



# PROCEEDINGS OF THE GIBRALTAR PARLIAMENT

MORNING SESSION: 10.02 a.m. – 12.33 p.m.

Gibraltar, Tuesday, 11th July 2023

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# The Gibraltar Parliament

*The Parliament met at 10.02 a.m.*

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

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

## **Standing Order 7(1) suspended to proceed with laying of papers**

**Clerk:** Meeting of Parliament, Tuesday, 11th July 2023.

Order of Proceedings: Suspension of Standing Orders. The Hon. the Chief Minister.

5 **Chief Minister (Hon. F R Picardo):** Mr Speaker, I beg to move, under Standing Order 7(3), to suspend Standing Order 7(1) in order to proceed with the laying of documents on the table.

**Mr Speaker:** Those in favour? (**Members:** Aye.) Those against? Carried.

## **PAPERS TO BE LAID**

**Clerk:** Papers to be laid – the Hon. the Minister for Housing, Employment, Youth and Sport.

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**Minister for Industrial Relations, Employment, Housing and Sport (Hon. S E Linares):** Mr Speaker, I have the honour to lay on the table the Employment Survey Report 2022.

**Mr Speaker:** Ordered to lie.

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**Clerk:** The Hon. the Minister for Business, Tourism and the Port.

**Minister for Business, Tourism and the Port (Hon. V Daryanani):** I have the honour the lay on the table (1) the Tourist Survey Report 2022, (2) the Hotel Occupancy Survey Report 2022 and (3) the Air Traffic Survey Report 2021.

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**Mr Speaker:** Ordered to lie.

## **Standing Order 7(1) suspended to proceed with Government Bills**

**Clerk:** Suspension of Standing Orders. The Hon. the Chief Minister.

25 **Chief Minister (Hon. F R Picardo):** Mr Speaker, I beg to move, under Standing Order 7(3), to suspend Standing Order 7(1) in order to proceed with Government Bills.

**Mr Speaker:** Those in favour? (**Members:** Aye.) Those against? Carried.

## Order of the Day

### BILLS

#### FIRST AND SECOND READING

##### **Appropriation Bill 2023 – First Reading approved**

30 **Clerk:** A Bill for an Act to appropriate sums of money to the service of the year ending on the 31st day of March 2024. The Hon. the Chief Minister.

**Chief Minister (Hon. F R Picardo):** Mr Speaker, I have the honour to move that a Bill for an Act to appropriate sums of money to the service of the year ending on the 31st day of March 2024 be read a first time.

35 **Mr Speaker:** I now put the question, which is that a Bill for an Act to appropriate sums of money to the service of the year ending on the 31st day of March 2024 be read a first time. Those in favour? (**Members:** Aye.) Those against? Carried.

40 **Clerk:** The Appropriation Act 2023.

##### **Appropriation Bill 2023 – Second Reading – Debate commenced**

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

**Chief Minister (Hon. F R Picardo):** Mr Speaker, I have the distinct honour to move that the Bill now be read a second time.

45 This is my 20th Budget address as a Member of this Parliament. It is my 12th Budget address as Chief Minister. I am conscious of the honour that it is to be able to say those words, because Gibraltar will go to the polls this autumn and, as a result, this may be my last Budget as Chief Minister. I take nothing for granted. Indeed, the last thing I would ever take for granted is the support of the people of Gibraltar; I work to earn that support every single day.

50 In moving this Second Reading, I therefore appreciate that it is indeed an honour to present the Estimates of Government's revenue and expenditure for the year ending 31st March 2024, that is to say the current year. I will also present the outturn for Government's revenue and expenditure for the year ended 31st March 2023, which was the 11th full financial year of a Socialist Liberal Government since we took office in December 2011 and started to deliver policies, projects and changes which have positively transformed our nation for the better.

55 We have also had to deal with issues in these 11 years that have been without precedent in our democratic history – a full-on, worldwide respiratory pandemic that required us to shut down our economy and most of our public services and private sector, and of course we are dealing now with the seventh year post the Brexit referendum. Remarkably, we have now been in Government more years since the referendum than before it. Additionally, a major European war arising from Vladimir Putin's illegal invasion of Ukraine has created inflationary pressures that have caused cost of living issues for many of the least well-off in our community and more so beyond our

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65 shores. Of course, all of Brexit, COVID, the effect of the Kwarteng budget and the cost of living will temper and affect the statement I will make to this House today in support of this Appropriation Bill. I will say more later about how each of these has affected our economic performance and how they influence the measures I will announce today. Indeed, apart from our work to adhere to our golden rule on recurrent expenditure, little has shaped this address more than those three evils that have beset these past two terms.

70 As we start to see off these challenging times and start to round the corner, we do so because we have known how to manage matters responsibly and prudently in the depths of the worst moments we have faced. And so we will continue to act in this Budget as we have in the past, in a manner that is both responsible and prudent because to get beyond the pandemic, continue to manage Brexit and to ameliorate the cost of living issues faced by the less well-off, we must do so without creating future public finance issues for our children. Therefore, in taking the steps we will need to take today we must continue to act with a view to protecting the overall integrity of the nation's public finances in the short, medium and long term. That is the touchstone on which these Estimates are based, not on short-term electioneering; I will leave that to others. My concern is to ensure that at the end of my third term as Chief Minister and Minister for Finance we have restored financial stability and that said financial stability is secure going forward.

80 Integrity, stability, affordability, social justice – those are the litmus tests we have established for every measure that I will announce today, and that is the way we, as a people, ensure that we are ready for whatever else is thrown at us. In doing so, we will provide for repayment of the extraordinary COVID debt that we have incurred with the support of the Leader of the Opposition and Mr Clinton. Indeed, Mr Speaker, I vividly recall Mr Clinton saying, in your absence, to the Presiding Member who was then in your Chair, the following words:

85 now is not the time for us to nit-pick as to is this prudent or is this the right thing to do at this stage. We need to do what is necessary and we will work out later on how we pay for what we need to do. This is something I thought I would never say, but it is true.

That was on Friday, 20th March 2020. It is at line 644 of the *Hansard*, should any one wish to check my quotation. It was the right attitude then from the GSD Opposition. We, on this side of the House, stand by what we said and remain committed to in respect of the COVID debt being repaid as efficiently as possible and in a manner that provides as little drag as possible for future generations of Gibraltarians, because we must accept that we must all now contribute to paying back the BEAT scheme and the COVID funding that all of our people took the benefit of in the extraordinary funding that we managed of our health and care services for the pandemic period.

90 I have, therefore, worked diligently with the Minister for Financial Stability, the Financial Secretary and the Treasury to continue to ensure that the spirit of prudence and responsibility is the golden thread that laces these Estimates, as it has each Budget I have delivered in this House and as will continue to be the case should the people of Gibraltar so decide later this year. With Charles Santos, the talented new Financial Secretary, the third Gibraltarian successively appointed to the post, we have designed these Estimates once again to protect the most vulnerable in our community, as they are the ones now feeling the pressures that arise from the increases in the cost of living. We have ensured that our key public services can continue to be seamlessly provided and that the cost of these is not growing unnecessarily. And we have worked with colleagues in the trade union movement to ensure that they have understood how we have structured support for our employees in the public sector at this time of cost of living increases.

100 Despite the continued and repeated calls for cuts from the Members opposite for the GSD, I am very pleased that once again this year this Budget will contain no austerity, because it contains no cuts of jobs or services. That is the only way you can save money. Moreover, the income of the worst-off in our community will grow with the measures we will announce, because the measures I announce will all seek to do social justice above everything else.

110 Just like last year, the most vulnerable and those on the lowest incomes, disability benefits and  
state pensions, as well as those on public sector occupational pensions, will see their incomes  
continue to grow. By doing that, we will achieve what we achieved last year: we will protect the  
most vulnerable. In doing so, we in the Socialist Party that I represent and our Liberal partners  
have always been clear that we believe we must never be spending more than we collect. Annual  
expenditure must not exceed annual revenue. We are ready now to demonstrate our  
115 commitment once again to that rule.

The truly exceptional circumstances of the joint financial years between 2020-21 and 2021-22  
are now over. The COVID Fund is the past. From now, we are back to ensuring that annual  
expenditure does not exceed annual revenue. In the past financial year we have managed to get  
closer than we expected. The deficit was reduced, as I have already announced, from the  
120 anticipated almost £50 million to £15 million. This year we will go further and we will work towards  
restoring a surplus. That is to say we will balance the books and have something left over at the  
end, too. We re-establish financial stability and we do so sooner than most other nations on the  
planet after the pandemic. In doing so, we correct the anomalous position of the past three  
financial years and we return to adherence to our golden rule, as set out by Sir Joe Bossano in his  
125 first address as Chief Minister in a Budget debate after 1988.

I remind Members that the last time the golden rule was breached, other than due to the  
exceptional situation arising as a result of the pandemic, was actually under Members opposite in  
the financial year 2007-08. It was not breached by the GSLP Liberal Government I lead, despite  
their many accusations of profligacy and protestations that we spend too much. It was breached  
130 by them in 2007-08 when the extenuating circumstance leading to expenditure having to exceed  
income was the General Election. I know it costs money to get Daniel Feetham elected, but my  
goodness! So hon. Members will forgive me for not taking lessons from them on how to balance  
the books, although I have no doubt we can expect hours of pontification on the subject in coming  
days. Their theory and rhetoric are unmatched by their record in Government, so we will take  
135 everything they say with the proverbial pinch of salt.

What is worth doing is reflecting on the fact that the man who laid down the golden rule was  
unable to deliver his 50th Budget address last year. Last year he was afflicted by COVID – or rather  
COVID was afflicted by him. It is not coincidence that after he got it the pandemic came to an end.  
This year, he is back, fighting fit as ever and ready to provide us with the analysis that this House  
has had the benefit of since 1972, the year I was born. I am sure I speak for the whole House and  
for the whole of Gibraltar when I set out the appreciation of our nation for Sir Joe's continued  
efforts for each and every one of us. No one can describe him as an easy taskmaster. No one would  
describe him as easy to please. I don't think he cares, Mr Speaker. Win the GSLP a third successive  
General Election and you may be lucky to get a kiss on the cheek and a pat on the back followed  
145 by the inevitable '*Me voy pa la oficina, pisha,*' or 'I'm off to the office, old boy,' but no one would  
describe him as anything other than the most committed Gibraltarian patriot amongst us all. At  
84, if he is still here, still arguing and still defending Gibraltar and our people, frankly, whether you  
agree with him or not – and I do – then you need to respect the contribution that Sir Joe is still  
making today. He is more than a legend in his own lifetime, he is a legend in all our lifetimes, a  
150 legend for our homeland and for all time. It was he who first established the principle that the  
Budget debate was to be led by an elected representative of the people of Gibraltar. It was he  
who first reflected that the debate on the annual Appropriation Bill was, for our Parliament, the  
equivalent of our state of the nation debate, and there are many matters that fall to be assessed  
in this last state of the nation debate in the lifetime of this Parliament, for this year is such a year  
155 and this debate is such a debate.

In these tough times, which have required strong leadership and necessarily unpopular  
measures, it has been the greatest privilege to have been entrusted by our people to navigate  
Gibraltar successfully through these storms. I say 'successfully' advisedly and I say 'successfully'  
objectively because when we come to look at the main subject of this debate, the numbers in the  
160 Estimates Book, there is undoubtedly a success story underlying the performance of the Gibraltar

economy and, therefore, the public finances of His Majesty's Government of Gibraltar. In less time than we expected, in less time than most of the rest of the world, we have reduced our deficit and now we are predicting a surplus for the current financial year, a modest surplus which, in my view, we may even exceed. Indeed, as I showed the House in this debate some years ago, we have  
165 traditionally exceeded our estimated surpluses in each year since we have been elected. But for now, I want to tie together a number of themes because I have spoken about our prudent financial management, I have spoken about our Golden Rule and I have spoken about Sir Joe Bossano, who first set this rule out in this Parliament, and our deficit reduction and our return to surplus has  
170 been guided by each of those together, not least by Sir Joe's constant and difficult work in the Ministry of Financial Stability.

There are many detractors of the Government, of Sir Joe and of me out there – that is democracy. The social media experts who have degrees in everything and nothing all think they know better than anyone about everything. It is the curse of modern politics to see a small band of negative social media warriors try to negatively influence the majority. So be it. But I believe in  
175 Gibraltar and I believe in the Gibraltarians. They see the work we do, they see the effect of the work we do, and I know they like the results they see. The Gibraltarians will like what I am going to announce today – the reversal of deficits into surpluses – and they like the modern physical, political and egalitarian Gibraltar we have built in the past 12 years and the way we have changed our nation for the better, not just paying for COVID and the BEAT measures, not just dealing with  
180 Brexit, but also changing Gibraltar beyond recognition.

I remember when we were first elected, and the Gibraltarians remember when they elected us. Gibraltar was by no means a waste land in 2011, but neither was it in 1996 nor 1998, yet I remember a Gibraltar in 2011 where the Hospital was full and no beds were ever available. Now there are beds available every night.

I remember a Gibraltar when the issues facing those with mental health problems came after honouring a deal with Spain to build an airport that would never operate as intended. Immediately we were elected we built Ocean Views and now mental health provision in Gibraltar is improving like never before.

I remember a Gibraltar where charities were shunned and the service they can better provide was lost to our people, and now, with Clubhouse, Childline, GibSams and PossAbilities we provide better services to more people at greater value for money.

I remember a Gibraltar where schools were old, not fit for purpose and lacklustre, and they let down our pupils and our excellent teaching fraternity, where the boys' comprehensive school was half a century old and falling to bits, and now we have schools that are the envy of every nation  
195 in Europe and the world. We have spent £160 million on new schools. Should we not have? Are those the savings that hon. Members would like to have seen us make? We were absolutely right to do so. That is not an extravagance, it is catching Gibraltar up from where we found it, and as a result every government school from 1st September this year will have been delivered by a socialist administration. That is a record to be proud of, as is the massive increase in resources we  
200 have provided in the brilliant learning support facilities we are providing in our schools.

