



PROCEEDINGS OF THE GIBRALTAR PARLIAMENT

AFTERNOON SESSION: 3.30 p.m. – 5.46 p.m.

Gibraltar, Tuesday, 11th July 2023

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The Gibraltar Parliament

The Parliament met at 3.30 p.m.

[MR SPEAKER: Hon. M L Farrell BEM GMD RD JP *in the Chair*]

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

Appropriation Bill 2023 – Second Reading – Debate continued

Mr Speaker: Before I put the question, does any hon. Member wish to speak on the general principles and merits of the Bill? The Hon. the Leader of the Opposition.

5 **Hon. K Azopardi:** Mr Speaker, and there I was tempted to say no, but ... What a performance
this morning. What a performance. It was almost like going to see Neil Diamond at his last concert.
Let's unpack what the Chief Minister has said this morning. He already wrote the electioneering
headline he wanted for today some weeks ago when he said the Government would announce a
10 my analysis will show, this projection is built on a hopeless fiction. It does not stand up to scrutiny
and is constructed on a simple manipulation of figures and an underprojection of Estimates in
areas where the Government must know the projections are downright fanciful, unrealistic or
lacking in any substance whatsoever. It is a fiction because it is a convenient narrative months
before a General Election, but a fiction nonetheless.

15 For the Government and the Chief Minister in particular to seek to rewrite its financial record
and cast its projections in this way by pretending that things are better than they are is a disservice
to the electorate and a disservice to the need to have a responsible approach to our public
finances at this very delicate juncture. That pretence that things are better than they are can only
generate natural expectations, when the reality is that people should be told how serious things
20 are. And for what? The perceived short-term electoral gain of the party in power, but to the
detriment of Gibraltar's wider interests. We refuse to tell our people electoral fairy tales.

25 Anyone seeing the Chief Minister wave the Budget book at the Chamber of Commerce dinner
a few weeks ago would have been struck by the backdrop of sheer incredulity or stunned silence
in the faces attending that event. After all, there he was, having taken the confidential Estimates
of the Government, which could not be published till today, as a stunt prop for his speech, waving
it about to emphasise the financial miracle he was going to announce today. It was waved about
as a starter to what he promised was a feast of financial recovery, unparalleled and years ahead
of its time – an expression he has repeated today; from his toughest Budget ever, as he described
the one last year, to an upbeat pre-electoral message of recovery, and all in a bare 12 months.
30 What a magician and how lucky we are to have him steering us to success and wealth.

35 But of course the reality is somewhat different to that spin. In fact, the surplus projected for
2024 is built on a deeply massaged set of figures which given the history of unrealistic figures and
lack of discipline will likely lead to a year in which they will, once again, not deliver what they
promise in many key areas. The surplus will not materialise, if this analysis is right, without some
heavy changes of position or other adjustments or savings throughout the financial year affecting
parts of the current Estimates.

The picture is worse still because the people are bailing out the Government with the higher taxes that they are paying. The Government has been unable to tighten its belt and do what it promised. It talks big but does not deliver; if it did, then taxes could go down more quickly and wages could go up more steadily. But because its spending projections are massaged, unrealistic or, where realistic, are simply not met through indiscipline or because there is waste or recklessness, we continue in this spiral of financial crisis with a Government addicted to debt and in an unbreakable cycle of unrealistic projections masking the real picture.

That is the true picture being taken to the election. Presenting a false picture of solvency and financial health to the electorate is what they did this morning, but the people will see through such tactics because the realities are all around them. They are the ones feeling the pinch, the pressure of the cost of living crisis. They are the ones tightening their belts while the Government loosens its own belt from the obesity of its reckless financial management. It is the people who bail out the Government year and after year, the same people who are penalised by tax increases and Social Insurance hikes, the same people who are told their wages cannot rise and the same people who will see through this Government at the next election and want something different.

Before I turn to that financial analysis in detail, and as this is a state of the nation debate, I want to say something about the longstanding Brexit negotiations and the state of play of them. Our policy is and continues to be that we would like to see a safe and beneficial agreement concluded with the EU which establishes a new relationship with the European Union. While we have been critical of the Government in what we consider were negotiating lost opportunities, concessions or failures over the last seven years since the Brexit referendum, we have also given them significant space to negotiate an agreement in the way that they have chosen.

They have chosen to negotiate on their own, and that, of course, is their prerogative. We do think there have been failures along the way and missed opportunities to secure lasting rights for residents of Gibraltar which could already have settled aspects of what we all want. Today is not the time to get into the detail of all that, but it is clear that as we have drifted along over the last seven years we have precious little to show of a lasting nature that secures our future. That is a reality.

Additionally, and while there has been much positive music from time to time, the opportunity of negotiating something with the present political government in Spain may be coming to an end. We will see what the result of the Spanish general election is on 23rd July. The main political parties contesting that election have published their manifestos, most of which mention Gibraltar in one particular light or another. The result of the Spanish election is a matter for the Spanish people and I will not comment on that process. Whatever the outcome of the election, I would assume that we would agree that the objective of seeking to conclude a safe and beneficial agreement will remain and that a Gibraltar Government should continue to seek the same. Additionally, and because the result of the Spanish election will be known before our own General Election is held later this year, what I will say is that whatever the outcome of the Spanish elections and for the remaining lifetime of this Parliament, the Chief Minister knows he can rely on us to make common cause with him against Spain as necessary for the defence of Gibraltar's interests. We would hope, likewise, that we could count on him on the fundamentals if there is a subsequent change of government in Gibraltar.

Mr Speaker, the activity of the COVID Fund dominated a lot of the work in the 2019-21 and 2021-22 Budgets. We did remark last year that we were surprised, in some respects, that the COVID Fund was still being used to supplement departmental expenditure when the worst moments of COVID had, thankfully, long passed. This year we see those have reduced significantly, although some payments were still made during 2022-23, not least £2 million to the GHA, although the bulk of the remaining activity went to plug so-called 'lost' general income. Whether some of that lost income is properly due to COVID, however, is a moot point given the Chief Minister's acceptance, for example, that a lot of the import duty reduction is directly related to other matters. In February 2023 Mr Picardo said, talking about import duty on tobacco, in this House:

When we had the revenue that we had, there was much more activity. Now we have much less revenue, there is much less activity, there is much less illicit activity, there are many fewer prosecutions. It is a really neat curve ... that is borne out and justified by the low levels of revenue, which the hon. Member has seen in the Estimates Book, and with the COVID Fund if we were taking 2019 as the year. If he looks at the years afterwards, there is much less activity in respect of tobacco, licit and illicit.

90 He added, a couple of questions later in the same meeting of Parliament, that this was in part due to the MoUs entered into with Spain on the price of tobacco and other measures introduced by the Government. That being the case, the booking of some of this loss of revenue in the COVID Fund in the last financial year was questionable, as by the Government's own admission this was not due to COVID at all, and any continued use of the fund for that was similarly doubtful for the same reason – it will give a partially unrealistic figure for the cost of COVID. So we welcome that
95 the Government appears not to intend to continue that practice and will not be booking further expenditure in the COVID Fund. We also welcome that the COVID Fund would not continue to be used for the most basic reason that thankfully means we are not in that unprecedented global pandemic we were in during 2020 and the time that followed.

100 Mr Speaker, like they did last year, the Government is only intending to make a contribution of £1 million to the Improvement and Development Fund. That fund, from which projects are delivered, will depend on income on continuing sales of land to continue to fund its activity, but there are some projects there that could affect the overall financial picture in relation to that fund. For example, a notional sum has been provided for the awaited urban waste water project, which is likely to cost tens of millions. It is also striking that there is still £265,000 provided in the fund
105 for the never-ending completion of the Island Games facilities, which were held four years ago now, in 2019, with over £560,000 spent last year on this. The so-called 'digital transformation' saw an extra £3.35 million spent last year and a further £850,000 allocated for this year on top of all the millions in previous years, and the Sustainable Transport Plan, within which we assume lies the cycle lane cost, incurring a spend of £1.2 million this year, after spending over £475,000 last year. Many of my colleagues will address those issues in coming speeches.

110 I turn to the analysis of the state of public finances, the revenue and expenditure and the Budget measures. I start, because that is where I must start, with the headline-grabbing notion that the Government is projecting a small surplus of £2.5 million for the end of March 2024. At best, what could be said is that this is an entirely superficial presentation, that it is not much more
115 than putting a sticking plaster on a deep, festering wound to keep it out of sight, because in reality, when you look under the sticking plaster, which to the outside world indicates repair, in fact there are the same systemic problems there were 12 months ago, unaddressed because either the Government does not have the courage to address them or the ideas to do so. It is, as I have described it already, a wholly unreal projection built on a hopeless fiction, and that can clearly be
120 seen by looking at the year's numbers and comparing them to last year's projections and expenditure. Indeed, it is important to do so, because that and what went on before provides the context to understand the current narrative. Once we delve into what has happened, we can see clearly that this present story of financial recovery could have been scripted by George Orwell.

125 For the financial year 2021-22, the Government predicted a deficit of £50 million, £1 million per week. In other words, they predicted that the public sector would cost £1 million per week more than it would generate in revenue. That was like losing over £136,000 per day or £6,000 per hour. That calculation of daily loss was based on the fact that they were going to borrow £50 million pounds to prop up public finances – Sir Joe Bossano had then described it, candidly, as the worst deficit ever – but undaunted by that grim reality, an out-of-control Government could
130 not even keep to that Budget in 2021-22. Instead of borrowing £50 million, it had to borrow £100 million just to keep afloat, to pay wages and other recurrent expenditure. There was a total overspend of £91 million, of which £35 million was overspent by departments alone in 2021-22. In the estimate for 2021-22 the Government promised it would spend, and was authorised to spend, £768 million. In fact, the actual expenditure for 2021-22 was £859 million, a figure of
135 around £91 million above the estimated Budget. Some of that was additional contributions to lost

revenue, but a big chunk of that was simple departmental overspend, namely £35 million of that total. If this was the worst deficit ever in the worst financial year ever, there should have been the strictest adherence to the approved Budget ever. Instead, there was overspend. In the year of the worst financial deficit ever, Mr Picardo's Government could not keep to their Budget. And so what was the recipe to get out of the crisis last year? Well, simple: tax the people more, pass the bill on for the people to pick up, get the people to bail the Government out of their mistakes, their years of directionless financial management, years of borrowing and racking up of debt, years of playing poker with the people's money. So after the need to borrow £50 million more than expected just to keep afloat in 2021-22 and the overspend by departments, you would have thought that the lesson would have been learnt and they would keep to their Budget this year. Wrong. The departmental overspend is still there, but bigger. I say all that because it is the context of all that that demonstrates why this Budget surplus is built on a fiction. The sleight of hand and massaging of the figures in the presentation of the rosy narrative today cannot hide that reality or the ever-increasing catalogue of financial promises Mr Picardo does not keep.

