



PROCEEDINGS OF THE GIBRALTAR PARLIAMENT

MORNING SESSION: 10.30 a.m. – 1.30 p.m.

Gibraltar, Monday, 30th June 2025

Contents

Order of the Day	2
Standing Order 7(1) suspended to proceed with the laying of documents	2
Papers to be Laid	2
Bills	3
First and Second Reading	3
Appropriation Bill 2025 — First Reading approved	3
Appropriation Bill 2025 — Second Reading — Debate commenced	3
<i>The House recessed at 1.30pm.</i>	41

The Gibraltar Parliament

The Parliament met at 10.30 a.m.

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

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

Order of the Day

Standing Order 7(1) suspended to proceed with the laying of documents

Clerk: Meeting of Parliament, Monday 30th June, 2025. Suspension of Standing Orders.
The Hon. the Chief Minister.

5

Chief Minister (Hon. F R Picardo): Madam 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.

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

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PAPERS TO BE LAID

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Clerk: Papers to be laid.
The Hon. the Chief Minister.

Chief Minister (Hon. F R Picardo): Madam Speaker, I have the honour to lay on the table:

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1. The Social Security (Insurance) Act (Amendment of Contributions) Order 2025 (Legal Notice 120 of 2025) together with a Notice of Corrigendum (Legal Notice 124 of 2025);

25

2. The Annual Report of the Gibraltar Regulatory Authority for the year ended 31st March 2025;

3. The Audited Accounts of the Gibraltar Regulatory Authority for the year ended 31st March 2025.

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Madam Speaker: Order to lie.

BILLS

FIRST AND SECOND READING

**Appropriation Bill 2025 —
First Reading approved**

Clerk: The Order of the Day. (ix) Bills – First and Second Reading.

35 A Bill for an Act to appropriate sums of money to the service of the year ending on the 31st day
of March 2026. The Hon. the Chief Minister.

Chief Minister (Hon. F R Picardo): Madam Speaker, I have the honour to move that a Bill for
40 an Act to appropriate sums of money to the service of the year ending on the 31st day of
March 2026 be read a first time.

Madam 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 2026 be read a first time. Those
45 in favour? (**Members:** Aye.) Those against? Carried.

Clerk: The Appropriation Act 2025.

**Appropriation Bill 2025 —
Second Reading —
Debate commenced**

Chief Minister (Hon. F R Picardo): Madam Speaker, it is with pride that I rise today and
50 what I'm advised is the International Day of the Parliamentarian to move the second
reading of this bill. I note in doing so that we are, as we were informed by letter, Miss
Sanchez is not with us for medical reasons and we renew our best wishes to her for an early
return to our ranks. Ma'am, this address marks my 22nd Budget address as a servant of our
people in this House.

It is my 14th Budget address as Chief Minister of Gibraltar. Despite every obstacle hurled
55 in our path, some strategically by our international opponents, some shamefully by our
national counterparts, and some self-inflicted because we're human after all, Madam
Speaker, we are here still standing, still Governing, still delivering and given the events of
the past nine years, Madam Speaker, that is a triumph of my colleagues' endurance as much
as it is a demonstration of our people's commitment in voting for us, for our vision for this
60 small nation of ours and for our core values.

We are now one of the very few governments in Office at the time of the Brexit
Referendum who remain in post after COVID, re-Elected and reinvigorated. And I therefore
now, Madam Speaker, look forward to taking all hon. Members, not just through the
numbers in the Estimates Book, but also to reflect the pulse of our nation's socio-economic
65 heart in this State-of-the-Nation address. Because, Madam Speaker, this debate is not just
about sterile digits.

The numbers in the Estimates Book represent classrooms fully staffed, hospital beds
fully provided for, family homes built and to be built. Because these numbers also
represent the future dreams of many people in our community. And it is those dreams,
70 those hopes and those aspirations of our people that we see reflected by the cranes in the
sky that themselves reflect what is our undoubtedly vibrant economy.

75 Despite the naysayers who have suggested that we are in some sort of economic limbo. And it is that economy which puts the bread on our tables and on tables even beyond our shores. These numbers, Madam Speaker, therefore reflect the living architecture of our small nation.

A small nation that refuses to bow to the less than positive fate that some of the most cynical script for us each day in unfounded social media gloom. And therefore today, Madam Speaker, this is more than just a Budget speech. It's a chronicle of the challenges we have faced this decade and a testament to the triumph we as a community are enjoying.

80 A triumph won through endeavour, enterprise and endurance. And what a decade it has been, Madam Speaker. From the Brexit Referendum result, to the Grace One, to the pandemic that ground the whole world to a halt but saw us in Government working more than ever.

85 Then the Withdrawal Agreement and then the New Year's Eve Framework Agreement and then the OS35. And all of this with a cacophony of political instability from London. With Prime Ministers changing faster than the seasons and the aching loss of our beloved Queen and the joyful coronation of our King, Charles III, King of Gibraltar.

90 Through all of that we negotiated, Madam Speaker, and then war broke out in Europe. The UK's 2022 mini-Budget sent inflation spiralling like a and through all that and the a war broke out in the Middle East and through all that Madam Speaker, we negotiated. And then, Madam Speaker, President Trump returned to office and upended geopolitics as we knew it.

95 Through all that, Madam Speaker, we negotiated. Because above it all we face the ever-turning meat grinder of Brexit's potential to undo years of work by successive Gibraltar governments and Gibraltarian entrepreneurs in the building of our successful socio-economic model. From the day of that fateful Referendum, we have not had a single moment of the last three terms unshackled from Brexit's malevolent shadow.

100 Yet here we are, now ready to finalise the terms of our post-Brexit acquis with legal text of the Treaty being finalised. And so today, Madam Speaker, this State-of-the-Nation debate must reflect not only where we've been and what we've done, it must also reflect what we are doing, what we will be able to do and where we are going to be. And that is what is most exciting about the announcement of the 11th of June.

105 The opportunities that this Government will be able to offer our people by entering into this Treaty, where entrepreneurs may be able to take our nation as a result of this Treaty. Because we're taking our people to the Treaty. Our people will take the Treaty to the threads of their day-to-day lives and our entrepreneurs will take the Treaty to the bank.

110 Because with all the challenges that change brings, it also brings huge potential opportunities. We recognise the challenges for business and we will be there to help. Some of the measures to help will be set out today and some will come in the weeks and months and some will be designed by our businesses with us.

115 Today, Madam Speaker, I announce the creation of a Business Transition Advisory Group that will be chaired by the Minister for Business, the Hon. Gemma Arias Vasquez, a former Chair of the Gibraltar Federation of Small Business, to advise the Government on the implementation of the transaction tax and all relevant business considerations arising from the new EU Treaty. The additional composition of the committee will be announced by the Minister and will include the Chairs of all the business organisations in Gibraltar and the Attorney General. It will report to the Cabinet before the end of November on how best to ameliorate any potential transitional effect on businesses.

120 There will be also additional discounts on business rates to come. Those are being designed and will be announced to target those who may be most exposed to the terms of the new Treaty. We will be alongside the business community to ensure that they really thrive under these new arrangements.

125 But the opportunities have been obvious to the many very excited entrepreneurs who
have been in touch with the Government, excited at the thought of what the coming years
can bring. I know that some people will be concerned about the security aspects of a totally
fluid border. I do not share those concerns, Madam Speaker, but I understand them.

130 I want to reassure all members of the public that the Gibraltar Contingency Council,
jointly chaired by His Excellency the Governor and me, will carefully consider all aspects of
the security implications of the removal of the Frontier Fence. I guarantee, as a father of a
girl aged seven, that there will be no safer community in the future than Gibraltar, despite
these changes. With a new Royal Gibraltar Police substation alongside Gibraltar Airport
and a continuing permanent Customs and BCA presence, we will be safer than ever with
the deployment of additional digital security mechanisms.

135 But despite some concerns, I know that Gibraltar is ready for this next step in our
development and growth as a British people. We are ready to see Gibraltar's economy now
decisively take the fork in the road towards thriving and greater growth, instead of just
turning to surviving and stagnation after a hard Brexit. And in doing so, Madam Speaker,
to do so in sustainable diligence, we must follow the guiding principles of the Father of the
House, a political legend in his own lifetime, who set out these as clear touchstones for the
140 future in his 1988 Budget Address.

Hon. Members Elected for the first time in 2023 will remember that I reflected on those
two key principles last year. The first is that our key assets are only our people and our
land. The second is the Golden Rule, and those, Madam Speaker, will remain our lodestars
in good times and in bad.

145 And although we expect the good times to roll, we will not fail to adhere to those
fundamental principles of that first socialist administration. And in doing so, Madam
Speaker, I want to just reflect how challenging achieving the Treaty has been. It has meant
a lot of travel and a lot of entertaining, which we would all much rather have not had to
do.

150 We've had to be away from loved ones whilst entertaining. We've had to travel
extensively and sometimes where we could not even arrive by scheduled airlines. All that
we have done with care, with moderation, but with the bigger prize in mind and the
alternative potential cliff edge in sight as the danger to avoid.

155 Madam Speaker, as I address the effect of the announcement of the 11th of June, may
I pause to thank the professionals in our media, our national broadcaster and the only
Gibraltarian newspaper unfortunately still printing for their exceptional coverage of the
events of the 11th of June and the aftermath thereof. As I retain responsibility for GBC, I
will be including a part of it, a part on it, in the annex to the written version of the speech
which will be laid on the table in Parliament also. I want to thank the outgoing CEO, Mr.
160 James Neish, for his work in the time of his leadership of the organisation. I also want to
thank the new board of GBC so ably led by the much-loved and equally respected Alice
Mascarenhas and including other well-known broadcasting and journalistic professionals
with sterling legal and accounting support. I thank all of them for agreeing to serve.
Additionally, a similar report on the GRA will form part of the annex to my written speech.

165 So Madam Speaker, with that background set out, I turn now to the economic aspects
of my analysis of the schedules of the Appropriation Bill. In doing so, I will also be referring
the House, of course, to the Estimates Book. Once again, this year as every year that we
have governed, I can assure our community that they can have the confidence that we will
continue to act in this Budget as we keep, as our watch words, the principles of
170 responsibility and prudence.

Because although we finally reached agreement for a Treaty with the EU, we have not
signed or ratified anything yet. Although we see high inflation still at bay, there have been
recent threats to higher oil prices which could undo progress literally overnight. We must

175 also continue to factor into our calculations that interest rates have fallen but not as quickly as expected or as the President of the United States and all of us would like.

Vide, Madam Speaker, his comments about the Chairman of the Federal Reserve. And so Madam Speaker, this year these estimates will once again seek to provide a prudent spending plan for the financial year. We will not fail to ensure that we continue to navigate the choppy, if no longer turbulent waters in which we find ourselves, without creating
180 future public finance issues for our children.

Because that is the key, Madam Speaker, as it has been the key in every one of our previous Budgets. We follow the golden rule on recurrent expenditure. We ensure that the day-to-day spending we are paying for today is funded from the day-to-day revenue we are receiving today.

185 No ifs, no buts. We will borrow to invest. We will borrow to fund multi-generational projects.

We will not borrow to pay salaries. We will certainly not borrow to pay higher salaries. Because if we did so, we would be shamefully asking our children to fund public sector incomes today.

190 How, Madam Speaker, they will be the ones paying for that borrowing when they are older? That is not fair, that is not equitable and we will not do it. We will not lead our nation into lumbering our children with open-ended borrowing.

What is fair is to borrow to fund projects that will benefit our children and our children's children. I've said as much before. That is why we have not been concerned to borrow for
195 Schools, a Power Station, new Health facilities and even to refurbish estates and build new affordable homes that become an appreciating asset in our hands.

These are all projects with an asset value and life of well beyond our time. And of course it is also true we have had to fund the cost of a once-in-a-lifetime 100-year pandemic. Our children also have the benefit of that funding.

200 That is the structure we have been following from day one. Because this Budget, Madam Speaker, is, as all our Budgets have been, as much for the short, the medium and the long term. We're announcing measures today, we are designing measures for tomorrow and we are recalibrating our economy for the years to come.

205 Because our Budgets are always about long-term planning for a better economic outlook to come. And that's what we're aiming for now, as in each year. And now doing so knowing that we have an agreement with the EU, albeit not yet a Treaty.

210 Doing so as we see the waters of no negotiated outcome appear to recede, although cautious that we do not finally have yet the Treaty text agreed. And Madam Speaker, in that context it is right that I should address the outstanding borrowing in respect of the waters that did hit our shores. The COVID pandemic hit us like it hit everywhere else.

We cannot just pretend to forget it because we're still labouring under the cost of it. We must always remember, as I yearly remind all hon. Members, that we all agreed to take, in effect, £500m pounds, that is half a billion pounds, Madam Speaker, of debt in order to pay for the cost of COVID. Indeed, as I reminded the House last year and I will again next,
215 I will forever remember the Hon. Mr. Clinton, in his capacity as the shadow Minister for Public Finance, saying the following words, quote,

"Now is not the time for us to nitpick 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 it, for what we need to do. This is something I thought I would never say but it is true."

220 End quote.

That's Mr. Clinton, Madam Speaker. He said that on Friday the 20th of March 2020 and it features at line 644 of the Hansard for that date and that, Madam Speaker, is the largest portion of our public debts today. It is half a billion pounds deployed as we all agreed it should be, paying costs of the GHA and the health services in the COVID period, paying the
225 cost of all the full amount of the salaries of workers in the public sector, even those who

were not working. Indeed, Madam Speaker, it is important for those making pay claims of the public sector now to remember that during COVID all public sector workers received their full salaries, even if they were not at work.

230 They did not receive BEAT amounts based on the then minimum wage. They received their full salaries even if they were forced to stay at home. The COVID borrowing also went, of course, into paying the cost of all salaries in our private sector economy.

235 That is to say, Madam Speaker, the salaries of all those who were locked down by the Government. We also paid from it all the other costs we analysed at length in this House when we did our emergency Budget in the time of COVID and our subsequent debates about it. So in this debate, the reference of the half billion pounds of debt is to the extraordinary multi-generational COVID debt that we together incurred with the express support of the Leader of the Opposition and Mr. Clinton and all Members of their party then present in the Chamber. It is important to keep that in context, Madam Speaker, when we hear from Members opposite in coming days about debt levels. But whoever agreed or did not agree to it, Madam Speaker, we all have to repay it. And this year, Madam Speaker, hon. Members and those watching or listening, will be able to see from page two of the book that we have repaid £1.5m of that debt. That may seem a small amount in the context of the cost of COVID to Gibraltar, but it shows our commitment and word, which we gave, that from surpluses we will make repayments towards the debt. The sum is termed 245 repayment of public debt and features about halfway down the page, just above the sum for the consolidated fund cash reserves as at the 31st of March. For those seeking to find it, Madam Speaker, on the book that is now online, it's that line there. It's the brackets 1,500 because that is in millions.

250 Our commitment, Madam Speaker, is to pay at least 10% of any surplus towards that debt. This year we've provided more, 15% of the surplus, although I will provide details later when I come to analyse the surplus in greater detail.

255 Of the repayment of the full amount, as I've already explained to the House in previous years, the Government's strategy remains to secure a borrowing for the final 20 years outstanding of the 25-year period we agreed with the UK Government for the sovereign guarantee. Interest rates continue to drop since last year and the expectation is that they will drop further in the next few months. The Bank of England rate is now at 4.25% which is 1% less than when the original facility was due for repayment in December 2023. We then rolled over, Madam Speaker, for three years. This further supports our decision, with the support of the United Kingdom Government, to extend to December 2026 before 260 entering into the long-term commitment for the remaining 20 years with a fixed interest rate for the balance of the years remaining. Despite criticism from the Hon. Mr. Clinton, our decision has been proved correct and we have ensured that we have saved our taxpayers millions of pounds in interest rates over the next 20 years by not entering into a long-term repayment plan in 2023, as he advised, when interest rates were at their highest. 265 So I'm very pleased, Madam Speaker, that I followed the advice of the now Financial Secretary, Charles Santos, and of Albert Mena, the former Financial Secretary, and of the Hon. Father of the House, Sir Joe Bossano, and disregarded what the Hon. Mr. Clinton said. By ignoring the Hon. Mr. Clinton, we have thereby delivered savings of millions of pounds through the benefit of today's lower interest rates for the taxpayer. I want to ensure the 270 House fully understands this disagreement, given the financial and economic consequences it would have had for our nation.

