



PROCEEDINGS OF THE GIBRALTAR PARLIAMENT

AFTERNOON SESSION: 3.06 p.m. – 5.03 p.m.

Gibraltar, Thursday, 13th June 2019

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The Gibraltar Parliament

The Parliament met at 3.06 p.m.

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

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

Order of the Day

In Committee of the whole Parliament

Appropriation Bill 2019 – Clauses considered and approved

Clerk: Committee Stage and Third Reading. 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: the Appropriation Bill 2019.

Clerk: A Bill for an Act to appropriate sums of money to the service of the year ending on 31st March 2020.

10 Clause 1.

Mr Chairman: Stands part of the Bill.

Clerk: Clause 2. Head 1, Treasury – subhead (1) Payroll; subhead (2) Other Charges.

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

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

20 Talking about insurance, I appreciate that the Insurance Fund will be converted today or tomorrow but could the Government explain, under Other Charges there is item 3, Insurance Premiums and Claims, which last year was £408,000 and this year is going to be £700,000 in the estimate, and yet further down, on the next page, on 12, we have the Government Insurance Fund, which also has amounts appropriated to it. I would just like some clarification. If the Government is self-insuring, why is there another line 3?

25 **Hon. Chief Minister:** Because, Mr Chairman, only one of them is self-insuring. One of them is the property insurance and the other one is insuring for the lives of civil servants or public sector workers who die at work.

30 **Hon. R M Clinton:** Mr Chairman, I am grateful to the Chief Minister for his answer. Could he indicate which one is which – which one is doing the property which one is doing the lives?

Hon. Chief Minister: Mr Chairman, the first one is property and the second one is life. The other way round?

35 **Minister for Economic Development, Telecommunications and the GSB (Hon. Sir J J Bossano):** It says it clearly: it says 'Insurance Fund'.

Hon. R M Clinton: So, Mr Chairman, if I understand correctly, the first one, Insurance Premiums and Claims, is the property one, and the second one is lives.

40 The Government will appreciate lives are obviously a lot more complicated to insure for, sometimes. On what basis is the charge calculated? Is there some actuarial advice that the Government receives?

45 **Hon. Sir J J Bossano:** I think when we started the Government Insurance Fund it was after getting quotes and it was felt that the lowest quote was still too high, so the original sum that was put in, in the first year, was under the lowest quote and we then found that in fact at the end of the year very little of it had been needed. This year it has been reduced slightly simply because we have had three years where the money going out has been less than the money coming in. That is how it was done. It was not actuarial; it was on the basis of putting a sum of money below the lowest quote.

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Hon R M Clinton: Mr Chairman, I am grateful for the Father of the House's answer.

If I can just ask one last question on this: in terms of life, are we talking about death in service, injury? What sort of life cover is being provided here?

55 **Hon. Sir J J Bossano:** It covers all of the categories that he has mentioned, because in fact there are only two kinds of insurance: the one that he has mentioned for accidents at work or anything else, and the other one is just property.

Hon. Chief Minister: This is just death in service.

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Hon. Sir J J Bossano: It is death in service only. No, it is only Government employees that are covered for this one, for the Government one.

Mr Chairman: Head 1 stands part of the Bill.

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Clerk: Head 2, No. 6 Convent Place – subhead (1) Payroll; subhead (2) Other Charges.

70 **Hon. T N Hammond:** Mr Chairman, referring to line 7(b), Other Grants and Donations, there is a 35% overspend on the estimate. Can I ask what caused that overspend? And is it possible to obtain a list of what grants and donations were given?

Hon. Chief Minister: Mr Chairman, the position in relation to a list of grants and donations remains exactly the same as it has been through successive administrations. I am happy to tell hon. Members opposite what they are behind the Speaker's Chair, but we will not publish a list.

75 The increases relate to the approaches Government has had in respect of this area of grants.

Hon. T N Hammond: Sorry, Mr Chairman, I do not think the question was really answered. I accept the first part of the answer, of course, and will request that behind the Speaker's Chair.

80 Presumably at the start of the year it was set out to have a budget of a million pounds in the estimate for that – the previous year it was around a million pounds, but this year it has quite significantly increased. Is that down to one single additional grant or several grants? There must be a reason for the overspend.

Hon. Chief Minister: A number of additional requests for grants and donations which have been considered meritorious, Mr Chairman.

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Hon. E J Reyes: May I, Mr Chairman? On subhead (7)(a) under the heading of 'Gibraltar Regiment', I know the Chief Minister and I have had occasion to be at social events where the regiment has tried to appeal for funds to go towards Grand Battery House – is this in any way connected with Grand Battery House, or is this one that ...? I know the Gibraltar Regiment have been included for many years, but given the recent requests that have come up for Grand Battery House I wonder whether that is the same.

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Hon. Chief Minister: No, Mr Chairman, that is somewhere else; I will find out where that is.

This, from memory, is the cadet scheme that is run through a donation from No. 6 Convent Place. I think it was agreed in their time and we have continued it. I think it is a very valuable contribution that they make to young people in Gibraltar, who sometimes will then decide to continue in the regiment. It is a recruiting tool as much as it is an educational tool. It is £80,000 this year, which is not a bad figure given that we are celebrating the 80th anniversary of the regiment.

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Hon. T N Hammond: Mr Chairman, moving on to line 8, Research and Development Studies and Professional Fees – again, a significant overspend on the estimate – is it possible to have a list of what items were spent on in this regard?

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Hon. Chief Minister: Mr Chairman, I do not think it is an overspend, in the sense that this is a demand-led one. This is not one we are able to estimate very particularly precisely, in some respects, because we have got professional fees and professional fees fluctuate, but if the hon. Gentleman will allow me, let me just check whether this is published. I think this is on our website.

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Mr Chairman: Any other questions?

Hon. T N Hammond: Yes, Mr Chairman. For line 11, Government General Advertising and Official Notices, does Government have a particular reason for the increase in that particular budget from £400,000 to £500,000 for this next financial year?

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Hon. Chief Minister: Mr Chairman, I think you will find that when we estimate that something is going to cost us £400,000 and then it costs us £450,000, the year before it having cost us £430,000, it looks like we are going to have to continue to keep in mind the possibility of these costs escalating. I think that is why we have conservatively estimated it at £½ million. I think the cost of advertising is going up as well, from memory, in all of the local and international media where we advertise, and for that reason we thought it prudent to ensure that next year we were closer to the estimate by going for £500,000.

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Of course, these questions do disclose, Mr Chairman, how much of the detail of all of the accounts of Gibraltar is disclosed here, how much of the detail of all of the spending is set out in this Book and therefore why there is a very good reason for not believing that the accounts of Gibraltar are not entirely and completely transparently disclosed.

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Hon. T N Hammond: Mr Chairman, is the principle that the Chief Minister has just described, with respect to using the Budget of previous years to inform the Budget of future years, one that they have applied throughout the Budget Book?

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Hon. Chief Minister: That and other principles, Mr Chairman. This is not zero sum accounting. In other words, you do not start each year by saying, 'Right, how much will I spend on x?'

135 without looking at what you have spent in other years, because then you do not allow the
history of the cost that you have incurred previously to in any way inform your ability to budget
an estimate for the future.

So, the way it has been done under successive Governments – and I did an analysis during the
course of my speech earlier, Mr Chairman, about how things were done before we were in
140 administration and indeed before the former administration as well ... It has always been a
question of looking at what the expense has been the year before, not a question simply, of
course, of saying, ‘Well, give them an extra 5% and build year on year’ or ‘Give them an extra
10%’, but looking at what the expense has been, wondering whether it is going to go up by a
rate of inflation or other costs, whether there are other incidental opportunities for it to go up
145 or for it to go down, and then to reach a view as to what the number you should put in there
would be.

The hon. Gentleman will therefore see that in some instances the number provided for next
year, or for this current year that we are in, is higher, the same or lower than the year before,
depending on the estimation – that the hon. Members opposite will recall I told them during the
150 course of my opening address – we did very carefully indeed with all the controlling officers and
with all the officers of the Government of Gibraltar who are responsible, and therefore why this
Book does disclose so much of the detail of the accounts of Gibraltar and the spending that is
done, and indeed the revenue.

155 **Hon. T N Hammond:** Mr Chairman, based on the principle just described, I presume it has not
been applied to line 14, where we have consistently seen actual or forecast payments over
£½ million and yet only a nominal figure resides in the estimate column of £1,000.

