



# PROCEEDINGS OF THE GIBRALTAR PARLIAMENT

**AFTERNOON SESSION: 4.15 pm. – 6.10 p.m.**

**Gibraltar, Monday, 30<sup>th</sup> June 2025**

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# The Gibraltar Parliament

*The Parliament met at 4.15 p.m.*

[MADAM SPEAKER: Hon. Judge K Ramagge GMH *in the Chair*]

[CLERK TO THE PARLIAMENT: P A Borge McCarthy Esq *in attendance*]

## Appropriation Bill 2025 — Second Reading — Debate continued

**Madam Speaker:** Yes, I presume some hon. Members would like to speak on the merits and principles of the Bill. The Hon. Leader of the Opposition.

5       **Hon. Dr K Azopardi:** Madam Speaker, yes. And like the Chief Minister did this morning, can I also, before I launch into my contribution, acknowledge and also wish Atrish Sanchez, who is not with us today because of medical reasons that have been vented in this chamber and privately before, but hopefully will be back very soon, a speedy recovery from all of us as well.

10       Madam Speaker, I have to say that listening to the Chief Minister this morning, there was a moment, although I think I changed my mind at the end of his speech, but there was a moment that his contribution sounded pre-electoral because normally he dons his altar boy for his main contribution and then launches into a much more aggressive reply when it comes his turn to listen and reply to everyone at the end, and yet today it was not like that.

15       It was much more rumbustious and aggressive, in particular in relation to my colleague Mr Clinton, my colleague Mr Bossino. Having said that he thought and derided Mr Bossino for attacks, he went into full frontal attack and he sounded like the candidate, the candidate defending his legacy, defending his record and looking forward to some kind of moment, building it up because there had been a teaser already in the Chronicle this morning about how he was going to raise the salaries and the speculation about whether he would raise tax. Well then that did not happen, so  
20       he bravely defended the pressure and onslaught of those who would raise tax, raise salary and then attack the members of the Opposition.

25       It sounded electoral. And then at the very end, he closed with his now usual remarks. He complains, Madam Speaker, about contributions on this side of the House that he says are same old, but I would say the same to him because he complains of hyperbole with the same old hyperbole of every year.

      He complains of our contributions with the same old altar boy of every year and complains that we are going to be personal when in fact, when we analyse his contributions, they are as vicious as he thinks ours are. So, that may be. But let us turn to our own analysis of the matter.

30       And as I welcome those listeners who are joining us from *La Riviera del Quarri*, or beautiful Catalan Bay at 4:15 on this day, welcoming the slot that I am given, assured that most of the audience are now bathing, I will say this as I start to make some introductory remarks on the budget. Because the first thing that needs to happen is an analysis of the political backdrop of this State of the Nation and budget analysis. As the Chief Minister correctly says, this is a State of the Nation moment.

So, where are we, Madam Speaker? We are at the midway point of the final countdown. And after so many years, the new dawn was a false dawn. The stronger foundations were not built. The green Gibraltar and child-friendly city are nothing but a distant memory. The job has not been done and far from being kept safe, Gibraltar is more vulnerable, especially financially, given the state of public finances.

And so, welcome, welcome to the Gibraltar this GSLP have built, where concessions of jurisdiction are achievements. No, improvements.

Where socialist car levies on the less well-off are designed while the Chief Minister drives his Porsche. Where anything is said to anyone to get elected. And that is why so many people in Gibraltar, whether it is societies, clubs, associations or individuals, have letters, pre-election letters, from the GSLP promising them the earth.

This is the Gibraltar where many of those promises made are unceremoniously ignored and sometimes completely dismantled. Most famously, the promise to half the state of the public debt in 2011, and instead of halving it, it has been more than quadrupled, making Gibraltar less safe and more vulnerable. Less money for people.

And so, some of the contribution we had this morning was to attack what never happened, to disguise from what did happen, and what has happened. And the biggest breach of any election manifesto promise was that promise made in 2011 to half the gross debt of Gibraltar. Indirect and direct debt of Gibraltar is now four times, more than four times that level of debt.

And that leaves the state of our public finances and our ability as a community to give more in tax reductions, to give more in salary rises at peril. This is a Gibraltar created by the GSLP where there is a parallel treasury of hundreds of millions of pounds with little transparency or accountability used by the Father of the House at abandon. Not here today - Does not come, I think, to listen to my speech, but I will come to listen to his.

This is a Gibraltar where there is a growing litany, Madam Speaker, of serious financial and governance deficits. A catalogue now of waste and abuse, of financial abuse and democratic abuse.

Where there is a concerted effort to hide those uncomfortable truths, but inexorably they are emerging. And all of that, Madam Speaker, is playing against their own internal GSLP party wrangling. Not just for survival, but for succession.

Because the smiles and photo opportunities cannot hide the real rivalries. This is a fight for the heart and soul of the GSLP. And in this Netflix series, Succession, season two has been interesting.

Because in season two, Prodigal Son has had a better season than the Establishment candidate. The Establishment candidate has had some problems. But he, Prodigal Son, ended the season on a cliffhanger in Brussels.

Will he achieve the delisting? Let us put to one side that it is now nearly two years since he said that he promised to resign if we weren't delisted. Let us put that to one side.

The Establishment candidate, however, the Establishment candidate, has presided over a debacle in care services with the termination of the LifeCome contract. More on that to follow. But certainly this has been a good season for one of them.

We shall see. We look forward to season three and the observations we can make next year. Madam Speaker, because this is a state-of-the-nation opportunity, I want to say something about the Treaty and the political agreement.

Because, as I have already acknowledged, that has been an important moment for Gibraltar. It comes, of course, against the backdrop that we are nine years after Brexit with no treaty still. And, Madam Speaker, I have said often that on this side of the House, and we went into the election on that basis, we aspire to a safe and beneficial agreement.

Safe in terms of sovereignty, jurisdiction and control. Beneficial socially and economically. We recognise the importance of a deal that is good, but we also say we must exercise careful judgement.

And that careful judgement does not mean joining a bandwagon of cheerleaders of the Government when we have not seen a single word of the text. It does not mean that because we

have not joined that bandwagon, we are somehow lurking behind the door of Parliament with an axe. It is simply that we are doing what is responsible.

90 We have cautiously welcomed the political agreement, but a political agreement it is. And political agreement tends to elevate the document that emerged on the 11th of June, which was no more than a press release, which we call a political agreement. But there is no Treaty still.

And so, the responsible thing, Madam Speaker, is indeed to wait for that text and make that assessment. And in the context of that assessment, what needs to happen is a realistic and politically honest debate. A debate where we call a spade a spade and not an axe.

Because it is not about an axe just because we make observations on what has been agreed or not agreed, or notionally agreed, or what we are told on television has been agreed. That is not a moment where we pull the plug on anything. We are doing what we are asked to do, which is to critically look at a document, at what is said will be the document, and to analyse it.

100 Madam Speaker, this is not the debate. And certainly, we look forward to the debate when it happens. We are told that when and if a treaty is negotiated, maybe in the autumn, there will be a debate in this House.

And we look forward to it. We look forward to that debate. And today is not that debate.

105 But when we do have it, we are clear on this side of the House that the debate in this House and outside this House has to be honest. It needs to be politically honest. And in that debate what needs to happen is that the Government needs to explain things but do so in a coherent and politically honest way without spin.

110 This has not suddenly become a deal where the Government of Gibraltar, negotiating for little Gibraltar, who are outside the EU following Brexit, have won the football match 10-0. That is not real. That is not reality.

So, they need to explain why the negotiating positions have changed, for example on Frontex. And that is not done by simply saying that these are improvements, because there is a backdrop, Madam Speaker, of previous pronouncements. Previous pronouncements which were made in the run-up to the 2023 election, or were they made for mere electoral reasons?

115 Are we now being told that these were not genuine pronouncements? Because this is a crossroads. Either they were genuine pronouncements, in which case the Government now needs to explain why it is now delivering something which does not include Frontex and includes Spanish officers exercising some jurisdiction in Gibraltar, or that in fact this was never meant from the beginning.