I remember a Gibraltar where there was only one LSF and it was not well resourced. Now I see a Gibraltar with better LSF facilities than most countries in Europe and with a better pupil-to-teacher ratio than anywhere else. The ratio is better than classes at Eton. On that we do spend money and we are proud to spend the money, and we are proud of the work our magnificent  
205 teachers do – and they are magnificent, because I have met them all.

I remember, however, the Gibraltar where who you loved and who you married was an issue and having children on IVF was not possible. That was the GSD's Gibraltar. Now we defend loving who you want, how you want and having children because you want, whatever your gender and sexual orientation.

I remember a Gibraltar where a woman asserting her reproductive rights was one thing and one thing only, a crime, and yet now a balanced law provides for choice in the right way.

I remember the GSD's Gibraltar with half the doctors at the Primary Care Centre. I remember a system without a Primary Care Centre for children. Not anymore, as we have delivered a new PCC for our children only and doubled the doctors at the PCC.

215 I remember when we disgracefully dealt with dementia and Alzheimer's patients in the acute ward that was already unfit for purpose at KGV. That was the GSD's Gibraltar – not anymore, as we developed a fit-for-purpose facility that is the envy of any in Europe.

I remember a Gibraltar of rundown estates which have now been fully refurbished, with more refurbishments to come.

220 I remember a Gibraltar with a budget of only £750,000 for domiciliary care. This year we have spent over £4 million on giving our people the option and the dignity to stay at home, to be cared for at home and even to die at home, where possible.

I remember a budget of just over £200,000 for children in care in Gibraltar and just over £100,000 for the Dr Giraldi Home, and now we spent more than £1.2 million on children in care and the Giraldi Home. That is where we spent the money. That is what has transformed Gibraltar. That is what they tell me they want to stop.

I remember a budget of £10.5 million for policing, with only 253 police officers available to the Commissioner when we were elected. Now the budget for policing is £17.2 million and the total number of police officers is up by more than 10% to 284. Therefore, even with the issues that have arisen as a result of the McGrail inquiry, the number of officers available to the Commissioner is greater than ever before and with more being recruited already.

230 So yes, Mr Speaker, there are issues. Of course there are issues – Government is a constant, ongoing project, it is always about dealing with issues, to deal with crises and to deliver change and new projects – but when you look objectively at what we have done, when one looks genuinely at our record and not through the partisan spectacles of Members opposite, what you can see is a record of achievement unparalleled by many, except perhaps by the first GSLP administrations of Joe Bossano and the post-war administrations of Joshua Hassan. I give credit also to the closed-Frontier push, in three years, of Bob Peliza. But in overall terms, as I stand with my party and the Liberals to face the judgement of the people, I am proud of the record of achievement that we have delivered.

240 More new homes than any Government in our history. Some delayed – I get it – but still more than ever: Hassan Centenary Terraces phase 1 in snagging and being handed over already; Hassan Centenary Terraces phase 2, Chatham Views and Bob Peliza Mews all already under construction; and Mons Calpe Mews and Beach View Terraces a huge success alongside Charles Bruzon House and Sea Master Lodge. In 12 years, with Brexit and COVID, more than in 16 years under the GSD. More new schools than any Government in our history, and more new parks and areas for leisure than any Government in our history, and that despite COVID, despite Brexit and despite the day-to-day issues that blight us. We have delivered.

250 We are still – okay, sure – down a theatre and a military museum, I understand that. Because some projects just cannot be deliverable in the time available after the hiatus of COVID and with post-Brexit negotiations going on, we will be criticised of course, but let us not have debate that suggests, as we have heard before during the course of exchanges at Budget time, that we were not a new dawn but a false dawn. It is disrespectful to the people of Gibraltar to part from such a premise because it is demonstrably not true. And let us not have a debate about debt based on a nonsensical addition of the cost of every project without deduction of income, repayments etc. It is just an attempt to scare the people of Gibraltar into choosing stagnation over progress to talk direct and indirect debt up in that way. I see the Hon. Mr Clinton smiling. I can see he is reaching for his scariest mask, Mr Speaker. He might have wanted to go to Monsters University.

260 Sir Joe, who is our guru on these matters – and they now see as their guru too, sometimes, having long referred to him as a villain – is clear about debt not being a bad thing when it is for good projects and projects of important social value, yet all of this unfair criticism is literally water off a duck's back because we continue in order to deliver progress for our people. We look now, at the end of the lifetime of this Parliament, at the work done with deep satisfaction. We can see

265 achievements delivered in the face of adversity, we can see achievements crowning our time in  
government so far, and we can see all of these things achieved in the teeth of constant criticism  
of the unimaginative official Opposition, who present no alternative to our people.

When it comes to having faced the challenges we have faced, I am clear that the people of  
Gibraltar know that at every turn we have made the right decisions for Gibraltar, the same  
270 decisions nine or 10 out of 10 Gibraltarians would have made faced with all the information we  
had at our disposal at the time we made each of the decisions we made. Not all of that information  
was or is available to the public, it could not be and it cannot be, but as a Gibraltarian patriot I can  
assure all the other 32,000 Gibraltarian patriots that they would have made the same decisions I  
made – that we made collectively – if faced with the facts and the information we had. I know my  
275 fellow Gibraltarians know and understand that and that the difficulties we face today with delayed  
affordable housing and COVID debt would be faced by the GSD if they had been in Government  
too.

Of course, that is relevant to the idea that Members opposite want to put about that we are  
somehow to blame for delays to affordable housing. We are not. We do not deserve to be  
punished, as they have suggested, for delaying the projects. Brexit and COVID are not controllable  
280 aspects. They are not excuses, as they have shamefully been referred to by some Members  
opposite in some of their flights of fancy. How can the loss of life of over 100 of our fellow  
Gibraltarians be referred to seriously as an excuse? But in the end, we subject ourselves to the  
judgement of our people. In the end, it is my responsibility to have got things right. It is the Cabinet  
represented here that collectively made the decisions and it is on my political shoulders that  
285 ultimate responsibility, politically, lies. I carry the weight of that responsibility on my shoulders  
because I must. That is what people have paid me to do, and it has been my privilege to lead  
Gibraltar in this difficult time and generation. We have not cowered, as others might, when the  
time came to make difficult decisions. We did not falter, as others might, when we had to decide  
to borrow to keep the nation going. My hand did not tremble when it came time to lock down our  
290 people, to pay BEAT to all those furloughed. My hand did not tremble when it came time to unlock,  
either. This Government team did it together. That is leadership, not the sniping from the corners  
that we get from some quarters. It has been remarkable, in the troubled lifetime of this  
Parliament, to see some agree to spending money and then cower in the face of the debt that  
that spending has incurred. Some have urged us to do more and spend more and do things more  
295 quickly, and then they run for cover when they see the cost. Come on, the people of Gibraltar see  
through such cheap devices and such convenient political hypocrisy and cowardice.

When the time came, the people of Gibraltar know we acted when they needed us to act. Did  
we get everything right? Probably not, but we made every decision in good faith based on the  
information available to us. We were not rabbits stuck in headlights unable to make the decisions  
300 our people needed us to make. That is what you elect a Government for, to make decisions, good  
decisions, the best decisions possible on the basis of the information available. We did that  
together also, in some respects, with the Leader of the Opposition, who attended Cabinet on a  
number of occasions and agreed with our views on the most crucial decisions made by a  
Government in the history of our democracy, literally life-and-death decisions, as close to a  
305 Government of national unity as this nation has ever seen; something not done even in other  
more mature democracies in Europe or the world. And so I want to thank the Leader of the  
Opposition for the work we loyally did together in those harrowing moments. That is the Keith I  
know, not the Mr Azopardi who has given way to the basest partisan instincts since then as he  
faces his last chance to fulfil the ambition to see his name etched on the woodwork at No. 6  
310 Convent Place. I say the same to the Hon. Mr Clinton, who I thank today, in the last state of the  
nation debate in the lifetime of this Parliament, for the weeks in which we worked together with  
Albert Mena on the BEAT measures, but I deprecate him for quickly running for cover on the  
COVID debt incurred as a result of the decisions we made together.

By the way, Mr Speaker, as an aside, given the bleak analysis of the public finances they are  
315 doing outside of here and will no doubt repeat during the course of this debate, I assume that



Members opposite are not going to go into an election promising to build another rental housing estate or any other affordable homes. If they truly believe what they are saying about the public finances, they cannot commit to anything but austerity, hellfire and brimstone for the next four years. I can imagine a lovely cover with flames on it for their manifesto, if they like. It is coming  
320 with the cuts and the scissors. They will have to go to the election promising only to raise Social Insurance, raise taxes and raise all government charges. If they do not, then when they publish their manifesto in the General Election campaign, if they tell me today that we have spent too much, that we cannot spend more, that the debt is too high and they talk about the billions they say we owe ... when they publish their manifesto they will show that everything they have said  
325 today is untrue. If they have one spending commitment in it they will be admitting that our analysis of the public finances is the correct one and theirs has been false all along. They cannot have it both ways. If Mr Clinton stands behind a manifesto promising public sector pay rises, maintaining the size of the public sector as it is – which they used to call bloated – and providing more services, Mr Azopardi doing videos talking about jobs in the public sector for your children  
330 etc., bigger public sector, more money, then everything they say today is related to the genitalia of the male cow. Everything they have said in the past eight years will have been shown to be false, as has been the case in respect of the tactic that Mr Azopardi has been deploying on the continuing post-Brexit treaty negotiations. Can one really believe that if a safe and secure deal could have been done we would not have done it already? The reality is that we are continuing  
335 the negotiations and have had to stop only as a result of the calling of elections in Spain. We must respect the democratic process in Spain, as our own electoral period will have to be respected. I remain optimistic that the issues that are live in the negotiations can be resolved without concessions by either side. None will have to lose and none will have to win on the perennial issues that divide us. In this respect I have to thank Michael Llamas, the Attorney General, for his  
340 extraordinary contribution to this work. It was undoubtedly his destiny to be an expert in EU law to world standards, to be able to deal with the depth of the technical expertise required to take on the EU in this negotiation. He is the cornerstone of the government team which the Deputy Chief Minister and I proudly lead and he is ably assisted by Daniel D'Amato and the rest of his team. The teams from London, Brussels and Spain are also to be recognised and thanked for their  
345 diligence and ingenuity in addressing the difficult technical issues that arise. I publicly thank them all today for their continued perseverance.

The House and the public know that I was quizzed on the negotiations most recently by the European Scrutiny Committee of the House of Commons. There is little more I can offer the House by way of update other than to say that on the British side we continue to work to try to advance  
350 matters as much as possible in readiness for a recommencement of negotiations as soon as possible after 23rd July, regardless of the outcome of the Spanish negotiations. Surely Mr Azopardi is not going to seriously try to argue that if a safe and secure treaty could have been reached he would have been able to do it where we have not. That argument is tantamount to trying to push every drop of torrential rain upwards through a jungle ravine, because if it had been possible to  
355 do such a deal, we would, of course, have done it. I am clear that we will keep on working for such a deal, but no such deal has yet emerged, at least not one that passed our strict filters of what is safe and secure. Perhaps what is on the table might have passed Mr Azopardi's filters, as he has already said that, as far as he is concerned, an Andorra-style solution is not joint sovereignty, as he sets out in his book *Sovereignty and the Stateless Nation*. Well, for us in the GSLP Liberals a  
360 modern Andorra-style solution *is* joint sovereignty and we would not consider it safe or secure for Gibraltar. But we will keep working. We are almost there, and because we are almost there we must continue as soon as we can after 23rd July.

Mr Speaker, it is time to now start to get under the bonnet of the economy before turning directly to attend to the guts of the public finances of our nation. In doing so, I will remind the  
365 House that last year I advised that the preliminary estimate for the GDP for financial year 2020-21 was £2.416 billion. In fact, the final GDP estimate for financial year 2020-21 has come in at £2.42 billion. There has been no material difference, therefore, between the forecast, the

preliminary estimate and the final estimate for 2020-21, for which I congratulate the Statistics Office and our Chief Statistician in particular.

370 The forecast for the GDP for 2021-22 was for £2.59 billion, already surpassing the pre-pandemic GDP. I told the House that this pointed to a strong bounce back in the economy which should have a positive knock-on effect on the public finances. That pointed to a solid performance with an increase of £173 million on the previous pandemic double year, or a 7.2% increase in nominal terms over the final year estimate for 2020-21. In fact, the forecast was substantially met and the estimate now for 2021-22 is £2.55 billion, which is as near as damn it to the forecast. 375 Again, I congratulate the Statistics Office for their estimating prowess. That represents a growth of 5.4% or £130.2 million added to the size of the economy.

I turn now to the preliminary GDP forecast for 2022-23. The Statistics Office forecast for financial year 2022-23 is £2.74 billion. This represents a very credible and positive growth of 7.5%. 380 That is an economic growth in cash terms of £190.94 million in terms of the size of the economy. This surpasses the pre-pandemic GDP estimate by 6.6%, as it was in 2019-20. The gross trading profits of companies grew by 8.2% over the year and income from employment increased by 7.3%. The number of employee jobs rose by 2.5% over the year to reach a record high, and average earnings increased by 5.1% in nominal terms. We can analyse which sectors of the economy 385 affected that growth. The economy is really dominated by four main sectors: tourism, financial services, remote gambling and shipping. Tourism is 20% of GDP and 10% employment, financial services is 20% of GDP also and 13% of employment, remote gambling is 28% of GDP and 12% employment, and shipping is 10% of GDP and 5% employment. I will have something to say about the docks in Gibraltar later in my address.

