



PROCEEDINGS OF THE GIBRALTAR PARLIAMENT

MORNING SESSION: 10.31 a.m. – 12.12 p.m.

Gibraltar, Thursday, 2nd October 2025

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The Gibraltar Parliament

The Parliament met at 10.31 a.m.

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

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

Clerk: Meeting of Parliament, Thursday 2nd October 2025.

5 **Madam Speaker:** Yes, the Hon. Chief Minister.

10 **Hon. Chief Minister (F R Picardo):** Thank you Madam Speaker. Madam Speaker, continuing on the issues that arise in the context of the motion standing in my name, which I am addressing, I now want to turn to another principal area of concern for the Government. One that is referred to in parts of the report, and one that is also often in the mouths of hon. Members opposite, and which I think it is important to also deal with in the context of the timing of Principal Auditors' report.

15 And that deals with the delays in the publication of the report. Now, when we had the session during the course of the Budget debate before the summer, we had some exchanges about delays in laying of the report. Now, that issue was ventilated at the time. We may need to come back to it in the context of things that might be said by other hon. Members during the course of this debate. I do not intend to go into the question of when reports are laid, and indeed it may be that we are able to resolve the issue that has arisen in that respect by discussion and establishment of a convention, if that were necessary. I am dealing with the issue of publication of the report, when
20 a report is ready.

25 Madam Speaker, this is an area of concern that in our view has at times been used or manipulated by others, some of them in this House, some of them outside of this House, to pretend that they can inflict political damage on the Government because a report for 2018-2019 is published in 2025, because reports for 2016-2017 and 2017-2018 are published in 2023, as if the Government had something to do with the fact that there is now a backlog of reports. And I say now advisedly, Madam Speaker, because there has not been a backlog in respect to the preparation of these reports before. There has now, again importantly, now arisen a backlog in the preparation of these reports.

30 Madam Speaker, in fact the Hon. Leader of the Opposition has been keen to repeat at every possible opportunity that the delays in the publication of the report arise from the Government. Indeed, I recall reminding the House yesterday that when we saw the publication of the 2016-2017 and the 2017-2018 reports, which were bundled into one report, the Hon. Leader of the Opposition said in this House and outside of this House, that if that report had been published before the General Election, it would have been clear that the public would have supported his party and not our party. And I said yesterday the reasons why I thought that was in fact never going to have been the case, but that is an issue which is of course at large.

35 But let us look, Madam Speaker, at this allegation that the Government somehow stands in the way of the publication of these reports. Madam Speaker, none of the theories that anybody has advanced about why these delays are occasioned by the Government has any root in truth
40 whatsoever. None whatsoever.

And indeed, Madam Speaker, I reminded myself yesterday that the debate of the 26th of February 2024 also dealt with those issues raised on the motion that Mr Clinton wrote on Valentine's Day of 2024, and which in its first recital or preamble referred to the delays in supplementary appropriation bills and how this was delaying the publication of reports, etc. Utter nonsense, Madam Speaker, for the reasons that we set out so clearly during the course of the debate on the 26th of February of 2024, and which I will go through again. Madam Speaker, as the House is perfectly aware, the annual accounts for the financial year 2018-2019 were submitted to Parliament by the Principal Auditor with a date of the 31st of May 2025.

That is the date on which you finished them, but we have dealt with this question of when they were actually brought to the House, etc., etc., and you have dealt with that also in rulings, Madam Speaker, so I do not intend to go behind that. All I am interested in establishing for the purposes of this morning's contribution is to say this is financial year 2018-2019, and sometime in May or June 2025, we receive the report in this House. That is a delay of six years, Madam Speaker.

Six years and three months, Madam Speaker, because the financial year ends on the 31st of March 2019, and the report arrives in this House May/June, June 2025. Now, Madam Speaker, that came nearly four years, not six, four years after the accounts were submitted to the Principal Auditor by the Accountant General on the 28th of July 2021. And that was following the enactment of the Supplementary Appropriation 2018-2019 Act 2021.

So, in Mr. Clinton's theory of the world, which he advanced in his motion on Valentine's Day of February 2024, it is the terrible Government that is not passing the Supplementary Appropriation Act, that is standing in the way of the Principal Auditor doing his work and the publication of his work. Of course, like most of Mr. Clinton's theories, if not all of them, it is completely nonsensical and failing to understand reality, Madam Speaker. It is important that I highlight that to the House, Madam Speaker.

Indeed, I should point out, so much time effluxed that the man who was the Accountant General had become the Financial Secretary by the time that the report for that year had been laid in this House and provided by the Principal Auditor. That, Madam Speaker, delay from 31st of March 2019 to June 2025 represents a record for the author of the report, perhaps not one he wants to be proud of. It is the longest recorded delay between the publication of a Supplementary Appropriation Act and the submission of audited accounts to Parliament by a Principal Auditor.

The longest recorded delay. So it is not that the Government fails to pass the Supplementary Appropriation Act and this is what is standing in the way of the Principal Auditor bringing us his report, the Clinton theory of the world, Madam Speaker, in respect to this matter. It is quite the opposite.

What we can show now, empirically, is that chronologically the record shows that actually the author of the report holds the record for the longest period of delay between the actual passing of the Supplementary Appropriation Act in 2021 and the submission of the report. And the 2021 Supplementary Appropriation Act is for 2018-2019. Now, Madam Speaker, let us recall that after 2019 it was not as if things were going swimmingly.

After 2019 we had the world stop and a worldwide pandemic and we take a bit of time to pass the Supplementary Appropriation Act. And is it that at that time the author of the report is ready with it and is saying, come on chaps in the GSLP/Liberal Government, pass me the Appropriation Act, the Supplementary Appropriation Act, because I am ready with my report to lay it on the Table or I just need to make some amendments to it to lay my report on the Table. Two years after the close of the financial year.

Not a bit of it, Madam Speaker. Absolutely not. There were still four long years to go.

48 months or more, Madam Speaker. The lifetime of a parliament. Four whole years.

Madam Speaker, I used to go around the estates asking people for four more years. I mean, it is as if the author of the report wanted to go around the estates asking for at least four years to submit his report. A whole four years.

In contrast, Madam Speaker, with previous years, for example, 2014-2015 to 2017-2018, also years when the GSLP/Liberals were in Government. No advance copy of the accounts was

submitted by the Accountant General for 2018-2019, because at the time the Audit Office was still working on the audits for 2016-2017 and 2017-2018. Which, Madam Speaker, you will recall, only came here in December 2023.

Neither was an advance copy of the accounts requested by the Principal Auditor. Historically, Madam Speaker, the submission of advance copies of accounts was part of a long-standing arrangement between the Accountant General and the Gibraltar Audit Office. Historically.