275 Madam Speaker, on Tuesday the 11th of July 2023, dealing with the COVID debt during the morning session, I said this during the course of my speech on the second reading of the Appropriation Bill for 2023/2024, explaining why we were not going to be entering into a commitment for the repayment of the COVID debt for the remaining 22 years then. This is the quote.

280 *"We change our strategy in partnership with and with the full support and advice of HM Treasury. We therefore engage with the banks and extended the current facility for a further 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 a further 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."*

285 But the Hon. Mr. Clinton was not impressed. He said this, which Hon. Members can see from the Hansard for Thursday the 13th of July 2023, the afternoon session, page 7 at line 249. Despite having signalled last year in his Budget speech, and this is a quote,

290 *"Despite having signalled last year in his Budget speech that he is looking for a 25 or 26-year rollover, the mere three-year rollover of this £500m or appropriate facility on the 3rd of 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. I'm not at all convinced by the Chief Minister's argument that interest rates will be better in three years' time, so he can then negotiate a 22-year facility that will be better. But does he have a crystal ball?

295 *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 three years' time. I am not even convinced that this new facility would not be at a floating rate or a higher rate.*

Who knows? But he's telling us that he thinks in his judgement in three years he will be able to do a better deal. I do not buy it and he has not been able to get a proper financing deal for this amount of money." End quote.

300 By the following year, Madam Speaker, that is to say last year, he was a little more emollient. On Tuesday the 2nd of July in the afternoon session at page 29 at line 1395 of Hansard, his only relevant comment, having demonstrably got it completely wrong the year before, was this.

305 All he said was, and I quote, *"it is anticipated that rates will be cut."* But this year, Madam Speaker, as we analyse the accounts, it's important to reflect on the effect of what the Hon. Mr. Clinton said on the 13th of July 2023. I'm afraid 13 will turn out not to be so lucky for him.

310 Because Madam Speaker, the consequence of what the Hon. Mr. Clinton was saying and his insistence that we should have fixed then, not being open to even consider that what we were saying was potentially right, is huge. It would have led to a massive financial loss for our community. Massive.

Not a trifling figure, Madam Speaker, a massive figure. And our community needs to know, especially in this debate. Even if interest rates do not go down any further than they have already today, the rates are already down 1% since that debate.

315 If I had done what the Hon. Mr. Clinton suggested and fixed two years ago, for 22 years, it would have cost all of us, the Gibraltar taxpayer and our children, at least 1% more than have I fixed today. Doesn't really sound like much, does it, Madam Speaker? Of course not.

What's 1% amongst friends? It's nothing. Well get your calculator out, Madam Speaker.

320 I'm being rhetorical. I wouldn't pretend to tell you what to do. Let us calculate what that extra 1% would have meant if we had done what the Hon. Mr. Clinton was urging us to do. It's 1% of £500m that we're talking about. 1% of £500m is £5m. That's not what the Gibraltar taxpayer would have lost if I had allowed the Hon. Mr. Clinton's view and his advice to prevail over Mr. Santos, Mr. Mena, Sir Joe's and my view. All the views that he poo-pooed in his speech, Madam Speaker. No, I must not be unfair to the Hon. Mr. Clinton, Madam Speaker. I must do the whole calculation for his benefit and the benefit of the whole community so they understand what he was advising us to do and the consequence of what he was advising us to do.

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330 It is that amount of interest, the 1%, which is £5m, Madam Speaker, for a year. And he
was telling us to do it then, Madam Speaker, for 22 years fixed. So the total, Madam
Speaker, that the taxpayer would have lost, that our children would have lost, that our
community would have lost, that our exchequer would have lost, that the Treasury would
335 have lost, if we had followed Mr. Clinton's advice, would have been 22 times £5m. That's
now, with the 1% difference. On that same rhetorical calculator that I referred to you
earlier, Madam Speaker, the sum you would be left with, 22 times 5, be £110m over the 22
years. £10m would already have been paid.

That is to say, we would have paid the 5% for 2023/2024, sorry, the £5m for 2023/2024
and the £5m for 2024/2025. That extra 1% would already have been incurred. We would
340 already have paid the £10m, we'd followed his advice and not the advice of Albert Mena,
Charles Santos, Joe Bossano.

£10m lost. £10m lost, Madam Speaker. I don't know why it is that they're whispering
amongst themselves and smiling, because I haven't finished yet, Madam Speaker.

They haven't just put us in the position where we could have lost a £110m, if we had
345 followed the advice, he vehemently gave that we were wrong and that rates were not going
to come down. What I'm saying about the £110m is about the amount already we can see,
because rates are already 1% down. But we don't have to fix, again, until December 26.

The remaining £100m of the £110m would have been paid, having paid ten now,
350 between now and the end of the period. If the rate drops, Madam Speaker, by another half
percent, the savings we will have achieved for our people and conversely, of course,
Madam Speaker, the loss that Mr. Clinton would have inflicted upon us all, will be another
£55m over the 22-year period. If it drops one more whole percent, the savings under our
approach, over the 22-year period, that's 2%, will be £220m, because we didn't follow his
advice.

355 And that is not fanciful, Madam Speaker. Indeed, Madam Speaker, the finance geeks
amongst us will be aware that Morgan Stanley, this week, predicting seven, not one, seven
more quarter basis points cuts for the US economy between March 2026 and the end of
2026. President Trump, Madam Speaker, is, how can I put it politely, chivvying Federal
Reserve Chair Jerome Powell along, in fairly unprintable language, to get on and reduce
rates.

360 Our interest rate, Madam Speaker, is of course UK-based, but the Bank of England rate
is often a near mirror of the US. This is certainly an area where, if the US sneezes, the
United Kingdom catches the cold. That means, Madam Speaker, potentially another almost
two percent off the interest rates, a 2% reduction in the headline interest rates.

365 Euribor rates are already very substantially down. Twelve-month Euribor is down almost
from 4.15% in July 2023, when Mr. Clinton gave his, I would now say, notorious speech on
rates, to 2.45% now. So, Madam Speaker, it is almost, it is not impossible that when we do
come to fix, for 20 years, in December 2026, or such other point, it may be that we achieve,
it is realistically likely that we will achieve, a rate that is 2% or 3% less than when the Hon.
Clinton told, Mr. Clinton told us we were wrong to wait and that we had to fix then, because
370 he couldn't see that rates were going to come down. What I'm therefore telling this
community, Madam Speaker, what I'm telling this house, what I'm reflecting to Mr. Clinton,
the Hon. Mr. Clinton, is that it is realistic to calculate that following the Hon. Mr. Clinton's
vehemently tended advice, would have cost us, in the region, of £220m to £330m over 22
years. If I had made a mistake that could have cost us that much, the Hon. Mr. Clinton
375 would say that I should immediately resign. It is that consequential. Madam Speaker, the
mistake that the man, the GSD, tell us is an economics guru, would have cost this
community, in the region, of a quarter of a billion pounds over the 22 years, since he
vehemently urged us to follow his advice.

380 But I will not say that he should resign, Madam Speaker. I prefer he should stay there, to make the GSD even more of a sitting duck at the next General Election with him as a candidate, Madam Speaker. Another lame-duck candidate.

385 Just that the lame-duck candidates that the Hon. Mr. Azopardi thankfully chose to put before the electorate in 2023. The man who would have made the quarter of a billion pound mistake with your money, Madam Speaker, with all our money, with our children's money. The loss under the Hon. Mr. Clinton's approach would have been on that scale, Madam Speaker, in the region of a quarter of a billion pounds over 22 years. It might slip off the tongue, a quarter of a billion pounds but the effect would have been deadly, quite catastrophic in fact, in Education, in Health, in affordable housing, in all areas of the public service. An extra £15m, £20m a year having to be spent, if not more, in interest rates. Sharp and cutting austerity would have been necessary because of Mr. Clinton's mistake. Because 390 he thought he knew better than Sir Joe and the current and former Chief Secretary and of course Madam Speaker, because as ever, he thought he knew better than me. So it's a very good thing indeed, Madam Speaker for Gibraltar, for many reasons that the GSD did not win the last General Election. I bet even those sitting alongside him now delighted that 395 they did not win and did not confine Gibraltar and the people of Gibraltar to suffer the consequence of the Hon. Mr. Clinton's hubris, arrogance and massive error of judgement. They would have fixed the interest rate then for 22 years. They would have done for us now and going forward. In economic analysis terms alone, Madam Speaker, this is probably the biggest mistake any member of this Parliament has ever been ready to make.

400 Ever. I hope he will at least accept this when it comes his turn to speak. If he does, he will demonstrate humility at least.

But of course this is falling on your sword stuff and I expect no humility from him. And I hope, Madam Speaker, that he doesn't accept that he's wrong. Because the analysis makes him so degraded that he will be for us a brilliant candidate in the GSD's next Election line- 405 up.

With his credibility entirely shot and because in factual terms, without speculating by how much the interest may go down further, just in factual terms, based on how it has gone down since November 2023, the month after the last Election, Mr. Clinton's policies, if he had become Minister for Finance, would have cost us already £110m. No speculation. 410 No wondering about whether it goes to two points less or three points less.

Just as it is today, a hundred and £10m thrown away. Each year, each year, Madam Speaker, £5m thrown away. Another Theatre Royal every two years.

Another GSD mistake of theatrical proportions, Madam Speaker. Madam Speaker, when you're listening to the Hon. Mr. Clinton later this week, indeed all Hon. Members when 415 they're listening to Mr. Clinton this week, should remind themselves of what following his view would have amounted to. What it would have cost us.

And why our view was better. Criticised so vehemently as it was by them and others of his colleagues opposite, no doubt, led by him. And this, Madam Speaker, is pounds, shillings and pence of a demonstration that the Hon. Mr. Clinton was wrong. And expensively wrong 420 at that. Hugely wrong. Unaffordably wrong.

Expensively wrong. And at a cost that would mean the difference for so much in our community. Madam Speaker, having to spend either a hundred and £10m more or £210m more over the 22-year period would have been damning for our community.

425 He complains about our spending. At least we spend on our people, on our community, on our health and education services. He would have fritted it away on bankers' interest.

So neither this week, next week and no week will we take lessons from the a hundred and £10m liability that is Mr. Clinton. His comments have not aged well. His analysis has not aged well.

430 And his credibility does not end well. It is shot. Just like his advice which they slavishly follow to vote against the Budget each year.

And so henceforth, Madam Speaker, we will see everything he says and the public should see everything that he says through the prism of how much following his advice would have cost us. He is already, Madam Speaker, no more no less than the living, walking, breathing embodiment of an a hundred and £10m loss for this community. And that loss
435 will only get higher as we see interest rates continue to go down.

And his mistake, Madam Speaker, would have created too much of a liability for us to ignore in this debate. And all his criticism and all his analysis must now be seen in that light. Just like his idea that borrowing should all be on the Government's books which would not have enabled us to borrow more when we needed it as a result of COVID.

440 Wrong on every analysis that he does. But vehemently insisting always that he is right, Madam Speaker. Just like Mr Azopardi on his Election candidate selection.

His initial insistence that we should have been in the TCA with the UK. And his complaints that we were taking too long to bring back a deal instead of concentrating on the substance of what needed to be negotiated. Just like Mr Bossino, Madam Speaker, on his alleged continuous concerns and complaints about things which turn out very well indeed.

Like the Upper Rock ticket fees which led to more, not less, revenue as he feared. Demonstrating once again what a reverse oracle he is. Everything he predicts fails to come true.

450 *NostruDamon* is no Nostradamus, Madam Speaker. A GSD leadership which is as wrong about the small things as it is about the big things. Luckily they did not prevail at the last Election.

Enough people eventually saw through them. Anyway, Madam Speaker, all that said, as a result over the next 18 months the Financial Secretary and I will be exploring the best options to enter into that long-term 20-year repayment plan with the UK Government to crystallise the sovereign guarantee for that period. At rates lower than when Mr Clinton thought that we had no alternative but to do it then.

460 And now, Madam Speaker, for all the reasons set out already, and as inflation recedes further and interest rates are receding also, we are being proved right in our management of our public debt. We were right to repeat each year that it was likely the markets would settle and interest rates would be lower over the three-year period of the extension of our loan. And the Electorate were right, Madam Speaker, to put their faith in us at the Election or it would have cost us all at least £110m.

£10m of that would have been fritted away already. Just for the bankers, Madam Speaker. Madam Speaker, I want to also briefly confirm to the House that the change of Government in London last year, just after the Budget debate, indeed today is the anniversary of the Election of the Socialist Government in the United Kingdom, has not changed the attitude, appetite or approach to the UK Sovereign Guarantee, subject always of course to the final agreement on terms, as it always is.

470 I want to reiterate the gratitude of the people of Gibraltar to the United Kingdom Government and His Majesty's Treasury for their position in continuing to support Gibraltar on our long-term repayment plan on the multi-generational COVID debt. I'm therefore pleased to be able to repeat, Madam Speaker, as I told the House last year and the year before, that I see no reason whatsoever that we will not, as we anticipated, have the facility and the guarantee for the full 25-year period, counting from 2025, to enable us to fully amortise the interest and the repayment of the COVID debt we all agreed to acquire to deal with the pandemic. And so, Madam Speaker, having taken the House through all of that preliminary material, having reconfirmed the importance to us of the Golden Rule in every aspect of our analysis, and having underscored the potential losses of taking the Hon.
480 Mr. Clinton's advice in respect of any aspect of this public finances of this community, I turn now to an analysis of the current state of the public finances of our nation. Again this

year, Madam Speaker, as I established in 2022, the draft Estimates Book for the current financial year 2025/2026 is now once again published online.

485 I trust that will enable any member of the public that wishes to follow this debate as they listen to the debate to do so, looking at the numbers. As I've done in previous years, therefore, I will refer to the relevant pages of the book so that those watching or listening who wish to do so can follow the figures in the Estimates Book. Indeed, as an aid to transparency and accountability, all Estimates Books from 1997/1998 to 2024/2025 are also published online.

490 As in previous years, I urge all those watching or listening who wish to follow the economic part of the debate to look at the Estimates Book as we go through the relevant sections of my speech. I will once again refer to the relevant page numbers of the book during my speech to make it easier to follow. And Madam Speaker, again for all the reasons I've already set out in my approach thus far, the figures in the book are all based on a very prudent approach to estimating income and slightly overestimating costs, as has always been the case. We prefer to err on the side of caution, Madam Speaker.

495 Madam Speaker, at this time last year, I highlighted that the main aim after the first full year post-Covid was to restore a surplus. We did this with a surplus of £1.9m for the financial year 2023/2024. The next objective is now to deliver annual surpluses and not drop back into deficit at all. That is not straightforward. It requires significant work.

500 The times of large surpluses are behind us, at least for now, and we now must operate within very tight Budgets in order to achieve a surplus. Last year, I told the House that the projected surplus for 2024/2025 was £3.252m. Our performance, Madam Speaker, will not disappoint, despite being told last year that we wouldn't achieve it, of course.

505 I'm pleased to report, Madam Speaker, that for the financial year 2024/2025, not only have we exceeded the projection, we have exceeded it by three times as much, and the forecast surplus is £9.782m. That is the second year running post-COVID that we have managed to achieve a surplus, and that is very, very much a good thing. We have also happily, greatly exceeded the estimated surplus by a factor of three.

