



PROCEEDINGS OF THE GIBRALTAR PARLIAMENT

AFTERNOON SESSION: 3.33 pm. – 6.30 p.m.

Gibraltar, Monday, 1st July 2024

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The Gibraltar Parliament

The Parliament met at 3.33 p.m.

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

[CLERK TO THE PARLIAMENT: J B Reyes Esq *in attendance*]

Appropriation Bill 2024 — Second Reading — Debate continued

Madam Speaker: The Hon. the Chief Minister.

Chief Minister (Hon. F R Picardo): Thank you, Madam Speaker.

5 Before I finish my intervention, one of the measures that I announced this morning has caused
huge consternation in the community: the pollution levy. In consultation with the Minister for
Transport, there is a view that there is a better way of doing that pollution levy, and therefore the
Government will not be proceeding with – (**Two Members:** Oh!) For some reason, there seems to
be great hilarity on the other side’s benches. I guess that that is because of the attack that we are
10 about to see come. In any event, what I am announcing is that the Government will not be
imposing the pollution levy at this stage. We will be continuing with a consultation that the
Ministry for Transport is going to be carrying out at the end of the summer, which they believe
can produce the same effect in a different way, which will be less of an effect on vulnerable
people. In any event, the measure would have exempted pensioners, students, the unemployed
15 and those on low incomes, but the consultation process will be launched and more will be said by
the Minister for Transport during the course of his intervention.

I hope, Madam Speaker, that the hilarity that we see on the Opposition benches will be
matched by the quality of their interventions during the course of the debate today, although
that, of course, would be a turn-up for the books.

20 **Madam Speaker:** I remind hon. Members they should not speak from seated positions.

Before I put the question, I imagine that some, or indeed all, hon. Members may want to speak
on the general merits and principles of the Bill, and so I would invite the Hon. the Leader of the
Opposition, if he wishes to do so.

25 **Hon. Dr K Azopardi:** Thank you, Madam Speaker. I do, indeed, wish to make a contribution.

After this morning, this was more of the Chief Minister we know, just on that little aside
towards the end when he was obviously slightly more riled about, yes, the hilarity on this side of
the House on the issue he has just clarified. Of course, last time they did that, withdrew a measure
30 that they had announced, it took them all of 48 hours to withdraw the now infamous Company
Tax that caused great consternation in the financial services and business area. This has taken
slightly less, and probably, if we had adjourned to an earlier time, it would have been almost a
record own goal scored by the Government on this issue on which I will say something later, as
well, in my contribution.

35 Madam Speaker, let me first start by addressing the tone and content of the Chief Minister’s
speech this morning. This year’s Chief Minister’s speech was different in two ways: it was certainly

shorter – last year I think it was four hours; and it felt like a bit of a set-up, at least an attempt at one. He wants to say in reply, very clearly, that we have attacked him, so he is reserving himself for his reply. Of course, I do not have the luxury of a reply – no Leader of the Opposition ever does – like he did not when he was a Member of the Opposition or Leader of the Opposition.

Madam Speaker, you have been here for a few months but you will have already seen that he is always robust, and on Budgets he is robust to the point of being massively over the top with his replies and with personal denigration. I use the term advisedly because he has before. When he does reply he will, no doubt, not hold back, and say, ‘You see, I was attacked first.’ No doubt he will do the body language better than I do, because I do not do good impersonations. But let’s not play games, because pointing out issues of disagreement of policy or where we think they have misled people or misrepresented the facts is not an attack. It is not an attack to correct half-truths; it is to hold them to account.

He does complain too much. If he does not like what we say or do, he was certainly there first, making exactly the same points and using the same tactics. He is the trailblazer of that particular path that he now condemns – or has he forgotten? In his speech in 2011 as Leader of the Opposition, he predicted that the then Chief Minister would laud his predecessor and trash him, something he does to us and to me and my predecessor by comparison, systematically, but I do not have a problem with that because I know it is politics, and that is fine. He said then, in 2011, that the then Chief Minister, Peter Caruana, would subject them to a barrage of insults and innuendos and he said the that the Chief Minister would, to quote from his own speech, ‘want to denigrate, insult and attempt to humiliate us even more’. He compared the then Chief Minister – not as a compliment, by the way – to de Gaulle, in a pejorative way. He accused the then Chief Minister of turning Parliament into a kasbah, where he sold himself to the lowest bidder; an image that forevermore I will have in my mind, not in a nice way. And he accused the then Chief Minister of having taken from everyone last year – I am quoting from his speech – ‘to buy votes from all, this year’. So he was quite happy then, as Leader of the Opposition, to suggest or insinuate or accuse the then Chief Minister about all those things and more. His own Opposition speeches are littered with what he now calls attacks. It drove the then Chief Minister to say:

He insults me first and then complains that I insult him, and when I have responded to his initiation of insults, then he predicts that I will respond to his initiation of insults.

And that:

What he calls denigration and humiliation is the natural consequence of having to correct the nonsense and the untruths that he utters as a matter of personal style and instinct.

So, two observations, Madam Speaker. He will forgive me for seeing his intervention this morning as the opening salvo in the fake outrage he wants to create for his scene of retaliation. On one view, it is also somewhat ironic that he should complain of what he used to do; in reality, it is not irony, it is just the way he has always presented things. He has always tried to set the scene as a victim. I know this is politics and I am not one for fake outrage. After 13 years, though, he is still up to the same tricks of setting the scene, but this time, of course, with the ability to have the last word or the last lash. Again, that is totally fine because it is politics. What I intend to do is go through the Estimates and make good what we say about this Budget and last year’s Budget. In doing so, we will not shirk from robust language. I will not resort to fake outrage as he does, although I am sure he will in reply.

Last year, I said that the pre-electoral Budget presented by the Chief Minister was a hopeless fiction, and it was. It was heavily charged with a lack of realism that meant that the figures were unachievable, and this must have been known by the Government. They came to this House and sold people a presentation of the financial picture which was plainly impossible to achieve. The results can be seen in this year’s Budget Book and demonstrate that it was, as we said, a hopeless

fiction. The Estimates show that the state of public finances is far less rosy than the Government pretends. It is stuck in a precarious, unsustainable cycle overseen by a Government that simply cannot extract itself from where it is. The financial consequences are suffered by everyone: workers, businesses, the self-employed and families. Worse still, it shows a willingness by the GSLP Liberals to say anything in election year to get elected and to present figures they knew could not be achieved, because that narrative was more convenient than admitting that there would be another deficit and they could not keep to their departmental budgets.

The cumulative result is that the false new dawn has not built the strongest foundations for the future, delivered a child-friendly city, got the job done or kept Gibraltar safe. In the process, Gibraltar has been made more vulnerable. All this meant that the GSLP sought to dupe some people to vote for them on the basis that they could keep to their Budget, that they had restored financial stability and that things were better than they were. They subsequently tried to con others into believing that the Brexit deal was almost there, just 0.01% away, a claim that can now be seen to have also been hopelessly false. Those that they could not dupe or con by those wild financial or Brexit deal claims they tried to buy shamelessly with cash handouts paid, strategically, just before the election, or offers of more money, or promises made in the mad scramble of the last few days before polling day. All in all, the underlying common thread of the Government's behaviour was misinformation in a cavalier relationship with the truth, or sheer desperation to do or say anything to survive, irrespective of the truth or whether it was affordable.

Their attempt to speak the language of prudence today just highlights how precarious their decisions last year were. To say, as they have this morning, and indeed as they did last year, that they restored financial stability at the end of their last term, 2023, is nonsense, given what we are going to see when I go into the analysis of the numbers. Equally, much of what the Chief Minister said this morning is a further tripling down, as I will later describe it, of the hopeless fiction of recovery or prudential management of public finances.

Madam Speaker, as the annual Budget debate is as much State of the Nation as it is a granular examination of public finances, I want to make some opening broad observations on themes afflicting this Government which relate to the specifics of the Appropriation Bill and Estimates. In this first Budget after election year there are some discernible themes as to the events that have unfolded over the last 12 months: first, that the Government misrepresented the position, in a number of areas, to get elected. That campaign of misinformation was already built on a long track record of half-truths or spin or inaccurate information. It was present in the raw numbers on which last year's Budget was built, and we have been proved right in the warnings we gave about the state of public finances, as we will demonstrate.

Second, and despite promises of learning lessons of the past, and in classic misinformation style, promises are not kept and are increasingly hollow post-election. Rather than deliver what has been promised, there is much big talk but small delivery in many cases.

Third, the culture of misinformation does not change. There was a doubling down and now a tripling down in a number of areas, with information emerging post-election of things that had happened before which had been kept from the public eye during the election, or issues that have emerged after polling day in a continuation of the same tactics.

Fourth, the culture of misinformation operates against a backdrop of rampant deficits of financial governance, opaqueness and of lack of value for money, things that the Government and Mr Picardo assiduously promise that they are not. Intransparent or opaque is, in fact, what they are.

Fifth, those deficits are not just financial, they are also democratic and now represent a sharp dividing line as to how we think this community should be governed.

I will touch on all those themes today, and some of my colleagues will roll out examples on those issues, because insofar as the governance of this place, they threaten our economic and political core. It is impossible at times to separate those themes because the culture of misinformation is so deep-rooted, so interwoven in the Chief Minister's political DNA that he has elevated it to a religious fervour. This is a critique of his political philosophy and that adopted by

Members opposite who go along with such methods of governance. None are immune, because they all acquiesce. It now represents a deep chasm of philosophical difference between us.

135 Sometimes, the Hon. Mr Picardo's defence when issues are pointed out is that in the past things were done in this way or that, and that may be when there were other leaders of this community. Neither he nor I were leading this community on either side then, in his case at least not until April 2011 – but I thought he was supposed to be the glorious new dawn that professed to do things differently, and I am judging him on his record as Chief Minister since 2011. Such a
140 new dawn should not need the feeble defence of saying he was a bit better than the past, surely. He promised much more and should be judged on those standards because, as he knows and I know, painfully at times, being Chief Minister of this community matters. It means the buck stops there, but it also means you can take the lead, the final decision, and change things. There are things where he has stamped his mark, admittedly – on social policy in some areas, for example –
145 but in the area of good governance, financial governance, transparency, democratic governance, truth and information, he has singularly disappointed and failed. He has become a caricature, the opposite of what he professes to be, and he has had 13 years already.

Last October, this administration hobbled to an electoral win, heavily tarnished by its own legacy and reputation. In its usual style, its reaction through the Chief Minister – it is the
150 immediate reaction – was to first say that the things they had been criticised for during the election campaign were untrue. Key to the culture of misinformation is the rubbishing of the opponent and the facts, and, in the confusion, people no longer know who to believe. Their success has been built on that increasingly false façade, which threatens to fall in on itself but first undermines the credibility of politics with it. The issues that people were concerned about and that we campaigned on during the election were not invented and have not gone away. People
155 still want better controls on waste and abuse or better governance or accountability. Many people remain deeply disenchanted with how this Government has failed in many areas.

I have to say that there were some hopes of a different approach a week after the election when the Chief Minister spoke of learning lessons, but even then they were enmeshed with a series of contradictions that were warning signs for the future. He said on 19th October that he was 'very keen' to look at problems and fix them, that they had constantly been hearing the voice of the people 'to be a better Government' and that he was 'keen to show Gibraltar we have listened'. In that same interview there were also flashing red lights, like the hubris that took him to say that he effectively lived by the creed of the 'sword of truth'. It is classic misinformation to
160 present yourself as you are not and represent the facts as they are not, in the hope that it is difficult to discern the truth.
165

The Chief Minister knows I have characterised him and his Government, on occasion, as Orwellian in its approach. Recently, he complained about it. I am not sure if the complaint was about the repetition of the description 'Orwellian' or because the truth hurt. The thing is that the author seems best to encapsulate his and their approach to politics. Famously, in George Orwell's
170 *1984*, the party in power were very keen to control the information given to the people. As a quote from the book says:

And if all others accepted the lie which the Party imposed – if all records told the same tale – then the lie passed into history and became truth. 'Who controls the past,' ran the Party slogan, 'controls the future. Who controls the present controls the past.'

And that:

Whatever the Party holds to be the truth, is truth. It is impossible to see reality except by looking through the eyes of the Party.

175 Orwell also observed that the consequence of that philosophy was that:

Everything faded into mist. The past was erased, the erasure was forgotten, the lie became truth.

180 This misinformation was very present in the hopeless fiction that was last year's Budget, because last year – 12 months after presenting, in June 2022, the worst Budget ever, as he called it – the Chief Minister came to this House to announce a minor miracle: that they would achieve a small budget surplus by March 2024 because they had achieved what he described in joyous terms as the restoration of financial stability, not just here but to the Chamber of Commerce at a dinner. After all, it was election year, so they had to promise big and self-anoint themselves as economic gurus: all part of the misinformation that was to follow.

I said during my Budget speech last year:

this projection is built on a hopeless fiction. It does not stand up to scrutiny and is constructed on a simple manipulation of figures and an underprojection of Estimates in areas where the Government must know the projections are downright fanciful, unrealistic or lacking in any substance whatsoever. It is a fiction because it is a convenient narrative months before a General Election, but a fiction nonetheless.

For the Government and the Chief Minister in particular to seek to rewrite its financial record and cast its projections in this way by pretending that things are better than they are is a disservice to the electorate and a disservice to the need to have a responsible approach to our public finances at this very delicate juncture. That pretence that things are better than they are can only generate natural expectations, when the reality is that people should be told how serious things are. And for what? The perceived short-term electoral gain of the party in power, but to the detriment of Gibraltar's wider interests. We refuse to tell our people electoral fairy tales.

I added:

the surplus projected for 2024 is built on a deeply massaged set of figures which given the history of unrealistic figures and lack of discipline will likely lead to a year in which they will, once again, not deliver what they promise in many key areas. The surplus will not materialise, if this analysis is right, without some heavy changes of position or other adjustments or savings throughout the financial year affecting parts of the current Estimates.