That is to say, not in the time of the GSLP/Liberals, not in the time of the GSD, not in the times of the GSLP, not in the times of just the AACR. This is how it has always worked, Madam Speaker. The advance copies of the accounts have always been passed by the Accountant General to the Gibraltar Audit Office.

Principally, to allow the Audit Office to start work on the accounts. That allowed the GAO, the Gibraltar Audit Office, to begin work before a Supplementary Appropriation Bill has been passed. Because the Supplementary Appropriation Bill brings to this House, in a legislative form, the thing that is reflected in the accounts.

Now, so that we all understand it, there are four phases to accounting that we need to bear in mind. The draft estimate, which is the white book that we circulate to all members at the end of each financial year, by April, by May, so that everyone can see what it is that we are going to debate in the appropriation debate. Then we have the Bill, which we bring to this place, we pass in this place after the budget debate, and we publish the estimates of expenditure.

So, draft estimates of expenditure, the white coloured book, estimates of expenditure after it has been passed by the House, different colour each year. Then, at the end of the year, those draft estimates are collated into an account. Once that account is done, that is what was actually spent in that year.

You can never say what is going to be spent in that year at the beginning of the year. That is why you go from draft estimate to estimate, but you go into the year with estimate. You end the year, Madam Speaker, and you have the account.

The account then produces two things. A Supplementary Appropriation, where you marry up the additional amounts that you needed, which were not in the original Appropriation Bill, because that was based on a draft and then an estimate, and you say, this is what was actually spent for that year. Those are the phases.

Madam Speaker, the Accountant General has always sent the account to the Audit Office, because the account is the final result of the year and then the Audit Office start working on the final result of the year. That is the way it is always happened.

The Parliament has to pass the legislation on the final account of the year, which is called the Supplementary Appropriation for that particular year and once that Supplementary Appropriation is passed, the report can be brought to Parliament. So, what I am demonstrating, Madam Speaker, is that it is not that the Supplementary Appropriation Act is the thing that was stopping the reports from being filed.

What was stopping the reports from being filed was something that was happening inside the Gibraltar Audit Office, not outside it. Not something that was not happening here, that is to say our failure to pass Supplementary Appropriation Bills. That has become irrelevant, Madam Speaker.

Completely irrelevant. Because what was happening was that the standard practise was no longer being followed. The historical practise was no longer being followed.

The practise of the Gibraltar Audit Office receiving the advanced accounts and starting to work on the year. This had been, in my Government's view, Madam Speaker, a perfectly sensible arrangement. I am going to do something that I never expected to do until I started in this debate.

I am going to talk for the GSD Government again, Madam Speaker. For the 16 years of GSD Government, this had appeared to be a perfectly sensible arrangement to the GSD. I commend them for that.

For the 8 years of the GSLP Government, it had seemed a perfectly sensible arrangement to the GSLP Government. For the 16 years of the AACR Government, it had seemed a perfectly

145 sensible arrangement to the AACR Government. For the 3 years of the IWBP Government, it had seemed like a perfectly sensible arrangement to the IWBP Government.

It continues to appear to me that the GSD, the GSLP, the AACR and the IWBP and the GSLP Liberals were absolutely right. It worked perfectly. In those situations, Madam Speaker, with the Gibraltar Audit Office having worked on the advance accounts, you could have found yourself in
150 a situation where the Audit Office is saying, I have got the report ready.

I have worked on the advance accounts. You need to pass me the Supplementary Appropriation Bill. Otherwise, I cannot bring the reports to Parliament.

And then, Mr. Clinton's view of the world would have been right. It would have been the terrible GSLP Liberal Government not passing the Supplementary Appropriation Bill that was the
155 gate stopping the arrival and the displace of the Principal Auditor's Report. But that was never the case.

It has never been the case. Whilst I have been in Government, and this is a chronological thing, not an opinion thing, that the thing stopping the submission to Parliament of a Principal Auditor's Report has been the failure to pass the Supplementary Appropriation Bill. Never.

160 Never. And it is therefore wrong and indeed untrue to suggest the opposite. And if anybody suggests that, they will be seeking to mislead the House.

If they got up and said that because they will be telling the House a lie, Madam Speaker. That has not been the thing that has stood in the way of the submission of reports.

In the case of the 2013-2014 and the 2014-2015 accounts, the audits were signed and
165 submitted by the then Principal Auditor, Mr Jimmy Posso, within two months of the relevant Supplementary Appropriation Act being published. In fact, for the 2013-2014 accounts, the accounts were signed and submitted the very next day. These examples evidence, Madam Speaker, that in prior years, the Gibraltar Audit Office had commenced audit work ahead of formal legislative approval of the Supplementary Appropriation Bill.

170 The long-standing practise of accepting draft or advanced copies of the accounts was, however, formally discontinued by the author of the report in April 2023 for reasons that are best known to him. But let it be clear, Madam Speaker, that it was the former Principal Auditor's decision, it was the decision of the author of the report to decline to accept advanced submissions for the year 2019-2021 or for any subsequent years. His decision, the author of the report's decision, the
175 former Principal Auditor's decision, despite being informed by the Accountant General that the draft accounts were ready.

Ready. Here they are. So the former Principal Auditor took the novel view that had not prevailed since 1969 that under Section 52(1) of the Public Finance Control and Audit Act the submission of accounts refers specifically to the formal delivery of finalised and signed accounts
180 to his office. A view none of his predecessors had taken and indeed, a view he had not taken until then. Yesterday we read in the report that one of the key reasons why we should consider having a Public Accounts Committee was because all former Principal Auditors believed that we should have one.

Well, the fact that all former Principal Auditors took a view on this issue does not seem to have persuaded the author of the report that that was sufficiently compelling to put him in mind of a different interpretation. No. He has a novel view.

A view that prevails from that moment. That this view is novel is a matter for the former Principal Auditor and for him in his capacity as author of the report. It is, Madam Speaker, as novel view that Principal Auditors can opine on policy and take the side of one party over another.

190 Something that also seems to start to happen about that time. Novel indeed, Madam Speaker. Or as Sir Humphrey used to say to Prime Minister Hacker, very bold, Prime Minister.

A novel and very bold view. Except Hacker always said that. Oh, sorry. Humphrey always said that to Hacker when Hacker was about to hit the wall.

According to the new novel, very bold, Madam Speaker, interpretation, Accounts must be
195 completed including all required adjustments and any supplementary appropriations to cover excess expenditure and submitted, Madam Speaker, within an extended period approved by the

Minister responsible for Finance or nine months. And then the Principal Auditor must be able to start work.

200 So what in essence the former Principal Auditor did as author of this report was maintain that only fully finalised, signed and completed accounts would be accepted for audit. And he then decided as a result that he was unwilling to accept any submission until the relevant supplementary appropriation bills have been passed. He took that view.