390 The Gibraltar public debt to GDP ratio fell in net terms to 22.4% of GDP in 2022-23 from 25.6% in 2021-22. These ratios continue at a lower rate than that of the UK and most other European countries. Importantly for the purposes of this debate, the ratio is considerably lower than when we took office during the course of the financial year 2011-12 when the GDP to net debt ratio stood at 25% with no pandemic for the GSD to blame for the increased debt. So, not a bad record 395 for the GSLP Liberals to be able to come out of a pandemic with a GDP to net debt ratio lower than the GSD's 2011 GDP to net debt ratio. Indeed, the whole House will recall that when we were first elected, the former Chief Minister, Sir Peter Caruana KC, and Mr Feetham came to see me and the Deputy Chief Minister at No. 6. At that meeting, as Sir Peter would repeat at the ceremonial opening of the House on 21st December 2011, he told us at the leaders' debate that 400 the gross public debt had grown to £517 million and net debt was £304 million. It became apparent that we were about to exceed the debt ceiling as then set out in section 3 of the Public Finance (Borrowing Powers) Act 2008 and that we would require a resolution of the House for more borrowing because we were going to exceed the debt ceiling under the GSD. In fact, Sir Peter said at the ceremonial opening, 'We will support the new Government in any Parliamentary 405 approval that may be required for additional borrowing'. You do not require parliamentary approval for additional borrowing, unless you have the device that you need, which is a resolution of the House, when you are going to bust the debt ceiling, which is exactly what he told us was going to happen and exactly why he was offering the resolution across the floor of the House. And then they come to talk about debt and say that we have taken too much. When we were elected 410 – and the people of Gibraltar were not told during the general election campaign by the GSD that they were about to bust the debt ceiling – and we were told only the morning after we were elected that we were about to bust the debt ceiling, Mr Azopardi and I both had faces of surprise when we were told by Sir Peter in the leaders' debate that the debt had gone up to £570 million.

Now, not only are we on a lower GDP to net debt ratio, we have massive headroom for extra 415 borrowing should we need it, although we are not going to take it up. We are not about to bust the debt ceiling, which is what was going to happen under them. We have a lot of headroom. We are not going to take it, but should we need to, as at 31st March 2023, the end of the last financial year, the net public debt ceiling restricted by the GDP parameter stands at one billion and ninety

420 five million pounds. Net public debt as a percentage of GDP stood at 22.4% as at 31st March 2023, leaving headroom for an additional borrowing of £481.8 million.

Mr Speaker, just to reflect on that, they are the ones who come here, to this debate in particular, to pontificate about how much debt we have taken, how much debt we have incurred, how terrible the debt that the GSLP Liberals have incurred is – ‘Isn’t it terrible?’ At the last election they were in government, they did not tell the public that they had three or four million left before they bust the debt ceiling. They hid that. The GSD hid it from the public with some of the characters who defend the same position now in the GSD fighting that election and some of them in their executive committee. They hid from the public that they were about to hit the wall, bust the debt ceiling. I am telling the public before we go into a General Election that we have almost £500 million of debt available to us should we need it. How can they even think of coming here to preach to us about whether the debt is too big under the GSLP Liberals? Because it is easy. That is why they do it, because they do it politically. They do it in a way that does not look at the numbers in the Estimates Book, does not take people to the numbers in the Estimates Book. That is why they say ‘Please ignore the Estimates Book, it does not contain the truth,’ thereby denigrating the work of the Treasury, the Financial Secretary, hundreds of civil servants as controlling officers etc. Why do they want you to ignore the Book, Mr Speaker? Because the Book tells a story they do not want you to know, a good success story of the GSLP Liberal period in government, with £480 million of headroom, of more debt than we can take, and under them we were days away from busting the debt ceiling, something which they hid from the public in the General Election of 2011.

440 Aggregate debt – gross debt – now represents just 30.9% of GDP as at 31st March 2023. According to the Office of National Statistics in the United Kingdom, since last month, for the first time, the United Kingdom already exceeded 100% aggregate debt to GDP ratio. In fact, when we took over, in financial year 2011-12, aggregate debt, which was £517.7 million, represented 43.1% of a GDP of £1.2 billion. So, even on the aggregate debt measure we hold a better record than that of the GSD. And Mr Speaker, can I just save them a bit of time? The comeback to this is not that there is some government debt through government companies, because of course the £517 million does not include the debt in government companies that they incurred and it does not include the £100 million almost of debt on the Hospital, which was under sale and leaseback. So if the comeback is, ‘Ah, but you have other debt in government companies,’ well you had other debt in government companies which if you were to include then would have immediately busted the debt ceiling before December 2011. So they can save their ink on that old chestnut, Mr Speaker.

We have also been lowering the GDP to tax ratio considerably in our terms in office. This year is no different. The ratio was 13.5% when we took over with a GDP of £1.082 billion and £146 million in total collected in Social Insurance at £24.1 million and personal tax at £122.5 million. Last year, the ratio was already one third lower at 8.7%, with a total of £225.6 million collected in Social Insurance at £45.6 million and person tax at £180 million. This year is going to be even lower, where the ratio is going to be 8.6%, despite the temporary tax increases of 2% for two years that I had announced last year. This is based on a Social Insurance collection of £53.6 million against a personal tax take of circa £182 million on the factor cost GDP calculation of £2.7 billion. A GDP to tax ratio of 8.6% measures super-favourably to the GDP to tax ratio in the UK of 32.7%, which is 73.4% higher than in Gibraltar. That is a good comparison to do between Gibraltar and the UK that some might want to reflect on. The GDP to tax ratio in Spain to the end of 2021 is 36.6%, which is 76% higher than in Gibraltar. Sometimes, it is worth Gibraltarians considering just how well off we are compared to residents of other nations, and this statistic is an important one in demonstrating that.

Finally, Mr Speaker, on the GDP, with all the usual caveats I want to give the GDP per capita calculation. I have long insisted that this is not an exactly meaningful calculation. It is a measure, however, that is often used internationally. The GDP per capita in Gibraltar is £80,517 per person. At the exchange rate on 16th June of US\$1.28 to the pound sterling, the GDP per capita of Gibraltar

amounts to US\$103,000, drawn with that of Ireland, which is third in the world ranking, just below Luxembourg and Norway. It does not mean much, but it is a measure that the Hon. Sir Peter Caruana introduced to this debate and therefore I maintain it. The GDP per capita in the United Kingdom is US\$45,295 and in Spain US\$29,421, making these important reference points 23rd and 40th in the ranking respectively.

Mr Speaker, underlying that magnificent GDP performance is the entrepreneurship of our business men and women and the hard work of our people and those who travel to Gibraltar to afford us the benefit of their hard work too. In 2022 the yearly average for Gibraltarians registered unemployed was 29, a staggering 93% reduction in unemployment since 2011 when it stood at 442, despite the many pre-election meetings held in the Minister for Justice's offices in No. 6 Convent Place. That is a reduction of 413 more Gibraltarians in employment each month in our time than in their time. In 2023 we have continued to maintain low unemployment levels, where in the second quarter of 2023 the average of registered unemployed stood at 26. That represents a staggering and hugely creditable 95% reduction in unemployment since the first quarter of 2012 when we were first elected. I am proud of that record and I credit the Future Job Strategy and the very committed staff of the Employment Ministry, in particular the indefatigable Debbie Garcia, for these excellent results. As a result, the Employment Survey, which hon. Members have received today, shows that total employee jobs increased year on year by 2.5% – that is 747 more jobs – from 30,403 to a record high number of jobs in our economy of 31,150. That is an all-time high number of individuals registered as working in our economy. It is in keeping with the GDP growth we have reported. The growth comprised an increase of 797, or 3.1%, full-time jobs and a decrease of 50, or 1.1%, part-time jobs. The increase was concentrated in the private sector, which grew over the year by 915 – that is 3.9% – from 23,638 to 24,553 in 2022. The MoD also increased marginally by 13, or 2.7%, over the year from 486 to 499 in 2022. The public sector decreased by 181, or 2.9%, year on year from 6,279 to 6,098 in 2022.

Average gross annual earnings in respect of all employee jobs increased by 5.1%, from £32,443.47 in October 2021 to £34,105.45 in October 2022.

Mr Speaker, one of the drivers of our economy, as I set out in the analysis of the GDP, is tourism. The effect of COVID on this area of activity therefore greatly knocked the economy, and consequently government revenue and the public finances, for six. In the past year, total arrivals including non-Gibraltarian frontier workers increased by 38.2% – 2,244,655 – over the year to 8,120,685 in 2022 compared with 5,876,030 in 2021. The estimated total number of visitor arrivals, excluding non-Gibraltarian frontier workers, increased year on year by 75.1%, or 2,107,855, from 2,806,830 to 4,914,685 in 2022, reaching 61% of pre-pandemic levels already.

Arrivals by land in 2022 including non-Gibraltarian frontier workers was 7,708,394, increasing from the previous year by 34.5%, or almost two million, although still remaining below pre-pandemic levels. The largest positive impact came from visitors arriving in coaches, which increased by 96,000. Visitor arrivals crossing by motor vehicle increased by 30%, or 1.349 million. The number of pedestrians also increased by 40%, or half a million. The number of visitor arrivals by land, excluding non-Gibraltarian frontier workers, rose by 70%, or 1.8 million. The numbers are all in the Tourist Survey.

Visitor arrivals by air in 2022 grew by 64% almost, or 72,000 people, reaching 89% of pre-pandemic numbers of visitor arrivals by air. Visitor arrivals by air staying in Gibraltar increased by 34% over the year and surpassed pre-pandemic levels during the month of April, rising by 14% – not just because we were the only air corridor to the UK; this was the year after that, this was the year when the airways were open. The percentage of total visitors by air staying in Gibraltar stood at 45.2%.

Arrivals by sea in 2022 continued to increase compared to the previous year as coronavirus restrictions were lifted. Arrivals by sea grew by 583% year on year, mainly due to the increase in cruise calls and the smaller impact from the reintroduction of the ferry commencing around mid-2022. The number of cruise liners increased by 131, or 298%. Cruise ship passengers grew as a result of this, when compared to the previous year, from 22,229 to 213,383 in 2022.

525 Tourist expenditure is estimated to have grown by 63.1%, or £80.86 million, year on year, from  
£128.19 million to almost £210 million in 2022, driven largely by an increase in the number of  
excursions from Spain and the influx of cruise ship visits. Expenditure by excursionists from Spain  
increased by £65 million, or 83%. Spending by cruise excursionists increased by £10 million over  
the year.

530 Visitor arrivals at hotels increased year on year by £3.4 million, or almost 10%, as hotel arrivals  
rose by 22% despite the closure of the Caleta Hotel. The largest positive impact came from tourist  
arrivals, that grew by 28%, to our hotels. Room nights sold grew year on year by 15.4%. Room  
occupancy increased significantly by 72.4%. Guest nights sold increased by 10%, reaching 86% of  
pre-pandemic levels. Isn't that remarkable?

535 When we come to Question Time and we listen to the Hon. Mr Bossino attacking Mr Daryanani,  
one would think that all these numbers were going in the wrong direction. They are all going in  
the right direction. When you look at the numbers, when you look at the reality of what is  
happening on the ground outside of this Parliament, when you look beyond the rhetoric to the  
reality, what you have is the success story that I have just set out and is in the Tourist Survey that  
hon. Members now have. Mr Bossino might want to get up and say, 'You should have done better,  
you should have done more.' Of course it is easy from the side lines – the bulls are seen very well  
540 from the barrier, which I am sure is a phrase Mr Bossino is well acquainted with – but when you  
are in the arena to deliver these numbers, diligently working hard every day, these are numbers  
to be proud of in tourism.

All that brings me to the effect of all those indicators on the public finances of this community.  
I can confirm that the draft Estimates Book is once again published online, in similar fashion to  
545 last year. If those beyond this place cannot find it, it is on all my last social media feeds. There is a  
link to the Book and you can click onto it there. I trust that members of the public will thus be able  
to see clearly where every penny of their tax pounds comes from and where it is going. The public  
should be able to follow as they listen to the deliberations of this House. I therefore refer all those  
watching or listening who want to follow the economic part of the debate to look at the Estimates  
550 Book as we go through the next sections. I will refer to the relevant page numbers of the Book  
during the speech to make it easier to follow, although unlike Tinkerbell I will not be sounding a  
sound when I do.

Inflation, world events and uncertainty in the markets all continue to create pressures which  
have made the next 12 months extremely difficult to predict. As always, we have taken an  
555 extremely prudent approach when it comes to our figures. Let's start by looking back first at the  
year gone by. We were projecting a loss for 2022-23 of £45.26 million. That is to say a deficit of  
close on £50 million. As I have made public already, we have come in at a projected loss of  
£15 million, £30 million less of loss in real cash terms. What a recovery. And to be clear, I am not  
claiming credit for that, I am announcing it, as is my responsibility, but I am thanking every  
560 economic actor in our economy for the increased revenue that we have had. I am thanking every  
controlling officer in the Departments and Ministries for sticking as closely as they have to their  
spending targets. Apart from demand-led areas like health and electricity generation, we have  
largely stuck closely to our spending targets. I thank my ministerial team, in particular the Minister  
for Financial Stability, Sir Joe Bossano, for taking the decisions we had to take to ensure we  
565 reduced the deficit as we have. Greater revenue to government coffers – for that, I thank our  
entrepreneurs and the private sector and every taxpayer in this economy. Sticking to spending  
targets – for that, I thank our controlling officers, Ministers and the public sector as a whole on  
behalf of taxpayers. That is the recipe for this magnificent performance in the last year.