185 – things that have happened now, as I will explain –

But because its spending projections are massaged, unrealistic or, where realistic, are simply not met through indiscipline or because there is waste or recklessness, we continue in this spiral of financial crisis with a Government addicted to debt and in an unbreakable cycle of unrealistic projections masking the real picture.

That is the picture being taken to the election. Presenting a false picture of solvency and financial health to the electorate ...

190 Those statements have been borne out. The figures that we said were unrealistic were, indeed, unrealistic. Where we said the Government could not meet its projections, they have not met their projections. In many areas, they have been not thousands but millions of pounds off the mark. The only thing that has prevented this being obvious in the financial bottom line this year is a series of systematic decisions to camouflage the effect and massage the figures. They have not paid things that they said they would in the way they said they would, and in doing so it has created a mirage of success when, in reality, all they have delivered is failure. That is the only reason they report a surplus of just over £1.9 million. This shows that the proclaimed recovery is untrue and current policies unsustainable. Compounding this, they will repeat that into the future
195 next year, because some aspects of their Budget this year repeat those very same flaws of last year.

200 Madam Speaker, before we get to assess how last year's prediction of a hopeless fiction performed, let us set it into the wider context of overall figures over the last few years. In financial year 2021-22, the year that Joe Bossano described as the year of the worst deficit ever, in overall terms there was a significant departmental overspend of around £35 million. Departments failed to keep to their budgets, despite the severity of the financial picture, with an uncontrolled overall deficit and the Government having to borrow £100 million just to pay wages in 2021-22. This led to the promised temporary Income Tax increases that year, as well as other charges. Given the
205 unprecedented debt to fund recurrent expenses and wages, there was an expectation of greater prudence and discipline, that the Government would keep to its budget so that it would show

taxpayers, who had been taxed more heavily, that at least the Government was rigorously keeping to its Estimates carefully. Instead, however, the departmental over-expenditure was there again in 2022-23, and it is here again this year in 2023-24, although this time of a much larger size than in the year of the worst deficit ever. That is partly because the figures were simply unrealistic last year, as well as, perhaps, some indiscipline in some areas. They were, as we said, a hopeless fiction. And that is not just voodoo economics, it is Paul Daniels accounting – showing my age; I could not find a more modern magician, although I am sure there are some.

In 2021-22, the forecast total Consolidated Fund expenditure was £768 million. In fact, they spent much more: £859 million. When the Government came to Parliament to present the Budget for 2022-23, they promised to spend £136 million less than they had done the previous year. We warned in 2022 that those projections were unrealistic, given the previous results. In overall terms, the Government promised to spend £723 million in 2022-23 in Consolidated Fund expenditure, in other words £45 million less than their promise for 2021-22, which had been £768 million, which they had failed to keep to anyway. In 2022-23, they spent £791 million instead of the £723 million they promised to spend; in other words, £68 million more. The departmental over-expenditure alone in 2022-23 was around £55 million. This year it is even higher.

So, having had a departmental overspend in 2021-22 of £35 million, and increased tax to try to balance the books, the Government could still not manage its budget properly and there was an even bigger departmental overspend in 2022-23 of around £55 million and an even bigger one now. As we said last year, this was because of an inability to keep to their budget or because the figures presented were hopelessly unrealistic. As it is not the first time that we were warning that the figures were unrealistic, I suggested last year that if this was a deliberate ploy to massage the figures, it was very grave. I said, to quote from my speech:

What confidence can you have in Mr Picardo or his Budget surplus if his Government cannot stick to its promises on handling your money? How can you trust such a Government on public finances? You would have thought that the figures in the Budget book would be realistic. That would be the least you should expect from your Government. If, on the other hand, the figures were not realistic, this would reveal a much wider and dangerous malaise that is symptomatic of a Government that is unwilling to be transparent with its citizens, that is opaque with its finances and deliberately masks the true financial picture from the voter.

The reality is that it is deeply unsatisfactory for the citizen to have to hear figures and spending projections that are unreal. Every citizen will understand that if a family buys food and it costs them, weekly, £150 or £200, there is no point pretending that you will spend £10 a week on food for a family of four next year, but that is, in effect, what the Government have been doing in some areas.

They have openly been politically dishonest with the electorate on the numbers, and so, for the same reasons as last year, I simply cannot believe that some of the figures presented for next year, 2024-25, are realistic. Last year, they were obviously not so, and I turn to that with examples.

In 2022 the projected £128 million expenditure for the GHA for 2022-23 looked extremely unrealistic, as it was over £40 million less than it had actually spent in 2021-22. In 2022, I warned:

Are these figures realistic? Will they keep to the Budget this time, and will they do so in a way that the public service is not impaired? That is what the user expects.

The GHA did not stick to their budget of £128 million and spent £155 million in 2022-23. Again, last year we warned about the unrealistic projections being made for 2023-24. These were brought about principally by wholly unrealistic figures in the health and care sectors. If realistic figures had been presented, then instead of a projected surplus there would have been a projected deficit for last year.

If you ask the question ‘How have those unrealistic projections performed?’ the answer is it was always going to be badly. We said that there was no way that, having spent £155 million on health in 2022-23, the GHA was going to spend £129 million in 2023-24 – in other words,

£26 million, or 17%, less than 2022-23. So, how has the GHA done it? Has it spent the £129 million that hon. Members promised before the election it would? The answer to that is no. It spent £172 million instead of £129 million, £43 million more than the projection and £17 million more than in 2022-23. This year, they are repeating and doubling down on the unrealistic projections. Having spent £172 million in 2023-24, they now say they will spend £156 million in 2024-25; in other words, around 10% less than last year. Not only have they been plainly unrealistic for two years running; they are repeating this again. This is no accident. This is now a deliberate strategy of under-projecting to massage the figures so they look better than they are. That is a financial disgrace and is precisely doing what we think is one of the big themes of this GSLP administration, to fail to tell the truth to people and to pretend that they are doing a better job of things than they actually are.

Equally, they promised in last year's Budget that the Care Agency was going to spend £19.8 million in 2023-24, something that we said was totally unrealistic – £7 million less than they spent in 2022-23. That was totally unrealistic and we warned them that it was being unrealistic. In fact, the Care Agency spent nearly £31.5 million in 2023-24, £12 million more than they promised to spend. As we said last year, the projected surplus was built on a series of unrealistic figures, which, of course, never materialised.

I want to give you, Madam Speaker, a few examples. The costs of visiting consultants were supposed to be £700,000 less in 2023-24 than in 2022-23. In fact, the visiting consultants cost £2.6 million, £1.1 million more expensive than they said. The drugs and pharmaceuticals budget was supposed to cost £2 million less in 2023-24 than was spent in 2022-23. In fact, it cost almost £2 million more than in 2022-23, a total of almost £11 million. The Government wanted to spend £2 million less on prescriptions in 2023-24 than in 2022-23. In fact, they spent £3 million more on prescriptions, a total of £12 million. The Government was going to spend £3 million less on sponsored patients in 2023-24 than in 2022-23. In fact, they spent £6 million more in 2023-24, a total of £16 million. They wanted to spend £1 million less in medical and surgical appliances in 2023-24 than they spent in 2022-23. In fact, they spent £2 million more in 2023-24, a total of over £4 million. The Care Agency was supposed to spend £6 million less on relief cover, but in fact spent £13.8 million, £3.5 million more than last year and well over the projection. That was because the figures presented to the Parliament were totally unrealistic, and they must have known it. That must definitely have been the case when notional figures were inserted in areas where plainly substantial sums would be incurred – and they are repeating it this year.

The extent of health spending is not the issue. I repeat: the extent of health spending is not the issue. The issue is the lack of reality, or misinformation. So, let me be very clear. I am not criticising the spending on health or care. I am saying that the Ministers knew those figures were unrealistic and still presented them, and, in that, they have political responsibility for presenting material that they knew could never be met. I am also not blaming civil servants. I am blaming Ministers, because it is a political responsibility to come to this House with these figures knowing that some of these areas are clearly unrealistic. Ministers have an obligation to test and scrutinise estimates before they are presented, to satisfy themselves that they are realistic. Equally, the responsibility for massaging figures is political if they are wildly unrealistic. You can always get a figure wrong, but if you know you are going to spend millions and, instead, provide £1,000, it is unrealistic. It is Ministers who are presenting and asking us to vote for this appropriation. It is Ministers who will and do have the authority and control to direct spending and how these numbers are presented. It is Ministers who take decisions on that and on the measures to present, and, indeed, on the measures to withdraw once they are presented. It is Ministers who have a responsibility, not just to Parliament but to the people, to present reality and not a hopeless fiction.

So, in some ways, they are repeating these issues in this year's 2024-25 Estimates, although not as catastrophically badly as last year, but still there are a series of under-projections that are unrealistic, that endanger the projected surplus. The under-projections in 2023-24 were not just happening in the health and care sectors. They were happening in other areas of the Budget where

big numbers were inevitable and instead small or notional numbers were actually provided. For
300 example, in Education the Government provided only £1,000 for temporary cover for teachers in
2023-24. This is a provision that they knew 100% they could not keep to because the Government
knows they will have to spend moneys on cover for teachers. They regularly, in fact, spend more
than £1 million in this area, so providing £1,000 was notional and hopeless. They knew they spent
£1.6 million on this in 2018-19; they spent £3.99 million in 2019-21, the double financial year; they
305 spent £3.15 million in 2021-22; and they spent £1.9 million in 2022-23. In other words, it was a
complete fiction to pretend that they would spend £1,000 on this item, or, indeed, that they did
not have the experience of previous years to give a realistic forecast. I understand when you
create a line in accounting, when you do not have that experience, but when you have the
experience it was hopelessly unrealistic and, indeed, inevitable. Indeed, they spent £1.67 million
310 on temporary cover last year, in 2023-24 – as we said, inevitable – and they are doing so again this
year, another notional £1,000. It is not as if these items are always provided as notional figures in
every year. There are often realistic figures provided for in many of the items we are pointing to.

Last year, I showed how wildly unreal some of these numbers were. Taking the example of the
sponsored patients expenditure in Health, I reminded this House that the GHA expenditure did
315 not justify the wild forecasts. In 2018-19, the GHA had spent £11.4 million in relation to sponsored
patients and in the double year, 2019-21, they spent £33.65 million; in other words, an average
of £16.8 million for each of those years. In 2021-22, they spent £14.75 million on sponsored
patients, and in 2022-23 they spent £13.72 million. I said last year:

How, then, is it serious to project that sponsored patients will cost less than it did in 2018? The sum projected is
£10 million. That is the same sum they projected last year, and we told them that was unrealistic. They ended up
spending £13.72 million so how is £10 million realistic this year?

This is my third warning now in this area. Of course we know it was not and we now know that
320 the GHA actually spent £16 million on sponsored patients. So, I repeat to the new Health Minister
the warning I gave her predecessors: how is it now realistic that the Government project an
expenditure on sponsored patients for 2024-25 of a sum less than they spent in 2018, six years
ago?

There is a similar lack of realism in other areas. Having spent £6 million in locum cover last
325 year, the GHA are projecting to cut this by 50% to £3 million and to do the same with bank cover,
which cost £2.6 million last year and is supposed to be reduced to £1.3 million in 2024-25. We will
see how those figures end up. Additionally, having spent £4.5 million on visiting consultants, the
GHA are apparently meant to spend £2.2 million. I just observe that while that figure is not
notional, and, therefore, better than last year, these big drops in these important elements of the
330 GHA budget suggest also a lack of realism.

The same health warning can be made in the overall budget for the Care Agency, which is
supposed to fall by more than 10%, or £3 million, to £28.1 million, even though the Care Agency
spent £31.4 million last year. Given that it is not being suggested that services will be cut or suffer,
it is perplexing to see where that level of savings will materialise. There is a proposed possible
335 merger in this area, but it has not yet been the suggestion that jobs are going to be cut or there is
going to be a creation of savings. That, so far, has not, as we understand it, been the dominant
theory behind the proposed merger, but rather an improvement to how services are delivered.
So, if it is not about savings, we struggle to see how the Care Agency will spend £3 million, 10%,
less than they spent last year.

340 As I said, we do not criticise the funding of healthcare or education. We are merely pointing
out that these figures are unrealistic from the outset and that the Government must know that
from experience of previous years. By following the same tactic of under-providing through a set
of unrealistic figures it knows cannot be delivered, it produces a false picture of the financial
bottom line, and that brings me to why the surplus is what it is and why it is unrealistic in practice.

345 We will ask and those who have been listening will ask how is it that despite that lack of realism
and that over-expenditure in those key areas, the Government can report a small surplus of
£1.9 million. The answer is very simple: because there has been a massaging of the books, a sleight
of accounting hand to ensure that things they said they would do, payments they said they would
350 in key areas is masked. There will be more on this from my colleague the Shadow Finance Minister,
Roy Clinton, but here are some headline numbers on the sleight of hand, so we are all clear what
we are talking about.

In overall terms, the departmental expenditure promised last year was £570 million, which we
thought was unrealistic because it was already supposed to be reduced by £33 million from the
355 amounts that had been spent in 2022-23, and we doubted they would keep to those levels given
the built-in lack of realism. As we predicted, they could not keep to that funding and instead the
departmental expenditure was £635 million; in other words, £65 million more than they
promised. So, if you go back to what I was saying earlier, £35 million over-expenditure one year,
another £55 million, and this time £65 million: it is a pattern of departmental over-expenditure
360 that shows either unrealism or lack of discipline. Equally, the projection for 2024-25 is that
Departments will spend £610 million. The hon. Members opposite come successively to this
House to say, 'I am going to spend less than I spent last year,' and we say, 'Yes, but some of the
numbers are unrealistic because of this, that and the other,' and we are successively proved right
on these numbers. Given previous performances, we are absolutely doubtful that they will meet
365 that projection of spending £610 million on departmental expenditure next year.