Hon. Chief Minister: Yes, Mr Chairman, it has been applied and it has been applied also to
160 the one above, Contract Officers, where he will see that the figure goes from £95,000 to £89,000
and then down to £41,000, because the principle of an *ex gratia* payment is that ... Although you
may see that you have consistently been paying about £½ million, the very principle of an *ex
gratia* payment should suggest that you do not know that you are going to have to make it, and
therefore what we have decided is that, as a matter of principle, that has to be led by things that
165 may happen and not be led by the idea that just because we have had £½ million of *ex gratia*
payments, more or less, in the past, we should allow the line to be infected in that way.

This is a different sort of expenditure to the expenditure that he is looking at in the other
lines. This has to be a demand-led line and therefore, as we do not have in view at the moment
any potential payments, we are estimating £1,000. I seem to recall that last year we already had
170 an indication that there was litigation that needed to settle and we had an indication of where
we thought it would settle, and that is why we were able to estimate. Otherwise, it is just
something that will happen or not happen.

Mr Chairman, if it is helpful, hon. Gentlemen will see that not just in the capital account in
the I&DF but also throughout the Book there are a lot of £1,000s. I suppose, Mr Chairman, in
175 your time it used to be £100. It is like a token amount.

Hon. T N Hammond: Mr Chairman, yes, it is understood to be a token amount; that is why I
asked the question.

On the principle again that the Chief Minister has just described for line 14, why would you
180 not do the same and just put a nominal amount in the insurance column, knowing that that is
demand led also?

You have just described a principle where the *ex gratia* payments, despite history showing
that they are, at least over the last two years, over £½ million in each year ... You have included a
nominal figure, a nominal amount, for the estimate because you say it is demand led. In other
185 words, it is theoretically possible not to have any *ex gratia* payments, albeit history for the last
two years at least has shown there have been significant amounts in that area. The same could

be said when you self-insure. You put a nominal figure because you do not actually know that you may have any – let me finish, please ... that you do not actually expect to have any claims. It is a similar principle – that is what I am saying – so why would one have only a nominal, knowing that the history has been more expensive than that, whilst for the other you have put a figure into the estimate?

Hon. Chief Minister: Well, Mr Chairman, because he has completely misunderstood what the other two are. The other two are very clear and fixed amounts: they are the amount of the premium in the context of that which is being obtained commercially and the amount we are putting into the fund on the basis of the fund that we have designed. So that is not demand led; that is the decision made at the beginning of the year to buy the premium from the third party at the fixed amount or to put the sum into the fund. The claims are either out of the fund on the one hand or paid by the insurance broker on the other hand. This is completely different. This is when you are not covered by insurance and you are making a payment *ex gratia* to settle a claim or other reason for a payment being made. So that is why those two completely different concepts in law are accounted for in a completely different way in the Book, but if they have difficulty understanding the difference between those two then I understand now why it is that they do not vote in favour of the Book and they say some of the things that they say.

Hon. T N Hammond: Mr Chairman, I am really not sure why the Chief Minister gets so upset at this part of the proceedings! We are making inquiry on behalf of the people of Gibraltar just to try and understand. (*Interjection*) That does not mean that you should not make inquiry.

Mr Chairman, moving on to line 15, I noticed nominal figures have been put for the estimate last year and the estimate this year. ‘Co-ordination of the Fight against Illegal Drugs’ – I am trying to understand where the expenditure may come from and how the Chief Minister envisages using that particular line.

Hon. Chief Minister: Mr Chairman, I am concerned that hon. Members opposite think that we are upset. We are not upset at all; we are just flummoxed by their lack of understanding of basic principles. Sometimes when our jaws drop they make a sound, and the sound is the sound of those who are remarkably surprised that after three and a half years – in fact, the fourth exercise in budgeting that they are involved in; the third one where they are going to vote against on the basis that the information is not here, although they voted in favour the first time that this particular configuration of the team opposite assembled – they still do not understand these things. It is really, frankly, quite something because we have got £676 million of spending going through this Book and you would have thought that by now they would have understood it.

In relation to the simple question that he has asked now, it is very easy to explain. We are looking to change some of the ways that we do some of the co-ordination of the fight against illegal drugs. We are still considering whether it is something that needs to be done through the No. 6 head or whether it needs to be done through some different head, and for that reason we have continued to keep open a nominal amount. I think it is sensible to do that. I hope I have not upset him by giving him that answer, but given that he has already voted against this Book at the Second Reading on the basis that he says it does not contain all of the information of spending, I am surprised that they are looking at this with the level of scrutiny that they are. I am pleasantly surprised, because as I have said to them in the course of my interventions, there is £676 million of spending and the Book is prepared exactly the same way as it was prepared before. So, I am quite happy to answer the questions that they may have and encourage them to ask them, even though that then makes it impossible for them to argue that they are not able to look transparently at all the spending.

240 **Hon. T N Hammond:** Mr Chairman, just a question for you: is every answer going to be as long as that answer? We are going to be here for days if every single answer has to be as long as ... Surely the purpose is for the Members opposite to answer the questions put to them, not give a whole political diatribe for every single line that we challenge – not even challenge, just question – in the Book.

245 **Hon. Chief Minister:** Mr Chairman, I consider what the hon. Gentleman has said now to be a political diatribe and I think we are not going to be able to progress very quickly if every time I give them an explanation and I set in context what I am saying to try and make them realise that what they have said at the Second Reading makes no sense, we are going to find ourselves having to have the same argument.

250 I am paid by the people of Gibraltar to be here to account to them and everybody else, and apart from a parade to honour Her Majesty which I intend we should all be able to attend and the United Nations next week, I have got as long as they want.

255 **Mr Chairman:** Do you have a question for me? What is your question, please? I did not hear you.

260 **Hon. T N Hammond:** The question was simply, Mr Chairman, whether it is acceptable that every single answer to the question goes well beyond the remit of the question being asked, which is fairly limited with respect to the details of a particular financial line and has to become a long political diatribe on each and every question we ask.

265 **Mr Chairman:** I would expect hon. Members to be sufficiently grown up and sensible to deal with the matter as it should be. Committee Stage on the detailed Estimates of Expenditure is not the kind of debate that you have during the Second Reading of the Bill – that you ask a specific question and you should get a specific answer and that should be the end of the matter. If you do not understand the answer, you can obviously ask another question to try and get further information. I think if we all behave sensibly we might make progress; otherwise, you can be here until kingdom come.

270 **Hon. Chief Minister:** Mr Chairman, what the hon. Gentleman is saying to me is that he wants shorter answers from the Government. Given that what they ask for always is more transparency, I am quite happy to give him shorter answers and not set them in context if he does not like – it is up to him.

275 **Mr Chairman:** Any other question on this head? If not, head 2 stands part of the Bill.

Clerk: Head 3, Customs – subhead (1) Payroll; subhead (2) Other Charges.

280 **Hon. E J Reyes:** Mr Chairman, on subhead (2)(ii)(g) I see there is a 50% increase in marine expenses. Can we have an indication of what type of expenses those are? Is it running costs or is it purchase of new equipment, for example?

285 **Hon. Chief Minister:** It is £52,000 and it is estimated to be necessary as a result of the move of the Marine section of Customs, Mr Chairman. They have to get the boat, or some aspect of it, out of the water with a crane and that is the estimate of the cost of the crane and all of the ancillary moves.

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

Clerk: Head 4, Income Tax – subhead (1) Payroll; subhead (2) Other Charges.

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

Clerk: Head 5, Parliament – subhead (1) Payroll; subhead (2) Other Charges.

Mr Chairman: Stands part of the Bill.

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Clerk: Head 6, Human Resources – subhead (1) Payroll; subhead (2) Other Charges.

Hon. T N Hammond: Mr Chairman, can I refer the Committee to line 5, Early Exit Schemes, and request an explanation as to why that particular line has almost doubled in two years?

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Hon. Chief Minister: Because there are more in the exit schemes.

Hon. T N Hammond: Sorry, just so that I understand, it is simply that more people are leaving early and that more are anticipated to leave early in the coming year, that they have already given notice that they are leaving?

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Hon. Chief Minister: Yes.

Hon. R M Clinton: Mr Chairman, just turning the page to page 33, I notice – it looks like a new line – Civil Service Awards and Years in Service Medals. Is this something new to introduce by the Government, in terms of awards?

