



# PROCEEDINGS OF THE GIBRALTAR PARLIAMENT

**MORNING SESSION: 10.35 a.m. – 10.50 a.m.**

**Gibraltar, Tuesday, 23rd July 2019**

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# The Gibraltar Parliament

*The Parliament met at 10.35 a.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

### BILLS

#### COMMITTEE STAGE AND THIRD READING

*In Committee of the whole House*

#### **Gibraltar Residential Properties Limited (Assignment, Transfer, Vesting, Registration and Notice) Bill 2019 – Clauses considered and approved**

**Clerk:** Meeting of Parliament, Tuesday, 23rd July 2019.

Order of Proceedings: Committee Stage and Third Reading.

5 A Bill for an Act to make provision for the assignment, transfer and vesting of certain rights,  
interests and obligations from Gibraltar Residential Properties Limited to GIC Limited; the  
exemption of the assignment and transfer from registration requirements under the Land Titles  
Act 2011; for the notice of the assignment and transfer to relevant parties and financing  
institutions; and for connected purposes.

10 Clauses 1 to 8.

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

**Clerk:** The long title.

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**Mr Chairman:** I have been asked, exceptionally, by the Hon. Marlene Hassan Nahon that she  
would like to have an opportunity – in the light of yesterday's meeting with the Chief Minister  
when the Opposition received a briefing on this Bill – to explain what her attitude now is.  
Normally that should happen during the Second Reading of the Bill. I am prepared to exercise  
20 my discretion exceptionally, provided that this is not regarded as a precedent. Normally one  
should not make any speeches either on the long title or during the Third Reading of the Bill. I  
am prepared – exceptionally, as I say – to bend the rules, but it must not be regarded as a  
precedent.

The Hon. Marlene Hassan Nahon.

25 **Hon. Ms M D Hassan Nahon:** Mr Chairman, yes, in light of the fact that the Opposition got a briefing on this Bill only yesterday from the Chief Minister, the Financial Secretary and their legal advisers, I would like to say a few words at this stage of the Bill.

This Bill is a practical solution to the administration of the assignment at hand and I will vote in favour of this Bill because I do not want the Government to embark on a longwinded administrative process which could take a long time and jeopardise existing commitments to note holders.

Had the Government wanted to genuinely engage the Opposition and the people of Gibraltar in the structure, it should have brought, ideally, a motion to Parliament with the forthcoming deal and its reasons for why it believed it was a good mechanism for our community. That would, in my view, have been the transparent move and the reasonable prelude to this Bill. This Bill should not have been the platform on which, effectively for the first time, we learnt about the growth and disclosure of Government borrowing through an administrative assignment green paper.

This Bill today should not have been about the assignment by law of certain equity interest the Government has in the six housing estates or even the exemption from registration of these interests in the Lands Act. The Bill and the debate should have been about the real debt situation that Gibraltar finds itself in, both off balance sheet and on balance sheet. This should have been formulated in a way which allowed for a platform for candid discussion about our effective indebtedness of the economy and the plans going forward for dealing with that debt, and a frank discussion of the real debt ceiling that we are facing.

Nevertheless, Mr Chairman, at this stage that we are in and for the reasons I have stipulated, I do believe – much like the situation I find myself in annually with the Appropriation Bill – that the right thing to do will be to support the Bill.

Thank you.

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**Mr Chairman:** The Hon. the Leader of the Opposition.

**Hon. E J Phillips:** Mr Chairman, we welcome the meeting with the Chief Minister and his legal advisers yesterday and to some extent we share the views expressed by the hon. Lady in relation to her concerns about the public finances of this community.

Our position was made clear last night, previously, and we repeat our position today. Our view is that the public finances of the community in respect of this transaction have not been made clear at the appropriate juncture, which is the Second Reading of this Bill. In fact, the hon. Lady has invited more debate on this subject and we would have welcome more debate on this subject in the form of a motion. That has not happened.

Be that as it may, this is a sophisticated and complex transaction and it is what it is: it is indirect borrowing, adding to the pile of debt and borrowing this community has to face. Therefore, it will not surprise anyone in this House that we will not support the Bill at the Third Reading of it, despite the fact that we welcome and we are grateful to the Government and the Government's legal advisers for explaining some of the finer detail of this transaction. But given our position in respect of the public finances of this community and given the fact that we take the view that this adds to indirect borrowing of the Government, our view is that we will vote against this Bill at Third Reading.

We also would like the Chief Minister to correct the record in respect of what he said in his Budget speech, where he said:

we have sold the Government's remaining 50% interest in the equity of the properties in the newest co-ownership estates for £165 million ...

That is not an accurate representation, from the information we have received. We understand the figure to be £88.5 million rather than £165 million. We understand the mechanics that were

described to us and explained to us yesterday, but we would appreciate it if the Government could correct, for the benefit of the wider community, this position.

