PROCEEDINGS OF THE

GIBRALTAR PARLIAMENT

AFTERNOON SESSION: 2.02 p.m. – 7.52 p.m.

Gibraltar, Thursday, 15th October 2026

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The Gibraltar Parliament

The Parliament met at 2.02 p.m.

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

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

Clerk: Meeting of Parliament, Thursday the 15th of October 2026. Answers to Oral Questions continued. Questions to the Hon. Chief Minister.

Questions for Oral Answer

CHIEF MINISTER

Q396/2026
Disability Benefit –
Has the Department of Social Security changed its procedures

Q397&398/2026
Disability Benefit –
Healthcare professionals who currently sit on Disability Benefit Panels

Clerk: Question 396, the Hon. A Sanchez.

Hon. A Sanchez: In respect of Disability Benefit, could the Government state whether the Department of Social Security has changed its procedures so that every unsuccessful Disability Benefit applicant is now provided with written reasons explaining why their application has been refused? If so, from what date was this implemented?

Clerk: Answer, the Hon. Chief Minister.

Chief Minister (Hon. F R Picardo): Madam Speaker, I will answer with Questions 397 and 398.

Clerk: Question 397, the Hon. A Sanchez.

Hon. A Sanchez: Can the Government provide, in respect of the healthcare professionals who currently sit on Disability Benefit Panels:

(a) the professional disciplines represented on the Panels;
(b) the medical or healthcare specialisms of those professionals;

(c) whether the composition of a Panel is fixed or varies depending on the medical conditions or disabilities being considered; and

(d) what criteria are used to determine whether a Panel has the appropriate professional expertise and specialisms to assess each application?

Clerk: Question 398, the Hon. A Sanchez.

Hon. A Sanchez: In the Public Services Ombudsman Annual Report 2025, the Ombudsman recommended that an independent external review of the Disability Benefit system be commissioned and concluded within 18 months. Can the Government confirm:

- whether the review has now been commissioned;
- the date on which it was commissioned;
- who has been appointed to conduct it;
- its terms of reference;
- its expected completion date; and
- whether the final report will be published in full?

Clerk: Answer, the Hon. Chief Minister.

Chief Minister (Hon. F R Picardo): Madam Speaker, in respect of Question 396, I am advised the Department is conducting a reform of the disability benefits scheme and as part of this a commitment has been made to introduce the provision of written reasons to unsuccessful applicants.

In respect of Question 397, the panel comprises a wide-ranging and comprehensive cohort of medical and healthcare professionals, supported by appropriately qualified professionals with expertise across complementary disciplines. Panel members are selected according to the nature and requirements of the cases being assessed. This includes consideration of whether the assessment relates to an adult or child and whether the disability or condition involves physical health, mental health or a combination of both.

In respect of Question 398, the reform has been ongoing for several years and it predates the Public Services Ombudsman Annual Report of 2025. It is steered by an independent professional, together with active members of the disability benefit panels. Given the sensitive nature of the benefit and the relatively small size of our community, the identities of panel members are not made public. This is necessary to safeguard individual privacy and to preserve the confidentiality and integrity of the process.

Hon. A Sanchez: Madam Speaker, I am grateful for that answer. In respect of Question 396, the Hon. Chief Minister has mentioned a reform which is being undertaken. Can he comment on when that reform started, what date that reform commenced?

Hon. Chief Minister: No, ma'am.

Hon. A Sanchez: Would he not be able to give us a rough indication of how long that reform has been going on for?

Hon. Chief Minister: No, ma'am. But I can tell her that part of my answer said that it predates the Ombudsman's Annual Report of 2025, so certainly before then.

Hon. A Sanchez: Madam Speaker, given that the absence of written reasons is a concern that certainly does come up a lot, it has come up in the Ombudsman's Annual Report, but it is a concern that I have raised in this House prior to the Ombudsman's Annual Report and is certainly a concern

that is brought to the Opposition by constituents and one that does cause a lot of issues in respect of the disability benefit, would the Hon. Chief Minister not consider that this is a measure that could be brought in place before the reform finalises?

Hon. Chief Minister: Madam Speaker, not unless we are advised that that should be the case. Certainly, in all the time that hon. Members were in government, these issues never arose because, under their system, you had to be born with a disability in order to be able to be entitled to any such benefit. We introduced the mechanism, which was very welcomed by the disability community at the time, that you might be able to qualify for benefit even if you were not born with a disability. Now we are seeking to even further improve the system. These are our improvements upon our improved system, so we shall implement them as soon as we are ready and able, not on the timetable the hon. Lady might wish to set out for us.

Hon. A Sanchez: Madam Speaker, and in respect of 397, the disability benefit panels, would the Hon. Chief Minister be able to state that there is at least one healthcare professional with expertise on each of the applicants' particular disability or medical condition in every panel that is assessing that particular disability benefit application?

Hon. Chief Minister: Yes, ma'am.

Hon. A Sanchez: And in respect of more complex and rare conditions, could the Hon. Chief Minister be able to elaborate on what arrangements are in place to obtain advice from appropriately qualified specialists?

Hon. Chief Minister: Madam Speaker, I understand that is the case.

Hon. A Sanchez: No, Madam Speaker, I mean if the Hon. Chief Minister would be able to elaborate on what arrangements are in place to obtain this expert advice in the case of more complex and rare conditions.

Hon. Chief Minister: Madam Speaker, I understand that is the case. That is to say, I understand that the panel can take advice where they need that advice if they feel it is beyond the expertise of the medical expert that is on the panel already. If the hon. Lady is asking me who they phone, how they phone, I mean that is very much, I imagine, an ad hoc process, but there is no bar on them seeking that additional evidence, and I am sure that they do when they need it.

Hon. A Sanchez: And in terms of the Child Disability Benefits Panel, is it the case that there is a, in cases of children involving autism or neurodevelopmental disabilities or multiple disabilities, is there professionals, be it consultants or paediatric medical experts on this panel?

Hon. Chief Minister: Madam Speaker, the people who are on the panel are the people who are deemed relevant to the disability in question. So, if the disability in question is paediatric autism, to use the example the hon. Lady has given, whoever is responsible for paediatric autism in the GHA would be the person who is available to the panel, or if that expertise is not available in the GHA, from the wider pool of medical expertise available in Gibraltar.

Hon. A Sanchez: And in respect of 398, Madam Speaker, the Hon. Minister has spoken of a review or, yes, a review that is taking place, or reform. Could the Hon. Chief Minister elaborate as to whether this is an independent review, that is totally independent from the Government or the Department of Social Security?

Hon. Chief Minister: No, ma'am, we do not want this to be an independent review.

Hon. A Sanchez: Madam Speaker, could he possibly elaborate on why the Government does not take the position that it should be an independent review?

Hon. Chief Minister: Because the Government does not think there is anything to independently review. The Government is reviewing how it is doing this, bringing somebody who is a professional to assist us in doing it. But we are not asking somebody to come and look at us and tell us independently what we do wrong. We are doing this review ourselves with a professional that comes in to assist us.

Hon. A Sanchez: And Madam Speaker, could the Hon. Chief Minister perhaps provide a timeframe as to when he expects the review to be complete?

Hon. Chief Minister: Yes, ma'am, as soon as possible.

Hon. A Sanchez: And when the review is complete, does the Hon. Chief Minister commit to make the findings of the review public?

Hon. Chief Minister: No, ma'am, it is an internal review of how we do things. We do not publish those things.

Madam Speaker: Next question.

Q399/2026
Borders and Coastguard Agency – Security machines installed at the airport

Clerk: Question 399, the Hon. J Ladislaus.

Hon. J Ladislaus: Have there been any issues reported by the Borders and Coastguard Agency or members of the public in respect of the security machines installed at the airport?

Clerk: Answer, the Hon. Chief Minister.

Chief Minister (Hon. F R Picardo): Madam Speaker, no significant issues with the new equipment have been reported, except those associated with learning how to operate any new piece of equipment with enhanced technology.

Hon. J Ladislaus: Madam Speaker, have there been any instances reported of the machines breaking down?

Hon. Chief Minister: No, ma'am.

Hon. J Ladislaus: That is interesting, Madam Speaker, because in August I was flying out of Gibraltar Airport with my family and one of those very machines was in fact broken at the time. And it caused a significant queue to build up. So, would the Hon. Chief Minister like to revise that, perhaps, that answer?

Hon. Chief Minister: Not necessarily ma'am, because the machine may not have been broken. When you have a new machine, sometimes the machine is operated for a period, then another

machine is operated for another period. I will certainly go back and check, but the information that I have does not suggest that the machines are broken, which is what the hon. Lady has said.

Hon. J Ladislaus: Madam Speaker, to avoid any issues there, whether it had broken, whether it was not functioning correctly at the time, whether there were any issues with continued service of the machine on any given day. Perhaps if the Hon. Chief Minister is going to go back and double-check that, just to make it clear.

Hon. Chief Minister: Okay, Madam Speaker, so then what I will check will be a different thing, which will be the much wider thing that the hon. Lady has now said.

Hon. J Ladislaus: Madam Speaker, just for clarification, the question says, have there been any issues reported? Any issues? Issues is quite a wide term. Would the Hon. Chief Minister not accept that? But it could mean any of what I have just delineated.

Hon. Chief Minister: No issues have been reported, Madam Speaker.

Madam Speaker: Next question.

Q400/2026
Law enforcement officers and staff –
Completed Treaty-related training, broken down by agency

Clerk: Question 400, the Hon. J Ladislaus.

Hon. J Ladislaus: How many law enforcement officers and staff have completed Treaty-related training, broken down by agency, including but not limited to:

- Schengen procedures;
- cross-border arrests;
- evidence-sharing;
- surveillance;
- joint operations;
- hot pursuit;
- language and interpretation;
- human-rights obligations;
- Data protection?

Clerk: Answer, the Hon. Chief Minister.

Chief Minister (Hon. F R Picardo): Madam Speaker, the majority of officers have received training in a range of competencies that are broader in scope and readily transferable to policing activities following the implementation of the Treaty. While no specific standard informal training programme has been delivered in relation to the Treaty itself, officers have been provided with comprehensive formal and operational guidance to support implementation. The extent of this guidance has been delivered through a variety of channels and is therefore not readily quantifiable.

Hon. J Ladislaus: Madam Speaker, I am grateful. Can the Hon. Chief Minister perhaps detail somewhat what the areas of training have covered? Because, as we are being told, or as I

understand it, they have been very general and each department has its own responsibilities, some of which have had increased responsibilities under the terms of the Treaty. Could the Hon. Chief Minister perhaps give us some more detail, therefore, as to what training has been undertaken?

Hon. Chief Minister: No, ma'am. I will stick with the answer I have given because I think it sets out exactly what needed to be done, has been done. The hon. Lady needs to understand when she set out in her first question, for example, her reference to human rights obligations. Human rights obligations have not changed for any law enforcement official in Gibraltar. They are exactly the same as they were before the Treaty. Maybe that will help her to understand.

Hon. J Ladislaus: Madam Speaker, again, need I go back to the wording? Including, but not limited to, human rights obligations and a number of other things delineated within that list. Madam Speaker, there are instances under the Treaty where duties arise where, for example, police officers or customs officers have not previously undertaken before. So, can the Hon. Chief Minister perhaps confirm that those new duties that have been rolled out, that the officers in question have actually received training in respect to those new duties and responsibilities?

Hon. Chief Minister: Madam Speaker, I am surprised she has to ask that question. First of all, let me go back to the language of what I said in response to her question. I said I was using the human rights issue as an example. In the same way she says that she was saying that these were things that were included in what she was asking for, I said I was answering in respect of human rights obligations not having changed as an example. Madam Speaker, of course there are different things to do under the Treaty than there were before. All of them fall within the scope of what our law enforcement officials have been trained to do. Before, our law enforcement officials in customs, and the hon. Lady needs to remember, we have been referring to customs as a law enforcement agency all the time that we were in government. They did not consider customs to be a law enforcement agency when the current leader of the GSD was the Deputy Chief Minister of Gibraltar. We honour customs by recognising them as law enforcement officials. They might have to fill in a different form now than they did in the past, but they know how to do that. They have been part of designing how that works, and they have been part of ensuring their people know how those systems work. So of course, everyone in Gibraltar has been prepared for what their obligations are under the Treaty, both with the training that they have had generally as law enforcement officials in Gibraltar, and the specific guidance that they have been given by their organisations in the context of what those organisations' responsibilities under the Treaty will be now.

Hon. J Ladislaus: Madam Speaker, has any training been undertaken in respect of or perhaps with Spanish law enforcement counterparts, particularly I would say in respect of joint operations? Madam Speaker, can the Hon. Chief Minister clarify that point?

Hon. Chief Minister: Yes, ma'am, the answer is no.

Hon. J Ladislaus: Madam Speaker, so again, let us confirm that, just to be certain. No training has been undertaken by any of our law enforcement agencies in respect of joint operations, which have never been undertaken by any law enforcement agency in Gibraltar with their Spanish counterparts across the border. Is that correct?

Hon. Chief Minister: Madam Speaker, the premise of the hon. Lady's question is completely wrong, because she says that no joint operations have ever taken place. I do not know whether she started watching Newswatch only after she was elected, but if she had been watching Newswatch before she was elected, she might have seen a number of joint operations between

Gibraltar law enforcement and Spanish law enforcement. And those predate my government. They come from the time of the government of the party that she represents. And does she know what? Nobody ever did any training in joint law enforcement operations, because there is no such thing as available training in law enforcement operations. What there is, is training in the way that you do things under your jurisdiction, so that when your colleagues from another jurisdiction come, they understand from you how they need to behave here, which is to observe your acting, because only you have jurisdiction. And so, when our law enforcement agents go to another jurisdiction, like, for example, Spain, they know that the people that are in charge of the operation are the Spanish law enforcement agents, and they just hold back and watch because they have no jurisdiction there. That might help her to understand why there is not any joint training in respect of joint operations.

Hon. J Ladislaus: Madam Speaker, again, and to help the public, just for the avoidance of doubt, what the Hon. Chief Minister is referring to, or my understanding is, to coordinated operations, whereby there has always been some measure of communication between law enforcement. I am well aware of that. I practised within crime, and I am well aware that there are cross-border relations in that sense. But Madam Speaker, what I am basically getting at is that there has never been any type of joint operation, as there is now under this Treaty, and I am talking about when our officers perhaps get onto a boat together with their Spanish counterparts, and the lines are perhaps somewhat blurred. Could the Hon. Chief Minister perhaps elaborate whether any training has taken part in respect of those joint operations?

Hon. Chief Minister: Well, Madam Speaker, if the hon. Lady is well aware that there have been joint operations before, I am surprised that she said in her earlier supplementary that these things were new. But I am grateful that she has moved herself on without needing to be spurred on further. If the hon. Lady is talking about the question of surveillance at sea, which is to be done jointly, then, Madam Speaker, I would be very reticent to agree with any of the way in which she has postulated her question, because the Deputy Chief Minister and I do not believe that there is any blurring of lines to be done. There is a very clear demarcation of where British Gibraltar Territorial Waters start, and in Gibraltar Territorial Waters, British Gibraltar Territorial Waters, only we have jurisdiction. And therefore, I refer the hon. Lady to the answer I gave a few moments ago about how our law enforcement agents will act within the jurisdiction of Gibraltar. If she thinks that there is a blurred issue of jurisdiction there, well, frankly, she has a different interpretation than me and the Deputy Chief Minister and our Government of just how clear the issue of sovereignty is, whether it is at sea or on land.

Madam Speaker: Next question.

Q401/2026
Local law enforcement officers and Spanish law enforcement officers – Joint operations

Clerk: Question 401, the Hon. J Ladislaus.

Hon. J Ladislaus: To date, how many joint operations have taken place between local law enforcement officers and Spanish law enforcement officers, broken down by Agency?

Clerk: Answer, the Hon. Chief Minister.

Chief Minister (Hon. F R Picardo): None, ma'am.

Hon. J Ladislaus: Madam Speaker, obviously, I am getting at, again, we are going back to the joint operations to be taken on a vessel out at sea. What vessels, could the Hon. Chief Minister clarify, are going to be used to undertake those joint operations? When are those meant to commence?

Hon. Chief Minister: The question that I was asked, Madam Speaker, was retrospective. The supplementary I am being asked is prospective.

Hon. J Ladislaus: Madam Speaker, we have heard that none have taken place. When do they expect to commence jointly on a vessel between law enforcement officers in Gibraltar and Spanish law enforcement officers?

Hon. Chief Minister: Madam Speaker, I am very pleased to see that she is very keen to see those start. We are not yet at the stage of anything other than provisional application. I am sure that there will be a statement made when it is clear that those are going to start.

Madam Speaker: Next question.

Q402/2026
Body is responsible –
Complaints made involving a Spanish law enforcement officer.

Clerk: Question 402, the Hon. J Ladislaus.

Hon. J Ladislaus: Which body is responsible for any complaints made by a member of the public involving a Spanish law enforcement officer?

Clerk: Answer, the Hon. Chief Minister.

Chief Minister (Hon. F R Picardo): Madam Speaker, the Spanish authorities, given that no Spanish law enforcement officer has any jurisdiction to act in Gibraltar.

Hon. J Ladislaus: Madam Speaker, if there is any issue with perhaps, I mean, a joint surveillance operation being carried out by Spanish officers in Gibraltar, or there is a hot pursuit and there is a member of the public that wishes to bring a complaint about how they have been treated or what they have witnessed, can the Hon. Chief Minister perhaps clarify what body and whether there has been a body set up in Gibraltar specifically to deal or transfer those complaints over to Spanish authorities?

Hon. Chief Minister: Madam Speaker, I do not know how the hon. Lady is showing the world that she understands the jurisdiction of Gibraltar. I see it as absolutely absolute. That is to say, it is only Gibraltar that will be able to act in respect of events that happen in Gibraltar. There is no need for a new body. If something goes wrong in Gibraltar and someone does something in Gibraltar, the complaint lies in Gibraltar. It is that simple. There is no new body to be set up. All of the law enforcement agencies in Gibraltar are governed in Gibraltar by their respective rules and procedures, and that continues to be the case in respect of any law enforcement agency that enters Gibraltar to, in effect, subject itself to the law enforcement agencies of Gibraltar and the jurisdiction of Gibraltar.

Madam Speaker: Next question.

Q403/2026
Spanish law enforcement vehicles and vessels –
Have entered into Gibraltar's jurisdiction.

Clerk: Question 403, the Hon. J Ladislaus.

Hon. J Ladislaus: Since Treaty implementation, on how many occasions have Spanish law enforcement vehicles and vessels come into Gibraltar's jurisdiction, inclusive of land and sea, broken down by authorised and unauthorised instances?

Clerk: Answer, the Hon. Chief Minister.

Chief Minister (Hon. F R Picardo): Madam Speaker, since Treaty implementation, there have been no entries by Spanish law enforcement vehicles or vessels into Gibraltar's jurisdiction pursuant to the implementation of the Treaty.

Hon. J Ladislaus: Madam Speaker, we, obviously the public, have heard of at least two occasions, one being where a Spanish Guardia Civil vessel was in hot pursuit and came into the Small Boat's Marina, and another was... Yes.

Hon. Chief Minister: Madam Speaker, there are questions on the Order Paper about that event later on.

Hon. J Ladislaus: Yes, Madam Speaker, I appreciate it, but I am asking then whether the Hon. Chief Minister would like to clarify what he has just answered, because obviously those issues or those incidents occurred, so why are they not being reflected under the number given? Because I did specify unauthorised and authorised.

Surely under the Treaty, and again, I will be corrected if I am wrong, but surely under the Treaty it would be authorised, and if the procedures were followed correctly, it would be authorised, but it would be unauthorised if, since Treaty implementation, those procedures had not been followed. So, can the Hon. Chief Minister confirm why those incidents have not been taken into consideration in the number that I have just been given, a zero?

Hon. Chief Minister: None of those are authorisable under the Treaty.

Hon. Dr K Azopardi: Can I just ask the Chief Minister, I thought the tail end of his original answer, he added the phrase, if I remember it rightly, pursuant to Treaty implementation. So, have there been entries which are not pursuant to Treaty implementation?