120 Because the Government also needs to be clear and upfront about things that were not in the New Year's Eve agreement that are now apparently going to be in this deal. And let us be clear, we understand that there might be things, because after all, as I have made the point previously, the New Year's Eve agreement is an 8-page non-binding framework. The Treaty, we are told, is going to be over 250-300 pages with a number of annexes.

125 It is inevitable in that verbiage that it may be that there are things that have been negotiated since that happened that are new. For example, one of the examples that I would give from what has emerged so far, is that there is no mention in the New Year's Eve agreement about the airport management tender award. Apparently, there is going to be some kind of arrangement in that regard. Let us see what emerges. There may be other things that emerge in this treaty text that are not in the New Year's Eve agreement, that have not been touched upon so far in the rather hard sell we are seeing on some of these things.

130 But ultimately, Madam Speaker, it is important to have an honest debate, because the party opposite, the GSLP liberals that went to the 2023 election, had a very clear commitment. They said, you know, we are only doing a deal with Frontex in it. The Father of the House said it will only last for four years, because at the end of Frontex involvement, we are not willing to see Spanish officers exercising jurisdiction in Gibraltar, and therefore it will collapse the deal. It will only be done for four years.

Other pronouncements were made. There is a manifesto commitment that says at the end of that four-year period, if we cannot reach an agreement with Spain, the agreement will go to a referendum. Code for: if we cannot persuade Spain to continue the Frontex arrangement. All of that means, when you link all the dots, that if you are from day one at a stage where you are not delivering Frontex, well then what has changed? You need to explain it.

And the Chief Minister was quite frank when he was pressed in the *Viewpoint* programme and asked, is a Spanish officer going to accompany the Gibraltar officer in the car on the way to the Port? And he said yes, in plain clothes.

Well, it may be better to have a plain-clothed officer than one wearing a uniform with a gun, obviously. But that officer is in the car, presumably exercising some kind of jurisdiction allowed under the treaty. And that is why we need to have a politically honest debate.

And you know, there has been a lot of detail, Madam Speaker, put out in answer to some of these questions. And I welcome that, by the way. Although I am slightly surprised because of where we are in the juncture, that we are told likewise that there still needs to be some negotiation of the treaty text and it will not come till the autumn.

So, I am slightly surprised that we are descending into, at least the Government is descending, or being prepared to descend into so much detail, even being prepared to answer the question that I put the other day, when are you going to produce an explanatory booklet to people? And the Chief Minister suggested it was going to be done immediately, which I think is surprising given that the Treaty has not yet been concluded or, indeed, ratified. But, you know, the matter for the Government to do whatever it thinks is the right thing to do.

But there are issues of detail that are still floating about and require some clarification, not least, for example, the navigation into our waters. When will it be permissible for Spanish Guardia Civil, Spanish police boats to come into our waters? The Chief Minister answered in this House last week that this was something that is being discussed in the context of the Treaty negotiations.

Again, it seems to us fairly fundamental. But if that is still a live issue, well then, obviously, we understand that things may need concluding. But if they need concluding, it is impossible to know what our final position is.

And so, against all that reality, Madam Speaker, and the reality that the treaty text is at least still some months away, we can only conclude, as I have said before, and however uncomfortable it is to the Chief Minister to hear it, that 0.01% away in September 2023 cannot have been true. And it is still not true, because are we now 0.01% when we have got the Treaty perhaps in October? We were not there two years ago, surely.

But the responsible thing, Madam Speaker, is to suspend our judgement on this issue. To suspend our judgement is the right and responsible thing because without sight of the treaty text, we cannot assess the political effects, sovereignty, jurisdiction and control, or the economic effects in relation to business or sustainability as a community. And Madam Speaker, that is not a surprise, not just because it would be surprising if a responsible Opposition were willing to say we completely back the Government in the deal that they have done that we have not seen.

I mean, what responsible Opposition would do that? But this is an Opposition that has been faced with years, as this community has, with a Government that has a track record of half-truths and does not tell it how it is. So, we want to see the text and make our own mind up because we haven't seen a single paragraph.

And so, the big hard sell, Madam Speaker, is occurring against that backdrop of no sight of a single paragraph, but not just by us, by anyone, by the way. And I am not sure if all members of the Government have seen the entire text, by the way. And so, you know, it does seem to us a very hard sell, showing us, the Chief Minister showing us this beautiful House where we can live and saying it has got a beautiful garden and a swimming pool that you can use whenever you want and, by the way, a fantastic restaurant, but without showing us the contract or the deeds or the conditions.

Now, at the end of the debate, it may be acceptable, but it would be normal to see it. And that is not hyperbole or anything to ask that.

The reality here is that we are in a situation where we are dealing with a Government that is a moving feast when you ask them for explanations on different things. And I could give many, many examples, but I suppose a very direct one is when I asked the Chief Minister in this House on the 29th of November 2024 on the ferry to Morocco, because, and I said to him, on the 29th of November 1994, sorry, 2024, because my question was about the impact of the potential treaty and whether the Government were willing to, in effect, pull the ferry to Morocco in the context of the negotiations on the new relationship. I said, *"I'm not asking about the detail, but rather the principle of whether the Government is prepared to, in effect, put a stop to the ferry service as a result of an agreement with the EU"*. And the Chief Minister answered, *"nobody has asked us to do that, Madam Speaker"*.

And then there was a long exchange that he was unwilling to confirm or had already been trailed in the Spanish press that the Chief Minister would pull the ferry. He was unwilling to confirm it. And yet, that is exactly what is happening here. And he has explained to GBC in the Viewpoint programme. Well, and this is the problem, Madam Speaker, that we don't get straight answers and therefore it is entirely understandable. I think some people will be surprised that we continue to find out more things in Spain sometimes than we do from the Government of Gibraltar.

In this particular case with the Moroccan ferry, we found out through an interview given by the La Línea Mayor in Spain, which we asked the Government to confirm, which they refused to confirm, and which now appears to be absolutely correct. So, Madam Speaker, with all those caveats, and the Chief Minister says that I gut the cautious welcome because of the caveats, but that is the responsible thing to do, to cautiously welcome because we want a safe and beneficial agreement, but to say also that we are dealing with a Government that has a particular track record, that we have not seen a single paragraph and therefore that we must see the text. We are invested in the endeavour to secure a safe and beneficial agreement for Gibraltar. No doubt about that.

And we will continue to be positive and hopeful that that day will come and we have that debate here that must be politically honest. But equally we will be robust in our criticism. That doesn't mean that we will let them get away with a politically dishonest debate.

And when that debate comes, Madam Speaker, we will advise people of what our position is. And I will say this, Madam Speaker, because we are realistic about where we are. We are realistic about where Gibraltar was after the Brexit referendum, a referendum that we did not want and a referendum that delivered an outcome that we did not want.

We recognise that status quo is not an option because however you jump on whether or not you conclude a safe and beneficial agreement, the reality is status quo is not an option. Either there is a safe and beneficial agreement or there is not a deal. But what we are not going to do, as has been observed before by members on both sides of the House, is to have a situation where the current status quo continues. That's not an option.

We also factor in that there is an emerging international events backdrop which make it very important for us to understand that proximity and acknowledgement of where we are in mainland Europe is important in the context of making a decision here. Being closer to a greater EU as a trading, political and security bloc is something that can bolster the sustainability of our community while retaining our close relationship with the UK.

Because Gibraltar is touched and will be touched by international events. The Chief Minister mentioned some of them this morning in relation to Ukraine and the Middle East. There are other international emerging events that will happen that will also touch upon Gibraltar.

We as a community need to recognise that in that context of those events, we will not pass untouched and that that impacts the decisions we need to make in the future. That's why realism and political honesty is important and especially in the context of a backdrop of a clash of ideologies where there is a worrying emergence of populism worldwide. So not just from our local

perspective but from an understanding of what is going on around us, reality and honesty is important in that debate and when it comes to that debate, we will be ready.

245 I would say finally, Madam Speaker, before we move on from the Treaty, that it's important that when the Treaty is concluded that members on this side of the House and indeed the public generally have sufficient time to consider the Treaty text. And I make that point seriously because the Chief Minister, in answer to a question, said, *"oh, well, rather glibly, at least we'll give you overnight"*.