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Hon. Chief Minister: Mr Speaker, I understand this is an initiative from the Chief Secretary to introduce a method of recognition of periods of service of people in the Civil Service.

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Mr Chairman: Any other questions?
Head 6, Human Resources, stands part of the Bill.

Clerk: Head 7, Immigration and Civil Status – subhead (1) Payroll; subhead (2) Other Charges.

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Mr Chairman: Head 7, Immigration and Civil Status, stands part of the Bill.

Clerk: Head 8, Government Law Officers – subhead (1) Payroll; subhead (2) Other Charges.

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Hon. E J Phillips: Mr Chairman, just insofar as Government legal officers are concerned and so far as the increase in salaries, does that represent the increase from the appointment of the Director of Public Prosecutions?

Hon. Chief Minister: Yes, Mr Chairman, this is three other new officers that are being added. I think two are some level of Crown Counsel and one is the DPP that is being added, but not at the rate at which it was sought that the DPP should be added. Hon. Members will know that during the course of my speech I alluded to a senior member of the profession who had wanted to be DPP and had wanted to be appointed. That was not agreed, Mr Chairman, and therefore the salary does not go up by the amounts that he had purported to have earned.

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Mr Chairman: Head 8 stands part of the Bill.

Clerk: Head 9, Financial Secretary's Office – subhead (1) Payroll; subhead (2) Other Charges.

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Mr Chairman: Head 9 stands part of the Bill.

Clerk: Head 10, Drug and Alcohol Awareness and Rehabilitation Services – subhead (1) Payroll; subhead (2) Other Charges.

345 **Hon. L F Llamas:** Mr Chairman, I would like to ask, with regard to the Head of Drugs and Service Probation, is this a new vacancy, a new post that has come in, or has it been transferred from another area into this head?

Hon. Chief Minister: No, Mr Chairman, this is the one that has been there all along.

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Mr Chairman: Head 10 stands part of the Bill.

Clerk: Head 11, Public Service Support Unit – subhead (1) Payroll; subhead (2) Other Charges.

355 **Mr Chairman:** Head 11 stands part of the Bill.

Clerk: Head 12, Office of the Deputy Chief Minister – subhead (1) Payroll; subhead (2) Other Charges.

360 **Hon. R M Clinton:** Mr Chairman, under Other Charges, line 9, ‘Work in relation to the planned UK departure from the EU’, I can understand it going up to £200,000 for the forthcoming year. I am now told that there is a million pounds within one of the other heads later on, which is supplementary provision 54. Are there any other provisions with respect to Brexit work or planning?

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Deputy Chief Minister (Hon. Dr J J Garcia): Yes, Mr Chairman, the provision which is shown there, of those £200,000, is a general Brexit vote in the central vote, as it were, in my office, and that may be used ... When it was originally estimated, we did not know how much of it we were going to use in the first year. We do not know how much we are going to use in this year. We have an indication from what has been spent last year. That does not mean we may not spend more this time round. But in terms of the expenses by the Departments, those are met by the Departments themselves. Different Departments will have budgeted for Brexit – by way of example, medicine or whatever it is – in their own area. So this is a central vote and Departments will use their own funding for Brexit as we go forward.

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Hon. R M Clinton: Mr Chairman, I am grateful to the Minister for his answer.

So, would I be correct in saying that in each individual Department they do not have a specific line, ‘Supplementary Brexit contingency’, but rather if there is a need to spend more, on medicines or whatever, it is just absorbed? *(Interjection)*

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Hon. Deputy Chief Minister: Mr Chairman, that is correct. There is no specific line, but if it is medicine it will come from the medicine vote.

Minister for Health, Care and Justice (Hon. N F Costa): I wish it were not so! *(Laughter)*

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Mr Chairman: Head 12 stands part of the Bill.

Clerk: Head 13, Civil Aviation – subhead (1) Payroll; subhead (2) Other Charges.

390 **Hon. E J Reyes:** Mr Chairman, in subhead (2)(ii), it just appears in the general heading of ‘General Expenses’, whereas for other heads under general expenses is then broken down into, for example, electricity, water, telephone and so on. Am I correct in assuming that all those

utilities will come in under that heading of general expenses or is 'General Expenses' catering for something else?

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Hon. Deputy Chief Minister: Mr Chairman, yes, the hon. Member is correct – that is the utilities, which are not broken down in this particular subhead.

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

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Clerk: Head 14, Environment – subhead (1) Payroll; subhead (2) Other Charges.

Mr Chairman: Any questions? The bigger the sum, the more quickly it is likely to go through! Head 14, Environment, stands part of the Bill.

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Clerk: Head 15, Utilities – subhead (1) Payroll; subhead (2) Other Charges.

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

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Clerk: Head 16, Collection and Disposal of Refuse – subhead (1) Payroll; subhead (2) Other Charges.

Hon. T N Hammond: Mr Chairman, for line 2(b), Refuse Disposal, both disposal of refuse and disposal of other items, both seem to increase quite substantially in estimate for the next year. Is there a reason for that? Has a contract changed? What has happened to create that additional expense?

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Minister for the Environment, Energy, Climate Change and Education (Hon. Dr J E Cortes): In the disposal of refuse we are looking at the increased amount of refuse, clearly, with new developments coming through. On the disposal of other items, we have reviewed some of the fees payable for the collection of certain items in order to reflect the passage of time and in order, in some circumstances, to reflect also the fact that in disposing of some recyclable materials there is more and therefore we have to reflect that increase.

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Hon. T N Hammond: So, for line (b)(i), the disposal of refuse, the increase is largely down to additional development construction works, and so clearly that is not accounted for within the development itself but is picked up as a separate cost?

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Hon. Dr J E Cortes: It is partly that. Obviously costs do increase, but clearly if we have the refuse collectors to collect more and from more areas, that is not picked up by the development; that has never been picked up by the development itself.

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Hon. T N Hammond: Mr Chairman, in terms of disposal of other items, I was not quite clear on what ... The Minister mentioned recycling, but that, we understand from his speech, is slightly down this year in terms of the total – not necessarily in terms of individual items of recycling but the total recycling is slightly down, but it is quite a substantial jump in that particular line from the best part of 30%. Could the Minister just clarify a little bit as to why that has increased so much?

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Hon. Dr J E Cortes: It is not just that; it is also that the amount of money that the Government has to pay for the collection, disposal and transporting of recyclable items – like WEEE, for example; glass I think is another one – has gone up in discussions with the people who handle that to collect and transport the refuse or the recyclable materials. There is a fee per tonne and we have had to renegotiate that, partly because some of the amounts of money paid

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445 at the other end per tonne have actually decreased and made the transaction less commercially viable, so we are constantly reviewing how much we pay per tonne depending on market forces.

Mr Chairman: Head 16 stands part of the Bill.

450 **Clerk:** Head 17, Upper Rock, Tourist sites and Beaches – subhead (1) Payroll; subhead (2) Other Charges.

Mr Chairman: Head 17 stands part of the Bill.

455 **Clerk:** Head 18, Education – subhead (1) Payroll; subhead (2) Other Charges.

Hon. L F Llamas: Mr Chairman, with regard to item 13, Project Search, this is an item which has appeared in the Estimates Book for the last ... I believe this is the fourth Budget in which it actually appears. Is the Government truly committed to seeing this project lift off and actually have some charges, by the time the Budget comes next year, against that item?
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Hon. Dr J E Cortes: Mr Chairman, we are in fact carrying out a lot of the work that Project Search involves in other ways using other members of staff. So it is not that the work is not being done; it is a question of the fact that the work is being done and Project Search is one particular programme. Our programme is slightly different. But the work is being done; it is not that it is not being done. We are still considering whether to take on the full range of activities involved and that is why we have left it there as a token sum.
465

Hon. E J Reyes: Mr Chairman, on subhead (2)(viii), Special Education Abroad, I see that the forecast outturn is actually less than what we had estimated previously and this year is in keeping with what the forecast outturn is. Am I correct in presuming it is because of the number of pupils requiring the special education that has lowered the figure, or is it because of some other policy decision?
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Hon. Dr J E Cortes: This is what we expect. We have fewer pupils doing this than we would have at the other time and we are hoping not to have to send ... This is the kind of situation where, if we find we have no choice, then obviously we will have to make the funds available, but we are not expecting that and we are hoping that we will not have to increase it again.
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480 **Mr Chairman:** Head 18, Education, stands part of the Bill.