If Departments overspent by £65 million in 2023-24 and yet they still delivered a small surplus,
how was this done? Well, because a number of things did not happen which they said they would
happen. First, a contribution to government-owned companies of £30 million that has
systematically been made over the last few years was not made. Instead, there has been an
370 advance, but that has affected the financial bottom line. If there had been a contribution to
government-owned companies of £30 million as planned in last year's Estimates, then there
would have been a deficit of almost £30 million, which is what they said they would do last year.
On the basis of departmental expenditure, had they made the contribution, you would have
already had a deficit of almost £30 million. Additionally, certain Social Security payments forecast
375 to be made last year of around £16 million were not made at all. For example, a £7 million
contribution to the Statutory Benefits Fund was not made, or was lower. Of a projected £15 million
payment to the Social Assistance Fund, only £6 million was paid. Additionally, there was
£14 million less paid out of the Consolidated Fund for public debt charges. Just by those
mechanisms alone, a deficit of tens of millions, well over £40 million, was transformed into a small
380 surplus. My colleague Roy Clinton will conduct a more scientific assessment of those numbers in
his own contribution, but those figures quickly reveal what has happened here.

As we predicted last year, they have not kept to the departmental projections in the key areas
we pointed out. The reality is that the Government can only present themselves as just about
having broken even through that sleight of hand of not making other payments they said they
385 would, or other necessary expenditure. It is not because of any underlying financial strength or
solvency. It is not because they have restored financial stability or are some kind of public finance
gurus. They have just moved money around, that is all. They have systematically spent more than
they said to the people they would.

Projections for 2024-25 in several Departments are again supposed to be lower than last year,
390 which again seems suspect, and time will tell in that respect. It means that the forecast surplus of
£3.2 million is as suspect this year as last year's projections were. Indeed, in 2024-25, this coming
year, they will not have the buffer of the £30 million contribution to government-owned
companies to play with, which in itself makes it harder to conceal the bottom line of
over-expenditure by Departments.

395 Before I turn to other parts of my speech, I want to just comment on the Improvement and
Development Fund. For the third Budget running, the Government says it is intending to make a

contribution of only £1 million to the Improvement and Development Fund. In the last two financial years, 2022-23 and 2023-24, they have not even done that, making a zero contribution to the fund instead of the promised £1 million. That fund, from which projects are delivered, will depend on income from continuing sales of land to continue to fund its activity, but the forecast revenue on land sales is far lower than last year, so it seems clear that unless other revenue emerges there will be an effective running down of the current balance of the I&D Fund to deliver the spending on projects of nearly £41 million. For example, the opening balance on 1st April 2023 of the Improvement and Development Fund was £56.5 million, the opening balance at 1st April 2024 was £32 million, and the estimated closing balance at 31st March 2025 is £2.2 million, the lowest it has been since 1st April 2022, in the last few years anyway, when the forecast balance was around £728,000. Rather than the signs of recovery, this shows little current financial flexibility. That is the reality.

Additionally, in that Improvement and Development Fund, fairly low or notional sums are being provided in respect of some major projects, be it on the urban wastewater treatment plant, £250,000, or housing projects, when those projects will be very financially significant once they get off the ground. But there are some projects there that could affect the overall financial picture in relation to that fund: the aforementioned notional sum in the urban wastewater treatment plant, which is likely to cost tens of millions. Last year, £330,000 was spent towards the Island Games facilities, a games that happened in July 2019, so proof of the unsatisfactory way that project was carried out is the fact that the financial effects are being felt long after those games were consigned to history. Having spent £1.6 million last year on the so-called Sustainable Transport Plan and £1.2 million the year before that, another £500,000 is projected to be spent in that area this year. In 2022-23, the so-called digital transformation saw spending of £3.35 million. Last year they were supposed to spend £800,000 but instead spent almost £2 million, with another £800,000 projected for this year. People will wonder what is going on in terms of actual delivery when so much money goes to the so-called digital transformation and you do not see a quality-of-service improvement of that type.

Madam Speaker, layered over the problems created by a Budget which was a hopeless fiction are the problems created by unprecedented debt, overall fragility created by recurrent expenditure at levels beyond or at sheer limits of present revenue streams without sufficient value for money or political control. This level of debt is masked behind opacity and is now generational in nature, given its size. It also affects our financial stability. As my colleague the Shadow Finance Minister will explain in his own contribution, the headline figures of total gross direct and indirect debt are staggering and now well over £2 billion. This inevitably impacts on everything that can be done, and on the citizen in terms of wages, jobs or tax.

The Government is prone to blame the debt situation on COVID, as they did to a large extent today, but as we have said repeatedly, we already had gross direct and indirect debt of £1.3 billion before COVID arrived on the scene. When we supported the Emergency COVID Budget in March 2020, we caveated our position because of the historic debt and on the principle of whether we should have been so much in debt at that point. Of course, as we have also repeatedly pointed out, the fact that we were already £1.3 billion in debt before COVID was due to one of the biggest breaches of promise by Mr Picardo when, in 2011, he promised to halve the then existing gross debt of £480 million. He made then what he called a promise in the glorious new dawn in, to quote, 'clear and unambiguous terms' and, in a sign of the drama to come, signed it off as part of his letter to the people in the foreword to the 2011 manifesto. In a video before that election, he prophesied that, as he called it, it was that spiral of debt that can lead us to ruin. He was still promising, after that election, to halve the debt by the 2015 election.

Fast forward now, 13 years from 2011, and the public debt has been more than quadrupled to over £2 billion, instead of being halved to £250 million. That debt is a continuing and mounting problem. Without flexibility, it affects wage rises or future sustainability. It can also mean that our people have to pay more because of repeated promises to keep to budgets or to make savings that are not met. How can he say, in that context, that the biggest element of the debt is the

450 COVID debt, when that is a figure of over £400 million from a total gross direct and indirect debt of well over £2 billion? Then he treats us, this morning, to a GDP debt ratio calculation that conveniently does not factor in the well-over £1 billion in indirect debt. If he did so, things would be far from rosy.

455 Madam Speaker, there has been a doubling down on the misinformation style of the Government after the Budget last year in the pre-election period, in a variety of ways. First, the pre-election cash handouts, as we call them: having presented the hopeless fiction of a Budget last year, they also combined it with a series of cash handouts to public servants, which they promised to pay, and did pay, in September 2023. What a lucky coincidence: the month that the Parliament was dissolved for the General Election. They were nothing more than an attempt to buy votes at a cost of £6.5 million at a crucial time. The pre-election cash handouts were targeted at the public sector without actually assessing need. That is what we said last year. It disappointed many people. These handouts did not provide workers in the public sector on lower pay with pensionable increases to salaries. What they got instead was a one-off payment. Some workers in the private sector found these payments, that cost £6.5 million, hard to stomach. As we said last year, the nakedness of the raw politics was evident, in that all public sector workers up to an income of £100,000 got this. This was more about votes than helping people on low incomes, because if they really had the spare cash, which we doubted then and still doubt, our view was that the help should have been targeted to those on average or low incomes and thresholds below £50,000, by giving more assistance to those people only. Handouts to persons on higher incomes, which is what the handouts partly achieved, were incomprehensible, unless, of course, they were electoral in nature. They were incomprehensible to private sector workers on low to medium incomes, who were surprised that in circumstances in which the Government could not keep to its own budget, so they had to endure higher tax, had successively increased taxes, charges and fees, and there was a food price hike, their taxpayer moneys were going to fund election handouts to some people on incomes more than double or triple theirs. Under the Government's electorally driven payments, families with joint incomes of £40,000 or £50,000 in the private sector were contributing their hard-earned moneys to election handouts for persons earning £95,000 in the public sector, or, put another way, to a household where there might be two senior civil servants earning a joint income in excess of £180,000.

475 Last year, the Chief Minister promised that those election handouts, or lump-sum payments, would be funded out of the cash surplus and savings that he had directed Ministers to make. He put his most serious face on at this point in last year's Budget. Those payments were going to cost £6.5 million on their own figures and we doubted that savings could actually be made, but waited to see if they would deliver. Mr Picardo, the Hon. the Chief Minister, said solemnly during last year's Budget:

Consequently, this extraordinary assistance payment, although not recurrent, must be met by the projected surplus of £2.5 million and savings which do not affect frontline services. Given that the payments the Government will announce will exceed this projected surplus, Ministers will be asked to identify savings of a minimum of £500,000 within their respective portfolios without these savings impacting the provision of public services. In any event, we also anticipate that the estimate will be higher.

485 Presumably he meant the estimate of savings would be higher. The hubris, or misinformation, was incredible. So, how have they done after that categorical promise? Well, in the 52 heads of departmental expenditure in 2023-24 there are only two where that is the case, and one of them is Social Security, where, as I have already explained, the only reason they are under budget is because they did not make payments of £16 million towards the Social Assistance Fund or the Statutory Benefits Fund. Everyone else, from the heads of departmental expenditure, did not comply with the Chief Minister's direction, so the cash handouts were not paid out of savings, as promised. Was that a simple failure of policy or was it misinformation against the backdrop of a hopeless fiction of a Budget and knowledge that that promise could not be met when it was made?

495 The second aspect where they doubled down on information was on Brexit, because in that
same pre-election month, in an interview with *El País* newspaper on 9th September 2023, the
Chief Minister said that they were 0.01% away from an agreement, a position deliberately
expressed in that way to design the most hope and deliver the most votes in a re-election bid. If
genuine, at that point, 10 months ago, we were supposed to have been 99.99% there. Madam
Speaker, you may forgive me, because at the time it almost sounded like his own version of the
500 'oven-ready' Brexit deal that Boris Johnson had promised the people of the United Kingdom in
2019 as part of his own election campaign. I did not know he was such a fan. Of course, we now
also know that Mr Johnson's deal was not so oven ready. It took another 15 months to cross the
line and has been severely criticised. In a 2022 article, *The Guardian* newspaper bemoaned that
505 'Boris Johnson's oven-ready deal has left us with egg on our faces – the PM's Brexit promises
turned out to be not even half baked.' That article also criticised the 'propaganda and lies' of that
campaign. I am not sure if the Chief Minister is modelling the twilight of his stewardship on the
incredible fallen angel that is Mr Johnson.

I doubt most people now think that last September, 10 months ago, we were 99.99% there, in
terms of getting a treaty with the EU across the line. That is now increasingly looking like another
510 tall tale in quite a repertoire of misinformation, but I suppose it may have had the desired effect
of persuading sufficient people that he was close enough and should not be replaced. Some
people may think that for him it is increasingly evident that it was about means to an end and that
the means sometimes do not really matter so much. Eight years on from a Brexit referendum, we
continue to await the conclusion of those talks in the hope that an agreement will be reached that
515 is safe and beneficial. We will make that analysis and judgement once this is published, if it is. As
we have so far, we will continue to give the Members opposite political space to conclude such an
agreement, if it is possible to do so.

Third, Madam Speaker, in the context of the doubling down, as polling day neared at the last
election, there was a culmination of the usual 'all things to all men' style of politics of Members
520 opposite and the factory of letters written to individuals or associations with pre-electoral
promises, many of which are notoriously abandoned post-election: misinformation, combined
with hollow promises or promises made *in extremis*, not out of conviction but to save their political
skins. Additionally, industrial claims that had only days before been described as 'unacceptable' –
for example, the bus drivers – were succumbed to, so that they could try to bag some extra votes.

525 In what now has become clear was yet another tactic deployed to their electoral advantage,
they successfully obstructed the emergence of a series of Principal Auditor's Reports pre-election
by delaying necessary legislation for years. This would clearly have further damaged their
credentials and can only have been deliberate. As the Principal Auditor himself says, in the very
delayed report for the years 2016-18, which he could only publish this January, the fact that
530 supplementary appropriation legislation is not expeditiously taken by the Government delays the
conclusion of the work and makes it impossible for him to report to this House on financial
transactions. This is a deliberate blockage of accountability, which we call out and hope will not
be repeated.

535 After the election there has been a trend of tripling down on the misinformation, combined
with deficits in financial and democratic governance, a state of what I call a governance crisis. That
2023 closest election ever delivered an unprecedented parliamentary dynamic under the 2006
Constitution. Gibraltar was divided almost 50:50 and only the thinnest of margins saved a tired
Government from being shown the door. The Government replaced some Ministers but, a lot of
people may think, little else. The dominant ideas are still driven by antiquated repackaging of old
540 mantras, heavily charged with opaqueness, fuelled by a cocktail of misinformation and hollow
pledges to change their ways and that they have learned lessons of the past. Far from it. The new
dawn is looking rather jaded now. They are swapping, in our view, the new dawn for the new dusk
as they slowly edge towards the end, and in doing so they are tripling down on the misinformation
and compounding it with serious financial and democratic governance deficits.

545 Take, for example, the assertion of transparency and the web of companies, which has now
become a veritable jungle. Taxpayers' money is managed on sacred trust, for and on behalf of the
people. The people should be told how their money is spent and to what extent it is spent. These
notions are so basic that they almost should not need saying, but unfortunately, with this
Government it is essential to do so. Mr Picardo presides over the most secretive administration in
550 Gibraltar's history on the substance of where the money is, while pretending to be the most
transparent: again, more misinformation. With hundreds of millions of pounds off-book – more
than £1 billion – parked in a series of entities, it is absolutely impossible to judge how much money
is left or, indeed, our true financial health. That is not helped by 'a jungle of companies', using the
phrase coined by the Minister for Economic Development.

555 Within the last couple of financial years, hundreds of millions of pounds are also being directed
via a charity structure of which Community Supplies and Services forms part. That company, CSSL,
will use hundreds of millions in projects at Coaling Island or Laguna Estate; at least it is projected
to do so. This is a structure where it seems obvious that the Minister for Economic Development
is the guiding hand under the guise of his secretive National Economic Plan.