250 I'm sure he didn't mean that, by the way, because, after all, if the legislation to protect the famous wild otter of Gibraltar is gazetted for six weeks before we consider it, I think we can do a bit better than overnight with the Treaty for the new relationship with the EU. But, look, again, a matter for the Government. If they want to railroad us into a debate with 24 hours' notice, well, we will be ready as well.

255 Madam Speaker, this will be the year of some important domestic governance debates also because this will be the year where the McGrail Inquiry will likely report. And that has been a saga, a saga of characters, of facts and issues. And Madam Speaker is aware, as indeed so many members of the community will be when they have followed the hearings between April and June last year and April this year, that the McGrail Inquiry has beamed into the homes of this community. Evidence given by a series of persons and has shone a bright light on things that  
260 people did not think were happening in Gibraltar.

It has uncovered a series of facts that have been shocking to most people who have been scandalised by things that have been said and an eye-opener on matters that were within the remit of the Inquiry. Now, we have said repeatedly that there is a lot to say here but that in deference to the Chairman we've held back on comment and we will continue to hold back in  
265 deference to the Chair of the Inquiry but we will comment on the report when and if it emerges. And as I say, we expect, given the public comments made by the Chairman, that this will emerge today, sorry, this year.

Now, there will be issues that are dealt with by the Chairman and there will be issues that are beyond the scope of the Inquiry. It's already plain, given the scope of the Inquiry, that there are  
270 other matters that will need public comment beyond the scope of the Inquiry. But again, out of deference to the Chair and because we don't know what the report will say and what view he will take of those issues, we will hold back on making any comment in relation to that until it emerges.

But, Madam Speaker, this is an important moment for this community because this morning the Chief Minister focused his contribution on the McGrail Inquiry on seeking to undermine it in  
275 people's minds because of the cost. There may be people who were listening to that who might think the cost was high but might think he was trying a bit too hard as a core participant within the scope of the Inquiry accused of misconduct by participants in the Inquiry, to try to turn the focus on money rather than on the serious scandalising issues that emerged in the Inquiry. There will be people who might think he was trying too hard.

280 I suspect that those comments will not stand the test of time and that the real focus will be whatever the report says. Whatever the report says. And we will see and comment on that, on all those practises that were talked about.

And I hear him, the Chief Minister, chatter in the background rather nervously when I talk about the McGrail Inquiry, having asides with other members opposite. I appreciate he's quite  
285 nervous about the Inquiry but that doesn't mean he's going to stop our contributions on it either today or another day because people, as I say, Madam Speaker, were rightly scandalised by the relationship issues, the practises, the brazenness, or the lack of awareness and resistance to change, or impunity that was suggested in those evidential hearings. It is a snapshot of domestic governance issues where radical reform is needed.

290 Madam Speaker, reform is also needed by way of domestic governance in terms of parliamentary reform. That is something which is in our manifesto, we have been talking about for many years. And the reason that we have been talking about it for many years, as explained in our manifesto, is because we think the Parliament can work better.

295 So we are also invested on that process of parliamentary reform and the Deputy Chief Minister chairs the Select Committee which is dealing with a number of issues, discussing a number of issues, and we welcome that it has acquired a degree of pace which perhaps in the past had not, and we think that that is important because we need to talk about the amendment of working practises, the amendment of laws that underpin the Parliament, the enlargement of the House, and also how to better protect the institution. And I say that in this way, Madam Speaker, because 300 this institution is a Constitutional pillar. One of the things that we first get taught in our Constitutional law class at university is to remember how the important institutions of our Constitution balance each other, the legislature, the executive, and the judiciary.

So this is an important, the Parliament is an important Constitutional pillar and many things need to be protected in the Parliament, not just the working practises, enhanced. And this is not 305 about services to members, but the employment in this place needs to be secured, enhanced, and protected. And the institution needs to be better protected and better assured by lasting reforms.

I'm not sure if that the Select Committee will go far enough, we'll see where it goes on these issues. But I'm clear, and we're clear on this side of the House, that this institution, Parliament, is not here to provide a comfortable extension of the Government, as if it was a Government 310 department. It is not.

It is an important watchdog and check on the power of Government. Institutionally, it must always behave with that as its primordial and cardinal command. And anything that we can do to enhance and protect the Parliament by reforms, to achieve that, should be welcome.

Because the Parliament isn't here to do what the Government wants, but to scrutinise the 315 Government's executive power, to ensure it properly debates and opens itself to scrutiny and does not abuse other Constitutional safeguards in doing so.

And Madam Speaker, beyond domestic governance, there's also important debates to be had on financial governance. And I mention those because financial governance touches precisely on the essence of the Appropriation Bill that we have today.

320 Because one of the key, but not the only mechanism of ensuring better financial accountability is timely Principal Auditor's reports. And that value, Madam Speaker, is not just acknowledged by us. I want to read a quote, Madam Speaker, from Sir Joe Bossano in 2007, in the Hansard of the 26th of June 2007, where he said this:

325 *"Now we have the 2004-2005 final audited accounts and in addition the 2005-06 audited accounts, which have arrived sooner than was the case previously because under the new Constitution, the Principal Auditor sends his accounts and reports directly to this Parliament without first submitting them to the Governor, as was the requirement under the previous Constitution. I would like to take the opportunity to congratulate the Principal Auditor both on providing the 2005-06 audited accounts so expeditiously to this Parliament and also on the contents of his report.*

330 *The Principal Auditor completed his work this year by April and it makes the audited results much more relevant to have the details for the 2006 financial year when we are debating the 2007 budget than to have a two-year time lag as has been the case until now."* End quote.

The Father of the House was mistaken that there was a two-year time lag.

335 There had been in fact an 18 month or less time lag as I will show now. But the point is, the Father of the House in 2007 was acknowledging the importance of having a Principal Auditor's report on a timely basis when you have a budget debate. But here we are, having the budget debate for 2025-26 without still the Principal Auditor's report of six years ago.

340 So, what was the consequence of that people might say? But the value is obvious and clear from the last Principal Auditor's report. So, people are right to say, so what that you don't have the Principal Auditor's report?

Well, the answer is that the Principal Auditor fulfils a function that the Opposition could never fill because the Principal Auditor has statutory powers, Constitutional powers, to demand to see documents, to demand answers to questions that we could never demand, especially because we 345 don't have a public accounts committee. And that's why accountability is important and you can



see it from the last Principal Auditor's report which was published in January last year, January 2024, but covers the period up to 2018 only. Even then you can see that there are some striking conclusions in the Principal Auditor's report.

Excesses of overtime, multi-million pound contracts awarded with tender deficiencies, breaches of the procurement regulations, with the Principal Auditor concluding and saying in the report that he is quote, *"unable to conclude that contracts were awarded to the best tender submission"*. Examples of double invoicing by some people, of Ministers involved in deciding whether payments should be made or sanctioned. Examples generally, Madam Speaker, of poor accountability, of waste or examples of financial abuse. And the key, Madam Speaker, the key is that the Principal Auditor should not be obstructed in his work at any stage and that at all stages the Principal Auditor's work should be carried out expeditiously because otherwise, Madam Speaker, accountability delayed is accountability denied.

And Madam Speaker, this time lag is now worrying and it's worrying because it denies accountability and it's worrying because it's now obvious that it's politically manufactured by the Government. Politically manufactured. And I'll explain why.

Through a series of measures and delays they've put the Principal Auditor's department in a position that they are now dealing with a six-year time lag of an unprecedented nature, denying accountability of their actions. And so you ask yourself what is the time lag and why is it worrying and why is it politically manufactured? And is it true that it is unprecedented?

Well, Madam Speaker, I will do this for you because I did the exercise. I've gone through all the Principal Auditor's reports going back 10 years from the ones that we have received. And I'll give you these dates.

In 2007-8, the Principal Auditor's report was delivered by the Principal Auditor on the 20th of March 2009. In other words, 12 months from the close of the financial year. It was tabled in the House days after it was delivered.

In 2008-9, the Principal Auditor delivered his report on the 18th of March 2010. In other words, 11 and a half months after the close of the financial year. It was delivered, it was tabled in this House days after.

In 2009-10, the Principal Auditor delivered his report on the 11th of March 2011. In other words, 11 and a half months after the close of the financial year. And it was tabled in this House five days later.