Hon. Chief Minister: Yes, ma'am, but we do not keep a record of those through the RGP. Those are, for example, as the hon. Gentleman knows, and the Deputy Chief Minister has provided information previously in the House, in relation to incursions at sea, for example. But nothing to do with the Treaty.

I mean, the hon. Gentleman, if you will forgive me for a moment, we had something which, of course, for all of us is very serious, but arose from what one might call a casual misunderstanding, where you had some fellows who were brought here pursuant to implementation of the Treaty. They did not understand the sensitivities. They were not from around here. And they thought they would go and buy themselves a ham roll for lunch or for breakfast. I mean, so they were here on their side doing the implementation, and then they came. I mean, when it is a boat, we call it an incursion. I mean, do we say that we had an incursion of two pedestrians because they were wearing a uniform? It is difficult to decide how long that piece of string is. What we are saying is, pursuant to the Treaty, there has been nothing done in purported implementation of the Treaty,

which is because we agree authorised or because we disagree not authorised. None of that has happened.

Hon. Dr K Azopardi: That is understood. But given that the answer was yes, but not subject to any RGP logging, I mean, it is a matter for the Government to consider with the RGP whether these things should be logged. But if the answer to that is yes, and in terms of vehicles and not incursions, because I have a question on the Order Paper about incursions, is the Government aware how many vehicles have come in in an unauthorised way?

Hon. Chief Minister: The hon. Gentleman is talking about law enforcement. So as far as I understand, I do not have this information here, but I understand that there have been two vehicles that came in on an unauthorised basis, again, in a misunderstanding of what the provisions provided for, and on a casual basis rather than seeking to carry out any law enforcement service. They were coming also, I understand, to purchase something whilst on duty rather than to do anything else. But the hon. Gentleman needs to remember that the RGP is not the agency that logs incursions. It is the port that logs incursions at sea. Customs or the BCA would be logging something that happens at the Frontier, but not in terms of law enforcement necessarily.

Madam Speaker: Next question.

Q404/2026
Body-worn camera footage, operation logs and radio communication logs – Cross-jurisdiction operation.

Clerk: Question 404, the Hon. J Ladislaus.

Hon. J Ladislaus: Will body-worn camera footage, operation logs and radio communication logs be maintained for every cross-jurisdiction operation and who can audit them?

Clerk: Answer, the Hon. Chief Minister.

Chief Minister (Hon. F R Picardo): Yes, Madam Speaker, body-worn video operational records and radio communications logs are retained in accordance with applicable legislation, data protection requirements, organisational policies and retention schedules. Such records are subject to review and audited by appropriately authorised supervisory, professional standards investigative or oversight personnel where required.

Hon. J Ladislaus: I am grateful, Madam Speaker. In the event of a cross-border operation, will the host member state also have access to the body-worn footage if they require it, for the purposes of that investigation? Of the officers of the other territory, if I am explaining it correctly. So, just for an example, if Spanish law enforcement are in hot pursuit, they come into Gibraltar, they have body-worn footage, and they are joined by the RGP, will they have access to RGP cameras as well, the footage from the RGP cameras?

Hon. Chief Minister: Madam Speaker, in principle, I do not see why not. But, of course, the footage taken in a jurisdiction will be subject to the data protection and law enforcement rules of that jurisdiction. If you have what you might call an arriving force, so, for example, let me give another example. If you have a French police officer in Gibraltar, and his camera is recording for whatever reason, and that could happen quite easily, it is not far-fetched. In the summer, Spain

benefits from having law enforcement officials of other member states of the EU assisting them with the policing of the Schengen border. So, you could have a French person or a German person who is a police officer coming into Gibraltar with active body-worn cameras. Then, the law that will relate to the footage taken will be the law that relates to where the footage is taken, not the law that relates to the person who owns the camera. I would have thought that is relatively simple to understand.

If a Japanese person comes to Gibraltar and creates a video in Gibraltar, it has to be created in Gibraltar subject to Gibraltar rules on data protection. If a Gibraltarian goes to Japan and creates a video, he creates that video subject to Japanese rules on data protection. Now, when the case is going forward, the court of the place where that prosecution pursuant to the hot pursuit is happening will be the court that determines what evidence is applicable, what evidence can be used, and what conflicts of laws might apply in the context of ownership of the footage versus data protection aspects of the footage. But remember, Madam Speaker, that under the Schengen rules, when you do a hot pursuit, you surrender all of your equipment in effect to the jurisdiction you have entered as subject to the courts of that jurisdiction. So, to take the example that the hon. Lady was given, if a Spanish law enforcement official comes into Gibraltar in hot pursuit of a suspect and is stopped on the isthmus either because he stops the suspect on the isthmus and the Gibraltar police then arrive, or the Gibraltar police take over the pursuit with them, when they stop, the Spanish law enforcement official under the rules has to hand over their vehicle, their weapons, their camera footage, all of their equipment, and all of that becomes subject with them and the individual apprehended to the courts of Gibraltar, initially to the magistrate's court, but of course ultimately to the jurisdiction of the Supreme Court of Gibraltar.

Madam Speaker: Next question.

Q409-443/2026
Government owned companies, Gibraltar Development Corporation, Gibraltar Development Corporation owned companies, Government Agency, Gibraltar Savings Bank or any company owned by the Gibraltar Savings Bank – Gibraltar Sovereign Wealth Fund/Miscellaneous.

Clerk: Question 409, the Hon. Leader of the Opposition, on behalf of the Hon. R M Clinton.

Hon. Dr K Azopardi: What is the annual cost of the 15-year Investor Rental Protection Policy from AmTrust Europe Limited and from where are monies being obtained to pay this insurance?

Clerk: Answer, the Hon. Chief Minister.

Chief Minister (Hon. F R Picardo): Madam Speaker, I will answer with 410 to 443.

Clerk: Question 410, the Hon. Leader of the Opposition, on behalf of the Hon. R M Clinton.

Hon. Dr K Azopardi: Can the Government advise who introduced it to the concept of underwriting the debt of private equity vehicles purchasing care homes in England?

Clerk: Question 411, the Hon. Leader of the Opposition, on behalf of the Hon. R M Clinton.

Hon. Dr K Azopardi: Given that Bloomberg describes the loan notes issued by the special purpose vehicles of Deer Capital ESG Investments Europe Limited as guaranteed by the Government of Gibraltar, what steps does the Government intend to take to correct this?

Clerk: Question 412, the Honourable the Leader of the Opposition, on behalf of the Hon. R M Clinton.

Hon. Dr K Azopardi: Can the Government provide copies of the loan note prospectus for each of GC Homes Issuer PLC Select Homes Issuer Plc and Select Specialist Issuer Plc I am not going to read all the numbers, but I think the Learned Clerk has it for Hansard.

Madam Speaker: I think if it forms the format of the question for the purposes of Hansard, you will have to read them.

Hon. Dr K Azopardi: I am happy to do that. I am not sure listeners on Radio Gibraltar might welcome it, but here we go. (ISIN XS3107129812), (ISIN XS3170276300/ ISIN XS3170276300) and (ISIN XS3146849743)?

Clerk: Question 413, the Hon. Leader of the Opposition, on behalf of the Hon. R M Clinton.

Hon. Dr K Azopardi: We will have people writing in thinking they have won the lottery. Can the Government advise if it, any Government owned company, the Gibraltar Development Corporation, any Gibraltar Development Corporation owned company, any Government Agency, the Gibraltar Savings Bank or any company owned by the Gibraltar Savings Bank has purchased any loan notes issued by either of GC Homes Issuer PLC, Select Homes Issuer Plc, or Select Specialist Issuer Plc?

Clerk: Question 414, the Hon. Leader of the Opposition, on behalf of the Hon. R M Clinton.

Hon. Dr K Azopardi: Does the Government know who the Ultimate Beneficial Owners of Deer Capital ESG Investments Europe Limited (UK 15477206) are, and if so, who are they?

Clerk: Question 415, the Hon. Leader of the Opposition, on behalf of the Hon. R M Clinton.

Hon. Dr K Azopardi: Can the Government advise if it undertook any independent analysis as to the long-term viability of the business plans of Deer Capital ESG Investments Europe Limited to acquire UK care homes?

Clerk: Question 416, the Hon. Leader of the Opposition, on behalf of the Hon. R M Clinton.

Hon. Dr K Azopardi: Why was the Financial Secretary made a director of Hartford Care Propco Limited (UK Co number 15716385) on 2 July 2024?

Clerk: Question 417, the Hon. Leader of the Opposition, on behalf of the Hon. R M Clinton.

Hon. Dr K Azopardi: Why was the Chief Secretary made a director of Deer Capital Specialist Property Holdings Limited (UK Co number 161351084) and Deer Capital Select Elderly Property Holdings Limited (UK Co number 16351376) on 25 September 2025?

Clerk: Question 418, the Hon. Leader of the Opposition, on behalf of the Hon. R M Clinton.

Hon. Dr K Azopardi: Can the Government advise who makes decisions, and who is in day-to-day control of the Gibraltar Sovereign Wealth Fund?

Clerk: Question 419, the Hon. Leader of the Opposition, on behalf of the Hon. R M Clinton.

Hon. Dr K Azopardi: Can the Government advise the legal structure of the Gibraltar Sovereign Wealth Fund, identifying all corporate entities involved?

Clerk: Question 420, the Hon. Leader of the Opposition, on behalf of the Hon. R M Clinton.

Hon. Dr K Azopardi: Can the Government advise the role of Gibraltar Community Initiatives Limited in the Gibraltar Sovereign Wealth Fund?

Clerk: Question 421, the Hon. Leader of the Opposition, on behalf of the Hon. R M Clinton.

Hon. Dr K Azopardi: Can the Government advise the role of Gibraltar Investment Holdings Limited in the Gibraltar Sovereign Wealth Fund?

Clerk: Question 422, the Hon. Leader of the Opposition, on behalf of the Hon. R M Clinton.

Hon. Dr K Azopardi: Can the Government advise under what statutory authority has the Gibraltar Sovereign Wealth Fund been created?

Clerk: Question 423, the Hon. Leader of the Opposition, on behalf of the Hon. R M Clinton.

Hon. Dr K Azopardi: Can the Government advise why it has waited two years to announce the activities of the Gibraltar Sovereign Wealth Fund?

Clerk: Question 424, the Hon. Leader of the Opposition, on behalf of the Hon. R M Clinton.

Hon. Dr K Azopardi: Can the Government provide a list of all fees paid by it to individuals or firms in respect of any advice or services in respect of the Gibraltar Sovereign Wealth Fund?

Clerk: Question 425, the Hon. Leader of the Opposition, on behalf of the Hon. R M Clinton.

Hon. Dr K Azopardi: Can the Government advise if any regulations have been established to govern the Gibraltar Sovereign Wealth Fund's activities and ensure transparency in accordance with the Santiago Principles?

Clerk: Question 426, the Hon. Leader of the Opposition, on behalf of the Hon. R M Clinton.

Hon. Dr K Azopardi: Does the Government subscribe to the Santiago Principles governing Sovereign Wealth Funds?

Clerk: Question 427, the Hon. Leader of the Opposition, on behalf of the Hon. R M Clinton.

Hon. Dr K Azopardi: What is the Governments full monetary exposure under the Gibraltar Sovereign Wealth Fund Payment Deeds in the absence of mitigation?

Clerk: Question 428, the Hon. Leader of the Opposition, on behalf of the Hon. R M Clinton.

Hon. Dr K Azopardi: Can the Government provide a copy of all Payment Deeds entered into by the Government under the Gibraltar Sovereign Wealth Fund?

Clerk: Question 429, the Hon. Leader of the Opposition, on behalf of the Hon. R M Clinton.

Hon. Dr K Azopardi: Can the Government provide a full list of Payment Deeds entered into under the Gibraltar Sovereign Wealth Fund including counterparties, dates of signature and who signed on behalf of the Government and under what authority?

Clerk: Question 430, the Hon. Leader of the Opposition, on behalf of the Hon. R M Clinton.

Hon. Dr K Azopardi: Can the Government advise if there is a contractual mechanism for the Gibraltar Sovereign Wealth Fund to terminate any arrangements entered into under any payment deeds or joint venture agreements and if so, what is the notice period and any penalties or consequences?

Clerk: Question 431, the Hon. Leader of the Opposition, on behalf of the Hon. R M Clinton.

Hon. Dr K Azopardi: Can the Government provide a copy of and advise who gave it a legal opinion that the Payment Deeds entered into in respect of the Gibraltar Sovereign Wealth Fund do not constitute guarantees as set out under section 9 of the Public Finance (Control and Audit) Act?

Clerk: Question 432, the Hon. Leader of the Opposition, on behalf of the Hon. R M Clinton.

Hon. Dr K Azopardi: Can the Government advise with whom does the Gibraltar Sovereign Wealth Fund have banking facilities and any balances as at 31 March 2026?

Clerk: Question 433, the Hon. Leader of the Opposition, on behalf of the Hon. R M Clinton.

Hon. Dr K Azopardi: Can the Government advise where is the revenue from the various payment deeds entered into by Government under the Gibraltar Sovereign Wealth Fund paid to, and how is it recorded in the Consolidated Fund?

Clerk: Question 434, the Hon. Leader of the Opposition, on behalf of the Hon. R M Clinton.

Hon. Dr K Azopardi: Can the Government provide a detailed statement of Income and Expenditure for the Gibraltar Sovereign Wealth Fund from inception to 31 March 2026?

Clerk: Question 435, the Hon. Leader of the Opposition, on behalf of the Hon. R M Clinton.

Hon. Dr K Azopardi: Can the Government provide a detailed statement of Assets and Liabilities of the Gibraltar Sovereign Wealth Fund at 31 March 2026?

Clerk: Question 436, the Hon. Leader of the Opposition, on behalf of the Hon. R M Clinton.

Hon. Dr K Azopardi: Can the Government provide copies of all joint-venture agreements entered into by the Gibraltar Sovereign Wealth Fund?

Clerk: Question 437, the Hon. Leader of the Opposition, on behalf of the Hon. R M Clinton.

Hon. Dr K Azopardi: Can the Government advise the total revenue received under the Gibraltar Sovereign Wealth Fund Payment Deeds from inception to 31 March 2026?

Clerk: Question 438, the Hon. Leader of the Opposition, on behalf of the Hon. R M Clinton.

Hon. Dr K Azopardi: Can the Government confirm that the Principal Auditor is the auditor of the Gibraltar Sovereign Wealth Fund and if not, who has been appointed and when?

Clerk: Question 439, the Hon. Leader of the Opposition, on behalf of the Hon. R M Clinton.

Hon. Dr K Azopardi: Can the Government advise who is the controlling officer and the Minister responsible for the Gibraltar Sovereign Wealth Fund?

Clerk: Question 440, the Hon. Leader of the Opposition, on behalf of the Hon. R M Clinton.

Hon. Dr K Azopardi: Has the Government identified any conflicts of interest between Ministers, and their professional interests, in respect of the Gibraltar Sovereign Wealth Fund and Deer Capital ESG Investments Europe Limited and if so, how have they been addressed?

Clerk: Question 441, the Hon. Leader of the Opposition, on behalf of the Hon. R M Clinton.

Hon. Dr K Azopardi: Can the Government identify the 'international partners' the Chief Minister referenced in his 2026 New Year's Message?

Clerk: Question 442, the Hon. Leader of the Opposition, on behalf of the Hon. R M Clinton.

Hon. Dr K Azopardi: Can the Government identify the 'major UK institution' the Chief Minister referenced in his 2026 New Year's Message?

Clerk: Question 443, the Hon. Leader of the Opposition, on behalf of the Hon. R M Clinton.

Hon. Dr K Azopardi: Can the Government identify the 'institutional lender' referenced in line 1121 of the Chief Minister's 2026 Budget Speech?

Clerk: Answer, the Hon. Chief Minister.

Chief Minister (Hon. F R Picardo): Madam Speaker, before I turn to the specific questions, I should address one matter of context which is fundamental to many of them. Several of the questions put by the hon. Member proceed on the assumption that the Gibraltar Sovereign Wealth Fund is a formal stand-alone entity, which it is not. The term Sovereign Wealth Fund is the label this Government has adopted, and which I used in my Budget Address and New Year's Message, to describe a programme of strategic investments made for the long-term profit of the people of Gibraltar, which profit will accumulate in a fund that I, and no doubt all Members and citizens, will wish to see grow.

That is what it is in its current form, an investment programme, a series of carefully structured professionally managed investments held through existing affiliated entities and governed by comprehensive and protective contractual arrangements. It is not presently a stand-alone fund in a formal or institutional sense, as I have explained. This is important because a number of questions, particularly the questions that the hon. Gentleman has just taken us through relating to stand-alone financial statements, a statement of assets and liabilities, dedicated banking facilities, and to the reference of the Principal Auditor, presuppose a formal vehicle that does not exist, and Government has never said existed.

There is, as of yet, no stand-alone entity to audit, no separate balance sheet to produce, and no dedicated banking facility to report on. What there is, as I explained, and what I am happy to account for in full, is interests in various investment portfolios, with each portfolio producing revenues for Government and, ultimately, the people of Gibraltar. Let me therefore set out clearly what Gibraltar holds.

The programme presently spans three care home portfolios, Hartford Care, Graham Care and Select Healthcare comprising over 37 care homes and in excess of 1,700 beds across England. Each portfolio relates to a different care home structure in the United Kingdom; such structures being split between property companies and operating companies. For each individual care home and a management company, Ardente Property Management UK Ltd.

The care home properties are held by the property company, leased to the operating companies, and the care home businesses are operated by the operating companies. His Majesty's Government of Gibraltar's role is as obliger under payment deeds which support the financing received from the finance parties. Gibraltar's interests fall into two distinct categories.

First, our programme holds equity interests in the property company that owns the underlying care home real estate. These are real assets, properties valued today at approximately £722.9m across the three portfolios, against debt of £544.7m. At the end of the financing term the properties will be unencumbered, and our share will then crystallise, being worth approximately £180m on today's values alone. Imagine in 35 years time.

Our position in the property company is supported by a seat on the relevant board, veto consents over reserved matters, and call options and securities that are exercisable in circumstances where our co-investor partners are in material breach should they ever be so.

Second, the programme receives a quarterly income stream in the form of a credit support fee equal to 20% of the principal rent payable by the operating companies to the property company across the care home portfolios. On current contracted rents this produces approximately £5.6m per annum for the people of Gibraltar. This produces approximately £5.6m per annum for the people of Gibraltar. That grows over time because the rents are index linked, so the amount that we receive every year goes up every year. This fee is the Government's return for lending its credit to the structure, and Gibraltar is the only party that receives a fee of this kind in the structure.

Our co-investor partners do not receive a comparable fee and can only take distributions themselves once the Government's fees have been met and the protective cash reserves are at the required levels. So, in effect, the co-investors who actually lead the operation of the care home businesses are therefore incentivised for these to be run prudently and profitably, which in turn offers added protection for His Majesty's Government of Gibraltar.

The Government's interests at the operating company's level are supported by observer rights, veto consents over reserved matters and the similar call option and security protections that apply to the property company which I referred to a moment ago. In short, if things go wrong, the Government can step in and take control. In short, this programme provides Gibraltar with meaningful equity stakes and contractual protections across three diversified and cross-collateralised care home portfolios, and it has done so without committing any public capital whatsoever. The wider corporate structure reflects established institutional practise with independent security trustees and English law governance throughout.

The Government is committed to transparency and I will answer each of the questions put forward, but I ask the House to bear in mind that today's answers will describe a programme of investments and interests, and that the entities through which these are held, not a constituted fund vehicle. That will come as annual payments are received and equitable values are realised.

Madam Speaker, I turn now to the questions concerning the legal structure of the programme and the specific entities involved. The hon. Member asked about the overall legal structure, the role of the Gibraltar Community Initiatives Limited and the role of Gibraltar Investment Holdings Limited, respectively. Let me address these together, since they are, in truth, different facets of the same picture. The interests held are a series of investments in United Kingdom elderly care portfolios, structured as joint ventures between entities affiliated with His Majesty's Government of Gibraltar and private sector partners.

The principal government-affiliated entities are Gibraltar Investment Holdings Limited, a government-owned company, and Gibraltar Community Initiatives Limited, a Gibraltar-registered charity. The private sector partner is Deer Capital Group and its subsidiaries. The investments are structured across three portfolios.