510 If our first surplus post-COVID was the swallow that did not quite make the summer, this summer the other side are going to have to swallow that the surpluses are clearly back.

We will continue to work towards greater surpluses by our careful management of the public finances, sticking to the Golden Rule. For Madam Speaker, that is what a surplus actually, of course, represents, that our costs have not exceeded our revenue. That's exactly what the golden rule requires.

515 How have we achieved that, Madam Speaker? By managing and controlling expenses, by pursuing revenue, running a tight ship, Madam Speaker, and all whilst negotiating the agreement for a Treaty with the European Union. That should not be taken for granted at all, Madam Speaker.

520 In fact, it is what has made the past nine years quite so personally, professionally and politically difficult, because we could easily have fallen for the trap of allowing spending to run riot. We've been through two different Elections since 2016, yet we only ever went into deficit after an Election year, not before, and as a result of a pandemic, not as a result of Election giveaways. Not because our departmental spending somehow run out of control as we try to spend our way out of political difficulties, no.

525 But that has happened before, Madam Speaker, in this community. Hon. Members will recall that I told them last year that the only year since the turn of the century when Gibraltar has fallen into a deficit, when there hasn't been a pandemic requiring the shutting down of the economy and locking down of our people, was in the financial year 2007/2008. An Election year, Madam Speaker.

530 A GSD year in office, a GSD deficit, a GSD failure, Madam Speaker. The "F" for failure doesn't stick to us, Madam Speaker, it sticks to them when their record is properly

analysed. The only “F” on our side is for Fabian, a truly socialist name if ever there was one, Madam Speaker.

535 But as I say, as I say every year, Madam Speaker, to everyone in this great community, to be clear, I am not claiming credit for this surplus. Neither I nor the Government produce that cash. Sure, we ensure it's not fritted away on unnecessary interest payments, as Mr. Clinton would have done, but we do not contribute the money to our economy. We all do in this economy. It's a collective effort. The fruits of all our contributions.

540 The collection of the taxation and other revenue which comes from operating in this economy. Producing, Madam Speaker, turning a £3.5m predicted surplus into a £9.7m actual surplus. My job, Madam Speaker, is to announce it here each year.

To their chagrin, I know because I've been elected repeatedly to do so, but that's my job. And that's why I want to pause, Madam Speaker, as I rightly do each year, to thank everyone in this economy who has contributed to this surplus that we are declaring today. I want to say thank you to every worker and to every entrepreneur in our economy.

This is their success.

It is their endeavour.

It is their effort that produces this surplus.

550 That is what delivers the increased revenue that we have as a result. Additionally, Madam Speaker, as I do every year, I want to also express my thanks to every single Controlling Officer in the Departments and Ministries who has brought their Department, Agency or Authority in on target. And although, and I obviously want to thank all of my ministerial team as well, Madam Speaker, for their sterling efforts, in particular the father of the House.

Madam Speaker, to now break down for the House and for all those watching from the wider community how the surplus is reached, I'm going to go through the numbers in a more detailed analysis which I will try, as I do every year, serve to make people understand what the numbers show.

560 The first thing I'm going to do is to analyse the incoming cash, the revenue for the financial year 2024/2025. This is what we call the public revenue aspect, Madam Speaker.

That is the money coming into Government coffers over the last financial year that ended on the 31st of March 2025.

565 Last year, Madam Speaker, third-party revenue came in at £746m, which is £13m more than our projected revenue of £733m. That was last year, Madam Speaker, a record high revenue.

This year, Madam Speaker, we've been able to go even further. Our revenue, Madam Speaker, for the financial year 2024/2025 is over £800m. We have now broken the £800m barrier.

570 In fact, the outturn is £813,360,000, a new record of revenue collected. And in this period, Madam Speaker, some in Opposition were saying that we were drifting or in limbo. The Hon. Leader of the Opposition said in his speech last year that we were drifting.

575 Yet, Madam Speaker, this is the highest revenue in Gibraltar's history so far. I'm able to repeat again, today, that the GSLP Liberal Government has achieved the highest revenue in the history of our public finances. I'm able to claim again another record Socialist Liberal year.

580 Because, Madam Speaker, this record highlights that our revenue streams not only continue to recover but also that we are moving in exactly the right direction after the devastating impact of COVID on our economy. And all of this, Madam Speaker, before the announcement of an agreement of a Treaty with the EU. Because all of these numbers relate to the 31st of March 2025.

Madam Speaker, for those who are following with the Estimates Book, page 5 summarises the performance and the different recurrent revenue streams that are then broken down over the next few pages that are easily identifiable because they are blue,

585 Madam Speaker, and they are the revenue pages. So how has this record revenue accumulated? Personal tax came in higher than the estimate even with no increase to personal taxes.

This is important, Madam Speaker, given my announcement last year of the return of personal taxes to 25% sooner than originally expected. We lowered personal tax and still
590 received higher personal tax revenues than anticipated.

Corporate tax, Madam Speaker, came in at £60m higher than the estimate.

I can see Mr Feetham nervously laughing. That's the nervous laughter that I like, Madam Speaker. A nervous laughter arising from delivering for our people.

Not the nervous laughter I see from the other side when they realise the mistake that
595 they would have made. You can see this higher revenue, Madam Speaker, on page 6 under corporate tax. Anyone who's looking to head 1(2) will see that the estimate was for £153m.

In fact, the actual is the forecast outturn, £213m. Madam Speaker, that includes a £50m of exceptional revenue this year which contributes to the £60m. Madam Speaker, I want to commend the Hon. Mr Feetham, who has responsibility for taxation, for these
600 extraordinary numbers.

They are absolutely extraordinary. Just to put them in context, the estimate was £150m. We got £60m more, Madam Speaker.

That's almost half again. That demonstrates commitment, hard work and delivery for our people, ensuring that corporates pay what they must pay. I genuinely believe that that
605 is an effort that we have not seen before, Madam Speaker, in the Ministry with responsibility for taxation.

I'm clear, Madam Speaker, that the Hon. Mr Feetham's understanding of taxation and the team he has assembled has enabled us to address areas where some corporates were not acting as one would expect. That has been corrected and although one item of revenue was exceptional this year, we anticipate that others will now also understand that that
610 behaviour has to change. Tourism, Madam Speaker, continues to recover after some extremely bad years with collection in tourist sites, receipts and aviation coming in in line with the estimate.

Despite the Hon. Mr Bossino's continuous cacophony of complaints, Madam Speaker, museum entrance receipts are up 25% from £60,000 to £75,000. I would not need to remind the House of the Hon. Mr Bossino's antipathy to the operators of the museum, Madam Speaker. He may want to ring them to apologise after these numbers.

More importantly, tourist site receipts are also up. The Hon. Mr Bossino was also against the increase in ticket prices that the Hon. Minister Prof Cortes has instigated with courage
620 over the past year or so. In fact, in February this year, the hon. Member opposite said this, although his brief doesn't include tourism, but he does also ask questions on the subject and do some television programmes on the subject also.

The relevant quote, Madam Speaker, is for the afternoon Hansard for Monday the 24th of February at page 36. Has he got it? Page 36, line 1581.

625 Talking about the ticket price increase, he said this, it's a quote,

"...that has the potential, I would have thought, of making access to the nature reserve less attractive. It may defeat the purpose that the Hon. Member wants to achieve..."

The Hon. Mr. Bossino was wrong, Madam Speaker. Just like the Hon. Mr Clinton was wrong about the interest rates not coming down, and the Hon. Mr. Azopardi was wrong
630 about our economy, or our negotiation, or our nation, drifting. Because in fact, Madam Speaker, as can be seen from page 9 of the Estimates Book at line 54, tourist site receipts, which is where the increased ticket price are reflected, shows an incredible growth from £9.1m the year before to £11.5. There you go, at page 9, Madam Speaker, line 54. The actual for 2023/2024 was £9m. Has he got it, Madam Speaker? I don't know whether he's
635 even brought his book.

The debate is about the book, so you should have it back there. Okay. Well, I'll give him the number, Madam Speaker.

It was £9.1m actual in 2023/2024. The prediction was it would go up by £2m to £11m. He was concerned it was all going to go belly-up and go the wrong way.

640 In fact, Madam Speaker, the outturn is £11.5m, Madam Speaker, £11.5m. Despite the outrage, Madam Speaker, although no doubt, as I often tell him, his fan will have told him that he did remarkably well on that occasion, even though he was wrong. That is actual growth, Madam Speaker, actual growth of £2m pounds more in cash.

645 It's over 25% growth. It seems, Madam Speaker, that everything the GSD criticise goes the wrong way, Madam Speaker. That is to say, it goes right for Gibraltar and wrong for the GSD.

Perhaps the Hon. Mr. Bossino might like to also call the Hon. Prof Cortes and apologise to him also for naysaying his ticket price increase and his private sector investment mechanism for the Upper Rock. Additionally, Madam Speaker, if you look back again at line
650 54 on page 9, the estimate is for further growth to £15m in this current financial year 2025/2026. That would mean, Madam Speaker, 64% increase in Upper Rock revenue in 24 months. Part of which, of course, is shared with the private sector investors who are providing the new facilities for tourists at no cost to the taxpayer.

655 It would also, if we deliver those numbers, Madam Speaker, mean a further vindication of the Hon. Prof Cortes' strategy, further, of course, damnation of the Hon. Mr. Bossino complaints. It's a style of politics that Mr. Bossino adopts, Madam Speaker, which is to rubbish everything we do and to suggest that everything we touch turns to rust. Madam Speaker, look, I fully accept that we are not alchemists, but we don't pretend to be. We may not turn metal into gold, but it's clear, Madam Speaker, that the Hon. Mr. Bossino is
660 as much of a political pessimist as Messers Azopardi and Clinton, Honourable as they are, but they are all wrong in their analysis, as I've now been able to demonstrate in pounds, shillings and pence in respect of Mr. Clinton, and in pounds, shillings and pence in respect of Mr. Bossino, and not in pounds, shillings and pence, just in millions of pounds in respect of Mr. Bossino and hundreds of millions of pounds in respect of Mr. Clinton.

665 It's worth bearing that in mind, Madam Speaker, as we hear what they have to say this week with their traditional negative take on everything and the figures that they will try to use to traduce this excellent level of revenue to our common public purse. In fact, Madam Speaker, the Hon. Mr. Bossino will no doubt find a way to also traduce the fact that tourist arrivals and cruises are all up, up, up. He will also, Madam Speaker, no doubt find a way to
670 complain about tourist expenditure is not quite at 2019 levels, although it's already above 2018 levels.

The rest of revenue is in line with expectation across the board, Madam Speaker, and this reflects a stable position in all our income streams. Those following the debate with the Estimates Book by their side can see, Madam Speaker, from the bottom of page 10,
675 that overall departmental fees and receipts came in at approximately £5m more than we estimated. I welcome that, Madam Speaker, and credit the team at the Ministry of Finance, led by the Financial Secretary, for their work in this respect.

I should also just highlight that the introduction of the personal vehicle registration plates has been an outstanding success. We have sold more than 700 personalised plates
680 to date, which have generated more than £1.5m in revenue. I wonder, Madam Speaker, if the number plate for a quarter of a billion hasn't gone yet, whether we might be able to gift it with a minus in front to Mr. Clinton. In the last financial year, Madam Speaker, 2024/2025, we collected £1.615950 pounds from the sale of 692 number plates. In the current financial year, 2025/2026, we've already collected £95,250 pounds for 43 plates up
685 to June. I expect further very exciting developments in this regard very soon.

Finally, Madam Speaker, the increased revenue has not only generated a surplus, but also increased available cash reserves. This additional cash has allowed His Majesty's

690 Government of Gibraltar to undertake the following transactions. The part payment of a settlement by the Care Agency, in respect of which we paid £6m in cash, and the contribution to the sinking fund of £7m.

Madam Speaker, very often we are told by the other side, they tell the public, they try and persuade people, that our financial management is not prudent. Since that argument first appeared on the political scene, led by the Hon. Mr. Clinton, for our generation, the voting public has not agreed with Members opposite. Quite the opposite, in fact.

695 Indeed, those arguments have crashed and burnt at each Election, and they have crashed and burnt on the issue of each offer of bonds or debentures from the Savings Bank. But I do just want to remind all Hon. Members of what the cash reserves were in 2011, when we were first elected. In fact, the cash reserves at the end of the financial year 2011/2012, when they left office, when the GSD vacated their ministerial offices, were
700 £212m.

2-1-2. That was the number under them. 2-1-2.

Today, the cash reserves stand at £268m, a record number. Additionally, we've also paid a contribution, Madam Speaker, from the cash reserves to the Social Assistance Fund of £8.8m, as well as to the Improvement and Development Fund, the sum of £10m, although
705 that remains part of the reserve when placed there, and that can be seen on page 2. Without these latter two transactions, the cash reserves in the Consolidated Fund would be £8.8m, almost £9m higher. That would take our total cash reserve to £277m, or £65m higher than we were elected. And that is, Madam Speaker, that is, despite Brexit and COVID, afflictions which did not affect them in the period before we took over in 2011. The
710 calculation of the cash reserve includes, Madam Speaker, the sums of the Gibraltar Savings Bank Reserve, which is available to the Government at any time, although good luck prizing it out of the father of the house's hands.

I would remind the Madam Speaker, and the general public, that in that reserve, in the Savings Bank Reserve, the GSD left £1,000. £1,444. I think it is, it's tattooed of the Hon. the
715 Father of the House's conscience, that he found it at such a low sum.

Of course, the sum of the Savings Bank Reserve can be transferred to the Government at any time. It's a cash amount that is immediately available to the Government should we wish to transfer it. Last year, I reported the Savings Bank had a reserve of £76m, which was
720 up from £67m in 2023/2024.

It was predicted then that the reserve for this year would be at £80m. In fact, Madam Speaker, today, under the steady stewardship of the Father of the House, the Savings Bank Reserve is up a further £7m. It is therefore already at £83m, up from £1,444 which they
left.

I haven't got a calculator capable of doing the percentage increase, Madam Speaker, in
725 the Savings Bank Reserve since Sir Joe took over. That is a huge demonstration of who are the better stewards of our people's money. The deposits at the Savings Bank are already at £1.9bn. The prediction, Madam Speaker, is that the Savings Bank Reserve will be over £90m by the end of this financial year. A success that is down to the political conviction of one man, Madam Speaker, the Hon. Sir Joe Bossano. Because Madam Speaker, it seems to
730 me that the more that the Hon. Mr. Clinton criticises us and the Father of the House, for the management of the affairs of the Savings Bank, the better the Savings Bank does. Almost as if he gives credence, the Hon. Mr. Clinton gives credence to the idea that all publicity is good publicity. In fact, the public seem to do the exact opposite of whatever Members opposite say. Just as we do the opposite of what they did in Government.

735 We do not raid the Savings Bank Reserve to increase our surplus like they did. We maintain our reserves and as a result we have a higher level of cash reserves than ever before and more than they had at the end of their term. Madam Speaker, now on the expenditure side for the year just passed, I believe we have once again managed reasonably well.

740 Indeed, in setting out our expenditure into its proper context, we must not forget that
the Government is not immune to the increased costs around us. Increased costs affect
governments too, not just workers. We estimated consolidated fund charges of just a few
pounds shy of a £120m last year and the projected forecast is at a £128.4m.

745 For those that are following the debate, by reference of the Estimates Book, those
numbers can be seen from totting up the columns on page 16 of the book. This is the page
headed Consolidated Fund Charges Recurrent, Madam Speaker. One of the reasons for this
increase are the higher pensions costs and the greater borrowing costs than initially
estimated.

750 In respect of pensions, hon. Members must recall that the GSD ended the Pensions Act
provisions on final salary pensions and introduced a new contributory scheme for the civil
service. When we were elected, we respected that and introduced a super annuation
scheme for the lower paid. We have not undone the GSD position as we accept it was the
right thing to do, but we are now in a situation where we are paying both, pensions under
755 the Pensions Act out of the consolidated fund charges and contributions to contributory
schemes from each of the department heads.