For financial year 2010-11, the Principal Auditor delivered his report on the 29th of March 2012. In other words, 13 months after the close of the financial year. In 2011-12, the Principal Auditor delivered his report on the 5th of July 2013, 15 months after the close of the financial year.

In 2012-13, on the 11th of July 2014, 15 months after the close of the financial year. In 2013-14, on the 26th of August 2015, 17 months after the financial year. And I pause there, Madam Speaker, because it will not have been lost to you that as soon as the GSLP are in power, the delays start.

By 2014-15, the Principal Auditor delivers his report on the 26th of September 2016, 18 months after the close of the financial year. For financial year 2015-16, the Principal Auditor delivers his report on the 30th of January 2019, 34 months, nearly three years after the close of the financial year. And on the 21st of December 2023, the Principal Auditor delivers his reports for 2016-17 and 2017-18, six and a half years from the end of the 2016-17 financial year.

And there it stops, Madam Speaker. We do not have a 2018-19 report six years later. We do not have a 2019-21 report, or a 21-22, 22-23, 23-24.

If we had followed the pattern of when they were not in Government, the Principal Auditor would have delivered his audit of the accounts of Gibraltar and uncovered any practises of waste or abuse a year after the close of the financial year. We are now six years away with a massive time lag. And ask yourself the question, and people might be asking the questions, why is this happening?

Well, the answer is provided by the Principal Auditor in his last report. Because he says, in his report, at page 369, I acknowledge that there's been a considerable delay in the finalisation and submission of my audit report. And he then goes on to explain various reasons.

Some of them are about staffing reasons. But one of them is striking, and he says this, in terms of delay in enacting supplementary appropriation legislation, the public accounts of Gibraltar could not be finalised until the corresponding supplementary appropriation legislation had been approved by Parliament.

Consequently, the audit of the 2016 and 2017-18 public accounts could not be completed until the Supplementary Appropriation 16-17 Act and the Supplementary Appropriation 17-18 Act had been taken to Parliament and approved. This took place on the 27th of July 2021. That's almost three and a half years after.

It's precisely because of the delay in enacting the supplementary appropriation legislation that I decided to undertake jointly the audit of the two sets of public accounts, as otherwise my report on the public accounts for the year ended to 31st March 2017, would already have been finalised and tabled in Parliament. And there we have it, Madam Speaker. As clear as day.

The Government, the GSLP Government, have cottoned on a technique to delay the work of the Principal Auditor to deny the people of Gibraltar accountability till years after the event. And that is something that contradicts what the Chief Minister himself has said and this is why we do not take at face value everything that they say. It's difficult sometimes to discern what we should take at face value, precisely because of these examples.

Because the Chief Minister, on the 2nd of March 2016, said this in Hansard:

*"Because the main Appropriation Bills for the year are normally now debated in this House at around June or July of each year as part of the budget session, this has meant that the annual audit accounts for the previous year have necessarily been delayed until the approval of the supplementary appropriations and the Principal Auditor has not been able to complete his audit of the annual public accounts until then."*

And he says this:

*"In order to enable the Principal Auditor to complete his audit of the annual audited accounts earlier and for these annual accounts to be laid in the House on a more timely basis, something I am sure will be welcomed by some, Mr Speaker, the Government has decided to revert to the earlier practise of presenting the supplementary Appropriation Bills separately."*

*These will, therefore, no longer be included within the main Appropriation Bill for the year. The practise and future will be that the supplementary Appropriation Bills will be published earlier, and within the statutory nine months after the close of each financial year, prescribed for the submission of the annual accounts to the Principal Auditor under section 52 of the Public Finance Control and Audit Act."* End Quote.

What the Chief Minister was saying almost ten years ago now is promising to the House timelier accountability by taking the supplementary appropriation legislation in a timely way.

What the Government did was then the reverse. They published supplementary Appropriation Bills and never took them. To the extent that those that were published before the 2019 election had to be republished after the 2019 election because they had not been taken, and they were taken in 2021.

And that's why it's caused this time lag. It's caused a massive time lag in accountability. A massive time lag.

And I'll say to Madam Speaker this, so that people who are listening and watching can understand, so that they have the comparisons. Because the Chief Minister is very fond of comparing the GSD term in office with their term in office. But I will give him these dates.

I'll give him these dates of when we took Supplementary Appropriation Bills for the financial years. In 2000-2001, we took the Appropriation Bill on the 26th of March 2001, within the financial year. In 2001-2002, on the 25th of March 2002, within the financial year.

In 2002-2003, we took the Supplementary Appropriation Bill on the 29th of April 2003, one month beyond the financial year. In 2003-2004, on the 30th of June 2004, three months after the financial year. In 2004-2005, on the 23rd of June 2005, three months after the end of the financial year.

In 2005-2006, on the 19th of April 2006, 19 days after the end of the financial year. In 2007-2008, on the 27th of May 2008, two months after the financial year. In 2008-2009, on the 30th of July 2009, four months after the end of the financial year.

And in 2009-2010, the last supplementary bill passed by the GSD before they lost the election, on the 8th of November 2010, seven months after the financial year. Madam Speaker, when you look at those figures and those dates, it is obvious that the hon. Members opposite have through a system, a mechanism of delay, denied accountability to the people of Gibraltar because it suits them to delay it. It suits them to delay accountability, and it suits them to deny accountability to the people of Gibraltar.

There is now a six-year time lag and we are waiting on the 2018-19 report and we have no idea when the reports for 2019 onwards will be tabled. And the consequence of that, Madam Speaker, is that we are going to find out whatever the conclusions of the Principal Auditor are, now and in the future, we are going to find out about financial concerns, financial abuses, long after the Chief Minister and the GSLP leave Office. Because accountability delayed is accountability denied because it's inconvenient. It's an inconvenient truth to have the Bill passed immediately, the Principal Auditor looking over your shoulder immediately. Why not let him look at the accounts of six years ago? Why look at last year's accounts? That's exactly what is happening here and the people of Gibraltar pierce the veil of what is happening here because to create this time lag only benefits one set of people.

It benefits the people in Government and that, Madam Speaker, is why those practises cannot continue and financial governance reform is needed. And if we needed further evidence of how they enjoy the delay, Madam Speaker, well, my honourable colleague Mr Clinton asked the question the other day. He aimed at understanding whether the Chief Minister had had a conversation about the reports and whether it had been tabled or whether it had been presented to the Chief Minister. And when I asked him a supplementary, a very precise supplementary, whether he had received a copy, he refused to answer it and he refused to answer it again when I asked him again.

The people of Gibraltar might simply conclude that he has a copy of the reports, but we haven't seen it. And it may be that they also conclude that this is a further example of accountability being delayed because as I said in this House last week, it is convenient to the members opposite not to engineer the delay of the presentation of the 2018-19 reports before this budget debate today, which is not convenient.

But I would remind the hon. Members opposite that the Principal Auditor is an Officer of this Parliament that doesn't work to them in that sense. He is an independent officer, an independent officer that is called by the Constitution to submit and lay his reports before the Parliament and the Constitution is very clear in section 74.3 when it says, and I quote, "*in the exercise of his functions under this Constitution, the Principal Auditor shall not be subject to the direction or control of any other person or authority.*" Madam Speaker, it would be very disappointing indeed to find out after this debate that the Principal Auditor's report has been ready and delivered and we have not seen it ahead of this debate.

Madam Speaker, my assessment of whether the Chief Minister was making an electoral speech this morning or not was influenced because I heard him go on such a massive attack on my hon. Colleague Mr Clinton. But Madam Speaker, this was classic GSLP because what we witnessed this morning, what we witnessed this morning was a really desperate political act which I'm going to turn to ahead of a more granular analysis of the Budget. A really desperate political act because there were moments when he was launching into Mr Clinton that I thought he must have some really, really, really bad news for people in this Budget if he's trying to confuse, obfuscate and turn

the attention away to something that Mr Clinton said two years ago and twist it, because in fact he did not even say it.

So let's assess what was said because it's important Madam Speaker because he went on in such detail this morning and at such great length that the problem is that he created his own false narrative upon which he built certain conclusions and then pointed to the conclusions and said: there you go this was entirely heinous you cannot trust Mr Clinton. When in fact the building blocks were corroded and false. So the only way to analyse it is to look at it. Let's look at it and let's look at it in truth and not in fiction because what's the fiction? The fiction is that the Honourable Mr Clinton recommended that the debt be fixed at high interest rates two years ago. That's the fiction, which leads you to a conclusion in a particular way.