560 Several now traditional tactics from the Chief Minister's playbook are used to layer
smokescreens over these serious deficits of accountability. First, he points to the past, but
whenever has there been more than £1 billion in companies off-book for public purposes? The
post-election tripling down was just clear the other day. In a moment of heat to the head, he
boldly asserted that they were the most transparent Government ever. Moments later – I asked
565 him in relation to another question – he refused to inform the people how around £190 million is
being used by a wholly owned government company, or even give us a list of the companies
owned by the Government through the Gibraltar Development Corporation. Let's be clear, we
were not asking how that company, GEP, is using every last penny of the £190 million, although if
we did, the people of Gibraltar should be entitled to receive that information. All we were asking
570 for at that stage, on Friday, was to know what basic project this sum of money – a vast amount of
money, on any view – was being used for, or for what public purpose, and yet we got nothing,
with £190 million.

Government-owned companies do not exist at the whim of Ministers. They exist for public
purposes and the public are entitled to know what they are being used for, and what moneys
575 borrowed, loaned or transferred through them in their name are being used for. To refuse to give
us that information is a refusal to provide information to the people of Gibraltar. We are talking
about a sum close on £200 million. Even worse, following that answer was the statement that the
Government from now on would provide similar answers on 'future questions posed in respect of
any other financial arrangement of any other government company', and yet we are supposed to
580 believe they are the most transparent ever, when a lot of what happens happens off-book with
tens and hundreds of millions of pounds.

To go on to further suggest that this refusal to answer is based on the fact, as the Chief Minister
suggested the other day, that they were re-elected, almost as if the people had given them
immunity on their policy, simply mocks the electorate and sends the message that they will do
585 and continue to do whatever they want without real accountability to the people. What is the
point of going through the motions or pretence of accountability when those kinds of questions
are not answered or answered in that way? Being re-elected does not give them *carte blanche* to
do whatever they want without accountability to the people.

Today he said, almost in his opening remarks, that the nature of today's Budget debate, being
590 a State of the Nation, is about 'following the money'. He said, and I hope I took it accurately,
'Following the money shows you what the nation is doing or is capable of doing'. But that is
precisely the issue. If they do not tell us what they are doing with the hundreds of millions of
pounds organised via structures in the 'jungle', then they are hiding those facts from the people,
from the public, who have a right to know. For them to really be able to say they are being
595 transparent, they need to answer questions and provide substantive information, not just empty
paperwork devoid of real answers to those questions.

Madam Speaker, in January we saw the publication of the delayed Principal Auditor's Report. Apart from the blocking of accountability that was committed before the last election, that Report revealed a series of issues of doubtful awards of contracts, failures to follow proper tendering procedures, double-invoicing, waste of public moneys, rampant or excessive overtime or lack of oversight of public contracts. The themes running through specific transactions highlighted by auditors in their 900-page report showed abuses by individuals and companies, laxity of procedures and deep value for money concerns. As these matters had been revealed on a spot-check, it suggested that this was the tip of a financial iceberg, where much more should be done to control the use of public money and get real value for money for the taxpayer. As that report is now historic, we look forward to publication of more up-to-date reports for years after 2018. As I have already said, the Government had politically engineered a backlog and erected roadblocks preventing the Principal Auditor concluding these reports. We now hope, with the passage of most of the pending legislation a couple of months ago, that further reports will swiftly issue.

Cumulatively, the Principal Auditor's Report and the McGrail inquiry have further confirmed the need for big reforms of financial and democratic governance, but before I turn to that, in the meantime we have been served up the trailer of a promising new political drama, because the Chief Minister says he is going. Well, actually, it is a long goodbye, because he had to scotch speculation about his departure date recently in answer to GBC questions provoked by positionings among his replacements – and I am not talking about his phones. He told GBC, after all that speculation, that he would 'serve the term as Chief Minister and continue to put his name forward during this term', whatever that precisely means. It may mean that he is the incumbent for the whole term, or not. It is a matter for him, of course, and I express no view one way or the other.

Whatever happens on that side, it looks certain that we will witness the longest leadership election campaign in history, because it has already started. We already have at least two contenders and the actual vacancy may not arise for some time, so it may mean that the upstaging campaign of social media promotion or photo opportunities will long continue. We think we know who he is backing, although one never really knows with him. A struggle to replace the incumbent who once was a liberal but switched parties to become a socialist – some wags, not me, say, for political expedience: how dare they? – leaving the party of the person sitting to his right to join the party of the person sitting to his second left normally, a struggle, pitting his chosen successor for the throne against the rising star of old Labour. Will the next leader be someone who increasingly sounds like him, or will it be that someone who left and came back can prevail and lead the party? Someone who left, maybe following political manoeuvres by the now Chief Minister? Who knows? The protégé against the prodigal son of the old guard, or at least a prodigal sone of the old guard? It all has the hallmarks of a box-office Netflix series, an intrigue and drama, with the various contenders supported by their own leading lights of the party and no doubt vying for support from their brethren and sisterhood. Who will the progressive *jardinero* support in this political game of thrones –

Hon. D J Bossino: He may be a contender.

Hon. Dr K Azopardi: – part fantasy, part reality, part pageant? I, for one, cannot wait for the episode when Rock maesters flies in, aloft and astride a fire-breathing dragon supporting one of the contenders, wearing the shiny blue tachuelas jacket, but that is for another day.

Against that backdrop of promised departure, we notice a new emerging argument deployed as a further smokescreen to continued excesses and misinformation. Hon. Members do not need to get so nervous because we are talking about leadership elections. I do not. It is now the Chief Minister's increasing recent tendency to say that because he is not standing again he has no political axe to grind, and that therefore, by implication, he is more believable or his motives more pure and should not be doubted, as if because he says he intends to go at some point it makes him a standard bearer for unimpeachable motives or provides a warranty of truth, light and

650 justice. As with a lot of things done by the Chief Minister and this Government, you have to look beyond the catchy superficial one-liner and then imagine the reverse. So, in classic misinformation style, the 'I have no axe to grind because I am not standing again', rather than being an assurance of puritanical behaviour for the future, is the sounding of the starting gun for a closing-down sale rampage style of politics, where everything goes in the last breaths of this Government, where the Chief Minister does whatever he wants and with increasing recklessness or opacity.

655 What else could possibly explain the most recent turn of events where he says he is the most transparent but will not give information on the use of hundreds of millions of your money, or appoints a senior lawyer from his own law firm to chair the Police Authority, in brazen disregard of evidence heard at the McGrail inquiry and perhaps even in open defiance of it before the closing submissions? What else explains the passage of a law to change the Inquiries Act weeks before its commencement, which gave the Government powers to do things in the inquiry that it did not have before? The fact that that law has, so far, been used to limited effect in the inquiry we suspect is simply because of the noise and public clamour of surprise and rejection that that move drew, rather than from any pure motives held by the Government. Why else would you need such a wide-ranging law, introduced without consultation with the chairman? As we explained at the 660 time, the introduction of that legislation by core participants in the inquiry without the agreement, still less consultation, of the chairman himself, raised very serious issues of governance. With all due respect to the former Governor, who, in remarks before his departure, sought to downplay its importance – we think in an inappropriate, politically partisan way, given the issues of high and serious political controversy – the fact that we heard little about the Act during the weeks that 670 followed is because the Government thought again about the use of wider powers and, we think, undoubtedly because of political pressure, public scrutiny and the interest of the media on the developing events. We hope that situation will continue. They will never admit it, but they thought again, the same way they thought again about a measure I will speak about a bit later.

In further misinformation, and this time plain fabrication, all that the Chief Minister could say 675 at the time was that the GSD had asked for direct rule from the UK, when we had specifically recorded in correspondence with the Governor the opposite, that we were not seeking to have an assent conversation with him, respectful of the constitutional boundaries. But in his usual way, why let the facts get in the way of a convenient, yet false, narrative?

We have now heard weeks of evidence in the McGrail inquiry and the closing arguments. As 680 has been made clear by the chairman, he will take some time to deliver a report on the matters he has been asked to look at, and we will await that report. I have to say that stunning aspects have emerged in the evidence that raise issues beyond the issues which the chairman has been asked to look at. We will comment on these and other features in due course.

We note from closing arguments of counsel to the inquiry that a number of pregnant questions 685 remain about the absence of the Chief Minister's WhatsApp messages to the senior partner of Hassans after September 2019 and that the inquiry is seeking explanations on that. That this is still ongoing after closing arguments is, in itself, surprising, it seems to us.

For our part, what has emerged in the inquiry already has confirmed the view that we have 690 been setting out for some time, that there has to be radical reform to enshrine better checks and balances on executive power or to ensure that conflicts of interest are better regulated. The evidence indicates a festering swamp of conflicts which corrode our democracy and spoke volumes of the attitude of the Chief Minister towards those issues.

The brazen attitude of a Government that thinks it is okay to appoint as Chairman of the Police 695 Authority a senior lawyer from the same law firm of the Chief Minister and the, for now, two potential GSLP successors when this Authority and the influence of the Chief Minister over it has been at the heart of the inquiry, is an indicator that this GSLP Government will never acknowledge, still less enact, real reform in this area.

That in the slipstream of all this, the political newspaper owned by the GSLP is not just doing a 700 self-serving loaded serialisation version of events but recently turned to open a guerrilla warfare campaign on the current Commissioner of Police is simply perverse. The serialised inquiry articles

already had all the hallmarks of being influenced, authored or based on information provided by the Chief Minister. They were written far too well. That newspaper is controlled by the GSLP and the GSLP Chief Minister. For it and him to be sanctioning a course of action like that on the current Commissioner of Police simply shows how deep the institutional problems go.

705 Madam Speaker, the Chief Minister has of late – not this morning, but of late – seemed bitter and angry. I just mention that as an observation. Anyone would think he had lost the election. I know he does not like the things that we say, but in his colder moments he may reflect that a lot of what we say is reactive to things they do, that he does or says, because that is the nature of
710 Opposition politics. Sometimes you make big policy announcements, but a lot of the time you are reacting to the government of the day on the things that are done and the failings, so when we are critical, it is because invariably there is something they have done. I make no apologies for raising issues, because that is what we are supposed to do. We are not here to give them a free ride or an easy one. That is the nature of adversarial politics. They are hardly novices at it, nor were they some kind of Opposition vestal virgins.

715 Sir Joe Bossano mounted a relentless political guerrilla campaign against Sir Joshua Hassan, and then Peter Caruana. When he handed the baton to the Chief Minister, Mr Picardo, he also became a relentless pursuer of the Caruana Government. He had already been an attack dog in opposition – I say that as a compliment, by the way – and, as leader, continued that and doubled
720 down on it. His attacks spanned a broad range of subjects, to the point that the then Chief Minister, Peter Caruana, described him as unfit to be Chief Minister because of the ‘deceit to which he sees fit to resort as a matter of personal style and instinct’. Things must have really looked grave for Mr Picardo when he had to wheel out Sir Peter, who once thought him unfit for office because of his instinct of deceit, to defend him in the McGrail inquiry. But that is an aside from the main point I wanted to make. The issue is that when he stood up in Parliament just the
725 other day on his quasi point of order – intervening in the middle of Question Time to give us all a lecture about how politics should be conducted and how he would have so much more to say – this was nothing more than old-style misinformation from his playbook of deceit. It was the fakery of purity to mask the reality of sin, the fake outrage of victimhood when he is the principal aggressor; the sheer gall of taking that stance, airbrushing history away as if he is the altar boy of politics. I am not sure if he was doing that in a bid to persuade a new Speaker, who has perhaps
730 not seen his Budget antics live in the House, that he had no history, but surely even he understands that we all live in a small community and that his reputation precedes him, and that the political tactics of Members opposite are well known. What he cannot do with any semblance of credibility is don the cloth of the saint and lecture us on a pure form of politics when he has trodden the
735 path of political sin and has been the prime advocate of war and not peace, negative and not constructive politics.

Whenever we try constructive politics, it has been greeted with negative politics, with a façade of superficial platitudes which then see no delivery, and, worse still, we are greeted with lashings out, which are the reverse of what he says he stands for. I am sure he feels the same way and I
740 am sure he will say that. This was never really a new dawn in that sense of constructive politics. No, an old dog does not change. It was an extension of how they did things between 1988 and 1996 and a doubling down of it; more sophisticated, better conducted, but raw politics. Now he pretends, and will pretend some more later in his reply, to be outraged by the robust opposition or by the odd word here or there, when he is capable of much deeper criticism.

745 He complains about populism when he is the supreme populist and has been for years. He is, with respect to him, drowning in his own contradictions, and these are all, by the way, political points about his philosophy in a political Chamber. To start making an analysis as to why there should not be so-called attacks, or to characterise them as unworthy when he did exactly the same things before, or tell us how we should do opposition politics as he did the other day is to invite
750 us to go down a rabbit hole. We refuse to go down a rabbit hole with him. It is also an irony and a contradiction, given everything he has done before. To apply those theories to the Opposition but not the Government is as weird as it would be perverse. It would denude this Chamber of the

political arena of its purpose. But maybe that is what he wants, a free pass in his political twilight so he can do whatever he wants.

755 Holding the Government to account means precisely that. How it is done is for the Opposition of the day as much as it is for the Government of the day to decide how it governs and conducts itself. We think that they are not examples of how to govern, in the same way as they are not examples of how to do opposition. I am sure they have their own judgement of us, but if we are going to look at our robust politics, then let's not pretend they do not have a track record either.
760 For example, I can safely predict that the Father of the House, when he comes, will reply to my speech of last year, not this year. He always does. He is in his own little private time warp with me. I cannot wait to go back to 2023 with him later. The Chief Minister, who just the other day donned the toga of the saints, or the Greek political theologian – whichever you prefer – chastising us on how democracy should be conducted in accordance with higher positive values, will, in his
765 reply, conduct a personalised and sometimes vicious personal attack on each and every Member of the Opposition. He does it every year. Maybe it will be different this year. He will say that my performance was not as great as my predecessor's, but he used to say that about my predecessor too, only then to exalt him when he had gone. He will accuse us of being conservative, some more than others, and generally be highly negative and at times completely over the top with his
770 comments. By the time he finishes, Madam Speaker, you may think that the gentleman does protest too much, that in fact he is the standard bearer for negative attack politics rather than the glorious shining light of positivity in this glorious new dawn.