I see some Members opposite shrug their shoulders – perhaps in dismay at the analysis because they know it is true, because in 2021-22 the forecast total Consolidated Fund expenditure was £768 million. In fact, as stated, they spent much more, at £859 million. When the Government came to this House last June, June 2022, to present the Budget for this last financial year, 2022-23, they promised to spend £136 million less than they had done the previous year. We warned then that those projections were unrealistic given the previous results, with some stunning examples in certain departments. But it is their Budget; it is for them to defend how realistic it is. We said it was unrealistic; they said it was not, that it was realistic. In overall terms the Government promised to spend £723 million in 2022-23 as Consolidated Fund expenditure – in other words, £45 million less than their promise for 2021-22, which had been £768 million, which they had not kept to anyway. And like they did in 2021-22, the Government failed to keep to their promises for 2022-23 and in fact spent £791 million this last year, instead of the £723 million they promised to spend. In other words, £68 million more. The departmental overexpenditure alone last year was in the region of £55 million.

So having had a departmental overspend in 2021-22 of £35 million, no lesson was learnt and there was an even bigger departmental overspend in 2022-23 of now £55 million. This worsened position was indicative of either an inability to keep to their Budget or that the figures presented last year were hopelessly unrealistic. Either way, the citizen has little comfort. If the figures were realistic last year and the year before that, then what you have is a Government that is unable to keep to its Budget. These are not our figures, they are theirs. What confidence can you have in Mr Picardo or his Budget surplus if his Government cannot stick to its promises on handling your money? How can you trust such a Government on public finances? You would have thought that the figures in the Budget book would be realistic. That would be the least you should expect from your Government. If, on the other hand, the figures were not realistic, this would reveal a much wider and dangerous malaise that is symptomatic of a Government that is unwilling to be transparent with its citizens, that is opaque with its finances and deliberately masks the true financial picture from the voter.

I regret to say that I think it is the latter. I simply cannot believe that some of the figures presented last year were realistic. They were obviously not so, when you analyse them. For example, the projected £128 million expenditure for the GHA in 2022-23 looked extremely unrealistic, as it was over £40 million less than it had actually spent in 2021-22. Last year, I warned, in respect of the GHA expenditure, 'Are these figures realistic? Will they keep to their budget this time? And will they do so in a way that the public service is not impaired? That is what the user expects.' And indeed, as we had warned, the GHA could not keep to their budget of £128 million and spent £155 million this year.

Equally, this year we are being treated to the same unrealistic figures, and that is important because it affects the bottom line. So beyond the eye-catching miracle headline of the £2.5 million surplus, in fact there are very clear reasons for the projection and pretence of the restoration of

so-called financial stability, and none point to any government-inspired brilliance. First, the prospect of the small surplus for 2024 has only been possible by a patent set of unrealistic figures in the health and care sectors particularly. If unrealistic figures had not been presented in the health and care sectors, then the projection could only have been one of a further deficit. Let's look at those examples in detail.

How is it realistic that having spent £155 million last year the GHA will now go on to spend £129 million? In other words, the GHA is going to spend £26 million, or 17%, less than last year. How is it realistic that the Care Agency that spent more than £27 million last year is now going to spend £19.8 million, more than £7 million less? It must be clear that those numbers are unattainable and without them the projection would only be for another deficit. And those unrealistic numbers are not the only ones in this Budget.

So Mr Picardo can go and tell Health Service workers and nurses, physios and patients, doctors and paramedics that this year the magical £2.5 million surplus is built on the fact that the costs of visiting consultants are supposed to be £700,000 less than last year, that the drugs and pharmaceuticals budget is being cut £2 million from what was spent last year, that the Government wants to spend £2 million less on prescriptions, that the Government hopes to spend £3 million less on sponsored patients, that they want to spend £1 million less on medical and surgical appliances, that the budget for office equipment in the GHA has been slashed by 85% from what they spent last year, that the Care Agency is supposed to spend £1 million less on home support, supported living in the community. Those Health Service or care workers already suffering from low morale would likely laugh in the Government's face.

Go and tell teachers that this year the magical £2.5 million surplus is built on the fact that the Government has provided only £1,000 for temporary cover for teachers. This is a provision that they know 100% they will not keep to, because the Government knows they will have to spend moneys on cover for teachers. They know because they know they spent £1.6 million on temporary cover in 2018-19, they spent £3.99 million in the double year 2019-21, they spent £3.15 million for temporary cover in 2021-22 and they spent £1.9 million in 2022-23. In other words, it is a complete fiction to pretend that they will spend £1,000 on this item, but all of these things are affecting the financial bottom line on which the cash surplus of £2.5 million is built.

So what happens if some or a combination of those items happens? Bang goes the surplus; it is as simple as that. If the GHA spends the same amount of money as it did last year on sponsored patients, bang goes the surplus. And bear in mind that we already know that, because they provided only £1,000 for temporary cover in education, there is a certainty that at least £1.5 million or £2 million will be spent on that, so the surplus is shrinking all the time. Very little needs to happen beyond that – and as the analysis will show, we have probably lost the surplus already – to swallow up the entire projected surplus.

Digging a bit deeper in the GHA examples shows how farcical these numbers are and how a Government properly planning would know that they are unrealistic. In 2018-19 the GHA spent £11.4 million in relation to sponsored patients, in the double year 2019-21 they spent £33.65 million – in other words, an average of £16.8 million – for each of those years, in 2021-22 they spent £14.75 million on sponsored patients and last year, 2022-23, they spent £13.72 million. All of those figures between £11.4 million, the lowest sum, in 2018-19, almost six financial years ago, to £16 million. How, then, is it serious to project that the sponsored patients budget will cost less than it did in 2018? The sum projected for 2023-24 is lower than the sum spent in 2018-19. The sum projected for this year is £10 million. That is the same sum they projected last year, and we told them that was unrealistic last year. And what happened? They ended up spending £13.72 million. As we said, that figure was unrealistic, so how is £10 million realistic this year? The same goes for GPMS prescriptions. These cost the GHA £11.9 million in 2018-19; £25 million in the double year 2019-21, so around £12.5 million a year; £12 million in 2021-22; and £11 million in 2022-23, last year. So how is it realistic that this year it is going to cost £9 million, in 2023-24?

There are others, but just those few examples show how fragile the foundations of this £2.5 million surplus are and how easily those foundations will crumble as soon as there is a need

240 to deal with the realistic needs of the Health Service, the care service or education service, things
that are inevitable. This is not an infrastructure project that you can decide as a Government not
to do, or postpone, and save millions and therefore the cash surplus is built on an infrastructure
project that is not happening. It is built on unrealistic health, education and care figures. And let's
be clear, I am not criticising the provision of funding for health and care or teaching when further
245 funding through the year is necessary. If it is necessary, of course it should be provided. What I
am saying is that the figures set out in the Budget are unrealistic from day one because the
services will cost more. This is likely from the figures of the past, and the Government must know
that. And if it does not know that, then it has not heeded the warnings we gave last year, which
have turned out to be true. I cannot believe that they are not heeding the warnings that must be
250 being given by officials in those departments, given their experience of managing those budgets
in the past. That is a political decision of the Government, and by following the same tactic of
underproviding through a set of unrealistic figures it knows cannot be delivered, it produces a
false picture of the financial bottom line. In other words, the small projected surplus is totally
unrealistic, too. It is a work of fiction to suppose that on those unrealistic projections it will
255 materialise unless other numbers change and they make big savings elsewhere, and we know that
making big savings just isn't their track record.

Additionally, and at its most basic, the Government would have you believe that it will spend
less in overall terms than last year. Basically it says it is going to spend £68 million less than last
year. That is the way they will produce their projected budget surplus. Again, as an overall picture,
260 that is what they are building the cash budget surplus on – on them saying, for people to believe,
that they are going to spend £68 million less than last year, when they have a track record of not
being able to do that.

Second, the projection is not only suspect because of the lack of realism of some basic
projections, but it is premised not on some great incisive financial work of the Government but
265 rather largely on the cash bailout that the people have given the Government by way of increased
tax. Indeed, had it not been for the much higher yield in tax revenues last year in both personal
income tax and corporate tax, the Government could also not have projected the surplus for 2024.
That is presumably partly due to the 2% increase in income tax and rises in corporate tax, as well
as other factors. My colleague the Shadow Finance Minister, Mr Clinton, will have more to say
270 about that.

And what happens next year? The increase in tax was said to be for a temporary two-year
period only, and now will only be partially for two years because of the announced cut today, so
how does that affect the prospect of stability going forward? If there is a reduction of tax as
promised, then presumably the tax revenue will reduce, affecting, therefore, the bottom line
275 beyond 2023-24 and maybe even 2024-25. We cannot see how, on current critical assessments of
the Government's public finances and figures, that would not plunge us into a bigger deficit,
because the current Government is clearly unable to keep to its forecast Budgets. So without the
projection of unrealistic figures or the increased moneys by way of tax that workers and
businesses have given the Government, any pretence of a possible surplus in 2023-24, projected
280 in the way the Government has, would be impossible.

Any so-called recovery is not due to sophisticated planning or diversification by the
Government. It has been enabled by the blunt instrument of raw taxation and taking more money
from people to fund the continuing excesses of Government. Again, to put it into context, after
massive overspending and a big deficit in 2021-22 and not having learnt that lesson, the
285 Government again did not keep to its own Budget in 2022-23. You would have thought that having
asked people for a handout of more money from the hard-earned wages of workers by way of
higher tax, it would have led by example with great discipline and demonstrated it could keep to
its Budget. You would have thought that this was the necessary quid pro quo of having to ask
people for more money, that the Government would not then have the cheek not to keep to the
290 Budget it presented. But maybe it cannot keep to its Budget because the figures are unrealistic
and its numbers cannot be believed. Is that the narrative, that the figures are unrealistic? Or is it

the other narrative fed to us by Mr Picardo this morning, that savings are possible but they have not yet been prepared to make them? This morning he made a stark admission when he said he wanted to fund the lump sum payments to public sector workers out of the cash surplus and savings that he had directed Ministers to make. That is going to cost £6.5 million on their own figures, and given that he has directed that, there must then be savings to be made, it is just that they have not been prepared to make them before. Or is it that the story changes constantly and he just cannot keep up with his own story?