Clerk: Head 19, Heritage – subhead (1) Payroll; subhead (2) Other Charges.

Hon. R M Clinton: Mr Chairman, if I could just ask about Other Charges (2)(b), the Garrison Library Trust. There is an increase there of £70,000. I was just wondering what is envisaged.
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Hon. Dr J E Cortes: The Garrison Library is one of the projects where we feel we have to up our investment in order to increase not only its role but also the ability for it to make some money and pay for itself by providing services and so on. So we are envisaging an increase in the activity and bolstering up the personnel of the library in order to make it run more effectively with the aim of bringing in additional income that can be used.
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Mr Chairman: Head 19, Heritage, stands part of the Bill.

495 **Clerk:** Head 20, Technical Services – subhead (1) Payroll; subhead (2) Other Charges.

Mr Chairman: Head 20 stands part of the Bill.

Clerk: Head 21, Driver and Vehicle Licensing – subhead (1) Payroll; subhead (2) Other Charges.

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Mr Chairman: Head 21 stands part of the Bill.

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

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Mr Chairman: Head 22 stands part of the Bill.

Clerk: Head 23, Statistics Office – subhead (1) Payroll; subhead (2) Other Charges.

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Mr Chairman: Head 23 stands part of the Bill.

Clerk: Head 24, Economic Development – subhead (1) Payroll; subhead (2) Other Charges.

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Mr Chairman: Head 24 stands part of the Bill.

Clerk: Head 25, Procurement Office – subhead (1) Payroll; subhead (2) Other Charges.

Mr Chairman: Head 25 stands part of the Bill.

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Clerk: Head 26, Housing Administration – subhead (1) Payroll; subhead (2) Other Charges.

Hon. E J Phillips: Mr Chairman, in relation to the establishment, we note that there have been no increases to the staffing arrangements at Housing, however noticed a 44% increase from the forecast outturn 2018-19, from £431,000 to £620,000. Can the Minister explain the 43% increase?

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Minister for Housing and Equality (Hon. Miss S J Sacramento): Mr Chairman, the complement remains the same but the increase is attributable to previous vacant posts being filled.

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Mr Chairman: Head 26 stands part of the Bill.

Clerk: Head 27, Equality – subhead (1) Payroll; subhead (2) Other Charges.

535

Mr Chairman: Head 27 stands part of the Bill.

Clerk: Head 28, Health – subhead (1) Payroll; subhead (2) Other Charges.

Hon. R M Clinton: Mr Chairman, just one very quick question. The contribution to clubhouse, would that come through here or somewhere else? I do not see it listed.

540

Hon. N F Costa: Mr Chairman, the grant comes through No. 6 Convent Place, not through the GHA.

545

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

Clerk: Head 29, Gibraltar Health Authority Elderly Residential Services Section – subhead (1) Payroll; subhead (2) Other Charges.

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

Clerk: Head 30, Care Agency – subhead (1) Payroll; subhead (2) Other Charges.

Mr Chairman: Head 30 stands part of the Bill.

555

Clerk: Head 31, Policing – subhead (1) Payroll; subhead (2) Other Charges.

Hon. E J Reyes: Mr Chairman, on subhead (1) Payroll, under the section ‘Establishment’ I see there is a supernumerary staff which, for this year, sees a superintendent. Is that just going to be a short-term appointment? I am thinking it could be a handover period from an established superintendent to a newly promoted one – or is it something that we are likely to see in the future?

560

Hon. N F Costa: Mr Chairman, it depends on the length of the investigation.

565

Hon. E J Reyes: So it is demand led, in a nutshell?

Hon. N F Costa: Yes.

570 **Mr Chairman:** The Hon. Mr Hammond.

Hon. T N Hammond: Thank you, Mr Chairman.

575

Under Other Charges, (2)(c) Investigation Expenses, I know there was quite a leap in this past financial year. I appreciate the sensitivity of investigations, which may also be ongoing. Is that down to one investigation or was it a case that more investigations were taking place during that year?

580

Hon. N F Costa: Mr Chairman, I am working from memory, other than the fact that we have an expense of £182,000 in respect of forensic accounting and £170,000 in respect of laboratory fees, and the projected for December 2018 to March 2019 is £35,460. I am sorry, I cannot remember exactly the number of ongoing investigations. I do recall it is more than one investigation and I do recall that the costs of being able to trim down to the relevant aspects that the RGP required is costing quite a bit of money.

585

Hon. T N Hammond: That is fine. So it is basically down to more activity and possibly more complex activity as well taking place during the year. That is perfectly reasonable.

Also, still under policing, Mr Chairman, under line 8 for the Gibraltar Police Authority I note there is quite a significant drop in their estimate for the next year. What is the reason behind that?

590

Hon. N F Costa: Mr Chairman, they relate to two administrative staff who will no longer be showing from this line but rather as GDC employees. Actually, Mr Chairman, Mrs Cervan has helpfully pointed out that if Mr Hammond were to go to (8)(b) he will read ‘services provided by the Gibraltar Development Corporation’, and that is where it appears now.

595

Hon. T N Hammond: Sorry, (8)(b)? So is that [inaudible]. Yes.

600 **Mr Chairman:** Any other question on policing?
Head 31 stands part of the Bill.

Clerk: Head 32, Prison – subhead (1) Payroll; subhead (2) Other Charges.

605 **Hon. T N Hammond:** Mr Chairman, if we could take a look at Other Charges line 3(a), there is a very substantial increase, in terms of percentages at least, of the expenditure estimate for the coming year, from £40,000 to £137,000. Is that because there is a new programme coming into effect, or something significant is changing?

610 **Hon. N F Costa:** Mr Chairman, the increase relates to the mandatory drug testing software, which I discussed during the course of the Budget speech. It also relates to the increase in the number of counsellors and the hours it will carry out in order to be able to conduct the different programmes, which I also noted during the course of my Budget speech.

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

Clerk: Head 33, Gibraltar Law Courts – subhead (1) Payroll; subhead (2) Other Charges.

Mr Chairman: Head 33 stands part of the Bill.

620 **Clerk:** Head 34, Justice – subhead (1) Payroll; subhead (2) Other Charges.

Mr Chairman: Head 34 stands part of the Bill.

625 **Clerk:** Head 35, Tourism; subhead (1) Payroll; subhead (2) Other Charges.

Mr Chairman: Head 35 stands part of the Bill.

Clerk: Head 36, Employment – subhead (1) Payroll; subhead (2) Other Charges.

630 **Hon. T N Hammond:** Mr Chairman, just a question on line 5, Relief Cover. There was an estimate put in last year of £157,000 – the outturn was slightly less than that – but I note this year the estimate is only £1,000. It is a nominal figure. Is there any reason for the change of heart about what should be placed in that column?

635 **Minister for Tourism, Employment, Commercial Aviation and The Port (Hon. G H Licudi):** Mr Chairman, that is a common theme that hon. Members will see throughout the Book. In quite a number of heads there is a significant reduction in relief cover. On the other hand, hon. Members will see for the contribution to Gibraltar Development Corporation there is a significant increase. Agency workers who were previously used as agency workers and paid from Relief Cover are no longer agency workers and are now paid by the GDC. That is a common theme throughout the Book.

Mr Chairman: Head 36 stands part of the Bill.

645 **Clerk:** Head 37, Commercial Aviation – subhead (1) Payroll; subhead (2) Other Charges.

650 **Hon. T N Hammond:** Mr Chairman, reference line 3, Conference Travel and Business Development, there is quite a jump in the estimate for this next financial year. Is there any particular reason for that?

655 **Hon. G H Licudi:** Yes, Mr Chairman, if hon. Members look at Tourism, under ‘Marketing, Promotions, Conferences etc.’ there is a reduction, in fact of a higher amount, that is included here. There are a number of Departments under my Ministry and this concerns ... although it is under Commercial Aviation, it does concern my Ministry, including the Maritime Administration, the Port, and what we have added there is a provision for business development, which my Ministry can lead on. So, I have reduced slightly the amount under Tourism – well, part of it; in fact less than the reduction – under the Ministry to give the Ministry a little bit more flexibility to concentrate on business development. So it does not just relate to conferences and travel, but actually business development.

660

Mr Chairman: Head 37 stands part of the Bill.

Clerk: Head 38, Port – subhead (1) Payroll; subhead (2) Other Charges.

665

Mr Chairman: Head 38 stands part of the Bill.