But the truth, the truth, is that Mr Clinton only expressed a concern on the effect of high interest rates that prevailed and prevail and was calling on the Government to come up with a credible plan. He wasn't saying fix it today or on a particular date. At the end of the day, they have access to officials.

He said, well the Financial Secretary's view was in a particular way. Well, if we had won the 2023 election we would have sat down, the Financial Secretary would have advised us in a particular way, and if that is right, we would have listened to that advice. Or is it that he thinks we're monopoly?

I mean we wouldn't have had the advice of the Father of the House, but you know so what? We would have had the advice of the esteemed Financial Secretary. Because what is important when we discern all the nonsense and the distraction of this morning is to actually understand that it is fiction.

So, to say that Roy Clinton said and recommended a specific course of action that would have led inevitably to 250 million, is absolute nonsense. He was expressing concern for a credible plan only. And the way that we look at that and we realise that is to actually look at the extract.

The Chief Minister referred to an extract which he read selectively from. I'm going to deal with it in a bit more length if I may because it's important that we do so to correct the record of the nonsense we heard this morning. So, this is the afternoon of the 13th of July 2023 where Mr Clinton starts his particular intervention on this issue by saying:

*"the elephant in the room is really the servicing and repayment of direct debt."*

Absolutely. And he then says, he then says on page 6 at line 193:

*"Since our budget debate last year, coming back to the topic of debt the Bank of England base rate has quadrupled four times bigger. It has moved from 1.25% to 5% on the 22nd of June this year." So, three weeks before basically. "As the UK seeks to tame inflation the predictions are not good. The predictions are that the base rate might even reach 6.25%, if not even 7% or higher next year. This has profound implications for current and future budgetary estimates because as much as Sir Joe likes to think it, it is actually not expected that interest rates will reduce quickly. The Governor of the Bank of England has gone on record and said, look guys don't think these rates are going to come down quickly. And if you read the Financial Times or any other financial paper they will tell you that mortgage markets are already pricing in much higher rates and it is not looking good.*

*The last time interest rates were at 5% was on the 10th of April 2008. You can look it up on the Bank of England website. And that was just before the financial crisis 15 years ago.*

*We've had 15 years of ultra-low interest rates. Part of the overspend in the Consolidated Fund is in the area of public debt charges which was £4.8 million over budget. Indeed, for next year, 2023-2024 the public debt charges due to increase from £31.2 million as per this year's outturn to £44.9 million, a 44% increase. Given what I have just said we are going to have to accept that we are going to have to commit more of our money to interest payments, which of course is linked to our level of direct debt."*

All of that, Madam Speaker, so far is simple factual analysis. Mr Clinton then goes on. In last year's, I quote:

555 *"In last year's budget it was anticipated the Government would borrow only "50 million in the grand scheme of things.*

*The outturn for 2022-2023 shows that "75 million was borrowed, "25 million more than estimated. On this basis and given the answers I've had to questions in Parliament, the borrowing under the UK Sovereign Guaranteed Facility increased from "350 million in 2022 to £425 million as*  
560 *at 31 March 2023. I'm happy to be corrected if I'm wrong.*

*The estimates book shows that the Government is not expecting to borrow any further amounts in 2023-2024 but intends to make provision for a small repayment of half a million. We now know that the Chief Minister has stated that the Government is making a commitment to repay 10% of any surpluses towards the Covid debt. The half a million is thus 10% of double the expected surplus*  
565 *of £2.5 million. The Chief Minister mentions this 10% of surpluses in order to repay the Covid debt several times. But has he done the maths? The current borrowing under the UK Guaranteed Facility of £500 million is £45 million.*

*Assuming straight line amortisation, which means just divide one number by the other, over 25 years we would need to repay £17 million a year which at a 10% reserve rate of surpluses implies*  
570 *we would have to have surpluses of £170 million a year. I'm sorry but this is simply not credible. It's not credible and does nothing to support his argument that he has achieved anything as to any form of financial stability.*

*It's not credible. We need a credible plan but we are not hearing it from the Chief Minister."*

575 End quote.

He is asking for a credible plan for repayment.

That is what he is asking for. When you turn overleaf then, beyond the exchanges where they are calling each other ridiculous, Mr Clinton then says, which is the extract he read this morning:

580 *"Mr Speaker his Budget speech does nothing to restore financial stability and what is worse despite having signalled last year in his Budget speech that he is looking for a 25 or 26 year rollover, the mere 3 year rollover of this £500 million or appropriate facility on 3 December 2023 up to 2026 is very worrying as it has been on the cards for a long time. What we needed was a long-term facility and repayment terms as necessary to precisely restore financial stability.*

585 *I'm not convinced at all by the Chief Minister's argument that interest rates will be better in 3 years' time so he can then negotiate a 22-year facility that will be better, but does he have a crystal ball? Can I please borrow it? We would both be rich men if he can predict with that accuracy what interest rates are going to be doing in 3 years' time.*

*I'm not even convinced that this new facility would not be at a floating rate or a higher rate, who knows, but he is telling us that he thinks in his judgement in 3 years he will be able to do a*  
590 *better deal. I do not buy it, and he has not been able to get a proper financing deal for this amount of money. Either there is something he is not telling us, or the UK Government simply does not want to give us anything more than 3 years' headroom."*

595 Madam Speaker that is what Mr Clinton said.

As a matter of factual analysis, he correctly expressed his concern against the backdrop that interest rates had risen 3 weeks before, and what had happened in the months before. He expressed concern that the Government needed to have a credible plan. We do not have the officials around us to discuss these matters.

600 He was not saying in any of those extracts that it must be fixed at a particular time for a particular period at a particular rate. The entire construction of the narrative this morning is false. It is false and it is quite worrying that there is a fabrication of a narrative that Mr Clinton, the Hon

Mr Clinton, was asking the Government to fix rates at a particular level that would have cost £250 million more.

605 It is not there. He was asking for a credible plan. He was not saying fix the rate at a particular rate.

When you do a word search, Madam Speaker, you cannot find the word fix in this extract except for fixed, because it is used once by Mr Clinton in the context of reference to the Government debenture interest rate. He does not a single time say that it should be fixed or fixed  
610 at a particular interest rate that would have generated this tremendous recommendation of a high cost that would have been a noose around the neck of Gibraltar. The real noose around the neck of Gibraltar is the quadrupling of the public debt.

That is the real noose and that is why I said this morning Madam Speaker that he is comparing what didn't happen with what did happen. With what Mr Clinton never did or said with what he  
615 actually did. With something that is fictitious with a real generational debt of this community caused by him when he breached his 2011 manifesto promise to halve the debt as it existed then and instead quadrupled it.

Well the people of Gibraltar are wise enough not to be distracted by Paul Daniels' magician tactics and will see through it and understand that the reality of the attack of the Hon. Mr Clinton  
620 was to put the gaze away from what has happened over the last decade which has put the public finances in a worse state and that is why there is less leeway to give assistance to business. That is why there is less leeway to give salary rises to people, and that is why there is less leeway to give better concessions to people to bolster the effect of the cost-of-living crisis. This is, Madam Speaker, really desperate politics, really desperate politics, when he is playing the man instead of  
625 the ball at a level of fiction that is incredible.

And of course repeat, repeat, repeat which is his hallmark. It's the old GSLP tactic and Madam Speaker, I have tried so hard, I have tried so hard not to have any references to George Orwell this year, I have tried so hard, but the only conclusion of this repeat, repeat, repeat fictional narrative is, of course, as Orwell says, because he aspires to reach the point where the past is erased, the  
630 erasure was forgotten and the lie became the truth.

That's what he wants to create, and he's done it so often Madam Speaker that it's now the hallmark of this GSLP and that's why they face chants of no more lies, not by me but by people in the streets. How many times Madam Speaker, how many times will he don his altar boy expression to say at the close, I haven't done a speech with any insults, really I haven't done a speech with  
635 any insults and now I'm going to sit down and there will be all sorts of insults. Madam Speaker when is the Chief Minister going to realise that when he constructs an analysis based on a heinous fiction, that in itself is insulting? It's insulting to the intelligence, it's insulting to the people on this side of the House who have not said the things that he asserts we have said. He does it often not just on this issue, because Madam Speaker he says that he's made no insults but of course he's  
640 got a reply. And what is sure, for sure, because as night follows day, is that the insults come later, in the reply, like every year.