205 That is not a necessary view. And that is indeed not the, can we put it this way, Madam Speaker, constitutional convention that had developed since 1969 and since 1977 under the legislation, the Audit Act. And this is notwithstanding every predecessor's practise which ensured the timely preparation and publication of previous reports.

210 Madam Speaker, that is what has caused these inordinate delays. Madam Speaker, I assume that having explained that, the Hon. Leader of the Opposition will be very, very, very, very disappointed in the author of the report because he could have had his report for 2017-2018 long before December 2023 and he could, in his theory of the world, be sitting here if it was not for this novel approach which has led to this inordinate delay because given what hon. Members have said, they have only one person to blame that they did not win the last general election.

I used to think it was the Hon. Leader of the Opposition's failure to understand how badly he was putting together his slate. But no. No, Madam Speaker.

215 What becomes, in at least the Hon. Leader of the Opposition's theory of the world, blindly obvious is that the key card that he needed, according to him, which was the 2017-2018 report. He said all these things in the debate on the 26th of February 2024. The key ace that he needed was denied him, not by the terrible Government that he was challenging and needed to replace, but by the novel interpretation of the author of the report who could otherwise have given him his ace with all the party political options chosen by the author of the report in a pro-GSD fashion long before the 13th of October, Friday the 13th of October 2023.

220 It might not have been such a nightmare Friday the 13th for the GSD if only they had had that 2017-2018 report that they pined about so much. But, Madam Speaker, I am sorry to say it was not me as a brilliant tactician failing to bring the Supplementary Appropriation Bill to this House that stopped the submission of the report. It was, in fact, the novel interpretation of the author of the report as to submission of accounts that denied them of that electoral ace for which they so pined.

225 So, Madam Speaker, hon. Members, in dealing with this part of what I am saying, might simply say, well look, Chief Minister, it is a matter entirely for the former Principal Auditor to take that view under Section 5(2) of the Public Finance (Control and Audit) Act. I could not agree more, Madam Speaker. It is entirely a matter for a Principal Auditor to interpret his legislation as long as he interprets it in a way that can be read and accepted in keeping with the common law and what the words on the page say.

235 Of course, it is most certainly a matter for the former Principal Auditor, for the author of the report, to decide. But if he decides it, and he is free to decide it, then they should criticise him for the delays in the submission of the report. Not me.

Let us be clear. They should criticise him for their failure to win the 2023 General Election. Not me.

240 Or indeed, they themselves should stop criticising each other as they do when the microphones are not rolling about who it was that got all the tactics wrong and chose the wrong candidates. They should now say, well it is a matter for the former Principal Auditor and we accept it was up to him and it did not work for us. According to them.

245 I think even with this 2017-2018 report, Madam Speaker, or this 2018-2019 report, we would of course have won the General Election. Of course we would because hon. Members opposite did not put up a slate that was ready to govern or that contained people suitable to govern.

And the public saw that and gave us their backing. So we do not challenge the novel approach, the interpretation, as something that is outside the boundaries of what a Principal Auditor can determine. But we want to be very clear that he is the one who is made that novel choice, that

novel decision, that novel interpretation and he is the one who therefore carries the can for the delays in the report. The author of the report before the House today can take this view, contrary to the view of his predecessors, and the current Principal Auditor can take this view or can take a different view. It is a matter for the incumbent.

What is not fair is not appropriate and cannot be tolerated, Madam Speaker, without challenge is that hon. Members should say that we are the ones who are causing the delay. And therefore, Madam Speaker, neither could the author of the report for one moment suggest, therefore, that we are standing in the way of reports. I am not going to go back to 1969, Madam Speaker.

But history matters, especially when you are dealing with what you say, as I say, is a constitutional convention that had been established in terms of the interpretation of the submission of reports. Let us just look at what was happening under them and under us. Under Mr. Jimmy Posso as Principal Auditor, reports were generally completed within 12 to 18 months of year end. Thereafter, completions lengthened materially. The importance of the tenure of Mr. Posso, Madam Speaker, is that it straddles two administrations. It straddles the GSD administration and it straddles the GSLP Liberal administration.

And therefore, it is important to look at that period to show how things changed, not because of the political change in the colour of the administration, but only because of the change of Principal Auditor. Let us look at the factual record. It says as follows:

In 2007 to 2008, in respect of the financial year ended on the 31st of March 2008, the report for the financial year 2007-2008 was laid in this House on the 20th of March 2009. So, one year later. 12 months, Madam Speaker, indeed, I would venture to say it was even less than 10 months. It was 11 months and 20 days; For the financial year 2008-2009, which is the year ended 31st of March 2009, on the 18th of March 2010, Mr. Posso laid his report in Parliament. That is even less. 11 months and 18 days; Madam Speaker, for the financial year 2009-2010, which ended on the 31st of March 2010, Mr. Posso laid his report on the 11th of March 2011. That is 11 months and 11 days, Madam Speaker; For the financial year 2010-2011, which ended on the 31st of March 2011, the report was filed on the 29th of March 2012; For the financial year 2011-2012, straddling the General Election, which ended on the 31st of March 2012, half a year under GSD administration, half a year under GSLP administration, the report was filed on the 5th of July 2013.

The important difference here, Madam Speaker, is that I started to take budgets a little later in the year. Budgets were taken earlier in the year, usually by the GSD, in about May-June. I started to take budgets later in the year.

For financial year 2012-2013, which ended on the 31st of March 2013, by the 11th of July 2014, we had the report; For 2013-2014, ended the 31st of March 2014, by the 26th of August 2015, we had the report; For the financial year 2014-2015, ended on the 31st of March 2015, by the 26th of September 2016, we had the report, Madam Speaker. One year. Under one year. One year and two months. One year and three months. Budgets a little later in the year. J C Posso. Change of Government? No change. A month or two more, because the budget has shifted. Change of auditor, Madam Speaker.

Financial year 2015-2016. Financial year ends 31st of March 2016. Report is filed 30th of January 2019. Almost three years after the end of the financial year.

Financial year 2016-2017. Ended on the 31st of March 2017. No pandemic. Report filed 21st of December 2023. No change of Government. Just a change of auditor. A six-year delay? A five-year delay, because it is 2017-2023. A five-year delay.

Financial year 2017-2018. Ended on the 31st of March 2018. Report, 21st of December 2023. The joined up, bundled report. A five-year delay.

2018-2019. The financial year ended 31st of March 2019. The report was submitted in July 2025. No change of Government. A change of auditor. No change of practise on the part of the Government. A change of practise on the part of the auditor. The chronology speaks for itself.

You can change a Government and still have your reports within a year. But if you change auditor and the auditor takes a novel approach, that is what causes the huge delay. It is a matter entirely for the auditor to take that novel approach.