Clerk: Head 39, Maritime Services – subhead (1) Payroll; subhead (2) Other Charges.

670

Mr Chairman: Head 39 stands part of the Bill.

Clerk: Head 40, Social Security – subhead (1) Payroll; subhead (2) Other Charges.

675 **Hon. T N Hammond:** Mr Chairman, line 7, Payment to Social Assistance Fund: is there any reason why the Government chooses to maintain the estimate at £15 million when the actual outturns for the past two years have been below £8 million?

680 **Hon. G H Licudi:** Mr Chairman, this is part of a contribution that is made. If the hon. Member looks at Appendix K, Social Insurance Fund – and there is, in what he has referred to, a reference to Social Assistance Fund – there are two contributions to the fund, one under head 40, which is one that he is looking at, and another under head 56. Those contributions, added up, are then broken down in terms of what the fund is actually used for, the number of benefits – Rent Relief, Elderly Persons’ Allowance, Minimum Income Guarantee. So this is just a mechanism for a contribution to be made to the Social Assistance Fund, which is then distributed by way of benefits.

685

Mr Chairman: Head 40, Social Security, stands part of the Bill.

Clerk: Head 41, Civil Contingency – subhead (1), Payroll; subhead (2) Other Charges.

690

Mr Chairman: Head 41 stands part of the Bill.

Clerk: Head 42, Fire and Rescue Service – subhead (1) Payroll; subhead (2) Other Charges.

695

Mr Chairman: Head 42 stands part of the Bill.

Clerk: Head 43, Gibraltar University – subhead (1) Payroll; subhead (2) Other Charges.

Mr Chairman: Head 43 stands part of the Bill.

700

Clerk: Head 44, Culture – subhead (1) Payroll; subhead (2) Other Charges.

705 **Hon. E J Reyes:** Mr Chairman, on (2)(iii)(a), under Cultural Grants, I know I normally ask the Minister at different stages during the year, mainly as Written Questions, for updates; unfortunately, the reply I got within the last fortnight could only give me statistics up to January, which is when the question was submitted. If he does not have it now, would the Minister be able to make available shortly to me a breakdown of how the actual £200,000 forecast outturn ended up? I will be grateful if that could be forthcoming in the next few days.

710 **Minister for Culture, the Media, Youth and Sport (Hon. S E Linares):** No problem, Mr Chairman, will do. He asked for certain information as to the £200,000 forecast outturn 2018-19 of cultural grants at subhead (2)(iii)(a) and I will pass it on to him. He has asked questions and he says he has not got the information since January, so I will give him the rest, no problem.

715 **Mr Chairman:** Head 44, Culture – any other questions? – stands part of the Bill.

Clerk: Head 45, Broadcasting – subhead (1) Payroll; subhead (2) Other Charges.

Mr Chairman: Head 45 stands part of the Bill.

720 **Clerk:** Head 46, Youth – subhead (1) Payroll; subhead (2) Other Charges.

Mr Chairman: Head 46 stands part of the Bill.

725 **Clerk:** Head 47, Sport and Leisure – subhead (1) Payroll; subhead (2) Other Charges.

Hon. T N Hammond: Mr Chairman, just at line 2(a), Europa Point, in terms of the sports complex, that £½ million constitutes what payments?

730 **Hon. S E Linares:** Mr Chairman, as the hon. Member knows, we are building a magnificent complex up in Europa and therefore that complex will need some subsidy from Government in order to be run. That is only a provision of £½ million at this stage because it will be run by a trust that will be constituted and that is the subsidy that the Government is going to give it this year.

735 **Mr Chairman:** Head 47 stands part of the Bill.

Clerk: Head 48, Financial Services – subhead (1) Payroll; subhead (2) Other Charges.

Mr Chairman: Head 48 stands part of the Bill.

740

Clerk: Head 49, Gambling Division – subhead (1) Payroll; subhead (2) Other Charges.

Mr Chairman: Head 49, Gambling, stands part of the Bill.

745 **Clerk:** Head 50, Commerce – subhead (1) Payroll; subhead (2) Other Charges.

Hon. T N Hammond: Mr Chairman, line 8(f), Maintenance Agreements and Licences – we have quite a substantial increase in costs there. Is there a particular reason for that? Is it one particular licence? Is it right across the board? What is the reason?

750

Minister for Commerce (Hon. A J Isola): Mr Chairman, there is one general very big increase, which is the new manner in which Microsoft compute their licensing charges, which has resulted, as a result of the volume, in a significant increase. Then there is also the viser reporting

755 module that we have acquired and that is a licensing fee for that. When you put those together, that makes up for the increase, so it is increased licensing fees.

Mr Chairman: Head 50, Commerce, stands part of the Bill.

760 **Clerk:** Head 51, Postal Services – subhead (1) Payroll; subhead (2) Other Charges.

Hon. R M Clinton: Mr Chairman, over the page, under Other Charges, item 3, ‘Outgoing Mail and Bulk Mailings’, obviously quite a significant increase. I was wondering if the Minister could give some indication as to what it is about?

765 **Hon. A J Isola:** Mr Chairman, we have done a considerable amount of work this year in trying to establish exactly where we are in terms of settlement of charges for outgoing mail and bulk mailing. As a result of that, we are clearing the backlog which we have had before. We understand from the United Kingdom and other postal unions it is actually very common and that we are actually not that far behind by comparison to others. But we are making an effort to
770 clear it as quickly as we possibly can to bring ourselves fully up to date – basically, the payment of terminal dues contributions that each postal service pays to the other for its mail.

Hon. T N Hammond: Mr Chairman, purely out of curiosity, I noticed there is a line ‘Introduction of Postcodes’. It was there last year as well. Is that a concept, to introduce
775 postcodes within Gibraltar? I think internationally we are already recognised; we have a postcode. Or is it something completely different and I am just barking up the wrong tree?

Hon. A J Isola: No, the hon. Member is right. If you introduced postal codes through Gibraltar in the same way that you have them in the UK, it would actually mean that our mail potentially
780 could be sorted in the UK, so that by the time it gets here it just needs to be delivered. So we would not have just one postcode, as we currently do, for the whole of Gibraltar; we would have individual postcodes like they do in the UK. Because it is fully automated in the UK, it could result in a significant saving in time and cost and it is something that we are evaluating and looking at as to the cost of having these postcodes designed for us. If we are able to do that, it
785 would speed up mail and make the process cheaper and more efficient when it comes in, too.

Mr Chairman: Head 51 stands part of the Bill.

790 **Clerk:** Head 52, Gibraltar Audit Office – subhead (1) Payroll; subhead (2) Other Charges.

Mr Chairman: Head 52 stands part of the Bill.

Clerk: Head 53, Gibraltar Regulatory Authority – subhead (1) Payroll; subhead (2) Other
795 Charges.

Hon. D A Feetham: Mr Chairman, under Other Charges there appears to be an increase of about £½ million from the position as at 2019 to the projection for next year. Can we have some information about why the significant increase?

800 **Hon. Chief Minister:** Mr Chairman, the Regulatory Authority is principally funded from the sums that they raise through fees etc. They had a pot of money in their account and therefore they needed less of a contribution from us. That pot of money in their account has been reduced now and they need more of a contribution from us. That is what the issue was.

805 **Mr Chairman:** Head 53 stands part of the Bill.

Clerk: We now move to clause 3 and head 55, Contribution to Government-owned Companies – subhead (1) Contribution to Government-owned Companies. This is at page 153 of the Book.

810 **Mr Chairman:** To make it clear, clause 3, head 55 stands part of the Bill.

Clerk: We carry on with clause 3, head 56, Transfer from Government Surpluses – subhead (1) Payment to Social Assistance Fund, Import Duty, Transfer from Government Surplus.

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

Hon. D A Feetham: Mr Chairman, can I just ask, in the past, during past contributions to the to the debate I have noted that when we were in Government we treated contributions to Community Care as an expense, so below the line, and that they changed the practice to declare
820 a higher surplus and then take the contributions of Community Care from the surplus, hence declaring a larger surplus. Can you just perhaps explain why the change of practice? I have never understood it, other than obviously that it declares a healthy surplus.