So, Madam Speaker, I turn to a more detailed analysis of the budget if I may, because an important aspect of our financial governance is the handling of our public finances. Why, because it's about ensuring accountability, transparency, discipline, and the lack of abuse and better  
645 controls so that we get to the stage that we can return money to people. Because the government of the day, whoever it is, whatever colours they have, is holding and using the people's money in sacred trust for the people. It's not their money; it's for the people. It's the people's money.

If they use it better, the people are entitled to say we want a rebate with our money. That rebate comes in the form of tax cuts or salary rises, or whatever in the public sector. But instead,  
650 what we see in this budget, Madam Speaker, is a continuation of the usual failures and, yes, directionless management of public finances. That's what we see, because what do we see in this budget when we step back from the big numbers? Firstly, that this is a Government that cannot keep to its budget and is only saved this year, it's only saved this year because of a higher corporate tax rate. Otherwise, they would be in the deep red, because let me give you these

655 numbers, Madam Speaker. The corporate tax rate was supposed to yield £153 million. It will yield £60 million more at £213 million. That's why the books have been able to be balanced. Only because of this. There's no magic and they are not gurus because otherwise we would be in the deep red. Otherwise, the £9 million surplus would be a £61 million deficit. Let's be clear and we've been told that some of that corporate tax rate is exceptional. So had it not been for the exceptional  
660 tax take -don't know where and how it's exceptional but it will be explained hopefully by the minister for tax - only the exceptional tax rate has saved the Government from a deficit. And of course, income tax will yield £10 million more than expected at £260 million instead of £250 million. So, reality, Madam Speaker is that people and companies are bailing out the Government year after year with the money that could have been in their pockets if the Government handled  
665 their money better. People and business are paying to keep the GSLP Government afloat because otherwise we would be in the deep red and when the Chief Minister got up and turned to expenditure and said we've managed reasonably well, I thought that would be my first reference to Orwell, not my second, because that is a euphemism or a misnomer of monumental proportions.

670 How are you managing reasonably well when your departmental expenditure is over £60 million overspent? How are you managing reasonably well when you've been saved by an exceptional corporate tax rate? It is unprecedented. You're lucky you don't have a deficit and Madam Speaker the story is repeated every year. Every year. It's a pattern that they cannot keep to their budget. It's now a way of living. There are people who are very good at being savers in life  
675 and there are people who are spenders, and we have a Government whose way of life is to be on the edge all the time, on the edge, and they're saved every year not by them but by the people of Gibraltar.

It's a way of living, of reckless abandon, and certainly of lack of strategy. Because what's the strategy? I mean what's the strategy if they say that £50 million of a corporate tax rate was  
680 exceptional, where's the strategy then? There's departmental overspend, you can't have planned for an unplanned exceptional tax take so the strategy cannot have been to have been £50 million in the red. Well and if I mean the Hon. Minister for tax says, of course we can, from a sedentary position but if, of course we can from a sedentary position it would have been in the book, but it wasn't in the book. They'd been saved by the people of Gibraltar and the businesses of Gibraltar,  
685 and it happens every year.

This is an annual fiction or a systemic control failure. And that's the question that I ask myself. You know is it an annual fiction or a systemic cost failure? And in doing that let me say that I'm not casting aspersions on officials or anything like that because this is not about officials, this is about the ministers who bring the numbers to the House. That's the point and then, Madam  
690 Speaker, we're going to look at the fiction or systemic control failure points in a bit more detail to understand where the ground lies. But the conclusion of that point Madam Speaker, is that the rosier than real budget picture is not only based on, not on astute financial planning, but it's based on bumper taxation and also relies on a series of adjustments - which I'm not going to address but my hon. Colleague Mr. Clinton will address - which are intended to masquerade the true state of  
695 public finances.

And Madam Speaker the other big point of course, there are two other big points to make before we jump into the fictional or deficit issue, is that the opaqueness continues. The opaqueness continues because we continue to have a parallel Government with a parallel treasury, and a parallel Chief Minister, and a parallel finance Minister. That treasury is the Savings  
700 Bank and that parallel Chief Minister and finance Minister is of course the Father of the House because he dips in and decides how to use hundreds of millions of savers' money as his own treasury without real accountability, whether it's on Rooke, the £38 million, or the pensioner homes, or the Coaling Island housing, or the Victoria stadium when it was announced before the election then they did a U-turn and decided not to fund it from the Savings Bank. And all under  
705 the guise that it's part of the National Economic Plan that is more opaque than the structuring itself and the National Economic Plan is basically code for whatever the Father of the House

decides in the moment. Against whatever criteria he feels like in the moment because nothing seems to be written down.

710 And this, Madam Speaker, is against the backdrop of generational debt. And the Chief Minister made quite a point today about the Covid debt and trying to make these distinctions. But I do remember that debate in March 2020. It was a serious moment for this community, and we worked well together during COVID, but I will say it's also clear from the extract in Hansard that we reserved our position as to the effect of the generational debt in respect of what we called the "entry point" before COVID. In other words, Gibraltar already had a significant level of direct and  
715 indirect debt before Covid arrived. That in itself was, we thought, a shackle. Certain financing had to be obtained to battle COVID. But that did not mean that we conceded that the effects of the historic debt up until 2020 were airbrushed away magically.

That's the point. Because Madam Speaker, the direct and indirect debt is now around £2.3 billion. So even if you talk about the COVID debt and all of that, we're saying that forget the COVID  
720 debt for a second. You can't, obviously, because it's part of the 2.3. But forget it for a second. Even without COVID, we're talking that they've generated, instead of halving the debt, which would be £250 million, even without COVID it would be at around £1.8 billion. So, and there's been no real efforts, Madam Speaker, at downsizing the debt.

A future Government of Gibraltar will inherit a generational debt picture massively ratcheted up by his administration. Where there's been no real efforts, where there was a massive breach  
725 of his glorious New Dawn promise. Where, Madam Speaker, there is now more off-book than there is on-book.

That's the GSLP legacy. Generational debt. Unprecedented debt.

And he speaks about socialist records. That's the socialist record we are all worried about, that  
730 the people of Gibraltar should be worried about. The unprecedented socialist record debt that is being passed on to future generations.

This is not about building stronger foundations for the future, but weaker ones financially. Madam Speaker, we have a, and when I say they haven't been able to keep to their budget, and this is now a pattern, I want to justify, make good that comment. I don't want to be accused of  
735 not telling the House the facts.

In 2021-22, consolidated fund expenditure was £768 million. The departmental overspend in 21-22 was £35 million. In 22-23, the departmental overspend was £55 million.

In 23-24, the departmental, last year, the departmental overspend was £65 million. And this year, the departmental overspend is £65 million, approximately. So, it's a pattern.

740 Every year there's a departmental overspend. And you have to ask yourself the question of, is this a Government that can't keep to its budget because of ill discipline, or is it lack of realism of some of the numbers? So, is it an annual fiction that we're being treated to, or is it systemic waste and ill-discipline?

It can't be neither. It's either not true, and some of the aspects of the budget are plainly  
745 unrealistic, or they're just not very good at keeping the money and are not administering it properly. Because there are repeated under-projections.

Repeated under-projections. I'll give you a repeated under-projection. The consolidated fund expenditure last year was £826 million. This year, they're promising to spend £769 million. £57 million less than last year. So, you ask yourself, well, annual fiction, or not very good at keeping to  
750 the money?

Because Madam Speaker, you know, there's a catalogue of these things, many things that have been said in the past. You know, I remember quite clearly the boast that was made in the election year budget, the one that the Chief Minister read an extract from Mr. Clinton's speech on. But in the Chief Minister's speech, there was a boast made in the election year, that they would make  
755 departmental savings of £500,000 per department. That he had spoken to each Minister, he'd given a direction, he said to each Minister, you must make savings of £500,000 per department, to fund, to fund, the cash handouts that were made pre-election, in the second week of September, the week before the House was dissolved for the 2023 election. Well, only two out of



52 departments made those savings, no? But it doesn't matter, because anything goes, anything goes, anything can be said, it doesn't matter.