For Hartford Care, the first investment, which closed in July 2024, the joint venture is between Gibraltar Community Initiatives Limited, holding B-shares providing a 20% equity interest in the property company, and Hartford Hold Care Limited, together with related entities. The financing is provided by Canada Life Limited, under a lease and payment deed arrangement. Gibraltar Community Initiatives Limited is a Gibraltar-registered charity and acts as the Government-nominated entity for this portfolio, in effect, to receive the profit.

It holds a 20% equity interest and a right to a Board seat in Hartford Care Property Company Limited, together with observer rights in the various Hartford Care operating companies, veto rights over reserved matters affecting the property company and the operating companies, and security interests across the portfolio, including share charges, call options, and legal mortgages over the underlying real estate. Under a put, call, and security trustee deed, dated 2nd July 2024, Gibraltar Community Initiatives holds all these interests on trust for His Majesty's Government of Gibraltar, and His Majesty's Government of Gibraltar retains a unilateral right to exercise call options over the interests held by that entity.

For Graham Care, the second investment which closed in August 2025, the joint venture is between Gibraltar Investment Holdings Limited, holding B-ordinary shares providing a 24.9% equity interest in the property company, and Deer Capital, GC Homes Limited, together with related entities. The financing is provided through notes issued by GC Homes Insurer PLC, with US Bank Trustees Limited acting as security trustee.

For Select Healthcare, the third investment which closed in September 2025, the joint ventures are between Gibraltar Investment Holdings Limited, again holding B-ordinary shares providing a 24.9% equity interest in the property company, and Deer Capital Select Specialist Limited, and Deer Capital Select Elderly Care Limited, respectively. The financing is provided through notes issued by Select Specialist Insurer PLC and Select Homes Insurer PLC, again with US Bank Trustees Limited acting as security trustee. Gibraltar Investment Holdings Limited holds veto rights over reserved matters affecting the property company holding companies and the operating companies for the Graham Care and Select Healthcare portfolios, together with security interests across the portfolio, including share charges, call options, legal mortgages and security over designated accounts. As we worked on the second and third transactions, we finessed the structure and sought improvements over the security package and wider terms. I shall return to this point again later.

I come now, Madam Speaker, to the questions concerning the legal basis for the programme and its governance. The hon. Member asks under what statutory authority the programme has been created and about the Santiago Principles and any regulations established to govern the programme's activities. Further queries then ask about the Controlling Officer and day-to-day decision-making.

Taking these in turn, the Government has entered into these arrangements in the exercise of its general executive authority. Governments routinely enter into commercial agreements of this nature in the ordinary exercise of executive functions. The specific transactions were duly executed on behalf of His Majesty's Government of Gibraltar by the Chief Secretary, acting under the authority of the Government. I would add that I also personally raised with the Governor and Ministers of the United Kingdom Government in meetings with the Foreign Office that Gibraltar would be pursuing investments of this nature. In doing so, I provided some of the initial materials of the nature, structure and value of the investments. The Government is satisfied that the arrangements have been entered into on a proper legal basis and is prepared to address any specific legal questions the hon. Member may have.

As to the Santiago Principles, the Government is aware of them and considers them a valuable framework of reference for the governance of Sovereign Wealth Funds. I will note that this programme of investment is not itself yet a Sovereign Wealth Fund in the formal sense and it is the profits it produces that will become the fund.

As this structure is a programme of investments rather than a formally constituted fund, strict adherence to the Santiago Principles is less directly relevant. That said, the governance measures

already in place in the structure, including Government-appointed Directors and Observers, reserved matter consents, quarterly reporting and diversification across three portfolios, are consistent with the spirit of the Principles. The Government welcomes greater alignment over time as it considers establishing a more formal structure and will continue to have regard to the Santiago Principles as the programme produces the profits that will be the Sovereign Wealth Fund itself.

The Santiago Principles do not mandate specific domestic regulations and there is accordingly no formal vehicle to which a bespoke regulatory framework would presently attach. However, the Government is actively considering the establishment of a dedicated vehicle to hold this portfolio of investments, which would be the profit pot of the Sovereign Wealth Fund, with a governance framework aligned to the Santiago Principles. We are keen to create the formal structure that can receive revenues and house these and future investments in the manner that a programme of this significance warrants. I shall return to that point in due course.

As to the Controlling Officer and the day-to-day management, the investment programme falls under the responsibility of the Chief Minister. Day-to-day oversight of the underlying investments is exercised through the offices of the Chief Secretary and the Financial Secretary, as reflected in the governance arrangements within the relevant transaction documents.

The day-to-day care home businesses themselves are operated by the private sector partners through the operating companies managed by Ardente Property Management UK Ltd. This is all managed within the parameters set in the applicable Joint Venture Agreement. At the operating company level, we hold observer rights and veto rights over reserved matters, together with an ability to take control in circumstances where our partners are not delivering.

At the property company level, we hold Board representation and veto rights over reserved matters, together with the same ability to take control. Under the Joint Venture Agreements, the Government's interests are overseen through Gibraltar Investment Holdings Ltd and Gibraltar Community Initiatives Ltd. The agreements provide for quarterly reporting on progress, and the Chief Secretary and Financial Secretary are the designated Government contacts.

Madam Speaker, I turn now to the questions about how the Government came to be involved in this programme, the advice it received and the fees paid. The hon. Member asks who introduced the Government to the concept, asks for a list of fees paid and asks whether independent analysis was undertaken.

I must begin by saying that Government does not accept the characterisation of its role as underwriting the debt of private equity vehicles. The Government provides credit support, not capital, within a carefully structured and independently secured framework, in return for fees and equity interests.

As mentioned in my July Budget Address, this is a well-established model in United Kingdom public finance. The use of public credit to support privately financed assets is long established and widespread. For decades central government, the National Health Service and local authorities across the United Kingdom have used structures of this kind to fund hospitals, schools, roads and care infrastructure. It is a mainstream instrument of public finance in one of the most sophisticated economies in the world. The Government of Gibraltar is not inventing something untested; it is applying a proven approach to a defensive and well-structured asset class.

The Government was introduced to the programme through established professional and commercial channels. The programme relating to the underlying investments was initially developed by Brown Rudnick and our co-investors before any commitment was made from His Majesty's Government of Gibraltar. This has been underpinned by independent advice and due diligence by PricewaterhouseCoopers for financial analysis, Knight Frank for property valuations and legal services delivered by Brown Rudnick, Squire Patton Boggs, Clifford Chance and Hassans. Reliance letters were issued to the Government from various professional advisors.

In respect of fees paid by Government, the answer is straightforward. No fees have been paid by the Government to individuals or firms in respect of advice or services relating to the investments comprising this programme. No fees whatsoever. All fees including due diligence,

legal, valuation and associated costs were met at closing of each transaction from the relevant transaction proceeds, not from public funds.

I would invite the hon. Member to note that point carefully. Not a single penny of public money has been spent on professional fees for this programme, but a lot of profit will come back to us and become public funds as a result. The hon. Member asks why the Government waited two years to announce the programme and for the identity of the major UK institution, the international partners and the institutional lender referenced in my previous public addresses.

The answer to the timing question is, I hope, self-evident. The programme was announced once the full portfolio of investments had been completed and the Government was in a position to present a more comprehensive picture to the House. The three portfolios, Hartford Care, Graham Care and Select Healthcare, closed over the period from July 2024 to September 2025.

A premature announcement could have jeopardised ongoing negotiations and improvements for the forthcoming deals prior to their closings and it was therefore prudent to complete the investment programme and allow the initial performance data to be established before making a public statement. The Government notes that all notes are performing, all rents have been paid, and no claims have been made under the Government's support. It was also appropriate to complete detailed due diligence and establish the governance framework before announcing the programme.

Importantly, having completed the first transaction, the Government have used the experience gained to fine-tune and finesse elements of the structure and transaction documents for the subsequent portfolios, introducing further protections such as cross-collateralisation across all three portfolios. That is a benefit of a phased programme, with each transaction building on the last and the Government's position strengthened with each closing.

The House should understand that this is an evolving programme, not a static arrangement, and the structures through which the investments are held will continue to be refined accordingly. The Government has acted transparently by providing details to the House at the earliest available opportunity and will continue to do so. I announced matters in my first set-piece address after the third transaction and brought details to the House at the first Budget address thereafter.

As to the major UK institution referenced in my 2026 New Year's Eve message, that reference was to a discussion then underway with a major UK financial institution regarding a potential further element of the investment programme. Those discussions did not ultimately proceed to completion, due in part to ever-increasing costs of financing arising from the war in Eastern Europe and in the Middle East.

The investments that have been completed to date, three care home portfolios described in these responses and in my Budget address, stand on their own merits as the foundation of this programme. The international partners involved are the Deer Capital Group of Companies and the associated entities, including Deer Capital ESG Investments Europe Ltd.

These are experienced partners with a demonstrable track record in the care sector, supported by established and experienced professional advisors. We value our relationship with them. As to the reference to institutional lending, for the Hartford Care Portfolio, the institutional lender is Canada Life Ltd. For the Select Healthcare and Graham Care Portfolios, the financing is provided through institutional capital markets via rated note issuances, administered by US Bank Trustees Ltd as independent security trustee. The relevant entities through which note holders are represented are GC Homes Issuer PLC, Select Specialist Issuer PLC and Select Homes Issuer PLC.

I now turn to questions which ask why the Financial Secretary and the Chief Secretary were appointed as directors of certain companies within the structure. The Financial Secretary was appointed as a director of Hartford Care PropCo Ltd on 2nd July 2024, being the date of the applicable transaction closing and in accordance with the terms of the Joint Venture Agreement for that portfolio. The Joint Venture Agreement for the PropCo provides for the appointment of a Government-nominated director to the PropCo, to ensure direct oversight and governance of the Government's 20% equity interest in the underlying care home real estate. Similarly, the Chief Secretary was appointed as a director of Deer Capital Specialist Property Holdings Ltd, UK

company number 161351084, as cited in the question, and Deer Capital Select Elderly Property Holdings Ltd, UK company 16351376 on 25th September 2025, being the date of the applicable transaction closings for the Select Healthcare Portfolios and in accordance with the terms of those Joint Venture Agreements.

Appointment of senior government officials in these circumstances is established government practise. Whether government owns a company or has a shareholding or other financial interest in an entity, senior government officials are routinely appointed to boards to represent and safeguard the government's interests. This will commonly include the Chief Secretary and the Financial Secretary. Their role includes attending board meetings, reviewing management accounts and financial information, providing administrative and financial oversight and ensuring that the Government's interests are properly represented and protected. They are also well placed to refer any matters requiring further consideration to Cabinet or to seek appropriate legal and financial advice where necessary.

The appointments were made on this basis and are entirely consistent with established government practise. I am sure hon. Members will see the value of that and support it.

Madam Speaker I will now answer Questions 411 and 431 on the nature of the payment deeds. The payment deeds are structured as direct primary obligations of the Government. They are not guarantees. This distinction is as legally significant as it is legally obvious. Section 9 of the Public Finance (Control and Audit) Act applies only to guarantees. A guarantee is a secondary obligation, not a primary obligation, and it is a secondary obligation contingent upon a principal debtor's default.

A payment deed is a primary obligation. The Government's liability arises directly and independently, not as a secondary or contingent undertaking. The two are fundamentally different in legal character. Legal opinions on this area were sought and issued to the finance counterparties relevant to these investments. The Government can, without waiving privilege, confirm the substance of the conclusions but cannot unilaterally disclose copies of opinions issued by independent advisors addressed to third-party finance companies. Those opinions confirmed that the Government has the legal capacity and authority to enter into the payment deeds, that no parliamentary approval is required, and that the arrangements do not contravene any existing law or statute, which would include, of course, the Public Finance (Control and Audit) Act. I will make one further observation.

These are very sophisticated institutional finance parties involved in financing worth hundreds of millions of pounds. Just in this case, probably hundreds of billions of pounds on their books. They have each obtained appropriate independent advice and would have conducted their own due diligence. It is inconceivable that institutions of that calibre would have committed such level of capital to a structure they considered to be legally defective or vulnerable to challenge. Their willingness to proceed is itself a powerful endorsement of the legal soundness of these arrangements and should provide comfort that parliamentary approval was indeed not required. As to the question relating to the Bloomberg characterisation, we do not have sight of the Bloomberg information being referred to, so we ask hon. Members to please provide the reference in order to allow us to consider this more fully.

Requests have also been made for a full list of the payment deeds entered into by the Government and for the contractual mechanisms for termination. Let me set out the details comprehensively. The Government has entered into 4 payment deeds across the three Care Home portfolios. Each was executed by the Chief Secretary, Glendon Martinez, on behalf of His Majesty's Government of Gibraltar, with counterparties being established institutional financial entities.

The details for the 4 payment deeds are as follows. Hartford Care, where the counterparties are His Majesty's Government of Gibraltar and Canada Life Limited, dated 2nd July 2024; Graham Care, where the counterparties are His Majesty's Government of Gibraltar, GC Homes Issuer PLC, US Bank Trustees Limited, US Bank Global Corporate Trust Limited, and that deed was signed on 18 August 2025; Select Specialist Portfolio, where the counterparties are His Majesty's Government of Gibraltar, Select Specialist Insurer PLC, US Bank Trustees Limited, US Bank Global

Corporate Trust Limited, that deed was signed on 25th September 2025; and Select Elderly Portfolio, where the counterparties are His Majesty's Government of Gibraltar, Select Homes Insurer PLC, US Bank Trustees Limited, US Bank Global Corporate Trust Limited, with a deed dated 25th September 2025. Under the payment deeds, the Government's obligations run to the applicable termination date aligned with the notes' final maturity.

That is to say, 2059 for Hartford Care, aligned to the expiry of the 35-year lease term from 2nd July 2024, and 2060 for Graham Care and Select Healthcare, aligned to the notes' final maturity. There is no unilateral early termination right, but the notes are fully amortising over 35 years, so the exposure reduces progressively. No amounts falling due after the termination date are payable. A further route to an earlier exit would be to refinance the underlying debt, which is permitted subject to the payment of a make-whole payment to the applicable finance parties.

There are also contractual termination mechanisms under the joint venture arrangements with our partners. Under the natural conclusion of the financing, the exit provisions under the joint venture agreements provide that once the leases and payment deeds have terminated and all amounts owing to the Government are paid, the joint venture parties shall negotiate exit terms in good faith, which if not agreed within 30 days would involve the sale of the properties at market value then, with proceeds split in the applicable portions, or the buying out of Gibraltar's interests at market value.

In circumstances where our partner is in breach of certain obligations or payment defaults arise within the structure, His Majesty's Government of Gibraltar holds the benefit of call options and security to effectively take control of the structure.

Madam Speaker, the hon. Members also ask for copies of the payment deeds, the joint venture agreements and the loan note prospectuses. Let me address these together. The payment deeds and joint venture agreements are subject to confidentiality provisions owed to counterparties. As such, it would not be appropriate or possible to make these available for inspection in their full form. However, the contracts include express carve-outs to accommodate proper parliamentary scrutiny and disclosure. Those carve-outs allow for disclosure of confidential information in accordance with any parliamentary process and ancillary dissemination relating to such parliamentary process. Accordingly, the substantive detail that I have set out today and will continue to provide will be as permitted under the contractual framework. The Government is simply observing the legal obligations that any prudent party to a commercial agreement would be expected to honour.

As to the loan note prospectuses requested, relating to GC Homes Issuer PLC, Select Homes Issuer PLC and Select Specialist Issuer PLC, these are in fact private placement memoranda rather than public prospectuses, as the question erroneously suggests. As the names dictate, these are private documents directed at the applicable qualified institutional investors, to which His Majesty's Government of Gibraltar and its entities are not a party and therefore subject to confidentiality between those parties. The Government is taking steps to obtain the relevant information and consents and will revert to the House in due course if we are able to obtain those consents.

Madam Speaker, I come now to what I suspect the hon. Member regards as the heart of his questioning, the Government's financial exposure. These are questions addressing the monetary exposure under the payment deeds and the cost of the rental protection insurance. Let me start with value.

The total value of the lending supported by the payment deeds is approximately £544.7 million across the three portfolios. I gave that figure during the course of my Budget Address. That is the face value of the financing at inception. The notes are fully amortising over the applicable 35-year period, so the outstanding exposure reduces each year as the principal is repaid. The current outstanding balance is lower, of course, than the inception figure. The investments are secured against care home rental estates, independently valued at approximately £722.9 million, the figure I gave the House earlier, representing already for the Government and our partners a surplus of approximately £178.2 million of value over the supported debt. As time progresses, if

things continue to be run correctly, one would expect that gap to widen, with a greater value attributable to the properties and a lower debt value as it amortises. The question from the hon. Members asks for the exposure in the absence of mitigation. In practise, the investment incorporates multiple layers of protection, specifically designed to prevent any loss to the public purse whatsoever.

These include specific cash reserve requirements, cross-collateralisation across the three portfolios, a 15-year rental indemnity insurance policy for the Hartford Care portfolio, real estate security valued substantially in excess of the supported debt, independent security trustees and contractual rights enabling the Government to step in and to take control of the structures in the event of counterparty default.

The strength of the financing has been recognised externally with Fitch assigning the bonds an A rating. Let me put this in perspective. For the Government to suffer any net loss under the payment deeds, one would need to envisage a scenario in which every care home across all three diversified portfolios simultaneously ceased to operate, the underlying real estate lost all value, the business cash reserves were exhausted, the rated insurance failed to respond and the private sector partners' own resources were depleted.

The Government does not consider this to be a realistic scenario or a risk at all. For context, occupancy across the homes is currently running at 92-94% with demand for places far outstripping the supply. Occupancy would need to fall to approximately 53% and remain at that level before the Government would face any net payment obligation under the payment deeds and even then, the Government would retain recourse under the security package.

That 53% threshold is well below even the COVID-19 low of approximately 79% occupancy of elderly care homes. The most severe stress the UK care sector has experienced in recent memory. For further comfort, it is worth noting that all care homes relevant to our programme hold a good CQC rating, CQC being the independent regulator of health and adult social care services in England.

As to the insurance, the Investor Rental Protection Policy from AM Trust Europe Ltd relates to the Hartford Care Portfolio. The premium paid was not by the Government, I should add, was a single lump sum of £5,945,000, inclusive of insurance premium tax for the whole 15-year term. The premium was paid from the transaction proceeds, not from public funds.

It covers His Majesty's Government of Gibraltar as the insured for the expected rent due under the Hartford Care Payment Deed up to £5.85 million in each 12-month period, index linked to RPI, behind a first loss excess that builds from £1.5 million. In effect, it transfers Hartford's rent risk to a rated insurer for 15 years, providing a dedicated buffer before any call on the Government under that portfolio. Insurance can be obtained for future years if those in charge decide it is prudent to do so, by those in charge of Gibraltar in 15 years, whoever they may be.

We have adopted a mixed approach across the portfolios in the programme. For the Graham Care and Select Healthcare portfolios, rather than seeking insurance, those structures establish dedicated and segregated cash reserve deposit accounts. Their reserves currently total approximately £24.2 million across the cash reserve deposit accounts and are invested conservatively in investment-grade bonds, gilts and short-dated funds. These reserves provide standing liquidity to meet rent before any call on the Government. The co-investor partners are contractually required to maintain and replenish these reserves, which grow annually at 3.25%. In short, we have mixed the insurance approach for Hartford Care with dedicated cash reserves for Graham Care and Select Healthcare, ensuring that across the entire programme there is a meaningful and funded protective layer sitting between the care home business and any exposure to our public purse.

I turn to questions which concern revenue, financial statements, banking facilities and auditing. As I have already explained, certain questions presuppose a formal, stand-alone entity that does not exist. There is no stand-alone Sovereign Wealth Fund entity with its own accounts, balance sheet, banking facilities or auditor, yet. Accordingly, questions seeking a detailed statement of income and expenditure, a statement of assets and liabilities, details on its banking facilities or

relevance to the Principal Auditor cannot be answered in the terms in which they are framed, because the premise is not correct and they do not reflect the factual position as I thought was clear from my budget speech. What I can say is this.