Mr Speaker, let me see if I can break this down into a more relevant analysis for those listening  
570 and watching to understand. Our third-party revenue came in at £730 million, over £90 million  
more than our projected revenue of £637 million. That is record revenue again, the highest  
revenue in the history of our public finances. This shows that government revenue streams were  
recovering sooner than anticipated, despite all the adverse effects of the pandemic. That is  
evident from page 5 of the Estimates Book for those following using the Book.

575 Personal and corporate tax came in at some £100 million in excess of our projections, and that is on page 6 of the Estimates Book. This is, in part, the first-year effect of the increase of 2% on personal tax and the increase of corporate tax of 2.5% which were announced during last year's Budget and not factored into the Estimates Book when it went to print at the end of April last year.

580 With regard to import duty we were hopeful that we would see an improvement from 2021-22 and provided an estimate of £120 million. Unfortunately, import duty revenue once again was disappointing and came in at £93 million. The COVID Fund stepped in for the last time to cover the difference. I will say more on the COVID Fund later on and how and why it will no longer impact the Estimates going forward.

585 General rates and salt water charges were actually down, but this was due to discounts still being applied and businesses still catching up with the impact of COVID.

GHA Group Practice Medical Scheme revenue came in around £3 million over our Estimates. For those following the Book, this is visible on page 9. This is directly in line with the increases in Social Insurance and enables the public to see the direct effect that this has had on the affordability of our Health Service.

590 Revenue from the increased electricity tariffs is also reflected in the Estimates Book, as this came in some £3 million higher than estimated. Again, this is on page 9 of the Book.

Tourism began to recover during 2022-23 and this is shown by the £3 million of additional tourist site receipts collected in comparison to the estimate. This is visible on page 7 of the Estimates Book and puts into its proper context Mr Bossino's constant, self-serving, negative and unconstructive criticism of Mr Daryanani's work as Tourism Minister. In fact – funny how the numbers do not lie – Mr Daryanani is the Minister for Tourism who has presided over the highest revenue in tourism and tourist site receipts in our history, which have more than doubled over the receipts we inherited from the GSD, which Mr Bossino holds up to us as the pinnacle of achievement, because he refers to it as the 'golden legacy' that we were left by the GSD. More than double means 100%. Inflation was 29% in that period. In the circumstances, when we hear Mr Bossino's no doubt vicious criticism of Mr Daryanani in days to come – 'Yawn!' I hear the public cry – we shall all be reminded that it is a hollow criticism, as demonstrated by this magnificent financial performance in those lines of receipts in the first year post COVID – not in 2023, I am reporting 2022 – because the strong rhetoric from Mr Bossino is not matched by the reality on the ground actually delivered by them when they were in government, especially when compared with the more than double performance from us in this area despite the intervening pandemic.

600 Additionally, port revenue was in line with our estimate, even despite the limited cruise line activity, as this industry was the most impacted by COVID and is still recovering worldwide. That is on page 10 of the Estimates Book and is also a credit to Minister Daryanani, who is also Minister for the Port, despite the constant and negative criticism from his shadow in that portfolio, also. I wonder who it is ... Ah, yes, Mr Bossino. The objective facts just do not cut it for Mr Bossino. They demonstrate that all his criticism is simply political rhetoric and not actually a criticism of what is happening on the ground when it comes to tourist expenditure, when it comes to tourist receipts and when it comes to port receipts.

615 Most of the other revenue you will see in the Book, in the blue pages at the beginning, was in line with expectations. This, in itself, is to be welcomed and is a credit to the estimating process undertaken by the Ministry of Finance, which I have the great honour to lead. All of that is evident on pages 6 to 10.

620 On the expenditure side, I believe we once again managed reasonably well. We projected Consolidated Fund charges of £99.4 million and the forecast figure came in at £110.3 million. That is on page 13 of the Estimates. The difference is made up of an additional £5 million in respect of borrowing costs as interest rates soared – thank you Kwasi Kwarteng – and £4 million in respect of additional tax refunds. We provided for a potential increase in borrowing costs, but no one could have expected the sharp increases during 2022-23 arising especially after the Kwarteng

budget, which saw interest rates literally jump within 24 hours. No one could have projected for those in February 2022 when last year's Estimates Book was being cast.

As for tax, we maintain our policy to give back as soon as possible, and this was shown by the £4 million increase beyond the estimate we spend on refunds. It is important to note that these payments were repaid to taxpayers and they were made in a deficit year. We could just as easily have held back tax refunds and made the deficit even smaller. In fact, I think I should just quickly do the analysis – I believe we paid, in total, £14 million. So we provided £10 million to pay refunds, we added £4 million to that and we came in at a deficit of £15 million. If we had not paid the tax refunds, if we had done that which I found was the case when I was elected in 2011 and refunds went back to the age of Alexander the Great, we would likely have had a surplus even in the year that I am reporting the deficit for, because the amount we gave back to taxpayers and the amount of the deficit is almost identical. But we did the right thing and we gave it back to taxpayers when the taxpayers needed it most. There is a cost of living issue affecting everyone and these are hard times, so the Treasury should not hang on to taxpayers' money when it should be refunded, and that is why we spent the £10 million that we had provided for and added £4 million, to put more money back into taxpayers' pockets.

As for departmental expenditure, we projected £552 million and the forecast outturn came in at £605 million, a difference of 10%. Three quarters of this is not unexpected, with a £35 million overspend in the demand-led areas that are the GHA, ERS and the Care Agency. There are a number of reasons for this and I am going to go through them.

In the last six months of the financial year, all COVID costs were absorbed by the departments. This added an additional spend to the GHA, ERS and Care Agency, which we did not provide for and previously would have been met by the COVID Fund. The cost of medical supplies, drugs and pharmaceuticals have all increased worldwide. This is another cost that we did not envisage and could not estimate for, but which we could not avoid. We continue to give the best care and service to our patients and this resulted in an additional cost of around £4 million in sponsored patients-related expenditure. Again, we would not seek to curtail this spending, even though it puts us over our estimates and even though we are criticised by the GSD for overspending. It is overspending on people's health, on sending them to see a doctor in the UK, to have their operations in the UK, on paying for the medicines that have got more expensive. How can they tell us that we should not be spending this money, when it has to be spent?

The GEA is another authority that came in at higher than expected cost, with a total of £78 million when compared to an estimate of £54 million. That accounts for the balance of the overspend that I have referred to the House. Exclusively health, care and electricity generation. The increase in price of LNG accounted for over £9 million of this overspend. Whilst we have done away with some of the temporary generators, we are not yet able to safely dispose of these and we have to therefore continue to maintain them, and they run on diesel. Maintaining these in conjunction with the higher fuel costs is another reason for the GEA overspend. Otherwise, again broadly in line with other years, most departments fell within the boundaries of their Estimates whilst others overspent slightly. The slight overspend was compensated for by the savings.

I now turn to the COVID Fund, and that can be seen on page 279 of the Estimates Book. At the time of the preparation of the Estimates Book we took the optimistic approach that the worst of the pandemic had passed and all that remained was the impact of COVID on our main revenue streams, for which we provided £40 million for 2023-24. In terms of expenditure, we believed we would be over the worst, and such was our optimism that we only estimated expenditure of £120,000, specifically to protect our most vulnerable, the elderly. Of course, it was not that simple, and whilst being close, we were still off and the COVID Fund has had to absorb over £2 million in respect of COVID-related costs for the Gibraltar Health Authority. As has been said many times in this House, the COVID Response Fund has been funded by Government borrowing. The effect of this shortfall in revenue for 2022-23 was why the Government needed to borrow. It got to a point during 2022-23 that we had no choice but to accept that COVID was now part of everyday life. This led to the decision to dissolve the COVID Fund and any COVID-related expenditure would now

680 be departmental expenditure, another reason for increased costs across some departments. The  
remaining balance in the fund, £2.86 million, is the total from all donations received from the  
community. These donations were from citizens, including children and senior citizens and, of  
course, our business community, some of whom made substantial donations. We have always  
said that these moneys would be used for an exceptional purpose for the benefit of the entire  
community, linked of course to the GHA. I am pleased to announce that we will be investing in a  
685 significant overhaul of the entrance to the Hospital, in which the entrances to the PCC and  
St Bernard's will be one and the same and will include new modern and comfortable waiting areas  
for the entire Hospital, with digital check-in facilities and enhanced meeting spaces adjacent to  
the new entrance for patients and visitors. A visual representation of how this will look will be  
published in coming days. The new areas will also create a new mezzanine floor which will house  
and centralise administration for the whole Hospital in one area. This change will mean that  
690 waiting areas and administration areas around the entire Hospital will be released for clinical use  
and centralised within the new facilities. It is our intention to acknowledge the magnificent  
contributions received by the GHA in the new entrance and we shall shortly consult widely with  
the detailed plans to ensure this is a real Team Gibraltar project, funded by all for the benefit of  
all. I hope that this will be the last time I will have to speak on the COVID Response Fund to this  
695 House.

Mr Speaker, I have already informed the public, during an address to the Chamber of  
Commerce annual dinner, that we are projecting a £2.5 million surplus for the current year. That  
does not mean we are fully recovered from the last few years, far from it, but we are certainly  
back on track and back on the right track. Additionally, aside from COVID, we cannot ignore the  
700 other external factors producing challenges for us. Continued inflation above the 2% target and  
rising interest rates also affect the public finances. These are not factors we can control, but we  
have nonetheless tried to factor all these into the estimating process. We are conservatively  
estimating revenue for the year 2023-24 of around £723 million. That is some £7 million below  
the forecast outturn for 2022-23. The reasons for this are as follows.

705 Tax receipts are pitched slightly lower than the outturns – they always are. Again, we  
consistently estimate conservatively in this area.

We have reduced our import duty estimate in line with last year's outturn and no higher, so  
we are going to keep an eye on that revenue. Again, it is prudent to be conservative with this  
particular revenue stream. The first three months of the year are on track to achieve the  
710 £95 million estimate that we have made.

We remain hopeful that the number of visitors and tourists continues to increase, as the  
tourist survey shows, and that the forecast outturn will improve. Again, we nonetheless estimate  
prudently. All other revenue streams are also estimated on a very prudent basis, to ensure that if  
there is any error we are underestimating our revenue and not overestimating it.

715 Mr Speaker, in terms of expenditure we are projecting Consolidated Fund charges at  
£120 million and departmental expenditure at £570 million. The reasons for this are as follows.  
The Consolidated Fund charges factor increases in our external cost of borrowing assuming an  
average base rate during this financial year of 4.25%. Similar to last year, we may find that the  
outturn exceeds the estimate given the approach in recent months by the Bank of England on  
720 increasing rates further, contrary to what was originally envisaged. Indeed, since the Estimates  
Book was presented to Members of the Parliament, interest rates have gone up already by ¾%.  
Given the Prime Minister's statements to the effect that inflation must be controlled, the Bank of  
England is likely to take that as an instruction, in effect, although it is independent, to be more  
aggressive than the Federal Reserve and the ECB in continuing to raise interest rates.

725 As I said last year, borrowing costs are mitigated by channelling costs through the General  
Sinking Fund, but this of course impacts liquidity and surplus.

Departmental expenditure is estimated at £570 million. This is down by £35 million from the  
year just closed. We continue to be prudent on spending whilst providing for the increases in



730 inflation and other external factors and we must continue to be controlled and ambitious to deliver the surplus estimated and, if possible, an increased surplus.

Additionally, we are making a commitment to repay 10% of any surplus toward the COVID debt. Given the anticipated £2.5 million estimated surplus, we are providing £500,000 for such a repayment, to allow for the surplus to be up to double the estimate.

735 Last year I raised in this House that back in 2003-04 – 20 years ago – the GSD entered into a finance agreement to purchase and fund the current St Bernard’s Hospital. That was an agreement we have previously said was bad for the taxpayer. In fact, it was an agreement done in Mr Azopardi’s time as a Minister, but which Mr Feetham himself has been highly critical of. To be fair, it is the one thing I always accuse Mr Feetham of being consistent on, his criticism of the GSD deal for the sale and leaseback of the Hospital. He does not often get faint praise from me. This was a deal done under the former, former, former leader of the GSD whilst the current leader of the GSD was a Minister, but criticised by the former, former leader of the GSD and with that former Minister now being the current leader of the GSD. *(Interjection)* I know.

740 I raised last year that the initial finance raised by the GSD of £54 million would end up costing the taxpayer £109 million, so long as we paid it all back last year. If we did not, the £54 million would have cost even more than £109 million. So no lectures from them, please, on how to manage debt. In the Budget debate last year I advised that we had been given the opportunity to get out of this agreement. It was what is colloquially known as a no-brainer that we should get out of that GSD arrangement, and in July 2022 we filed the relevant documents to not only benefit from a rebate of £825,000 but to give us the opportunity to terminate this historic sale and leaseback – historically bad sale and leaseback – and enter into a new agreement to repurchase the Hospital building and vest title away from the bank. Had we not done so, we faced an obligation to make a £17 million bullet payment that was due under the GSD arrangements in January 2023.

745 So we exercised the option to buy Gibraltar out of those massively unfavourable GSD debt arrangements, which were not on the balance sheet, which were not in the Book. Once we exercised the option, we looked at several different repayment options taking into account different repayment period lengths and the various rates offered, but always trying to make a saving on paying for the building we had owned and the GSD sold, and to have more money left over after that exercise to spend on healthcare. Given the volatility of the interest rates in the negotiation period, we have opted to secure a short-term, fixed-term product. We have agreed a three-and-a-half-year term to repay the full outstanding balance of £16.9 million at an all-in rate of 4% at a time when the Bank of England base rate was 3.5% and there was no certainty it would stop increasing any time soon. This facility has been obtained with the Gibraltar International Bank. Other options available were on a longer-term basis and at variable rates which would now already have seen us paying a rate of over 6%, so we made the right choice. The Hospital is now once again owned by GCP Investments Ltd. The building is valued at over £40 million on our books. This new deal is extremely beneficial to the taxpayer in the short and long term, and most importantly, these arrangements undo the sale and leaseback which was so rightly vehemently criticised by Mr Feetham 20 years ago. We are already saving over a million pounds a year over the long-term option we had been offered, which is now at 6%, and in three years’ time we will have freed up a further £5 million available to spend on healthcare for our people. Ironically, this is the GSLP Liberal Government undoing indirect borrowing that the GSD incurred – with Mr Azopardi in it – the very thing that they criticise us for in this debate.