Hon. Sir J J Bossano: Mr Chairman, the commitment that we have got is to transfer an
825 amount from the surplus. The amount that we put in the Budget initially is before the surplus is known, so we put a token amount from the surplus and then we put a minimum that will be guaranteed because we are voting it as a commitment in the ... I suppose we could put a smaller amount at the end and leave the £7 million there and pay it from two different pots, but it makes more sense if we say at the end of the year we are putting £20 million or £25 million ... it
830 would be inclusive of the £7 million that is in the other head. So, the £7 million in the head is if there is no money that we think we can afford to pass over to Community Care – the £7 million will be guaranteed. That is why it is still there. Otherwise, we would take it out all together.

Hon. D A Feetham: My understanding was that contributions to Community Care came from
835 the Social Assistance Fund and therefore it is an expense that you take out before you declare a surplus. As from 2012 what was happening was that the contributions to Community Care were taken from the surplus, in other words from below the line to above the line, thus declaring a larger surplus. I am just asking why was that policy decision taken, other than of course I can understand that politically it makes the surplus look higher by £25 million – or is there a
840 different reason?

Hon. Sir J J Bossano: The £25 million is coming out after declaring the surplus. What I said to the hon. Member ... Look, they did not have anything there because of course they only said they would pay money when the reserves ran out, contrary to the commitments that they had
845 given. We decided that to guarantee a certain amount of money we would leave a provision in the Budget, although the policy in the manifesto is not that there will be a provision in the Budget; the policy in the manifesto is that it will be a payment from the surplus. If he looks at the text of the manifesto, the manifesto says we will make the payments to Community Care from the surplus. We could simply leave nothing there and wait until the end of the year to decide how much we are going to give. We decided to continue leaving an amount there as a
850 guarantee that it would never go down to zero; at the worst it will be the £7 million we are asking the House to vote for, which he is going to vote against anyway. So he is voting against giving them the £7 million. We have put the £7 million there as a commitment from this House that at least we want to give them £7 million. We do not need to flatter the thing. I think it
855 would be a substantial surplus at £78 million and it is a substantial surplus at £85 million. We do not need to have the £7 million there to make it a surplus. If we were going from a deficit to a surplus, the argument might be that we do not want to show a deficit. The reason is that the

860 £7 million is there as a commitment voted by Parliament. The other one is a discretionary payment which we make at the end, and if there is no money to give at the end, then the £7 million is guaranteed because it has been voted and it is mandatory.

Hon. Chief Minister: But it is a donation... not a contribution.

865 **Hon. Sir J J Bossano:** Yes. Bueno [inaudible]

Mr Chairman: Head 56 stands part of the Bill.

Clerk: Head 57, Contribution to the Improvement and Development Fund – subhead (1) Contribution to the Improvement and Development Fund.

870

Mr Chairman: Head 57 stands part of the Bill.

Clerk: We now move to clause 4, which is at page 152 of the Book. Head 54, Supplementary Provision – subhead (1) Supplementary Funding.

875

Mr Chairman: Head 54 stands part of the Bill.

Clerk: Clause 5, Improvement and Development Fund. Head 101, Works and Equipment – subhead (1) Works and Equipment.

880

Mr Chairman: Stands part of the Bill.

Clerk: Head 102, Projects –

885 **Hon. T N Hammond:** Sorry, Mr Chairman, if I may just go back to 101. It is only one very minor point within the context of the expenditure here. Line 05, the security bollards – there is quite a significant expenditure, £320,000, assigned for that. Is that for Main Street?

Minister for Infrastructure and Planning (Hon. P J Balban): Sorry, what was the head again?

890

Hon. T N Hammond: Page 158, subhead (1) line 05.

895 **Hon. P J Balban:** Mr Chairman, head 101(1) line 05 is to do with the security bollards which are planned for Main Street. They include new ones to replace the present Jersey barriers. It also includes some new barriers which will be more permanent in nature, which are sliding barriers. It is just an estimate of the figure because the actual project is much greater than that. That just takes a part – it is one small section of the area for the sliding bollards.

900 **Hon. R M Clinton:** Mr Chairman, just two questions. Under subhead (4), Other Projects, line (zzd), Island Games Facilities, I just wonder what is included within that line. Is that just the Europa Point facility? Does that include the accommodation block? Does that include Lathbury Barracks? Or is it just one site?

Clerk: We have not got there yet.

905

Hon. R M Clinton: Sorry, we have not got there?

Mr Chairman: Head 101 stands part of the Bill.

910 **Clerk:** Head 102, Projects – subhead (1) Roads and Parking Projects.

Hon. R M Clinton: Sorry for jumping the gun, Mr Chairman. Just going back to the Island Games facilities, I just wish to know –

915 **Hon. T N Hammond:** We have not got there yet. It is subhead (1).

Clerk: Subhead (2), Relocation Costs.

920 **Hon. T N Hammond:** Just one question with reference to the Port Authority relocation – and I hope I have got the right line; let me just double check. No, apologies, I was looking at Other Relocations, actually. There is £4 million estimated for the coming year. What relocations might they be? Who is being relocated?

925 **Hon. Chief Minister:** Mr Speaker, there is Customs Marine Section, which I referred to earlier; Customs East Gate – I think that is now partly done; Environment Marine Section; ASNT building; Waterport area facilities; part of GBC; part of the Yacht Club and the Small Boats Marina; the affordable housing projects require some relocations; the Housing Works Agency workshops; a bureau de change which will need to be moved because of the road changing for the tunnel; a temporary Customs building which also has to be moved for the same reason; the coach park facilities, which I think move when the Midtown is completed; and then a token amount internally of £100,000 in case there are other relocations – because during the year they tend to come up and they always tend to be urgent when they come up.

935 **Clerk:** Subhead (3) Reclamation Projects; subhead (4) Other Projects.

Hon. R M Clinton: Sorry, Mr Chairman, I think I have finally found the right spot. Island Games facilities – again I come back to my question as to what is included in that line, which facilities. Europa Point, Lathbury Barracks, the accommodation block – are they included in that line?

940 In terms of expense, I think the cumulative so far is £34.6 million, as opposed to I think the idea was it should be covered by the sale of the Victoria Stadium for £16½ million. How does the Government intend – or does it intend – to recover the excess over that amount?

945 **Hon. S E Linares:** Yes, Mr Chairman, it is the Europa Complex, the clay target shooting and other equipment that we will need for different venues – equipment for the Island Games.

Hon. R M Clinton: Mr Chairman, I thank the Minister. So, if I understand this correctly, this is only in respect of Europa Point and the clay pigeon shooting.

950 **Hon. S E Linares:** Yes, clay target.

Hon. R M Clinton: Sorry, clay target shooting. The rifle range down by the Port and Lathbury Barracks, where will we find those?

955 **Hon. S E Linares:** These are through company structures.

Hon. R M Clinton: Would the Minister be able to identify which company is doing Lathbury Barracks and which company is doing the rifle shooting range?

960 **Hon. Chief Minister:** Gibraltar Sports Projects Ltd, I think.

Hon. R M Clinton: Sorry, Mr Chairman, just to confirm I heard correctly, Gibraltar Sports Projects Ltd covered both those sites, Lathbury Barracks and the rifle shooting range? That is correct, yes?

965 And in terms of my original question about the £16½ million proceeds from sale of the Victoria Stadium, which if my memory serves me correctly – I am happy to be corrected – was meant to cover the cost of the new facilities, how do we intend to recover any excess?

Hon. Chief Minister: Well, Mr Chairman, because there are a lot of commercial uses in the facilities that are being developed which will also enable us to raise the additional funds through sales and rentals and other uses.

Hon. R M Clinton: Would the Government be able to give a total cost to completion of all these facilities, including the ones within the corporate?

975

Hon. S E Linares: At this stage, no.

Hon. Chief Minister: Yes, Mr Chairman, we would be able to give a cost to completion, but not yet because we have not yet completed.

980

Hon. R M Clinton: And one last question on this particular item: the accommodation block that has been built, which I know the University is keen to acquire later on, where does that appear?

985

Hon. Chief Minister: At GSTR Ltd.

Hon. Ms M D Hassan Nahon: The hot lunches for school: do you have a projected figure, a ballpark figure of how much?

990

Hon. Dr J E Cortes: No, Mr Chairman. This has gone out for expressions of interest, we are receiving expressions and it will all depend on what proposals are put forward and which is considered successful.

Hon. Ms M D Hassan Nahon: Sorry if it seems pedantic, but does the Government have a limit on how much they are wishing to allocate to this or an idea of how much they would acknowledge for this project at maximum?