To compound things in such a year of deficit and overspend, and when discipline should have been there, in a stunning example there was an overspend in the budget for travel costs and expenses of Ministers of about 89%, but less money than forecast spent on children's services. The priorities are just wrong. And the absolute dearth of ideas and direction in how to manage a recovery was demonstrated last year by the announcement of the imposition of a so-called COVID business recovery tax of £1,250 on all companies, more than a thousand pounds per company, that was rapidly ditched in the quickest U-turn in history the day after. It spoke to the mess of financial planning, the desperation of the thinking, the mindless endangerment of the financial services industry and the recklessness of the approach of Government.

The Government is not projecting to borrow to underwrite recurrent expenditure this year. This would be welcome news if it is borne out, but of course, even here, we must remain sceptical because in the last two financial years they have been unable to keep to their financial projections and financial promises on borrowing. In 2021-22 they promised to borrow £50 million but instead were forced to borrow £100 million to fund recurrent expenditure. Last year they said they would borrow £50 million but in fact had to borrow £75 million. Let's see if they can keep to their borrowing promise this year, having failed over the last couple of years and given the impact of other measures I will analyse later.

Mr Speaker, when making his excited announcement of the incredible projected Budget surplus for 2024, Mr Picardo said to the Chamber of Commerce that this would, in effect, restore financial stability. Of course, being financially stable and having financial stability means much more than just being in surplus. It is about the long-term financial health of the community or whether government finances are being handled sustainably. It is about whether we are on the financial cliff-edge or whether we have systemic long-term problems with our public finances. As the saying goes, two swallows don't make a summer, and here, just because there is a projection of a surplus built on unrealistic figures and with people's hard-earned tax moneys, it does not mean that Gibraltar is in a stable place.

To get to financial stability will need much more work, which will start with a change of government because the present administration is uncommitted to doing what needs to be done to establish proper financial stability, transparency and accountability. Integral to that is the basic notion that in exchange for the people entrusting you with their hard-earned money, the Government should tell the people what it does with the people's money. Instead, Mr Picardo presides over the most secretive administration in Gibraltar's history.

For example, it is impossible to judge our true financial health or stability because of the opaqueness of public finances. We now have hundreds of millions of pounds, almost £1 billion, parked in off-book transactions through a series of entities. We do not know how much of that money has been spent or remains. The structures underpinning that intransparency have gone beyond a simple web of companies, transforming itself into what Sir Joe Bossano, the ironically titled Minister for Financial Stability, has described as a jungle of opacity – a GSLP jungle where they have stashed the people's money away. That jungle needs to be pulled down.

That jungle has just got worse in the last 12 months, with hundreds of millions being planned to be deployed in projects at Coaling Island or Laguna Estate or at Eastern Beach through the Community Supplies and Services Ltd structure (CSSL) – of which my colleagues will say more – a structure where the Government seemingly is the financial hand and the organising brain, while at the same time disowning it by saying it is a charity with independent thinking. The fact that civil

servants working to Ministers sign planning proposals or seem to direct decisions is a massive contradiction to this factual farce.

345 Financial stability is also influenced by your financial leeway as a government and your debt. That impacts on everything the Government can do and how much the people are taxed. The reality is we already had gross direct and indirect debt of £1.3 billion before COVID arrived on the scene, and he knows that when we supported the emergency COVID Budget in March 2020 we expressly reserved our position on the issue of the historical debt and whether it had been
350 responsible, or not, to be so much in debt at that point. The fact that we were already £1.3 billion in debt before COVID was due to one of the biggest breaches of promise by Mr Picardo, which in this election year is worth remembering.

In 2011, in his New Dawn promise, he solemnly declared to people in his manifesto that he would halve the then existing gross debt of £480 million. He was unequivocal in an accompanying
355 video that it was that spiral of debt that could lead us to ruin. In 2012, in his first Budget speech as Chief Minister, Mr Picardo added:

[...] in Opposition, we raised issues about the creeping growth of our nation's gross debt and why we have a clear commitment to deal with gross debt and net debt levels, as we set out in our manifesto [...]
That is why, Mr Speaker, our manifesto specifically provided, in clear and unambiguous terms, our approach to the reduction of national debt.

Mr Picardo continued:

Our manifesto provides on page 27 that in respect of gross debt: 'Our commitment is that Gibraltar's public debt will be brought down by half of its current level, whatever the current level is after the election, so that by the time of the next election in 2015 there will have been a 50% reduction. Gibraltar's gross debt is presently stated to be at £480,000,000.00 ...'

By 2015 they were going to halve the debt to at least £240 million. Of course, this was a promise shattered and buried. Instead of halving it, because that 'spiral of debt' would 'lead us to ruin', he
360 has proceeded to almost quadruple it to an atmospheric £1.9 billion. What happened to his concern that the spiral of debt would lead us to ruin? He converted it into an ever-increasing, downward, faster spiral.

His is the Government of financial records, it is true: record debt, record deficits and record breaches of promise affecting financial governance to the people of Gibraltar. The problem is that
365 that debt does haunt us, deprives us of financial leeway and hampers our emergence in a post-COVID period. It means our people have to pay more and do so, as well, because of the inability to keep to its Budgets and its promises.

His rather contorted explanation this morning about the debt ceiling and the new formula on the calculation of debt and how he has the headroom to get to £1.09 billion in debt was feeble.
370 Has he not realised that when you count the indirect debt, to use his own terminology, he has already bust through the debt ceiling a long time ago, well before COVID arrived, and not just by a few million but by hundreds of millions?

The stable management of our public finances should be a vehicle to deal with social and economic policy, but if public finances are in disarray then social objectives are not dealt with, our
375 economy is not properly repositioned and people continue to suffer in a cost of living crisis because of government inefficiencies. People have been penalised significantly because of the handling of public finances over the last few years. Having brought Gibraltar to the financial precipice, shackled our people to a legacy of debt, spent hundreds of millions of the people's money, hidden hundreds of millions in a financial jungle and presiding over an administration
380 mired in inefficiency without a clue to get out of their own financial mess, the only resort left has been to ask the people for a bailout by taxing them more. This is happening when we have the worst cost of living crisis in decades and when homeowners are facing the pressure of higher

mortgages, but because the Government has no financial leeway, because it is up to its neck in debt, it has no other real plan.

385 In 2021 the Government massively increased Social Insurance, which hurt businesses trying to
recover from the effects of loss of business after COVID. The Social Insurance price hikes were
penal. They hit business and eroded wages, so that there were employees worse off, even after
receiving a wage rise. Let me repeat that: they were worse off, even after receiving a pay rise.
That is how profound they were in effect. But those increases were against a backdrop of much
390 lower inflation in 2021, and even then there were concerns on jobs, wages and business viability.
It is worth recalling that the Social Insurance increases in 2021 were from 20% to 107% and that
voluntary contributions were increased by 142%. When the Chamber condemned the Social
Insurance increases in 2021, which were done without consultation, they noted ‘the precarious
state of the Government’s finances in the wake of not only the COVID pandemic but also’, to quote
395 from their press release, ‘years of rampant recurrent and capital expenditure.’ The Government
also increased electricity charges in 2021 – 20% for commercial electricity and 16% for home
consumers. In 2022 there were further increases of 8% in electricity and water charges, so over
the last two years, a 24% increase in electricity. Conveniently, the Chief Minister only talked about
last year earlier this morning. Additionally last year there was an increase of income tax by 2%.
400 Now we know there will be a reduction, in part, for some.

In the run-up to last year’s Budget the Chief Minister had drip fed into the public domain that
it would be his toughest Budget ever. He is developing a habit of wanting to prepare the ground
for his speech. This is now the renaissance financial stability Budget, apparently. Of course, it is
election year – it would not do to run with ‘toughest election 2’. This year, election year, it had to
405 be a better story, however fantastical.

Mr Speaker, a family on average income in 2022 after 2% income tax, a 24% increase in
electricity, higher Social Insurance, big rises in interest rates that will have had an effect on
monthly mortgages if they are homeowners, high inflation especially hitting supermarket prices,
and static wages or wages that cannot keep up with inflation, know that they have less money in
410 their pockets. They also know that they must tighten their belts as a household. They know that
to live like before and to spend more than you earn is a recipe for disaster. Everybody knows that –
everybody except, apparently, for this political Government that somehow lives year after year in
the same cycle of spend as you please, not keeping to their budget and expecting people to bail
them out at the end of the year. This is a Government that does not learn from its mistakes and
415 why it is appalling for the Government to overspend in its own Budget. This just pressurises
ordinary families, workers and small business. In financial year 2021-22, the worst financial year
for deficit ever, Mr Picardo’s Government could not keep to their Budget, and they did not do so
either last year, financial year 2022-23.

People will be unable to understand how the Government cannot do what ordinary families
420 are doing all the time. They will be dismayed that they have to endure higher taxes or lower wages
because of the Government’s inability to keep to its own Budget. People are tired of a decade of
borrowing without restraint, people are tired of a decade of breached promises on debt, they are
tired of a decade of spending without discipline, a decade of not controlling public sector
contracts, a decade of not controlling waste and abuse and a decade where systematically the
425 people’s money has been spent without restraint and without transparency. People are tired of
working hard to bail out this Government’s mistakes. Why should this carry on any longer? Soon
they will have a chance to tell them enough is enough and show them the door.

For all those reasons, Mr Speaker, and those that will be set out by my colleagues, we cannot
support this unrealistic Appropriation Bill built on continuing opaqueness, a fiction and an
430 approach to public finances that we simply do not share and would want to radically change. Given
the context and the fact that we just do not buy the rosy pre-electoral headline, we continue to
consider that the public finances are in a deeply delicate state and that there is no point
pretending otherwise. It would be an important objective of a GSD Government to overhaul the
management of our public finances, tell our people the full picture and ensure, through our

435 policies, that we are firmly restored on the road to financial recovery. We are some way from that
objective yet. We have no faith in this Government doing so when they often do the opposite of
what they say.

Budget measures constructed in this public finances climate need to not only take account of
the real state of our finances but of the macro-political context and the continued uncertainty
440 that our economy is facing when we still do not know if will be possible to conclude a safe and
beneficial agreement with the EU.

The priorities need to be to help the vulnerable, families in need, the lower paid and the
elderly. Equally we need to ensure that business remains competitive and we are not shackled by
unnecessary bureaucracy and can be the engines of recovery that would provide an all-important
445 boost to productivity. New markets need to be considered, and further diversification into existing
markets. Narrow and short-term thinking that led to last year's so-called COVID business tax on
companies needs to be discarded. The plan has to be for real financial stability, for tax reductions
and better debt management in the knowledge of all taxpayers' moneys that the Government and
entities are handling, and that the recurrent expenditure is being managed in a sustainable and
450 disciplined way without the risk of borrowing to cover recurrent expenditure. We do not have that
financial stability yet.