But the blame for the delay does not lie on the part of the Government. Because the Government is acting exactly as it acted before. Exactly as it acted before.

Offering, tendering the accounts. That record, Madam Speaker, is what we used to say when Latin was allowed in court *res ipsa loquitur*.

305 The thing speaks for itself. You just have to look at it to see that it is neither the terrible Peter Caruana, nor the absolutely terrible Fabian Picardo, that have stood in the way of audit reports being provided within a year. Madam Speaker, it is even worse for the hon. Gentlemen.

If they are right, which they are not, but in their theory of the world they obviously are, they should have won the 2019 General Election. Let alone the 2023 General Election because they
310 would have had their reports by then.

The things that they say were the things in the report for 2016 - 2018, because there was two in one, which would have won them the election. The things that the Leader of the Opposition blithely said. Sometimes I really do think, Madam Speaker, he does not think things through, or does not analyse things before saying them.

315 In February, would demonstrate that he would have won the election in 2023. Actually, I report he would have had in time to win the 2019 General Election. Because they relate to matters in 2016, 2017 and 2018.

And he would have had that by June or July or August of 2019, and the election was in the autumn. That is how much nonsense on stilts we are having to deal with Madam Speaker. Not just
320 in the context of what the report might suggest are the reasons for delay, but in the things that were told by hon. Members are the reasons for delay.

Madam Speaker, forgetting this novel legal approach, leave those niceties aside. The former Principal Order was still working on the 2018-2019 accounts, up to, well the last one we saw I think Madam Speaker was with the very greatest of respect yours, up to quarter past eight in the
325 evening on Saturday the 31st of May 2025. Madam Speaker, when I was at university, I have worked up to the last minute on an essay.

In private practise, I worked up to the last minute on the pleading, and went to court to make sure it is in on time. I have never been six years behind on something I am doing. I have never been working on something for 2018-2019 in May 2025.

330 And what implications does this have for the 2019-2021, 2021-2022 accounts, which were submitted already to his office in 2024, and they remain unaudited. And this with the Gibraltar Audit Office having full access to our financial records on a daily basis. Now it is not just that we submit the accounts, but they have full access to our financial records.

So why Madam Speaker, we ask ourselves on this side of the House, could anybody pretend
335 that there is a practical need to delay commencement of audit work, until after the Supplementary Appropriation Bill has passed. We ask ourselves Madam Speaker, and I guess hon. Members, if they were true to themselves, would also ask themselves because every other Government, including the one of which the Hon. Leader of the Opposition was a member, has not considered this was necessary and no Principal Auditor has considered this was necessary.

340 But Madam Speaker, it is not the first time that I have reminded the House of this. I have told the House this already in the course of the earlier motion, when we considered these issues in great detail.

Madam Speaker, having now I think demonstrated empirically, by going through the chronology of that, it is clear that the change of Government from the GSD to the GSLP did not
345 result in any meaningful delays in the submissions of Principal Auditor's reports to this House. I am going to move on to other allegations of reasons for delay that one can read in the report and this is a suggestion that senior public servants obstructed the audit process by failing to respond promptly or adequately to audit queries.

350 And the suggestion that delays in providing information hindered the audit is progress and transparency. But the report does not show the timeline of those communications between the auditor and those people he is asking the questions of. For example, there is no reference in the

report where the author of the report recites that he has written to the Speaker but has not had a reply.

355 He does not say, I wrote to the Speaker three hours and 45 minutes before I signed off this report on a Saturday evening and I did not give them time to reply. That would have been the courteous thing to do. To show me the report where you are saying, I did not get a reply 31st of May 2025. I did not get a reply, but I wrote two hours before I could not get a reply anymore. Or to say, I wrote to the head of the Department of the Environment on Friday at 4.15 in the afternoon, a day before he could reply. No, all you are told is, I have not had a reply.

360 You are also, Madam Speaker, not told. Actually, senior civil servants are very good at responding to me. And sometimes they respond to me at quarter to 11 in the evening when they are not at work, when they do not have to reply to me. But they go out of their way because I am the Principal Auditor to reply to me as quickly as they can. Or they apologise if they are dealing with something important and they cannot reply on time, but they reply thereafter. None of that is in the report.

365 The report just says I have not had a reply. I have had very great difficulty in obtaining replies. That is absolutely unfair and an untrue reflection of the record.

And to correct that, to ensure that senior civil servants are seen to have acted entirely properly, the Government will publish a timeline of all the communications between the former Principal Auditor and those who he alleges have not replied to him. To demonstrate that replies have gone in. Sometimes replies have been a little slower because of pressure and work, but have all gone in and those which are said not to have been responded to in the current report, because they were sent egregiously late, have been responded to. And we will publish that timeline because it is unfair, Madam Speaker, in the extreme, that it should be said about the hard-working senior civil servants of the Government of Gibraltar that they have failed to reply timeously to a Principal Auditor whose reports are no longer timely.

375 In other words, the man who takes six years to file his report says that somebody who does not reply in a day is somehow failing.

Madam Speaker, it is very easy to say that politicians lie, that politicians are corrupt, that this, that that. It is all so easy to say that. It is equally easy to say that civil servants are lazy. This plays directly into that prejudice. It is unfair. It is wrong. And will show that it is particularly wrong to have suggested that there were no replies in instances where there were always replies. And if they were delayed, they were delayed for good reason and with apology and with an excellent working relationship between senior civil servants and senior members of the audit office who are in almost constant communication on the work that they are doing.

385 This does not affect me. It does not affect the political Government. It affects the people we work with, who work as hard as they can for Gibraltar. People who are on grades, who you do not charge overtime, but you are still working at 11 at night, at 1 in the morning.

Sometimes, at that time, replying to a former Principal Auditor and none of that is reflected. Except of course, if you go to the end of his report, where he thanks all the civil servants of Gibraltar who have cooperated so greatly with him. A massive contradiction.

395 But those unsubstantiated allegations, Madam Speaker, of failure to respond are so unfair that anybody who finds them as amusing as the Leader of the Opposition appears to do, does not deserve to lead the public service in Gibraltar. Because they are not funny, Madam Speaker. They are actually a complete misrepresentation by one member of this Parliament to the rest of the members of the Parliament of the reality of what was happening in the process of the compilation of the report.

And that record must be corrected, Madam Speaker. Because, Madam Speaker, when Moynihan said that everyone is entitled to their own opinion, but not to their own facts, it could not have been more relevant to the report that we are considering. Because it is only by warping the facts and misrepresenting them that the report can suggest anything other than total cooperation on the part of senior civil servants.

Although, Madam Speaker, I have to say, it is remarkable that the former Principal Auditor for this report was asking questions on a 2018-2019 report about things that were happening in the last week of 2025. But so be it. But so be it.