As long as you are re-elected, it doesn't matter. So, annual friction or systemic control failure, through ill-discipline? Which one is it?

So, in overall terms, Madam Speaker, they say they will spend £57 million less than last year, on consolidated fund expenditure. They say, they say they will spend £32 million less than last year, £32 million less, on departmental expenditure. I mean, in 22-23, they promised to spend £136 million less than they had actually spent in 21-22. Obviously, they failed, in fact they spent £791 million instead of £723 million, which was what it was, and in departmental over-expenditure, as I said, the figure is extensive.

We said, I have said in previous budget speeches, that some of the figures in the budgets, especially sometimes in the Health Department, have been unrealistic. Because in 2023, I said that the projected surplus was built on a series of unrealistic figures which never materialised, so that the cost of visiting consultants was supposed to be £700,000 less in 23-24 than in 22-23. In fact, the visiting consultants cost £2.6 million in 23-24, £1.1 million more expensive than they said. The drugs and pharmaceuticals budget was supposed to cost £2 million less in 23-24 than what was spent in 22-23, and in fact it cost almost £2 million more than 22-23, a total of almost £11 million in 23-24.

I said that the Government wanted to spend £2 million less on prescriptions in 23-24 than in 22-23. In fact, they spent £3 million more on prescriptions, a total of £12 million in 23-24. That the Government was going to spend £3 million less on sponsored patients in 23-24 than in 22-23, in fact they spent £6 million more in 23-24, a total of £16 million. That they wanted to spend £1 million less in medical and surgical appliances in 23-24 than they spent in 22-23. In fact, they spent £2 million more in 23-24, a total of over £4 million.

That the Care Agency was supposed to spend £6 million less on relief cover in 23-24, but in fact spent £13.8 million, £3.5 million more than 22-23, and well over the projection. Those figures, Madam Speaker, were unrealistic and they must have known it. And so, I'll make it very clear, this is not about the extent of health spending and the Chief Minister said he's going to remind everyone, bring out the chart of what I spent as Health Minister, that's fine.

I make the point, as I've done before, he can bring it out. But as I've said before, this is not about the extent of health spending. The issue is the lack of reality or misinformation.

That's the point. Because in taking the GHA as an example, it projected in 2022-23 that it would spend £128 million and actually spent £155 million. In 23-24, where they were going to spend £129 million, spent £172 million, £43 million more. And in 24-25, they were going to spend £156 million, spent £176 million.

Madam Speaker, we've been saying for years that these figures are unrealistic, and we have been proved right. Every time we come to this House, when we do the analysis of the figures that we said last year were unrealistic, a lot of them have been unrealistic.

And you know the projection in the GHA this year is to spend £180 million. Now, I will say this in going through the GHA budget this year. I think this year that at least for the first time in some years, it's not a lower projected sum than the actual spends for last year.

And it seems slightly more realistic in some respects. Although in others, I have some doubts about the realism of the projections in individual items, and I want to give the House some examples of that. Because in locum cover, in 23-24, the GHA spent £6 million in locum cover.

In 24-25, they spent £5 million in locum cover. This year, they are projecting to spend £3 million. That was £2 million less than last year on locum cover.

The Minister might explain why. Under other cover, they spent in 23-24, £4.5 million. And in 24-25, under other cover, they spent £7.5 million. But they are projecting that this year, under other cover, they will spend £3.4 million. In other words, less than half what they spent last year. Again, we would have our doubts.

They are projecting to spend £1 million less than last year on GPMS prescriptions. In the Care Agency, they spent £31 million in 23-24. They spent £43 million in 24-25 against a projection of £28 million, so nearly £15 million over budget.

And they are projecting to spend £33 million this year. So, £10 million less than they spent last year. How?

How is that realistic or achievable? And then there are other examples of unrealistic projections which ultimately impact the bottom line, Madam Speaker. In Head 42, under the collection and disposal of refuse, in the last two years, the Government spent in 23-24 and 24-25 an average of £1.2 million for the collection and disposal of refuse. They are projecting zero. I don't know how they get to zero. In Head 44, in education, the maternity cover has cost £400,000 in each of the financial years, 23-24 and 24-25.

But they are projecting £1,000 for maternity cover. In temporary cover, in education, the cost in 23-24 was £1.6 million and in 24-25, £2.2 million. They are projecting to spend £1,000.

For specialists in education, they cost and spent £775,000 in 23-24 and £1.1 million in 24-25, but they are projecting zero. For special needs learning support assistance, the cost in 23-24 was £1.8 million and in 24-25, £2.7 million and they are projecting zero. And in Head 53, sport, the Europa Point Sports Complex cost £500,000 in 23-24, £800,000 in 24-25, they are projecting to spend £1,000.

All those things seem unrealistic. I don't know, but certainly history, I would say they are on the wrong side of history on the figures on those points. I very much doubt that any of those zero or nominals will be zero or nominal at the end of the year. They are presumably significant.

Similar things are found in the I&DF. Of course, it doesn't affect the consolidated fund expenditure, but I'll just add to those points by saying that it might be helpful to have an explanation from the relevant Minister of why they are projecting £20 million more in revenue in land sales when the forecast outturn was £9.5 million last year. So, what is it that they are intending to sell? It would be helpful to know what they are expecting. And in terms of expenditure, there is a number of elements which are of notional funding in the I&D fund.

So, for example, the waste treatment facility is notional even though there is another item for the urban wastewater treatment plant, which is slightly higher, £250,000. But there is notional funding of £1,000 for the replacement of the frontier fence or the UK-European treaty joint facility or the infrastructure works for the UK-EU treaty. Now, I imagine that may be because of a comment the Chief Minister passed this morning that he doesn't anticipate that there might be significant expenditure this year in respect of those items.

I had thought that if the treaty is concluded and then ratified during the year, there might be some works that would need to be done during the course of the financial year, but he is in a better position to advise the House on that issue. It will disappoint, no doubt, the RGP and the Fire Service to know that the RGP HQ or the Fire Service relocation only have notional sums allotted to them next to the particular items. And, of course, while he waxes lyrical, the Chief Minister, on how modern and how much they are investing on public services, and notwithstanding that they spent £1.67 million on so-called digital transformation last year for 24-25, many people complain about the creaking and slow roll-out of digital services to customers. You just have to compare the digital services available to people in Gibraltar with those of other places. We are not comparing ourselves to the United States, we are comparing ourselves to other places that you would think perhaps we would have the edge on, and yet we are some way behind. So, in the revolution of digital infrastructure, we are not there.

Madam Speaker, why do these things matter, whether it's domestic governance or financial governance reforms or the whole ethos of making sure your budget is accurate or saving money? Because it's about putting money back into public services to continue to improve them. It's about returning money also, in part, to people.

Because what we want to be, surely, and what we want to give people is a legacy of reform, to create a community that we want to create for future generations. Because it impacts all of these things, financial governance, domestic governance, impacts on the quality-of-life debates, on

money that there is to distribute to people, on the quality of democracy versus the fear of expression, on the quality of public services. And there, Madam Speaker, I have to pause for a second because in the absence of my colleague Atrish Sanchez, and while Ms Sanchez would have spoken about many other things, there is one aspect of Care that, in her absence, I feel duty-bound to dedicate some paragraphs to.

And it is the situation of the LifeCome contract and the collapse of those services. Because, Madam Speaker, from the moment the £3.8 million contract was awarded in June 2024, the Government promised the people of Gibraltar a seamless transition and improved continuity of care. What followed, however, was chaos.

Basic preparations were not in place. In fact, the contractor, LifeCome Care, was allowed to operate without a local business licence until October 2024, a glaring failure of oversight for which this Government must bear full responsibility. Repeated warnings from this side of the House by Ms Sanchez about faulty rostering systems, wage discrepancies, insufficient vetting processes and major gaps in service delivery were routinely dismissed as mere teething problems.

But these, Madam Speaker, were not teething problems. They were serious, systemic failures that disrupted the lives of service users, their families and care workers. Vulnerable members of our community, our elderly, those with chronic health issues, those with disabilities, have faced missed care sessions, late arrivals, shortened visits and a deeply damaging lack of continuity in their daily supports.