Mr Speaker, I turn to the Budget measures announced. We welcome adjustments and
increases to assist those on low incomes, on benefit, and pensioners. That includes increases in
disability benefit or the Minimum Wage or the state pension and occupational pensions. We
455 welcome, also, assistance to students through higher maintenance grants, as well as increases in
the sponsored patient allowances. Not increasing electricity charges again this year will be good
for households, although, of course, it comes after increases of 24% in the last two years. The
increase to the entry-level salary in the public sector is supported, as it helps those on low incomes
specifically, and the opening of AA recruitment is long overdue as there are many vacancies in
460 many departments given the various statistics provided to us in Parliament.

We, the GSD, are the party of tax cuts and we will take no lessons on that from the GSLP. After
all, when we were elected in 1996, income tax was at 49% and we slowly brought it down to an
effective rate of tax of 25%. We returned thousands of pounds to working families because it is
their hard-earned money and, philosophically, people should retain as much of their earnings
465 from hard work as possible and the state should manage taxpayers' moneys better. Equally, and
despite GSLP promises in previous manifestos to lower tax, in their 12 years they have not done
so and in fact all they have done is raise it by 2% last year. While we have always favoured a policy
of returning money to people via tax cuts, the issue is whether the 1% cut announced today is
affordable given the inability of the current Government to properly manage public moneys for
470 the reasons we have given and that my colleagues will set out, and fundamentally whether the
cut is affordable on the numbers of the Government's own estimates, some of which are
demonstrably unrealistic.

The reductions in penalty charges on filling vacancies and costs in registering employees are
welcome, but beyond that and any restored business nurturing scheme, the business sector will
475 feel there is absolutely nothing to help businesses in this pre-election Budget.

The Budget measures will be equally disappointing to the unions' aspirations for public sector
wage increases after no increases for the last four years, and to public sector workers. Instead,
what there has been is nothing more than a naked attempt to sweeten the pill with an attempt to
buy votes weeks ahead of an election, at a cost of £6.5 million to the taxpayer. These are, in effect,
480 pre-election handouts happening maybe weeks before or in the middle of a campaign. We agree
that those on lower incomes in the public sector should be helped, but this does not provide them
with pensionable increases to salaries at the lower end for those on low income. What they are
getting is a one-off payment. The nakedness of the raw politics of it comes in the fact that all public
sector workers up to an income of £100,000 are getting this in a staggered way. That is more about
485 votes in the public sector than helping people on low income, because if they really had the spare
cash – which we doubt – such help should have been more targeted to those on average incomes

and thresholds below £50,000 by giving more assistance to those people on lower incomes. Handouts to persons on higher incomes, which is what this measure partly represents, will be inexplicable to the thousands of workers in the private sector with incomes below £50,000, who will balk at the prospect of their taxpayer moneys going to pay election handouts to people with income more than double theirs.

So let's be clear what the effect of this measure is. Let's be clear that a family with income of £30,000 or £40,000 in the private sector is contributing their hard-earned moneys to the gimmick of an election handout to a person earning £95,000 in the public sector, or to a household where there may be two senior civil servants earning a joint income in excess of £180,000. Neither the private sector nor the low-paid public sector worker will welcome such a measure. It is the same old GSLP with the same old politics of handouts seeking votes, like they used to do, before 1996, to pensioners.

The effect of all this is also that Mr Picardo has, in effect, eliminated the already unrealistic cash surplus. So ignore everything that I have said so far to seek to persuade people that actually it is built on a fiction. I do not even need to go there – ignore all of that – because he has already eliminated the cash surplus on his own figures. If the cash surplus of £2.5 million was built on a hopeless fiction before, he just burned the house down. It also, of course, in effect breaches the golden rule he was waxing lyrical about, because funding the election-time lump sum payments, the election handouts and the tax reduction will likely force him to borrow money, what he said he would not do earlier in his speech, to make sure you do not borrow to pay wages or fund recurrent expenditure. I say that using his own numbers. No spin. I am not inventing the numbers. He projects a Budget surplus of £2.5 million on numbers that we say are unreal, but let's be clear: even if he was right – which we say he is not, clearly – his leeway, if it is to be believed, can only be what he says it is, so his leeway is £2.5 million. The election handouts are going to cost the taxpayer £6.5 million. Bang goes the surplus, because he says it is going to be produced from what? From the cash surplus. Well, the cash surplus has gone.

Last year they said in Parliament that the 2% increase in income tax was going to generate £17 million. I do not know if that is still an accurate projection, but I am going to take their figure – not mine, their figure. So let's say that if you reduce it by half it is at least going to cost a few million, when instead of ... If 2% generates £17 million, 1% will generate half – maybe less than half; whatever the projection is. Well, that, together with the reduction, together with the election handouts, has wiped away the cash surplus and puts you into deficit. And that is not even taking into account that you have provided £1,000 for the temporary cover of teachers and you have underprojected in the Health Service massively. The real figure actually is that you will overspend on this Budget again and the cash surplus is no more than a total fiction.

This combination of measures, together with the analysis I have made about the underestimates in health, care and education, show what a shameless political exercise this is, and how irresponsible it is from someone desperate to hang on to power – so desperate he does not know what else to do, so he resorts to the politics of handouts in a fragile state of public finances, the opposite of what he says he is because he pretends to say he is responsible and then flushes the surplus away with one budget measure. It was fictitious anyway, so I suppose it does not matter. 'Re-elect me just one more time,' he said ... just one more time. A Chief Minister running out of ideas, immersed in so much spin that he is like a spinning top, taken in by the emotion of the desperation to survive politically, so much that it is driving him to exasperation, so much that when I watched his performance this morning – because that is what it was, a performance, part bombastic, part bravado, part fake outrage and part emotion – what a performance! – it brought to mind that quote from TS Eliot:

This is the way the world ends
This is the way the world ends
This is the way the world ends
Not with a bang but a whimper.

535 He is right that they were described as being unfit to govern, but I thought that was the
Panorama newspaper. Or have we forgotten the headline? ‘God help Gibraltar if this GSLP lot are
 ever elected to government’ screamed the *Panorama* newspaper at the top of its voice. A case of
 friendly fire, I suppose, perhaps, but maybe this socialist Chief Minister – because he also
 mentioned several times that he is a socialist this morning; people will make their own judgement
 as to whether or not this is a Government that leads in that way, but maybe this socialist
 540 Government that knows such lingo as *el mundo yupi* stopped reading *Panorama* a long time ago.
El mundo yupi de Picardo. He really has been going to Madrid far too often. (*Interjection*) The
 problem with that phrase (*Interjection*) is that it can also be applied to him, because in his *mundo*
yupi we had the biggest crisis ever, last June, and the toughest Budget ever, only for him to have
 miraculously restored financial stability in his *mundo yupi* a few months later so he can splash the
 545 cash, glad-hand lots of people in pre-electoral stunts and be supported one more time – one more
 margarita. I have nothing equivalently snappy to respond to his *mundo yupi* with, except *déjame*
de rollo.

This is not a renaissance Budget or a Budget for young people. What specifically is there for
 young people, other than the student grants? He says this is not the Government of the privileged
 550 few – people will make their judgement – as if that was enough for anyone in Gibraltar who
 actually believes that this is what precisely they are, the Government of the privileged few. He
 says his Government has saved Gibraltar. Wow, that really stuck in my throat, that the GSLP has
 saved Gibraltar, that he remembers the Gibraltar of 2011 and reminisces with romantic nostalgia
 for the GSLP of the past, as he looked at his predecessor with teary eyes.

555 Well, Mr Speaker, I remember the past, too. I remember the Gibraltar of 1996, of the culture
 of fear, (*Interjections and banging on desks*) of the fast launches, (*Interjections and banging on*
desks) of the jobs and contracts for the boys, (*Interjections and banging on desks*) of the secretive
 companies, of the riots, of the absence of opportunity for young people, of the dead-end jobs, of
 the Gibraltar of the GSLP where you were with them or against them, of the sheer desperation
 560 that people had, with no future. Sounds familiar (*Interjection*) because those themes have come
 back, except the web of companies is now a jungle and the debt makes the Joe Bossano of 1996
 look like a saint, and, like *Back to the Future*, we have seen a return of the politics of ‘you’re either
 with me or against me’.

Mr Picardo has the gall to talk about the GSLP saving Gibraltar. Well, maybe people will say
 565 soon, ‘If that’s the way you’re saving us, no thanks, we prefer not to be saved by you.’ It is clear
 from his repeated attempts to misdescribe it that way that Mr Picardo started his re-election
 campaign today, trying to present the GSD as one of austerity and cuts. We are not the party of
 austerity and cuts, we are the party of realism and responsibility, calling it what it is. Of course, as
 he would not recognise responsibility if it walked in through the door, it is easy to understand that
 570 he would regard that foregoing presence as something else. What we do insist on is responsibility
 and discipline and to tell it how it is. We will see what people, tired of his broken promises, spin,
 the crisis of truth and governance, will make of his approach soon enough.

So what of the future? The inability to deal properly with public finances only reveals part of
 the picture which shows how people are being left behind and how the Government is unwilling
 575 or unable to face the rampant need for reform. We have a creaking housing infrastructure in which
 not enough houses are allocated on a monthly basis to cope with the demand of people put on
 the various housing lists. Endemic housing problems will never be dealt with radically that way. In
 parallel, the delivery of the affordable housing schemes has been pitiful. Years behind schedule,
 the Government is not going to finish delivering houses it promised in 2015 till 2027, 12 years
 580 later. By then, young families who in 2015 had been excited at the prospect of a new home to
 bring up their children will find that they are getting their home when they have outgrown it or
 when their children are about to go to university, in some cases. For those waiting for the delivery
 of the houses or who languish for years on the housing lists, the experience of interface with a
 Government that does not listen is frustrating and the people who live in disgraceful slum-like

585 conditions or with medical problems classified as urgent by the Government itself wait patiently
without their medical or social conditions being adequately prioritised.

Despite the vast sums spent on health, the complaints are legion and the morale of the staff is
at a low point. There are failures in special needs and social services. The lack of delivery of
opportunities for young people who do not wish to or cannot take an academic route to a career
590 is striking. There have been promises from this Government for too long on the issue of vocational
trades and technical skills for them to retain any credibility.

There is no real commitment to transparency. The reverse is true. They prefer the opaqueness
of the jungle and revel in it. The commitment to parliamentary reform or to changing the way we
are governed is window dressing with a set of parliamentary committees that have not met in
595 years. The Anti-Corruption Authority Act commitment is electorally driven box ticking of no real
change, with a law that is toothless and has not even been commenced, and only passed on the
eve of the election because it would have been far too embarrassing to seek re-election when this
had been promised in 2011 and not done. In practice, any new Government committed to making
real changes will need to overhaul that law.