Both costs will continue to rise until the Pensions Act costs reduces upon the death of
those entitled to payments under the scheme. Those payments are likely to continue, at
least to some extent, although of course getting smaller, for another 80 years or so, and I
wish everyone receiving an amount under that scheme a long life. That means, Madam
760 Speaker, that we're in the worst of both worlds as a result of the GSD's decisions in
Government, although they were correct, we're not criticising them. This is just an analysis
of what happens to the numbers.

We're not complaining about this because it was the right thing to do, but it is right to
point out that it creates this issue for a couple of decades, that the Government is paying
765 out the phasing out of the Pensions Act payments and the contribution to the new schemes.

Although, Madam Speaker, the commutation provisions that the Hon. Father of the
House created through Credit Finance Company Limited, although also much criticised by
the GSD, ergo they must be right, are at least assisting the Government to reduce the
liability greatly, because part of what is paid under the Pensions Act provision is paid to
770 Credit Finance Company Limited, that has paid the Rolls-Royce cash amount to the
individual. But it does increase our cost and, therefore, Madam Speaker, to go back to one
of the things that Mr. Clinton used to talk about, it unflatters our accounts.

This financial year, Madam Speaker, 2025/2026, Pensions Act costs will be in the region
of £63.25m out of the consolidated fund charges. Payments to the contributory scheme
775 will be about £19.3m. The total figure between the two is expected to rise to £100m in 29-
23 and to continue to rise until the Pensions Act cost starts to reduce through what one
might unattractively call natural wastage - we all know what that means.

I know that Members opposite love to refer to things that might flatter our accounts.
They may also fairly wish to reflect on matters that unflatter our accounts, Madam Speaker.

780 The ugly filter on Snapchat, but just for the accounts, Madam Speaker. For this year
again, Madam Speaker, in respect of tax refunds, we have kept to the estimate of £10m.
This is in keeping with our position that the tax office should not keep a taxpayer's overpaid
tax for a moment longer than it should.

785 We have been consistent in providing this amount, which is massively larger than the
amounts hon. Members used to provide when they were in Government, and they did hang
on to other people's money to flatter their accounts. So let me just put that in context,
Madam Speaker. Even the lower sums of cash I referred you to earlier, the £212m of cash
reserve that they had, compared to the £277m that we have, even that, Madam Speaker,
was flattered by the fact that they did not pay £10m that year to taxpayers who were
790 waiting for their refunds.

795 So if they had, if they had behaved like we behave, and if they had repaid £10m to taxpayers, their cash reserve would have been £201m, £202m. But we fixed that too, and we will continue to ensure that we stay ahead of the curve on this, and that we provide money for the Commissioner of Income Tax to be able to repay what is due from him to taxpayers with the same alacrity that we require taxpayers to pay the tax office the sums due from them to us. We could, of course, Madam Speaker, pay less back to taxpayers and have a greater surplus, but that would be to artificially flatter our accounts, as the GSD used to do to their accounts when they were in Office.

800 We will not do that, Madam Speaker. We will not hang on to other people's money. We will give it back as soon as possible.

As for departmental expenditure, Madam Speaker, we estimated just shy of £610m would be spent, and the forecast outturn is £675m of spending. The overspend of £66m, or just over 10% of the estimate, is one that I'm going to go through and explain now. For those following the Estimates Book, a summary of this can be found on page 14.

805 It is a breakdown, Madam Speaker, of the overspend that we need to look at now in order to understand how it is made out.

Madam Speaker, the main area of overspending is the Health Authority, Elderly Care and the Care Agency. Of this £66m overspent, £36m relates to those areas.

810 Despite that, Madam Speaker, the overspend is nowhere near the percentage overspent when the Leader of the Opposition was Minister for Health, as I've already shown in years past. I trust he will not be attacking the overspending here in the GHA, or I will have to boringly go back and repeat the things I've told him previously when I shamed him by showing how he had been one of the worst overspending spenders in ministerial history in Gibraltar.

815 Additionally, Madam Speaker, I was struck by one aspect of Mrs Ladislaus's questioning, the Hon. Mrs Ladislaus's questioning last week on matters relating to the complement.

I was surprised that sitting as a GSD MP, she thought she had, I suppose, the moral authority to suggest that a GSLP Liberal Minister was presiding over a staffing issue in the GHA.

820 I asked the Financial Secretary for an exercise on the number of people employed in the GHA under them, and under us, and I of course accept that she wasn't a minister in 2011, but she's defending the record of the GSD. Under them, the total number of people employed in the Gibraltar Health Authority was 787 and 144 industrials.

825 Under us, Madam Speaker, it's a 1209 and 186 industrials, and we've added 15 GDC employees also. The total cost under them was £88m. The total cost under us, this year as an outturn, is a £166m.

Neatly, exactly double. So how can she complain about staffing levels in the GHA from the GSD benches?

830 I mean the hon. Lady knows that I respect her hugely. I think she's diligent in the approach that she takes, but she has to understand that if the GSD were in Office, they would be defending 787 people being employed, and they keep telling us that we spend too much, and what we spend most on is people. So they must be telling us not to employ people. They must be telling us the right thing to do is what they were doing.

835 The numbers of employees were right under them, and they cannot then say, I'm joining a demonstration to ask for more people to be employed in the respect of the numbers of people employed in the GHA. One or the other. Otherwise it's politically hypocritical.

840 In fact, Madam Speaker, although overspent, this year the overspend is considerably lower than last year and shows a taming of the post-COVID health Budget, or at least the beginning of the taming of the post-COVID Health Budget. Not easy, especially when the Hon. Minister for Health is adding new services for our community, and that is what we do, Madam Speaker. We continue to provide the best care and service to our people.

This comes at a cost which at times we cannot project for. Expansion of services across the GHA, increase in cost of medical supplies, drugs and pharmaceuticals, although that may be about to change, and the Minister may be about to announce something in that respect. Increases in the workforce to ensure that services are delivered, and ensuring all our people are taken care of abroad, all add to the increasing cost of the Gibraltar Health Authority.

There's also been an increase in the cost of providing care to people at home, with the changes to a company being run by Community Care now. In the long run, this will assist in the reduction of costs, but Gibraltarians know, or at least Gibraltarians should know, that the domiciliary care provided by the ERS and Care Agency is now amongst the most generous in the world, and it costs money. We increased the cost of this dramatically when we were elected, and we make no apology for it.

Members opposite try to tie a noose around our necks by suggesting that we should do more, but then insisting that we should save money, whilst at the same time marching in support of those asking for increased wages and numbers of people employed. Madam Speaker, never has a political party tried to run with the hares and hunt with the hounds as much as the modern GSD. Perhaps they should rename themselves the Gibraltar Hares and Hounds Party, the GHHP.

It sounds better than grimy, smelly diesel, after all. In fact, Madam Speaker, speaking of grimy, smelly diesel, G S D, that might be a useful moment to just remind all Members opposite that they are the party of the diesel power station on the Upper Rock. That's why we coined the phrase G S D, the power station at Lathbury, which they heralded as the future in 2011.

The golden legacy of the GSD that Mr. Bossino always tries to remind us about, although it would have destroyed views to the south from Jew's Gate. They were the party, Madam Speaker, that would have funded that power station through company debt and would have thought nothing of it. They were the party, Madam Speaker, that opposed, it's important to remember this, the party that opposed our opting for LNG.

Well, Madam Speaker, given that, it really does ill-behave them to be the party that might complain about overspending. Even if we were to put to one side for one moment Mr. Clinton, the Hon. Mr. Clinton's massive quarter of a billion, million, billion-pound mistake on interest, it's so big a number, Madam Speaker, my tongue twists on it - his conscience should.

Even if we put that to one side, the Hon. Mr. Clinton's massive quarter of a billion-pound mistake on interest. Having now seen the new power station operate for some years, I can tell the house that in just five years of operating on LNG, the saving for our community has been £78.5m. £78.5m. That is the difference between the cost of the LNG actually purchased against the equivalent cost of purchasing diesel fuel over the same period to produce the same amount of electricity. So, Madam Speaker, you could add £78.5m to the cost of the mistakes made by the GSD. I don't know how anyone could be persuaded to continue sitting alongside them.

When added to the Hon. Mr. Clinton's quarter of a billion-pound mistake, the £10m are thrown away on the Theatre Royal and the £7m loan to the Noonan companies that we lost completely. The GSD losses just mount up.

But rest assured, Madam Speaker, he need not worry. The Hon. Mr. Clinton's mistake is leaps and bounds ahead of everybody else's. No one I think is ever going to catch him.

So, we will not take lectures from hon. Members opposite on spending which has been properly targeted and delivered in care for our people.

Their overspending would have been fritted away on lost interest or burnt into the air as knocks on additional costs of diesel. And anyway, Madam Speaker, the £36m overspend could have been reduced further to £30m but we agreed to pay £6m of a settlement that

the House is aware the Care Agency had to pay from the current account this year - that is a one-off payment.

895 Again, Madam Speaker, there are good reasons why we have overspent on education where the over-budgeted amount is £11m. We provide top-level education at all our new schools. That is not a reference to the fabric of the buildings, Madam Speaker, it's a reference to the teachers and learning support assistance we provide.

900 Our provision for Special Educational Needs is literally, literally, this is not a phrase, this is literally world-class. Led by UK thinking but in just about every school exceeding UK provision. Something to be proud of.

905 Ensuring our children receive this comes at an increased cost. Although, Madam Speaker, we're on top of ensuring that there is no waste and abuse and that increasing provision being made is made for good reason. And we are now, Madam Speaker, also nonetheless studying if there is a more efficient way of providing the same service using a more targeted service for each student on an AI led basis.

910 In addition to the £36m overspend on health, ERS and the Care Agency, the £11m overspend in education accounts for £47m of the £66m overspent. A further £7m, Madam Speaker, originates in the payments to the Social Assistance Fund. This is partly due to the £10m additional contribution to the Social Assistance Fund which has been paid to Community Care.

915 That accounts for £54m of the £64m overspent in the past financial year. The remaining £10 to £12m overspent is spread across the departments. Some, such as the Environment and Collection and Refuse, have seen cost increase of nearly £2m that we will see ameliorated in the future, whilst other departments of savings which have offset overspending.

920 The Housing Works Agency was also allowed to overspend when we saw more income in the revenue heads and that meant that we could do more to fix properties up for new tenants etc. Again, this is spending we would all agree should be undertaking if we are able to afford it. The overspend, Madam Speaker, also includes the consolidated public sector pay rise which was not provided for in the 2024/2025 estimate.

Madam Speaker, for the current financial year we are projecting a surplus of £5.3m. That can be seen on page 1 of the book. Take people following to it, Madam Speaker.

925 Page 1, Summary of Estimated Financial Position 2025/2026, Consolidated Fund, halfway down the page, Estimated Surplus, across, 5.324 and that's in millions. We are on the right track, Madam Speaker, in terms of economic policies and therefore we are projecting a surplus greater than the £1.9m we achieved in 2023/2024 but prudently less than the £9.8m we have achieved for 2024/2025. We must always be prudent in our estimating.

930 Of course, these estimates were finalised in March of this year and at that time we had not finalised the agreement for a Treaty with the EU.

935 Incidental reports suggest that there is already a lot of economic activity as a result of the announcement of the agreement, especially in the real estate market. That may potentially affect economic performance of companies and may drive public sector revenue even in these pre-Treaty stages.

As a result, although we do not expect a significant period of operation of the itself in this financial year, if at all, the certainty that the announcement of the agreement for a Treaty has brought may help to accelerate growth and Government revenue even in this financial year to an extent.

940 Of course, during the estimates process we have tried to factor all items that could influence public finances, such as the impact of inflation or changes in interest rates, but these are not crystal ball gazing exercise. We do not have a crystal ball as Mr. Clinton suggested, although at least our prediction was better than his.

945 The process is one of estimating based on detailed analysis and prediction based on
previous performance and that is as much an art as it is a science. It is for that reason,
Madam Speaker, to avoid nasty shocks and to ensure that any discrepancy in so far as
possible is a positive one, that estimates are annually done in a rightly, extremely prudent
manner. By the Speaker, in respect of expenditure for the current year 2025/2026, we're
projecting a total of £768m of spending.

950 The figures are there, again, on page 1 of the Estimates Book for those following. That's
a cool three-quarters of a billion pounds for financial year 2025/2026. The broad split is as
follows.

Consolidated fund charges, which are projected to come in at approximately £125.2m.
Individuals who are following will know that I referred them to the page on Consolidated
955 Fund Charges earlier. For the outturn, this is what we're looking at in terms of the estimate
for next year.

That figure, if we hit it, would be £3.7m less than the outturn for 2024/2025, the
financial year just ended. Importantly, Madam Speaker, this includes a provision for
pension increases and an increase to repayment of revenue where the Government returns
960 monies received from taxpayers or from those who have otherwise made payments that
fall to be returned from £10m to £15m. At the request of the Hon. Mr. Feetham, I'm making
more available to return money to taxpayers.

Borrowing costs, Madam Speaker, are projected to reduce in the current financial year,
if only because we did not follow the Hon. Mr. Clinton's advice. That is why the estimate
965 for 2025/2026 is lower than the estimate and outturn for 2024/2025. Madam Speaker, in
fact, the estimate also takes into account a full payment of £10m from the contribution to
the General Sinking Fund.

Additionally, we estimate the departmental expenditure will be in the region of
£643.6m. If we achieve that, it would be £31.5m less than the outturn for the financial year
970 just ended. The reduction in the estimate from the outturn reflects what is, in our view, a
prudent approach to spending, whilst also providing for the contracted cost increases, we
already have in our sights. Despite that, in comparison to the previous year's estimate,
there is an increase of £33.7m for 2025/2026.

This increase in the estimate, despite it being below the outturn, is due to the provision
975 of additional funding in the following departments: Health and Care will receive an
additional £17m; Education will receive an additional £6m; the Treasury will receive £3.4m
more, which includes provision for the payment of the rental of the school buildings; The
Upper Rock tourist site cost will increase by £2.7m, as we share the increase in the ticket
price and the huge increase in revenue with the private sector investors who are carrying
980 the cost of the new facilities being opened to the tourists. Other increases are more widely
spread across departments.

As ever, in all of this departmental expenditure, Madam Speaker, our Controlling
Officers will remain prudent in trying to ensure that we spend what we need to spend, but
not a penny more. That is the policy of the Government.

985 It may be worth saying now, Madam Speaker, that I will be laying a further and fuller
report on the work of the Treasury, which will also feature as an annex to the written
version of my speech. Of the more exciting projects in that department for the public will
be the issue of our first currency note depicting the image of the King, His Majesty Charles
III, to be issued next year, and the modernisation of the Lottery. Madam Speaker, I should
990 also say a few words about the General Sinking Fund.

In 2023/2024, I told the House that we offset our high borrowing costs by using the
General Sinking Fund. Of course, Madam Speaker, this is exactly what the General Sinking
Fund is for. Rainy day funds are only to be called upon when there is an urgent need, and
this was a classic example.

995 The aim was always to pay back the amount used and re-establish the fund as soon as possible. Happily, I can report to the House that in the just-closed financial year 24-25, we have been able to contribute £7m to the fund. The positive effect that that further reduction in interest rates will have in 2025/2026, and of course the fact that we did not follow Mr. Clinton's advice on fixing the rates for our Covid borrowing, may allow us to make further contributions to the Sinking Fund during this financial year also.

1000 Madam Speaker, we are estimating revenue for the year 2025/2026 at £773.7m. That's before we allow Mr. Feetham to try and once again exceed the corporate tax receipts. Again, that can be seen from page 1 of the book for those following using the official tome.