Care workers were pushed into a broken system, many under zero-hour contracts with little support, no stability and inadequate protection. In the GSD, we sat with families. We listened to carers and frontline staff.

Their stories were heartbreaking. Their suffering was real. The Government's attempts to shift blame onto LifeCome Care, a contractor they themselves selected and failed to supervise properly, is a deflection that cannot and should not be accepted.

This was not just a failure of policy. It was a gross mismanagement of public money. Over £3.8 million of taxpayer funds were entrusted to deliver the service. That investment demanded rigorous oversight and measurable results. Instead, what we witnessed was a complete collapse, which ultimately forced the Government to terminate the contract under the pretence of a mutual agreement, after public outrage and the looming threat of industrial action made inaction politically impossible. What we saw next was a Government that went into rescue mode, bypassing normal procurement processes to hurriedly award yet another multi-million pound contract.

But where was the accountability? Where was the contingency planning that should have been in place from the start? We welcome the establishment of Community Care Domiciliary Care Services Limited and sincerely hope this marks the beginning of a more stable and coherent phase.

The introduction of district supervisors, improved rostering and stronger workforce structures are all long overdue. But let's be honest, many of these safeguards should have been in place from the day the original contract was awarded, in June 2024. Had the Government listened, had they acted sooner, much of the hardship endured by service users and care workers could have been avoided.

Going forward, we call on the Government to commit to reducing the prevalence of zero-hour contracts in the care sector, so we welcome what the Chief Minister said this morning, to provide workers with the security they deserve and to guarantee continuity of care. We call for transparency at every stage of procurement, service delivery and Government oversight. We call for robust contingency planning for all future public service contracts and for genuine community engagement where the voices of service users, families and frontline workers are not only heard but actively shape the services they rely on.

And let's be clear, the issues persist. We continue to hear directly from families, carers and service users who tell us that many of the problems have not yet been resolved, despite the Minister's insistence to the contrary.

Madam Speaker, I turn to the budget measures announced by the Chief Minister this morning, to give our reaction to those.

915 We welcome the increases in pensions and disability benefit and those increases on occupational pensions, as well as the fact that the pension increase of 3% will be disregarded from the assessment of the minimum income guarantee. We await the work of the new Living Wage Commission that will be chaired by Sir Joe Bossano, the Father of the House. In fact, we had our own commitment for a living wage in our manifesto, so we monitor those developments with interest.

920 The promise to reduce zero-hour contracts in the public sector is something we've been calling for, as and where possible, so this is a measure that carries our broad support. On equalisation of pensions, they've announced that work will now proceed on this, but there's been no indications of timing. We assume that this is work that will only be implemented post-ratification of the Treaty, but they will clarify.

925 Of course, people know they've had a manifesto commitment on this since 2011, and so they may rightly be sceptical on the progress of that issue. We note the overview of how the transaction tax will operate, and the three-year escalator to 17%. He mentioned a mechanism, the Chief Minister, by which this could go up and down.

We look forward to the publication of the Treaty text to understand that mechanism better. 930 People and business will want to know how that will work in practise, and more guidance work will need to be done in that regard. The establishment of the Business Advisory Transition Group, to the extent that it will advise on implementation of the transaction tax, makes sense, although why more detailed discussions could not have started earlier is the obvious question for business.

935 On business support measures, these were entirely lacking in this budget, and while there was a signal that there would possibly be discounts on business rates to come, there was nothing by way of detail on content or timing, or who will be within the scope of such measures.

Again, as the Government has been negotiating for so long, and says it is already aware of the impact and extent of the proposed provisions of the Treaty, we would have expected greater detail and greater consultation to have already happened. For the moment though, and until that happens, all that the Government have done is increased costs for small businesses in this budget with nothing to assist. 940

The fact that there has been no change on personal income tax rates or corporate tax likely ameliorates what in general terms is still a budget that for many people produces nothing to stem the erosion of wages and cost of living. For example, some private sector workers will have the benefit of the increase in the minimum wage. Other private sector workers face continuing erosion of wages, with no real relief in terms of other costs or tax. 945

Public sector workers have had no increase in salaries in almost six years, so we welcome the replacement of the 2023 electoral cash handouts with a more and less cynical conventional salary rise for public sector workers. This is tiered to provide the larger percentage increase to lower paid workers, and we also welcome that measure which targets greater assistance at that level. 950 In fact, we have been recommending that course for some time.

The Chief Minister indicated that the NASUWT claims will be addressed by the Education Minister in his speech, but without detail. So that means I cannot reply to those points at this stage, and of course the response to that will come from my hon. Colleague Edwin Reyes. Madam Speaker, we support the funds made available to the Gibraltar Regiment enlisted soldiers linked to service in the RG for the purpose of purchase of property. 955

This had already been made public before the Budget, but as it has been mentioned now, we confirm our position.

960 Madam Speaker, we note the costs of the McGrail Inquiry. These are high. We appreciate the presence of the Inquiry is inconvenient, perhaps even annoying to the Government, given the issues that are surfacing of conduct and practises. Sometimes in life the biggest nuisance, the biggest *murga*, can cost a lot of money.

On the serious issue of the intended legislative change on the minimum age for marriage and to prevent forced marriage, we wholeheartedly support this measure. If there is a risk that the CSRO have identified, then this House should and must act swiftly to curb this.

But all in all, Madam Speaker, this is not a budget of big changes. What the Government gives with one hand, it takes with another, to workers or to business that ultimately, through their success, small business, generate wealth and jobs and on whom private sector workers are reliant for pay rises.

The more pressure on business, the more difficult it is for workers in the private sector to get pay rises. Madam Speaker, the general index of retail prices from April 24 to April 25 shows an increase of 2.9% on the year, with food increasing by 2.8%, alcohol and tobacco 9.7%, housing 3.6% or transport 3.2%. The increase in price on food alone since April 2022 has been 15.9%, clothing 7.9%, alcohol 17.9%, housing 15.2% or services 17.6%. Placing these facts against the backdrop of the overall very little assistance and change in the last few budgets, or this one, and the increases in costs sustained by many over the same period, it is obvious that as a cumulative effect, people are worse off than they were three years ago. This 2025 budget is just a budget of continued, slow erosion of wages for many people and families. Of erosion by stealth.

And of course, the key issue is that the reason that the Government is unable to assist more, unable to stimulate the economy more by targeted assistance or tax alleviation, is because of the sustained mismanagement of public finances over so many years. To put it bluntly, they cannot help people because there is no spare cash, because they aren't good at managing the people's money. What they're good at is spending it.

And so, Madam Speaker, what we see in this budget is repeated and a repetition of themes on the handling of public finances. Of opacity, of the usage of millions of pounds and opacity in structuring. The fact that a lot of these transactions are now going through the parallel treasury and not on the book, and the repeated deficiencies in financial governance, all of that leads us to vote against this Appropriation Bill. But in doing so, let me be very clear, in doing so, we're not voting against the measures, because as my hon. Colleague Mr Clinton has explained, this is about, we're voting on the Appropriation Bill. The Appropriation Bill is about spending. It's not about the individual measures that would be contained in a finance bill. The measures announced today are not in the book.

So, this is about voting against their handling and their expenditure and their opaque practises. This is about a verdict on the management of their public finances of Gibraltar. Those are the reasons, those are the reasons that we do so and we vote against, because we believe that all that this is, is a repetition of the past, and that Gibraltar deserves a better way of handling our public finances.

**Madam Speaker:** Any other member wishes to speak?

### Adjournment

**Chief Minister (Hon. F R Picardo):** Well Madam Speaker there is an agreed order it was just I was waiting for the Leader of the Opposition's reply but given that I've never seen political diazepam administered with quite such little panache as I have today I move that the house should now adjourn until tomorrow at 11 a.m.

**Madam Speaker:** I now propose the question which is that this house do now adjourn to tomorrow at 11 a.m. I now put the question which is that this house do now adjourn to tomorrow at 11 a.m. Those in favour? (**Members:** Aye.) Those against? Passed.

1015      This house will now adjourn to tomorrow at 11 a.m.

*The House adjourned at 6.10 p.m.*