman, if I could ask, under (4)(g), Wellington Front 1 development: the estimate was £810,000 and we came in at £1.5 million – I was wondering if there is something special about the overspend.

1175

**Hon. S E Linares:** Mr Chairman, yes, there were many other works as we got into Wellington Front. We had a fixed contract, as in tender process, but when we went into Wellington Front there were many vaults that needed things like sandblasting inside, which was not part of the contract. Therefore, that is the overspend as such, because when we went there many of the tenants were complaining about the consequences and the things that were happening underneath the vaults, which was not part of the contract. That is why. We went there and we took the decision of doing the vaults as well.

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**Hon. T N Hammond:** Mr Chairman, on the same subhead, and indeed the same sub-clause, I notice the Wellington Front development remains open with a £1,000 estimate. I was under the impression that the project was complete. Presumably there are still some works to be completed there.

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**Hon. S E Linares:** The project is complete but we have left a sum there in case, because it is an old building ... That is the problem with refurbishing old buildings. Because it is an old building, sometimes things crop up like water ingress from places you never envisaged water ingress coming from, so we left £1,000 just in case, when the winter comes, if we have to do any other works that need to be done we have a head there.

1190

**Hon. R M Clinton:** Mr Chairman, if I could reference item (u), Commonwealth Park, £450,000 estimated for this year – if I could ask what that would be in relation to.

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**Hon. Dr J E Cortes:** Yes, Mr Chairman, final payments. There were funds – as is often the case in major projects – retained for a period of time to ensure that all was well, and now that is due for payment.

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

**Clerk:** Subhead 5, Equity Funding/Funding.

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

**Clerk:** We now move to clause 5 of the Bill.

**Mr Chairman:** In respect of clause 5, the Hon. Roy Clinton has circulated an amendment which I invite him to move.

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

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The amendment I propose is that clause 5 be amended by the addition of the following words at the end of that clause, namely, 'no supplementary appropriation is to be allowed to head 52', so that the revised clause 5 would read as it stands at the moment with just those words added at the end, i.e. 'no supplementary appropriation is to be allowed to head 52'.

The reason for suggesting this amendment is that I have noticed it has become the habit when we come to the supplementary appropriations that this particular head 52, which is generally described as 'supplementary provision' and more specifically within the book as being

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1225 'to generally fund pay settlements and supplementary expenditure which can be reallocated to other heads of Department as a provision for the year ended 31st March 2018' ... When it comes to supplementary appropriation, a habit seems to have developed whereby rather than, as I believe the Constitution envisaged, the supplementary appropriation be by head ... instead of which we seem to be getting into the habit where a lump sum is appropriated into head 52 and then reallocated out from there, which I do not think was the intention of the rules surrounding supplementary appropriation, especially since this particular head is in the form of a provision, which in my mind you either expend or you do not, but I do not think it is appropriate that it should be added to thereafter.

1230 Therefore, Mr Chairman, what I am suggesting is we add this wording at the end of head 52 so that there can be no doubt in anybody's mind that £9 million is the amount in the head – you can spend that amount and reallocate it but you cannot come back to this House and ask for a further allocation to that head. If you do need supplementary appropriation on other heads, you do it as it was done in the past where you do it head by head, Department by Department, so as to give full visibility when you come to appropriate for the supplementary expenditure.

1235 I believe, Mr Chairman, that is what was done in the past and I believe that is probably what was intended by the Constitution and the Public Finance (Control and Audit) Act. What we have is a situation where you have a general account, and I can accept it where it is for use within the year but to add to it after the close of the year seems counterintuitive. That is why I am proposing this amendment. It has no impact whatsoever, as the Members of this House will realise, it has no impact on expenditure, it does not increase any charges, does not decrease any charges. This is purely a question of process and the mechanism by which future appropriations to this Appropriation Bill would be affected. So, in future if there is, for example, an overspend on the Port or education or health, it would come with a specific head attached to it with a specific number, rather than a total that goes into the generic account supplementary provision. I trust that hon. Members of the House will appreciate this is not in any way, shape or form trying to score points, but is just, I think, the proper mechanism by which supplementary appropriation should occur.

1245 Thank you, Mr Chairman.

1250 **Hon. Chief Minister:** Mr Chairman, the Government will not be supporting this amendment.

The hon. Gentleman has said, in the context of the presentation, that the intention, when the Public Finance (Control and Audit) Act was done, was that the appropriations which are supplementary should be dealt with in the way that he suggested and not as has been the case.