600 Overall, this is a tired Government. It has been 12 years and that reforming zeal of 2011 has
gone. Many of those promises were breached and the personalities are looking jaded after more
than a decade in power. Gibraltar will not see the reforms that it wants or needs until there is an
end to this administration which now stands in the way of solutions and reforms. They have
become part of the problem and they must go. (*Banging on desks*)

605

Mr Speaker: The Hon. the Deputy Chief Minister.

Deputy Chief Minister (Hon. Dr J J Garcia): Mr Speaker, I obviously do not intend to answer
the outrageous remarks made by the Leader of the Opposition and I will leave that to the mover
610 of the Bill, who will be summing up at the end, as is customary.

This is my silver jubilee Budget. I have been a Member of this House now for 25 consecutive
Budget occasions. Some, unfortunately, were marred by the pandemic.

My hon. Friend the Chief Minister this morning set out the Budget numbers, not only in relation
to the surplus but also in relation to other areas of the economy. The figures show that the
615 economy is working and that the public finances of Gibraltar have been turned around. That
Gibraltar will move from a deficit to a surplus is only part of the picture the Chief Minister went
through this morning. It would be unfair and churlish to cloud or diminish the importance of such
a development, in particular when other countries in the world continue to post huge deficits.
Gibraltar must be confident and it must be proud of where we are today.

620 This will obviously be the last Budget before a General Election. The last time Gibraltar went
to the polls was in October 2019. We had no crystal ball; nobody could possibly have foreseen at
the time what lay in store for everyone. It has been a complicated and difficult term of office for
that reason. A range of critical issues, largely unprecedented, have had to be dealt with, and that
has not been easy. True, being in government is never easy, but true also that no Government has
625 been faced with the multiple challenges that we have had to confront: a global pandemic, a
lockdown within five months of the election, economies closed around Europe and the world, and
millions of people dead, everywhere.

Sadly, Gibraltar, as the House knows, did not escape unscathed, and over 100 people lost their
lives here, too. It was a particularly hard and difficult time for the elderly, who were judged to be
630 most at risk; for our young people, who saw their studies and examinations disrupted; and for the
population in general. But they were dark days, too, for those in government dealing with the
unknown, trying to keep a killer virus at bay, taking hard decisions in order to save lives, waking
up in fear of what the new day might bring. It was a physically and mentally draining experience,
but as so often happens, we all rose to the challenge and we faced the threat and stared it down.
635 Gibraltar came very close, as my hon. Friend the Chief Minister said this morning, to the formation

of a government of national unity. The Leader of the Opposition attended some Cabinet meetings; both sides of the House worked together to address aspects of the crisis.

640 So as the pandemic unfolded in front of us, we dealt with it. We sourced medical supplies and equipment, including PPE and ventilators, at a time when other countries were struggling with the supply chain. We topped the global league when it came to testing and we vaccinated the entire population in world record time, the first territory on the planet to do so. We found workarounds and solutions to the problems that cropped up, but those solutions cost money. Medical equipment, medical staff, private sector salaries and business support all had to be paid for, so the pandemic created a pressure on public finances which was without parallel. Economies worldwide
645 turned to borrowing. Record levels of debt have now become the norm everywhere. The priority was to protect citizens and businesses. Economies came second. This was a once in a lifetime event and it happened in ours.

That cost, coupled with the loss in revenue, continues to be broken down in detail in the COVID Response Fund, and we have heard this morning how that is now being addressed going forward.
650 The figure stood at over £400 million and this pushed the public finances of Gibraltar into a deficit for the first time in a decade. The House knows that the deficit for the last financial year was projected at over £50 million. As hon. Members have heard, that has come in at the considerably reduced figure of £15 million. And the good news, too, is that the projection for 2023-24, the current financial year, puts Gibraltar back in surplus territory. Despite everything that has been
655 said, prudent stewardship of the economy has now taken Gibraltar out of the red and there can be no denying that it is an important step in the right direction.

Mr Speaker, as the House knows, Spain will go to the polls on 23rd July. This has obviously impacted on the negotiations for a treaty to govern the future relationship of Gibraltar with the European Union. It is one of a series of unconnected and connected events to have impacted on
660 the timing of such treaty. Indeed, the new elements introduced by Spain in the final stretch of the negotiations have proved to be an obstacle to an earlier agreement. My hon. Friend the Chief Minister could not have been clearer. He said that the ingredients of sovereignty were creeping into the picture. The proposal on the table, therefore, was not safe, secure or beneficial for Gibraltar and it will fall on whoever is elected in Madrid to continue those discussions, or indeed
665 to discontinue them. The final approach will probably depend on the political complexion of the new Spanish administration.

We were first elected into government in 2011. This was only a few weeks after the Partido Popular had also won elections in Spain. We therefore bring plenty of collective experience to the table in dealing with difficult politics from Madrid; more than that, considerable experience in
670 handling their most difficult Foreign Minister since the days of General Franco. I refer, of course, to José Manuel García-Margallo. So if the Partido Popular were to win, with or without Vox, people should know that their Government is prepared. In the event that the PSOE-Sumar coalition were to renew their mandate, we are also best prepared to take the treaty negotiations to a safe conclusion. So the message is that we stand ready to protect Gibraltar, whatever the future may
675 hold.

Looking back now, it is obvious that the negotiations have taken up a disproportionate amount of government time. The breadth of topics under review has made this a genuinely cross-ministerial exercise. Evidently, the Chief Minister and I have been more involved. We have been present at high-level political meetings, without officials. There have been formal negotiating
680 rounds with the European Union. The process has also seen countless pre-meetings with the United Kingdom, with Spain or with both of them. Those meetings, contacts and engagements have been ongoing at different levels and in different locations, practically on a daily basis. In addition to that, the process has seen a huge volume of important technical and legal work. This has been very ably led by the Attorney General, Michael Llamas, with the support of the Director of Gibraltar House in Brussels, Daniel D'Amato.
685

It is easy to forget that the negotiations only commenced in October 2021, which is when the European Union declared itself ready to talk. The structure has been characterised by what we

690 have termed ‘variable geometry’ between the four relevant parties. These are the governments of Gibraltar, the United Kingdom and Spain, together with the Commission of the European Union. The House already knows that we are close to an agreement. Given the elements introduced by Spain now, it is conceivable that the talks could collapse, so those sovereignty and jurisdictional concerns may catapult Gibraltar into a no-treaty scenario. Hon. Members will be clear that there are certain fundamental lines that this Government will not cross.

695 There are those who argue that the conclusion of a treaty has taken too long. Clearly, had we signed up to everything that Madrid and Brussels wanted in October 2021, then we would have had a treaty 19 months ago. However, the reason for the timescale is precisely because the UK and Gibraltar have held the line. That is what a negotiation is all about: opening positions, wider high-level principles, detailed technical discussions, proposals and counter-proposals, and then convergence around the common ground. The intensity of that detailed work has taken its toll. 700 However, we remain determined to continue to do battle in order to secure a treaty which is safe and beneficial for Gibraltar. The Government remains firm in the belief that this is the best option for Gibraltar’s future, for our families and our children, for our businesses and our citizens, and for our country as a whole.

705 The conclusion of such a treaty raises the practical question of implementation. This, too, will involve a considerable amount of legal, political and technical work in order to ensure the smooth operation of the process as any new treaty comes into force, so implementation itself will be a mammoth task. The Government remains in the best position to see this workstream through until the end. The Chief Minister and I have been present at every high-level political meeting. Issues have been discussed and commitments have been given in our presence. Policies have been 710 formulated in front of us and decisions have been taken, so we can personally hold Spain and the EU to account for what they have said to us in private. We have been immersed in the detail of this world for some seven years now. It has, to a considerable degree, taken over our lives, and we know the issues, the personalities and the discourse inside out. We promised, in 2016, to leave no stone unturned. That is exactly what we have done ever since.

715 The alternative to treaty implementation is a no negotiated outcome (NNO). The United Kingdom and Gibraltar governments have been working very closely to mitigate the negative impact of no treaty. Those effects are set out in the public communications that the Government has issued ever since the vote to leave the European Union took place. This has included two booklets which were published and sent to thousands of households all over Gibraltar. The first 720 was entitled ‘Preparing for a no deal Brexit – Get Ready’, and the second was entitled ‘Guidance to Citizens – No UK-EU treaty on the future relationship of Gibraltar’. Some 60 subject-specific technical notices to the general public have also been published. These included a specific ‘Guidance to businesses and certain public services’, which was issued at the end of October 2022. All this remains available online. Separate briefings have also been given to stakeholders, some at 725 their own request, others at the request of the Government when there has been something new to report. This NNO work has been guided by the need to balance the dissemination of information in a sensitive way which does not create a general panic. The Government is very grateful to all the entities that have taken part over the years, including the Members opposite, for respecting this delicate balance.

730 Mr Speaker, the Brexit structures we have put in place have continued to operate. The Brexit Strategic Board, which I chair, generally meets once a fortnight. There are also meetings between subgroups, which cover a wide variety of different subjects. The general areas are commerce, critical services, waste management, health and social care, law and order, legal and EU matters, public services, special projects and the supply chain. In addition to this, there have been deep 735 dives into a number of specific subjects.

The NNO Board between the Gibraltar and United Kingdom governments has met 26 times. I chair this at a ministerial level together with the UK Minister for Europe, and at an official level with senior UK officials. The close co-operation and working relationship between the two governments could not be better. I want to thank all the different UK Ministers who have been

740 involved in this work, including the current Minister for Europe, Leo Docherty MP, who has shown
a keen personal interest in Gibraltar. The Government is grateful, too, to the many officials in
London, Brussels and Gibraltar who have made invaluable contributions to our NNO work over
the years. UK officials have defended and promoted the interests of Gibraltar in the same way and
to the same degree as those of the United Kingdom itself. The challenge that Gibraltar would face
745 in the absence of a treaty is already well documented.

A total of 132 Brexit-related queries have been received at the brexit@gibraltar.gov.gi email
address from May 2022 to date. These have all been replied to or the sender has been provided
with the details of the department in a better position to assist. Those queries have related to
eligibility for S1 certificates and health cover, passports, residency, customs requirements, road
750 haulage, driving licences, pets and the registration of medical devices and products. I want to take
this opportunity to thank Civil Contingencies Co-ordinator Ivor Lopez and my Principal Secretary,
Ernest Francis, who have played a vital co-ordinating role in taking this work forward. I must also
thank the countless officials of the Government of Gibraltar, its agencies and authorities, who
have all contributed positively to this process.