In some instances, when he was asking about things that happened in 2018-2019, he would need to understand that people would have to go back six years to reply to him. Indeed, Madam Speaker, what the record that I have said we will put in the public domain will show is that acknowledgement and replies are typically provided within two to nine working days, many on the same or the next day, and despite the need sometimes for cross-Government input. And where timelines for reply were longer, the causes were proper operational factors, multi-agency inputs, archival retrieval, because the author had taken six years to prepare his report, legal or HR checks, bank holidays and parliamentary sittings, and not any unwillingness to respond in a timely manner. And it is just not acceptable that anybody should be left with the idea that senior public servants in Gibraltar have been anything other than fully cooperative with the author of the report. Far from obstructing scrutiny, officials invited audits to inspect primary records in situ and offered complete access to files. If those offers were not taken up, Madam Speaker, that cannot be laid at the public services door.

And indeed, Madam Speaker, none of those issues ever arose when reports were being published by all other Principal Auditors in a timely fashion. That is to say, when things were being dealt with almost in the year when they had occurred. It is only when the novel approach is introduced that we start to see these excruciating delays when these problems start to happen.

So, Madam Speaker, this entirely falls short of procedural fairness and the collaborative ethos expected in audit engagement. Personal cases, Madam Speaker, were handled properly. The Department of Personnel and Development followed independent occupational health advice, explored reasonable adjustments and alternatives, and communicated outcomes.

That is responsible, proper administration. Finance and governance queries, including large bundles of settlements and historical contracts, were compiled within reasonable administrative windows despite holidays, parliamentary periods, and front-line demands.

Yes, the pandemic.

Yes, Brexit. Especially affecting the very senior civil servants working with me and the Deputy Chief Minister. So, Madam Speaker, claims that the Government engineered audit delays by reducing capacity are also wrong.

Audit office staff are civil servants. Promotions and mobility apply as they do elsewhere. The compliment today is higher, not lower, higher than under the former administration.

And yet, under the former administration, under my administration, we had reports within one year under a different author of the report. So, Madam Speaker, we will find ways to make things easier, of course. And we will even introduce service-level timelines with the Audit Office if that is a good way to go forward.

But not because any of these criticisms are accurate, fair in any material respects. When the public look at the facts and the evidence, and I hope hon. Members here also will look at the facts and the evidence, they will see that our senior public servants and the entire public service have demonstrated cooperation, care and competence in their full cooperation with the Office of Gibraltar Auditors, the Gibraltar Audit Office. The Government therefore roundly rejects the characterisation of obstruction or delay and stands full square behind all of those senior officers in Government, Madam Speaker.

And I think I have demonstrated sufficiently that if hon. Members are now going to get up and just recant the things that they have said before in respect of these matters, they will be seen to be relying only on rhetoric and not on evidence or facts, Madam Speaker. Madam Speaker, I now intend to go on to a different part of the report, which deals with Government-owned companies. But I think it might be, given what I expect the time to be today, I think that might be a convenient moment to break for 10 minutes and return at 20 to 12.

Madam Speaker: Yes, we shall take a short recess, come back at 20 to 12.

The House recessed at 11.25 a.m. and resumed its sitting at 11:37 a.m.

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Madam Speaker: Yes, the Hon. the Chief Minister.

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Chief Minister (Hon. F R Picardo): Madam Speaker, I am now going to turn to a different part of the report that deals with the question of Government-owned companies. In the section concerning general audit matters, the report is critical of the Government's failure to amend the law to oblige the Principal Auditor to undertake a yearly audit of Government-owned companies. Madam Speaker, in 1997, the then Principal Auditor submitted amendments to the legislation, I

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assume to the Government, improving the legal basis for public audit in Gibraltar, in addition to strengthening the independent position of the Principal Auditor and that of the Gibraltar Audit Office generally. We know that, Madam Speaker, from the report.

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I place reliance on that in respect of what we are told, but of course I am very sceptical now about anything in the report because we were not in Government at the time, the Hon. Leader of the Opposition was, we did not receive these proposals and it may be that that is something that they received.

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The proposals apparently also included provisions for promoting greater economy, efficiency and effectiveness in the use of public money by Government departments and other statutory authorities and agencies by way of performing value-for-money audits. And the Principal Auditor states that he has raised this matter with the Government. That is true, Madam Speaker, he has raised this matter with my Government.

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Madam Speaker, let me just, before I continue, set the scene a little. Government-owned companies have been in use since the times of the AACR, when a company was incorporated dealing with issues on sands on the eastern side. A number of Government companies were then later established by the AACR also, and after 1996 the GSLP Government continued with the practise of using what one might call wholly-owned Government companies for certain purposes, in particular for asset-holding purposes, not for trading purposes.

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The only trading companies as at 1996, I believe, were the GDC, which is a statutory body, it is a company but it is a statutory body, not a company on its own, not a freestanding commercial entity. After 1996, anybody who was an observer during the 1996 election and who had read the manifestos and had seen the leaflets issued by hon. Members defending the principles that the GSD were going to bring into Government in 1996, will recall that they said that they were going to get rid of what they then called the web of companies, they now call it a jungle, they try and find a different word to describe it every 20 years or so, but they describe it in what are negative terms when they are in Opposition and positive terms when they are in Government.

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Because, of course, after 1996, instead of getting rid of the companies, they added more companies, and what they had called a web of companies, they now called a corporate structure, the Government's corporate structure. Of course, after they lost power in 2011, they started to refer to the self-same structure as a jungle of companies. So, either the web of companies under the GSLP, or the corporate structure of the Government, you have got to love the middle classes, Madam Speaker, or the jungle of companies, are the companies that the Government owns.

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So, the companies that the Government owns, in 1997, we are told, the Principal Auditor approached the Government and said, look, I think I should audit them. The decision of the GSD in Government was not to change the law. Today, we inherited that GSD position.

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The GSD's failure to take on the advice of the Principal Auditor in 1997, according to the Principal Auditor until May 2025, is the position that we inherited and is the position that submissions have been made on to me, by the former Principal Auditor, and the position that I have maintained, exactly as it was, under Sir Bob, Sir Joshua, Sir Joe, and Sir Peter. Not an entirely unreasonable position to take.

505 Indeed, I might say, as the author of the report says, praying in aid, support for his position on
a Public Accounts Committee, and all of my predecessors believed the same. Perhaps I misspoke
in relation to Sir Bob, because the Public Finance Control and Audit Act is 1977, and I have not
researched what it was before, and whether it has changed, but I am sure it did not refer to
Government companies. So, Madam Speaker, the annual contribution that the Consolidated Fund
510 makes to Government-owned companies is around £30 million in our time.