1255 Of course, I have had to look at what the practice has been. The practice that he is complaining of first arose in 1997-98 when the former Chief Minister was the Minister for Finance. The former Chief Minister, Sir Peter Caruana, amended the Public Finance (Control and Audit) Act and led the negotiations on the new Constitution and the presentation of the new Constitution in referendum to the general public – and of course, as he knows, all of these things are linked. Therefore, it is clear that the intention of the person who passed the Bill and who therefore devised this structure is the intention that we are seeing here.

1260 I have looked back at a number of Appropriation Bills. I have looked at the 2008 Bill – it has a similar provision to the one we have today, without the caveat in words the hon. Gentleman has referred to; the 2005 Bill; the 2004 Bill. Mr Chairman, I wanted to look before the new Constitution and after, because of course that affects the Public Finance (Control and Audit) Act. I think it is very clear that the introduction of the head was a matter which was brought about by hon. Members' party when they were last in government. It was introduced when the former Chief Minister was Minister for Finance and clearly intention of the legislature has to be inferred from the fact that the person who brought the legislation to the legislature at the time and interpreted the legislation after 2006 acted in the manner that I am setting out.

1270 And so therefore, Mr Chairman, the Government will not be supporting the proposals set out by the hon. Gentleman in his amendment, although I must say it is remarkable that he is

1275 presenting an amendment to a Bill that he intends to vote against; (**A Member:** Exactly.) so we are going through the Committee Stage, but when we come to the Third Reading they are going to vote against, just like they voted against in the Second Reading. And so they want to amend the Bill that they then allow us to approve on our own.

1280 Well, look, Mr Chairman, we are going to approve it with our votes – and with the votes of the hon. Lady and the Hon. Mr Llamas, if they vote as they voted in the Second Reading – and we are going to approve it on the basis of the Bill presented to the House, not with the amendment that he proposes.

1285 **Hon. R M Clinton:** Mr Chairman, just to clarify for the record, whereas I do not dispute that the form of provision or head had been correct, certainly under a previous GSD administration, what we have not seen under the previous GSD administration is a supplementary appropriation to that particular head. I have gone back and looked at the Appropriation Bill for 2010-11 and certainly there was a supplementary appropriation but it was by individual head and not to this supplementary provision head. It is a practice that his Government has fallen into the habit of doing, whereby there is a reallocation of the supplementary provision after the year is ended by bringing to this House a Bill to supplementary appropriate to that head and not to the individual other heads.

1290 It is regrettable, Mr Chairman, that the Government does not feel able to support this amendment which I think would be useful in future, but I do believe that the manner in which this provision is being used in respect of supplementaries in my view is not what was intended in terms of its original use; and the reason for its creation, as the Father of the House has told me in the past, was for supplementary pay awards during the year, but certainly not to top it up at the end of the year once you have overspent in Health and Education, and other areas perhaps, and to reallocate out of that. I think that is a use of that particular subhead which runs contrary to what the Constitution says. Indeed, the Constitution, under 69(3)(b), says:

If ... any moneys have been expended on any head of expenditure in excess of the amount appropriated for the purposes included in that head by the appropriation law or for a purpose for which no amount has been appropriated by the appropriation law, the Minister ... shall cause a supplementary estimate showing the sums required or spent to be prepared and laid before the Parliament ...

1300 But if he just gets a lump sum and puts it into this provision and then reallocates it himself and gives us a schedule after the event, there is no way this Parliament has any way of knowing what it is or which heads he is putting a supplementary appropriation to, which is why I was suggesting by all means keep the clause and keep the head but cap it at the amount of the provision as provided in the Bill, and that no further appropriation should be allowed to it.

1305 If the Government is not minded to support my amendment, so be it, but I will have more to say on this when we do debate the supplementary Appropriation Bill.

Thank you, Mr Chairman.

1310 **Hon. Chief Minister:** Well, Mr Chairman, I look forward to see whether he actually comes up with anything persuasive at some stage when he talks about Appropriation Bills, but for now the Government's position is clear and if you put it to the vote we will express our views by voting in the appropriate way.

**Mr Chairman:** Does anybody else wish to speak on this amendment?

1315 I will therefore put Mr Clinton's amendment to the vote. Those in favour? (**Several Members:** Aye.) Those against? (**Several Members:** No.) Carried. The amendment is defeated.

**Clerk:** We move to page 164 of the book. Head 52, Supplementary Provision; subhead 1, Supplementary Funding.

1320 **Mr Chairman:** Stands part of the Bill.

**Clerk:** We now consider clauses 6 and 7 of the Bill and we move to page 182 of the book. Gibraltar Development Corporation, Appendix B.