755 The Government is grateful for the bridging measures that Spain continues to unilaterally apply
at the border for Gibraltar residents with a red identity card. It is well known that the default
position would now be passport stamping for everyone. We very much regret that Spain has not
reintroduced this facility for Gibraltar residents with a blue or magenta civilian registration card.
The House will know that this concession was terminated following changes to the immigration
760 controls exercised on EU and Spanish nationals on entry into the United Kingdom itself. In other
areas, like reciprocal healthcare, road haulage and cross-border ambulance services, bridging
measures have now come to an end. The helpful consequence of this staggered approach has
been to soften the landing zone as we left the European Union.

The Government sincerely hopes that in the coming months we may be able to conclude a
765 treaty on the future relationship of Gibraltar with the European Union. However, in the event that
we do not, Gibraltar will need to adapt to the new world that no treaty will thrust upon us. There
are many areas where no mitigation is possible. The new scenario will simply reflect what it is to
be outside the European Union. But even then we are a tough and resilient people. Over the
centuries we have shown that we are adaptable, we find new opportunities, and we have
770 demonstrated that we can thrive on change. Gibraltarians can and will take advantage of any new
situation.

Mr Speaker, I now turn to report on our office in Brussels. It has been eight years since the
Government made the move to expand Gibraltar's presence in Brussels, and what a timely
decision that turned out to be. The office has continued to provide critical support since our
775 withdrawal from the European Union. It has also provided a firm base from which to defend
Gibraltar's interests. The relationships which our staff there have forged and the expertise they
have developed over time are invaluable. This has allowed them to provide the Government with
decisive advice as we have moved ahead in these challenging times.

During my last Budget address I underlined the important nature of the treaty work that
780 Gibraltar House is involved in. This has not changed. Indeed, it could be said that the treaty
negotiations, or work linked to those negotiations, take up almost the entirety of their day-to-day
activities. The Director, Daniel D'Amato, has in particular provided the Attorney General with solid
support as they both attended, in person, formal rounds of negotiations with the European
Commission. Preparations for these rounds have been intense, methodical and required a lot of
785 work over the many areas intended to be covered in the treaty. Since the last Budget session there
have been six more formal rounds of negotiations with EU Commission officials. That is 14 formal
rounds in total. In addition, there have been numerous technical sessions with subject-matter
experts, and many more at diplomatic and political level. These have taken place in London,
Madrid and, of course, in Brussels, but there have also been meetings in Gibraltar.

790 Beyond the technical support in the negotiating room, Gibraltar House in Brussels is expected
to play a key role if an agreement is actually concluded. In such an event, as I said earlier, we

would still need to implement the treaty. It would be important to ensure that it functions and is governed as was agreed. This will create a new workstream which will endure while the treaty lasts. That work will include political stakeholders as well as officials in Brussels. The EU will need to be appraised of developments on the ground as they happen, every step of the way. The team at Gibraltar House, through their network of contacts and relationships, are well positioned to take this forward as and when necessary.

Despite the intensity of the treaty negotiations, the office in Brussels continues to support the Government in lobbying and engaging with the European institutions. In March, I had the opportunity to visit Brussels on official business. The main purpose of my visit was to participate in a meeting of the European Committee of the Regions United Kingdom Contact Group. The UK Contact Group brings together EU and UK regional politicians to foster dialogue in the post-Brexit era. The meeting was the eighth such occasion of this configuration and the second time I have attended in person. As part of the UK Contact Group, I was invited to a ceremony in the European Parliament commemorating 25 years of the Good Friday Agreement. The ceremony coincided with the announcement of the Windsor Framework. It was a fitting tribute to the importance of the resolution of issues relating to Northern Ireland. The meeting of the Contact Group itself highlighted the many opportunities that UK-EU relations can bring for the future. In my contribution, I highlighted the importance of reaching a UK-EU agreement about Gibraltar as part of that future framework. I also took the opportunity to meet a number of senior MEPs in the European Parliament. All shared their close interest in Gibraltar and their views on issues arising from the negotiations. However, they all agreed that Gibraltar was the last missing piece in the construction of a post-Brexit edifice of solid relations between the UK and the EU.

During my stay in Brussels, I chaired a round-table meeting of the heads of office of the devolved administrations, the Crown Dependencies and the British Overseas Territories. The opportunity to compare notes with them and exchange views on how we are each navigating the UK's withdrawal from the EU is always enlightening and instructive. We share many common goals as a UK family of nations in Brussels.

One of the key takeaways from my visit to Brussels was precisely the marked improvement in the UK's relationship with the EU. Indeed, all interlocutors, MEPs and fellow representatives of British interests in Brussels agreed that the conclusion of the Windsor Framework had brought about a new era in relations. These are now underlined not by ideological differences but by pragmatic solutions to real problems that affect real people. That same approach will, in our case, help us to find a way to a beneficial treaty.

Our office in Brussels regularly attends events organised by the UK Mission to the European Union. They also engage with those of the devolved administrations, the Crown Dependencies and the other Overseas Territories. One example of this was a St David's Day event organised by the government of Wales. The fact that they held an event in Brussels, hosted by their First Minister on Wales's national day goes to show how much stock our UK friends have put into their Brussels engagement. Gibraltar, too, is redefining that relationship and our presence in Brussels. One of the benefits of having a base there is not only that you can speak to EU interlocutors but also to everyone else who has a representation there. Countries and states referred to in EU speak as 'Western European Partners' are very relevant to our own engagement. In fact, the unit of the European Commission that is responsible for the Gibraltar negotiations is called the Western European Partners Unit. Brussels is the best place to understand the many differences between the needs of those with a similar geographical configuration to Gibraltar and their respective relationships with the EU. These partners include small states such as Andorra, San Marino and Monaco, with whom we have longstanding working relationships.

Third country EFTA and EEA countries also have a relationship with the EU. These include Liechtenstein, Norway and Switzerland. Some of these states are in active negotiations with the Commission, while others have already concluded agreements which may prove not too dissimilar to our own. It is important to better understand those third countries as well. Whilst recognising that we are we all different, we do have lessons to learn from each other. These third countries

all have the same experience in dealing with the EU on the other side of the negotiating table.
845 However, they all seek very different solutions, tailor-made to each of their individual
circumstances. The relationships that we have built with some of these states in Brussels have
proven to be very useful indeed. Gibraltar House has therefore been and continues to be at the
centre of Gibraltar business in Brussels. Their engagement there will remain necessary whatever
our new relationship with the EU might turn out to be. The Brussels office can be found at Head
850 11, Subhead 2(7).

Mr Speaker, I move on now to Gibraltar House in London. I am pleased to report that after the
disruption of the pandemic, the last financial year was largely a return to normal for Gibraltar
House. However, even to the present day the work-from-home pattern continues in Whitehall
and in many institutions and large companies, so some meetings have become a mixture of in-
855 person and virtual encounters. Sir Bob Neill, chair of the APPG, made his first visit to the Rock
since the pandemic, in January 2022. The Government and commercial entities once again have
started making use of the facilities at Gibraltar House for in-person meetings. The first in-person
APPG was held in February 2022 as the parliamentary estate began to open up to visitors. In
addition to supporting ministerial visits to London, the office continued its work liaising with
860 diplomatic and political contacts. The Swiss Ambassador visited Gibraltar for a full briefing tour in
March 2022, the Austrian Ambassador in April and the Australian High Commissioner in July.

Gibraltar was also represented at several major events in London. This included the last
Commonwealth service in the presence of Her Majesty Queen Elizabeth II. Gibraltar's
Representative, Dominique Searle, was also at the Commonwealth flag event hosted at the
865 Westminster Parliament by the Speaker, Sir Lindsay Hoyle. He also attended the Commonwealth
Jewish Council event and other such functions. Gibraltar has continued to form a strong
relationship with the Office of the Westminster Speaker. This connection was the driving force
behind a Speakers' conference which was held in London. It was also the spur to greater access to
Parliament and it has facilitated Gibraltar's attendance at diplomatic and Commonwealth events
870 hosted there. There are plans to allocate a room in the UK Parliament to the Overseas Territories,
where representatives and their guests can have pre-booked access for meetings.

Gibraltar was represented at the State Opening of Parliament in May 2022; later that same
month also at the National Service of Thanksgiving at St Paul's Cathedral, which commemorated
the Queen's Platinum Jubilee.

875 In July, Gibraltar House assisted the House of Commons EU Scrutiny Committee during their
formal visit to Gibraltar. This provided an important opportunity to make our case to an influential
group of MPs so that they better understood the impact of Brexit on Gibraltar.

In September, as MPs and peers gathered in Gibraltar for National Day briefings, the tragic
news broke that Her Majesty Queen Elizabeth II had passed away. This impacted greatly on
880 everyone, and as the people of Gibraltar mourned their Sovereign, visiting parliamentarians were
able to participate in the tributes made locally to mark such a great loss.

The autumn of 2022 also saw the Government's participation at different UK party political
conferences. The Chief Minister opened the Gibraltar reception at the Conservative Party
conference in Birmingham before leaving for the United Nations in New York. I stayed there for a
series of prearranged meetings and engagements. I was also happy to represent the Government
885 at the Labour Party conference in Liverpool. The Government hosted a reception there for
Members of Parliament and delegates. Shadow Europe Minister Stephen Doughty pledged the
Labour Party's support for Gibraltar at the event. Plans for the Liberal Democrat conference fell
through when the event was cancelled after it coincided with the late Queen's funeral. Gibraltar
890 was also represented at the SNP and DUP conferences.

A number of well-known external factors obviously impacted on our lobbying work, not least
the fact that just over a fortnight after the Conservative Party conference Liz Truss was forced to
step down as Prime Minister. She had only taken over from Boris Johnson 44 days earlier. The
political upheaval that ensued forced the postponement of the Overseas Territories Joint
895 Ministerial Council. Nevertheless, Gibraltar Day in London, which involved finance centre

meetings and a diplomatic event, went ahead with a high attendance. The reception at the Shard saw UK Ministers, High Commissioners, Ambassadors and diplomats present.

900 More recently, the House of Commons Public Administration and Constitutional Affairs Committee also paid a useful visit to Gibraltar. Again, as with the EU Scrutiny Committee, the visit was a decision taken by them and financed by them. Gibraltar House assisted in making arrangements and providing logistical support. In a separate visit, 18 Members of Parliament from the Armed Forces Parliamentary Scheme also came to Gibraltar at the beginning of last month. They were hosted by the MoD. These visits help significantly in getting influential parliamentarians to understand the nuances of the complex situation that has arisen for Gibraltar as a consequence
905 of leaving the European Union. They are also very useful in laying the basis to lobby them afterwards for support.