Revenue from the payment deeds takes the form of the credit support fee. The returns for Gibraltar amount to a fee equal, as I have told the House before, of 20% of the principal rent across the portfolios paid quarterly. On the contracted rents now in place of approximately £27.85 million per annum in aggregate across the three portfolios, this already produces approximately £5.6 million per annum for the people of Gibraltar. I would reiterate that we are the only counterparty amongst the partners in the structure receiving a credit support fee of this kind. The co-investor partners do not receive a comparable fee. Their return depends entirely on the portfolios being operated profitably and all prior obligations, including the credit support fees payable to Gibraltar, being met.

Under the joint venture arrangements, distributions to the co-investor partners are restricted where amounts remain owing to the Government or where cash reserves have been depleted and not restored to their required levels. The co-investors' interests are therefore directly aligned with the success of the investments, because they cannot benefit unless the structure is performing and Gibraltar has been paid first. As to where this revenue is recorded, at the moment the credit support fees are payable to His Majesty's Government of Gibraltar or as directed by His Majesty's Government of Gibraltar.

The revenue is not itself recorded at the moment in the Consolidated Fund and I hope it never will be in the Consolidated Fund, for the reasons I will come to. It is received by the relevant Gibraltar joint venture parties, being Gibraltar Investment Holdings Ltd and Gibraltar Community Initiatives Ltd, as applicable, and accounted for in their respective financial statements. This is the revenue, I am saying, I want to consolidate in one pot and that will be the fund itself.

Madam Speaker, in respect of the question which asks for total revenue received from inception to 31st March 2026, this total revenue figure presently receivable under the programme starts at £5,086,447, broken down as follows. Hartford Care, £2,600,322. Graham Care, £1.25 million. Select Specialist, £659,267. Select Elderly, £576,858. That is the total of £5,086,447.

If we look a little further than the question asked by the hon. Member who asked for the figure as at 31st March 2026, the number is already much healthier. As at 30th June 2026, the figure is over £6.5 million, £6,596,811, and broken down as follows. Hartford Care is £2,975,322. Graham Care is £1,766,250. Select Specialist is £988,635. Select Elderly is £866,604. That is to say £6,596,811 up to 30th June 2026 for the people of Gibraltar, already without one penny laid out by the people of Gibraltar. Not bad, I would say, Madam Speaker.

Madam Speaker, the hon. Member asks whether the Government, any Government-owned company, the Gibraltar Development Corporation, any Gibraltar Development Corporation-owned company, any Government agency, the Gibraltar Savings Bank, or any company owned by the Gibraltar Savings Bank has purchased any loan notes issued by GC Homes Issuer PLC, Select Homes Issuer PLC, or Select Specialist Issuer PLC. The answer is no.

The notes were placed with independent institutional investors in the capital markets. Madam Speaker, the hon. Member also asks whether the Government knows the ultimate beneficial owners of Deer Capital ESG Investments Europe Ltd. Yes, Madam Speaker, the Government is aware of the ultimate beneficial owners of Deer Capital Group.

The joint venture agreements expressly identify the UBOs, who are the families and trusts of the co-investor partners, who are not, none of them, Gibraltar residents, and are not related to any Gibraltar residents. To clarify, Madam Speaker, I had never met or known any of them until we first met to discuss financial matters in late 2023.

Finally, we are asked whether the Government has identified any conflicts of interest between Ministers and their professional interests in respect of the arrangement. The Government has considered the question of conflicts of interest and is satisfied that proper procedures have been followed. No conflicts of interest between Ministers and their professional interests have been identified in respect of the arrangements described as the Sovereign Wealth Fund. Madam

Speaker, before the hon. Member rises to ask supplementaries, I would like to ask them to reflect on what they have heard today and the offer I am about to make.

This programme, Madam Speaker, has been established for the benefit of Gibraltar as a whole. It is not a party-political project. It is a national endeavour for 35 years to produce profits for all of us, to have a sustainable economy, a fund for the future, the rainy-day fund of rainy-day funds.

The Government has lent its credit, not its cash, to support a portfolio of real income-producing assets in a defensive and well-secured and structured sector. It has done so on the basis of independent professional advice, with multiple layers of protection, and with the result that Gibraltar is now earning a decent stable return per annum in fees that it did not earn before, while building equity in assets worth hundreds of millions of pounds. Hon. Members will know from my Budget Address what it is anticipated the capital value of the portfolio could grow to, based on the conservative estimates of growth that I provided to the House in July.

No public money has been spent. Every note is performing. Every rent has been paid.

Significant protections have been put in place before His Majesty's Government of Gibraltar is ever exposed. I said earlier that the Government is actively considering the establishment of a dedicated vehicle to house this portfolio of long-term investments, with a governance framework aligned to the Santiago Principles, to govern management of the fund that these profits will produce.

I meant that sincerely Madam Speaker. What this programme represents is the beginning of something that I believe every Member of this House can and should support the accumulation of a nest egg for the people of Gibraltar and for future generations in particular, through prudent investment in real income-producing assets when the right opportunities present themselves. It is by its nature a long-term project in the national interest which those around me and advising are aware I have insisted on from the beginning will need active, bipartisan oversight given the various changes that may occur over the 35-year period. It is important that we do not allow party political concerns of the day or gains to obscure that longer-term opportunity and vision.

That is a vision that should transcend party lines so that the money that we make protects our children and our nation. With that in mind, I would go further. I acknowledge the expertise and experience that the hon. Member who set down the questions for the relevant Shadow Portfolio brings to matters of finance.

We have many disagreements, but I have never doubted the hon. Member's experience in matters of finance. I also note the interest and considerable time spent by the hon. Member over the summer months in looking into this particular programme of investments. In the spirit of ensuring that this programme serves and is seen to serve all of the people of Gibraltar, I extend an open invitation to the Opposition, to the hon. Member in particular, to participate directly in the oversight and establishment of a forthcoming entity to house this portfolio of investments with governance arrangements aligned to best practice, including the Santiago Principles. The Government would welcome cross-party involvement in shaping and implementing the structure of our pot of gold. A future vehicle of this kind could, if agreeable to both sides of the House, provide for a role for the Opposition in its governance arrangements, whether through the officeholder of the leadership of the Opposition or the officeholder of the Shadow Responsibilities for Public Finance, if that were to be someone else, but a matter up to whoever might be Leader of the Opposition at the time.

That is how seriously the Government takes the future stewardship of these investments. Madam Speaker this is an opportunity to start this Fund together and to establish the governance of the pot of gold of the Sovereign Wealth Fund for our nation in the best and most bipartisan way possible. We are ready to do it together with them. I trust they will be too.

Hon. Dr K Azopardi: Madam Speaker, thank you. A lot to unpack there. The rainy-day fund to beat all rainy-day funds. I mean some people say out there in the street that it was raining yesterday in Parliament given the Father of the House's anorak. A bipartisan approach? That

would be welcome, but of course there are aspects of the answers to questions that the Chief Minister has just given us where he is unwilling to provide us with core documentation which…

Hon. Chief Minister: Madam Speaker, I do not want to start the discussion on this in a way that appears to be confrontational. I have gone out of my way to explain that we are unable to provide documentation, not that we are unwilling to provide documentation, and that we have asked, as a result of hon. Members' questions, for consent to provide information or documentation that we are presently contractually not able to provide. I am sure he does not want to mischaracterise what I have said.

I know it is a long answer. He may have misheard me, but there has been absolutely no indication of unwillingness on our part to share documentation. Indeed, he must realise that in the offer I have made at the tail end of my answer, I am offering them to form part of the corporate entity that would have access to all of that information. If he wants to now say that I am unwilling, he must do so knowing that I have said that I am not.

Hon. Dr K Azopardi: For the purposes of your note, I have not asked a question yet, but I just gave way to the hon. Member.

Madam Speaker: I am taking this as your joint first question, but I do appreciate that there have been 35 questions and a very lengthy answer, so we will plough through it.

Hon. Dr K Azopardi: Yes, Madam Speaker, I am going to take my questions as the Hon. Chief Minister has taken his questions, not necessarily in the same sequential order. It is impossible for us to cross-reference, like in other occasions, to particular numbers, because he has jumped around.

Madam Speaker: I will say that although there was reference to some grouping of questions, there was not reference to question numbers, so therefore the answers do not have to refer to particular question numbers.

Hon. Dr K Azopardi: So, let me just say this, as I preface, because this was not my first question, but let me just say on what the Chief Minister has just said. As I understood his description, and we are going to get to that in my questions, there are contracts which are not private documents, but contain confidentiality clauses, and then there is a different nature of document. I understood him to explain that there are confidentiality clauses, but they are subject to parliamentary scrutiny processes, and he thought that in providing the information he has provided today, it is in consonance with those contractual provisions.

I did not hear, although he might have said it in the long answer, that he had taken legal advice in the intervening periods since he gave his Budget speech, because he will remember that in reply to his Budget speech, I asked him whether he would disclose the documentation. I did not hear him say in his long answer that he had taken legal advice as to whether or not he could or should provide those documents to us, and if he has, well then that is fine, but as I say, whether the preface to what I was about to say, without getting into the technical issues because we have not seen the documents, is that for there to be a bipartisan approach on an issue which he portrays as important, and indeed we consider important because of the exposure issues that it could amount to, although he says the risks are low and take it from me, it is difficult for us if he wants a bipartisan approach to take it from him without looking at the documents, given the importance of it, precisely because this is not a lease of a tuck shop, this is a very serious matter. So, I will just preface that.

Can I just ask him to start off with, given his opening remarks and indeed throughout some of the observations he has made on the framing of the questions, the reason that the questions are framed as such referring to the Sovereign Wealth Fund is because he called it a Sovereign Wealth

Fund in his New Year's message, he called it a Sovereign Wealth Fund in his Budget speech, the phrase Sovereign Wealth Fund was used continuously. Is he now saying, as I understood him to be saying, but can he confirm to the House, in fact this is not a Sovereign Wealth Fund as understood in the international markets. This is not a Sovereign Wealth Fund.

What he aspires to do is, with the revenue of this structure, create a Sovereign Wealth Fund in the future using the revenue it creates. But today it is not a Sovereign Wealth Fund, and we should stop calling it such. Does he agree?

Hon. Chief Minister: No, Madam Speaker, I do not agree. I do not agree because I think if hon. Members look back at what I said, now with the benefit perhaps of my answer, they will see that I was saying that this was the structure that produces the revenue that is the pot, that is the fund, that is the Sovereign Wealth Fund. So, hon. Members, if I may put it this way, in the way that they might understand it, based on the prevailing largest Sovereign Wealth Funds in the world, which are the Norwegian and the Arabic funds from the oil-rich states, will understand that those countries have funds that represent the profits of the oil fields that they exploit.

So, what I was describing to the House was that this is the oil field we have created which produces the Sovereign Wealth Fund. Now, in this case, Madam Speaker, the Sovereign Wealth Fund has two baskets. One, to give the figure that I gave to the House which was the updated figure of June 2026, £6.5 million in cash, and what we are saying is that has come into the structures that we had but we are the nominee as to where that money will go in the future and indeed we have a call on the money that is there and can put it into a separate freestanding entity, which has been our intention, but there is no point creating that until you get the first profit in. Second, the equitable value of the properties, which is continued growth. That is presently held directly by the Government, but that right and interest in land, because that runs with land, can be registered also in the name of the entity that we establish.

But I am describing the oil field. I am telling you the profit goes into the pot. The pot is the Sovereign Wealth Fund, but in this instance, the field is also part of the fund because the ownership of the asset is also something we have an interest in.

Now, in the world of Middle Eastern funds relating to oil exploitation or Norwegian funds relating to oil exploitation, I believe, I mean I am not an expert and hon. Members will know enough from their commercial legal work, that sometimes these things do entail interest in land also, but principally what you have there are cash funds. That would be the equivalent of our £6.5 million today, which grows in the way that I have indicated in the course of my Budget Address. That revenue will grow.

Not also the ownership of the oil fields. Those are held usually privately by the state in its capacity qua state. Here, the ownership of the real estate aspect, the interest in the equity of all the properties, or the equity of redemption in the event that the borrowing were to fail, would also be something that we think needs to be put into the fund.

I am not asking hon. Members to take a leap of faith and join us in this et cetera. I am saying I am giving you all the information you have asked me for. I will give you more as soon as I have consent to do so. I have sought legal advice in the period since the Budget. Very quickly after the Budget, the House was called and hon. Members put the questions in, so we were not able to do more. I have indicated to him that the advice that I have got is that I cannot share the documentation with him, whilst they are not part of an entity that is itself a party to this.

But we are seeking consent to be able to show the documents, although we are not entitled to show the documents in a restricted way. To say, can we please have permission to show the Hon. Leader of the Opposition and the Shadow Minister for Public Finance the documents, so that they see that the documents do what we have explained that the documents do, and then have the opportunity to join us, join the Government, and in that way have a bipartisan management of the pot. That has never happened before.

Look, as I leave, Madam Speaker, the office of Chief Minister, I want to establish that in respect of this Fund. This is going to be bigger than anything we have had before, if things go well, please

God. So, Gibraltar Community Care had £60 million in 1996. Hon. Members will remember that. It was an independent trustee, but depending on the change of Government, its fortunes ebbed and flowed, because the source of income for Gibraltar Community Care was not an oil field, and it was not elderly care homes in the United Kingdom. It was the Government's funds through the revenue from import duties.

The Savings Bank Reserve is another area of what we call a rainy-day fund. That is different, because the Savings Bank is a statutory creature. The responsibility rests with the Government. The Government runs the Savings Bank, and the fund is part of the structure of the statutory funds of the Government of Gibraltar. This is new, it is outside of Gibraltar, it is going to produce a lot of money. I hope we should all wish to see it produce a lot of money. My desire, Madam Speaker, having worked on this in the last two years that I have been in Government, is that we see that pot grow, we see the equity in the UK property portfolio grow, and what is there in years for the future. Indeed, I said to the House that if hon. Members looked at the numbers, they would exceed the amounts of the liability in respect of the long-term credit facility that the Government has agreed for the COVID debt. One would cancel out the other, hopefully comfortably, if UK property prices perform as they have in the past 150 years.

So that is why I think this is a different one, Madam Speaker, because I think what we need to do is we need to ensure that as this pot grows, and I take it from hon. Members that they say, well, we do not know whether this is a pot that grows in the way that you say, we do not know whether the liability is as you say. I am not asking them to take it from me, but for the purposes just of this answer to this supplementary, I ask them to take it from me. What we do not want to see, I am sure none of us want to see, is that this pot grows in the way that I have set out, the equity grows in the way that I have set out, the equity is realised and goes into the pot at some stage, then you have a huge pot, huge pot, and then you have got someone in Government, from the GSD, the GSLP, the Liberal Party, or *la madre que los parió* in 35 years' time, who says, I am going to use this to fund the General Election campaign and win the General Election. I am saying, let us put an insurance policy against that, so that it is there to secure scholarships for the future.

We never know what headwinds might hit us again, like COVID hit us. Let us have a fund that principally protects our ability to send our children to university in the future, to protect our ability to provide elderly care for our elderly, which will then include us. In particular, we have a stake in this. You will be much younger than us, Madam Speaker, but no doubt one day you might have an interest. All of the things that we might consider sacred, perhaps even to fund Community Care in some way, just from the interest that the pot itself would produce, let us insure it against each of our worst basic instincts, and let us ensure that it is managed in the most conservative way possible for the future for our children, if what we are telling them is true. What I am saying to them, Madam Speaker, is we are trying to get you to be able to see the documents, we are trying to be able to get you to assess the risk.

Madam Speaker, what I would say is this. If we cannot persuade them, if they will not come with us to deal with the positive aspects of this, if it ever goes wrong, they can blame me. Not Joseph Garcia, not Gemma Arias-Vasquez, not Pat, not Joe, not Nigel, not John, not Christian, not Leslie. They can blame me, because in the end I had to make the assessment of whether this was a risk worth taking. If it goes well, we can all take the credit. If it goes wrong, they can blame me. Me, and only me. I will say, look, I took the best professional advice, I am not blaming any of the professional advisors, I acted, but I acted in keeping with the professional advice. So, they have everything to benefit from this.

Why would I make my political opponents such an offer? Because I want to ensure this against them and against anybody who might in future be in charge of this fund. Not now, but in decades to come. Madam Speaker, if they do not take up our offer, it would be highly ungentlemanly to nonetheless come into Office and start spending the money, because they would then have assumed all the benefit of the value of the fund, whilst never wanting to associate themselves with the risk of the fund. Now, if that seems remotely politically attractive to them now, hon. Members should know that I am not looking to go quietly. I am not one of those who is just going

to go. I am going to go and keep an eye on things and comment constantly. So, on this issue, everything I have said today, I will be reminding them of 365 days times 4, should they ever have the misfortune of winning a General Election.

I say that in jest, because genuinely, Madam Speaker, I think this is a good thing. I really do. I take the fact that they want to see for themselves, put the fingers in the wound, doubting Thomas style. I do not blame them for that. This is not an article of faith. This is a complex financial instrument. They should be able to look at it. I am trying to get them to be able to look at it. Once they have looked at it and satisfied themselves that it is what we have said that it is, and put the risk on us, because they do not have to assume the risk. I have assumed the risk. If it goes wrong, it is me. The blogger on Facebook can say, it is Picardo that took the risk and it has gone wrong. My shoulders are broad enough to take it.

If there is the chance, I believe there is, that we have created, without alchemy, Madam Speaker, but just with ingenuity, the opportunity for this community to have a reserve that we have never even been able to dream we might have, and that that should be the Sovereign Wealth Fund, subject to the Santiago Principles, that hon. Members opposite, and whoever their successors might be, and hon. Members on this side of the House, and whoever our successors may be, should shepherd together into the future in the most conservative fashion possible for the benefit of future generations of Gibraltarians.

Hon. Dr K Azopardi: I mean, I am not sure if that was an attempt to answer the only question, the next question I asked. I mean, perhaps we need a debate on this, on the so-called Sovereign Wealth Fund. No, I understand.

The problem is that I asked the question only on the nature of the Sovereign Wealth Fund. Of course, I am constrained, when I get up, to make a short preface. The Chief Minister is not constrained in the width of his answer, but he has answered, he has gone on to describe issues as to the nature of the fund, the future, and aspirations and so on, that I would be happy to engage with him in.

It is not that we do not have a position on these things. I would be happy to engage on, but I am afraid I am constrained by that. I will tell him this, before I ask the question, which I am not sure he answered, or at least he answered in a way that surprised me.

We are happy to sit down with the hon. Member if he provides us the documents. If he has taken the legal advice and he gets to the position, because we asked him months ago to disclose the documents, that the documents can be disclosed to us, then, following scrutiny of those documents, we would be happy to sit down with him to have a discussion on this subject. At the moment, of course, all we can do is ask questions and get the answers that we are getting.

We judge the answers. The hon. Member is going to (*interjection*) All right, I have not asked the question yet.

Hon. Chief Minister It is the preface to the question. It is the preface to the question, Madam Speaker. I have taken the advice. I have been told I cannot give him the documents. I am now seeking consent to give him the documents because I am not allowed to give them to him, right?

Hon. Dr K Azopardi: I understand that. The point that I was making is, should he get to the point that he can provide us with these documents, then, because he will understand.

It is really, if there is really an aspiration for a bipartisan approach, and I am not saying really in the sense that I am doubting it, but what I am saying is that it is not feasible, he will understand, if he was standing here, if a GSLP leader was standing here. You would have concerns about the issue, and you would want to understand the documents and the detail because this is a very technical issue where the potential liability for Gibraltar is £500 million or whatever it is, and we are going to come to that. That is not the question I was asking, by the way, so you do not need to answer it yet.

The question I asked in my very first question was, does the Chief Minister not now accept, therefore, the way that he has answered the questions, that this is not a Sovereign Wealth Fund? Because he himself has answered it that way today in saying it does not have a governance structure because it is not a Sovereign Wealth Fund. It does not go to the auditor because it is not a Sovereign Wealth Fund.