1325 **Mr Chairman:** This is all Appendix B. Does anybody have any question?

**Clerk:** Borders and Coastguard Agency, Appendix C.

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

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**Clerk:** Gibraltar Electricity Authority, Appendix D.

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

1335 **Clerk:** Housing Works Agency, Appendix E.

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

**Clerk:** Gibraltar Health Authority, Appendix F.

1340

**Hon. T N Hammond:** Mr Chairman, just with respect to salaries, again I am not detecting any substantial change in the overall headcount of the Health Authority. I see there are slightly fewer part-time jobs but overall the numbers are, in percentage terms, almost identical – and yet there appears to be a £3.2 million increase in the salaries. Is it understood what the reason for that is?

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**Hon. N F Costa:** Yes, Mr Chairman, if the hon. Gentleman would go to relief cover, he will see that there is a drop from £5.6 million to £2.5 million. That is because we have been advertising posts, which will therefore make them salaried officials rather than locum cover.

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**Hon. R M Clinton:** Mr Chairman, in respect of line 16-17, prescriptions and drugs, I note there is quite a large increase on Group Practice Medical Scheme prescriptions for this coming year, but there seems to be almost a compensating drop in drugs and pharmaceuticals. I would be grateful if the Minister could explain the variation. Are we looking at reallocation or is there some kind of different methodology?

1355

**Hon. N F Costa:** Mr Chairman, I did set out the reasons during the course of my Budget speech. I explained to the hon. Gentleman that the new finance team has implemented a series of controls. We are confident that as a result of the measures being taken and direct negotiations with the different companies that provide the drugs and pharmaceuticals to the GHA we will be able to come lower than we did in this financial year. Of course we will see at the end of the financial year whether we have been successful in that or not.

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**Hon. R M Clinton:** Mr Chairman, I am grateful for that, but can he explain why the large increase in Group Practice Medical Scheme prescriptions?

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**Hon. N F Costa:** Mr Chairman, as the hon. Gentleman may recall, the GHA has been introducing a new electronic system as a result of which there have been some payments to pharmacies that we are catching up on, and that is the amount that will take into account the payments to the pharmacies.

1370

**Hon. R M Clinton:** Sorry, Mr Chairman, there was a problem with the prescriptions system and this is catch-up payment?

1375 **Hon. N F Costa:** The GHA introduced during the tenure of my predecessor a new system called EMIS Health – I am sure that my hon. predecessor made comments about it at the time during the course of the Budget speech – and as a result of the change from one system to the other we are just adjusting and pharmacies are being paid as a result of that transitional period.

1380 **Hon. Dr J E Cortes:** If I may assist, during the time of the transition, because the system was changing, there was a time lag in which the figures actually owed to the pharmacies could be reconciled, so I believe, if memory serves me right, there was a calculation done on 85% of the previous year and that was what was paid, and when the system was implemented it was then adjusted to reflect the actual costs. So there is a backlog there that has to be caught up.

1385

**Hon. R M Clinton:** Mr Chairman, on more mundane things, laundry and cleaning on line 24, I am just curious as to how they are going to achieve such a large saving on what is such an essential item.

1390 **Hon. N F Costa:** Mr Chairman, the Financial Secretary reminds me that this was as a result of an internal rationalisation and this was the figure that the finance team has arrived at, and we think that we will be able to provide the laundry services that are provided to the GHA at £300,000 as opposed to £450,000. Once again, as I said to the hon. Gentleman during the course of my Budget speech, we are holding monthly financial control meetings, so we will know, I daresay within six months, whether or not we are on track with the estimates that we are making during the course of this financial year.

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**Hon. D A Feetham:** Mr Chairman, in relation to sponsored patients, the hon. Gentleman may recall that there have been exchanges during Question Time in relation to ... I asked whether there had been a change in practice in relation to sponsored patients. That was in March and the hon. Gentleman told me that there was no change in sponsored patients. But this appears to indicate that in fact there is a substantial decrease in sponsored patient expenditure from £19.5 million to £14 million. Presumably there has been a change in practice. Could the hon. Gentleman explain that?

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1405

**Hon. N F Costa:** Mr Chairman, to answer the various questions that the Hon. the Leader of the Opposition has put to me, if you were to consider the estimate that was made for 2016-17, you will see that the amount that was actually spent was almost £8 million more, which means that it has been very much demand led. He says that I mentioned in an answer to a question to him there had been no change in the policy, and I stand by that – there has not been a change in the policy.