995

Hon. Chief Minister: Mr Chairman, the Government considers this project to be something that should not be state funded, in the sense that we want to provide ... The hon. Lady I think has heard me say before, and indeed I think there is agreement across the floor of the House, at least before auction season starts, that the meals should only be free for children of those who are unemployed or otherwise socially deprived. What the Government is looking to offer is that parents should be able to fund the meal, because today parents fund the meal. When hon. Members opposite introduced the day through in school, parents had to put their hands in their pockets to provide the meal for the child.

1000

1005

We think it is possible to provide a hot lunch for less in the schools and that the parents would prefer that, it would be easier and it would cost more or less the same. So, what we would then fund ... and then the exercise would have to be done, and once we have got the amount in of the cost from the tenderers, we would then look at, in each of the schools, how many children do we think will need to benefit themselves from the Government paying for their meals. That would then be the cost to us.

1010

In these pages what she is seeing is different. In these pages what she is seeing is any changes that we have to make to the infrastructure of schools, and therefore, because it is on these

1015 pages, it is probably going to be to the existing schools, to the older schools, in order to be able
to accommodate the heating or the cooking, or whatever there, if that was something that we
would have to pay for, but not the cost of the lunches.

Hon. R M Clinton: Mr Chairman, just one last question from me on this section. Going to (4),
1020 Other Projects, line (zsz) on page 163, New School Projects, forecast outturn 2018-19 zero, can
the Government confirm that is correct and not a typographical error?

Hon. Chief Minister: That is correct, Mr Speaker.

Hon. E J Reyes: Mr Chairman, on line (zzw), where it says 'Grand Battery', I just want some
1025 clarification. I understand Grand Battery to be the external Battery site, as opposed to Grand
Battery House on which the Chief Minister and I have said before. Am I correct in saying that this
is nothing to do with Grand Battery House in itself but rather the external eastern side, which is
Grand Battery per se.

Deputy Chief Minister (Hon. Dr J J Garcia): Mr Chairman, I explained in my Budget address
1030 that we are starting refurbishment works on the Grand Battery site itself. That is right, the hon.
Member is correct.

Hon. T N Hammond: Mr Chairman, I note in line (za), Soft Loans and Repairs to Housing
1035 Estates, there is quite a substantial jump from the forecast outturn this year of £225,000 to £1.7
million. Is that because Government is already aware of requests that have been put in for loans
that it expects to approve in the coming year?

Hon. Chief Minister: Yes, Mr Chairman, there is a project that has already been costed that
1040 has to be undertaken.

Hon. T N Hammond: Just to clarify, that is a single project, then, costing the majority of that
£1.7 million?

Hon. Chief Minister: Yes, Mr Chairman, one project takes the lion's share of that amount.
1045 There are another five that I can see, two of which, including the big one, have very precise
estimates of what the works will entail.

Hon. T N Hammond: I thank the Chief Minister for that reply. Could I also ask, line (zf), East
1050 Side Revetment Works, £4.5 million, what they specifically refer to?

Hon. Chief Minister: Mr Chairman, the revetment on the East Side – that is a very self-
descriptive line!

Hon. T N Hammond: Yes, sorry, I should have phrased the question slightly differently. So,
1055 that revetment work, is that to support another project? What is the need for that particular
work to be conducted?

Hon. Chief Minister: No, Mr Chairman, that is what we announced at the time that we said
1060 we were going to start work also on the Hassan Centenary site. The revetment needs to be
upgraded to a one in 200-years storm resistance, and that is the work, or part of the work.

Hon. T N Hammond: Thank you. And line (n), Infrastructure Provision for New Developments,
1065 £5.5 million, is that also part of the Hassan Centenary works, or at least partly accounted for by
that?

Hon. Chief Minister: Partly accounted for that and many other things; that is across the board, Mr Chairman. That is a Chief Technical Officer led project and it is really across all of the areas of Gibraltar where there is development, so when you are putting in additional sewerage for estates and other facilities this is the head that carries it.

1070

Hon. T N Hammond: Is it possible to have a breakdown of that last one, not necessarily now but in some form in the near future?

1075

Hon. Chief Minister: Mr Chairman, there is Eastside infrastructure, waste water mains relief projects; new sewage pumping main, Eastside to dockyard, dockyard to Transport Lane; Europa Road saltwater pumping station; South Jumpers intermediate sewage pumping station; service corridor Ragged Staff to New Harbours; Coaling Island infrastructure; new sewage pump mains, dockyard to Rosia. All of those are the projects which would potentially amount to that, depending on what stage of development they reach.

1080

Hon. T N Hammond: And are the costs against each of those projects available?

1085

Hon. Chief Minister: The estimated costs are available, yes. They total £5.5 million: £¼ million, £3 million, £1 million, £400,000, £255,000, £125,000, £300,000.

Hon. T N Hammond: Could I ask which one amounted to £3 million? (*Interjection*) Could you repeat what the second one was? Sorry.

1090

Hon. Chief Minister: The one that he asked about earlier today [inaudible].

Hon. T N Hammond: So that is the sewage treatment works?

Hon. Chief Minister: Yes.

1095

Hon. T N Hammond: So why doesn't that appear alongside the Urban Waste Water Treatment Plant?

Hon. Chief Minister: This is the works going in that direction, not the plant.

1100

Clerk: Subhead (5), Equity Funding/Funding.

Mr Chairman: Head 102 stands part of the Bill.

1105

Clerk: We now move to clauses 6 and 7 and we commence at page 168 of the Book, Gibraltar Development Corporation, Appendix B.

1110

Hon. R M Clinton: Mr Chairman, if I may just ask one very quick question – and the Father of the House may have already answered this question previously. The Economic Development and Employment Company Ltd – what services does it provide to the GDC?

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Hon. R M Clinton: Mr Chairman, is it purely in respect of employment of individuals or did I catch the Minister saying other Government investments? Could he elaborate?

1120 **Hon. Sir J J Bossano:** This is a company which was set up after the 2011 General Election in order to deal with the Training for Employment Strategy and it has subsidiary companies, which are the companies that employ a number of people on training programmes plus the Supported Employment Company, which is where it provides permanent employment for the young people or not so young people we are not able to place in the normal jobs market. It also has things that it spends on facilities for the Training Centre, investments of that nature, all linked to employment and training.

1125 **Mr Chairman:** Gibraltar Development Corporation, Appendix B, stands part of the Bill.

Clerk: Borders and Coastguard Agency, Appendix C.

1130 **Mr Chairman:** Stands part of the Bill.

Clerk: At page 186, Gibraltar Electricity Authority, Appendix D.

1135 **Hon. R M Clinton:** Mr Chairman, if I may ask, on line 28 – (2) Contribution to ES Ltd – can I ask what the nature of the contribution is? Is this a provision of services? I appreciate that ES Ltd owns the power station. What does this payment represent? Or what is it in respect of?

1140 **Hon. Dr J E Cortes:** Mr Chairman, during the course of this year it is expected that ES will start generating power and this is a provision to pay for that, for the services.

Hon. R M Clinton: Mr Chairman, does that mean to say, then, that there will not be any fuel costs in the future? You have fuel somewhere else, £15 million of fuel under line 23, so what is it you are paying for if you are presumably purchasing the fuel?

1145 **Hon. Dr J E Cortes:** Mr Chairman, if he looks at ‘Purchase of Electricity’, he will see under 28(1)(i) and (ii) that the fuel costs are coming down, and that is being compensated by (2) and (3), which are going up.

1150 **Hon. R M Clinton:** Yes, Mr Chairman, but if he also looks at line 23 he will see that ‘Fuel Line’ has gone up from £6.1 million to £15 million. Which one is it? Which one is the fuel element? Or is there something else on 28(2) and (3)?

1155 **Hon. Dr J E Cortes:** Mr Chairman, this is a year of transition in which we are expecting to increase the consumption of LNG. We are expecting to decrease the consumption of diesel, but because we are in the commissioning phase we have to be prudent and make provision to be able to take account of all the variables that can happen during the commissioning and the transition. This clearly will all be clear at the end of the financial year, when we will have spent what we will be spending on what we have to spend it on.

1160 **Hon. Chief Minister:** I think, Mr Chairman, what we have done here – I remember when we were going through the budgetary process – is we have intentionally double-counted so that we know that we will have the money voted, although we sincerely believe that the amounts will be reduced because we expect the new power station to be taking most of the brunt with LNG by September and so therefore we believe that a lot of the other fuel will not be purchased, but the money had to be here. In fact, if we had not done this we would be estimating a higher surplus for next year and indeed the growth in recurrent expenditure between this year and next year would be lower than 7%, which would be considerably lower than the 17% that it was in the average of the years that they were there.