Mr Speaker, the Government continues to develop and promote links between Gibraltar and the Commonwealth. In London, Gibraltar House liaises regularly with the Commonwealth Foundation, the Commonwealth Enterprise and Investment Council and the Commonwealth
910 Parliamentary Association. In May, I was pleased to renew our contact with the Secretary General of the Commonwealth, Baroness Scotland. I also used the opportunity to meet with a number of High Commissioners in London. This visit provided the opportunity to raise some passport and e-visa issues which affect the Hindu community in Gibraltar. I also met with the Commonwealth Foundation. Gibraltar has been a member for decades and we wanted to obtain a better
915 understanding of how to make the best use of this longstanding membership.

Hon. Members will know that Gibraltar participates in some Commonwealth bodies in its own right, and in others by virtue of the membership of the United Kingdom. The Government is determined to build upon our relationship across the board. Sixty per cent of the citizens of the Commonwealth are under the age of 30. It is vital to engage young people going forward. I want
920 to congratulate the four winners of the different categories of our annual Commonwealth Essay Competition. These were Luca Trinidad in lower primary, Gianella Pitto in upper primary, Haylee Pincho in secondary school and Gabriella Chipol in the university student category. That policy of encouraging youth engagement continued during 2022. In June, two representatives of the local Commonwealth Youth Association participated in the Commonwealth Youth Forum which was
925 held around the Heads of Government meetings in Kigali, Rwanda. And in November, two youth delegates represented Gibraltar at the Commonwealth Youth Parliament in Trinidad and Tobago.

In April this year, Gibraltar hosted the main global Executive Committee of the Commonwealth Parliamentary Association. This provided a very useful opportunity for Members to exchange views with MPs, Speakers and Ministers from all over the Commonwealth family. And the
930 Gibraltar flag flew proudly once again during the Commonwealth Games in Birmingham last summer.

Finally, one practical change for Gibraltar House in London has been the pedestrianisation of the area immediately in front of it, which now stretches all the way to Australia House. This greatly improved streetscape has cut down on the level of noise and other pollution from traffic.

935 I want to take the opportunity to thank Gibraltar Representative in London Dominique Searle and everyone at Gibraltar House for their work over the past year. Gibraltar House can be found at head 11, subhead 2(6).

Mr Speaker, the Government has continued to develop commercial and political links with the United States of America. I was delighted with the success of the local AMCHAM branch recent
940 visit to Raleigh, in North Carolina. The twinning of Gibraltar under the Sister Cities programme has worked very well. The delegates were joined by David Liston, our representative in the United States. They were received by the Secretary of State and the Governor at an event held there to commemorate the Coronation of King Charles III.

The House knows that the Government has maintained, and will continue to maintain, the
945 ongoing work at the United Nations. In October, the Chief Minister addressed the Fourth Committee in New York. In May, Sir Joe Bossano represented Gibraltar at the annual seminar organised by the Committee of 24, this time in Bali, Indonesia. The Chief Minister and I went to

950 New York last month for the annual session of the Committee of 24. I stayed behind an additional day for a number of separate meetings; there is considerable work to be done there, discreetly and away from the glare of the cameras.

955 In May we resumed our work in Washington. I was delighted to meet with Members of Congress from both the Republican and Democratic parties in order to put across the wider Gibraltar point of view. The hectic schedule saw 26 meetings in two and a half days, right until we made our way directly to the airport from the last meeting. One of those meetings was with the head of the American Battle Monuments Commission. They are responsible for the upkeep of the US War Memorial in Line Wall Road. The monument was completed in 1933. The inscription on it says that it was 'erected by the United States of America to commemorate the achievements and comradeship of the American and British Navies in this vicinity during the World War'. This was obviously World War I. We exchanged ideas with the Commission as to how we can work together to upgrade and improve the area. The Government expects those contacts to continue during this financial year.

960 I move on now to report to the House on the work of the Gibraltar National Archives. I want to start by paying tribute to the former Archivist, Anthony Pitaluga, who retired earlier this year. Mr Pitaluga has taken the archives into the digital age. He was instrumental in setting up a number of virtual exhibitions which kept our people entertained during the lockdowns, and he also curated important physical exhibitions which marked milestones in our journey as a people. He was assisted in this by a highly skilled and enthusiastic team. On behalf of the Government, I wish Mr Pitaluga all the very best for the future. I am told that the process of recruiting a new Archivist has already commenced.

970 The website www.nationalarchives.gi continues to be very popular. There were 21,998 hits from 144 countries registered on the GNA website. On average, an online session lasted about 12 minutes. 81.9% of those hits came from new users. The remaining 18.1% came from returning visitors. There were a further 79 enquiries from 30 countries received by email or post. These came from Europe, Africa, North and South America, and Australia, and all were dealt with.

975 The staff of the Archives took part in a series of training events and conferences over the last financial year. Hon. Members will be aware that three exhibitions were organised during 2022. In April-May there was an outreach on the 40th anniversary of the liberation of the Falkland Islands. This was followed in June and July with another one to mark the Platinum Jubilee of Her Majesty Queen Elizabeth II. A third one took place in November to commemorate the 80th anniversary of Operation Torch. Attendance at those events by schoolchildren has picked up. I am told that the latter two saw numerous schools visit.

980 I want to draw attention to two collections which we are now in the possession of the National Archives. The first is the historical book collection of the late Mr Lionel Culatto. This consists of a vast corpus of historical publications which are a most worthy addition to the archives. In addition to this, the Archives are also now in control of the historical reference library of 18th- and 19th-century records from the Gibraltar Courts Service. The collection consists of an extensive number of legal documents and correspondence. This will prove to be an essential resource which offers the opportunity for advanced study of legal documentation and administration of that time period. I want to thank the Acting Archivist, Mr Gerard Wood, and the staff of the National Archives for their enthusiastic support throughout the year.

990 I now move on to civil aviation. The Director of Civil Aviation has continued to actively encourage and promote flight safety activity in all areas involving civil aviation in Gibraltar. This includes the oversight of agencies, operational activities or the maintenance of international standards and practices by operators in Gibraltar. The International Civil Aviation Organisation (ICAO) audited the UK aviation safety oversight system in November 2022. The Crown Dependencies and Overseas Territories were not individually audited during this visit. However, the Director of Civil Aviation was required to complete the compliance checklists and the protocol questions for all 19 of the annexes to the Chicago Convention. This task took up a considerable amount of time over the past year. A large number of the published directions, procedures and

1000 policies were updated, too. The ICAO has stated that it wishes to audit one of the Crown
Dependencies or Gibraltar over the next two years. The continued update of the compliance
checklists and protocol questions will remain a high priority moving forward. The Director of Civil
Aviation (DCA) continues with an ongoing separate audit programme of activities at the Airport.
1005 This is necessary in order to demonstrate continued compliance with stringent international civil
aviation requirements.

Work on aviation legislation continues. This is both part of the ICAO audit process described
above and also in order to comply with other international obligations relating to aviation. In
November 2022, legislation was gazetted to enact the requirements of the Carbon Offsetting and
Reduction Scheme for International Aviation. In October 2022, amendments to the Civil Aviation
1010 Act were gazetted. These provided the power for the relevant authorities to be able to act during
the period when Winston Churchill Avenue transforms from a public highway into a runway. The
changes to the Act were followed by the Civil Aviation (Winston Churchill Avenue) Regulations
2023, which were gazetted in February.

Drone activity has reduced slightly over the last year. Nonetheless, there remain a significant
1015 number of local commercial and recreational operators registered with the DCA. In addition, there
is a steady stream of film companies coming to Gibraltar wishing to incorporate drones into their
filming activity. The support of stakeholders such as the Department of the Environment, the
Ministry of Defence and the Port in making those flights possible is greatly appreciated. The last
year also saw a significant increase in contact with Spanish drone operators. This allows the DCA
1020 and Air Traffic Control to ensure that those drones, too, operate in a safe manner. It is very
welcome to see the positive impact that drone imagery has had on the co-ordination of rescue
operations in the wake of the OS-35 incident and during the subsequent ongoing recovery
operation.

The DCA and the Airport authorities are consultees to the Development and Planning
1025 Commission and advise on the impact of buildings on aircraft operations. It is clear that developers
are much more keenly aware of the limitations imposed upon them when constructing
developments close to the runway. Moreover, the inclusion of wind and aeronautical studies to
prove the compliance of such developments has now become an accepted practice.

The DCA continues to represent Gibraltar on the United Kingdom State Safety Board in order
1030 to ensure that Gibraltar's safety interests are safeguarded. There are also quarterly meeting with
the United Kingdom Department of Transport to discuss safety and security related issues. In
addition, the Director meets on a six-monthly basis with his counterparts from the Crown
Dependencies and the Department for Transport to discuss areas of regulatory concern and
emerging new technologies. I would like to thank the Director of Civil Aviation, Chris Purkiss, for
1035 all this work.

I will now move on to update the House on progress at the Northern Defences. This can be
found in the Improvement and Development Fund head 102, Projects, at subhead 4(zzt). This
network of military defences has been an integral part of Gibraltar's history. It has played a crucial
role in protecting our country from foreign invasion. Over the years, those defences, formidable
1040 as they are, became neglected, overgrown with vegetation and in need of attention. The
Government acted slowly on a policy decision taken in 2016 to slowly and gradually rescue this
asset. This is a sensitive project which cannot be rushed. Its full restoration will take many more
years to complete, but the results are now visible. The potential of the area is undeniable from a
heritage, environmental and socio-economic point of view.

1045 Last year, while clearing operations continued, work focused on laying a new water main to
feed Hassan Centenary Terraces and future developments at the Eastside reclamation. This was a
significant project. It was similar to the upgrading of infrastructure carried out during the 1990s,
which supplied the then Westside reclamation. Those works have seen the laying of approximately
1,650m of pipes, all the way from reservoirs at Willis's Road near the Tower of Homage, down
1050 through tunnels, ramps and steps to Laguna Estate. This has been achieved while respecting the

heritage value of the site and minimising the inconvenience to the public. It was a commendable exercise for which we owe AquaGib a great debt of gratitude.

1055 Whilst those works were carried out, the rest of the site continued to be used by families and visitors. School groups, charities, visiting students, lecturers, videographers, bloggers and academic institutions now visit the area on a weekly basis. Whether it is for team building or a family picnic, the defences have already become a popular area to experience locally. Amongst those who visited this year were *The Financial Times*, Subterranea Britannica and the UK charity Alabare. Members of our local Mindspace Project charity have also embraced the area and will be visiting shortly as part of their youth programme. International exposure was provided by the
1060 tactical table-top game SN team, who very recently held their 12th international ‘No Retreat’ event there.