1005 Yes, Madam Speaker, I realise that that is £40m below the out-turn for 2024/2025, but Madam Speaker, this is in line with our policy of not over providing for revenue collection and estimating conservatively. Again, this is exactly in line with the approach we have taken in previous years to avoid a nasty deficit surprise!

1010 I would broadly analyse the heads of expected revenue for the House as follows. Corporate tax receipts are pitched to come in at £43m less than 2024/2025. We expect, Madam Speaker, the sum we expected when estimating in March is in the region of £230m.

This reduction removes the exceptional £50m corporate tax collections, but does take into account a slight increase in corporate tax receipts in the back of the increase from 12.5% to 15%, which should begin to be reflected in the financial year 2025/2026. Madam Speaker, that is, sorry, not the correct figure. That is the out-turn.

1015 The 213 is the out-turn. The figure there is £170m, which those following the debate will see. In column one, estimate 25-26, I have referred first to the out-turn, which was two hundred and thirteen.

1020 What we estimate is that a £170m. Personal taxes are estimated at broadly the same level as the out-turn at £260m for the next year, for this year, and the import duty estimate is also roughly in line with the out-turn at a £100m. As hon. Members will see, when I deal with the measures we expect very few changes in this area until the Treaty finally comes into effect.

1025 The tourism revenue estimate is 4m higher than the out-turn. This is mostly due to the said increased ticket prices and greater tourist flow anticipated, although again, this was before the announcement of the agreement, but we do not expect total fluidity to be established in time to have a meaningful effect this financial year. We were making that prediction, not expecting the Treaty to have a meaningful effect.

1030 All other revenue streams are estimated on a very prudent basis and in line with the out-turn. This ensures that if we are faced with events negatively impacting revenue, we are not significantly over-providing in a manner that might substantially throw our estimates off.

1035 And now, Madam Speaker, in order to make an assessment of whether the predictions we are making are likely to be met, it is also important to understand the broad outlines of the economic landscape ahead of us.

1040 That will help us to see how the public finances themselves may fare in the remaining nine months of this current financial year. In order to do so, Madam Speaker, I can advise the House that the final GDP estimate for financial year 2022/2023 has come in at £2.75 billion, increasing by 8.3% or £210m. I should add that after the retirement of Miss Kelly Federico, we have seen the appointment of a new Acting Chief Statistician, Joelle Bonich, who has taken on the role of preparing the statistics which are key to this debate, and I thank her for her work in doing so.

1045 The preliminary estimate for the GDP in 2023/2024 is for £2.9 billion, up 5% or £152m over the previous year. This confirms that the strong bounce back after the pandemic has set in as we had predicted. Madam Speaker, that continued the extraordinary performance of our economy, growing 12.5% in the 24 months post-pandemic, really quite something. It reflects a period in which, in just two years, £360m was added to the size of our economy.

To an extent though, these are figures that the House would have expected to hear as they were trailed last year by me in respect of those years. It is the next figure, Madam Speaker, that I know the House will be most interested to hear, the forecast for the year just past.

1050 So, Madam Speaker, I turn now to the more recent preliminary GDP forecast for 2024/2025, that is the financial year which has just ended in March of this year, although March does now seem so, so far away, Madam Speaker. Madam Speaker, the Statistics Office forecast for financial year 2024/2025 of GDP is just shy of £3.1 billion. We have broken the £3 billion barrier in GDP.

1055 This represents an anticipated increase in the size of our economy of 6.5%. That is an economic growth in cash terms of £188m, Madam Speaker. This surpasses the pre-pandemic GDP estimate of £2.5 billion in 2019/2020 by 24%, or approximately £600m added to our economy since then, with a pandemic in between, Madam Speaker. I note, Madam Speaker, that growth since COVID, in the past 36 months alone, in the past 36
1060 months alone, our GDP has grown 20%, almost, 20%, over half a billion pounds, £360m plus £188m, £540m almost, Madam Speaker.

Half a billion-pound growth in cash terms, almost 20% growth in GDP terms. Who's drifting, Madam Speaker? Who's in limbo, Madam Speaker?

1065 This is an economy, the envy of many. That's why whatever might be said about us being in limbo because of our negotiation, or drifting because of our negotiation, the reality on the ground is different to the words uttered by hon. Members here in seeking to attack us. That is, Madam Speaker, if I may say so, a remarkable recovery for which I congratulate every single economic actor in our economy.

1070 The growth of the GDP in my time as Chief Minister to date is now confirmed as going from £1.1 billion to £3.1 billion. An increase in £2 billion in the size of our economy, with a pandemic, our departure from the European Union and an emergency Budget thrown in for two years. Growth of 181% in the 14 years we have been in office.

1075 Something to be proud of indeed in 14 years of Government, Madam Speaker, and something certainly worth the House and every member of the public keeping in mind whilst we while away the hours listening to hon. Members opposite telling us how badly things are going. Perhaps, Madam Speaker, they might have more credibility with the public if they started by congratulating us for the stewardship of the economy instead of simply trying to denigrate everything that we have done and everything that we do. It might actually lead to that thing called success for them, which has so eluded them, Madam
1080 Speaker, but I won't hold my breath.

Finally, Madam Speaker, on debt. The non-COVID debt is now well below £300m. With the COVID debt to be provided for in a repayment agreement for approximately £500m over 20 years.

1085 Let's say £500m. The remaining net debt, which is reached after deduction of the £26m in the sinking fund and the cash reserves of £185m, settles at approximately £160.5m. At that rate, Madam Speaker, it's a very low percentage indeed of our GDP.

1090 The ratio of net non-COVID debt to GDP at £3.1 billion is 5.35%, Madam Speaker. That is not our measure of what is the right way to assess the affordability of debt, but it was the measure of Members opposite, especially when the Leader of the Opposition sat on these benches with the GSD, and we were told that that was the correct measure of debt. Additionally, Madam Speaker, if we were to deduct the cash at the Gibraltar Savings Bank reserve of £83m, the net non-COVID debt would be reduced to £77m.

1095 That would leave us, Madam Speaker, with a net non-COVID debt to GDP ratio of 2.5%. That is the way, Madam Speaker, that the GSD told us from St. Peter's Chair was the economically correct way to measure the affordability of debt, when they too were borrowing through companies and not factoring that into public debt. They didn't talk about indirect debt then, Madam Speaker. By their measure, Madam Speaker, the net non-COVID debt to GDP ratio has never been lower.

1100 It has never been lower. The full net debt to GDP ratio, Madam Speaker, would include the COVID debt. It's also, therefore, obvious, Madam Speaker, that the full net debt with COVID remains at what the GSD used to call prudent levels as the right measure of debt.

1105 At approximately £660m with a GDP of £3.1b, which I've just announced, the net debt to GDP ratio is 21%, which is very low, a level of debt to GDP by any measure, Madam Speaker, but not as low as if you take out the COVID debt, which is the debt that's going to be packaged up and paid over the 20 years. Madam Speaker, I remind the House that the Public Finance Borrowing Powers Act 2008 at Section 3 regulates the level that the Government can borrow. The statutory net public debt ceiling is the one produced, the section says, by the following parameters that result in the lowest number.

1110 The net public debt shall not exceed the higher of £300m or 40% of Gibraltar's gross domestic product, or the annual debt service ratio shall not exceed 8%. 40% of Gibraltar's gross domestic product GDP. We're at 21%, Madam Speaker.

1115 That leaves ample room for considerably more borrowing should it become necessary in an emergency. If we were to reduce the net debt additionally by the sum in the Gibraltar Savings Bank, as Members opposite did, and as they have urged us to do, the Hon. Mr. Clinton in particular, was told us to not leave the money in the reserve, to bring it and use it, the ratio calculated in respect of the full net debt, which would then be £577m to the £3.1b, reduces to 18%. Madam Speaker, when we took over in 2011-12, net debt had reached £520m without including the GSD's company debt, because they did not include it in the calculation when they did it.

1120 Although they now insist that we have to include our company debt in our calculations of debt and debt ratio, they didn't do it when they were in Government. So, we'll consider that what they did in Government was right, and we will also not include our company debt in the calculation.

1125 For them, when the Hon. Sir Peter told us, the Hon. Mr. Azopardi, then the Leader of the PDP, and me on the Leaders debate, that debt was £520m, and we were all quite surprised because it had been something closer to £480m when the figure was disclosed in the Budget, and it gone up by £40m in the few months before the General Election. They didn't include the company debt in there. Then, without a pandemic, without Brexit, without having to negotiate, without being in limbo, as alleged, then the golden legacy of the GSD, because Mr. Bossino says that this was excellent and superb, Madam Speaker, the net debt-to-GDP ratio is 25%. So, we must be, Madam Speaker, more than excellent and superb by their measure, if they were not to be politically hypocritical.

1130 I do recall that Leaders debate, Madam Speaker, because we were there, and the Hon. Leader of the Opposition was there, the Hon. Sir Peter Caruana was there, then as the Leader of the GSD, I was there, then as the Leader of the GSLP Liberal Alliance, but of course, the Hon. Leader of the Opposition was there as the Leader of the Progressive Democratic Party, the PDP, and Madam Speaker, I don't know whether I've ever thanked him for leading that Party, because really we could not have won the 2011 General Election without him. It was one of the key planks of the defeat of the GSD, which has led to everything we have been able to do since then, and I do think I have been remiss not to thank him explicitly for the work that he did in ensuring that the Party he now leads did not win that General Election. I'm sorry that I haven't said thank you before,

1140 Madam Speaker. Madam Speaker, these ratios that I've just taken the House through, both with the COVID debt at £577m, given a ratio of 18%, or without the COVID debt at £77m, given a ratio of 2.5%, are a demonstration that we are lowering the net debt and that our mechanism for debt management are working. Finally, when it comes to the GDP calculations, Madam Speaker, and with all of the caveats that I make about this particular calculation, and if I can avoid the Father of the House pressing the button that operates the trap door for me not to go on, I want to give the House the annual GDP per capita calculations.

1150

I have to insist, Madam Speaker, in our view on this side of the House, that this is not a meaningful calculation, and it does not do anything for anyone who is struggling on a low income. But this measure is, however, a measure that is often used internationally, and it is the measure that the Party opposite used to report to the House very proudly each year, Madam Speaker, although they now think that we shouldn't be reporting it as well. This is really the, it was good for their goose, but it shouldn't be good for our gander, Madam Speaker.

So, because it suited them to do this analysis, I think they would want to hear the analysis from us, and I would therefore do it for them. And it's for that reason that I continue to report it, to report it even though, Madam Speaker, I do so through the rightly gritted teeth of the Father of the House who agrees with me that this is a meaningless calculation. The GDP of £3.1m divided per capita in Gibraltar, based on a pre-2022 census population of 32,000, because we haven't got the new number yet, is £96,875 per person. Madam Speaker, at the exchange rate of \$1.37 to the pound sterling as it was on Friday, which is the current rate of GDP per capita, the current rate of the GDP per capita in Gibraltar amounts to \$132,718, placing Gibraltar second in the world ranking, below Luxembourg on \$138,634 per capita, and above Ireland on \$106,000 per capita, Switzerland on \$104,000 per capita, and Singapore on \$90,000 per capita.

The GDP per capita in the United Kingdom is £52,000, and in Spain it is £35,000 per capita. The Euro area comes in at £46,800 per capita, and the whole of the EU at £43,000 per capita. We're also, Madam Speaker, able to point to a lower GDP to tax ratio, Madam Speaker, than when Hon. Members were in office.

The ratio was 13.5% when we took over, with a GDP of £1.1 billion. The financial year 2024/2025, Madam Speaker, is going to be at 12.5% GDP to tax ratio, and a GDP of £3.1 billion. The GDP to tax ratio in the UK, Madam Speaker, is 32.7%, and in Spain it's 36.6%. These are higher than in Gibraltar by almost 3%. Sorry, by almost a factor of 3%. Not by 3%, but by a factor of 3%. I do think, Madam Speaker, it is worth reminding our fellow Gibraltarians, excuse me, just how well off we are compared to others.

The gross trading profits of companies grew by 8.4% in 22-23, and by 5% in 2023/2024. It has grown further in 2024/2025 by 9.8%. That's almost 10%, Madam Speaker. Almost 10% in the financial year 2024/2025 in the gross trading profits of companies, Madam Speaker.

And that's almost 22%-23% increase in the gross trading profit of companies in 36 months. So much for limbo, Madam Speaker, and drift. I mean, the only limbo that people are doing in this economy is the limbo dance.

None of the drift that the Hon. Leader of the Opposition has referred to. Income from employment increased by 7.5% in 2022/2023, and by 6.6% in 2023/2024, and by a further 4% in 2024/2025. Income from employment, Madam Speaker, is up 18% in that period.

No limbo, no drift. Madam Speaker, there is one measure that certainly reflects why our GDP continues to grow, and why the strength and success of our employment strategy is having a real effect on people's lives. That is, of course, the number of people in our community who are not just seeking work, but actually finding it.

And so, Madam Speaker, I am genuinely proud to inform this House that the yearly average for Gibraltarians registered and employed in 2024 was just 20. Madam Speaker, yes, just 20. 20 people.

Not 20%, 20 people. 20 individuals. Let that sink in, Madam Speaker.

The comparable figure under hon. Member's regime in the last quarter of 2011 was 442. This figure, 20, represents a staggering 95.5% reduction in unemployment since 2011. That is remarkable, and it is really worth shouting about.

But more than that, we're not just reached that level, we've sustained it. Year after year we have sustained it, Madam Speaker, and the fact is that these numbers demonstrate that this Government is delivering. Delivering real results for real people.

1205 Delivering real jobs for people who need them. Because the approach we've taken is not just working, Madam Speaker, it's transforming lives. In the second quarter of this year, that success has continued, with unemployment remaining firmly on the downward path, even from what were already historically low employment levels.

1210 The figure for the second quarter average now stands at 19, a 96% reduction on unemployment since 2012, when they left it. It's not just numbers, it's a people, individuals, lives, real lives, changed for the better. Madam Speaker, the House will be pleased to know that as of June 2025, unemployment stands at 16 individuals.

But these results don't happen by accident, Madam Speaker. They're a direct result of focused, deliberate and sustained work. Low unemployment doesn't maintain itself, it takes consistency and commitment.

1215 And above all, it takes a Government with the will to deliver. It is the result of the dedicated work of the Government that I lead under the leadership of the Minister for Employment and the Director of Employment, the excellent Debbie Garcia. Because, Madam Speaker, we don't just place people in jobs, we empower them to build careers, to pursue their ambition, to unlock their full potential.

1220 And in doing so, we're not only supporting individual career aspirations, but also strengthening Gibraltar's overall economic stability and driving sustainable long-term growth. That's how you do it. Our ongoing commitment is clear to maintain that momentum and we'll keep delivering results to ensure that Gibraltar's employment sector remains strong, inclusive and full of promise.

1225 That, Madam Speaker, is the Gibraltar we are building and we will not rest. We will keep delivering, we will keep innovating, we'll keep standing up for every worker, for every business and every opportunity that builds a stronger, more inclusive economy for all. But it should not be lost to anyone in this house.

1230 Then when we started to reduce unemployment with the future jobs strategy, the Members opposite criticised it violently. It was a constant refrain from them. They called it, Madam Speaker, the failed jobs strategy.

They disrespectfully, Madam Speaker, called people's jobs a pantomime. Well, Madam Speaker, as can be seen now, the only failure was in their ability to persuade anyone that our strategy was not the right one. The ringleaders of those chants decrying our strategy are mostly gone.

1235 But the Hon. Sir Joe Bossano, who designed the future jobs strategy, is still here and the jobs are still here. But the lesson is to put the many and varied criticism you will hear of us, Madam Speaker, in the coming week in that context. The context of the empty complaints that seek only to politicise and not to genuinely analyse.

1240 I'll repeat that for you, Madam Speaker, so you get a full note. The context of the empty complaints that seek only to politicise and not to genuinely analyse. And on this jobs point, Madam Speaker, I want to just end by saying this.