Then he gets up in answer to my first question to say, that is not exactly what I said in the past. If the hon. Member, i.e. me, was to go back to what he said, I did not say we had established a Sovereign Wealth Fund. I had understood his answers today as meaning I have not established a Sovereign Wealth Fund; hence it does not adhere to the Santiago Principles. It will do in future because I am going to use the revenue of the structure to then set up a Sovereign Wealth Fund in adherence to the governance structure. So that is how I understood it. When I asked the question to confirm it, he said, no, no, no, no. If you go back to what I said originally, you will see that actually I did not say I established a Sovereign Wealth Fund and I said you have used the label Sovereign Wealth Fund everywhere. In his Budget speech at paragraph 1083, he says:

> Madam Speaker, I already told the nation in my New Year's statement that we have established a Gibraltar Sovereign Wealth Fund.

He says at 1085 of his Budget speech:

> as I will demonstrate with the explanation I will provide, the Sovereign Wealth Fund we have established.

He said to this House he had established a Sovereign Wealth Fund. So, it is not that we did not understand him or that the Hon. Mr Clinton framed the questions wrong. He said to this House he had established a Sovereign Wealth Fund.

Does he now accept, given the explanations he has given to this House today, that in fact this is not a Sovereign Wealth Fund and we should abandon that label at least at the moment?

Hon. Chief Minister: Madam Speaker, if the hon. Gentleman wants to have an argument about words, we can. I mean, it would be quite something given that we are talking about revenue in the hundreds of millions of pounds accruing to the people of Gibraltar. Instead of having a debate about how we are going to manage that together, he wants to have a discussion about whether I used a word in a particular way which was right or wrong. I am very happy to have that debate.

I think I used it entirely right because by the time I was reporting to the nation, we had already received the beginning of the profit. What I am saying, Madam Speaker, is that we have not yet created the structure that puts that on its own. For the reasons I explained before, and there is a lot to talk about, so I do not think we need to be repeating ourselves a lot, there is first of all the pot that receives the profit, and second there is the value in the equity of the property values.

That is established, Madam Speaker. That is the structure. That is why I told him when I was giving him the example of the oil field that here the structure itself is part of the fund because you own the equity in the properties in that way.

Madam Speaker, coming back to the points that he was making first off, it is not just us that wants this to be bipartisan. I am sure that the financing parties, I am sure that our partners in this structure, also would prefer that this is a bipartisan structure.

We have done something quite remarkable in this House in the past 15 years, which after all of the bluster, all of the sword crossing, and all of the arguments that we have, sometimes because we want to have an argument because that is in the nature perhaps of politicians and politics, we have agreed together to support a Treaty between the United Kingdom and the European Union on Gibraltar. That was hugely important, Madam Speaker, and I credited the House with what it had done when we had a bipartisan vote unanimously supporting that Treaty. I am not saying that hon. Members should have supported the Treaty before they saw the text of the Treaty, and I am not telling hon. Members that they should come on board before they see the documents.

I am telling hon. Members that having taken legal advice and being told that I cannot disclose the documents, we have now asked for consent of the parties who have the other side of the benefit of the confidentiality obligation under those agreements, whether they would agree that we can share those documents in a different way. In other words, not across the floor of the House, which means that they can be seen by anybody who reports on the House, but on the basis of hon. Members seeing it, because they would be the ones who would then be able to come onto the corporate, that would be the special purpose vehicle, that would then be governed by Sovereign Wealth Fund principles. That is what we have not done.

That does not mean that we have not established the Sovereign Wealth Fund qua profit and qua interest in the properties. That is done. That is why I was right to say it had been done. Indeed, Madam Speaker, I put it to the hon. Gentleman that if I had not said it had been established, the line of questioning now would be, but actually, you have not put in the special purpose vehicle yet, labelled Sovereign Wealth Fund, but you have already pocketed the £6.5 million in Gibraltar Investment Holdings and you have got the equity.

So, look, there is a temptation, because we are us and we have been doing this to each other since 1990, to have the argument about the curl at the end of the A and the dot over the I and the crossing of the T, and there is an opportunity to do probably the biggest thing we could do together for the benefit of this community, so that when the hon. Member and I are having coffee once we are retired, me in a couple of months, him in about a year and a half, we can say we did a good thing and the people who are there now are shepherding this in the direction that we intended for the benefit of their children, our children and us too.

Hon. Dr K Azopardi: Madam Speaker, I will not be retiring in a year and a half, I think he knows that. Madam Speaker, this is not about hanging on words. The problem with the hon. Member is he wants to have his cake and eat it.

He says in answer to some of the questions that the Hon. Mr Clinton has put that I am not going to answer some of those questions or I preface my answer to those questions in saying that actually it is not really a Sovereign Wealth Fund and therefore I do not really need to fuss about the Santiago Principles right now, it will be done in the future when I set up the body et cetera, implying therefore it is not actually a Sovereign Wealth Fund. Then when I point out to him that and I ask him to confirm, he gets up and says no, no, no, no, I did not say at the time that it was a Sovereign Wealth Fund. Then when I point out to him that in fact, he has said it is established, he says well of course it was established because I took the money. Well if you go full circle on that analysis, the logic of that is that if you have pocketed the money and it is a Sovereign Wealth Fund, well then it is important therefore to analyse the governance and structure because one of the important principles of the Santiago Principles on Sovereign Wealth Funds, well first of all as the hon. Member knows, generally Sovereign Wealth Funds are funded by surpluses and not by anything else. There are so many principles that the hon. Member will be aware of under the Santiago Principles and they are based on these key issues.

First of all, that the legal framework is clear, that there are public disclosures of the principles and the governance structures, that they are clearly defined, that there is close coordination when there is significant macroeconomic implications. What bigger macroeconomic implications when we are in effect securing a liability of over half a billion pounds that we do not have as the people of Gibraltar? That there is clear reporting, that there is a governance framework and that there is clear objectives and oversight.

Now what he has described is that there is an internal structure right now, but does he not accept therefore that this structure does not adhere at the moment to the governance structures that would be in place in a classic Sovereign Wealth Fund and if he accepts that, as he has I think in his principal original answer, because he points to the future creation of a governance structure that he might hopefully invite us on one day, when is this going to be created? This governance structure with proper principles in relation to the money that has already accrued to the

Government and has been transferred because he says that the value is already over £6 million in June this year.

Hon. Chief Minister: Madam Speaker, let me take all of those issues in turn. I do not want to have my cake and eat it. I want Gibraltar to have its cake and eat it for many, many years to come and I hope that is one of the things that I leave behind when I leave Office.

Madam Speaker, the Santiago Principles cannot govern the aspects of the Sovereign Wealth Fund that have been established already, which are the receipt of monies into existing Government companies and the ownership of value in UK real estate, which is held through a structure, which is not entirely of the Government's ownership at the moment, because that is where it is at the moment. It is in the structure. That does not mean that there is no governance in respect of that.

The company that receives the Gibraltar Investment Holdings is a Government company subject to the laws of Gibraltar and our requirements under the laws of Gibraltar to audit. A little bit like the oil field example I was giving the hon. Gentleman. The oil field is subject to the rules, for example, of the Health and Safety Executive.

The company that owns the oil field is subject to the rules of the place where the company is established. When the profit of the company comes into the hands of the sovereign state and the sovereign state puts part of it into the Sovereign Wealth Fund, the Santiago Principles govern that.

We are already established and receiving the income. We have not yet created the SPV with the Sovereign Wealth Fund label on it, which will have freestanding Sovereign Wealth Fund principles applied to it. That is what I am saying to him. We have already instructed the establishment of that company.

We have already instructed the establishment of Gibraltar Sovereign Wealth Fund Company Limited. We are already looking at how that is structured. That is not an off-the-shelf company, Madam Speaker.

It is a more complex structure for that reason. Hon. Members really have to accept from me, I hope, that it is not, hopefully, one day we will be invited onto it. I extended the invitation half an hour ago. Hon. Members rightly say that we cannot really just jump into this. We would have to see it. I am offering them the opportunity, hopefully, to be able to see all those documents, etc., before they agree. Please do not pretend that it is a hope for an invitation, because the invitation has already been extended.

As to this idea that there is half a billion pounds of liability that Gibraltar does not have, I do not see it that way, Madam Speaker, for all of the reasons I have already set out. Hon. Members have to understand that it is very easy just to talk about gross liabilities and never look at the security that you take, but that is not ever going to be seen as reasonable.

I did not pick up what they said to each other under their breath. Was it not intended for my tender ears, Madam Speaker?

If you have property that exceeds the value of your borrowing already by almost 200 million, then if the liability is half a billion, it is already 300 million. If you have income that is going to amortise that, then you know that you are going to be able to pay a loan on that from the amount that is coming in. You have insurance, which is going to pay the thing that staves off from your liability crystallising. You have so many of these things that you would be wishing simply to scare if you were to say this is half a billion that we have not got, that we are being potentially asked to be on the hook for.

I would never have put Gibraltar on the hook for half a billion that we have not got, Madam Speaker, on a wing and a prayer that we might make something in the future. This is not a wing, and this is not a prayer. This is a carefully calibrated financial engineering opportunity of the sort that makes many, many people hundreds of millions of pounds.

Nothing is ever risk-free. Is the risk here half a billion pounds? No, it is not, for all of the reasons I have indicated.

So, Madam Speaker, is this a classic sovereign wealth fund? No, it is not, for a simple reason. Part of it will be more like a classic Sovereign Wealth Fund in the future, but now it is not, because however deep the Deputy Chief Minister dug, we did not find the oil. However much the hon. Lady sieved, we did not find the gold. But because Gibraltar is a place where there is ingenuity and we had opportunity arising from the financial services sector, and we have friends who we value who have given us this opportunity, we had to jump at it. And I trust hon. Members would have jumped at it too if it had presented itself to them and they had understood it like we understood it and they had been able to take the advice we have taken, which has ensured that we are comfortable, that the risk is minimised, never to zero, but it cannot be zero, but never to half a billion pounds either, but in a much more manageable, proper way, and that despite assuming for ourselves all of the downside of this should it ever come, which we are sure will never come, we are nonetheless prepared to share the upside with them, so that years from now they might even be able to say *Picardo fue quien lo empezó, y eso hay que agradecérselo*, I helped that this should grow, I shepherded it along. I do not care if they just take the upside.

As long as there is upside, there is cake for all of Gibraltar for a good long time to come. What better? Madam Speaker, I indicated to the House yesterday that the reason we came back at 2 was because we might have to stand matters down or recess, as we say in this place.

I am already getting ready for next year. Recess at 4 and a bit because the Deputy Chief Minister and I have to do a call at 4.30, which is hugely important, otherwise I would, of course, not adjourn Parliament. Assuming the hon. Gentleman has more supplementaries in respect of this matter, it might be convenient. He has done two, he is allowed two per, so it is about 68 to go. I think it might be convenient, Madam Speaker.

Madam Speaker: All hon. Members on different sides assess how many supplementaries they are allowed. There is no rule, depending upon the public interest there, they are allowed more or less, and there is public interest, high public interest in this, so we can expect some time on supplementaries when we come back. How long that will be will depend on how long the answers are and how long the preambles are, but we will be here for a little while.

Hon. Chief Minister: Thank you, Madam Speaker. I am trying to give as much information as I can in relation to this matter. So, given that there is likely to be that number of supplementaries, I move that the House should now adjourn and come back at 6pm this afternoon and, I suppose, bring our sleeping bags and the spot of dinner.

Madam Speaker: All right, we will recess until 6pm, return at 6pm.

The House recessed at 4.13 p.m. and resumed its sitting at 6.00 p.m.

Madam Speaker: Might the Hon. Leader of the Opposition have a fourth supplementary?

Hon. Dr K Azopardi: Madam Speaker, I thought that was, this is my third. I have had three. I have had three.

Madam Speaker: Yes, in the scheme of things it is very good.

Hon. Dr K Azopardi: All right, it is early batting.

Madam Speaker: All right, three, very good. The Hon. Mr Bossino agrees with my tally, by the way. (*Laughter*)

Hon. Dr K Azopardi: For once. Tempted as I was to ask the Hon. Chief Minister, given the break, to repeat his answer, I will try to ask this, shall I? I mean, I had been asking about the liability.

He did say in the course of his last answer that he has given instructions for the creation of the Sovereign Wealth Fund Company, or structure, or something like that. So can I just ask him to perhaps give us a bit more information about that before I ask him about the issue of the liability, because I want to also probe him on that.

Hon. Chief Minister: Well, Madam Speaker, he has asked me a question that is rather large. He has asked me for more information about that, namely the incorporation of the entity that will be the special purpose vehicle for the holding of the profit element of the Sovereign Wealth Fund. The instructions I have given are to explore whether we need to have different memorandum and articles for the incorporation of this company, whether it is appropriate for it to be a limited company, whether we should consider it should be something other than a limited company.

The purpose of the fund is the receipt, holding and management of the monies that arise from the profit that the structure will produce and the holding of the value of the equitable interest in the land and then the realisable profit from the sale of that should the sale materialise. The other things that we might do with the company, in my view, which might mitigate against it being anything other than a limited liability company, can be done in subsidiaries that can be limited liability companies, in my view. That is why I am looking at the potential of a company that is limited by a guarantee.

That is why I am looking at the potential for different types of memoranda and articles to the ones that one might usually have. Those are the issues that I think are relevant. Again, if hon. Members are going to, after consideration and perhaps more sharing of information, not in this public forum, agree to form part of this entity with us, I am very happy for us to shape it together too.

Hon. Dr K Azopardi: Can I ask him who is acting for the Government in relation to these issues? Who has he given instructions to, but not just instructions meaning, if he means the Chief Secretary, but who is acting for the Government in the construction of this legal structure, the advice of it, and do I take it that whatever structure is set up is going to be underpinned by a governance structure that adheres to the Santiago Principles?

Hon. Chief Minister: On the latter, I have already said that that is the case, but not just the Santiago Principles. There are other principles that might be relevant. For example, we might have ethical views about what we might invest in, which we might all set out or agree to set out, and if it is just us without them, we will have ethical views, which we will want to set out, which goes beyond what the Santiago Principles might be. On the former, it is Albert Mena.

Hon. Dr K Azopardi: Sorry, Albert Mena is advising on the structure of Hassans. Okay, clear. Can I ask him on the liability issue, which he gave me a bit of an answer before, but I just wanted to probe him a bit further.

Because, of course, in his answer he says a number of things. I am talking about his original answer. He says, as I understood it, the maximum liability of the Government would be £544.7 million, because it is a primary liability. He then explains why there is not a guarantee under Gibraltar law, which I will probe separately, because of the primary liability. But, of course, given that it is a primary liability, it is a primary liability, and therefore to that sum, does he agree? But he then says, look, there are a number of stages you would need to get through.

The whole liability points and structure is underpinned by different rungs, cash, assets, and so on and so forth, so that by the time you cascade down to the Government it is unlikely. So, they have taken a view on risk, on advice. But does he accept that the primary liability, to use his words in respect of the payment deed, is in respect of £544 million?

Hon. Chief Minister: No, Madam Speaker, because that is not how the transaction is structured. That is the liability outstanding in respect of loans for the acquisition of the properties. The liability is in respect of the payment deed.

The payment deed is in respect of the rent. The rent is what is secured by the insurance. So, if you look back at what I said to him, what we are primary obligers for is the payment of the rent, and that rent is what we have insurance to protect us against in one of the transactions.

In the other transactions there is cash and accumulating cash to create a buffer against the rent should the rent be something we are called upon to pay. That is what we are the primary obligers on, the rent. So, it is not correct to say that it is £544 million that we are the primary obligers on. That is not the structure of the transaction.

Hon. Dr K Azopardi: So, in quantified terms, could you advise the House what is the extent of the liability of the entity owned by the Government under the payment deeds?

Hon. Chief Minister: Madam Speaker, it is a calculation which is at large at the moment, and I will explain to him why. So, in the first transaction, I have told him there is already insurance for 15 years. Our obligation is to pay the rent, as primary obligers, if the rent is not paid.

The payment deed is what obliges us to pay as a primary obligation. But for 15 years we have bought an insurance against the rent, and we do not know what the rent is going to be in the 16th year against which we have no insurance, because it will grow according to inflation. We also do not know whether or not we will have an insurance for the 16th to the 30th year, or the 35th year, depending on which of the portfolios it is.

I have said I would recommend that insurance should be taken unless there is a buffer already of cash in place, which would represent 15 years of rent, because remember we also have an accumulation of cash, in which case there would be no point in taking insurance. You would be spending money to insure yourself against something that you have a pot that you can provide against in the structure. That is not money that we have taken out of the structure into the pot that is the Sovereign Wealth Fund. That is money that stays in the structure, because the structure is required to have a pot of cash in it as part of our security.

So, it is impossible to say what our liability is, because very happily we have been able to provide against that. If you wanted to do a calculation of maximum potential liability without any of those, it would not be a credible calculation.

Because if I say, Madam Speaker, I owe £10 million, but I have got insurance, and in the event, I am called upon to pay £10 million, the £10 million are paid for by this insurance company, what is my liability? The premium has not been paid by me. It has been paid by the entity. So, I have no liability to pay the premium. I have no liability that is going to crystallise because I am going to offset it against the insurance.

Now, you could say, what if the insurance fails? Well, if the insurance fails, you are in a different world. We have not got an insurance from a company that is likely to fail to pay. It is like me saying to hon. Members, what are you going to owe the finance company from whom you bought your car if the company with which you insured third-party, fire and theft and no claims and all the rest of it goes into liquidation before it has paid you if you crash your car?

I mean, it is very unlikely, is it not? Because you are insured with somebody else, there is the Motor Insurance Bureau, it is very unlikely. So, the hon. Gentleman is asking me to do a quantification that for reasons I hope he will agree with me are happy reasons, it is not possible to give him a number which is credible.

If he wants a big number to point against, £544 million is the wrong number is what I will tell him.

Hon. Dr K Azopardi: Well, I am not sure I am either following or understanding this explanation. I mean, because the Hon. Chief Minister said in his Budget speech, and I am quoting 1121, he says:

> the financing was provided through notes issued by dedicated ring-fenced issuing companies and through institutional lending totalling some £544.7 million across the three portfolios.

He then goes on at 1129 to say:

> under the payment deed, the Government's obligation is a direct primary one where there is ever a shortfall or delay in the payments due, the Government can be called upon to make it good.

He then says at 1149:

> the debt supported by the Government totals £544.7 million, secured against care home real estate value today at £722 million.

So, the debt supported by the Government totals £544 million. I am just not understanding how it can be that if, yes, fine, we can all take a view as to whether it is unlikely or not, but if, for example, the structure were to collapse tomorrow, there is not a quantifiable amount.

Surely the effect of what the hon. Member has said in this House is that the Government is securing the primary liability of £544 million. If that is not the sum, surely there must be a sum. Surely the Government would not have entered into a transaction under which it has a primary liability, not a secondary liability, a primary liability, without knowing what that primary liability is.

Hon. Chief Minister: Madam Speaker, the hon. Gentleman is mixing many parts of the transaction. I have explained it in three different tranches. The total amount of all of the properties is £544 million, outstanding.

The Government's primary obligation, I have also explained to him, is in relation to the payment deeds. That is the annual amount of the payment deeds, which I referred to in my first answer, which is what we are required to pay.

What I have explained to him now in supplementaries is that in respect of that primary obligation, in the way that I have explained in my first answer, we have, A, insured for the Hartford portfolio, and, B, developed the insurance in the context of the Grant and the Select portfolios into a different type of cash accumulation, which is like the insurance but in the structure.

So, we know exactly what the Government's obligation is, what the primary obligation is. It is a yearly obligation to pay an amount if it is not paid, which we can be called upon, but we have insured against that to ensure that we are not called upon to pay that amount, put our hands in our pockets to pay those amounts. So, we have insured that there is insurance and we have insured that there is cash. That is why we are saying all of those things need to cascade and so many things need to go wrong there that it is very unlikely it is going to happen.

If the hon. Gentleman wants to know what the liability is, I have told him what the liability is each year in my first answer, but I have also told him that that change is based on inflation. So, I cannot tell him what the primary obligation will be next year because inflation will be whatever inflation is. That is not unusual because nobody knows what they are going to owe next year. Whoever signs up to any agreement for the repayment of anything will sign up to it if it is a mortgage with a period of fixed rate, but thereafter floating, or if it is any other borrowing, subject to the daily rates that might be relevant. Here, the liability is based on inflation, UK inflation going forward, and so therefore I cannot tell him what the rent payable in year three would be that we would be on the hook for as primary obliger if all of the things that have to fail were to fail and we had to put our hand in our pockets.