The more the Chief Minister says that things are going to change, the more they stay the same. You may also think that, in itself, is classic misinformation style, and so every time that he says
775 lessons have been learnt, what follows is – sometimes immediately, sometimes within a short period – more of the same. The raw choice is not actually ideological, however hard the Chief Minister tries to twist facts to his narrative to pretend it is. The real raw choice is between reality and misinformation, because his Government have, for many years now, done precisely that: twisted the facts, spun the truth, rolled out half-truths and, sometimes, downright inaccuracies.
780 They have prospered and festered in a culture of misinformation and opaqueness.

The problem is that the audience is captive, because it is perfectly understandable that when a Minister of the Crown speaks, the listener or the viewer will have a predisposition to think that they are always getting facts and information. It has taken a long time for people to start seeing through all this.

785 The misinformation started early in the glorious new dawn and are too many to mention throughout the last 13 years. I have already mentioned their obviously failed, and perhaps never really meant, promise to halve the then £500 million public debt of 2011. That misinformation subsequently has been endemic over many fields, sometimes coming in the form of half-truths, and sometimes downright inaccuracies. The suggestion that somehow I supported an Andorra
790 deal for Gibraltar when I had specifically said the opposite on a video with Mr Picardo in 2011, when he is seen to be nodding in agreement with me when I am speaking; or the implicit accusation he made, during the leader's debate the night before the election, that I was going to give Mr McGrail a job, when I had not even spoken to him in years, were just two of the more recent wild moments.

795 Many – I do not want to personalise it – individuals or bodies have had their own experiences, too. Who could forget the chants of 'No more lies' by frustrated teachers? Those chants, that the Chief Minister mocked at the time, spoke for themselves. If there is someone who cannot handle the truth, it is him, because it is often foreign to him and too hot in his hands. Like the boy who cried wolf, we now never quite know anymore.

800 In misinformation style, I safely predict he will accuse us of misinformation. He will reverse it all. He will pretend we are the ones misinforming. He will point to the past, like he always does. That is all about spurring confusion, by the way, but that exercise is as facile as it is a smokescreen. Ultimately, he stands on his own record as Chief Minister over the last 13 years. When I criticise the GSLP before 1996, it is a criticism of Sir Joe Bossano, who was in charge and was Chief Minister.

805 As much as he criticises the GSD of the past, the reality is that I was not Chief Minister and did not
have the power to drive policy in central areas, and most of the Members on this side were not
even in this House. I did not have the power to drive policy on financial issues; it is clear. I have
also not shirked from saying often enough that I had disagreed with how certain things were done
810 in the past. But he has actually been in charge since 2011 as Chief Minister, with the power to set
and drive policy, so what is his excuse for not really doing things differently? Is it really his best
point to keep harping on about the past rather than point to how he will be a reformer and be
different? There was a time when the hon. Member used to aspire to basking in the cleansing light
of being different. Now his implication, as he gazes to the past, is that his best defence somehow
815 is that he is not as dark as some of the past. Even that we do not accept as a matter of raw and
cold analysis, given the serious nature of the democratic and financial deficit that he presides over
and is unwilling to change.

For all those reasons, and those that will be set out by my colleagues, we cannot support this
unrealistic Appropriation Bill, built on continuing opaqueness and an approach to public finances
that we simply do not share and would want to radically change. It is a Bill supported by Estimates
820 that were unrealistic last year and have been confirmed this year, as we predicted, a hopeless
fiction. The Estimates for this year are equally unrealistic in some respects, as I have outlined in
detail.

This is a Government that says one thing and does another. It has parked hundreds of millions
of pounds off book without telling us what is being done or what is left. You cannot follow the
825 money if you cannot see the money or know what is being done with the money. The examples
mount up, and, as recently as Friday, they refuse to say what they are doing with transfers of
money involving hundreds of millions.

Madam Speaker, stable management of our public finances is key to deal with social and
economic policy, but if public finances are in disarray, then it is much harder to address social
830 objectives or reposition our economy and workers. Businesses and families suffer, in this
environment of much higher basic prices on things like food, without greater money in the pocket
because of government inefficiencies. The last few years have seen higher taxes, fees and charges
when people have been suffering with frozen wages in the public sector – small rises, if they were
lucky, in the private sector – eroding purchasing power, higher mortgages and greater economic
835 pressure.

Of course, faced with the combination of massive debt and an inability to control or meet its
own budgets, the Government has no financial leeway and can only resort to asking the people to
bail it out financially, as it has done previously. Despite the pretence, in the pre-electoral year, of
840 a financial recovery, the higher revenue was not due to sophisticated planning, discipline or
diversification, but rather by the blunt instrument of raw taxation taking money from people to
fund a Government unable to keep its promises of discipline.

In 2021, the Government made penal Social Insurance increases of between 20% and 107%,
affecting recovering businesses and workers. Electricity charges were also increased in 2021, 20%
845 for commercial electricity and 16% for home consumers. In 2022, there were further increases of
8% in electricity and water charges. Over those two years, a 24% increase in electricity.
Additionally, there was an increase of Income Tax by 2% in 2022, which was then reduced by 1%
last year on certain incomes. All of that happened against the backdrop of a Government not
keeping to its departmental budgets because they were unrealistic, could not be believed, or
because they did not have the discipline to control their own expenditure. This means that there
850 is less money, less relief for families, workers and business. We are far removed from a return to
financial stability.

As I have indicated previously, budget measures constructed in this public finances climate
need to take account of the real state of our finances, the macropolitical context and the
continued uncertainty that our economy is facing when we still do not know if it will be possible
855 to conclude a safe and beneficial agreement with the EU. That is what I have said before and it is
striking that the Chief Minister now appears to be using the same language, even though there

are aspects of his contribution that we do not share – for example, his pronounced recovery or return to financial stability.

860 The priorities continue, or should, to focus on the vulnerable, families in need, the lower paid and the elderly, as well as ensuring that our business sector remains competitive and is not shackled by unnecessary bureaucracy. This, and the financial services, tourism, ports, gaming and technology sectors need to be freed to be the engines of growth and recovery to boost productivity. There has to be thoughtful economic and financial planning for sustained growth in various sectors, rather than short-term thinking. Bold decisions need to be taken in that context, 865 even if they are unpopular, if we are to deal with historic issues. In parallel, the Government needs to show real discipline in its own finances and properly ensure value for money for the taxpayer. Anything less is unacceptable.

And so, I turn to the Budget measures that were announced this year, which, in our view, fall short of any great thinking; at least it is not obvious that they are constructed with that in mind. 870 Where is the discernible plan on these measures, which just seem another mixed bag of issues with no real coherence?

In accordance with our view that the vulnerable and those on lower incomes should be assisted and shielded from the worst effects of the cost-of-living issues over the last few years and wage pressures, we support the increases in Minimum Wage, pensions, disability benefit and sponsored 875 patient allowances by the cost of inflation.

The restoration of Income Tax at 25% had been promised last year, so is unsurprising. The Chief Minister has not given any indication of whether the projections of Income Tax in the Estimates take this into account or whether the loss in possible revenue is not taken into account in the figures. Perhaps in his reply – or perhaps the Minister for Taxation can clarify – he can let us know 880 what the projected cost of this reduction is expected to be and whether it is factored in already. The GSD in government lowered Income Tax substantially from a top rate of tax of 49% to 25%, so all this does is restore what the GSD had done.

The Corporate Tax rate increase is more surprising because it had not been trailblazed last year, and again perhaps the Chief Minister, in his reply, or the Minister for Tax can confirm whether any effect in greater revenue is taken into account in the projected estimates, and how much 885 additional revenue is intended to be generated here. Additionally, the Minister for Tax could perhaps inform the House whether there has been consultation with industry, financial services providers and business on these measures. We are concerned that any measure like this can threaten the commitment of some players to Gibraltar, who will make highly mobile decisions. 890 This can threaten tax revenue or jobs. Given the concern expressed about Brexit uncertainty, the imposition of such a measure now may tip certain players over in the wrong direction when it comes to taking strategic decisions as to the future. We are, therefore, extremely sceptical on such a measure now. Against the backdrop that there appears to be no other measure at all in the list announced that in any way is an incentive to business, such a decision can be very misguided 895 at this time when stability is important. It seems to us that sight has been lost of ensuring that Gibraltar retains that fiscal competitive edge.

Madam Speaker, I repeat what I said earlier about what we call the so-called cash handouts, the support payments in the public sector. These disappointed both public and private sector workers last year. This year, there will be a continuation of this practice for another year. As I said 900 last year and repeated earlier, this means that at a time of little financial leeway, families in the private sector with household incomes of less than £50,000 are seeing their hard-earned taxpayers' money go to civil servants who may, jointly in a household, have incomes in excess of £190,000. As we said last year, this measure is not targeted for the low paid. If there was spare cash to distribute, then it should have been possible to construct and target payments to those 905 on lower incomes in the public sector.

The increases in fees and charges will penalise everybody, especially the business sector and ordinary workers. The business sector sees almost nothing from this Budget. Hand in hand with that will also be the inflationary increase on electricity and water of over 2%, which combined

910 with previous increases in recent years mean that these have been increased by 26% since 2011, so an ordinary family will have seen 26% increases at the time of a cost-of-living crisis, food price hike and very little movement in their wages – an erosion of their wages, in actual fact.

915 I am going to turn to the levy of £10 per week on vehicles over 10 years, which the Chief Minister, just before I spoke, said that they were going to withdraw, but did so in terms that suggested they were going to consult. Therefore, I make my remarks to leave our position very clear, because we do not believe that that measure should go anywhere at all; that it should be declared dead and not go to consultation. Our view is that the announced new levy of £10 per week on vehicles over 10 years amounted to a new and significant tax of £520 per year. This move was far more likely to penalise those on lower incomes than anyone else. It is more likely that families on modest incomes will have older vehicles and may have less financial flexibility to change or buy a new vehicle. If the move is also meant to push people to change their older vehicles, it would not do so, but still burden people with a massive new tax. It will not do so if people simply do not have the money. Lower income people cannot buy a car just like that.

920 This new tax, which was unannounced, was as much a surprise as the short-lived brainwave that was the tax on companies that never saw the light of day and effectively died in 48 hours. We think the introduction of this older-vehicle tax was ill thought through and provides no apparent flexibility in its rollout. The Chief Minister got up and said, ‘By the way, there are going to be all these exemptions and flexibilities.’ He did not say that when he made his original contribution, so is this a lunchtime brainwave to put a patch on the wound? What about pensioners or ordinary families with old cars, who are basically extracting value for money from old vehicles by making them last? You do not have a lot of money to buy a new car, so you make them last. This would be penal and unfair on the low-income people, people with a modest income.

930 I make clear we do not support this measure. We think this measure should be withdrawn unequivocally and not go to consultation. The Chief Minister may be able to keep an old car – a Porsche – but working families just do not have the means, and this is an unfair penalty on those lower-income families.

935 I did not hear the Chief Minister say that student grants would be adjusted; I certainly cannot recall it. I did not see it in my notes that the student grants would be adjusted with inflation, so perhaps in his reply ... After we trawl again through his speech, if it is not there, perhaps he would clarify whether that was something that was omitted, as that would affect hundreds of families and students.

940 If additional revenue streams can be generated by duty on mild hybrid vehicles or hybrids, then that is something we would support, as well as the regulation of short-term holiday lets. My colleague the Shadow Finance Minister may pick up Opposition comment on other measures that I may not have specifically responded to in this overview and he may wish to address.

945 All in all, the burden of this Budget is on tax increase, not tax decrease. Apart from the restoration of Income Tax at 25%, many other measures lead to tax increases or new taxes in a regressive, not progressive, way, penalising the people on lower incomes more.

Madam Speaker, in my closing remarks may I return to George Orwell, who I know the Chief Minister likes. He observed:

If liberty means anything at all, it means the right to tell people what they do not want to hear.

950 Difficult as the message may be to Members opposite, let me make it clear: after the election, all we have is what we had before but worse: a GSLP Government that has now become a caricature of itself, promising big but delivering small. The strikingly dominant aspect of the reputation it has built for itself is of an inability to tell it how it is and honestly or realistically report on the state of facts, be it in public finances or other aspects of our domestic affairs. It is now a Government that cannot be believed, or that it is hard to believe. People rightly view the GSLP Government with huge scepticism when they provide information. This is a self-created legacy and flaw over the last 12 years. They have only themselves to blame, having repeatedly, over so

960 many years, not given the public the clean facts as they are. It is obvious that everything I have said about last year's hopeless fiction of a Budget and the criticisms of this year's Budget mean that we do not believe that the public finances are being handled sustainably, responsibly, with discipline or sufficient value for money. (*Banging on desks*)

Madam Speaker: The Hon. Deputy Chief Minister.

965 **Deputy Chief Minister (Hon. Dr J J Garcia):** Madam Speaker, I have been elected as a Member of this House for a period which has spanned 26 Budgets, 13 as a Member of the Government and 13 as a Member of the Opposition. In February, it was, therefore, an honour to mark 25 consecutive years as a Member of this House, a quarter of a century. This provides a unique sense, perhaps, of context and perspective, and after some of what we have heard today from the Leader
970 of the Opposition I feel bound to appeal, too, for moderation and respect: respect for Members and as Members of this House, respect for the outcome of the last General Election, and respect for the electorate as a whole. It is seldom wise to belittle or be seen to undermine the democratic process, or indeed to behave as if we were still in a general election campaign, so I would urge hon. Members to take care how they pitch it. This should be a contest of ideas. Of course,
975 constructive criticism is healthy in any democracy, and it is true that in our adversarial system it falls upon them to hold the Government to account, but my point is that there are ways of doing this. I am sure my hon. Friend the Chief Minister will have more to say at the end of the debate.