1245 Behind the work of finding employment for our people that I refer to today stands a team of public servants, dedicated professionals, tireless, who believe in the mission of public service and the results speak for themselves. I want to thank all in the Hon. Minister's Employment Service for their brilliant work. That is what Gibraltar deserves and this is exactly what they are delivering.

1250 Madam Speaker, we've also made meaningful progress in transforming how cases before the Employment Tribunal are managed, ensuring that claims are addressed more swiftly, more efficiently and within the fairness that those who seek justice rightly expect. In that respect, I'm delighted to report to this House that all historic cases have now been appointed a chairperson. Every single one.

That means the only claims currently awaiting the appointment of a chairperson are those filed this year. That, Madam Speaker, is no small achievement. It is a significant milestone.

1255 It demonstrates that the measures we have implemented are working. We've made the structural and procedural changes necessary to create a Tribunal that is responsive, effective and fully fit for purpose. We have created a Tribunal system that is flexible, modern and aligned with the needs of a dynamic 21st century Gibraltar.

1260 And we're already seeing the results. Cases are now being dealt with with greater speed, clarity and the fairness that every citizen deserves. Because that is what people expect from a modern justice system that works.

And under this Government, it is exactly what they are getting. Madam Speaker, there is a printer's devil in the Estimates Book. Subsequent to the printing of the Estimates Book, we picked up one error in relation to incorrect reference in numbering.

1265 There is no impact on the figures in the Bill due to these errors. One page would require replacing in the versions that have been presented to Parliament. It is page 205, Madam Speaker, where the reference to allowances is listed as Subhead 29 rather than 19.

1270 If you go to page 205, Madam Speaker, in the printed version, you will see that it runs as, from the top, 17, 18, 29, 20, 21, 29. That number that's in the list is wrong. It should have been 19. It is absolutely nothing. The version that is online is already correct. If hon. Members want an additional page, they can have it. But it is not a meaningful printer's devil. Which, I must say, Madam Speaker, in a book that is 263 pages long, approximately 163 pages more of transparency and accountability in respect of the numbers that hon. Members used to give us, is really quite a remarkable achievement for which I congratulate
1275 no one more than the Financial Secretary and his magnificent team, because they are the ones that get every number right.

And so, Madam Speaker, I turn to the specific Budget measures that will apply in this financial year.

1280 Madam Speaker, there will be no increase in personal tax rates. We committed not to increase personal tax rates in the lifetime of this Parliament. We are delivering on our commitment.

We lowered the tax rates last year back to 25%, as we have committed to do at the Election. We delivered on our commitment. We kept our promises.

1285 We do what we say. We will finance all the commitments we have acquired without an increase in rates of personal taxation. Madam Speaker, while there has been comment about the effect of our corporate tax rates of the agreement...

Sorry, let me start again, Madam Speaker. There has been comment about the effect on our corporate tax rates of the agreement for an EU Treaty for Gibraltar. There will be none.

1290 Our corporate tax rates are out of scope of the agreement for that Treaty. We are committed to the OECD principles by our membership of the OECD. We are in the OECD BEPS framework.

We're already acting in keeping with those principles. We had the first European Register of Ultimate Beneficial Ownership. We are whitelisted by the FATF and we must ensure that we remain whitelisted.

1295 And there is no effect of the Treaty whatsoever on our ability to maintain our attractive corporate tax rates as they are in keeping with international criteria. And so, therefore, Madam Speaker, this year there is no change to our corporate tax rates. The Hon. Mr. Feetham, who I've charged with responsibility for taxation, will say more about how we will ensure compliance with our regime, which can only remain attractive if it is complied
1300 with by those who are here to enjoy its benefits. Madam Speaker, since last year we are showing each consumer by how much the cost of electricity and water is being subsidised by the taxpayers collectively. This year, on the first day of the financial year, water and electricity charges went up by 2.4%. Despite that, those modest increases do not mean that those consumers now pay the cost of production of these utilities. We continue to subsidise
1305 water production by 9%.

1310 We continue to subsidise electricity production by 43%. That, Madam Speaker, is a historic feature of the cost of production for a small population. So, Madam Speaker, it is therefore important that the public should realise how important it was for us to be able to win the point in our negotiation with the EU that we should enjoy a specific derogation from the analogy of the transaction tax with the VAT directive on the taxation of electricity.

1315 We would otherwise have been required to announce today that electricity charges would be subject to an additional transaction tax of 5% when the Treaty kicked in. That will not be the case because we were able to prevail on that fundamental issue for us and it was particularly important for us given the cost of doing business in Gibraltar as well as the high cost of living in Gibraltar. Madam Speaker, the social insurance contribution system currently in place was introduced by the GSD when they were in office.

1320 It has an unusual feature in that contributions are kept capped at a level which results in employees with earnings above that level paying a lower percentage. In fact, this year and despite reports to the contrary, the rate of contribution is not being increased by 5%. It remains at 10%.

What has been announced is that the cap will slide up by 5%. The rates stay the same. The cap slides 5%.

1325 No one is paying more than 10% and I trust that this will clarify the position for those who believed that social insurance had been raised by 5% when it has not been and no one on the minimum wage will be affected. All that happens is the stage at which one starts to pay less than 10% is going up. Perhaps this would be a convenient moment, Madam Speaker, to say that I'm very grateful for the excellent work done by the people of the Department of Social Security.

1330 They do deal with so many challenging applications and they recognise that. In our time in Office, we have expanded the definition of disability from that which hon. Members opposite insisted on, which required an individual to be born with a condition before they could claim benefits. It's important that people remember that.

1335 They only allowed disability claims from people who have been born with a disability. We changed that to make it assessment-based. There are now 548 individuals in receipt of benefits.

That is an 158% increase in persons on receipt of benefits. So when they urge us to deal with applications more quickly, the answer is to simply say, well look Madam Speaker, we opened up the possibility of these applications. With you there was no such thing.

1340 You had to be born with a disability in order to qualify for the benefit. It's a bit hypocritical that they try and suggest that we need to move more quickly to deliver the benefit that they were not going to deliver and which we implemented.

Madam Speaker, I will include a section on the Social Security Department in the annex to my written speech, which will also be laid today, so that everyone can appreciate the excellent work done at the DSS by its great people.

1345 I move on now to set out our position in respect of terms and conditions of employment in the public sector, Madam Speaker, including of course, public sector pay. Madam Speaker, I will say this as I say every year and as I've said to colleagues from the Unions who have met to discuss public sector pay increases with me. We will not borrow to fund pay increases for public sector workers or anyone else.

1350 Why? Because of our foundational principles as a responsible socialist party and as a key tenant of our alliance agreement with the Liberal Party. The Golden Rule, Madam Speaker.

1355 This rule is as fundamental to us as it is, as is the golden thread to English law. The key principle that we must be able to afford the cost of the public sector and all our recurring expenses from the income that we have today. Madam Speaker, as I repeatedly tell Union representatives come to me with their members claims, I will not ask my children or their

children for that matter to fund my income today by paying for that borrowing when they are older.

1360 It would not just be unfair; it would be irresponsible. I know I'm repeating myself but this is absolutely fundamental. I will not agree that for the purposes of increasing some already generous salaries to add to the ability to fund luxuries, we should saddle our future generations with debt.

1365 I will however go out of my way to ensure that those who need to see their salaries increased do have an increase. Because it is trite that inflation reduces the real money terms value of salaries for everyone. But it is undoubtedly also true that the pinch is felt more harshly by those who are lower in the earnings scale.

1370 So we do not agree, Madam Speaker, with the notion that a pay rise should be the same across the board. We do not agree, Madam Speaker, that the person who is earning a £150k should get the same pay rise as the person who is earning £25k. I have been explicit in telling Union colleagues that we do not accept that position.

1375 To be clear, Madam Speaker, the claims we have received from one Union, when analysed, could lead to some individuals receiving a pay rise, just the pay rise, of £30k to £60k. I sought to clarify that, Madam Speaker, from one of the individuals who came from that Union to make that claim. And he confirmed to me in my office, in the presence of officials and other Union Leaders, that that was in fact the position of that Union, that that was their claim.

I want to be very clear, Madam Speaker, we do not accept that claim. I want to be even clearer, Madam Speaker, we reject that claim. I must say that I do not consider that this is a claim based on any recognisable concept of socialism.

1380 So we will remain committed to targeting the bulk of the funding available to those who need it most and not on an across-the-board basis. And I know, Madam Speaker, that we enjoy the support of other Unions in this respect. Additionally, Madam Speaker, we remain as fully and morally committed as Political Parties to the principle of parity as we are legally committed to the parity agreements of the 1970s.

1385 That has long been a key principle of all GSLP and GSLP liberal administrations, which I happily and proudly repeat each year. We respect and will continue to respect the UK parity agreements. It is where we come from as a Socialist Party, in our foundation from the TGW and one of the key legacies of the father of the house in his incarnation as a Trade Unionist.

1390 It is a key building block of our prosperity as against the area around us. And it is a key part of our link with Britain also in many ways.

Madam Speaker, on this side of the house, we are committed to the principle that our current and future generation of public sector workers must continue to enjoy parity with the UK as that helps everyone else in our economy and indeed in the whole region around us.

1395 There is no question about that and I'm sure that all hon. Colleagues will not be surprised to hear that despite claims, placards and allegations, not one shred of evidence has or can be produced to show that we are not at parity as agreed between all Government employees when compared to their relevant UK analogues. As I told the House last year to this end, entry-level salaries for all public servants were increased during the financial year 1400 2023/2024 from £19,119 to £21,674. Last year in financial year 2024/2025 we similarly increased that previously established £21,674 parity entry point to £22,874 for all relevant grades within the public service.

1405 Because Madam Speaker, we in the Socialist Liberal Party are always looking out for the interests of Care Workers, AAs, Nursing Assistants, School Crossing Patrol Officers, Special Needs Learning Support Assistants and many more roles aligned to this entry-level scale. But they are not the lowest paid in our economy. They are the lowest paid in the public service and of course we're on their side.

1410 We're concerned to ensure that they get the support that they need. To be clear Madam Speaker, for those who had started the financial year 2023/2024 on £19,119, they ended the financial year 2024/2025 on £22,874. They enjoyed a pay rise in the past two financial years of 19.6%. That is to say 20% Madam Speaker. Well ahead of inflation in those two financial years which was running at about 5.5%. That's not bad.

1415 Should this entry-level salary increase in the United Kingdom as a result of the still ongoing negotiation between the Unions and the UK Government, then it will increase here as well to keep pace with the minimum in the UK if the effect of today's measures do not already get us above that level as I believe they will. In the UK, the current negotiations would suggest an entry-gate salary of £23,809.50 based on a £12.21/hour claim for 1,950 hours. Additionally of course in 2023/2024 we provided the non-consolidated public sector support payment of a £1,250 which really helped those on the lowest wages within our public service.

1420 Last year we added that amount again as an additional payment of £1,200 but consolidated into pay for the lowest grades and with other sums paid to higher earners. Our key target is always the same, those who need it the most and they will be our key target as well this year too, Madam Speaker. In the financial year 2023/2024 the Government introduced the public sector support payment which was £1,200 for those on less than £50,000.

1425 A sum of £900 was paid to those on basic pay of £50,000 to £75,000. £600 was paid to those on the basic pay of £75,000 to £100,000. In financial year Madam Speaker 2024/2025 we did exactly the same but we consolidated that amount.

1430 We would all have wanted to do more but the mood music Madam Speaker, as one Union colleague described it in one of our meetings, was not quite right to enable us to do more and therefore observing the Golden Rule required us to be very prudent in how we acted whilst ensuring we gave something to those on the lowest salaries. In some respects Madam Speaker very little has changed in the past year. I'm sorry to say but there is still a war in Europe.

1435 It rages no less intensely because it has been knocked off our screens. By what? A war in the Middle East.

1440 In fact Madam Speaker that has got much deadlier in the past year and although there's a ceasefire at the moment Madam Speaker the lasting nature of that is tenuous and Madam Speaker of course we have to be very alive to the possibility that that could lead to immediate very high increases in the cost of fuel which immediately fuels inflation. Additionally Madam Speaker the Government is also conscious of the Chamber of Commerce as itself pointed out that the cost of any increased salaries in the public sector would have to be met from recurrent revenue to keep to the Golden Rule. The only way you can ensure that you create greater expense that you can fund greater expenditure is to increase revenue.

1445 That can only happen with new revenue streams or increasing new revenue streams from taxation. I've already said that we're not going to raise taxes Madam Speaker. It would not be fair in our view to raise the taxes of workers in the private sector to fund the salaries of workers in the public sector who are already in most instances better off.

1450 Public sector workers would not like to see their own taxes go up in order to fund their own higher wages as that would be robbing Peter to pay one pocket to pay another pocket. Neither would the public sector Unions agree to reduce the headcount of the public sector in order to fund higher salaries for those who stayed in post. As the Chamber of Commerce put it Madam Speaker, therefore, in their press release of last week a request for a 20% pay rise is outrageous.

I don't often quote the Chamber Madam Speaker and they may not like some of the things I'm going to do but when you we agree, we agree and it's exactly the same word that I had used when I was faced with a statement from the Union representative in my

1460 office who confirmed that their claim was for 20% across the board even for the people in
£150K plus who would get pay rises of £30,000 to £60,000. Two things have happened
though Madam Speaker which represent a change for the better. We do not have an
agreement for a Treaty with the European Union but we must temper that with the fact
that we do not however have a ratified Treaty yet.

1465 Additionally our surplus has happily exceeded our estimate by a factor of three going
from an estimated surplus of £3m to £9m. So although we cannot throw our house out of
the window to use the well-known translated saying we can try to put more in the pockets
of our lowest paid public servants. To once again paraphrase the terms of one of the Trade
Union colleagues in the room this year the mood music is better than last year.

1470 I confess Madam Speaker I think it's the only time I've seen Colin smile in the last 36
months but mood music does not translate to cash quite yet. The Government therefore
has to balance all of those competing criteria when determining how it is appropriate if at
all to increase the cost of the public sector which salary scales to increase if any and by
how much. I know that all hon. Members will have seen the recent press release by Unite
1475 the Union that set out the agreement it has recently reached with MITEI where Unite is
welcoming a consolidated pensionable pay increase of 5.2% for salaries at 25% and scaled
down through the grades to an increase of 2.6% on salaries up to £50,000. I congratulate
Unite for that agreement especially brother Christian Duo who has successfully led that
negotiation and with whom I've had sparred and negotiated very successfully in the past
1480 decade. Indeed Madam Speaker it is worth noting that in the time since I was selected as
Chief Minister the Civil Service has seen salary increases of an average of 30%. At the AA
grade 32%, at the AO grade also 32%, at the EO grade 30%, at the HEO grade 29.5%, at the
SEO grade 28.5%, at the SO grade 27.5%. The same is true of other analogous grades
throughout the wider public sector. Additionally it's also worth claimants noting that there
1485 have been years when the pay rises I have delivered have been 10 times inflation. For
example, in 2014/2015 inflation was 0.2% but the public sector pay rise was 2.75%. In
2015/2016 inflation was 0.4% but the public sector pay rise was 2.75%. That demonstrates
that we have been consistent in supporting the public sector Madam Speaker. This year
therefore Madam Speaker the Cabinet agreed on Monday by consensus to my proposal
1490 that in light of all of the above the Minister for Economic Development and I my capacity
for as Minister for Public Finance should finalise the terms of the public sector pay increase
for the year.

The Hon. Father of the House and I have met and considered all of the data, all of the
arguments and I'm now therefore able to announce the following.

1495 Madam Speaker all public sector salaries will increase. The increases will be weighted in
favour of the lowest paid.

The minimum public sector salary will be increased from £22,874 to £24,017.70. This
will exceed the current UK local authority pay settlement and meets Unite the Union's
claims in this respect.