That is why I am saying to him he cannot quantify it. The total amount is not the amount that we are on the hook for. That is the total liability taken to acquire the portfolio of properties.

The obligation, the primary obligation that I am talking about, therefore not a guarantee, because it is not guaranteeing somebody else's primary obligation, is the rent. That changes year on year.

So, he cannot do his calculation, go out of here and say the Government owes a million, it is terrible. He cannot do that because that is not the case, and the security is such that it would be entirely disingenuous if he were to go out and do that without saying, but the Government is really fully insured against that with insurance and cash. And they have done a really good job, which is what I would like him to say once he had finished his summary.

Hon. Dr K Azopardi: So, I mean, he will forgive me because I am not really understanding the sentence in his Budget speech where he says,

> the debt supported by the Government totals £544 million. That, to me, can only mean that the Government is supporting a debt of £544 million.

The debt supported by the Government totals £544 million. When he links it to the primary obligation, surely the Government is supporting that £544 million. Hence my question of whether that is the maximum liability.

He will forgive me for the analogy that I feel, and probably because he is not trying to do this, but because he is in a position of knowledge and we are not, but it felt a bit like watching that famous magician trick where they are moving three cups and they are asking you where to find the ball.

The question I am asking really is, at least let me put it in the other way round. Can he assure the House, can he assure the House that the liability of the Government is not £544 million or in the hundreds of millions?

Hon. Chief Minister: Madam Speaker, I am not trying to hide any ball. I am trying to get him to understand that he should find the ball and use it to have the courage to support us on this. Because we have the ball to do it.

It is for a good reason. Let us see what I can tell the hon. Gentleman to give him the comfort that he is looking for. I am not uncomfortable that he is looking for comfort.

I think it is right that he should look for comfort. It does not appear to me that he is trying to do that. He is trying, as far as I can see, to inflate liability, to leave here to say, oh my God, what a terrible liability, woe is me.

He is not going to get that from me. What we are supporting is the structure's liability of £544 million. We are supporting it through payment deeds. We are not guaranteeing the £544 million. We are supporting it by payment deeds. That means that we have three annual obligations. There are three structures with three sets of payment deeds. I have told him the number for the payment deed in each year, this year, for each of the structures. Next year, the number will increase by inflation. That is the liability, Madam Speaker. That is the liability. It is a liability designed to create the circumstances in which the lending institutions lend to the structure the £544 million. We are not guaranteeing the £544 million. Our role is to say we guarantee the annual rent. In doing so, the money is lent.

So, we are guaranteeing the income, which is what supports the case for the borrowing of the £544 million. We are not guaranteeing the £544 million. So, this year, we are supporting the rent liability of each of those three structures. Next year, we are supporting the rent of each of those three structures, such as it may be subject to the increase of inflation. Each year, we are fully insured for the first 15 years in the Grant structure. Each year, we have a bigger pot in respect of the rent of the second and third structure.

So, the liability is not £544 million, and it is not hundreds of millions. However much the hon. Gentleman might wish to inflate it to that or is seeking comfort to ensure that it is not that. Whether it is the negative or the positive, that is the answer that should give him the comfort, or discomfort, that he cannot inflate it to that.

Hon. Dr K Azopardi: I do not want the liability of Gibraltar to be £544 million, or hundreds of millions, by the way. Let me make it very clear. Good.

So let me be clear, because I did not take a note. He gave a very long answer. So can I ask him, as I understand the explanation, what he is saying is that the primary liability guaranteed under the payment deed by the Government, in effect, is the rent across the three portfolios. Am I right in understanding that? He says he gave those figures. I did not take a note.

Can he tell us what that, and I appreciate he is saying it is changing every year by inflation. That is fine. Can he tell me what the total liability under the payment deed, therefore, is this year, for example, because he says he has given me this year's figures.

Hon. Chief Minister: What I read to the House is many, many pages. So, I would have to go through it now to find that. If he wants to move on to another supplementary, I will get somebody who is listening and has helped with the preparation of it to point me to it, and I can come back to it and give it to him.

I found already the figure of the insurance support, and the insurance support is £5.85 million in each year, index-linked RPI. I am telling him we are insured for the rent. So, it is obviously initially in the region of £6 million, but I will get the exact figure and where I gave it here.

In the other, the pot is what insures us, and the pot is getting bigger and is a number of years of rent. So, if he wants to move on to another supplementary, I will get that detail.

Hon. Dr K Azopardi: Yes, it would be helpful if those listening were to provide that because for us it is quite important. I mean, this to a very large extent is one of those important things. He will understand that when I say it, and so will anyone listening, that for us there are a number of questions in respect of the governance structure, etc., but the issue of the liability is, of course, crucial. So, I am grateful if that figure is provided to me before the end of the questions.

Can I ask him this question, if I may, moving on to something different, which is exploring the portfolio of investments, if I may. So, can I ask him why it was that there was a decision to invest in the care world?

While I am on my feet on that issue, ask him to comment on the care world, he says in his original answer, is steady, it is conservative, of course population is getting older, but also equally in the UK there is now renewed interest from the Labour Government under this new Prime Minister in respect of the private care world. So, whether that will put pressure on this world in the future, it is unclear. Can I ask him to comment on why the Government took the decision to invest, not in Gibraltar on infrastructure or anything like that, but to go out into the international market, in effect, to be investing in the social care world in a foreign land?

Hon. Chief Minister: For a simple reason, Madam Speaker, because we have not invested in the elderly care world in a foreign land instead of investment in Gibraltar. We have invested in Gibraltar, Government money, we are investing in Gibraltar, Savings Bank money, and in the United Kingdom we have supported somebody else's investment without one penny of Gibraltarian taxpayers' money. It is that simple.

So, the hon. Gentleman cannot also now try and put this through the negative filter of they have invested in the UK instead of investing in Gibraltar. We have invested in Gibraltar and every time we invest in Gibraltar through the Savings Bank or through the Government General Account, we get told we are spending too much money, Madam Speaker. Or we get told that it is wrong that we should be using investors' money in the Savings Bank to invest in Gibraltar infrastructure, although Gibraltarian investors have bought bonds in the Savings Bank saying that they want the returns that will be produced from investments in Gibraltar infrastructure.

So, there is not one penny of the Gibraltar taxpayer that has been invested outside of Gibraltar in preference for investment in Gibraltar, because I started my answer to him telling him that there has been no public money used for this. None. Now, Madam Speaker, he started his

supplementary here by saying for us he will understand, the Chief Minister will understand, that the liability is the issue about whether or not we want to support this.

I put it to him, Madam Speaker, that he is wrong to take that attitude. For the reason I already gave him in my first lengthy supplementary answer. Because we have already taken on the liability.

If the hon. Gentleman, perish the thought, were to become Chief Minister of Gibraltar tomorrow, he has this liability. He can blame me until the cows come home. I have no doubt he will blame me for the liability and not thank me for the cash that will be in his hand to spend in elderly care in Gibraltar, in student care in Gibraltar, in education in Gibraltar, in hospitals in Gibraltar, in health in Gibraltar.

I have done the liability. I have taken that on these shoulders. He can say, Fabian, I am going to support you. I am going to form part of this in shaping the future and the fund and all the rest of it. But I would not have done it myself. But you have done it. So now, let us work together on how we shape the use of the fund. *Picardo el malo*, if that is what they wanted to play at, Madam Speaker. But maybe one day, maybe one day, Picardo might not be so bad if this fund goes the way that we think it might.

It is that simple. So, the liability, such as it may be, has been acquired. We will come back to that when I can give him the answers to his earlier supplementary.

Is the care world in the United Kingdom secure? Of course it is, Madam Speaker. If the Labour Government wants to provide care, it is not going to take the private sector providers completely out of the equation.

Creating an NHS for elderly care, which is what Andy Burnham has rightly said he wants to do, with the full support of socialists on this side of the House and liberals, no doubt, on this side of the House, is a very good thing. Because we do it in Gibraltar. If they are going to emulate our model, that is a very good thing, Madam Speaker.

It is an issue that has been pending for many years. He is not the first Prime Minister to say that he is going to tackle this. The Hon. Theresa May's whole general election campaign came unstuck when she said she was going to deal with it.

The hon. Member will remember the “nothing has changed” speech after her proposals had been considered. I very much hope that Prime Minister Burnham will be able to do what he says he wants to do in relation to care. I do not think that means it is the end of the private care world.

Neither do I think that that means that the UK Government will immediately be able to spring up the number of beds necessary to be able to provide this care. They will not need to buy the care themselves. Much of the care that is provided through these care homes is already provided to the public sector in the UK.

So, these are private care homes. Much of what we do in these private care homes is to sell beds to local authorities, who then provide the private care to the people who come within the parameters that they have to have the elderly care provided by the public sector. So, in that world it is much more likely that we are going to have the very stable client, that is the local authority, funded through central government in the United Kingdom.

Or a potential sale of the portfolio, which will produce more cash for the Sovereign Wealth Fund sooner than having to wait for the growth. Then we might invest in a different sector. Or what are care homes today might become homes for immigrants in the United Kingdom, where the primary obliger is also the state.

Hon. Members will have read that this is one of the biggest growth areas in the United Kingdom. Some of the people who are making the most money are the people who run the places where illegal immigrants are kept in the United Kingdom whilst their asylum applications are dealt with. Or student digs. Or other of the very many opportunities that a sophisticated economy like the United Kingdom presents. None of which suggest any potential for loss when you own this number of properties in the United Kingdom.

I mean the hon. Gentleman might want to ask me whether I think that the United Kingdom economy is going to collapse. I do not think the United Kingdom economy is going to collapse. It

is going to grow more; it is going to grow less. That is where the argument is in the United Kingdom. The United Kingdom is one of the G7 economies. It therefore is not going to expropriate property from investors into the United Kingdom. So, there is none of that risk, Madam Speaker.

So, if liability is the issue, I refer the hon. Gentleman to what I said before because I really do not think that liability should be the issue for them. Liability can be the issue on whether or not they want to go out there to say that they would have done this. Might want to say that they did not. They would not have done this. That is fine. It is done. Picardo did it. Let us now sit together to marshal the fruit of what Picardo did so that it is fruit for all of our children, our elderly and vulnerable going forward. *El malo soy yo,* I am used to it, Madam Speaker.

Hon. Dr K Azopardi: Is the Government considering other projects, actively considering projects right now that would be invested in? I say, look, I use the word invested in a loose sense, obviously, because of the explanation he has given.

In other areas, in this kind of Sovereign Wealth Fund structure, the one that has not still been set up, but using the surplus created by the structure. Is the Government actively considering or considering any other projects? If so, in what area?

Does the Chief Minister think that it is correct, in principle, having done this first project to, in effect, create additional liabilities, which would be the effect of getting into other things outside Gibraltar's shores? He will say, I have led the risk. In effect, what you are doing is creating a financial situation where the Government is acting almost as if it is in the private market and not using surpluses because this structure was not built on surpluses.

This structure may create surpluses for a future Sovereign Wealth Fund, but the structure itself and the liabilities it is securing is not built on surpluses. So, is it right, in principle, for the Government not to use surpluses? This is not Norway with huge surpluses with a Sovereign Wealth Fund and using cash, excess cash it has that it does not know what to do with, so it is investing for the people of Norway.

This is a structure that is not built on surpluses yet may create surpluses. Is it right, in principle, that the Government should, given the context, the public finances context in Gibraltar, be doing this, which might incur liabilities, which might involve us in litigation in the United Kingdom High Court? Is it right, in principle, that a Government should be doing that? Is that being conservative?

Hon. Chief Minister: Yes, it is right, in principle. That is why I took the decision. I am not a conservative. I am a socialist, Madam Speaker. I would have thought he has known that.

I believe it is absolutely right, in principle. I believe it is the right thing to do. I believe it is the right investment for our children's future.

The hon. Gentleman keeps getting the structure wrong. I am sure not intentionally. This is not about surpluses of the Government General Account. The surpluses of the Government General Account in Gibraltar are put into other rainy-day funds. They are put, some of it, into the Gibraltar Community Care. A lot of it, a huge amount of it, held today in the reserve of the Savings Bank instead of being moved into the Government General Account.

I mean, the next Chief Minister could, like this, have an £85 million surplus if she had a break-even budget. Because she has got £85 million that she can take from the reserve of the Savings Bank into the Consolidated Fund and Bob's your uncle, there is your £85 million surplus. Another thing she could do is that she could direct that all a part of the reserve of the Savings Bank should be moved to the Sovereign Wealth Fund vehicle that we would establish.

But that is not what we are talking about here. This is about creating cash for the Government from something outside of the Government where what the Government contributes is its credit rating but not money. And yes, you might say by contributing your credit rating at some stage you might be called upon to provide money.

But I have already explained that we are insured against that in one of the structures and that we have a pot of cash to act as insurance against that in the other structure. And so therefore, however much you might want to create the spectre of potential liability at risk, you are doing so

without having regard to the reality that it is very unlikely that the Government of Gibraltar is ever going to have to put its hand for a penny in respect of these liabilities. And if there is a risk of that, Picardo *el malo*. Fabian Picardo did it, Madam Speaker. Fabian Picardo takes the responsibility for having done it. And then when there is a huge pile of cash those who said Picardo *el malo* might say Picardo was not so *malo* after all.

Right? And if there is litigation in the High Court in London, Madam Speaker, I can understand that a passer-by in the piazza who has never stepped into a courtroom might shiver at the thought that one of His Majesty's leading counsels addressing another before a former judge should think that that is just par for the course. There may be litigation in the future, we never know.

Somebody might fall out of a bed and might take action against one of the operating companies. Who knows, Madam Speaker? But will that vitiate the structure or affect the profitability of the structure?

No, I do not think so. It is very unlikely. But if the hon. Gentleman likes, we can scare everyone out there. Not just with reference to High Court actions, we can talk about liquidations if the hon. Gentleman likes. We can talk about rampant inflation which might increase the rent to such an extent it might be difficult to fund from the numbers of income, the amount of income that we have. Of course, all that can happen. Even if all of that happens, this is a robust model that is unlikely to ever lead the Government of Gibraltar to ever have to put its hand into the taxpayers' pocket to fund this.

But let me offer the hon. Gentleman another calming, soothing thought. Apart from the insurance for 15 years in one structure and the pile of cash in the rest of the structure, apart from the fact that it is very unlikely for all of those reasons that the value is ever going to be such that there be any problem here, the hon. Gentleman needs to remember I have already told him the £6.5 million of what he calls surplus, wrong reference, profit, correct reference, to put into the special purpose vehicle that will be labelled the Sovereign Wealth Fund. And next year, another £6.5 million. And the next year after that, another £6.5 million. And the next year after that, another £6.5 million. Or more, because inflation will rise and that will gain interest. So let us say that this only survives for 10 years.

In 10 years', time, if there is a problem in the first portfolio, you have got the insurance, so there should not be any difficulty. In 10 years', time, if it is in the second or third portfolio, you have got the pile of cash in the second and third portfolio. In 10 years', time, you will have £65 million at least in the Sovereign Wealth Fund pot.

And you will have the value of the properties and the reduced liability against those properties because I have told the hon. Gentleman it is self-amortising over the period. So, the properties will be worth a lot more. 10-year increase in value of property in the United Kingdom. That is not bad. I mean, Conservative estimations is to value that growth at 3%. In 10 years, the value of the properties will be 30% more.

The liability against the properties will be one third almost down. So, you will have paid down one third of the liability in respect of the properties. You will have had in your pocket £65 million.

Madam Speaker, hon. Members will remember the fantastic Pixar movie, Monsters Inc. We can all go to the school for scaring. Or we can look at the fact that this is actually a properly structured, as risk-free as possible opportunity.

The liability and risk for which I take on my political shoulders that is very likely to produce a lot of cash and a lot of value for the people of Gibraltar going forward. I know it is hard when you are in Opposition to say, well, that is not bad. I wish I had done that. I am not asking them to do that. I am asking them to say, look, Picardo took on this liability. We might not have. I mean, hon. Members are Conservative. They are not Socialists. But the Socialists did it. We will be happy to be there to help them ensure that the pot of gold keeps growing and will insist that it is managed conservatively. So be it.

Hon. Dr K Azopardi: Well, I do not know why the hon. Member recoils from the word conservative. The reason I put my question in those terms is because he was assuring me before the break that everything about the structure was conservative.

And he is the one who did it. The Socialist, Picardo, who did the conservative investment. And so that is why I was probing.

It does not need to get defensive and twitchy about being conservative. It is not bad in life sometimes to be conservative. It means that people will have their money, the taxpayer, etc.

Can I ask him about... Because look, he says, look, in this cataclysmic scenario, if it only lasts 10 years... Well, we know that he said that the... well, we do know from information that these are monies under bonds that have been issued right through to 2060. So, in effect, that is the life of the structure, the investment, whatever. Can I ask him, because I am not sure if I took an accurate note, but did I understand him to say that there is no early route to termination, there is no kind of exit clauses?

Did I misunderstand him? Can he just perhaps give me that information again if I did not understand it? I am trying to understand whether the Government has an ability to get out of the structure at any given moment, and if so, how? Doing what? And is there a penalty in doing so?

Hon. Chief Minister: Madam Speaker, I gave that in the context of my first answer. Going back to read that part, I think is unnecessarily onerous for both of us. Can I suggest that he looks at that when the answer is published? I can let him have my written version of the answer at the end so he can see what I said.

Hon. Dr K Azopardi: Can he at least confirm, if I may, I will go back to that, I mean, it was a long answer and obviously it is impossible to take a note of everything he said because we do not have it in front of us. So, can he confirm, at least this, without looking at the detail, that there is in principle an exit mechanism for the Government? Is that so?

Hon. Chief Minister: Yes, Madam Speaker, can I explain the terms of it, which is the usual thing that you would expect to see.

Hon. Dr K Azopardi: And can I ask him then about the question on the introduction? So, my hon. Colleague, Mr Clinton, asked who introduced the Government to the concept and as, in my notes, he gave a, he rattled off a number of well-known entities, law firms and accountants and so on but presumably those lawyers and accountants were advisors for different people. What we are really asking, and I am not sure we got the answer to, is who approached the Government with this idea? Presumably this did not come from the Government.

Presumably someone approached the Government with this idea of asking the Government to be, accept the primary liability in this structure of care homes in England. So, who was that?

Hon. Chief Minister: Madam Speaker, the ultimate beneficial owners that I referred to in the context of my first answer.

Hon. Dr K Azopardi: So, the ultimate beneficial owners of Deer Capital are the ones who first spoke to the Government about this concept. I see, I understand. And those ultimate beneficial owners are, the Government, I think the Hon. Chief Minister said, he, are identified in the joint venture agreements.

Is he in a position to say who those people are or not?

Hon. Chief Minister: I am in the position to say that we know who they are but not to throw their names across the floor of the House. The hon. Gentleman will know that we have been working with many different options in relation to a potential future care home in Gibraltar. That is how we came across each other and that is why they are in that sector.

Hon. Dr K Azopardi: And would he be willing to tell me behind the Speaker's Chair who those ultimate beneficial owners are?

Hon. Chief Minister: Yes, Madam Speaker, I have no difficulty with that but before I talk about them across the floor of the House, I should get their consent to do so but I am very happy to tell the hon. Gentleman behind the Speaker's Chair.

Hon. Dr K Azopardi: Can I ask him whether anyone independently assessed the structure, the concept that was being put to the Government? So, he meets the ultimate beneficial owners of Deer Capital and of course this structure is set up in phases, if I can put it that way, because clearly, I think it was the Financial Secretary who was appointed first but I may be wrong, let me just check my notes. The Financial Secretary was first appointed a Director of Hartford on the 2nd of July 2024 and then the Chief Secretary becomes a Director of some of the Deer Capital entities in September 25.

So, the meeting with the Deer Capital people would have been when, more or less? So, I am trying to understand the chronology, yes, the initial meeting, the chronology and the sort of conceptual thinking time, the reflective time of the Government until these things happened.

Hon. Chief Minister: I already told the House, Madam Speaker, in my first answer that it was in late 2023.