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

**Chief Minister (Hon. F R Picardo):** Mr Chairman, I am grateful that you have allowed hon. Members to say something without setting any precedent in that respect – because there is no precedent to be set. The Government yesterday did something exceptional, which is to brief hon. Members on a matter on which it does not have to brief hon. Members. So all of that is a voluntary process to which the Government submits itself, as we did in relation to the £300 million investment which we disclosed to hon. Members and then took them through the detail of.

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Let us be clear: the Government is acting more transparently than any Government in the history of Gibraltar has ever done, because when other Governments have, in keeping with the rules, entered into either transactions for the sale of assets, transactions for the hypothecation of assets or transactions for loans, they have not extended to any Opposition before in the history of our Parliament the opportunity to have a detailed brief on what stands behind that borrowing, that sale etc. We do. That goes to the deepest transparency ever illustrated by any Government in the history of our democracy.

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Taking hon. Members through the detail of what they have said in the context of their statements, first of all I want to thank the hon. Lady for the approach that she has taken – indeed, first of all for making her statement in this House. I had to read the statement of hon. Members about what they thought of our briefing and our Bill in some publication this morning and not have the benefit of hearing it in this House, although of course, if I may say so, the way that it is expressed outside of this House is always more eloquent than the way it is expressed in this House by the Hon. the Leader of the Opposition; but the hon. Lady has, in my view, incorrectly and for all the wrong reasons, reached a reasonable conclusion.

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The reason I tell her that she has done it for all the wrong reasons is that she is wrong to say that there was an obligation – or in some way, shape or form, some requirement – that we come here by way of motion to debate the issue before we enter into this transaction. Never in the history of any Parliament that I am aware of does a Government bring a transaction, before it is entered into, to be voted on by Members of the Opposition in respect of a borrowing or sale. In the context of our Parliament in particular, that has never, ever been the case, whoever has been Chief Minister, and throughout our constitutional history always the requirement is to bring certain transactions to this House.

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This transaction does not have to come to this House. Let's be very clear: this transaction is one of those transactions, like the £300 million investment, that does not have to come to this House, and yet we debate them in this House because I bring the issue to the House. I told the House about the £300 million investment in a Budget and I told the House about this £165 million in this Budget. I transparently bring those issues to the fore. I invite debate on them.

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Mr Chairman, my key point in respect of the point made by the hon. Lady is that I disclosed this issue in the Budget debate. We could have done this transaction without bringing a Private Member's Bill, without bringing any Bill at all, and simply novated all of the contracts, but nonetheless we would have brought it in the same way as I have brought the £165 million. And so I told the hon. Lady and I told hon. Members about this in the Budget debate, a Budget debate in which she and hon. Members opposite were able to then challenge what I had said, and then they have been given this briefing – so she will allow me to disagree with the logic that she uses to build the edifice of her complaints, although I am grateful that the conclusion that she reaches, which I think is the right one, is that therefore nonetheless she should be supporting this approach.

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125 This is not an issue that engages a debt ceiling and this is not an issue that engages  
borrowing, because there is absolutely none of that, but if the hon. Lady feels as she has told us,  
and indeed the Hon. the Leader of the Opposition has told us, that they would wish a motion in  
this respect, it is up to them. They can put motions on any subject, including this subject, at any  
time, and we can have a debate where they can raise some of the issues that we raised with  
them yesterday and they raised with us and we can debate those as long as hon. Members and  
130 you, Mr Chairman, allow us to.

So I do not think there is any attempt whatsoever to avoid having those discussions and  
having that debate and I would welcome, if the hon. Lady wishes to put a motion, the  
opportunity to debate these arrangements because these are arrangements of which the  
Government is extraordinarily proud. These are excellent arrangements, not just for this  
135 generation but for future generations of Gibraltarians, so that affordable housing can continue  
to be built not just for those who were lucky enough to have it since the ingenious idea came  
into the head of Joe Bossano and the first GSLP administration delivered it 30 years ago, but so  
that we can continue to deliver this magnificent way of getting on to the property ladder for  
future generations of Gibraltarians. And so I thank her for her positive vote, although I am not so  
140 pleased with the somewhat negative terms in which she has couched it.

Mr Chairman, in the context of what the putative Leader of the Opposition has told us, I must  
say that I do feel that we were engaging in a bit of a dialogue of the deaf with them. In a meeting  
with the hon. Lady and her team we had a convivial discussion where we were able to get to the  
bottom of a lot of issues with very interesting questions that they raised. With hon. Members  
145 opposite what we found was that they were simply insisting on the principle that the Hon. the  
Leader of the Opposition has been told today to repeat constantly just to try and grab a  
headline: indirect borrowing. This is not indirect borrowing by any stretch of the imagination, as  
I explained to them in detail yesterday with the benefit of a professional team that was able to  
take them through all of the detail and answer all of their questions. The competence of the  
150 professional team could not have been any greater and we were all trying to make clear to them  
what sort of nature of transaction this is.