In their time, it was more sporadic, and sometimes nothing. So, in expressing his concern that
no legislative action had been taken, what the author of the report concluded was that it was clear
to him that the Government has little or no political will to modernise the current audit legislation.
Well, actually, Madam Speaker, that is not true. That is not true.

515 The Government does have an appetite to modernise the current audit legislation. It may or
may not have an appetite to do it in the way that the former Principal Auditor in his report
suggests.

We may actually have a meeting of minds with the current Principal Auditor, and yesterday, in
any event, I have already told the House that we are going to modernise the audit legislation,
520 because we are going to bring it up to speed with the UK legislation, in order to make very clear,
as the UK legislation does, that an auditor cannot opine on matters of policy. Although we think
that is already clearly the law, and nobody can pretend otherwise, but we will put it in legislation.
So, I demonstrated in this debate that that suggestion that we are not going to modernise the
audit legislation is entirely wrong.

525 Although, Madam Speaker, I have absolutely no doubt that when I propose an Act, or a Bill, for
an Act that modernises our legislation, to make it like the UK legislation, in the respects that I said
yesterday, I will be called the worst dictator since Mugabe, Madam Speaker. Because it happened
when I reformed the Enquiries Act. I mean, I was told I was threatening the rule of law and all I
was doing was bringing Tony Blair's Enquiries Act to Gibraltar.

530 When I bring the 2013, or whatever it is, sorry, the 1983 Audit Act to Gibraltar, I mean, they
might call me a Thatcherite if they like, because it was 1983, and she was in power in the UK, and
I am not a Thatcherite, but I have no doubt that they will call me Mugabe instead, Madam Speaker.
And only, Madam Speaker, because Saddam did not have a National Audit Office.

I will be the worst thing, Madam Speaker, since Hiroshima. Because I am modernising the
535 legislation in keeping with UK law. And so, having already told the House we are going to
modernise, and we have an appetite to modernise, everything that I am going to tell you now that
is in the report is obviously wrong. Obviously wrong. But the report quotes this. The lack of support
and commitment demonstrated by the Government in regard to modernising and improving the
public audit service by way of revising an audit legislation that is 48 years old, added to the human
540 resourcing problems faced by the Gibraltar Audit Office, lead me to think that the Government
has very little regard and consideration for the public audit function in Gibraltar.

Well, Madam Speaker, that is an absolutely remarkable statement. Absolutely remarkable
because the Government does support changing of the legislation, perhaps not entirely as the
former Principal Auditor might have proposed.

545 The Government has given more people in terms of compliments to the Gibraltar Audit Office
than any other Government before. And as I demonstrated before the break, every other Principal
Auditor has been able to bring in their reports within a year without having to say, I cannot do it
because you do not change the law, I cannot do it because you have not given me enough
resources. With less human resources, in a shorter time, reports have been timelessly delivered.

550 So the first paragraph that I have read, Madam Speaker, can be seen by the Parliament and
any fair and objective observer that is not trying to exploit this report for their own pure party
political interests as being absolutely unsustainable. Another report paragraph that is absolutely
unsustainable. But the author goes on.

In my view, the present system, whether drafting an enactment of a law relating to the Principal Auditor and his
555 functions, is controlled and managed by the Government, is completely flawed, considering that the Principal
Auditor is an officer of Parliament and particularly given his independence under the Gibraltar Constitution.

Madam Speaker, I do not think I have ever read more remarkable words. I am going to read the rest of the paragraph before I comment.

560 I am strongly of the view that the draft Public Audit legislation should be channelled through a Select Committee of Parliament, in the absence of a Public Accounts Committee, made up of members from both sides of the House. This would uphold the principle of independence and ensure that the draft Public Audit legislation is fairly reviewed and discussed in advance and thereafter presented in Parliament without the risk of possible manipulation over the changes recommended by the Principal Auditor or delaying the enactment of the proposed Bill in any way.

565 That is nothing short of shocking. I do not know whether hon. Members realise what is being said to us in this paragraph of the report. But the Principal Auditor should have his laws made in a way that is different to all the laws being made.

That there should be a Select Committee, that we should receive what he sends us, we should
570 discuss how to ensure it is passed and pass it. No other Member of this House is able to suggest that. So, you Madam Speaker, or indeed any other Member of this House, the Leader of the House, the Chief Minister of Gibraltar, comes here and has to persuade that an Act should pass.

He has to persuade his colleagues before it is published so that when he comes here he knows he has the majority. A Private Members' Bill has to come here and they have to persuade the
575 majority. The Speaker, if we were debating a measure, might make a comment.

Ah, but not the Principal Auditor. The Principal Auditor is saying he should send his law as he thinks it should be. It should be considered by the Government and the Opposition together.

Oh, chummy chummy now, because it is the Principal Auditor. And then we pass it, without objection. It is absolutely democratically deficient to think that that is how laws pass in this House.

580 I am afraid I need to go back to basics again. Laws pass in this House for this community because the people who enjoy the majority of the support of the people vote for them. Sometimes we vote together, sometimes we vote apart because we have different views.

We have different views about Government companies, we have different views about a Public Accounts Committee. We will never accept that a Principal Auditor should send us a law and tell
585 us to make it. That is not Democracy.

That would be Dictatorship from the Gibraltar Audit Office. That is what this frankly democratically despicable paragraph suggests. This is anathema to Democracy.

It is not fair that anybody should think that because we do not do what the Principal Auditor says we should do in passing his laws, we are somehow failing. Of course we want to modernise.
590 Of course we want to advance. Of course we have disagreements. We are human beings. This is a Parliament.

The whole purpose of Parliament is to parley, not to pass that which we are sent from the World Trade Centre to this place to do by a Principal Auditor. Madam Speaker, I am strongly of the view that that would be absolutely inappropriate. Can we have a Select Committee to consider
595 a law? Of course we can.

Can we have a Command Paper to consider a law? Of course we can.

Can we have a debate in this House when we consider a law? Of course we can.

Can we agree provisions as to the law? Of course we can.

We have said we are going to discuss with hon. Members opposite the Housing Act so that
600 they know why we are going to do certain things in particular ways.

Can we find consensus in areas which are of social importance? Of course we can. Can we be told that we have to?

No, we cannot and we never must. Because I can offer hon. Members the opportunity to sit with me to consider any draft Bill, so can any Minister.

605 And hon. Members have the right to say, Okay, we will come. And the right to say they will not.

Because they take a different view on the subject matter or because they simply want to do politics that way. That is democracy. This, in the report, is not democracy.

This is *auditocracy*. And we will not accept it. It is not democracy.

It is the opposite of democracy.

610 But let us look now, Madam Speaker, at this question of how this affects Government companies.

Referencing more specifically the position regarding Government companies, there were 44 such companies and a further 24 companies under the Gibraltar Development Corporation.