1410

I also mentioned during the course of the Budget speech to the hon. Gentleman opposite that – I think it was on 4th May – there has been a committee set up comprised of the most senior physicians in the GHA, where referrals now are checked by this committee and they are either confirmed or otherwise, and after having looked certainly at this subhead significantly, we are confident that we will be able to, as a result of this new committee, which has not changed the policy in terms of when persons are sent to Spain or to the UK but rather it provides a quality assurance that the right decisions are being taken by a wider field of consultants rather than just the one referring consultant ... We think that the £14 million will be the right amount, but once again we will see within the course of the financial year whether we are correct in our estimate or we are not.

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1425 **Hon. T N Hammond:** Mr Chairman, line 27, motor vehicle and fuel expenses, again I note from the forecast outturn of £250,000 for this year a reduction to £150,000 for next year. I know we were discussing fuel prices earlier. I do not think they are down that significantly to indicate a reduction of £100,000 in the costs. Is there another reason why we may expect that particular cost to go down so dramatically?

1430 **Hon. N F Costa:** Mr Chairman, once again this is an attempt internally by my Ministry and the new finance team at rationalisation, and in an attempt to save money. I would hope that the hon. Gentleman will in due course – if we are correct in the estimate of being able to spend less on motor vehicle and fuel expenses – that he, at the appropriate juncture, congratulate us for being able to do so. But, as I say, where we estimate less expenditure than in the course of this financial year, it is as a result of internal controls that we are implementing. During the course of 1435 the Budget speech I gave indication of the major heads of which we think we will be able to be more financially prudent, and motor vehicle and fuel expenses was one of those subheads.

**Hon. T N Hammond:** I would be more than happy to congratulate the Minister should he achieve his targets.  
1440 Can I just get an assurance that that rationalisation does not involve any reduction in the ambulance fleet, for instance, or in any other mission-critical vehicle, shall we say?

**Hon. N F Costa:** Mr Chairman, the hon. Gentleman also was not listening to the course of my Budget contribution. I appreciate that it was probably one of the longest ones, but I did say 1445 there that as a result of the increase to the staff of the complement of the Ambulance Service, which was increasing by eight ambulance care assistants, we would actually be taking a new emergency ambulance in July, we will be taking an additional emergency ambulance in December and we will be taking over the ambulance that the Gibraltar Fire Service provides, so there is no question of us spending less. In fact, we are spending more in terms of human 1450 resources and resources to be able to service the community, and the Financial Secretary has very helpfully reminded me that with solar panels that should also reduce the fuel spend on the generator.

**Hon. T N Hammond:** Can I just confirm? So the cost of those new vehicles, which are very 1455 welcome indeed ... They obviously do not feature in this head. Did I miss them in the capital expenditure head? Where might I find them? If the Minister could provide guidance.

**Hon. N F Costa:** Mr Chairman, they will be in the capital account: receipts and contributions 1460 from the I & D Fund.

**Hon. T N Hammond:** Mr Chairman, moving on from that point to line 42, disposal of clinical waste. Again, I know, quite a substantial reduction – I am sure the Minister will say it was in his speech, but it was a very long speech – (*Interjection by Hon. Chief Minister*) It is a reduction of 1465 £730,000, almost halving the overall bill from the outturn expected. Can the Minister explain how that will be achieved?

**Hon. N F Costa:** Mr Chairman, in the first place, the hon. Gentleman should thank the Chair for the fact that it was only an hour and a half; it was probably more like three hours, but after 1470 the Chair's admonition I sought to reduce the speech substantially. I still did not escape a ticking off, however.

In respect of the waste, this is something again that the finance team and I have looked into and we actually think that the money being spent is too high and there are ways in which, by proper education and more robust protocols, we can ensure that the bins, the way that they are used, are used properly, because every time they are taken from the GHA, from any areas of the

1475 GHA, we need to pay a fee, and unfortunately sometimes those bins are full before they ought  
to be because they are not being used clinically as they ought to be. So we are in the process of  
issuing entirely new and more robust protocols to make sure that the bins are used properly and  
the matrons, part of their job will be to make sure that clinicians and nurses use those waste  
bins properly in order to reduce cost. It is actually, as the hon. Gentleman rightly noted, quite a  
1480 high item of expenditure which we think we can greatly reduce.

**Hon. T N Hammond:** And I promise to congratulate the Minister should he achieve that target also.

1485 One more: going down to security, Mr Chairman, again I note – and in the first instance I do congratulate the Minister in, already, the reduction of the actual to the forecast outturn, but I do notice that again we are reducing the estimate by about 25%, by £90,000. Is there a reason for that? Clearly I am not assuming it is a reduction of security. Is it new technology being introduced, or anything like that, at the hospital?