1500 Employees on salaries below £50,000 will receive a pay rise of 5%.
Employees on salaries above £50,000 and below £80,000 will receive a pay rise of 4.5%.
Employees on salaries above £80,000 and below £90,000 will receive a pay rise of 3.5%.
Employees on salaries above £90,000 and below £100,000 will receive a pay rise of 2.5%.
Employees on salaries above £100,000 will receive a pay rise of 1%.

1505 These payments will be consolidated and pensionable.

The total cost will be in the region of £8.8m distributed between all public sector
workers. The bandings and thresholds are in our view progressive and will afford payments
to almost the entirety of the workforce but will concentrate the highest benefits to the
lowest earners in the public sector.

1510 This pay rise is one part only of the claims submitted by Unite and NASUWT who have other aspects to their claims. I will deal with further aspects of the Unite claims in this address. The NASUWT claims will be addressed by the Minister for Education.

1515 I would remind all Unions, in particular the GGCA and Unite, that not only have we been consistent in delivery of pay rises when possible in the public sector, we have also been able to address many other long-standing claims which have been resolved in our time in Office, not least the question of new hours for the public sector and family-friendly hours. There are many positive changes to terms and conditions in our time in Office that it would take a morning just to list. I know it's not necessary to do so, Madam Speaker.

1520 When we pass these estimates with the Government majority, as the Opposition will vote against this pay rise for the public sector and all aspects of our investments in our community, we will start the process of filling the vacancies accepted as part of the complement. As ever, Madam Speaker, we expect they will say they are in favour of a public sector pay rise but that they will vote against it. Madam Speaker, whilst members of the public sector calculate what the pay rise means for each of their pay packets, I might take a sip.

1525 Right, it's easiest in the over £100,000 bracket, Madam Speaker, to calculate 1%. 1% of 500m is 5m a year, 1% of whatever your salary is. Madam Speaker, the services public sector, the public sector charges for must, of course, also continue to be charges in real money terms at the same rate each year.

1530 It is cheap politics not to increase our charges each year with inflation whilst we increase our cost base. If we do not do that, we do not keep pace with inflation and we just end up having to make bigger increases in future in one fell swoop. That is why, Madam Speaker, as we have done in previous years and sticking to our salutary discipline on this, in terms of the services provided by the public service, as from 1st August all fees charged by any Government department and payable to Government, including licence fees and forms etc, will increase in line with inflation, estimated at 2.9%, rounded to the nearest half point, that is to say 3%, and in cash terms rounded to the nearest 50 pence.

1535 Once again, this year these increases may represent a very minor cash sum, but it is an essential part of ensuring that Government fees do not, once again, fall to partial levels. This is a discipline I commend to all future Ministers for Public Finance and there will soon be one, as all hon. Members know. Finally, Madam Speaker, in respect of the Civil Service and public sector, I'm very proud to continue to have ministerial responsibility for.

1540 I am laying a fuller report on developments which will avoid my having to read that into the record this morning. It will include a part on the Department of Personal Development and it will be an annex to the written version of my address, Madam Speaker. Madam Speaker, although inflation is down, a lot of damage has already been done to many households.

1545 Ironically, apart from the price of oil, which is what tends to drive the upward inflation pressures, few other prices tend to go down and they tend to go only up. Prices that go up don't ever come down again. So, to do social justice, Madam Speaker, my Government will continue to act to protect the incomes of the most vulnerable and for those reasons, Madam Speaker, we will continue to ensure that those on the minimum wage, those on disability benefits and recipients of the state or old-age pension will once again and all enjoy the benefits of increases in line with inflation to the payment that they receive. We will also, once again, assist the lowest paid in the public sector.

1550 I will deal with each of those in turn. Madam Speaker, the minimum wage will increase by roughly the same amount this year as it did two years ago. We do not want an economy of many low-paid employees.

1560 We want an economy of many well-paid employees. Given that inflation will be in the region of 3%, we want to give a real boost to the lowest paid in our economy. The minimum wage will therefore increase by 60 pence to £9.50 an hour. This will mean that the minimum

wage will increase by just over twice inflation. Madam Speaker, this is in keeping with Unite's claims in this respect where the Union has sought an increase which exceeds the rate of inflation. We believe, Madam Speaker, this is undoubtedly the best way to ensure that the minimum wage in our economy does not seriously lag behind the lowest wage in Government.

As a result, based on the 37.5-hour week, the minimum wage will go up from £17,355 to £18,525, an increase of £1,170 per annum. Based on 39 hours a week, the minimum wage will go up from £18,049.20 to £19,266 per annum. This is an increase of £1,216.80 per annum. The minimum wage is thus still only 51% of average earnings which are, for the employment survey for October last year, £37,332. As a result, Madam Speaker, those earning least in our economy must therefore enjoy the benefit of salary increases in the region of £1,200, which is the same sum by which the minimum wage went up in financial year 2022/2023, exactly the same sum, and did not lead to businesses closing, despite the complaints that we heard from some at the time. Once again, Madam Speaker, a real demonstration that we are the Party that really cares about working people.

We are both the Party that introduced the minimum wage under the Father of the House as Chief Minister and the Party that always raises the minimum wage each year, pandemics permitting. Madam Speaker, when we were first Elected, the minimum wage was £11,559. It is now almost £8,000 higher in 14 years.

A further demonstration for all working people in our economy and to the trade Unions that despite what Members of the party opposite may say, workers are always better off with a Socialist Liberal Government. We believe, Madam Speaker, that there should be less and less individuals on the minimum wage though. The rate is also in Gibraltar catching up with Spain, or rather the rate in Spain is catching up with Gibraltar, where it is currently in the region of €16,400, seeking to reach 60% of average earnings in keeping with the provision of the European Social Charter.

We therefore want to work with the Chamber of Commerce and the Federation of Small Businesses, the GBGA and the Unions, with representation in the private sector, to address that. I am therefore forming the Living Wage Commission, with those parties, to be led by the Minister for Economic Development, the Hon. Sir Joe Bossano, to explore how to determine what a living wage for Gibraltar should be. This also meets one of Unite's claims that the Commission, which we promised during the Election campaign, should be established.

It will also consider how new technologies can assist businesses to reduce labour costs so that they do not require so many workers on the minimum wage. Today's Times, Madam Speaker, the front page to date, this morning, reports that entry-level vacancies are down by a third as a result of AI making workers more productive. AI cannot serve a pint or lay a brick, at least not for now, Madam Speaker, but it can cut employers' costs in other entry-level areas.

Additionally, Madam Speaker, the Government will ensure that by 31st December this year it has completely expunged the direct use of zero-hours contracts, other than in the use of bank staff, which is an area on which we are agreed with the Unions that such contracts are the only way to contract for genuine temporary cover. This is also in keeping with the Unite's claims in respect of the use of such contracts in the public sector. I will also ask the Living Wage Commission to report on whether legislation is necessary in the private sector to properly control the use of zero-hour contracts, although we think that's unlikely, Madam Speaker.

Madam Speaker, of course it will not just be the minimum wage that will go up. The state pension and disability benefit will also go up by inflation, rounded up at 3%. The full old-age pension payable will now be £588.30 for a single person and £882.65 for a married couple. The full disability benefit for an adult will go up from £485.55 to £500.15. The full disability benefit for a child will go up from £346.95 to £357.40. Additionally, Madam

1615 Speaker, as the Father of the House has stated on the national broadcaster on his recent
magnificent hour-long *Viewpoint*, work is now commencing to equalise entitlement to state
pensions at age 60. As Sir Joe confirmed, and I had stated in my own *Viewpoint* the day
after the agreement was reached in Brussels, as we now know that we will not be
aggregating for social insurance purposes with all member states of the European Union in
respect of Frontier workers, we are now able to finally take this step safely and securely.
1620 We had long confirmed we would act when we had this certainty.

We now have this certainty and act we will. Once again, Madam Speaker, there will also
be an increase for public sector occupational pensions which will increase by 2% in line
with the provisions of section 6.2 and 2.a of the Pensions Increase Act. Madam Speaker, to
ensure that our elderly continue to receive the financial support they need, the pension
1625 increase of 3% will be disregarded from the assessment of the minimum income guarantee.

This further demonstrates the Government's strong commitment to protecting those of
our senior citizens who need our help and ensure a guaranteed minimum income for them.

Madam Speaker, where there are genuine inter-vivos disposition in cases of family
organisations, there may be an argument for stamp duties not to be chargeable. The
1630 difficulty is the possibility of abuse.

I am therefore asking the Hon. Minister Feetham and the Commissioner of Stamp Duties,
together with the Commissioner of Income Tax, to report to the Cabinet in the next six
months whether there is a possible mechanism to dispense with the payment of stamp
duties on genuine family reorganisations inter-vivos and which do not open up to obvious
1635 abuse. Their report will enable the Government to formulate an appropriate policy. Madam
Speaker, given the agreement for a Treaty with the European Union and the introduction
of a transaction tax to replace import duties, it is not the Government's intention to change
the rates of duty applicable at this stage.

At this stage it may be worth pausing actually also to reflect on the work of HM Customs
1640 that are responsible for import duties and is one of the departments that I'm very proud
to have ministerial responsibility. I've led that department now as a minister for 14 years.
This marks, this year marks, the 275th anniversary of that hugely important department.

Given the structure of the EU Treaty we have negotiated the importance of HM Customs
will be just as great going forward as it has been until now in our history. Although some
1645 locations may change in future, the work of Customs will need to continue unabated and I
look forward to addressing the men and women of the department as we recalibrate how
it does the great job that it does. As nomenclature and duty rates may change they will
remain our gatekeepers and collectors for goods and the massive success that they have
had and continue to have in the prevention of the entry of narcotic drugs into our
1650 jurisdiction is a role that has earned them respect around the world Madam Speaker.

In two years alone they have seized over 268 kilogrammes of narcotic drugs not destined
for Gibraltar but seized and taken off the world market for the benefit of individuals beyond
our shores. That role will also continue unabated but additionally it has to be remembered
that even when we have ratified and are applying our new relationship with the single
1655 market there is no right to import illegal drugs into Gibraltar from the EU. The guardianship
of our goods frontier against the importation of illegal goods will continue to be as relevant
tomorrow as it is today.

A full note setting out the work of that important department will be laid on the table
Madam Speaker. It will feature also as an annex to my written speech. The same will be
1660 true of the digital services department which is doing massively important work as we
upgrade our digital services to enable our citizens to better interact with Government.

A Gibraltar eGov membership pass will soon be launched that will start to unleash the
power of digital services for citizens in a way we have not seen until now. The men and
women of this department are doing an exciting important and brilliant job and I thank
1665 them for it. Similarly Madam Speaker before I turn to the mechanics of the transaction tax

I want to reflect on the excellent work done by our Borders and Coast Guards agency of which I am the chairman.

1670 The men and women of the agency do an excellent job and they will very much be required to continue doing it in many ways exactly as before when the new arrangements kick in. Just like with goods the new arrangements will not permit individuals who are illegally in Schengen to illegally enter Gibraltar. The new arrangements will also require different levels of enforcement as now and the BCA will continue to be our go-to Agency for such matters.

1675 I look forward to addressing the men and women of the Agency again and a fuller report in their work will also be laid and form part of the written version of my speech as an annex. Madam Speaker the transaction tax when it becomes applicable will start at 15% for the first year, 16% for the second year, it will reach 17% in the third year. A mechanism for an annual independent monitoring of the actual market distortions which are a direct result of the lowest standard rate applied by Gibraltar compared to Spain will allow for the rates
1680 to be increased or indeed reduced.

So for instance if after the first year of application the 15% standard rate is found not to create market distortions it would be possible for Gibraltar to remain at 15%. That will cover the bulk of goods. Some goods will be subject to the EU's so-called reduced rate of 5%.

1685 These will include children's clothing, works of art, antiques and bicycles. Some goods will be subject to the EU's so-called super reduced rate of 0%. These will include food, supply of water, pharmaceuticals products, medical equipment, books, newspapers, periodicals and solar panels.

1690 Some other goods will be able to benefit from an outright exemption from the transaction tax. These will include the supply of fuel to vessels for bunkering purposes, ship supplies, the supply, hiring, repair and maintenance of equipment for vessels used for commercial activities and the supply of goods for the fuelling and provision of aircraft used by airlines operating for reward. More generally, all goods imported in Gibraltar but not put for sale in Gibraltar will not be subject to the transaction tax.

1695 Bonds will therefore be able to continue to operate either for goods to be exported or for goods maintained in bond until put on the market in Gibraltar. Additionally electricity which is considered a good in EU law will be included in the super reduced rate of 0% as we've announced. Excise duties will also apply to tobacco, alcohol and fuel.

1700 Our commitment in this regard is to apply the EU minimum. For instance there will be an excise duty of a sum equivalent to 115€ per 1,000 cigarettes. Additionally we will continue the practise of issuing a Gazette that will provide for the minimum retail price at which cigarettes can be sold.

1705 As I already said on viewpoint on my return to Gibraltar from Brussels this will mean that each band of tobacco will be no more than 15% or circa 80 cents of a euro cheaper in Gibraltar than in Spain. Already Spain's own statistics suggest that the illicit market of tobacco from Gibraltar is 60% reduced. This new mechanism for pricing tobacco should entirely eradicate that market as new arrangements will in any event permit persons to come and purchase as much tobacco as they wish for their personal consumption.

1710 Madam Speaker, all hon. Members will know that already the differential is 32% from Spain which we set at the time of the New Year's Eve agreement. It's moving to 15 but it's calculated in the same way. The Government will nonetheless control the market to ensure it does not get out of hand.

1715 We will change what controls are in place because they have to change but we may introduce importation quotas and controls. We will also be establishing and providing funding for a charity to promote the prevention of smoking. These are the arrangements, Madam Speaker, that were in place between Dover and Calais in the period of the United Kingdom's membership of the EU.

1720 The methodologies set out in the relevant EU directives will be followed to ascertain the rates for alcohol and fuel. All of these rates will apply only from the date of coming into effect of the Treaty except for fuel which will benefit from a longer transition period of three years. Our law will require considerable reform and the Imports and Exports Act and the Customs Tariff will in effect have to be entirely recast as these rules will apply not through the Treaty but through Gibraltar law.

1725 To be clear, in our dualist system of law the Treaty binds the UK as a state and Gibraltar as a constitutional part of that state. In order to give effect to these new rules on the movement and taxation of goods however we will have to make new rules in this place. That also further demonstrates the sovereign capacity of this Parliament in the Constitutional structure of the United Kingdom to regulate the operation and taxation of business within our jurisdiction and control, a hugely important part of the structure of the UK EU Treaty in respect of Gibraltar.

1730 Madam Speaker, finally as we move into these new arrangements our rules about the ages of vehicles that can be registered in Gibraltar will need to change also. For that reason from today there will no longer be a restriction against registering vehicles in Gibraltar regardless of the date of first registration in the European Union although in lieu thereof the EU's rules in respect of restrictions on emissions will have to be adhered to instead. Our current rules as to the date of first registration will remain in respect of vehicles from outside the EU.

1740 Madam Speaker, last year I told the House that the Government would create a system akin to the scholarship for those who joined our armed forces in the Royal Gibraltar Regiment. The Government has recently made a statement in that respect which coincided with the 86th anniversary of the regiment of which we are all so proud. Madam Speaker, it is very well to be proud of our regiment but we have to act to ensure that our pride is not for a force that lives only in our memories and in the history books and that is why the Government has taken the step of creating that funding linked to property in Gibraltar for those who join and serve for defined periods.

1745 In that way we'll be providing a real pillar for both recruitment and retention in the regiment that will assist in ensuring it endures. As the son of one of the first hundred men who signed up to the Gibraltar Defence Force when it was formed I'm genuinely pleased to have been able to do my bit in Government to seek to secure the regiment's future. Madam Speaker, last year we delivered on the commitment I made during the Election campaign to make public the information on all Government-Owned Companies, something that had never been done before.