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770 It is high time that we stopped differentiating between mental and physical health and I much look forward, therefore, to welcoming the service users to our new Community Mental Health facility in the coming months, which will be partly funded by a charitable donation, particulars of which will be announced shortly, and this will also be at St Bernard’s. I am also grateful to the Mental Welfare Society for their helpful comments on the improvements to our Mental Health Services, which are most welcome.

780 Mr Speaker, last year I announced that the Government had made the decision to exercise our  
de facto option to acquire all the issued share capital of AquaGib. I am pleased to report that we  
continue to make progress on our acquisition of AquaGib. I had hoped to have completed this by  
now, but as hon. Members will know, the Government will only conclude agreements as and when  
785 we are satisfied that they are in the taxpayers' best interests and we have negotiated them in the  
best possible way. Additionally, of course, since the last Budget session a lot has happened, not  
least the fire in Powers Drive which occupied two months of senior AquaGib executives' time and  
has therefore undoubtedly delayed us. We are, nonetheless, working through a review of the  
assets of AquaGib, and when this is finalised we will proceed to complete. I will not set a deadline  
790 for doing so, as I do not want that to work against the taxpayers' interests in the negotiation. I  
shall very much look forward to making the announcement that the acquisition has been  
completed in whatever timeframe we can.

I now want to address the separate issue of the COVID debt. Last year I discussed our strategy  
for the repayment of the COVID debt once this had fully crystallised. The strategy was always, as  
I have told the House before, to enter into a 25-year repayment plan in December 2023. The top  
795 cover for that would be a UK government sovereign guarantee for that period to amortise the  
interest rate liability for the debt over the period and we had achieved agreement from HM  
Treasury to the initial period. The one thing that no one expected was the volatility of the markets  
and the sharp changes in interest rates in the last 12 months. The reasons for the sharp increase  
in interest rates since last October are well known and I have already alluded to them during the  
800 course of my address. As a result, in order to save the Gibraltar taxpayer millions of pounds in  
interest rates over the next 25 years, our strategy has had to be adjusted in order to be as prudent  
and cost effective as possible. It is clear that entering into a long-term repayment plan now, when  
interest rates are at their peak, would simply have had Gibraltar enter into the most unfavourable  
plan, and burden us all for 25 years. That was something I was not willing to do. A quarter of a  
805 century of higher than necessary interest rates on £500 million of borrowing would be the wrong  
decision for Gibraltar, even if it meant that I could not come here now and say that we had settled  
the 25-year period for the debt.

We changed our strategy in partnership with and with the full support and advice of HM  
Treasury. We therefore engaged with the banks and extended the current facility for a further  
810 three years, to December 2026. That means that we can fix for the final 22 years when interest  
rates are again expected to be lower, thereby taking the benefit of those lower rates for the  
taxpayer. If they have not come down yet, we can fix again for three years, if we have to, and wait  
until the best moment when interest rates are deemed to be again at a low, and then fix for the  
remainder of the 25 years. I am therefore pleased to be able to announce to the House today that  
815 we have agreed the same terms with RBSI/NatWest for a further three-year extension of the  
current facility. This facility is covered by the UK sovereign guarantee. Documentation is being  
reviewed and should be finalised within the next few weeks. This not only shows the excellent  
work being done between HMGoG and the banks but also the faith that the banks have in us and  
our ability to deliver. We are hopeful that during the next three years the markets will settle and  
820 we will be in a better position to negotiate the best long-term deal for Gibraltar to repay this  
facility. This long-term facility will include a commitment – this is hugely important – to repay 10%  
of any surpluses in our Budget towards the debt, which has always been the idea from day one  
and is something we proposed and was not required of us by the lenders.

The UK government and HM Treasury have always maintained that they will continue to  
825 support Gibraltar on the long-term repayment plan on the COVID debt. I take a moment to remind  
us all that without the guarantee back in 2020 the facility that pulled us through COVID would  
have been much more expensive. It simply is not the same to go into negotiations with banks and  
institutions having a UK guarantee and going in without having one. Changing the focus of the  
repayment of the facility into a further initial three-year term for the reasons I have set out has  
830 obviously resulted in us having to change the focus of the guarantee. Discussions to extend the  
guarantee have been ongoing with the UK government to secure the three-year extension to the

guarantee, given we are rolling over the facility for those further three years. The Financial Secretary has been working closely with officials in both the FCDO and HM Treasury to secure the extension to the loan guarantee. The extension has now received FCDO official approval and is going through the HMT, ministerial and parliamentary approval process. The whole thing will have to be laid on the table in Parliament for a particular period of days in the UK, as we will have to lay also the loan document here. Our thanks to the UK government, in particularly HMT and the FCDO, for their work and consideration on this matter which exemplifies both the confidence the United Kingdom has in Gibraltar and its Government and how much we can rely on the United Kingdom when it matters.

Beyond these three years, we have had a political commitment from the UK government from the beginning to continue to work with us to assist by the provision of the guarantee in respect of the remaining 22 years. This is, of course, subject to the terms of the final 22 years of the facility being agreeable and the guarantee receiving official, ministerial and parliamentary approval as necessary when the facility is agreed. Over the next few years we will be looking at different options in respect of the long-term plan. Indeed, initial conversations have already been taking place, so it is not something that we would leave till the last minute. In the final analysis, what is important is that I see no reason whatsoever that we will not, as we anticipated, have the facility and the guarantee for the next 25 years to amortise the repayment of the extraordinary multigenerational debt we had to acquire to deal with the COVID pandemic, which we acquired with the agreement of Members opposite.

Mr Speaker, the rainy day funds have continued to be available and in great measure have been uncalled upon. The Savings Bank now has a reserve of £67.5 million, estimated to go up to well over £70 million in this financial year. It is remarkable to think that when we were elected the bank's reserves had been entirely depleted by the GSD. There was literally only £1,000 left in the kitty then. Today the kitty is full and getting fuller under the auspices of the management of Sir Joe Bossano. We have not had recourse to that reserve, even in this time. We will not be taking many lessons, again, from them on savings, given that they left the Savings Bank with no savings, only £1,000, and we now have it at £68 million. Additionally, the trustees of the independent charitable trust Community Care report that they hold a reserve of £38 million. Although that is less than we would have wanted them to have – we were aiming for much higher – it is £38 million more than what they had when the GSD were in power. They allowed the charity to have its funds also depleted to zero. However much they preach and pontificate about prudence, the fact is that the one time they got their hands on the purse strings they stripped the rainy day funds bare. Just remember that the Savings Bank had a thousand pounds – that is to say it was stripped bone dry under the GSD – and it has £68 million now. Just remember that the independent charity Community Care had £60 million when they were elected and it had zero, zilch, by 9th December 2011, and it has £38 million now. Indeed, the former GSD administration said it was raining – I remember the former Chief Minister coming in one day and saying, 'It's raining,' – because they wanted to spend the rainy day funds, but there were no materially adverse political circumstances applying at that time. There was no pandemic, it was nothing to do with the joint sovereignty challenge, it was just raining – raining because they said so, raining because they wanted to bung more. Now, £69 million in the Savings Bank and £38 million in Community Care. The GSLP Liberal administration, conversely, has preserved the rainy day funds even when it has been pouring pandemics and political problems like Brexit. So by any objective standard, by any genuine analysis that is not party political in its focus, it is clear that it is the GSLP Liberals that are prudent with spending and, in particular, with the promotion and protection of the rainy day funds.

I now turn now to my responsibilities in respect of the Civil Status and Registration Office. The department continues to provide all services relating to citizenship, registration of births, deaths etc., and we can see by the rising number of requests for services that there is a clear indicator that Gibraltar is returning to pre-pandemic activity. With regard to marriages and civil partnerships, a total of 1,761 marriages were performed in Gibraltar. In addition, 43 civil partnerships and 11 conversions from civil partnership to marriage were also undertaken. The

885 department has been promoted in television programmes in France and we see this having an  
effect in the number of marriages that are taking place in Gibraltar. Mr Speaker, I want to lay on  
the table today – and hon. Members have had already, I think, circulated to them – a short report  
on the other excellent work being done by this department, which includes data on births and  
deaths registered as well as applications for Gibraltarian status, nationality, permanent residence  
and visas. I ask that these be taken as read into the *Hansard* as a handout is at Question Time at  
890 the end of my Budget address.

On Customs, I also want to address my responsibilities as Minister. HM Customs continues to  
work as part of the Government team in the treaty negotiations in order to ensure the best  
possible outcome for Gibraltar with regard to the cross-border movement of goods is achieved.  
The department has continued to deliver a value-for-money service through its collection of  
895 import duty and fees and the prevention and detection of crime. As a result, this past year has  
seen an officer being assaulted whilst trying to curtail some smuggling activity, and a customs  
vessel being fired upon, this time using a firework. These acts, conducted by criminal groups, have  
been meant to intimidate our officers and disrupt their operations. Notwithstanding, officers have  
remained resolute and determined to uphold the law for the benefit of all our community. Their  
900 work includes seizing two tonnes of cannabis and almost 200kg of cocaine in the various  
operations they have been involved in this past year. The Government stands with all our officers  
in such circumstances and I thank them all genuinely for their work in every regard. Every time  
they succeed the criminals fail and all our people, especially our children, are safer as a result.  
Mr Speaker, I now lay on the table a short report on the other excellent work being done by this  
905 department, which includes data on training, seizures of items being smuggled into Gibraltar and  
data on the control of attempts to trade illicitly in tobacco. I ask that these, too, be taken as read  
into the *Hansard* as a handout, as at Question Time. Hon. Members will welcome the fact that  
that curtails the length of my speech this morning.

Mr Speaker, taxation is the lifeblood of any government. It provides the necessary resources  
910 to fund public services and infrastructure development. It is a significantly important contributor  
to our economy and consistently accounts for approximately between 40% and 50% of recurring  
government revenue. It is, therefore, essential that, as is customary, I update Parliament on  
developments in this field that are relevant to our jurisdiction, our community and the general  
public in their capacity as service users.

915 The total amount of tax collected in the 2022-23 financial year is £406.8 million. That comprises  
£247.7 million in personal taxes and £159.1 million in corporate tax. This year, we have seen  
£47.3 million more in personal income tax and £37.3 million more in corporate tax than in the  
previous financial year 2021-22. The increased rates announced in previous Budget sessions for  
both personal and corporate tax are delivering the results envisaged. Whilst unpopular, their aim  
920 was to stabilise our economy moving forward. Stabilised our public finances they have. No  
government willingly increases taxes unless it is absolutely required to do so. Those that do  
typically do so to secure an economically prosperous future for their citizens. That is what my  
Government has done. Hard times require strong leadership; strong leadership and robust and  
affirmative decision-making. These decisions may sacrifice personal political popularity in the  
925 short term but ultimately seek to ensure financial stability and future successes. That is the type  
of leadership Gibraltar needs and deserves. That is the type of leadership we who are in  
government deliver. Short-term gains need to be balanced with long-term economic strategy, and  
that is what we are doing. The evidence is clear and the numbers speak for themselves, especially  
on tax revenue. Personal tax revenue has increased by 24% and corporate tax has increased by  
930 31% from the previous financial year.

The management of Gibraltar's finances is not a political tool that should be manipulated to  
gain popularity. The Government I lead does not do this and will not do this. The Government I  
lead takes its obligation on our public finances very seriously indeed. We understand that holding  
Gibraltar's purse strings requires serious and mature thought and a good collegiate approach with  
935 experienced Cabinet colleagues in conjunction with the expertise of successive Financial

Secretaries and the Commissioner of Income Tax. Responsibility for public finances needs long-term vision and the ability to navigate a roadmap to get to where you want to go. Many might ask where it is that we are seeking to go. The answer is simple. The answer is: renewed economic success – Gibraltar’s renewed economic success, our renewed economic success. We are now  
940 close. Our forecasts show that there is light at the end of the tunnel, a tunnel that was dug deep by the impact of the pandemic and our exit from the EU. In overcoming these last hurdles, we must all stand united, patient and resolute as we continue with our prudent financial management plan. This is a plan designed to deliver a return to prosperity in Gibraltar, a Gibraltar for everyone to enjoy, a Gibraltar that our children and our children’s children will enjoy, a home for  
945 generations, a financial Rock standing steadfast against economic adversity and emerging stronger than ever before. That is what we aim for, that is what we stand for, that is the path we are on, and this is what we are determined to achieve. As I have said previously, it is not an easy path. This is evidenced more than ever by the manner in which we have forecasted future tax receipts. Our financial estimates for the 2023-24 financial year are conservatively projected as  
950 £405 million. This cautious estimate ensures that any residual impact and risk from both our EU exit and the pandemic are considered and suitably hedged against.