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The former Principal Auditor was highly critical of the current arrangements, and he goes on to set out what those criticisms are, and I will go to them now. But I just want to remind the House that in the document I said was the second phase of how we do finance, this already appears.

620 The approved estimates, Madam Speaker, set out in the page that is the Summary of Government Finances, that which they have variously called the Web, the Structure or the Jungle. It is there.

Hon. Members should not look for it in the report. It is in the approved estimates, Madam Speaker. There it is. There it is.

625 This is about as secret as the fact that I fluctuate in weight, Madam Speaker. It is in a published document in this House.

So what does the report say? At 6.2.2, I am reminded, Madam Speaker, by the youngest member of the Government benches, of course, that this is online on the World Wide Web.

At 6.2.2, the report says this:

630 The audit of these public companies is carried out by reputable external audit firms. However, the annual financial audits under the current scope, although acceptable for the purposes of ensuring that the yearly accounting transactions in the company books of accounts are accurately and completely reflected in the financial statements, does not subject the company to scrutiny in terms of adherence to best practise procedures and compliance with Government accounting regulations and procurement procedures.

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Because they are not subject, Madam Speaker, to Government accounting regulations and procurement procedures.

That is the whole point of having a company instead of doing it through the Government, as successive governments, including the GSD Government, used to say. And I continue my quote:

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Nor to ensure that value for money is being obtained by each individual Government company.

These other audit considerations are not undertaken by the contracted audit firms because their engagement, as determined by the Government, is basically to conduct a financial audit of each individual public company.

645 Of course it is, the word public company there, Madam Speaker, must not be misinterpreted.

They are public companies in the sense that they are owned by the Government. They are not owned by the public on a stock exchange, which is the other way to refer to a public company. At 6.2.3:

650 It is because the engagement of financial audits carried out by private audit firms is not extended to allow them to perform compliance and value for money audits that certain aspects of the workings of a company can go unnoticed. What is more, even if independent auditors were to be engaged, not just to certify the accounts show a true and fair view, but also to scrutinise and probe the activities of each company to determine regulatory compliance, and if value for money is being obtained for the taxpayer, the private audit firms would be reporting to the shareholders of the companies, but not to the Gibraltar Parliament.

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Exactly. That is another reason why the companies are established.

660 6.2.4, and that is confirmed, Madam Speaker, as a reason by both the GSD administration and the GSLP Liberal administration. And there is a ruling, Madam Speaker, of an earlier speaker, I think Sir Bob Peliza, confirmed by other speakers in that respect, and that is the practise not just in Gibraltar, but elsewhere. At 6.2.4:

In my opinion, and in line with the audit of the public accounts of Gibraltar, it makes sense that the Principal Auditor should also be responsible for the audit of public company accounts.

665 *In my opinion, and in line with the audit of public accounts of Gibraltar.* Well, we do not agree, Madam Speaker, that this is in line with the audit of public accounts of Gibraltar. Neither are we interested in the opinion of the author of the report, other than in his capacity as a citizen.

This is not an audit opinion, because he is not auditing these companies. He is saying he wants to audit these companies. So, auditors can express an opinion about the things that they are
670 auditing, not an opinion that they want to audit other things.

So, if somebody is going to reply and say to me, ah, but auditors of course express opinions, and auditors' opinions are things that you expect. Yes, of the things that they are auditing, not of the things that they would like to audit. That is a policy matter, Madam Speaker.

And so it continues:

675 This would not only ensure that all companies are subjected to a financial audit, compliance audit and performance audit, value for money audit, but of vital importance is that once audited, the company accounts, together with my report, would be tabled in Parliament. This would ensure further transparency and accountability in the use of public monies, which at present does not exist, as filing an abridged and redacted set of accounts for each
680 Government company in Companies House is insufficient for Parliament and taxpayers to know where public money is being spent and if it is being spent efficiently.

Madam Speaker, it is remarkable to read those words. For one moment, I wondered whether they had been written by the Hon. Mr Clinton.

685 It is exactly the same thing that he says in his voice, and which we say should not be the case. The Hon. Mr Clinton, from a sedentary position, says, I wonder why. Well, Madam Speaker, I too wonder why the former Principal Auditor's report is identical to the things that Mr Clinton says in this House, despite there being a division on policy with this side of the House.

I wonder why. The report reflects the GSD position, rather than saying, Madam Speaker, that
690 this is an area of difference between Members of the House, at least, although it should not even be in the report. It should not even be in the report, because it is an opinion on policy.

And I am not going to take you again to all of the case law that I have taken you to and all of the references on policy. It should not be here, Madam Speaker.

An auditor expresses an opinion as to best practise in respect of the organisations that he
695 audits, not in respect of the things that he would like to audit. So we could not disagree more strongly with this approach, Madam Speaker. We think it is entirely erroneous, and once again, the treading into policy areas by the author of the report. Since their inception, all Government-owned companies have been audited by reputable, licenced, private, external audit firms.

Now, Madam Speaker, under this Government, not a word of positive said, of course, at least
700 we are filing the balance sheets, because the accounts are done. The author of the report does not even recognise that that has been done by the current administration, although it was not done by the previous administration. That is not, Madam Speaker, best practise.

That is compliance with the law, with the Companies Act, an amendment to the Companies Act that was passed in their time in office as a result of a European directive. They imposed it in
705 Government on every company in Gibraltar, and then, without providing exemption in the law, failed to file for Government companies in their time in office. We come back, we take a number of years to catch up, we file the abridged balance sheets, and what do we find next?

Mr. Clinton says, and then magically, the report says, that is now not enough. Madam Speaker, a well-informed, that is to say, a person who has read what Mr. Clinton has said repeatedly in this
710 House, read what he says in the media, and read what is in this report, an objective person, that is to say, they might say, not me, and not one of them, but a third party, a Martian, would say, "there appears to be bias in the way that this is set out". The fact that the Hon. Mr. Clinton and the author of the report are both auditors' changes nothing, Madam Speaker, because the rules on public auditors are the same, that they cannot opine on matters of policy. So, Mr. Clinton can
715 get up and say what he likes as a member of this House, because he is not a Principal Auditor, he is just a member of this House, and he can say what he likes, because that is what he has been put here to say, Madam Speaker, and he can explain why he is saying what he likes, or he cannot

explain it, and I can challenge it, and he can challenge what I say, but a rule applies to the author of this report, Madam Speaker, and it is remarkable that the author of the report does not just transgress the principle that he cannot opine on policy, but that he then transgresses it further and is biased in the way that he sets it out by opining on their policy. That is what is remarkable, Madam Speaker. That is what is remarkable.