Hon. Dr K Azopardi: And can I ask where... I am just going to, I did not sort of articulate it, but can I just ask it that... (*Interjections*)

Hon. Chief Minister: He said whether we had been independently advised and I told the House in my first answer that the advice had been underpinned by independent advice and due diligence by PricewaterhouseCoopers for financial analysis and by Knight Frank for property valuations. I understand he thinks PricewaterhouseCoopers are quite a good firm.

Hon. Dr K Azopardi: I think they are both very good firms, I am sure. Like Hassans is a very good firm as well. Yes, Triay and Triay is a good firm. Not my firm but a very good firm.

Madam Speaker: I am very uncomfortable when you agree across the side of the House.

Hon. Dr K Azopardi: We can do more marketing. But I am trying to understand, so these firms, are these firms' providing advice to the Government or to Deer Capital? Are they instructed by the Government to provide independent advice or not?

Hon. Chief Minister: No, Madam Speaker, I said independent advice.

Hon. Dr K Azopardi: I am just trying to understand who instructed them to provide the advice. Well, I mean, the Chief Minister, I assume, was quite intimately involved, presumably in at least the political instruction of saying, look, I have had this concept put before me. Clearly, it is interesting to the Government but there are issues here, structural issues we need to overcome, hence why presumably it takes a while for these things to happen.

But I would like there to be independent advice to the Government and that does not mean that the guy coming to see me should get the advice. I want to get my own separate advice. Am I understanding that the advice that was obtained was advice for the Government and not by Deer Capital?

Hon. Chief Minister: I do not have the contracting letter with PricewaterhouseCoopers and with Knight Frank here. So the reason I am not able to tell the hon. Gentleman is because it is not

impossible that the entity that we are all in was the one that took the advice so that it was independent advice to the entity, not to the Government and not to Deer Capital but to the group, about what we were going to acquire to confirm the values, the role of rent, etc. which is what one would expect to see.

So, I am not able to give that answer but the Government is satisfied that it is advised not by those who are seeking to obtain our support but independently of that in respect of the resilience of the structures that we have entered into by the entities that I have referred to as having given independent advice.

Hon. Dr K Azopardi: And can I ask him, obviously he is going to come back to me on the issue of the amount of liabilities, but can I go back to the scenarios on where that payment deed could be triggered? Obviously, we have not seen it, but I am trying to understand the scenarios because he has previously explained that there is a cascade of issues and they are almost buffers before you get to that. But in what circumstances is there a scenario where there is a trigger of the Government's obligation under the payment deed? Can I understand that?

Hon. Chief Minister: I do not have the payment deed here, Madam Speaker, but payment deeds are uniformly effective when there is non-payment. So, if the structure does not produce the income, then we have to ensure that the income is there. Of course they will also have the usual clauses about liquidation, etc.

So, if there were to be a liquidation of an entity in the structure which were to be a forced liquidation of an entity in the structure it is very likely that the payment deed might require us to remain as primary obliger. But the payment deeds are usually quite clear about the fact that they are designed to protect a particular income in a particular period and that is what you are called upon to ensure is provided.

Hon. Dr K Azopardi: Can I ask him about the whole issue of the guarantee and the payment deeds? Because he confirms that the Government has received legal advice that there was no need to trigger Section 9 of the Public Finance (Control and Audit) Act. Section 9 of course requires that if the Government is going to enter into a guarantee involving financial liability it needs a resolution of the House and so on.

That section seems to me to be there; the purpose of that section seems to me to be there to protect the acquisition of greater liabilities without a resolution of this House. And he says I have got the legal advice that says that is secondary liability because this is primary liability then it does not trigger the section under the Act. But does he not agree with me that a primary liability is much more proximate than a secondary liability in which case our statute protects us against secondary liabilities being acquired without a resolution of the House but not primary liabilities. Does he agree? It seems to drive a coach and horses through the spirit of the section.

Hon. Chief Minister: I agree entirely, Madam Speaker, that our statute is designed to protect us against the acquisition of secondary liabilities without a resolution but not primary liabilities. For a simple reason the thing that protects us against primary liabilities being obtained or signed up for by a Government is a thing called a General Election. The General Election decides who makes the executive decisions on behalf of the people of Gibraltar.

And we have taken plenty of them. In fact, we have taken primary liabilities in the region of £750 million each year. And we have come to the House, and we have said £750 million we are going to spend and the House has said OK. We have signed a lot of contracts in the past 15 years. This is another one of the contracts that we have signed as primary obligers.

Now should we decide to come here or rather should we decide to support the borrowing of Keith Azopardi then Keith Azopardi is doing the borrowing. We have to come here and say look Mr Azopardi has borrowed this amount. We have not borrowed it because we have the executive power and authority to borrow. He has borrowed it, but we are going to support him because he

is a good egg, he is good for the money and we think we should support him. That we can only do with a resolution of this House. But the hon. Gentleman needs to realise when I last came to the House, when I first came to the House after the summer, I laid on the table the borrowing with NatWest Bank of £500 million as primary obliger.

I did not need to ask the House's permission. And that is not a guarantee. That is primary obliger. The Financial Secretary advised, the Cabinet took the decision, the Chief Secretary signed. Because it is a particular type of borrowing, we are required to lay it in the House. This one is another type of primary potential borrowing or liability, not borrowing, it is potential liability, we are entitled to sign up for it.

And Section 9 is not about that. It is about; the reason Section 9 is there is because the Government's pocket should never be used to support a third party's pocket without the House being told about it. Here, it is our pocket involved. We are the primary obligers and we get the benefit of being the primary obligers because we will have the £6.5 million a year, the growth in the value of the asset and the benefit of that pot of gold that we will create and hopefully at the end of this debate agree to shape together. I do not mean debate today. I mean discussion across the board. Right? So that is why we are primary obligers here. This is not a guarantee to enable somebody else to do a transaction in which they get the benefit and we do not. Which is what the guarantee would be about. So, the section in the Borrowing Powers Act is exactly the right one.

Hon. Dr K Azopardi: Can I ask him about the sort of structure as it works now, the operational structure in terms of the governance?

Because the Chief Minister has said in his original answer that there are directors on the board of the joint venture companies. It is clearly a complex structure. Some of the companies I believe are registered here in Gibraltar, some of them are registered on our research in England. But how does it work, sort of at operational level this structure. The Financial Secretary, Chief Secretary are on different boards. But are those the decision-making boards?

And if so, how does that work? Because clearly this is a structure that owns care home business. I am not expecting the Government to be present on the boards that are running their care homes. Clearly that is a different issue. But at the top level in respect of which financial obligations may arise, operationally, how is that working? Who is on these boards representing the Government and how does the Government envisage that?

Hon. Chief Minister: Madam Speaker, I do not mean to be obstructive, neither do I think the hon. Gentleman wants to simply extend this session unnecessarily. All of that data is already in what I said. I said what they can do in each of those boards. I talked about where we have vetoes, where we have oversight, where we have control, where we are having administrative and financial oversight, attending board meetings, reviewing management accounts and financial information, able to refer matters to the Cabinet, seek appropriate legal and financial advice, where we have the vetoes, etc. That is in what I said. I know I said a lot, and I know the hon. Gentleman will not want to ask me to repeat things which I have already said because he will be able to look back at this in slower order.

Hon. Dr K Azopardi: I do not want him to repeat it. So, on veto rights, if he tells me that he was specific about in what circumstances those veto rights would be triggered, then I will not ask him.

But if it is not in his answer, then perhaps he could articulate it a bit more. Just pause there in case, so he can check.

Hon. Chief Minister: I have talked about the types of instances where veto rights occur. I have not set them all out. I think it would require a legal treatise for me to set out where there would be legal rights of veto, etc. under the agreements that we have. But there are certain veto rights, etc. Perhaps I can ask hon. Members to look up what I said in detail and to ask me specifically if they like online or offline. I hope we will be able to advance this before the next meeting with

them, if necessary, writing to me or us meeting to be able to give them more detail, perhaps even some of the detail we cannot give in public, which we can share.

Hon. Dr K Azopardi: We are in the Chief Minister's hands because without repeating what I said earlier, once he gets consent and there can be more disclosure, then of course we can discuss issues once we have had an opportunity to scrutinise the legal documentation because he has got a position of knowledge, we do not, and it is difficult for us to form a more specific view beyond asking questions on this, but of course we are prepared to have that discussion to understand the issues because we come at this from the hopefully common view of trying to understand it because there are concerns that we have. Simply put like that.

Can I ask him, he has said to the House that he has instructed that a structure be set up. Who does he envisage would be on the governing board of this structure? I know he has invited us in the future to be on it, but what I am saying is today, if the Sovereign Wealth Fund, if the instructions that he has given are carried out now and this Sovereign Wealth Fund SPV is set up funded by what he calls profits and I call surpluses loosely because what I mean by that is that under the Santiago Principles, as is quite clear, the explanation of what a Sovereign Wealth Fund is funded by loosely surpluses of Government does not need to be revenue, what I mean is cash available for the Government, that SPV would be considering presumably further projects. Who does he envisage would be on the governance board and the decision makers there? He has already indicated that the Minister with responsibility for the Sovereign Wealth Fund is the Chief Minister but presumably this would be political decisions taken on advice of a governance board that may include politicians, may include experts and so on but can he perhaps give us a bit more information about how he would envisage that?

Hon. Chief Minister: So Madam Speaker, I think I have shared my thinking in this respect but I would expect that we would want to have on the board a current Financial Secretary, perhaps a former Financial Secretary, a current Chief Secretary, perhaps a former Chief Secretary, a current Chief Minister, perhaps a former Chief Minister and a current Leader of the Opposition and a nominee from the Opposition and then some potential subject matter experts on investment. I do not necessarily agree with him that this is the type of fund that would be used to fund projects necessarily because I think that the way that I see it, but again a Chief Minister can take a different view, I think we have funding for projects and Sir Joe gave quite a master class yesterday about how that is structured and this is more about a different type of management, a different type of money management approach so that you see money growth.

That might include investment directly in projects. I mean I would have thought that we would be buying more derivatives rather than direct investment in projects, but the advice may be that there are some projects on which the money is better invested than in some derivatives. But the investment board so to speak, the management board of the fund would be that sort of management board and that is why I think that you would have the balance to ensure that the money is managed in a way that is never going to see it frittered away and that it is grown considerably so that it is the type of size of pot that we have never had before. That is why I say it is the rainy-day fund of rainy-day funds.

Hon. Dr K Azopardi: And does he agree that once this SPV is set up falls within the purview of the Principal Auditor?

Hon. Chief Minister: Very likely, Madam Speaker. I do not see why it should not. In fact, maybe there should be a Principal Auditor on the board and a former Principal Auditor also on the board to add to the approach that we take.

Hon. Dr K Azopardi: But he does not think, if I understood him, that the current structure falls within the purview of the Principal Auditor. Is that correct?

Hon. Chief Minister: Because Madam Speaker the current structure is out with of... The oil field is not in Gibraltar. The ownership of the oil field as it is at the moment is not in the purview of the Principal Auditor.

Bringing it into the type of fund that we are talking about and it is not simply because first you have to know that you have hit oil and it is producing oil that you can refine the oil and you can sell the oil. And then when you start to have a trickle of cash you can talk about creating the labelled SPV. We have now got it.

We have established it. Now we have to do the labelled SPV. I think the labelled SPV is the thing that is in jurisdiction, in other territories they all say on island, we are not an island but in jurisdiction and therefore can be subjected to the purview of the Principal Auditor which I think would be another very good thing in the context of the type of money management that I would like to see in respect of this fund.

Hon. Dr K Azopardi: Can I ask him about fees because my hon. Colleague Mr Clinton asked about fees and he said all fees were met at closing, he said, from the transaction closing. But to make the point that there was no sort of cash payout by the Government but that may be so, they were met from the transactions closing presumably from the release of funds and so on. But is there a breakdown of what those fees were?

Because some of the fees presumably were to the account of the Government even if there was not a sort of positive cash exit from the Consolidated Fund or anything like that, there was presumably because it is a joint venture in part, there was some of the fees were to the account of the Government were they not?

Hon. Chief Minister: Some of the fees will have been for the account of the Government, yes. I do not have the breakdown of the fees because they have not involved the disbursement of public money at all, but I am sure I can also share that with the hon. Gentleman when we meet and as I hope we will.

Hon. Dr K Azopardi: Yes, well and if he does not have a breakdown does he have a total of what those fees are? I mean my hon. Colleague Mr Clinton did ask about the fees, so I am trying to find which number of question that was because I am just trying to understand because these are to the account of the Government.

Hon. Chief Minister: Not to the account of the Government in the sense that they are not public monies that have been paid but yes, that total will exist, I do not have it, Madam Speaker, because it is engulfed with all the other monies that were paid for all the other parties in respect of all the fees and the hon. Members have been involved in commercial transactions of this type, I know, because I have done some with the Hon. Mr Bossino where he has given opinion and you know it is the most common thing in the world that the fees are paid on drawdown from the drawdown. In this context there has been absolutely no fees paid by the Gibraltar taxpayer.

Hon. Dr K Azopardi: He says they are not paid but they are paid in the sense that they are to the account of the Government, there is not a positive payment out of the Consolidated Fund but they are deemed settled from the funds that are released, they are therefore to the account of the Government. I am trying to understand what the figure was that was to the account of the Government. If he does not have that I would be grateful if that figure could be provided to me.

Hon. Chief Minister: Okay.

Hon. Dr K Azopardi: Madam Speaker, then I think the Chief Minister said in his original answer as well that he was not aware that Bloomberg describes the loan notes as guaranteed by the Government. What we have seen in our research is precisely that there is that type of information

from Bloomberg when you do research on the issue, as the Government of Gibraltar are described as guarantor now, and that is information available in the market as it were. So, what my hon. Colleague asked is, given that, and given that the legal advice that the Chief Minister has received is that it is not a guarantee, will the Government then correct the public record?

Hon. Chief Minister: Yes, Madam Speaker. Bloomberg should consider itself corrected by the things I have said today. There are absolutely no circumstances in which a primary obliger under a deed can be called a guarantor.

Hon. Dr K Azopardi: Madam Speaker, I am sure Bloomberg are listening avidly to the proceedings of this House, would not be the first, I am sure.

Can I ask, I am just flicking through the rest of it because in case I have left anything out so, there are two joint venture entities, Gibraltar joint venture entities, that form part of the different structures in relation to Hartford.

So, in Graham Care and Select Care the Government is using Gibraltar Investment Holdings which is a Gibraltar Government wholly owned entity but in respect of Hartford the Government is using Community Initiatives which is the charity which the Father of the House has used on other matters which he deems to be part of the National Economic Plan. The Chief Minister has indicated that the assets held by Community Initiatives, i.e. the profit received, are held on trusts for the Government. Was Community Initiatives used for a particular reason? Is it because chronologically that project was used first before the idea developed and then it migrated to Investment Holdings?

What was the rationale of using an entity which the Father of the House on occasion has tried to distance the Government from as if it has got nothing to do with me, it has got its own separate board and decision making. What would be the purpose of doing that through Community Initiatives?

Hon. Chief Minister: Much like Gibraltar Community Care Trust is entirely independent, as the hon. Member I know will support and accept, and Gibraltar Community Initiatives is entirely independent. Gibraltar Community Care Trust nonetheless receives a huge amount of monies from the Government every year. I nominated GCI as the party that should receive the potential benefits that might be accrued in the initial period because I wanted to make sure, the hon. Gentleman perhaps having been a Minister might understand this, but he was never Minister for Finance so perhaps he does not understand it quite as I do, that I did not want it to come into the Government General Account because I felt if it did it would simply be lost and that is why I want to create a freestanding entity for the purpose of the management of this money and I asked that it should be nominated to GCI and it should be held by GCI on trust for the Government in the event that the Government wanted to nominate another party. We can of course nominate to the structure that from now on it goes to a new entity and we can ask GCI to please also put it into the entity that we create, or we can take the view that the amount already paid to GCI stays in GCI and it is just future payments that go into the Sovereign Wealth Fund. It does not affect or vitiate the independence of GCI in the same way that hon. Members would want to agree with me, the independence of Gibraltar Community Care Trust is not in any way affected by the fact it has received hundreds of millions of pounds from the taxpayer since its inception in the 1990s.

Hon. Dr K Azopardi: And in relation to why it took so long, we say do not use that pejoratively, you may view it that way, but it took so long in this sense that the Hon. Chief Minister meets the UBOs of Deer Capital in late 2023 but by the summer of 2024 the Financial Secretary is already appointed on our Board so clearly things are progressing quite a lot and then it seems that all the structures are set up by 2025. When the first structure was set up why did the Government not make a statement at that stage in respect of its intentions? Why wait till the New Year's message and then six months later to give the detail to this House?

Hon. Chief Minister: Madam Speaker, perhaps I am ready to admit things now that I might not have admitted in other moments in my career, but I cannot work 23 hours a day like Joe. You can squeeze 16, 18 out of me but you do not get much more, if I am making sense. And the blooming Deputy Chief Minister was insisting to me that we had to finish this thing called a Treaty with the European Union and there were other transactions on the table to also be done which required our attention. Hon. Members insisted I come to this House on average once a month to answer their questions and then I had to deliver a couple of Budgets in that period and for a very large part of that time, I am very sorry to say, I was a single father, not anymore. And so, Madam Speaker there just were not enough hours in the day, but I thought this was a very good thing. The partners that we have in this field were very keen that I should make the statement. I needed to see the statement that was going to be made, it needed to be approved, it is a sensitive thing, of course it was going to result in questions from Opposition Members thereafter. I wanted to ensure that we could together shape the future of this Fund, not an easy thing to do, Madam Speaker. I wish I had been able to do it sooner, but I have reluctantly come to the view in my mid-fifties that I have to accept that I am human.

Hon. Dr K Azopardi: It was remiss of me not to congratulate him by the way from Members of this House on this side of the House that he is no longer a single father, may I say so I give him our congratulations on that. (*Interjections*) Sorry? Yes, well alright I did not know Madam Speaker had not just officiated but been the reason why the wedding had happened.

Madam Speaker: We are taking it to a different level now perhaps we… I performed a public duty.

Hon. Dr K Azopardi: Very good. Can I ask him again I am not sure he gave me this but he might have done in his long answer but in respect of the question on where the revenue was, as I understood it the revenue is parked in the revenue received would be parked in, if it is not already parked in the in either the joint venture entity or in our side of it, when I say our Gibraltar side, in Community Initiatives held on trust for the Government and in Investment Holdings, is that where it is and is the money that stems from this structure in Gibraltar or held somewhere else?

Hon. Chief Minister: Madam Speaker, as I understand it, the accounts of Gibraltar Investment Holdings are in Gibraltar.

Hon. Dr K Azopardi: He said in relation to the question on whether he could identify the international partners he referenced in his New Year's message, that I took a note, that it was Dear Capital and associated entities so did that mean, did the associated entities mean associated to this structure and this project, is that what he meant?

Hon. Chief Minister: Yes, Madam Speaker, these are cascading groups of companies as he has seen the Hartford Group, the Grant Care Group, the Select Group those are all companies, he has seen the names of them because I have referred to them in my statement and I think I referred to some of them in the course of my Budget address as well.

Hon. Dr K Azopardi: Madam Speaker, not… well I mean I put this in this way whether I have stood up for this reason, clearly there is a lot to digest in respect of the long answer the hon. Member has given. It may be that there are issues that we would like to probe stemming from that answer and I would be grateful if the Chief Minister were to confirm that he is content to receive questions on this subject, obviously subject to Madam Speaker, when we are able to consider that. And I do not know if he has received the information from those listening in respect of the quantification of the liability on the as of this year at least the quantification of the liability under the structure.

Hon. Chief Minister: Thank you, Madam Speaker. I mean the invitation I have made to the hon. Gentleman is such that I expect that we will want to be in touch with each other and meeting to have the further information so that the hon. Members obviously can make the decision of whether or not they accept my invitation, so I expect that we will want to do that as much outside of this House as in this House in future.

Madam Speaker, I was right to point to the fact that the insurance is what tells you what the liability is. So in the context of the Hartford Care portfolio I indicated that the insurance was £5.85 million this year and that is the rent that is due in respect of Hartford this year, the amount goes up index linked and so does the insurance liability, and in respect of the Graham and Select portfolios the liability is £22.5 million in each year, that is why the reserve is £24.2 million this year and will need to continue to increase to ensure it is always ahead of the liability that there is year on year in respect of that portfolio.