Mr Speaker, during the 2022-23 financial year, my Government continued investing to ensure ongoing progress is made in issuing tax refunds. During 2022-23, £10 million was allocated in the Estimates to the payment of tax refunds, exhibiting our commitment to ensure that as many  
955 taxpayers as possible are repaid the moneys due to them. Prudent financial management does not mean cutting all spending indiscriminately. It means spending wisely. It means investing meaningfully for the benefit of the majority. There is no better example of this than the continuing investment this Government makes towards the repayment of tax refunds, putting money back into the pockets of taxpayers. Despite the shrewd approach to public spending, we have not  
960 reneged on our duty to the taxpayer to ensure that they are paid back in taxes what they are owed. These continued investments represent the highest amounts ever provided for tax refunds in government Estimates – the highest amounts *ever*. This is why my Government has been able to achieve such a significant improvement in the payment of tax refunds and the eradication of the infamous lengthy backlog we inherited in 2011. For this reason, significant amounts will  
965 continue to be allocated to tax refunds, with a further £10 million allocated in the financial year 2023-24. Taxpayers are not to blame for the financially difficult time we find ourselves in. This is solely due to a series of uncontrollable factors no one could have ever imagined. We would not have believed when we were voted into government in 2011 that we would face the challenges that we face. It is, therefore, unfair for the taxpayer to assume the burden unnecessarily and not  
970 get repaid what is owed to them. That is why we remain committed to giving back to taxpayers as soon as possible. The Commissioner of Income Tax’s Office advises me that the team continue to make progress with their tax refund programme, despite the lasting impact of the pandemic and resourcing constraints. Presently, refunds for 2019-20 have been completed and the team at the Income Tax Office continue working tirelessly to expedite the remaining refunds for 2020-21 and  
975 2021-22. I wish to take the opportunity to publicly thank all of them for their continued efforts.

Mr Speaker, there is a lot more I need to refer to the House on taxation that is deeply technical but very important. In order to minimise the time that I take on this address, and to assist  
980 practitioners in the field of taxation, I am laying on the table the additional 130-plus paragraphs that relate to this aspect my address. I ask that it be taken as read in this House to form part of *Hansard*. The matters in that additional material included matters related to the simplification of taxes, Pillar 2 measures, the digital tax office and a consultation on international tax matters. This is substantial and important material, but I will not read it all out, allowing instead that the material be reflected as the policy of the Government, in effect from today, now, and permitting it to be analysed in greater depth by technicians. All the additional material I am laying on the  
985 table will appear as annexes to the published version of my speech today, which will be available on the government website and social media when I finish this address.

I now turn to the specific Budget measures that will apply in this financial year. I will start with measures related to taxation. I will take personal tax rates first. The tax rates that were increased last year have contributed significantly to notable increases in tax revenue. As explained earlier, we are well ahead in the game. Our financial recovery journey is at a more advanced stage than we estimated. This is extraordinary news, a return to budgetary surpluses by financial year 2023-24. This significant achievement and the expectation that our weaker economic position of recent times has now been reversed are sufficient reasons to announce today that the 2% increase in personal tax rates implemented last year can be halved for those on incomes below £100,000. The Government is all too aware of the pressures households are now facing with the increases in the cost of living. Accelerating the reduction of these rates well ahead of time is now the right thing to do. Unfortunately, these increased rates of personal tax must continue into the second year as originally intended, albeit reduced by 1%. This will allow our future economic growth to be steadily supported as we return to the stability we had previously enjoyed, but Government does not feel it is right to collect more tax than is necessary from those families that are facing difficulties. For this reason, we are bringing the personal tax rates down by 1% for all incomes below £100,000. This means that the maximum effective rate for anyone earning above £25,000 and below £100,000 will be 26% and not 27% when taxed under the GIBS. Similarly, the effective rate will decrease from 19% to 18% for anyone earning below £25,000. Those earning above £100,000 will continue to have that income taxed at 27% for another year. If we are returned to government, all rates will return to 25% next year – once again, proof that this Government is all about giving back whenever we can. This is the satisfying result of making hard decisions, the ability to reverse such actions early and ease the financial burden on all taxpayers, as we have worked hard to do. This once again demonstrates that we are a Government that successfully manages short-term financial crisis, with the long-term economic prosperity of the community being the net result.

Mr Speaker, in these times it is essential that we ensure that we do social justice in the deployment of the fire power available to the community, and just like last year one of the things that our Budget must do is insulate the most vulnerable from the effects of continued high inflation and the increases in the cost of living that we are seeing affecting everyone, but in particular the lowest paid in our community. So keeping to the analysis that the key factors in economic vulnerability are earnings and dependence on state payments, my Government will continue to act to protect the incomes of the most vulnerable. In the circumstances, we will be ensuring that those on the Minimum Wage, those on disability benefit and recipients of the state or old age pension will all enjoy the benefit of increases in line with inflation to the payments that they receive. We will also take measures to assist the lowest paid in the public sector and we will provide a tax stimulus to encourage private sector employers to assist the lowest paid in the private sector also. I will take each of these in turn to announce the relevant increases that this Budget will provide, as follows.

The Minimum Wage will increase, in line with our estimate of inflation, at the rate of 6.2%. The Minimum Wage will, therefore, increase by 50 pence to £8.60 an hour. The Government considers this year, like last, that this is the best way to ensure that the minimum sum of money that people earn in our economy keeps pace directly with the cost of living in our economy. We are not increasing the Minimum Wage by more than inflation, but neither are we failing to increase the Minimum Wage at least by inflation. As a result, based on a 37.5-hour week, the Minimum Wage will go up from £15,855.75 to £16,770, an increase of £914.25 per annum. Based on a 39-hour week, the Minimum Wage will go up from £16,489.98 to £17,440. This is an increase of £951.80 per annum. Those worst-off in work will, therefore, enjoy the benefit of salary increases in the region of £950. Last year, the Minimum Wage went up by £1,200, this year by £950. Despite that, there are some sitting opposite us who pretend that they are the champions of the working class, and yet Mr Feetham and Mr Azopardi have sat in GSD Governments that failed to raise the Minimum Wage in many of the years that they were in government. Under the GSD, the Minimum Wage usually went up only in an election year, so the GSLP Liberal reality here really catches up

1040 with the great untruth that underlies GSD rhetoric in this area. It is the GSLP that introduced the  
Minimum Wage in its first Budget after the 1988 election. Now, in our second stint in  
administration, the GSLP Liberals can say that we have raised the Minimum Wage in every single  
Budget since 2011. And now, with the cost of living rising, the GSLP Liberals that I proudly lead in  
1045 this House can rightly boast that we have delivered an increase of £2,150 in the Minimum Wage  
in two years. That is an average increase of over £1,000 a year over the past two years on the  
Minimum Wage. It was £5.40 an hour, or £963.30 per calendar month, when we were elected.  
That equates to a Minimum Wage of £11,559.60 a year under the GSD. If we had just adjusted for  
inflation, the figure would have increased by 29.5%, or approximately £1.60 an hour, making it £7.  
1050 In fact, it is now £8.60 an hour, or £17,440 per annum. That is an increase of 60% in the Minimum  
Wage over 12 years, an average increase of 5% a year, an increase of almost £6,000 in 12 years,  
or an average of £500 per year under the Socialist Liberal Government that I proudly lead – proof  
positive, objective proof, that working people, especially those on the Minimum Wage, have no  
better representatives than the GSLP Liberals and are never better off than with a GSLP Liberal  
Government.

1055 Mr Speaker, it will not just be the Minimum Wage that will go up by inflation. The state pension  
and disability benefit will also go up by inflation, which we expect to be in the region of 6.2%. The  
increase will be rounded up to 7%. It is right that the old age pension and disability benefit should  
go up by the rate of inflation, in order to ensure that those who depend on those amounts are not  
affected adversely by the increase in the cost of living. There will also be an increase for  
occupational pensions from the Government, which will increase by 2% in line with the provisions  
1060 of section 6(2) and (2A) of the Pensions (Increase) Act. Those pensions have been increasing by  
2% each year for the last 21 years, even in the years when inflation has been lower. They will also  
rise by that rate today.

The student maintenance grant will increase from the next academic year by 15% for last year  
and this year, in order to assist with the cost of living increases in the United Kingdom over the  
1065 past two financial years. No student, no parent and no Gibraltarian or Gibraltar resident should  
ever take for granted the great benefit that having all tuition fees paid for and a full maintenance  
grant to attend any UK university to study any course any student may wish and achieve a place  
at actually represents – a GSLP policy which was roundly decried but has been the foundation of  
our people's professional development.

1070 The sponsored patient allowance will also increase by the rate of inflation over the last two  
years, or 15%. Our patients are in the United Kingdom and they need to be able to fund the time  
that they are there with dignity.

Mr Speaker, I have had several very positive and very constructive meetings with Unite the  
Union, the GGCA and the Gibraltar NASUWT in relation to the cost of living issues that arise from  
1075 world events beyond Gibraltar over recent years. These are, of course, principally the illegal  
invasion of Ukraine by Russia and the effect of the Truss/Kwarteng budget of autumn 2022 which  
has sent interest rates soaring. We acknowledge that this is detrimental to the workforce and that  
those worst hit are individuals on the lowest incomes, as they may find it harder to make ends  
meet. As the largest employer in Gibraltar, it is my Government's responsibility to lead on  
1080 mitigating such difficulties. We will do so, but without forgetting that we are a socialist party. With  
this in mind, I am delighted to announce to this Parliament the measures which will benefit those  
at the lower end, with a progressive system of thresholds to meet the most urgent needs of almost  
the entirety of the workforce.

1085 The Government is fully committed to helping all public sector employees and has decided to  
pay a single, non-consolidated lump sum in September 2023. The payment will not be subject to  
tax deductions. That is to say it will be a tax-free lump sum paid at the end of the second quarter  
of the current 2023-24 financial year, in time to help bridge the gap that the cost of living increases  
may be creating for the lowest paid in the whole year. It is designed to be fairly administered  
between grades. An extensive exercise has been undertaken which has led us to apply a staggered  
1090 payment approach. To this end, I now announce the following measure. Public sector workers

below a basic salary of £50,000 will receive a non-consolidated, non-taxable lump sum assistance payment of £1,200, which is the equivalent of approximately £1,500 if taxed; public sector workers with basic pay between £50,000 and £75,000 will receive a non-consolidated, non-taxable lump sum assistance payment of £900, which is the equivalent of approximately £1,100 if taxed; and  
 1095 public sector workers with basic pay between £75,000 and £100,000 will receive a non-consolidated, non-taxable lump sum assistance payment of £600, the equivalent of approximately £750 if taxed. All of these sums will be paid in one lump sum at the end of the current quarter, which is the end of the first half of the current financial year. The total cost will be in the region of £6.5 million, distributed between all public sector workers whose basic pay is less than  
 1100 £100,000. Public sector employees will no doubt welcome the payment, which will be paid separately to their payroll before the end of September 2023. The bandings and thresholds the Government has identified are progressive and will afford payments to almost the entirety of the workforce. Those earning basic pay above £100,000 will not receive any assistance payment. The payment will not apply to Members of Parliament in other employment or in receipt of  
 1105 occupational pensions. Given the public finance constraints that the Government is operating under in this post-COVID/Brexit environment, those on such incomes are unlikely to suffer the hardship we seek to use public money to ameliorate. Therefore, that payment will not apply certainly to any member of the Government. The objective is to use public money to help those on the lowest incomes and not those on the highest incomes. It must be noted that the  
 1110 Government will not cross the line of borrowing to fund public sector pay. Consequently, this extraordinary assistance payment, although not recurrent, must be met by the projected surplus of £2.5 million and savings which do not affect frontline services. Given that the payments the Government will announce will exceed this projected surplus, Ministers will be asked to identify savings of a minimum of £500,000 within their respective portfolios without these savings  
 1115 impacting the provision of public services. In any event, we also anticipate that the estimate will be higher. Additionally, in order to assist private sector employers who may wish to also ameliorate the effect of cost of living pressures on their employees, the Government will, in the 2023-24 tax year, permit similar assistance by tax-free payments up to the amounts and on the same terms as is being paid by the Government to employees in the private sector also, within  
 1120 the same salary thresholds. The payment must be excluded from payroll reporting and the deduction will not be allowed against the employer's profits. The Government has consulted with the Commissioner of Income Tax to ensure that we make our workers the full beneficiaries of this assistance programme through the provision of a tax-free payment. We want to ensure that we give employees all of the money. We will, therefore, introduce a specific exemption in the law  
 1125 applicable for the current tax year.

*The Times* front page on 16th May 2023 opened telling the world that the UK had lower salaries and higher taxes – and more taxes, too – than ever before. That is a good comparison to do, between Gibraltar and the UK. One fifth of all taxpayers in the UK are in the 40% tax band. On  
 1130 17th April, the Deputy Governor of no less than the Bank of England said that UK households had to get used to feeling poorer. I do not accept that for Gibraltar. I do not believe that that is where we need to take Gibraltar. I will *not* accept that for Gibraltar. For that reason, these measures are designed that we start to show that we will not settle for feeling poorer and this is the start of how we return to the prosperity that we have known and repay our COVID debt timeously, as we have agreed to do.

Mr Speaker, some employers are genuinely finding it hard it to wait the 10 days to employ a person. In the circumstances, the £15 penalty introduced to ensure that the 10-day vacancy period is respected will be waived, in the discretion of the Director of Employment, upon application of  
 1135 the employer showing why there was a good reason why the 10-day vacancy period genuinely cannot be respected. Additionally, the £18 charge for the registration of a vacancy will be reduced to £8.60 and will increase in line with the Minimum Wage. In other words, the cost of registration  
 1140 of a vacancy will be reduced by more than half and will now equate to only one hour of work on



the Minimum Wage. No employer can persuade me that they cannot afford one hour on the Minimum Wage to register the employee.