1750 We published 680 documents online in effect of 56 companies. This included the filings submitted to Companies House as well as draft financial figures for companies that were undergoing an audit or still to be audited. As I stated at the time this provided the public with early access to the financial information that would eventually be filed once audits were completed.

1755 We have continued to uphold that commitment. As at today information is available in 65 companies with a total of 777 documents published, 40 further balance sheets or full accounts submitted to Companies House between the 1st of July 2024 and today. 11 more will be sent in the next few days.

1760 This is something the Opposition promised to do but never delivered, this question of publishing their accounts. The public, Madam Speaker, will remember their leaflet promising this in 1997. It has the Hon. Leader of the Opposition's picture on it.

1765 My goodness he does look young in it, Madam Speaker. He sat with them in Parliament for eight years and failed to deliver. Publish Government Companies Accounts.

He sat here, Madam Speaker, for eight years and didn't deliver. He sits with them now again despite having helped us and having helped me in particular to win the General Election in 2011 by leading the PDP to ensure the mathematics worked to defeat the GSD

1770 in 2011. Now, Madam Speaker, we publish the accounts of our companies and their
companies and they still have the political cheek to say that we're not doing enough.

Not only have we done it, Madam Speaker, we've gone further releasing more
information than they ever did. We are continuing to work on completing the audits of the
years that they left behind. In fact, Madam Speaker, after considerable effort we have
1775 successfully completed the audits for the years 2008 to 2012 for two companies we
inherited from them just last week.

Gibraltar Investment Holdings and Gibraltar Residential Properties Ltd or GRP as it's
more commonly known. A demonstration, Madam Speaker, of our commitment to
transparency both in respect of our time in office and theirs. I can still remember him with
1780 those glasses, Madam Speaker, we were all so much younger then.

Madam Speaker, in February of 2023 the United Kingdom updated its legislation to
provide for the better protection. In February 2023 the United Kingdom updated its
legislation to provide for the better protection from the damaging impact of forced
marriage by increasing the legal age of marriage to 18 in England and Wales.

1785 This has never been a live issue in Gibraltar where legal age for marriage remains 16.
Recently, however, the diligent senior members of the CSRO have noticed a marked
increase in marriages involving predominantly girls between the ages of 16 and 18. Whilst
each case is rigorously assessed it has become increasingly evidence to the Government
that certain groups, I won't disclose which, are seeking to exploit our lower legal age for
1790 marriages.

As a result I have given instructions that a draft should urgently be prepared of
legislation to amend section 15 of the Marriage Act to align Gibraltar's legal marriage age
with that of England and Wales, namely to increase the age to 18. This will also require an
amendment to the Children's Act. I have given instructions that, as a matter of policy, no
1795 marriage licence should now be approved for any person under the age of 18 pending this
Parliament's consideration of that legislation when it comes before us.

This is not a trifling matter. It is a matter that can affect the reputation of our jurisdiction
and which can permanently blight the life of an exploited minor. Gibraltar will have no role
to play in such abuse, Madam Speaker.

1800 The legislation will therefore be a priority for the Government and I'm sure it will enjoy
the support of all hon. Members of this House. Madam Speaker, I commend Karl Triay and
his magnificent team for their diligence and alacrity in respect of this matter and all those
that they deal with. Madam Speaker, this is an appropriate moment for me to update the
House on the highlights of developments at the Civil Status and Registration Office,
1805 although it will soon no longer be called that. In fact, the department will soon be re
branded at their instance as the Department of Immigration and Home Affairs.

I will lay on the table this afternoon a fuller report on the current CSRO which will
address more of the excellent work that they do and which would extend the length of this
speech unnecessarily. What's clear, Madam Speaker, is that under the new EU Treaty we're
1810 going to have to be more careful than ever about who wants to come to reside in Gibraltar.

Becoming a Gibraltar resident will be of huge value to many, especially those third-
country nationals who might want or need to spend more than 90 days in the EU every 180
days. Our Cat 2 status will remain for those who have it already, but future rights to settle
in Gibraltar will need to be more carefully thought out than ever. As a result, Madam
1815 Speaker, I am today constituting an Immigration Criteria Consultation Committee that will
be chaired by the Minister for Economic Development who established High Net Worth
Individual Status or HINWES as they were known in 1989.

It will include the Minister for Business and the Minister for Taxation as well as the
Attorney General and the head of CSRO. Additionally, it will include subject matter experts
1820 from the financial services sector. It will report to the Cabinet before the end of November
on how best to reform entitlement to residents in Gibraltar in future.

Madam Speaker, I now address a number of extraordinary matters before I conclude. The first, of course, once again has to be the ongoing cost of the McGrail Enquiry to the public purse which have weighed heavily against the value of it for our nation in my view. 1825 Madam Speaker, in the Budget debate in July 2020, I announced that the Government had made the decision to excise our *de facto* option, also to acquire all of the issued share capital of AquaGib.

Sorry Madam Speaker, printers Devil has put the AquaGib issue ahead of the McGrail issue which I was just introducing, so I'll deal first with the McGrail issue and then I'll come 1830 back to the AquaGib issue. As last year, Madam Speaker, the McGrail Enquiry costs are reflected on page 2 of the Estimates Book. The cost of the enquiry to the 31st of March 2025 was £5.63m. That is before the start of the renewed oral hearings required as a result of the failure by some parties to disclose documentation timelessly. Since then, a further £692,000 has been spent up to now. As a result, Madam Speaker, the total we have all had 1835 to pay to date for the enquiry that Mr McGrail called for is approximately £6.3m. Last year, Madam Speaker, when the costs were running at just over £4m, I said that I thought that the enquiry had been and was being an extraordinarily expensive exercise for this community. I confess I did not expect the twists and turns to have added a third again to the cost and the return of the enquiry to hearings. Enquiries are obviously very good for 1840 lawyers, Madam Speaker. Let's just leave it at that for now. Although it will not have been lost on those diligently doing their sums that the cost of the McGrail enquiry could have funded up to 3% more of a pay rise for the whole public sector in one year alone. And it's just one of the much better uses to which we could have put that money. But the lawyers are certainly banking the benefits, Madam Speaker.

Madam Speaker, in the Budget debate in July 2022, I announced that the Government had made the decision to exercise our *de facto* option to acquire all the issued share capital of AquaGib. Last year, I confirmed we had concluded the negotiation and the completion 1845 of the transaction for the acquisition of the shares would soon be entirely finalised.

I am very pleased to complete the record of my interventions in this respect. By 1850 confirming that the purchase was completed in December and there is now full national control over the utilities.

Madam Speaker, as I now turn to the conclusion of this address and start to round up, I want to start where I start every year. By thanking all of the public servants of Gibraltar for their incredible support these last 13 years in Government. I will never tire, 14 years in 1855 Government, I will never tire of saying that everything that I and my Government colleagues achieve is delivered thanks to them. I particularly congratulate Glendon Martinez as Chief Secretary and Charles Santos as Financial Secretary for their work in this challenging year.

And of course I cannot fail to thank Michael Llamas for his remarkable, life-defining work 1860 on the EU Treaty negotiations. The nation, Madam Speaker, thought it owed him for the Eurovote case. We might have thought that we owed him for the UEFA case, yet this was really the issue on which he would make his most incredible contribution to all our collective futures. And that, Madam Speaker, when the time comes will have to be properly recognised by this House.

Madam Speaker, I want to take the annual opportunity to thank you, the Clerk and the 1865 ushers of the House for your fantastic parliamentary support to me as Leader of the House in the past year. I extend my gratitude of course also to every one of my Colleagues in my current Ministerial team, although very especially to the Deputy Chief Minister with whom I've worked so closely.

Madam Speaker, the final drafting and ratification of the EU Treaty remains the most 1870 important current challenge on the horizon, although the difficulty is reduced but not eradicated. As ever, given the team that I have the honour to lead, I'm sure that we will deliver the final *coup de gras* to Brexit as a challenge to Gibraltar when we deliver the

1875 ratified Treaty for our people. In this respect, I want to also single out the extraordinary work of Daniel D'Amato in Brussels during the ongoing course of this negotiation.

1880 He really has been an incredible on-the-wall support and I wish him and Sydney well for the imminent birth of their second child. As last year, Madam Speaker, I will not tyre also of repeating how blown away I am by the most extraordinary dedication and the most incredible ability that Team Gibraltar represents. I am genuinely humbled to be leading Team Gibraltar now for the 14th successive year and nowhere is that team more impressive than at 6 Convent place in my private office where Peter and Denise keep the logistics flowing and my contact with the community.

1885 As many know, wherever I am in the world on business, Peter is with me. Whenever a community issue arises, Denise, Amy and Louise-Anne are my eyes and ears to understand as well as my hands to try and to help out. And Susan, Georgina and Catherine are always ready to help to organise.

1890 And wherever I am, of course, Madam Speaker, you know that I'm accompanied by close protection officers of the Royal Gibraltar Police who I also thank for their support this extraordinarily difficult year. Madam Speaker, as Members opposite start to sharpen their verbal cutlasses to try and denigrate everything that we do, extraordinarily dented though they will be after this address, they know that we know what they are going to say. The same old mantras that time proves wrong. The same old broken records that sound off key. The same old hyperbole and exaggeration which does not bear scrutiny.

1895 Once again, they will suggest that things are not going as they should in the GHA because we overspent. But they will ignore the fact that the person making the charge, the Leader of the Opposition, overspent by more as we've shown in previous years. I'll do the analysis again if he wants and I'll embarrass him again if he wants.

1900 Once again, they will say that we do not manage our debt well and probably call once more for a debt management plan. But they will ignore, Madam Speaker, that the person calling for that plan was not planning properly and could have confined us to a massive extra cost if he'd had the chance of doing the deal.

1905 Once again, one of their always aspiring but never achieving putative leaders will rise with vehemence to make the most vacuous points as if he were raising concerns of biblical proportions. Forgetting, Madam Speaker, that they do this every year and all the points are inevitably wrong.

1910 Because every year we hear from them how badly things are going, yet every year the world keeps turning, Gibraltar keeps succeeding, we keep slaying the challenges before us. Look, Madam Speaker, at what people have called limbo, GDP growth of 6.5% one year, 20% over 36 months, record Government revenue, record numbers of jobs in our economy, record breaking gross trading profits in our companies, and most importantly, most of our people keep living lives that are the envy of Europe, let alone the world. Yet all that before we had reached an agreement with the EU for a Treaty.

1915 We expect even better performance in the future. Since I first moved a Budget, Madam Speaker, they have predicted that things would not work out as well under us as they would under them. Now, with greater GDP growth, with an agreement for an EU Treaty, and having shown we made the right choice on interest rates and they were wrong, they will still come up at us with the same argument, I have no doubt.

1920 They will still say that they would have made better choices in the negotiations. Which better choices would they have made in the negotiation, Madam Speaker? They, as the Leader of the Opposition, would have used the card of Frontier workers better, relegating people who work in our economy to deliver this success as if they were a playing card to be dealt.

1925 Or his idea that agreeing to the tax Treaty was a bad thing, although when we are removed from the Spanish blacklist, which is going to happen imminently, he will try to ignore what he said. Just like the huge mistake on interest rates, or the small mistake on

opposing the increase to the upper ticket prices. What is clear, that the mistakes are made on that side.

1930 The Leader of the Opposition, Madam Speaker, presents himself as a safe pair of hands. It's clear to me, he's more of a butter fingers than a safe pair of hands. But for the next few days, Madam Speaker, you will have to hear the same old, same old from them.

The usual recycled arguments all over again. We'll have to reply to them again, as effectively as we have before. But we are clear that after this debate, we will once again hit the ground running.

1935 We will be ready to continue the job that people want us to do. To deliver our manifesto on our timetable, not theirs, at our pace, not theirs. With them holding us accountable, but never holding us back, or holding us to ransom.

1940 Reminding ourselves, that as the Hon. Mr Bossino said, in a moment of lucidity and honesty, of the type we don't often see from him, they see their role as being there to attack us. Well, they would do well to remember, Madam Speaker, that the people Elected them as politicians, not as political Rottweilers. That look doesn't suit them, or go down well with a that is looking for positive engagement from its political class.

1945 So expect, as ever, Madam Speaker, not just a challenge to our ideas in days to come, which we would welcome. Expect as ever, that despite no insults forming part of my, perhaps at instances, brutal analysis, we shall no doubt have to put up with being called many things by those opposite, who present themselves as lily-white and almost virginal in their political innocence. They will instead, as ever, Madam Speaker, seek to wield the knife and drop the axe.

1950 As ever, I doubt it will even graze our skin as effectively as a careful, insult-free analysis that shows that the decisions of one of their number would already have condemned us to £110m of extra cost, and would likely have ended up costing us more than a quarter of a billion pounds in our money being thrown away, frittered away, on bankers' interests. I bet, Madam Speaker, that helps more than being called a highwayman, as the Leader of the Opposition sought to characterise me some years ago in one of his last gasp attempts to reach No 6 by fair words or foul. But that will not divert us from our important work, Madam Speaker.

We will leave them to their insults, their barbs, their massaging of the figures to fit their theories of how badly we are doing. We will just like other years, leave this place to do. To do the things that the people elected us to do, because that is what we're in politics for.

1960 To serve our people, to achieve for our people, to do for our people, and thereby to deliver for our people. In all the public services that we offer our people, in health, in education, in elderly care, in caring for those who earn least by raising the minimum wage, in looking out for those who work alongside us in the public sector, and improving the lot of the least paid. Delivering another annual increase to the state pension and the disability benefits.

1965 And that is how every year we show that we represent real social justice. That we are the parties that represent the people in our economy who work hard every day. That we are the parties that equally represent those who cannot work at all.

1970 And to show, once again, as we have unashamedly made it a name of every one of our Budgets so far, that we deliver for working people. That we deliver jobs for every Gibraltar who wants to work, at the same time as we ensure that those who cannot work are properly provided for. And that is what this Budget does again this year, Madam Speaker.

1975 That is what we ensure, is how we spread the prosperity in this Gibraltar with entrepreneurs and workers in equal measure. With a serious long-term plan and a demonstrably better debt management plan than theirs. Not to act in the short-term interest.

Not just attacking our political rivals for the sake of it, and regardless of the damage to our nation, as they have done. We act always putting Gibraltar first. And that is what our plans do, Madam Speaker.

1980 That is what our successful negotiation has done. That is our priority always, and it will remain our priority always. Every time, Gibraltar first.

And always ready to give nothing but the best of us, each day, to our endeavours on our people's behalf. That is what this Bill for an Appropriation demonstrates from each of our departments, and each of our ministries. And for those reasons, and each of them, Madam Speaker, I entreat every member of this House to support this Bill.

1985 Not to vote against the public sector pay rise, or the payment of our doctor's salary, a nurse's salary, a teacher's salary, a police officer's salary, our firemen's salaries, and all public sector workers' salaries. That's what they do when they vote against this Bill. They vote against those salaries.

1990 Not to stand in the way of progress for our people, but to vote with us to deliver this Budget for our people, so that together, as parliamentarians, we can deliver for our people. Not to fall into the trap once again, Madam Speaker, of blindly following the advice to vote against the Budget, designed by a man who would have cost us a quarter of a billion pounds, and in whom no one can ever have confidence again. And so, Madam Speaker, for all those reasons I've extensively set out, I unhesitatingly commend the Bill to the House.

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Adjournment

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And before I sit down, Madam Speaker, and given the length of my address, I would propose that the House should now recess and return at 4.15pm.

I trust the short recess will assist the Leader of the Opposition to take into consideration the things I have said as he prepares to reply so he can factor them into the things he says and not pretend, for another year, to ignore all of my remarks.

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Madam Speaker: I move the House should now adjourn.

The House recessed at 1.30pm.