1170 **Hon. R M Clinton:** Mr Chairman, I am grateful for that reply. Can I just ask, in terms of the contribution to ES Ltd and the Shell LNG – certainly in respect of ES Ltd – is there an element of financing costs in that £6½ million?

Hon. Chief Minister: Yes, Mr Chairman.

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Hon. R M Clinton: Mr Chairman, I am grateful for that. Can he indicate what element or what proportion of it? Are we talking £5 million for financing or £½ million for something else? Is it capital and interest repayments? We all know ES Ltd has loans, so it needs cashflow. Is this where the cashflow is coming from to be able to allow ES Ltd to repay its loans and pay interest?

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Hon. Chief Minister: Mr Chairman, the amount that will be payable will not be clear until we have seen the full year of operation, but this is where the cashflow will come from.

Mr Chairman: Gibraltar Electricity Authority, Appendix D, stands part of the Bill.

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Clerk: Appendix E, Housing Works Agency.

Mr Chairman: Housing Works Agency, Appendix E, stands part of the Bill.

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Clerk: At page 193, Appendix F, Gibraltar Health Authority.

Hon. L F Llamas: Mr Chairman, with regard to Recurrent Payments, (3) Allowances, is there any chance that we can get a breakdown with a description of the allowances that are envisaged and the percentage of those allowances that compose that item?

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Hon. N F Costa: No, Mr Chairman, I do not have a breakdown of the £6.4 million. We do not have it with us, but I suppose that I can provide it to the hon. Gentleman in writing.

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Hon. T N Hammond: Mr Chairman, for line 36, Sponsored Patients, I do note the Minister has done very well in the last year to reduce the overall cost of sponsored patients, yet the estimate goes up for the forthcoming financial year. Is there any reason for that?

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Hon. N F Costa: Well, Mr Chairman, actually we went a few rounds on this because, without expressing individual views, there was a debate as to where sponsored patients would come in on this year. Some expressed the view that it would be at £12 million; others thought that it would be higher. So, in effect, after several rounds of going on what should be the right amount, we settled on £14 million. It could very well be that we stay exactly on the amount that we spent in the last financial year; and if it is not, it is because we are looking at some of the invoices that we have received and we are querying some of the amounts. The hon. Gentleman will have heard me say that we have entered into agreements with Quirónsalud Hospiten Salud, and Pamplona. Those seem to have taken an eternity to negotiate, but there was good reason for that. In effect, we have been able to obtain prices which are, in some cases, almost 52% less than we have been paying previously to other Spanish providers, but we have also insisted on including clinical standards within those contracts. But there is one Spanish provider with which we have not yet concluded our negotiations, so we are giving ourselves a bit of leeway on how much we would spend. As I say, it would be between £12 million and £14 million, but we could not quite decide and in order to be prudent we allowed ourselves that £2 million margin.

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Mr Chairman: Any other questions?

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Hon. L F Llamas: Mr Chairman, with regard to item 26, Rentals, can the Minister explain, or at least clarify, what the terms of the contracts for the new rentals are and whether those are the full year's-worth or part of the year?

1225 **Hon. N F Costa:** Mr Chairman, in short, the existing ICC Health Centre does include the full financial year, and for the Paediatric Centre and for the new build of the PCC it does not include the full financial year.

1230 **Hon. L F Llamas:** Mr Chairman, with regard to payments for works and equipment, £6.25 million, does the Minister have details as to how much of that money is going into equipment and how much is going to actual works and construction?

1235 **Hon. N F Costa:** Mr Chairman, in respect of the new PCC, the new CPCC and the Dental Hub, it is £3.8 million; in respect of the proposed new ambulance building it is £850,000; and in respect of works and equipment, £1.6 million.

Mr Chairman: Gibraltar Health Authority, Appendix F, stands part of the Bill.

1240 **Clerk:** At page 199, Appendix G, Gibraltar Health Authority, Elderly Residential Services Section.

1245 **Hon. L F Llamas:** Mr Chairman, with regard to line 32, John Mackintosh Wing, last year there was an estimate for £1.1 million. That has come in at £1.8 million and then the Government is estimating another increase to £2.3 million. Can the Government clarify, given that it changed the contracts in order to ensure that there was financial control there, why there seems to be a continuous increasing trend in this department?

1250 **Hon. N F Costa:** Mr Chairman, I am advised that that is the full effects of the full financial year for the John Mackintosh Wing, which includes all of the items that will be required to be able to run the home. So, for example, to give him a few examples, what would have been itemised separately before – such as dressings and aids, hardware, clinical waste – we have put all of those items, that spend that is attributable to the John Mackintosh Home, in that line rather than have it distributed throughout the Book.

1255 **Hon. L F Llamas:** Does the Hon. Minister have a breakdown for the £1.8 million, as to how much was for actual care and how much was for the extra running of the centre, as well as for the £2.3 million?

1260 **Hon. L F Llamas:** Mr Chairman, £679,000 would be for all of the ancillary items and, as I say, it includes hardware, clinical waste, provisions, laundry and all of the other items, and around £1.6 million in respect of care.

1265 **Mr Chairman:** Any other question on the Gibraltar Health Authority, Appendix G?
Stands part of the Bill.

Clerk: Appendix H, Care Agency.

Mr Chairman: Stands part of the Bill.

1270 **Clerk:** At page 209, Appendix I, Gibraltar Port Authority.

Mr Chairman: Stands part of the Bill.

Clerk: Appendix J, Gibraltar Sports and Leisure Authority.

1275 **Hon. E J Reyes:** Mr Chairman, can I come to a view with the Minister similar to what we were doing before for Culture on subsection (23) Sports Grants and (24) Hosting of Special Events? When he provided the last Written Answer it only gave me statistics until January. Could he, in a few days, please update me for the whole financial year?

1280 **Hon. S E Linares:** Yes, Mr Chairman, that is no problem but I would like to remind the hon. Member that it is on the website. As the hon. Member asked me for the other one and I have told him I will give it to him, I will give him this one anyway. I have just got a message informing me to let the hon. Member know that they are already updated on each website. One is culture.gi – that would be the cultural grants – and this one is the GSLA website for this one. But
1285 I am willing to pass it to him anyway, Mr Chairman.

Mr Chairman: Appendix J, Gibraltar Sports and Leisure Authority, stands part of the Bill.

Clerk: The Schedule.

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Mr Chairman: Stands part of the Bill.

Clerk: The long title.

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Mr Chairman: Stands part of the Bill.

BILL FOR THIRD READING

Appropriation Bill 2018 – Third Reading approved

Clerk: The Hon. the Chief Minister.

Chief Minister (Hon. F R Picardo): Mr Speaker, I have the honour to report that the Appropriation Bill 2019 has been considered in Committee and approved without amendment.

1300

Mr Speaker: I now put the question, which is that a Bill for an Act to appropriate sums of money to the service of the year ending on the 31st day of March 2020 be read a third time. Those in favour? (**Some Members:** Aye.) Those against? (**Some Members:** Nay.) Carried. (*Banging on desks*) The Government and the hon. Lady have voted in favour, the Official
1305 Opposition against, so the ayes have it. The ayes have it. (*Interjections*)

BILLS FOR FIRST AND SECOND READING

Supplementary Appropriation (2016/2017) Bill 2019 – First Reading approved

Clerk: Bills for First and Second Reading.

A Bill for an Act to appropriate sums of money to the service of the year ended the 31st day of March 2017. The Hon. the Chief Minister.

1310 **Chief Minister (Hon. F R Picardo):** Mr Speaker, I have the honour to move that a Bill for an Act to appropriate sums of money to the service of the year ended the 31st day of March 2017 be read a first time.

1315 **Mr Speaker:** I now put the question, which is that a Bill for an Act to appropriate sums of money to the service of the year ended the 31st day of March 2017 be read a first time. Those in favour? (**Members:** Aye.) Those against? Carried.

Clerk: The Supplementary Appropriation (2016/2017) Act 2019.

1320 **Hon. Chief Minister:** Mr Speaker, I move that the House should now adjourn and return on Tuesday, 2nd July at three in the afternoon.

Mr Speaker: The House will now adjourn until Tuesday, 2nd July at three in the afternoon.

The House adjourned at 5.03 p.m.