1145 In addition to this, I am also pleased to announce that the Government will amend the entry-  
level salary of all public sector jobs to £21,674 per annum. This will positively impact government  
grades and public sector employees including care workers, administrative assistants, nurse  
assistants, school crossing patrol officers, special needs learning support assistants and many  
more. This measure aligns with our ongoing commitment to the parity principle with UK salaries.  
1150 This is not to be taken lightly and equates to an enhancement of 16.61% for lower earners in the  
lowest entry point of these grades. Coupled with the 6.64% public sector support payment, which  
is what equates to that level, this will equal a 23.25% increase in this year's take home of the  
lowest entry point in the service. This is a testament to the Government's commitment during the  
past 12 years to public sector employees and meeting the needs of its workforce, and this year,  
more than ever, emphasising the needs of those who may be facing genuine hardship.

1155 The Civil Service and the wider public sector enjoy the full support of His Majesty's Government  
of Gibraltar. The Civil Service knows and understands my Government's commitment in relation  
to it. Our commitment is in our manifestos and proven track record over 12 years in Government;  
a commitment to the manning level of at least the Civil Service when we were elected. In fact, we  
have grown the Civil Service from 1,910 people to 2,694 civil servants – and we do not agree that  
1160 this amounts to a bloated Civil Service, which is how the GSD has referred to that increase. Let's  
not forget that, when they try to pretend to side with public sector workers and civil servants,  
they have referred to the Civil Service as being bloated. That was the GSD position. Bloated means  
grown beyond where it needs to be and plays directly to the underlying reality of their rhetoric of  
cuts, cuts, cuts. We have grown the public sector as a whole from 3,900 to 5,200. I defend the size  
1165 of the Civil Service and the public sector generally. In fact, in particular I defend their excellent  
work, not least but especially when COVID hit and the nation needed the public sector. That is  
why everything we have done in government that has or had the potential of having an impact on  
the Civil Service and the wider public sector has been done in consultation with the staff and  
unions, and these measures are no different. We will maintain our commitment to ensure that  
1170 the Civil Service is adequately resourced so that it delivers the required results to fulfil our  
manifesto commitments. I am, therefore, delighted to inform the Members of the House and the  
public that we will start the Administrative Assistant (AA) external recruitment process tomorrow  
morning. Furthermore, as per my earlier announcement, new entrants into the Civil Service as  
Administrative Assistants will benefit from the measures announced in my Budget speech and  
1175 commence with a salary of £21,674, a 13.4% increase to the previous starting salary, because we  
stand by the parity principle and the parity agreements that were signed in the 1970s and in the  
past months the salaries have increased in the United Kingdom, pushing the entry grade to that  
level, and therefore we immediately honour the parity agreements. Much is being said about the  
public sector and the Civil Service, but my Government fully supports this central pillar of our civic  
1180 and business communities.

In terms of the services provided by the public service, as from 1st August all fees charged by  
any government department and payable to the Government, including licence fees and forms,  
will increase in line with inflation, rounded to the nearest half point and to the nearest 50 pence.  
This is a very minor increase but it is essential in order to ensure that government fees do not,  
1185 once again, fall to ridiculous levels where you pay, for example, five pence for something.

Last year, I announced that electricity and water billing would increase by 8%. The increase of  
8% was an estimate at the time based on available figures taking into account any inflation to  
31st July 2022, and that was the total increase for the year. The total for the year was 8%. As all  
members of the public and hon. Members will have seen, the increases in electricity charges in  
1190 Spain, the United Kingdom and the rest of Europe have exceeded 300% in some instances – 300%  
elsewhere, 8% in Gibraltar. The EU, therefore, had to agree a capping mechanism to permit a  
subsidy for Spain and Portugal as costs of fuel and, consequently, electricity rocketed. Here,  
although people complained of an 8% increase, the increased costs were fixed and modest by any

1195 measure compared to every other country in Europe and the United Kingdom. There was,  
nonetheless, a statement from me that we would increase these charges annually on 1st August.  
This year, water and electricity bills should, therefore, increase by a further 6.2% at least. In fact,  
the cost of generating electricity is still high as a result of the war in Ukraine continuing to keep  
1200 fuel prices high, though not as high as they have been. However, recognising the increase in the  
cost of living is not abating, the Government, this year, will not increase water and electricity  
charges whilst inflation continues to be above 5%. This will help every resident of Gibraltar. Again,  
this is a measure that will be particularly appreciated by the lowest paid in our community, but it  
will also benefit those with mortgages, who will have seen costs increase as interest rates have  
risen, as does the subsidy on electricity and water production which is now being shown on the  
bill and reflect the subsidy of 10% for water and 50% for electricity. So not only did we not put up  
1205 electricity by 300%, like every other electricity company and government in Europe, almost, we  
continue to subsidise by 50%.

Mr Speaker, many young Gibraltarian professionals are buying in the open market and not just  
in the affordable housing market. The first-time homebuyer allowance will, therefore, increase  
from £260,000 to £300,000.

1210 The current stamp duty brackets were introduced more than 10 years ago. As a result, stamp  
duty on sales over £800,000 will now go up from 3.5% to 4.5%. I am also asking LPS, in particular  
the Commissioner of Stamp Duties, and the Financial Secretary to commence a consultation, to  
report to me by 30th September, on whether we should introduce stamp duties on the assignment  
of purchase contracts for real property. These are often-times contracts entered into by  
1215 purchasers off plan for new developments and can be flipped at a profit of hundreds of thousands  
of pounds, so it is right that we should consider whether stamp duty should be applied on those.

The current measures reducing import duties to ameliorate the effect on higher fuel prices will  
continue in respect of fuel duty at least until the end of the third quarter of this financial year,  
that is to say 31st December 2023.

1220 At present, private vehicle importations carry higher duties than those imported by dealers.  
These are, nonetheless, being circumvented by some by agreeing that some dealers should use  
their licences to import these vehicles for a fee. Apparently, £500 is the going fee. As a result, the  
measure is useless and defunct. Private vehicle importations will now, therefore, attract the same  
duties as the importation of vehicles by dealers.

1225 Fully diesel or petrol cars currently have a cap on duty payable of £25,000. Many are, therefore,  
using Gibraltar to bring high-end cars, some worth over £1 million, just to register them. This  
proves that the cap was a good idea. It will, nonetheless, be increased to £35,000.

A similar cap will be introduced on the importation of pleasure vessels. The cap will be fixed at  
£35,000, as it is for vehicles. This will also make Gibraltar an attractive jurisdiction for the  
1230 importation and ownership of such vessels.

The import duties on fitness trackers, bicycles, bicycle accessories or spare parts, treadmills  
and all other gym or fitness equipment will be reduced to zero. We want to promote the use of  
this type of equipment, to ensure that more people take up the challenge of getting fitter and  
reducing obesity and the problems that are associated with being overweight. The minor loss of  
1235 revenue will be compensated massively in savings to the Health Authority as we improve the  
health of our community and prevent long-term health problems associated with being  
overweight.

Continuing on the issue of the nation's long-term health and leaving aside the issues of politics  
associated with this particular commodity, the attraction of which I confess I have never  
1240 understood, duty on tobacco goes up by £25 per master case. That is to say 50p per carton, or 5p  
per box of 20 cigarettes.

Similarly, duty on vapes and all associated products will be half that on a box of 20 cigarettes.  
It should be cheaper to vape than to smoke, as vaping is likely better than smoking, but it is not  
without its own health problems.

1245 Individuals who are enrolled in a gym or who contract a personal trainer who is registered with the Tax Office will be able to deduct 10% of the verified cost of their training against the bottom line of their tax bill. Let's get the health of the nation on a better footing all year round and not just when trying to squeeze into our bikinis or mankinis.

1250 Parents who are funding private tuition for their children in Gibraltar will now be able to set off 10% of the cost of that education against the bottom line of their tax bill.

1255 Whist I am Chief Minister, owners at Cumberland Terraces will be able to count on the continued assistance of the Government to correct the issues that have arisen at that estate developed by the GSD contrary to advice and with GJBS having to step in to save the development given the liquidation of the earlier developer and contractor. This arose after the GSD Government lost £7 million it had loaned to the developer and was one of the reasons, actually, that Barclays quoted to us for shutting shop in Gibraltar. We will also continue to help all other affordable estates and stand behind any construction defects in such estates and continue our refurbishment programme of government rental estates.

1260 Mr Speaker, as a member of the legal fraternity, I have to regard Shakespeare's most pernicious phrase, at least at first blush, to be 'the first thing we do is kill all the lawyers'. In fact, the phrase is a defence of lawyers. It is uttered, as I told the House some years ago, by Dick the Butcher in *Henry VI, Part 2*, and Dick, there, is a particularly villainous character. The meaning Shakespeare intended is that society could not exist in a state of fairness and peace without the protectiveness of both the law and its staunch guardians, the lawyers. Dick the Butcher is suggesting that in order for the coup that he is planning to get Jack Cade into power to succeed, they must eradicate society of the very defenders of justice who could both stop the revolt he intends to help spur and then remove the power that he hopes to grab for Jack Cade. In other words, this suggests that Shakespeare represented lawyers as the most fundamental defence against the grossest manifestations of power-hungry antics wrought by the worst of humanity. US Supreme Court Justice John Paul Stevens shared this reading of the line, even analysing it in a 1985 decision of the United States Supreme Court, although it was a dissenting decision:

As a careful reading of that text will reveal, Shakespeare insightfully realized that disposing of lawyers is a step in the direction of a totalitarian form of government.

1275 For all those reasons, the attacks on the alleged 'barristocracy' in politics is, in my view, as misguided as Dick the Butcher's phrase is poignant, but the defence of the defenders of rights and the rule of law cannot just be political. The Government recently commenced the Legal Services Act. That includes requirements of compliance which are designed to protect the public and the legal profession. It also introduces fees which are mandatory for the first time. These will be easier for firms to bear than single practitioners, but single practitioners are an important part of the life blood of the legal system, the rule of law and the criminal justice system in particular. For that reason, the Government will introduce a tax credit for single practitioners, a term that will literally affect those who practise alone and not in a chambers or firm or company setting with others in the same building, that will allow each of them a deduction of 75% of the fees they now have to pay to the LSRA against the bottom line of their tax bill.

1285 Mr Speaker, in late 2022, with market turmoil and the threat of rising interest rates, the Gibraltar International Bank launched a 4.25% fixed mortgage proposition to provide both certainty and protection to its customers. The 4.25% rate, fixed for three years, has been taken up by almost a thousand homeowners with a value of £161 million on the mortgage portfolio of the bank to both the bank's existing customers and new customers, an important support in uncertain times for our residents, in particular those who have mortgages and are homeowners. Today – this morning, in fact – BBC reports that mortgage rates in the United Kingdom have soared to the highest level in 15 years already. With Prime Minister Sunak's de facto instruction to the Bank of England to get inflation down to below 2% – although the Bank of England is independent, many commentators are saying that the Prime Minister's clear strategy has been communicated

1295 to the Bank of England by his statement and therefore they will take that as an instruction – we  
can only expect to see mortgage rates rise further. Last month, the Gibraltar International Bank  
revisited fixed rates, prior to the latest base rate rise to 5%, extending both three- and five-year  
1300 fixed rate offerings of 4.49% focused specifically on supporting the purchasers at the Hassan  
Centenary Terraces (HCT) development. They could be charging 6% or more, but they are charging  
4.49%. To date, mortgages offered and in the course of offer are supporting 135 borrowers to a  
total of £16.8 million in that development. The HCT proposition also factors in no lending fees,  
1305 £1,000 cash back and no valuation fees, all with the intention of combining certainty, protection  
and practical day-one support to new homeowners. In addition to the HCT mortgage proposition,  
the bank has launched new three- and five-year general market fixed rate mortgages of between  
4.55% and 5%. This is exactly why the Government set up this bank, to assure Gibraltar and its  
residents of retail banking services. Who would have thought that I would today, some nine years  
1310 since we started operating, have repaid all of the start-up costs? The bank’s performance remains  
strong during 2023 and the expectation is of full-year profits above £10 million, against the  
£8.1 million recorded in 2022, but in particular keeping mortgage rates down in this community  
by making that offer with the Government as shareholder, obviously, forgoing the greater profit  
that we could have if the bank were charging the higher rates.

1310 Mr Speaker, as I announced at the Gibraltar Federation of Small Businesses annual dinner, the  
Business Nurturing Scheme returns this year also. The Hon. Mr Daryanani will say more in coming  
days about the details of that.

I now want to address two extraordinary matters before I move on to my conclusions. The first  
1315 is the cost of the ongoing McGrail inquiry. The second is the performance of the entity that took  
over the running of the dockyard. The McGrail inquiry that the Leader of the Opposition is so keen  
to speculate about is also reflected in the Estimates Book. Those following the Book can see the  
reference on page 2. Expenditure to the end of March 2023 already exceeded £1.5 million. This is  
an expensive exercise. External costs, approved by the secretary to the inquiry, were already  
1320 £963,000. The Government’s related costs amounted to £410,000. That gives a total of  
£1.373 million and a bit more cost investigating why someone decided or agreed to apply for early  
retirement. Expenditure for the current year to 30th June has further increased. External costs  
approved by the secretary to the inquiry for the year to date stand at £452,000. That makes a  
total, up to now, of £1,825,481.32 on the McGrail inquiry, a lot of money that could be put to  
1325 much better use – exactly the reason why, when I agreed to convene the inquiry, I nonetheless  
said it was unnecessary, as I am sure will be proven to be the case once the matter is resolved.