Madam Speaker, the expenditure of the Office of the Deputy Chief Minister for the financial year 2023-24 at Head 15 has come in at £2.4 million. That includes Gibraltar House in London and
980 Gibraltar House in Brussels, which together accounted for over half of the Budget figure. The overall expenditure is less than the estimate of £2.8 million which was approved by this Parliament last year. It therefore represents a saving of some £400,000. As part of that, Gibraltar House in London and Gibraltar House in Brussels have reported savings of £80,000 and £90,000 respectively. This Parliament is now being asked to approve a further £2.35 million for the new
985 financial year. That comes to £26,000 less than the forecast outturn for the year, which closed at the end of March.

These overall Estimates come in the context of the uncertainty generated as to whether or not Gibraltar will end up with a treaty to govern our future relationship with the European Union. That situation was thrust upon us by the outcome of the 2016 referendum; a referendum which we did
990 not ask for, which led to consequences that we do not support. But in government you have to get on with it, you need to take the good with the bad, and that is exactly what this Government has done.

Today, 2016 may seem an eternity ago, and I am sure many would have preferred the security afforded by a new treaty much sooner, but as the House knows, the process was impacted by a series of cumulative external delays. First, it took the UK nine months to trigger Article 50. Then,
995 almost the entirety of 2019 was taken up with problems in the UK Parliament over the ratification of the Withdrawal Agreement. After the 2020 New Year's Eve Agreement, it took the EU 10 months to accept and agree the new negotiating mandate, in October 2021. The Spanish general election last year delayed the negotiations by a further five months, then the European
1000 election, and now, the final hurdle, the UK itself embarks on its own electoral process, which will be determined later this week. The cumulative effect of all this alone is some 36 months, three years, and this does not take into account the impact of the pandemic or the Russian invasion of Ukraine, both of which, understandably, diverted attention and reduced bandwidth.

In spite of all this, and whatever may happen, the Government has delivered at every stage of the Brexit process: we protected the bilateral relationship with the United Kingdom; we secured
1005 a series of bridging measures to cushion the impact of a hard Brexit; we negotiated our inclusion in the Withdrawal Agreement to provide for an orderly departure; and we concluded a political agreement which set the route map for a future relationship treaty. Of course, some of this reflects the actual complexity of the negotiation, its uniqueness, its multifaceted content, its well-

1010 known sensitivity in a number of areas, and the need to hold the line and defend our well-known
traditional position. The House knows there are some lines we are simply not prepared to cross.
If we had crossed those lines and said yes to everything, then we would have had a treaty years
ago, but we have not done that and we are not going to do that. Now, 19 rounds and two political
summits later, we are closer, as my hon. Friend the Chief Minister has said, but not quite there
1015 yet.

It is relevant here to highlight the involvement of Gibraltar, its Chief Minister and its
Government at every stage of this process. This was reflected most clearly in the two quadrilateral
meetings at the Berlaymont, the home of the European Commission in Brussels. There were
clearly four delegations, four delegation meeting rooms and four sides on the top table. Indeed,
1020 these negotiations have been known for the flexible and variable geometry from the very outset.
We have made it clear that meetings have taken place between different parties in different
places over the course of the years. The United Kingdom and the European Union are the intended
signatories of the treaty, but Gibraltar and Spain are the two most impacted sides.

EU processes, too, may delay the final steps of a potential treaty. The recent elections to the
1025 European Parliament have set a chain of events in motion. This will lead to the confirmation of a
new College of Commissioners in the autumn. The new political groups are expected to be
constituted by the middle of this month. A formally recognised group must consist of at least 23
MEPs from seven member states. The largest will again be the European People's Party, which will
include Spanish MEPs from the Partido Popular. Hon. Members will know that the horse-trading
1030 has already commenced. The procedure is that the Council will propose a candidate for
Commission President to the European Parliament. This will be outgoing President von der Leyen.
The investiture session is expected after the summer. The candidate for Commission President
will need 361 votes in the European Parliament in order to secure ratification. The calendar
suggests that the confirmation hearings for designate commissioners will take place in October or
1035 November.

Absent this top political layer, technical work on a Gibraltar treaty has continued, but it is
obvious that executive decisions can only be taken by the incoming Commission and not by the
outgoing one. The negotiations so far have been conducted by the Secretariat-General, which has
reported to its Executive Vice-President, Maroš Šefčovič. Šefčovič has served as a commissioner
1040 appointed by Slovakia since 2009. As part of the EU ratification process, the new elected European
Parliament will have to consent to any Gibraltar treaty. Two of its committees will be responsible
for driving this consent procedure. These are the Committee on International Trade and the
Committee on Foreign Affairs. The membership of these reconstituted committees will be
particularly important to Gibraltar. This is because the first discussions on votes will take place
1045 there. Later, the debate will move to the full plenary, when the Gibraltar reports of these two
committees will be discussed and voted upon.

Clearly, the overall composition of the full European Parliament itself will be crucial too: 720
MEPs representing 27 member states will have the view. As the House knows, there has been a
swing to the right in many European countries, and the distribution of MEPs among the different
1050 political groups will be particularly relevant. The advice to the Government is that the EU calendar
could have an impact on the timing of a Gibraltar treaty, both the conclusion of it and then the
subsequent ratification. Needless to say, while there is no agreed outcome, the possibility remains
of no treaty at all.

Hon. Members will be aware of the work to prepare for a no negotiated outcome, also known
1055 as NNO. No doubt Gibraltar is better prepared today than we were in 2017, but the Government
has made it clear on countless occasions that it is impossible to mitigate all the consequences of
no treaty. This is particularly so in areas which are outside our control and outside the control of
the United Kingdom. The truth is that without a treaty, life with the European Union will feel very
different. Gibraltar will be subject to processes and procedures which will be more cumbersome,
1060 more bureaucratic and more time consuming. We have already witnessed some of these in play.

No treaty does not mean that we can simply continue as we are. That is not possible. Let me be clear: if there is no treaty, the status quo is not an option.

1065 The Government has taken this NNO work forward under the civil contingency structure through the Brexit Strategic Group, which I chair. That group met last week. The interface with the United Kingdom is via the NNO Board. I have co-chaired this over the years, together with the serving UK Minister with responsibility for Gibraltar. This board also met last week. It met at a ministerial level for the last time in May with then UK Overseas Territories Minister David Rutley MP co-chairing. Members of the Gibraltar Cabinet were briefed on NNO on the 19th of this month. I want to thank the many UK government ministers and officials who have worked with Gibraltar on contingency planning over the years. I am also very grateful to those who remain involved in the process.

1075 Part of the United Kingdom contribution has entailed co-funding a number of NNO projects in Gibraltar. This has included the waste equipment plant, a shredder, compactor, baler and wrapper. It has also covered the Algeciras ferry operation and the construction of a ferry ramp which preceded this. The upgrades to the container port to increase the resilience of Gibraltar were also part of this workstream. The UK supported a hotel assistance scheme to accommodate emergency health workers who live in Spain. There are also plans to increase fluidity of the land border through the installation and use of e-gates in the event of no treaty.

1080 The Government has also engaged directly with the private sector in its contingency planning. A number of briefings have been delivered to the Chamber of Commerce, the Federation of Small Businesses, the Gibraltar Betting and Gaming Association and the Finance Centre Council. The Government is grateful that this was acknowledge recently at the GFSB annual dinner. In November, those representative bodies were invited to participate in an NNO tabletop exercise. This was organised by the Civil Contingency Department. It also included the Foreign and Commonwealth Office and the Ministry of Defence. This year, those same organisations have been invited to hold their own exercise for their own membership, with the assistance of the Government. The GFSB did so on 10th April and the GBGA on 15th April. There have been six tabletop exercises so far. These are focused on the consequences of no treaty on day one and the consequences of no treaty on day 30. It is obvious that different sectors would be impacted by this in different ways. One of the most significant issues will be the access of Frontier workers through the border. Another will be the movement of goods, along with wider issues of transport and road haulage. Many of these issues have been highlighted in two booklets and in some 50 technical notices which have been published so far. These remain available on the Brexit section of the Government website.

1095 It is important to make the point once again that no treaty does not equate to the status quo. Gibraltar cannot remain as it is today. Instead, it will need to transition to the consequences of a new reality of life outside the European Union. So, the consequences of NNO must feature in any analysis of any potential treaty.

1100 Gibraltar has, so far, been shielded from the full impact of Brexit. This has been cushioned by a series of voluntary bridging measures unilaterally extended by Spain. They have covered areas like commercial road transport, reciprocal healthcare and ambulances. Some of those original measures have now lapsed. However, even that gradual disapplication has been helpful in providing time for Gibraltar to adapt. The most important of those measures continues to be the suspension of the Schengen Borders Code. In practice, this has meant an exemption from the stamping of passports. This applied when originally introduced to residents of Gibraltar in general. It was subsequently narrowed down to benefit resident red card holders only and made subject to geographical constraints. But there is no doubt that an abrupt exit from the European Union absent all those temporary measures would not have been easy. Equally, Gibraltar will be subject to the full impact of Brexit in the event of no treaty. My colleague the Chief Minister has already indicated that reciprocal action at the border will be the policy of the Government in this area.

1110 In addition to this matter, the House should note that the new EU Entry/Exit System, known as the EES, is expected to become operational in the autumn. This will replace physical stamping of

1115 passports with electronic stamps. It is a Schengen-wide measure which has come into force at every entry point. However, it will be a requirement to register first in order to be able to use the system. This will involve travellers going into a booth and recording their biometrics, including a facial scan and fingerprints. That registration will take time. It is expected to generate considerable delays. There are serious concerns, too, in Dover and at St Pancras. The Eurostar terminal there is being expanded with booths and electronic gates in order to make provision to cope with the new system. Here, in Gibraltar, we are no stranger to border queues and delays, although the theory is that after first registration, crossing an external border of Schengen should become a smoother experience for the traveller.

1120 The EES will come hand in hand with the EU's Travel Information and Authorisation System, known as ETIAS, although they are two separate initiatives. This applies to visa-exempt nationals, including British citizens. The principle is similar to the ESTA preclearance regime for travel to the United States. The fee is expected to be €7 and an ETIAS will last for three years. Applicants under the age of 18 or over the age of 70 will not have to pay the fee. This system is expected to enter into force in 2025.

1130 The point needs to be made that the rollout of both the EES and ETIAS have been marked themselves by delay after delay, but the initiatives spell out very clearly the direction of travel for those, like us, outside the European Union. In the event of no negotiated outcome, most people in Gibraltar would be subject to both the EES regime and the ETIAS regime, so things will change. It is worth noting, though, that in July 2021 the published Draft Negotiating Mandate of the European Commission for a Gibraltar Treaty proposed the exemption of Gibraltar residents from both these measures.

1135 Madam Speaker, I want to thank the many officials in Gibraltar who have been involved in NNO work for many years now. In particular, I want to thank the Director of Civil Contingencies, Ivor Lopez; my principal secretary, Ernest Francis; the Chief Scientist of the Department of the Environment, Liesl Mesilio; and the Director of Gibraltar House in Brussels, Daniel D'Amato.

1140 I now turn to report precisely on our office in Brussels. It seems like yesterday the Government opened the new expanded premises at 17 Square Ambiorix, but in fact it opened its doors almost a decade ago, nine years ago this year. Those nine years have coincided with the most destructive time ever seen in Gibraltar's relationship with the European Union. However, the UK's decision to leave the EU also presented us with the opportunity to work together with both like never before. The Brussels office has supported and accompanied the Government throughout the transition of our relationship with the EU. This has evolved from membership to withdrawal to now seeking to establish a new future relationship with it. Gibraltar House in Brussels continues to be a source of expertise and support as we defend our interests in the heart of the European Union. It is also a platform from which to engage a network with the EU institutions and with the wider diplomatic core which gravitates around them. Our assets there have been and remain Gibraltar's very own eyes and ears in Brussels.

1145 The role of Gibraltar House in the treaty negotiation continues to be vital and constant throughout. Indeed, it could be argued that its contribution over the last 12 months has been its most important yet. The intensification of negotiations has led to increased engagement with Brussels. This has taken the form of formal meetings, official rounds, technical sessions and informal contact. The office has supported all this. Director Daniel D'Amato has been present in formal rounds, alongside the Attorney General, Michael Llamas. The office was also key in the organisation and the logistics behind the historic ministerial meeting of 12th April. This was attended by the Chief Minister and me, alongside Foreign Secretary Lord Cameron, with Spanish Foreign Minister José Manuel Albares and Commission Vice President Maroš Šefčovič. Gibraltar House was also involved in the second high-level quadrilateral meeting, which took place in Brussels on Thursday, 16th May.

1155 The actual location of the office itself is also helpful. It lies close to the Commission headquarters and near to the UK Mission to the EU. This makes it the ideal base for ministerial visits and visits from government officials. The Government's home away from home continues,

1165 in many ways, to prove to be an asset. This we knew at the time we acquired it, although
admittedly we had no idea then of the magnitude of the challenges which were to come.

Madam Speaker, a few words now on the topic of visits to Brussels. I had the opportunity to
visit on official business in January, April and May of this year. The main purpose behind the
1170 January visit was to participate in the European Committee of the Regions UK Contact Group. This
is a forum I have attended faithfully since its inception in 2019. It provides the opportunity for
Gibraltar, together with the nations of the UK family, to conduct direct dialogue with the EU
institutions. For a while it was the only forum of interaction between politicians from both sides
of the Channel, until the UK EU Parliamentary Partnership Assembly came into being. I have used
1175 the opportunity afforded by these meetings to brief stakeholders on the challenges that Brexit
poses for Gibraltar. It is also important to lay out our objectives in the negotiations. On this last
occasion I stressed the Government's commitment to reaching a negotiated outcome which
would allow for the fluid movement of persons and goods. That message was warmly received.
The institution represents the European regions, and the value of regional co-operation is
something the Committee of the Regions is very much alive to. However, I also used my
1180 intervention to warn that the objective of shared prosperity by any attempt to cross red lines.
That message, too, was received and understood. The feedback from participants of the contact
group has been one of support and encouragement for a negotiated outcome which will benefit
all sides.