Madam Speaker, as I said since their inception, all Government companies have been audited by reputable licenced private external audit firms, and those firms are professionally qualified and capable of delivering audit certificates in accordance with international standards and in line with the requirements of the Companies Act. The obligations are very different when you are dealing with a company as opposed to when you are dealing with a public body, as accounting standards are complex and vary from relative simplicity of cash accounting used by Government to accrual and hybrid alternatives.

And the report, Madam Speaker, references a number of companies, but the figures in the report appear to be also inaccurate, Madam Speaker. The actual current breakdown is as follows: 46 companies ultimately owned by the Government; 17 by the Gibraltar Development Corporation; and 2 by the Gibraltar Savings Bank.

The reference, Madam Speaker, that I am referring to, I believe, is at paragraph 6.2.1 of the report, which apart from being, in our view, inappropriate for all of the reasons I have set out, is in any event factually, arithmetically incorrect as to the number of companies for the reasons I have given. It is not 44, it is 46.

Madam Speaker, qualitatively, what does this mean in respect of Government companies? I am afraid I must once again refer the House to the constitutional remit of the Principal Auditor of Gibraltar under Section 74(1) of the Constitution, which is to audit the public accounts of Gibraltar. And the provision reads as this, as follows:

The public accounts of Gibraltar and of all courts of law and all authorities and offices of the Government shall be audited and reported on by the Principal Auditor.

And he is authorised to access all the records, etc. The constitutional remit is confined to public accounts and to authorities and offices of the Government. That does not extend, Madam Speaker, to companies.

It also does not extend to a role in recommending legislative reform in his report, Madam Speaker. Of course, the Principal Auditor can speak to the Government and make a proposal, but not in his report, Madam Speaker. And to comment on Government policy in respect of legislative reform.

And the principle of political neutrality, Madam Speaker, as I have already indicated, is essential and a fundamental part of the audit function, which is also breached in what I have read you, Madam Speaker. You will recall for this part, it is important just to be put in mind of, paragraph 3.13 of the NAO Code:

It is not part of the auditor's function to question the merits of the audited body's policy decisions. And in making recommendations, the auditor should avoid any perception that they have any role in the decision-making arrangements of the audited body.

Let alone, Madam Speaker, insist or say that things must be done in a particular way. So, Madam Speaker, the criticism of the Government in respect of the Public Accounts Committee and not extending the power to Government offends all of those.

So, Madam Speaker, I was therefore a little struck when I read in the 2018-2019 report that it acknowledged that:

Certain issues raised were not within the statutory authority of the auditor.

And that is a quote:

Not within the statutory authority of the auditor.

775 Because that actually is an admission that everything that I am alleging is absolutely correct. It confirms in the words of the author of the report that what I am saying, that parts of the report are ultra vires, is actually his own view too. But he went ahead and did it.

But of course, what that does is show that what is in the report is wrong, is unlawful, and was in some instances intentionally so unlawful. Unlawful because it is contrary to the Constitution.
780 Outside the functions of a Principal Auditor.

We all have our functions, Madam Speaker, in the institutional structure of Gibraltar. You have your function. I have mine. Ministers have theirs. Opposition Members have theirs. Auditors have theirs.

Ours, on this side of the House, is to design policy, to pass legislation, with or without the support of Members opposite, and lead our community.
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Any Principal Auditor has nothing to do with policy. Nothing to do with designing laws. He can be consulted by the executive, but his role is not that. His role is to audit all the accounts that the Constitution says he should audit.

Finally, Madam Speaker, it is not as if the Companies Act gave the auditor this power. So if it is not a power contained in the Constitution, it is not a power contained in the Public Finance (Control and Audit) Act, it is not a power contained in the Gibraltar Savings Bank Act, because two of these companies are owned by the Savings Bank, is this a power that is somehow contained in the Companies Act? Is there anything in the Companies Act that says if the shareholder of a company is the Government, then the Principal Auditor is entitled to carry out that audit? No,
790 Madam Speaker, there is nothing under the Companies Act, except for the provision under Section 255, that every company must be audited, and who is qualified to carry out those audits, and none of those references include references to the Principal Auditor.

So, Madam Speaker, in fact, those who audit under the Companies Act are particularly licenced as auditors under the Financial Services (Auditors) Act 2009 to carry out those audits. The Companies Act, therefore, does not include, and by not including, therefore excludes, the Principal Auditor of Gibraltar from being an auditor for company purposes. And, Madam Speaker, the officeholder in the post of Principal Auditor cannot ascribe to himself more powers than the statute gives him.
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We looked at that. It is a very simple provision in English law in the Attorney General v Fulham Corporation, that I have told you about already.
805

They were empowered to create wash houses, but they tried to establish commercial laundries, and the court said you cannot do that. You have got a statutory power to establish wash houses. You cannot extend that power beyond what the statute has given you.

And that is, therefore, ultra-vires and that is exactly the reasoning behind my position on these matters being ultra-vires, the former Principal Auditor, Madam Speaker. We are confirmed in that view already.
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Also, in the opinion that we have from leading counsel in London, and for all of those reasons, Madam Speaker, the amendment that I will move in respect of the motion as presently drafted will include a reference to this part of the report, therefore being rejected also by the House as ultra-vires, the powers of the Principal Auditor.
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Finally, Madam Speaker, I now have to deal with other matters, and I have to end my contribution on this. Again, a contribution that has once again, unfortunately and disappointingly, had to highlight the unashamed demonstration of partisanship and overreach by the author of the report.

820 And I need, however, to continue my methodical analysis. I want to ensure that no one is ever again able to suggest that we in this House have been superficial in our analysis of a report, as the

report says. So I will therefore now seek to adjourn the House to enable the Deputy Chief Minister and I and all other Ministers to continue with urgent Government business.

825 This week and next week involves ministerial travel by me and by other Ministers. I am going to the United Nations, the Deputy Chief Minister is travelling to the Conservative Party Conference, and for that reason, Madam Speaker, the House will not be able to meet later this week or indeed next week to continue dealing with these matters. When we meet again, however, I am happy to advise the House I shall start by dealing with the detailed issue of the ex-gratia payments, which are criticised in the report also so unfairly, because they are properly done and
830 when I finish my analysis I think most people will think that it is the report that fails to demonstrate how proper those payments were rather than the opposite.

Adjournment

835 **Chief Minister (Hon. F R Picardo):** So, I now move, Madam Speaker, that the House should adjourn to the second anniversary of the very happy result of the last General Election on 13 October at 10.30 a.m.

Madam Speaker: I now propose the question which is that this House do now adjourn to 13 October at 10.30 a.m. I now put the question which is that this House do now adjourn to 13 October at 10.30 a.m. Those in favour? (**Members:** Aye). Those against? Passed.

This House will now adjourn to 13 October at 10.30 a.m.

The House adjourned at 12.12 p.m.