I recently referred the House to the acquisition of GibDock by Balaena. I explained to the House  
1330 in a Statement the many advantages we had been able to negotiate over the deal which the GSD  
had negotiated for the shipyard. Today, I can report on the facts as they have developed. In the  
time since GibDock was taken over by Balaena we have negotiated new environmental covenants  
with them. There have been only three noise complaints under the new management. These were  
all minor and related to the period literally just after 8 p.m., one at 8.01 and one at 8.10.  
Additionally, I am able to report to the House that the company will pay a total contribution to  
the Treasury of £3 million this year. That is made up of just shy of £180,000 in corporate taxation,  
1335 £2 million of PAYE and £850,000 of Social Insurance. These figures are provided by the company  
itself, not by the Commissioner, as that would be confidential information, but the company is  
keeping to the commitments it entered into with the Government and has agreed that we should  
be free to report that to the House. The company’s EBITDA is up from £3.8 million to £8.5 million.  
Peak employment in the first year of Balaena operations is up from a maximum of 210 people pre  
1340 Balaena to 440 post Balaena, and for the first time in many years, probably since the yard was a  
Royal Navy dockyard, it has had work ongoing in its three dry docks at once. Additionally, we are  
working on other projects with the Balaena management team, who see great scope in the  
increased use of Gibraltar for other aspects of their worldwide business and see opportunities to  
attract others here too.

1345 Mr Speaker, as I start to round up, I want to thank all the public servants of Gibraltar for their support these past 12 years. Everything that Gibraltar does is delivered thanks to them, as they, in effect, represent our reach. They are literally our arms and legs. In particular, I want to thank you and the Clerk of the House for your fantastic parliamentary support to me as Leader of the House and to other Ministers throughout the year and the whole lifetime of this Parliament.

1350 I also want to take this moment to thank all of my remarkably hardworking Cabinet colleagues for their support throughout the past four years as we have led Gibraltar together through the most difficult and challenging times in our recent history. It has been tougher than tough, tough and unforgiving. These past four years have required an effort like never before. When we look back – and in this I fondly include Mr Licudi also – this is the Cabinet team that dealt with COVID, this is the team of Gibraltarians who stood in the arena, who were at the crease when the time came to tame the threat that came upon the world and on our shores in February 2020. Thank you to each one of them from me. I may be the lead singer, but I make no music on my own.

1355 I must also record my thanks to the Chief Secretary, the Attorney General, the Financial Secretary, as well as the former Financial Secretary, and the Chief Technical Officer for their incredible support, their energy and their single-minded determination to defend Gibraltar's interests. What a team we have at Gibraltar's beck and call. I will not tire of referring to the most extraordinary dedication and the most incredible ability that they each represent. It is a thrill to work with you all to date and I sincerely hope I will be afforded the honour of doing so again – one more time only – after the autumn General Election, if the people of Gibraltar so decide.

1360 Of course, that leaves my personal staff at No. 6 to thank. They are more than just a team. Wow, they really are an extension of family. Given the hours we work, that may not be surprising ... excuse me ... so my deepest and most personal, sincere thanks to them all for the 12 years so far. It is so easy to say 12 years, but that is a hell of a lot of problems faced down thanks to the support of the teams I have just referred to, a hell of a lot of time in the office, a hell of a lot of family hours lost ... three, two, one ... and so all that work is, I know, valued by the community and the nation as a whole.

1370 That is why, even before they start to address you, with the predictable rhetoric of the Opposition, I want to expose the fallacy of the arguments we repeatedly face – this will be the easy part now for me to get through, if hon. Members allow me – because no one in our community should fall for the arguments of the sirens opposite without having their eyes wide open to the reality of what is behind what they are saying. The reality is that they will undoubtedly attempt to manipulate the numbers in the Estimates Book again this year. They will use arbitrary methods to calculate debt and they will denigrate the work of the magnificent team at the Ministry of Finance and all the controlling officers of the Government by pretending that these meticulously prepared figures are somehow inaccurate or not fully representative of Government spending. They will apply different rules to us to those they applied to themselves in government, and they will seek to do so in order to paint a picture of allegedly burdensome obligations of debt created by me and now hanging around our nation's neck – we know because we have heard it all before – but none of it will be true. Of course. But that never matters to the GSD. Their aim, as always, is to strike fear into the hearts of our citizens regarding the actions of this Government, to sow discord and doubt among our citizens regarding the actions of this Government.

1385 But the people they are trying to dupe are the Gibraltarians, and the Gibraltarians are not easily duped. They can see that the GSD Opposition does one thing in government and then says another in opposition. They see that even the things they say are contradictory. Whenever a task remains incomplete, what is their immediate reaction? Having said we are spending too much, do they propose that we conduct an economic analysis to assess affordability of a project? No, because they do not want to tell parents or patients or athletes or swimmers or rugby players the truth. They do not want to tell them that they will not fund their new facilities. They want to start by beating us with a stick for spending too much. Then they want to beat us with a stick for not spending quickly enough. Their knee-jerk response is to issue a press release pointing fingers at the Government and demanding answers for the delayed construction of houses, schools, sports

centres and other vital facilities that they said we did not have the money to fund. They want us to build more and build more quickly, and spend less and save money. That is to say they want to hold us to an impossible standard of doing more, more quickly for less and without spending. In colloquial language, they are operating in *el mundo yupi* of public finances.

1400 Moreover, they cannot possibly claim that everything they advocate for, which our dedicated government officials diligently execute, could have been achieved by them at a significantly lower cost. In fact, their record suggests they are the last people to give advice on bringing projects in on time. At least I am smiling now. The cost overruns on the Airport, which cost four times as much as they originally budgeted, or the Theatre Royal, suggests they should actually try to keep  
1405 their heads low on these matters. The one time they had a chance to prove that they could bring projects in on time and on budget, they did the opposite. The one time they had a chance to prove that they could protect the rainy day funds, they sucked them bone dry. It is evident that without actually making an investment you cannot build anything, and that investment which we have made, if they had been in government, would also have contributed to borrowing, just as they did  
1410 with the Hospital, with the disguised borrowing called the sale and leaseback – Mr Feetham used to say that was hidden debt, until he joined the GSD; he remained consistent, saying it was a bad thing, but he did not talk about it much – just like they did with the government car parks, which they financed through a company as well, just like they did with RBS in the contracts they executed for the new power station which was going to destroy the Upper Rock Nature Reserve. If I may say so again, Mr Speaker – and I know they balk at this because I know they are fearful of their  
1415 history being recalled by the public in an election year – we had to save Gibraltar from the particularly terrible idea of a grimy, smelly, diesel power station – a GSD power station – on the Upper Rock’s front door, by the Nature Reserve, where now we have the Lathbury sporting facility, and with the cost of electricity going up 5% a year for 20 years, that is to say 100%, and those contracts signed.  
1420

Therefore, Mr Speaker, I find myself having to seriously question the existence of the economic miracle that the GSD appear to promise the people of Gibraltar. It seems a bit like a Ponzi scheme that one might fall for. The GSD are selling an illusory notion that they can deliver everything without borrowing or reducing available funds. *(Interjection)* The GSD are selling the idea that you can have something for nothing. But the people of Gibraltar know that real leadership is not about  
1425 telling fairy tales, it is about telling people the truth and standing up to act as necessary. They must stop treating the people of Gibraltar like children, pretending that the people of Gibraltar do not understand the arguments. Our people do understand the reality of the arguments. That is why they repeatedly reject the GSD, and I believe they will again reject the GSD at the next General Election because the fact is that they find it so easy to criticise, but proposing viable alternatives requires true leadership.  
1430

Regrettably, I have yet to hear anything from GSD Members opposite other than tired repetitions of their previous Budget speeches. Every year, they dust off their old speeches, their old scripts, rehashing what was said in previous years, yet every year when I present a comprehensive plan, they fail to respond, opting instead to recite their pre-prepared dogma. Indeed, every year it is the same old story, the same speeches, the same criticisms, the same monotonous dogma, and also the same dearth of ideas. The GSD say that they yearn to be elected to run this esteemed institution that we call the Government of Gibraltar, yet they can only point  
1435 out what they say is wrong. They ignore they are often complaining about things they used to do themselves, and they fail to offer any alternative or any solution. We are, instead, committed to progress. We refuse to be trapped in a cycle of stagnation. Our Budget represents a vision of a brighter future for all Gibraltarians, especially young Gibraltarians, a future built on innovation, investment and resilience. We understand the complexities of governance and the financial realities we face. Our proposals are rooted in pragmatism and a genuine desire to uplift our nation.  
1440

1445 I know this community, this nation, the good people of Gibraltar will not be swayed by the empty rhetoric of the GSD Opposition. The electorate is discerning. They will not be persuaded by their abundance of criticism served up with a dearth of ideas. How can the GSD expect to earn the

1450 trust of the people when they rely on the same tired and exhausted lines year after year, proved  
wrong year after year? Our citizens deserve better. We deserve an Opposition leader who offers  
innovative solutions. We deserve an Opposition that presents an alternative vision for progress,  
not a reversal of progress achieved on women's reproductive rights, which is what they stand for.  
We deserve an Opposition that possesses the determination to turn an alternative vision for  
government into reality. But we have no such alternative in the same old GSD. Has-beens and  
1455 wannabes do not a constructive alternative make. That is why our people rise above the negative,  
destructive, repetitive dogma of the GSD. They embrace our vision of the future filled with  
promise and prosperity and designed to keep Gibraltar safe, for that is what we have done and  
that is what we will always do.

In the face of adversity and in the face of challenge after challenge, we keep Gibraltar safe. On  
the international level and in facing national challenges, we keep Gibraltar safe. It is the job the  
1460 people entrusted us with and it is the privilege and honour we discharge each day as we keep  
Gibraltar safe. And as we do, I know that most Gibraltarians would class themselves as socialists.  
Very few would associate themselves with the policies of the Partido Popular or Vox. That is why  
the Gibraltarians want to see continued, affordable and prudent investment in better services in  
health, in education, in elderly care, in services for the most vulnerable and in investment in the  
1465 living environment around us. They do not want to see Clinton cuts and Azopardi austerity. They  
prefer Picardo prudence and Bossano brilliance. They prefer the GSLP Liberals-Socialist approach  
to the GSD's PP- or Tory-style cuts and austerity.

We do not represent giveaways to buy votes. We will not give nor promise to give £500 a  
1470 month to those who do not need it. We represent annual increases in the Minimum Wage. We  
represent social justice. We represent those who work hard every day and those who are having  
such a hard time that they cannot even work. That is the aim of every one of our Budgets, to  
deliver for working people and to deliver for people who cannot work; to ensure that those who  
can work have the jobs available and are taxed as little as possible and, in the context of the public  
sector this year, have that little bit more help to get through these difficult periods; to ensure that  
1475 those who cannot work are, therefore, also provided for and those who work in the private sector  
are also provided for. That is why, once again, as all our Budgets have been, this is a careful Budget  
that honours the sacrifices of yesteryear, works for today and protects those who will come  
tomorrow.

Like many others, I remember a Gibraltar where our parents were all paid in small paper  
1480 envelopes on a weekly basis. I do not fail to wonder about how far we have come, and I confirm  
once again that we are on the right road, we are on the right track. Today, after COVID as before,  
I see a Gibraltar of entrepreneurs and workers in partnership, I still see a Gibraltar we have built  
through generations that have never had an easy ride, and that is why, with the COVID debt to  
deal with and with Brexit still to be safely resolved, the measures announced today are not  
1485 designed to deliver spending on goodies to win an election. Instead, these Estimates are designed  
to deliver spending properly, and carefully calibrated to protect the whole nation, because this  
economy is back, the great people of Gibraltar are back, these public finances are secure, financial  
stability is restored. We have sailed the ship successfully through the storm. We have safely  
reached the shore with deficits behind us. We have kept Gibraltar safe, and in doing so we have  
1490 confirmed the confidence that the people of Gibraltar deposited in us as the team that could keep  
Gibraltar safe. We remain the best option to keep Gibraltar safe, and as Gibraltar goes to the polls  
later this year, that will be the choice that we represent, the choice that has always been to keep  
Gibraltar safe, delivering a people's Budget, a fair Budget, a renaissance Budget to leave COVID  
behind, to make Brexit history and to propel our nation forward, doing so as the people's  
1495 Government, delivering fairness for many, not the privilege of the few, because that is my  
responsibility, that is our obligation and that is always our aim.

Mr Speaker, three terms successfully delivered, 12 years, the best economic performance in  
Gibraltar's history, a new dawn delivered for our people, the strongest foundations established  
for our people, a green Gibraltar taking root and the best is still to come, keeping Gibraltar safe at

1500 every turn. And to think that we were once called unfit to govern by those whose performance in  
government was never as good as ours. Once again, I stand before you, the Parliament and our  
people to deliver a serious Budget coming out of the toughest times, budgeting for these serious  
times, budgeting by serious people always looking to achieve the same thing – every generation  
provided for, every generation cared for, every generation with us as we continue our work to  
1505 keep Gibraltar safe and continue to propel our nation forward toward a brighter, even more  
successful future with financial stability restored, taxes cut for all earning under £100,000, a lump  
sum for our public sector workers, a tax break for the same for our private sector workers, no  
increases in utility charges, all costs controlled, all spending geared to do social justice every time;  
all our measures carefully designed to responsibly give back to every worker and to keep Gibraltar  
1510 safe always, equally responsibly continuing our policy of stimulating different parts of our  
economy to deliver both growth and social justice. Once again, under the GSLP Liberals, that is  
what this Appropriation Bill represents. That is what this Socialist Liberal Budget delivers, financial  
stability restored, and that, more than anything else, is how we keep Gibraltar safe. And so, for all  
of those reasons and each of them, I unhesitatingly commend the Bill to the House and the GSLP  
1515 Liberal team to the people.

Before I sit down, Mr Speaker, and given the length of my address, I would propose that the  
House should now recess and return at 3.30 this afternoon. I trust the short recess will avail the  
Leader of the Opposition the time to take into consideration the things I have said as he prepares  
his reply. *(Banging on desks)*

1520

**Mr Speaker:** The House will now recess until 3.30 p.m.

*The House recessed at 12.33 p.m.*