1490 **Hon. N F Costa:** Mr Chairman, the Director of Finance of the GHA is outside and they are going to ask the question now, so perhaps if we can move on I will move back as soon as I have the answer for the hon. Gentleman.

1495 Mr Chairman, this is an item of expenditure that I certainly have no recollection of discussing trying to reduce, so it may well be that this slipped the net and it should be exactly the same; but as I say, I will confirm with the Finance Director and get back to him.

**Mr Chairman:** Any other questions? No. Then Gibraltar Health Authority stands part of the Bill.

1500 **Clerk:** Gibraltar Health Authority Elderly Residential Services Section, Appendix G.

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

**Clerk:** Care Agency, Appendix H.

1505 **Mr Chairman:** Stands part of the Bill.

**Clerk:** Gibraltar Port Authority, Appendix I.

1510 **Mr Chairman:** Stands part of the Bill.

**Clerk:** Gibraltar Sports and Leisure Authority, Appendix J.

1515 **Hon. T N Hammond:** Mr Chairman, line 24, hosting of special sports and leisure events: I note quite a substantial rise in the estimate from the forecast outturn for this year, and indeed last year's estimate, to the tune of about £300,000. Is that because there is a particular event envisaged to happen in the next 12 months that would cover that cost?

1520 **Hon. S E Linares:** Mr Chairman, it is to do with certain events that we are hosting and therefore we have increased the amount this year. We are hosting more events. Remember that the more events we do, the more tourism we get and the more benefit to the economy generally. For example, one of them is the Pool Masters that we do, and there are other events that we have increased during the year.

1525 **Hon. T N Hammond:** Yes, I am certainly not judging as to the value; I was only wondering as to the increase in costs. Mr Chairman, thank you.

**Mr Chairman:** Gibraltar Sports and Leisure Authority stands part of the Bill.

1530 **Clerk:** The long title.

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

**BILL FOR THIRD READING**

**Appropriation Bill 2017 –  
Third Reading approved**

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

1535

**Chief Minister (Hon. F R Picardo):** Mr Speaker, I have the honour to report that the Appropriation Bill 2017 has been considered in Committee and agreed to with no amendments, and I now move that it be read a third time and passed.

1540

**Mr Speaker:** I now put the question, which is that the Appropriation Bill 2017 - 2018 be read a third time and carried.

**Hon. Chief Minister:** Mr Speaker, I call a division on the Third Reading.

1545

**Mr Speaker:** Call the division, please.

*A division was called for and voting resulted as follows:*

**FOR**

Hon. P J Balban  
Hon. J J Bossano  
Hon. Dr J E Cortes  
Hon. N F Costa  
Hon. Dr J J Garcia  
Hon. Ms M D Hassan Nahon  
Hon. A J Isola  
Hon. G H Licudi  
Hon. S E Linares  
Hon. L F Llamas  
Hon. F R Picardo  
Hon. Miss S J Sacramento

**AGAINST**

Hon. R M Clinton  
Hon. D A Feetham  
Hon. T N Hammond  
Hon. E J Phillips

**ABSENT**

Hon. E J Reyes

**Mr Speaker:** There is one absent Member. Four Members have voted against, 12 have voted in favour, and therefore the Appropriation Bill 2017 – 2018 has been approved.

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

1550

**Hon. Chief Minister:** Mr Speaker, I rise now to adjourn the House, satisfied that Gibraltar will not be liquidated, that we will not be destroyed, that we will have an appropriation, that the schools will stay open, that the hospitals will stay open.

I want to thank the people sitting behind me who produced this magnificent book (**Several Members:** Hear, hear.) (*Banging on desks*) which sets out all of the detail of the spending of the Government of Gibraltar, and I want to specifically thank, on behalf of the whole of the



1555 community, Lawrence Llamas, Marlene Hassan Nahon, Steven Linares, John Cortes, Samantha Sacramento, Neil Costa, Joseph Garcia, Joe Bossano, Paul Balban, Gilbert Licudi and Albert Isola for joining me in voting this appropriation.

I move, Mr Speaker, that the House do now adjourn, still in Bills, for I have no intention of calling a fresh meeting of the House until Wednesday the 12th at three o'clock in the afternoon.

1560 **Mr Speaker:** I am delighted to propose that the House do now adjourn to Wednesday, 12th July at three in the afternoon. Those in favour? (**Members:** Aye.) Those against?

The House will now adjourn to Wednesday, 12<sup>th</sup> July at three in the afternoon.

*The House adjourned at 4.47 p.m.*