For them to now come here to simply say that this is indirect borrowing and that is why they  
are not going to support it, because of their concerns about the public finances of this  
community, is to have ignored everything that they were told: a dialogue of the deaf, which is  
155 just in keeping with what the past seven and a half years have been when we have been  
engaging with all of them who are now opposite, except the hon. Lady and indeed the Hon.  
Mr Feetham, who is not here. Save for the hon. the backbencher who is no longer here, who was  
able to engage intellectually on issues and was able to counter and take forward an argument,  
they have simply set themselves up with a political position that they are going to pursue,  
160 whatever the reality of what is before them. They want to talk about debt and they want to talk  
about indirect borrowing and you can show them the opportunity to kick the tyres, you can  
show them the spark plugs, you can show them the internal combustion engine in all its glory  
and they are going to say that it is debt even though it is a diesel engine.

So I am not at all surprised, first, at having read their reaction moments after they left my  
165 office – which means that they took absolutely *no time whatsoever* to reflect on what they had  
been told on what they themselves say is a very complex piece of financial engineering. They did  
not seem to understand it when they were in our room, and yet a few hours later they were  
already commenting negatively on it and reaching the same conclusion. Frankly, it is absolutely  
to do the thing that is politically expedient and not to do the right thing for them to come here  
170 simply to say that this is debt and to vote against it and to try and now construct the argument  
of the spectre of the public finances.

Mr Chairman, the people of Gibraltar have been through this before. We have been through  
it in the 2015 General Election; indeed, I think we started to see the elements of it in the sad  
2013 by-election. It appears to me that all that is happening is that hon. Members opposite are  
175 setting themselves up once again for the same perennial debates. They are going to go into the

General Election saying Gibraltar is about to be bankrupt if the GSLP do the things that the GSD used to do, but if the GSD are able to do them after the next General Election everything will be fine. Mr Chairman, you could not persuade a deaf, dumb, blind duck that what they are saying makes any sense or is true because they themselves have oft said Gibraltar is not going to be bankrupt, Gibraltar is going to do financially well – because when they think that when the camera is on them they need to say that everything will be all right, they will say that; and when they need to say, in their own view of their politically expedient position, that things are going to go badly, they will say that.

Therefore, Mr Chairman, I am left bereft of hope that this Opposition might ever do something which is in the interest of our community and bereft of hope that they will actually be honest enough to say that their attitude, when taken in the round and analysed logically, is that they would not build more affordable homes for our people, that they would not sate the need that we have for more affordable homes in our community by entering into a transaction which is ingeniously absolutely not borrowing, direct or indirect, but which delivers homes for our people. Finally, if I was a Member of the GSD I would just be left bereft of hope.

But they can put any motion they like – they can then debate the issue with us on debt. The reality is that when, years from now, what we have done is analysed, I sincerely believe that those who have come up with this proposal for the Government and have delivered it will be seen as having had nothing short of a stroke of genius that enables us to continue to deliver affordable homes for our community.

Thank you.

**Hon. E J Phillips:** Mr Chairman, just one point –

**Mr Chairman:** No, nothing more to be said.

**Hon. E J Phillips:** The Chief Minister has failed to –

**Mr Chairman:** I have come to the conclusion that it would have been better if I had not exercised my discretion so liberally. It is a lesson for the future. That is the end of the matter. The long title stands part of the Bill.

**Gibraltar Residential Properties Limited  
(Assignment, Transfer, Vesting, Registration and Notice) Bill 2019 –  
Third Reading approved: Bill passed**

**Mr Speaker:** Will the Chief Minister now move the Third Reading of the Bill, please?

**Chief Minister (Hon. F R Picardo):** Mr Speaker, I have the honour to report that the Gibraltar Residential Properties Limited (Assignment, Transfer, Vesting, Registration and Notice) Bill 2019 has been considered in Committee and agreed to with no amendments, and I now move that it be read a third time and passed.

**Mr Speaker:** I now put the question, which is that the Gibraltar Residential Properties Limited (Assignment, Transfer, Vesting, Registration and Notice) Bill 2019 be read a third time. Those in favour? (**Some Members:** Aye.) Those against? (**Some Members:** No.) Carried.

FIRST AND SECOND READING

**Supplementary Appropriation (2016/2017) Bill 2018 –  
Debate commenced**

**Clerk:** Bills for First and Second Reading.

220 We are at the First Reading of a Bill for an Act to appropriate sums of money to the service of  
the year ended 31st day of March 2017.

**Chief Minister (Hon. F R Picardo):** Mr Speaker, I move that the House should now adjourn to  
Monday, 12th August at 11 a.m.

225 **Mr Speaker:** The House will now adjourn to Monday, 12th August at 11 in the morning.

*The House adjourned at 10.50 a.m.*