A further word now on the subject of negotiated outcomes. I used my visit also to pay a
1185 courtesy call on the Ambassadors of San Marino and Andorra. The two microstates only in
December 2023 concluded treaty agreements of their own with the European Commission at
negotiator level. This process took them nearly nine years. It was illuminating and encouraging to
hear how two territories of a similar size, albeit very different dynamics to Gibraltar, have
managed to conclude an agreement with the European Union. It was also informative to hear how
1190 each jurisdiction was going about their own processes for respective implementation of the
agreed text and the further work which will need to go into that. I am, therefore, very pleased
with the relationship which our team have built up with them and others as a result of our
activities in Brussels.

During my visit I took the opportunity to brief key senior MEPs at the European Parliament
1195 who, with the help of Gibraltar House, have accrued a deep knowledge and interest in Gibraltar
matters. Meeting with MEPs who understand our issues is always welcome, but many are not on
this wavelength. Hon. Members will have seen how there are elements within the European
Parliament who have been profoundly unhelpful, to say the least. Indeed, some MEPs are and
have been openly hostile to Gibraltar. The House will rejoice that one of them, former Spanish
1200 Foreign Minister José Manuel García-Margallo, has now retired as an MEP, but many others
remain.

Madam Speaker, I wish to expand slightly on the subject of Gibraltar's work with the European
Parliament, which is relevant to our treaty negotiations. A considerable amount of this
workstream takes place behind the scenes. The European Parliament as an institution is one that
1205 is growing in influence and importance within the European Union and internationally. It has
always been the mission of Gibraltar House in Brussels to understand the European Parliament
and, conversely, to have the Parliament better understand Gibraltar. It was part of our well-worn
pre-Brexit philosophy of taking Gibraltar to Europe and bringing Europe to Gibraltar.

The office holds meetings with MEPs, MEP staff and other Parliament officials in order to
1210 educate them all on issues affecting Gibraltar. We use facts to counter misinformation. Over the
years, Gibraltar House has been able to positively communicate matters related to Gibraltar to
the Parliament. There are many good news stories to tell in that regard; some of those stories we
cannot tell here, for obvious reasons. But unfortunately, sometimes the outcome is not so rosy.
There are certain individuals and political groups in the Parliament who have held and continue
1215 to hold an openly anti-Gibraltar agenda. The blunt truth is that since the loss of the 73 UK MEPs,
the political balance in the Parliament on support for Gibraltar has tilted towards Spain, and the

1220 Spanish delegations dominate the different political groupings. It was always clear that this loss of UK influence would adversely affect Gibraltar, and we have seen this play out in a number of situations which have arisen over the last couple of years. Indeed, most recently the Government noted with disappointment the Parliament's decision to oppose the delisting of Gibraltar from the EU's AML/CFT grey list. That decision was engineered and taken without technical reasoning. It was loaded with the twisted political goals of anti-Gibraltar elements within the European Parliament, particularly within the Spanish right wing.

1225 But, at the same time, it is important to note that other hostile initiatives have not seen the light of day. In such instances, years of lobbying and networking have proved useful. The *modus operandi* has been the same: intelligence was gathered quickly; contacts were notified rapidly and our team in Gibraltar House best responded to the threats. That response has taken different forms and it has included, where necessary, face-to-face meeting in Brussels, Strasbourg or elsewhere. Gibraltar's interests have benefited on several occasions from this discreet work behind the scenes. Hon. Members can rest assured that when the time comes, our team in Gibraltar House will always be ready to act, and they will act in order to ensure that the new European Parliament is kept fully informed about Gibraltar's position.

1230 Gibraltar House will have its work cut out for the next year, come what may. First, it will have to adapt to the new political panorama in Brussels, given that all the EU institutions will have renewed leadership. Second, it will continue to support the Government in its mission to achieve a safe and secure treaty for Gibraltar. Third, whatever the outcome of the negotiations, Gibraltar House will assist with the implementation of a newly agreed treaty or, in the case of a no negotiated outcome, continue to fly the flag for Gibraltar in the heart of the European Union. I want to take this opportunity to thank Director Daniel D'Amato and the team in Brussels for their invaluable support.

1235 I move on now to Gibraltar House in London. The financial year 2023-24 saw a continuation of Gibraltar's lobbying work both in Westminster and Whitehall. There was a pre-agreed focus to build a good working relationship with the Labour Party. It was significant, in that context, that the then Shadow Foreign Secretary, David Lammy, delivered a powerful and supportive video message for Gibraltar last National Day. This was unambiguous on our right to self-determination. Indeed, it foreshadowed the welcome commitment repeated in Labour's general election manifesto, and it signalled a move to solidify the strong cross-party stand of respect for the right of the people of Gibraltar to determine their own future.

1240 The Government has also worked closely with Stephen Doughty MP, who served as Shadow Europe Minister with responsibility for Gibraltar in the UK parliamentary term just ended. The Chief Minister and I have had the opportunity to meet him, both in Gibraltar and in London. We are convinced that there is now a detailed understanding of the issues that Gibraltar faces going forward. I would like to place on record, too, the hard work of our representative in the UK, Dominique Searle, in this regard. This means that Labour is in a good place when it comes to Gibraltar. We could not have done more. At the same time, the Government has kept open our broad engagement on a traditional cross-party basis. This took the form of contact with the Conservative Party, Liberal Democrats, Scottish National Party and DUP. However, the general election in the UK will still prove to be a watershed moment for Gibraltar in many respects.

1250 Some MPs who are friends of Gibraltar and many members of the APPG have stood down from politics. I wish to pay tribute to a few of them today: first and foremost, Sir Bob Neill, who worked tirelessly as APPG chair to keep No. 10 focused on Gibraltar issues and incessantly raised our concerns in Parliament. Gone also are Dame Rosie Winterton; Sir Graham Brady; Robin Walker, a former Brexit Minister who has spoken up for Gibraltar on many occasions; Henry Smith, a strong supporter and regular private visitor; Trudy Harrison, Environment Minister with responsibility for the Overseas Territories; Bob Stewart; Ben Wallace; Conor McGinn; Sir Robert Goodwill; Jon Cruddas and James Heappey; Lisa Cameron, who was highly involved in cryptocurrency work and developed a close rapport with Gibraltar's Finance Centre; also, Andrew Percy, MP for Goole, a city twinned with Gibraltar, who was out on the Rock some weeks ago. There are also MPs who

1270 changed their view about Gibraltar after a working visit here, or after taking a closer look at our policies in a particular area. Former Labour MP Margaret Hodge is a case in point. At the end, she held up the Gibraltar Finance Centre as an example for other Overseas Territories to follow.

On behalf of the Government, I want to express our thanks to all the MPs and peers who rallied to support us when needed. I wish those leaving Parliament all the very best for the future; Sir Bob Neill as APP chair and Labour MP Stephen Morgan as deputy chair until the UK general election was called. At that time, all APPGs dissolved. They will be reconstituted once the new Parliament opens and they decide who the new officers are going to be. Work will continue with the new cohort of MPs who come in after 4th July. The Government is clear that new faces will mean new friends.

1280 Attendance and representation at the key party conferences is an important part of the work of Gibraltar House in London. This creates the opportunity to network with key political figures. It ensures that Gibraltar remains in the focus of all the political parties. The General Election last year to some extent disrupted the programme of attendance at the traditional conferences in the autumn. The Government expects that schedule to return to normal later this year. This means that there will be a Gibraltar Government reception and stand at the main party conferences, as usual. These are the Liberal Democrat Party Conference in Brighton from 14th to 17th September, 1285 the Labour Party Conference in Liverpool from 22nd to 25th September, and the Conservative Conference in Birmingham from 29th September to 2nd October. The Government also plans to attend the SNP and DUP conferences, as we have done since the Brexit referendum. This programme will be an important part of the lobbying work of Gibraltar House in the months ahead.

1290 Madam Speaker, it is also important to highlight the support that Gibraltar, and indeed all the Overseas Territories, have enjoyed from the Speaker, Sir Lindsay Hoyle, and his office. This has included easing access for UK representatives into the Westminster estate. It also covered pushing for recognition of the Overseas Territories in key Commonwealth and UK national events around Parliament, including ceremonial occasions. Indeed, thanks to Mr Speaker's efforts, our flags and those of the Territories have flown in Parliament Square, outside the Palace of Westminster. Sir Lindsay has also backed general issues affecting Gibraltar, for example the future of the Girl Guide movement.

1300 Gibraltar continues to be represented at the State Opening of Parliament and many other events, to which Commonwealth High Commissioners are also invited. Gibraltar House in London has maintained direct contact with Commonwealth institutions as well as High Commissions, many of which take a close interest in our affairs. Over the years, for example, the High Commissioners of Australia, New Zealand, Canada and India have all visited Gibraltar. The High Commissioner of Malta was here last week. I had the opportunity to meet again with 1305 Baroness Scotland, the Secretary-General of the Commonwealth. Gibraltar was represented at all key Royal Household events, including the Commonwealth Day Mass.

In November, I attended a meeting of the Joint Ministerial Council between the UK and Overseas Territories Governments. A joint declaration was negotiated at this meeting in London. That document affirms the principle of equal rights and self-determination of the British Overseas Territories as enshrined in the Charter of the United Nations. It also sets out UK support for requests for removal, of those Territories who wish it, from the UN List of Non-Self-Governing Territories, and it restates the enduring commitment to counter hostile sovereignty claims. This turned out to be a very productive meeting, and in many respects this was a landmark document. That meeting included a visit by delegates to Buckingham Palace to meet His Majesty the King. It is no secret that King Charles takes a very close interest in the Overseas Territories, including 1315 Gibraltar. He was very well informed about current issues which affect us.

Work with the other Overseas Territories is an important part, too, of the role undertaken by Gibraltar House in London. Meetings of UKOTA representatives take place at least twice a month. UKOTA is the umbrella organisation for the UK Overseas Territories. It provides a forum for 1320 interaction between us. It also provides the opportunity to raise issues with the FCDO officials

tasked with matters which impact upon the Overseas Territories generally. On our last National Day, we had the pleasure of the company, in Gibraltar, of Overseas Territory leaders and representatives, who continue to work together to shape the British government's strategy towards its Territories and to protect and further our interests.

1325 Madam Speaker, last year, young people from Gibraltar took part in the UK Youth Parliament and the Yokota Youth Summit. They were supported by my office and by Gibraltar House in London. This year, there are plans to send young delegates to the Commonwealth Youth Parliament in New Zealand. Meanwhile, the Commonwealth Heads of Government meeting and associated events will take place in October, in Samoa. That will include the Youth Forum, Business
1330 Forum, People's Forum and Women's Forum. The London office also provided support for Gibraltar's participation in COP28.

Gibraltar House also keeps in regular contact with our former Governors. They are always ready to support Gibraltar and its people in any way they can. Last year, our UK representative, Dominique Searle, sadly attended funeral services for Sir John Chapple and Lady Luce, both of
1335 whom were fondly remembered here.

I want to thank Dominique Searle and the team at Gibraltar House for their hard work over the last financial year.

Madam Speaker, I will now cover the Government's wider international lobbying activities. The focus of the Government over the financial year has been London, Madrid, Brussels, Washington
1340 and New York. That is a matter of public record. I have worked on these different strands together with my friend and colleague the Chief Minister. It is true to say that the bulk of the time has been occupied by the considerable effort to conclude a treaty on the future relationship of Gibraltar with the European Union, but the intensity of that work has impacted on what we could do in other areas. All those workstreams have, as a central objective, the promotion and protection of
1345 Gibraltar and its people, and it is obvious that some of those efforts are more sensitive than others.

The Government has continued to deliver the Gibraltar message to decision-makers in the United States of America. Much of this has been about putting Gibraltar on the map. The strategic value of our location at the western end of the Mediterranean Sea has shot up considerably with
1350 the growth of instability and conflict at its eastern end. The attacks on shipping in the Red Sea have been primarily responsible for this situation. In a foreign affairs congressional meeting room a few weeks ago, I was pleased to dwell on some of these issues when briefing interested parties, together with the Deputy Ambassador of the United Kingdom to the United States of America. It is not well known that the first ever action of the US Navy in 1801 was from a base here in Gibraltar
1355 against Barbary pirates from North Africa. We were able to engage with 18 Republican and Democratic congressional officers in one and a half days in Washington. The Government is delighted to have been able to work hand in hand together with the United Kingdom on such matters. The opportunity was taken, too, to meet with other decision-makers in the US Capitol.

Last August, we welcomed to Gibraltar a delegation from the powerful Defense Appropriations
1360 Committee of the US Congress. The group of seven congressmen included the chairman and nine staffers, and they flew here directly from Andrews Air Force Base. They stayed overnight and left for Germany the next day. Hon. Members will know that this is not the first congressional delegation to visit Gibraltar. The Government will continue to work on such visits in the future.

This House will know that a resolution on Gibraltar has been formally dropped annually in the
1365 US Congress for a number of years now. That sets out the historic relationship between Gibraltar and the United States of America. It touches upon our role in two world wars and it highlights that Operation Torch, spearheaded by US Gen. Dwight Eisenhower, was planned from tunnels inside the Rock itself. The General later became the 34th President of the United States. The resolution supports the right of the people of Gibraltar to choose their own future.