A special mention has to go to the Royal Engineers, who are present on the site tomorrow, and the Gibraltar College, who ran a successful ‘1789’ charity event. This was organised by the College Business and Travel students and is testimony to their dedication, leadership and community
1065 engagement. The event drew attention to the site’s date of construction – the year 1789 – and £1,789 was donated to GBC’s annual open day. The Government is very grateful for this. It is rewarding to see interest in the site continue to grow. Students seek inspiration from it in developing their academic profiles. The programme’s emphasis on project-based learning highlights the significance of such practical education. The Government very much looks forward
1070 to seeing this initiative grow further still.

Hon. Members will have seen that the Government intends to allocate further funds towards the restoration of the Northern Defences during this coming financial year. The focus will be threefold. First, infrastructure works will continue with the provision of water and electricity to key locations. This will see the commencement of some uplighting to display the northern walls
1075 of our Castle Keep. The second focus will be on clearing-out works. The removal of vegetation along walls and fortifications will continue after the nesting season. In addition to this, previously closed off sections of tunnels such as the Queen’s Lookout will be cleared and added to the visitor experience. The third area will lie in education, leisure and tourism. The completion of the mains water supply project has allowed for a new tourist product. This is a military trail which connects
1080 the Tower of Homage to Grand Casemates Square via the Northern Defences. Works to make this a reality will commence after summer. A thousand years of military history will be experienced in the descent through those steps and ramps.

This year will also see the installation of new technology, such as cameras and sensors. The objective is to enhance our ability to detect any potential threats and respond accordingly. We
1085 will also ensure that, working with the project director, a team are equipped with the necessary skills to operate those new systems effectively. Such an investment of funds, time and effort should serve as testament to our values and commitment towards our heritage. I want to thank the project director, Carl Viagas, who has been instrumental in taking all this forward.

The very building where we meet is also finally receiving some much-needed attention. This
1090 historic building is the heart of our democracy and the centre of our parliamentary system. However, over the years, it has become clear that the building requires significant renovation work to ensure that it continues to serve its purpose. Therefore, we will be investing in a comprehensive renovation of Parliament House, along the lines of the presentation given to hon. Members opposite. We have incorporated their ideas into the design. This will include repairs to
1095 its historic fabric and the installation of a new lift. The latter will address the problem of access for persons of reduced mobility. The objective is to ensure that the building remains fit for purpose, and also to preserve its cultural heritage for future generations.

The current ongoing works are focusing on two main elements. The first is the external fabric. Here, the contractor is carrying out investigations into the condition of the roof, the walls and the
1100 columns. The stripping-out works have been completed and this has allowed for surveys to determine the condition of the building. As part of those investigations, the condition of the render was assessed. I am told that it has come as a surprise to discover that a simple paint finish

concealed solid sandstone columns and features. It is our intention to have these consolidated, restored and exposed, as they once were. The second element is the lift, offices and new infrastructure which will be provided inside. The Government would like to thank the Parasol Foundation for their generosity in respect of this project.

The Parasol Foundation has, in addition, pledged £1 million for the Mount. The Government, too, will continue to allocate funds towards this property and its grounds. This remarkable piece of real estate shares a common ancestry with the Northern Defences. Designed by Col. William Green and home to numerous Admirals, the Mount is similar in size to the Alameda Gardens. Unfortunately, this, too, was an area which had been unkempt for decades. Due to its size, historical significance and rich ecosystem, it was decided to deal with this project in a similar way to the Northern Defences. The key is a gradual and phased approach. In this way, we have embarked on several smaller projects within a master plan, in order to make such a refurbishment more manageable. This will take time. However, the improvements are palpable already. The clearing out of vegetation is almost complete. This has exposed paths and trails within the vast grounds. Some of the paths connect to the Upper Rock Nature Reserve and potentially it can provide a new access route for those living in the south district. This exercise so far has revealed the true scale of the project ahead. It has allowed us to carry out the necessary investigations on the state of its retaining walls and existing infrastructure. Those studies will better inform us of the necessary steps which need to be taken in preparing for the next phase. Running concurrently with this exercise are works to two other locations. These are the Porter's Lodge and the old tennis courts. Work has started on the Porter's Lodge, located at the northern entrance of the estate, and this will continue through this financial year. The building will serve as a registry office for weddings and, together with the hall, will be the first step towards the future use of these facilities for ceremonies and other events. Preparations for creating two new paddle tennis courts are also under way near the southern entrance to the grounds. These are planned to be completed during this financial year and will provide facilities for our community, which are in high demand.

In conclusion, the investment that the Government continues to make in the Northern Defences, Parliament House and the Mount demonstrates our commitment to preserving our history. The Government welcomes that these restoration projects have, by and large, counted on cross-party support in this House, and is grateful for that. Some of these investments will have a significant positive impact on our community and will enhance the facilities available for visitors at the same time. I again want to thank project director Carl Viagas, whose track record in the restoration and refurbishment of heritage sites of this kind is second to none.

Mr Speaker, connected to the King's and Queen's Lines within the Northern Defences is another area on which the Government has focused as part of its urban renewal initiative. This has been a real cross-departmental effort together with the Minister for Urban Renewal, my colleague Prof. John Cortes, and the Minister for Housing, my colleague Steven Linares. The Road to the Lines is a charming part of our old town which is of special significance. Hon. Members will know that this area consists of a series of houses, steps and narrow passages within the walls of our castle. As you walk along those passages, you can see the massive walls and fortifications. These structures are a testament to the ingenuity and resourcefulness of the people who built them. They serve as a reminder of the sacrifices that were made to defend this important outpost of empire, but the road to those defensive lines has unfortunately been neglected for decades. The area has suffered a similar fate to that endured by the core of many other old towns. Simply put, populations move out towards more accessible properties which offer modern comforts like car parking and other amenities. It was precisely the work on the Northern Defences that has helped to unlock the plans for the renewal of Road to the Lines. Indeed, I am told that the intervention in what was once known as 'the jungle' has also seen some reduction in anti-social behaviour. However, there is still plenty more to be done. Nonetheless, the work so far has enabled us to be in a position where we can focus now on a meaningful urban renewal initiative in this part of the upper town. The proposal currently under discussion involves the introduction of modern infrastructure, improved accessibility, quality of design and the potential to attract a

1155 diverse market across social strata. The plans include charming residential properties, cafés and
alfresco dining within the confines of a medieval castle. The new Road to the Lines will reward
residents and visitors with an experience which celebrates the beauty and majesty of this historic
zone. This House was advised last month that the final negotiations for an MoU between the
1160 preferred developer and the Government are now very close to a conclusion. That remains the
position today.

Moving on now to other developments, the Government has signed an agreement for the
development of the Rooke site. Some detail on this was already provided to hon. Members in
May. The proposal is based on a low-rise development on 80% of the site. The gain to the taxpayer
is a cash premium of £30 million. The gain to the public is a huge podium park and leisure area, a
1165 car park and a retail area which presently provides for a supermarket. The incorporation of the
historic No. 4 dock into the scheme has also been agreed with the prospective developers.

A memorandum of understanding has been concluded in respect of the site of the Queen's
Hotel and the Queen's Cinema. This follows two separate expressions of interest for the site,
which were published in 2017 and again in 2020. The proposal provides for a mixed-use
1170 development. The gain to the taxpayer is a premium of £11.2 million. The gain to the public lies in
the separate senior citizen accommodation proposed, a dance hall for the Ministry for Culture and
a retail and restaurant complex on the ground floor. However, this proposal remains subject to
planning approval.

Negotiations continue with different preferred bidders for the old air terminal site and the
1175 former GBC site, following public expressions of interest for both locations. Separately, a panel
was convened to consider three of the proposals received in respect of a plot of land at Europort.
The outcome is that negotiations with a preferred bidder for the site are expected to commence
shortly.

No preferred bidder has been formally selected, as yet, in respect of the AHQ and Rosia Bay.
1180 The next step in that process will be to invite three of the entities who submitted proposals to
deliver a presentation to a panel. This will assist the Government when making its determination
as landlord, and obviously the planning considerations will be separate. The Government is very
grateful here to Mr Kevin de los Santos and the management and staff of Land Property Services
Ltd, whose professional advice and guidance in such matters has always proved invaluable. We
1185 are grateful also to the Lands Office in No. 6 Convent Place.

And so, Mr Speaker, as I set out my concluding remarks, I want to take the House back to where
I started. Every Government will face a challenge in a given four-year period, but even our most
ardent opponents should accept that in many ways the challenges we have faced have been pretty
much unique. This is a matter of fact. A global pandemic within weeks of the last General Election,
1190 two lockdowns with serious economic consequences and two further periods of curfew. If all that
were not enough, we have witnessed unheard of political instability in the United Kingdom: four
Prime Ministers since 2019. And all this obviously impacted on the negotiations to secure a treaty
for our future relationship with the European Union. The truth is that nobody else could have
done more, because we have, indeed, left no stone unturned, and we have yet to hear what
1195 anybody else would have done any differently in our position faced with the same circumstances.
(**Two Members:** Hear, hear.)

My hon. Friend the Chief Minister is correct. Given the nature of the threat to our country and
given the uncertainty that remains, this will, indeed, be a Brexit General Election. The people will
have a choice. They will have to decide. One of those choices will be that the Government in office
1200 should finish what we started, because we are best placed to continue the negotiations following
the General Election in Spain. We are also in a prime position in the event of a no negotiated
outcome. So, one way or another, we are confident that we can and will deliver for the people of
Gibraltar, but as my hon. Friend has also said, we will never surrender one iota of our sovereignty
or our jurisdiction in that process. (*Banging on desks*) The people can rest assured that their future
1205 will be protected, with a treaty or without one, but we need to be here to be able to do it.

And so, Mr Speaker, in closing, I want to thank my personal staff: my Personal Secretary, Coral Schembri; my Personal Assistant, Stephen Britto; and my Principal Secretary, Ernest Francis. They continue to support me in everything I do.

1210 I am very grateful also to the Clerk and the staff of the Parliament, and indeed to you, Mr Speaker. Thank you. (*Banging on desks*)

Adjournment

Chief Minister (Hon. F R Picardo): Mr Speaker, with grateful thanks to the Deputy Chief Minister for that intervention, can I propose that the House should now adjourn to tomorrow morning at 10.30?

1215 **Mr Speaker:** I now propose a question, which is that this House do now adjourn to Wednesday, 12th July at 10.30 a.m.

I now put the question, which is that this House do now adjourn to Wednesday, 12th July at 10.30 a.m. Those in favour? (**Members:** Aye.) Those against? Passed.

This House will now adjourn to Wednesday, 12th July at 10.30 a.m.

The House adjourned at 5.46 p.m.