Hon. Dr K Azopardi: To see if I have understood that in relation to Graham and Select, is that £22.5 million total in respect of both of them or £22.5 million each?

Hon. Chief Minister: That is the total, it is rent of £10.5 million in Graham and £12 million in Select rent, that is what makes it £22.5 million that I referred to.

Hon. Dr K Azopardi: So, as it stands, so if I have understood the explanation properly, you are talking about a figure of about £28.4 million. £28.4 million now which would be index linked for the length of the facility, is that correct?

Hon. Chief Minister: Yes, with an insurance in respect of each of those and a cash deposit in excess of that for Hartford the insurance, and for Graham and for Select a cash deposit in the structure in excess of that each year so fully protected against that becoming a liability that requires the Government to put its hand in its pocket. But that is a liability, the risk I have taken, whatever happens going forward, with the make whole payment that you have to make to get out if you want to get out, *Picardo el malo.*

Hon. Dr K Azopardi: So again, to be clear, taking the notion of £28.4 million now, this is not a figure that increases in some kind of multiplier formula under the contract, the only increase to that £28.4 million is an indexation according to inflation or something like that, there is nothing else, there is no multiplier to this figure, is that correct?

Hon. Chief Minister: Exactly, Madam Speaker, because there is no landlord that is going to put the rent up, the rent is the way that you pay the liability for the acquisition cost of the properties so it is calculated on a curve with the inflation being relevant to how the liabilities might fluctuate and giving you the payments over the period, but not with any other multiplier or any third party sitting across the table saying I am going to put the rent up, that does not exist, there is no one on the other side of the table that can put the rent up, the document sets out what the rent is going to be and how it is going to increase for the full period of the structure.

Hon. Dr K Azopardi: I understand. But this is rent indexed for a year rising by that inflation, say, but if there is default in rent payments then of course the primary obligation lies with the Government and presumably the holder of the property which is rented will look to the Government for the length of those leases, would I be correct in that? And I understand all the sort of cascades he has put to it that this is not going to happen, but am I understanding the structure that you are in effect underwriting, under the payment deed, the payment of the rent the primary obligation, whatever the rent is, say £28 million index linked, if for whatever reason X does not pay, you are in effect in the shoes of X for the length of those property arrangements, am I correct in that or not? Hence the 2060 date.

Hon. Chief Minister: He is almost correct, but he is not correct. Our obligation is to pay, that is why we are primary obliger, we are not guaranteeing that somebody else will pay and we will pick it up, but the structure pays, so we are very relaxed about this because the structure produces that cash in excess of that cash and our liability hand in pocket would only be for shortfall. Now the hon. Gentleman can say it is £28.4 million and the £28.4 million may fail to be paid next year, and if the insurance were to fail and if you had also spent the £24 million that you have in cash because you decided to spend it even though the whole design and the structure is set out that you cannot spend it because it has to be there, then you would have to pay £28.4 million if the £28.4 million were not produced. But that would mean that every person who was paying to be there has not paid to be there, they have all disappeared, because the money for payment comes in and the structure produces much more than £28.4 million, and so the circumstance that the hon. Gentleman might wish to create in people's head if you go back to Monsters Inc. and the school for scaring is one that is so unlikely, not just because of the insurance, not just because of the pot of cash that you have, but because you actually have also the production of income in the structure, and very unlikely that you would ever be left with no income.

A more likely scenario is you might say look this year the structure has produced £27.9 million instead of £28.4 million, but you have got £25 million already in cash in the structure and you have got the insurance if it is in the Hartford part the chances that the whole £28.4 million is not produced in the year are almost zero, as close to zero as could be, one elderly person still paying for a bed at least. I would encourage the hon. Member not to say the liability is therefore £28.4 million index linked times 35, because that is so outside the realms of possibility that anybody who said that, I am not suggesting the hon. Member will, would in effect be seeking to mislead the public, not just because of the insurance, not just because of the pot of cash available, not just because of the value of the real estate that can be sold if you get yourself into this position in order to pay off, but because the whole of the £28.4 million not being available is hugely unlikely because the whole structure would have to produce nothing in any particular year, and that, even if you are below 53% occupancy, is very unlikely. So, if you get to 53% occupancy you are still producing £28.4 million, if you get to 52% occupancy you are producing £28.3 million, if you get to 51% occupancy you are still producing £28.1 million you failed to have your occupancy level provide for your rent, but not for all of it. It is not that when you get to 52% the structure produces zero and you have to find £28.4 million that year from the cash or from the insurance or from the sale of property, and remember that we are at 93% at the moment and that is producing more cash to keep in the structure so that if you ever got to the stage where you did not have the income, you have more income in the structure to pay. So, Madam Speaker, given that he said it is his last supplementary, I will give him this: he has convinced me I have done a very conservative thing, I have had a very conservative investment if you use the small C, the small C for non-risky investment rather than the big C of politically conservative.

Hon. Dr K Azopardi: It was going to be my last supplementary but and this is not Monsters Inc., but and I am not again he is not scaring people, but it is £28 million a year in effect being underwritten against an assessment of risk and so something may never happen, but that is the situation from now till the end of the structure which is 2060 and there is a certain mathematics there which can amount to a very big figure, not without intending to scare people, that is a reality.

And I understand that the Chief Minister has given his own assessment based on a much bigger degree of knowledge that we have on this side of the House after discussions with people on the investment and so on and the structure, but the reality is that the Government has entered into a commercial arrangement which does underwrite as a primary obligation a significant, a significant sum. It may not be the headline figure of £500 million because he has explained that it is not that and he has explained it is the rent it is, in effect, we are talking about the £28 million per year index linked, but it is for the life of the facility, whatever that is, and then you are hoping and again I do not use that as a pejorative word but you are hoping that nothing happens, that everything works, that you are servicing the community, that the care homes are thriving, that

the cascade works, and that the institutions that are running these care homes do not enter into difficulties that require step-ins, and if there are step-ins, well then yes, there may be litigation, but I suppose the Government can take the view, well, we can fight it out and protect our liability through various mechanisms and it will be lower that way. Again, it is a judgement call, but it seems to me that the structure, even though the Chief Minister describes it in that way, is potentially of a big liability because of the life of the facility and the order of it.

Hon. Chief Minister: I suppose the question is, does he not agree and I do not for an obvious reason which I have already explained ad nauseam, even if you get below the occupancy level that you need to produce the £28.4 million index linked, the chances that you are going to get to producing zero are highly remote, so remote that in the models that one would look at this is not likely to ever happen. There are circumstances in which you might say well we are no longer doing care homes we are doing something else, I gave him those examples, right, but it is extraordinarily remote, Madam Speaker, extraordinarily remote.

And he can get up there and say look he has taken on the liability of £28.4 million pounds for 35 years because that is what I have told him and that is what I told the House when I did my budget address, but he also has to balance the fact that a purpose of nothing in cash, a purpose of nothing in cash we have already got £6.5 million and 20% of £722 million, that is what we have now, that is what we have now £722 million minus £544 million. Next year it will be even less, so in 10 years it will be not £722 million but more likely £850 million against more likely £450 million and £65 million in cash. And in 20 years, Madam Speaker, it will be likely £130 million in cash, £1 billion in value and £250 million of liability.

And Madam Speaker, I can tell the people of Gibraltar that I decided because in the end the decision rested with me to do this. I can tell them I decided to do this, and he can tell them he would not have decided to do this, perhaps he never would. And when this goes well and I am 89 and he is 93, we can sit together and he can say *Tenía razón, Pishón. ¡Y yo diré: Gracias, pisha!* sorry, thank you Keith I meant. I mean, because Madam Speaker, it is done, it is done, the liability element is acquired, I made the decision, for good reason. Let us just try and work together now to ensure that the £130 million, which will then grow to £200 million, to £250 million, to £400 million, that the capital value which will be close to potentially half a billion, is managed in a proper way so that none of the political parties in Gibraltar which in 35 years' time is unlikely to potentially include any of us here, except perhaps, Sir Joe has properly managed this fund in a way that means that we have our pot of sovereign wealth gold, forever a financial backbone for our community. And you know, if ever in one year the structure does not produce £28.4 million index linked in that year, such as it may be, I am very relaxed about the fact that there is likely to be enough money in the structure there is already £25 million in one to pay the balance due in that year. In some years we may need to use monies in the structure to refurbish some of them, so you might have wings of places that are not receiving rent that year because you are refurbishing and you are using the money that you have in the structure, that is perfectly normal, that is perfectly normal. But this is a huge opportunity for our people. I took the risk; it is on my shoulders. Let us work together to manage the profit.

Madam Speaker: No more supplementaries? Sure? Alright, just in case next question.

Q444/2026
Bob Peliza Mews – Phases one and two

Clerk: Question 444, the Hon. D J Bossino.

Hon. D J Bossino: When will each of Phases one and two of Bob Peliza Mews be completed by?

Clerk: Answer, the Hon. Chief Minister.

Chief Minister (Hon. F R Picardo): Madam Speaker, the contractor's programme indicates that completion of the first phase of Bob Peliza Mews will be achieved in March 2027 This will be for all three blocks within that phase. With regards to the second phase, the first two blocks at the southern end of the site are programmed for completion in October 2027. Work on the remaining block at the northern end has not yet commenced pending completion of the partial relocation of the commercial warehouse and subsequent demolition of the AquaGib facilities.

Hon. D J Bossino: It would have assisted in trying to hear the Hon. Chief Minister properly, but in respect of the first phase can he explain why there has been a further delay in terms of the timelines? I think that there is a if I could refer the hon. Member to a Gibraltar Government Press Release, 390 of this year, 21st May, where the Government said that the first phase would be completed by the end of 2026 and I think now, if I have understood him correctly, the answer now is May 2027, can he give a reason for the delay? March, I had a m…, sorry.

Hon. Chief Minister: Yes, Madam Speaker, the inability of the contractor to progress at a quicker pace.

The Government is seeking completion as soon as possible, but the contractor just cannot go at a quicker pace.

Hon. D J Bossino: Is it in relation to that, Madam Speaker, I can refer the Hon. Chief Minister to the press release which refers to additional resources being deployed on site to meet this date is this in relation to the contractor, the contractor being given additional resources, or has there been as I have heard the rumour mill in town that there may indeed have been a change of contractor, is that the case?

Hon. Chief Minister: No, there is no change of contractor, Madam Speaker, but the contractor has brought in a sub-contractor to assist.

Hon. D J Bossino: I understand that it is. Can he provide the names of the contractors, I think it is GJBS who has carriage of this particular development, can he give the name of the sub-contractor?

Hon. Chief Minister: Madam Speaker, given that I think there are banners all over the place I do not think it is very confidential, there is GJBS that is the contractor and Situs, that is the sub-contractor.

Hon. D J Bossino: And in respect of… the Hon. Chief Minister being consistent with his previous responses in respect of Phase 2 of this development, he is right in splitting them in respect of the first block and the second block. The first block, as I understand it, seems to be progressing more vigorously so to speak in terms of reaching a place where it is going to be completed and whilst the second block seems to be languishing slightly but can he, did I hear him correctly, and is it the case that the first block which is going to be completed. Did he say October 2027 is that the case?

Hon. Chief Minister: Yes, Madam Speaker.

Hon. D J Bossino: In that sense I suppose there is some comfort that it is consistent with the position as it was when the Government issued the statement I referred to earlier when it talked about that particular block being completed by late 2027. And as I understand it, in respect of the

second block, can I ask him whether he can provide some information as to progress in respect of the obstacles which need to be resolved in order for the construction of the second block to continue and to progress to completion, because I think that as matters stand we do not yet have any notion of a completion date insofar as that particular block is concerned.

If I may assist the Hon. Chief Minister, the statement and indeed in answers that he has provided this House previously, the issue there was an AquaGib facility which had to be decommissioned.

Hon. Chief Minister: Madam Speaker, the problem that we have had here is not just AquaGib but also the hon. Gentleman will recall that we had to redesign or relocate the blocks because we had a third party that had agreed to move, then what they sought in respect of the move was just astronomical, it would have meant a loss to the taxpayer in excess of the loss that the taxpayer usually budgets for when doing affordable housing, so that redesign meant that we lost the pensioner block there and that we had no ability, however hard we tried, to be able to start the third block. So now I think the start of the third block is likely to be in the next five months and then extrapolate forward from there. And everything possible has been done to complete this project sooner. There are a lot of geopolitical issues here in play: Spain is booming; therefore, people are working in construction sites in Spain, it is almost impossible to obtain people to come to Gibraltar to work in the numbers that you had before. Contractors and subcontractors are finding that difficult, subcontractors that usually bring people from beyond Spain and indeed from beyond Europe are themselves finding it difficult to bring people in. And short of the Deputy Chief Minister and I going off and laying some bricks which we are not very good at it is just not been possible to get the people to do this. This is a huge frustration to the Government; I am sure not as huge as the people who are purchasing. We want to see them get their keys. In politics there is nothing better than finishing someone's home, giving them their keys and telling them we did it for you mate, and nothing worse than having to say for circumstances outside of control because I would have done everything possible to deliver to you on time, we cannot deliver on time. I am sure the hon. Gentleman, whatever the politics he may be doing with this, at least in this place the elegance to agree.

Madam Speaker: One more, you have had five, this is number six, yes.

Hon. D J Bossino: There is quite a lot.

Madam Speaker: Condense it into one.

Hon. D J Bossino: Madam Speaker, I think I have been pretty neutral in the way that I have been posing the questions, it is simply to obtain the updated information which people out there who have an interest in moving in as quickly as possible have.

Can I ask him whether from what I understood in terms of the reply is it the case, and does my understanding accurately reflect what he said, is that in effect the AquaGib issues have been resolved and the pending issue continues to be I think it is a commercial warehouse which he has referred to in the answers to this House and given, Madam Speaker, that Phase 1 is at least progressing faster than Phase 2, is it the case also, may I ask him, that those individuals who are wanting to hold the keys to their Phase 1 flats can do so once that is completed even if there is a delay in Phase 2, or is it the case that the whole development needs to be completed?

Hon. Chief Minister: No, Madam Speaker, that is not quite right. First of all, the hon. Gentleman and I have the same interest here, that people who are waiting for these keys should be told as soon as possible what is happening because we want them to have those homes. This is a GSLP Liberal development, and we do not want delayed homes, when homes are on time, and it is already delayed for no want of the GSLP Liberal Government trying to deliver the homes to

them as soon as possible and give them information as soon as possible. We have press questions from GBC in respect of this matter which we have not answered because the hon. Gentleman had a parliamentary question, so I am happy to give the information here because he has asked the question and have not provided the information to GBC.

Phase 1 when completed will be handed over. Phase 2 is now split into Part 1 and Part 2. Part 1 of Phase 2 when completed can be handed over, so that only Part 2 of Phase 2 will be the one now further delayed. The Aquagib element is now resolved. The partial relocation of the warehouse there because we have not done the relocation of the warehouse because that became astronomical, but a partial relocation had to be done, so an entrance had to be moved et cetera et cetera will be completed in December. That will mean that in the first months of next year we can clear that site and start construction there for the final block which is Part 2 of Phase 2.

Madam Speaker: Next question.

Q445/2026
Department of Immigration & Home Affairs – Process of recovering damages

Clerk: Question 445, the Hon. D J Bossino.

Hon. D J Bossino: Has the Government started the process of recovering damages resulting from the closure of the offices of the Department of Immigration & Home Affairs and if so, what steps has it taken?

Clerk: Answer, the Hon. Chief Minister.

Chief Minister (Hon. F R Picardo): Madam Speaker, no material change no, sorry no material damage resulted from either of the two incidents of water ingress affecting the offices of the Department of Immigration and Home Affairs and no additional monetary costs were incurred by the Government. There has therefore been no requirement to initiate a process for the recovery of damages.

On both occasions the Department reacted swiftly and professionally to protect the affected areas and its equipment. Temporary closures arose primarily because water ingress in or around the main electrical switch room required the electrical supply to be isolated as a safety precaution.

Given the Department of Immigration and Home Affairs' reliance on secure and specialised technical systems, the Department could not operate normally until power and connectivity was safely restored. Thankfully no material damage was caused by the Department of Immigration and Home Affairs secure computer systems, equipment or other costly assets, and services were restored as quickly as possible.

The Chief Secretary has nevertheless been in contact with the directors of the building following the incidents and has expressed the Government's concern regarding the disruption caused. He has also requested a detailed update to ensure that the underlying cause is properly addressed and that all necessary remedial works are undertaken to minimise the risk of recurrence.

Hon. D J Bossino: May I ask the Hon. Chief Minister; he has set out that there has been no need to recover damages which was the main purpose of the question. That really arose Madam Speaker out of the statement that the Government issued at the time on the 21st August where it said in so many words, that the Government was also seeking appropriate damages, but it seems

that no damages the hon. Member is telling us were caused, but there is also a reference to the underlying problem in the press release and indeed in the Hon. Chief Minister's response.

Is he able to provide this House with any detail as to what that underlying problem is, so that in effect, what I am sure both would try to want to achieve in respect of this is that there is no repeat and therefore no further closures of this Government office or indeed any other Government offices in that particular site?

Hon. Chief Minister: Madam Speaker, it appears to be pipework that has gone wrong and it is not clear whether that pipework going wrong is in the building or whether it is the building's pipework inability to deal with the pressure of water. That is what is being investigated. Ironically, it is where AquaGib have their offices. Ironically, it is where AquaGib have their offices.

Adjournment

Chief Minister (Hon. F R Picardo): Madam Speaker, I think unfortunately it is going to be necessary for us to adjourn today. Now I am conscious that tomorrow is a difficult morning but I want to be able to get through the questions of all hon. Members, so I am going to have to propose that we come back tomorrow at 9 a.m. and then the Hon., I think the Deputy Chief Minister and I have the Battle of Trafalgar Remembrance, so I have to recess for that and another important meeting and then continue from about midday if we can.

Madam Speaker: Alright. I now propose the question. Yes, thank you for that. Yes, we have a problem in that I had envisaged us being finished tomorrow, and at midday tomorrow I have agreed that they can switch off all the whatever you call it the tech in the Parliament, because they are coming to finish the Ante Chamber, sand the floors and finish the works, and we have those in place and I would not like to lose the opportunity to have that work completed because we have been waiting for weeks now and if we lose the slot tomorrow I do not know when this project is going to be completed.

I am in the Chief Minister's hands, but I simply highlight the difficulty that we have if we have to cancel that. We had said we could switch off at midday tomorrow. I had envisaged no problem with that.

Hon. Chief Minister: Madam Speaker, I am going to be travelling tomorrow mid-afternoon so the only thing I can propose is that we might break for shorter for the Trafalgar Day ceremony.

Madam Speaker: We can come at 7:00 a.m. That was a joke, a serious joke.

Hon. Chief Minister: I am usually on the treadmill at that time as hon. Members know, and boring my social media followers as a result but I have got to do a school run tomorrow, so the only thing I can propose is that I should try and no doubt those listening will immediately endeavour to do so to change the meeting I told hon. Members is an important one, to shift that to 12 o'clock, and then we would have as close to an hour as possible between 9 and 10, and I could come back immediately after the Trafalgar Day ceremony which is a short one, and perhaps I could be back by 10.30, and then no doubt we should be finished by 12 or thereabouts, and those coming to do the switch off would not be put out too greatly.

Madam Speaker: I am sure if they have to wait half an hour or so once we have them here, we shall close the doors and not let them go until they have done that but I would greatly appreciate that because I am really pushing for this refurbishment to be finished as soon as possible, so I appreciate that. Thank you.

Hon. Chief Minister: Given that I am expecting to be the person who most enjoys the area behind the Speaker's chair when I come here without any front bench responsibility, I agree. So, I move that the House should adjourn to 9 a.m. based on what Madam Speaker has suggested.

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Madam Speaker: I now propose the question, which is that this House do now adjourn to tomorrow morning at 9 a.m. I now put the question, which is that this House do now adjourn to tomorrow morning at 9 a.m. Those in favour? (**Members:** Aye.) Those against? Passed. This House will now adjourn to tomorrow morning at 9 a.m.

The House recessed at 7.52 p.m.