1370 The Government welcomed, too, the ongoing work by the Gibraltar branch of AMCHAM, the American Chamber of Commerce. This trade aspect is an important part of the developing relationship. In this context, I wish to thank David Liston, the Government's representative in the

United States, for his continued assistance and invaluable support. The Government intends to continue with this multifaceted effort in Washington over the financial year ahead.

1375 In the same way, we will persist with our work at the United Nations in New York. This process is slow and will take time. Nonetheless, it is important. So it was a privilege to represent the Government and the Chief Minister at the last session of the Fourth Committee in October. This came only a few days after the General Election. My colleague the Minister for Health and Care delivered the Government's address to the Committee of 24 last month. In the coming financial
1380 year, we will, as usual, argue a case both before the Committee of 24 and before the Fourth Committee, and we will continue to promote and defend our right to self-determination. There is no other way to secure the removal of a country from the UN List of Non-Self-Governing Territories. This very public workstream will also run in parallel with more discreet meetings and contacts behind the scenes as we seek to take this matter forward.

1385 Moving on from lobbying, the Office of the Deputy Chief Minister also oversees the Gibraltar National Archives. I am pleased to report to the House that there is now a new Archivist in post, Mr Gerard Wood. The Archives continue to receive enquiries for historical research and requests for information from all over the world. Indeed, some two-thirds of overall enquiries over the last financial year were not generated locally. Enquiries by email have doubled from what they were
1390 during the previous 12 months. A wealth of historical content continues to be digitised and made available online. This enhanced digital repository now holds an extensive collection of documents, images, cartography, video and oral audio histories. The Archives are confident that as those digital holdings expand, there will be further engagement with scholars and researchers worldwide.

1395 As custodians of our collective past, the National Archives play a crucial role in preserving and disseminating the knowledge that they hold. A presentation was delivered to St Joseph's Upper Primary School about the wartime evacuation of Gibraltarians. This was followed by another one on Gibraltar during the outbreak of World War II. The GNA are clear that this interaction with students will equip them with enhanced research skills that extend beyond history. Such skills can
1400 be used in other walks of life as well. The highlight of this public outreach last year was an exhibition to mark the 60th anniversary of Gibraltar at the United Nations. This was held at the John Mackintosh Hall. It recalled the different appearances of the elected representatives of Gibraltar before the Committee of 24 and the Fourth Committee from 1963 until 2023. All this work will serve to bridge the gap between past and present, ensuring that our heritage remains
1405 alive for generations to come.

Moving on now to civil aviation, the Director of Civil Aviation (DCA) has continued to actively encourage and promote flight safety and security in all civil aviation activities in Gibraltar. The International Civil Aviation Organisation audited the UK Aviation Safety Oversight System in November 2022. None of the Crown Dependencies or Overseas Territories were audited as part
1410 of that process. The ICAO has stated that it intends to audit one of the Crown Dependencies or Gibraltar before the end of 2025. The Director currently maintains a compliance checklist and protocol question responses for all 19 of the annexes to the Chicago Convention against current regulations, in readiness for a possible audit. The continued update of the compliance checklist and protocol questions will remain a high priority moving forward.

1415 The Director of Civil Aviation has continued to liaise directly with the UK DfT through the UK State Safety Board, on which Gibraltar is fully represented. There is also engagement with the State Safety Board Working Group. A key component of this work is to update the Gibraltar State Safety Programme and develop the Gibraltar National Aviation Safety Plan. These documents combine to provide an overview on how aviation safety is managed within Gibraltar. They also
1420 serve to drive improvement in this area. This is in line with both UK and global objectives. Aviation is an extremely safe form of transport. It is precisely due to initiatives like these that existing high standards constantly improve.

The Director continues with an ongoing audit programme of activities at the Airport, too. This is part of the safety and security oversight responsibilities of the office. It is necessary to

1425 demonstrate continued compliance with stringent international civil aviation requirements. In the
past year, audits of the following areas have taken place: air traffic control services, airfield fire
and rescue services, aviation security in the Air Terminal on three occasions, safety of foreign
1430 aircraft audits at the Airport, search and rescue capability. These audits, which were undertaken
by the UK CAA inspectors, have provided the Director with the confidence that international
standards are being met and that action plans are put in place. All organisations involved should
be thanked for their open approach to such audits and for the responsiveness in taking matters
forward.

Drone activity has reduced slightly in the last year. However, there remain a significant number
of local, commercial and recreational operators registered with the Director of Civil Aviation. In
1435 addition, there is a steady stream of film companies coming to Gibraltar wishing to incorporate
drones into their filming activity. The support of stakeholders such as the Department of the
Environment, the Ministry of Defence and the Port in helping to make those flights possible is
greatly appreciated. Last year, there was also a significant increase in the number of Spanish drone
operators liaising with the DCA and air traffic control. The reason for this is to ensure that their
1440 flights, which take place outside Gibraltar airspace but inside the bay, are properly co-ordinated
with flights to and from the Airport.

The Director and the airport authorities are consultees to the Development and Planning
Commission and advise on the impact of new construction on aircraft operations. Developers are
now much more keenly aware of the limitations imposed when constructing developments close
1445 to the runway. Indeed, it is welcome that the designs which are being put forward tend to be more
compliant. Moreover, the inclusion of wind and aeronautical studies to prove the compliance of
their proposed developments has now become the accepted norm. This provides reassurance to
the Director and to the airport authorities. The DCA therefore works closely with the Town
Planning Department. This co-operation has ensured that aviation safety advice is always taken
1450 on board and heeded at meetings of the DPC.

The Director of Civil Aviation has quarterly meetings with the United Kingdom Department for
Transport to discuss regulatory issues which relate to safety and security. In addition to this, the
Director meets on a six-monthly basis with his counterparts from the Crown Dependencies,
together with the Department for Transport. This provides a framework for the discussion of areas
1455 of regulatory concern and for the discussion of emerging new technologies. I want to take this
opportunity to thank Chris Purkiss, the Director of Civil Aviation, for his assistance and support
over the year.

Madam Speaker, I will now move on to update the House on a number of government projects.
The first are the works at the Northern Defences. This area has become an increasingly popular
1460 spot for families, visitors, charities, schools and other organisations. The House will recall that it
lay neglected and abandoned for decades. Sections of this historic network of fortifications have
now been exposed, repaired and improved. In September, AquaGib will start to lay new water
mains. The provision of utilities to this part of Gibraltar has always been a challenge. Investigations
and survey works continue. This will help to identify the most efficient and sensitive routes
1465 through which to provide such services. This year we will also see the laying of electrical
infrastructure to provide up-lighting of the northern walls of our castle keep. Castle
Communication, a tunnel which connects Moorish Castle Estate to the Prince's Lines, will be
illuminated also. While the removal of vegetation along walls and fortifications will continue after
the nesting season, two breaks in vegetation will be introduced this year. These breaks will serve
1470 a dual purpose. The first is precisely to reduce the risk of fire. The second, by locating them
strategically, will see two key historic defensive structures exposed. These structures are the
retrenchment wall and the castle batteries.

The Northern Defences is expected to become a catalyst for improvements in nearby areas. It
should allow for the co-ordinated use of several other associated historic sites, like the Grand
1475 Battery. The Government has recently unblocked several embrasures there, which have been
prepared to receive the display of a number of historic guns. This, too, will generate further

1480 interest in our military past. My friend and colleague the Minister for Heritage is leading on that initiative. However, as mentioned last year, a key achievement has been the completion of the mains water supply project. This was finished by a series of steps which have cleverly disguised metres of buried pipework. It has also allowed for a new tourist product. That product is a military trail which connects the Tower of Homage to Grand Casement Square and the Town area through the Northern Defences.

1485 The Government is now in discussion with a preferred bidder following an expression of interest process for the future management of the site. This will complete the journey to convert the work there into a reality. The policy of the Government remains to expose over 1,000 years of Gibraltar's military history as a visitor descends through the fortifications down those historic steps and ramps. The site will showcase our Islamic, Spanish and British history. The experience will add considerable tourism value to what Gibraltar already has to offer, and at the same time it will also provide a home to family-friendly and educational activities.

1490 Our commitment to heritage is also evident in the restoration of other key monuments and buildings, such as the one where we currently sit. The renovation of Parliament House, as hon. Members know, has already commenced. This will include repairs to its historic fabric, the installation of a new lift, the introduction of modern technology, the replacement of outdated infrastructure and the restoration of the building's features.

1495 The current ongoing works focus on two main elements, the first related to the external fabric. In that area, investigations have been completed on the condition of the roof, walls and columns. Rendering and repairs have also commenced. Some aspects, such as the random rubble walls which you see today, will be exposed in the lobby. This feature deserves to be on public display, as it will serve as a reminder of a form of construction which is no longer in use.

1500 Internal stripping-out works and demolitions have been completed over the last year. This has allowed for a full survey on the internal condition of the actual building. Works to the interior will consist of providing new offices, meeting rooms, storage areas, accessible toilet facilities and a lift. This is a master plan which was approved by the Development and Planning Commission and upon which hon. Members opposite were consulted beforehand.

1505 Another site with huge potential is the Mount. This location was home to Gibraltar's foremost Royal Engineer and several admirals and flag officers. The Government will continue to invest in this project during this financial year. The approach adopted here is similar to that successfully applied at the Northern Defences, given its heritage value, size and diverse ecosystem. This gradual, phased approach has meant that we embarked on several more manageable projects within a huge master plan. The first is a path to the Upper Rock Nature Reserve. Most of the historical paths within the grounds have now been cleared. Many had been hidden from view, buried under rubble, bushes and weeds. This has allowed us to better evaluate the full extent of the works to be executed. A route from the Porter's Lodge, located at the northern entrance to the site, all the way to the Upper Rock Nature Reserve, is currently being cleared. This will allow future visitors to explore the garden and subsequently connect to the existing Upper Rock Nature Reserve trails, which have been successfully restored as well.

1515 The refurbishment of the Porter's Lodge itself is almost complete. This extensive refurbishment will allow for the building to become part of the facilities at the Mount. It can operate as a management office or a registry office. This will be the first step towards creating the necessary amenities to manage events at this location. The events hall, a separate building in the centre of the site, has also been surveyed. Designs have been produced and the Government has recently gone out to tender for its refurbishment. The intention is for this charming building, together with the Porter's Lodge and outside space, to be used once again to host functions and ceremonies within a green, historic setting in Gibraltar itself. A key to achieving a suitable atmosphere for ceremonies and events is the proper creation and maintenance of the gardens and outdoor spaces. The Government has already commenced the repairs of the terraced gardens with the use of gabions, which will reinforce collapsed retaining walls. This is the same method recently used at the Northern Defences as well. Those terraces will extend to the Porter's Lodge. The area will

1530 allow for orchards, water features and children's activities. The existing tennis court has been largely refurbished and a new padel court will be introduced.

Central to the whole project is the main residence at the Mount. This beautiful Georgian building is in need of significant investment. It is currently being surveyed. These investigations will allow us to better appreciate its condition, as well as the associated cost of its restoration. I want to thank the project director at the Mount, the Northern Defences and Parliament, Mr Carl Viagas, whose expertise in such restorations is well known to all here.

1535 Madam Speaker, I want to update the House on other developments. The House knows that the Government continues in discussions with their preferred bidder in respect of the redevelopment of the old Air Terminal site. A treaty or no treaty outcome will colour the way forward given the critical location of the plot of land in question.

1540 On another matter, the project to redevelop the Rooke site now has outlying planning permission. The developers have agreed to open up the No. 4 dock, as requested, and have redesigned it to create a significant public space right in the centre of town. A further cash premium of £10 million is due on full planning consent.

1545 Meanwhile, the Government continues in negotiations with a preferred bidder in respect of the old GBC site at South Barrack Road. This, too, followed a public expression of interest process. More details will be made available in the event that the negotiations move to the MoU stage. I take the opportunity to thank the management and staff of Land Property Services Ltd for their professional advice and the staff of the Lands Office in Convent Place.

1550 In conclusion, Madam Speaker, there are not many places on the planet at the moment which can estimate a budgetary surplus. This is, therefore, a better position to be in, a step forward. Public finances and economies all over the world have taken a battering over the last few years, and Gibraltar has been no exception. The pandemic cost us hundreds of millions of pounds. That same cost has saddled governments everywhere with higher levels of debt. The war in Ukraine has fuelled a cost-of-living crisis, and the negative impact of Brexit in the United Kingdom continues to be felt.

1555 It is no secret that the consequences of our own departure from the European Union have been an all-consuming process for the Government. We have, since 2016, as I said, sensibly dealt with that in phases, one step at a time. The first cemented our links with the United Kingdom. The second established the framework for Gibraltar's orderly withdrawal. The third led to the political agreement for a treaty together with the United Kingdom and Spain. The fourth and final phase is the actual conclusion of a treaty with the European Union. This intensive process has taken its toll on an administration as small as our own. The effects have been cross-cutting between Departments and Ministries, and it has gone hand in hand with a workstream designed to mitigate some of the consequences of no treaty at all. In those circumstances, it is not unexpected that we have been unable to devote as much attention as we would have liked to other areas. This disappointed many people. We get that. All governments make mistakes and we have never claimed to be infallible. There is always room for improvement, there is always more that could be done, but the fact that we were re-elected for a fourth term consecutively, in spite of what was thrown at us, is a sign that many people got this too.

1570 Madam Speaker, it remains for me to thank the public for their renewed trust. I am grateful to my Ministry staff, Ernest Francis, Stephen Britto and Coral Schembri. I want to thank you, too, the Clerk and the staff of the Parliament.

Thank you. *(Banging on desks)*

Adjournment

1575 **Chief Minister (Hon. F R Picardo):** Madam Speaker, I move that the House should now recess to tomorrow at 11 o'clock in the morning, when we will hear from the Minister for the

Environment, although I will ask the House to excuse me, as I may not be able to be here during the course of that speech in particular.

Madam Speaker: We will recess until tomorrow at 11 a.m.

The House adjourned at 6.30 p.m.