PROCEEDINGS OF THE GIBRALTAR PARLIAMENT

MORNING SESSION: 10.30 a.m. – 12.35 p.m.

Gibraltar, Monday, 1st July 2024

Contents

The Gibraltar Parliament

The Parliament met at 10.30 a.m.

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

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

Procedural –
Removal of jackets

Clerk: Meeting of Parliament, Monday, 1st July 2024. Madam Speaker.

Madam Speaker: With the Hon. the Chief Minister's indulgence, very quickly, I am cognisant that there may be different views on this, and at the risk of upsetting both sides of the House in one fell swoop, I would like to address the issue of jackets.

I am aware that in June 1996, Speaker Alcantara, as he then was, made a ruling that any Member who suffered from heat could remove their jackets during the long, hot summer without air conditioning. It is clear that permission to remove jackets was premised on an avoidance of subjecting a Member to heat sufferance. Happily, we have the benefit of very effective air conditioning in 2024, so the reference to hot and suffering from heat has become somewhat otiose. In the circumstances, I would ask that hon. Members do not remove their jackets whilst in session.

Thank you.

Order of the Day

BILLS

FIRST AND SECOND READING

Appropriation Bill 2024 —
First Reading approved

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

A Bill for an Act to appropriate sums of money to the service of the year ending on the 31st day of March 2025. The Hon. the Chief Minister.

Chief Minister (Hon. F R Picardo): Madam Speaker, I have the honour to move that a Bill for an Act to appropriate sums of money to the service of the year ending on the 31st day of March 2025 be read a first time.

Madam Speaker: I now put the question, which is that a Bill for an Act to appropriate sums of money to the service of the year ending on the 31st day of March 2025 be read a first time. Those in favour? (**Members:** Aye.) Those against? Carried.

Clerk: The Appropriation Act 2024.

Appropriation Bill 2024 — Second Reading — Debate commenced

Chief Minister (Hon. F R Picardo): Madam Speaker, I have the distinct honour to move that the Bill now be read a second time.

This is my 21st Budget address as a Member of this Parliament. I hope the Father of the House finally thinks that I am coming of age in some way. It is my 13th Budget address as Chief Minister. Perhaps there is truth to the saying that 13 is lucky for some. I suppose those who have fought so hard and so dirty to stop me delivering this address may think themselves unlucky that I am here to deliver it. I am, in fact, acutely conscious of the honour that it is to be able to get up to deliver this address in presenting the Second Reading of this Bill for the 13th successive time, not least because only two previous Chief Ministers in our history have had the pleasure and honour of presenting as many successive Budget addresses. Indeed, Gibraltar went to the polls last autumn and made the conscious democratic decision to return us to this side of the House, and so, in moving this Second Reading, I therefore value and appreciate the huge and singular honour that it is to present these Estimates of Government's Revenue and Expenditure for the year ending 31st March 2025, the current financial year. I will also spend some time presenting to the House the outturn for government revenue and expenditure for the year ended 31st March 2024, the last financial year, which was the 12th full financial year of a Socialist Liberal Government since our first Budget in 2012-13, when we started the work of delivering the many policies, projects and changes which have positively transformed our nation for the better.

In that time, we have also dealt with the many challenges that have arisen. From tankers loaded with Iranian oil in breach of EU sanctions which had to be arrested in our British waters, to respiratory pandemics, social and economic shutdowns, a carousel of Prime Ministers and Foreign Secretaries in the United Kingdom and the death of our beloved former monarch, we have faced it all. Add to that the vicious continuing invasion of a European territory by Russia, in breach of the post-war border pact agreed by the Helsinki Accords, which gave rise to a worldwide cost-of-living increase without precedent that pushed inflation to double digits, and you have a challenging in-tray by any standards. But do not forget, of course, the effect of the 2022 mini-Budget, which is not perhaps the choicest way to describe the collection of Truss and Kwarteng ideas that gave rise to the steepest post-war increase in UK interest rates.

If that were not considered to be a mountain to lead us through, then certainly it is all made harder, if not impossibly hard, by having to do all that whilst navigating first our departure from the EU, and then the calibration of our new relationship with the EU. It is not lost on me that we are now in the eighth year post the Brexit referendum. Believe it or not, we only had the benefit of our first term in the EU. From the second of our four successive terms, we have been dealing with Brexit, and so in this State of the Nation address I will, of course, have to reflect on the ongoing negotiation for a treaty on our future relationship with the European Union and all that it implies. I will have to reflect, for hon. Members, how these matters impact these numbers that we are considering in this Bill and the appropriation we are asking the Parliament for, in order to fund public services in Gibraltar, and indeed the outturn figures that we are considering for last year.

Madam Speaker, because so many Members on both sides of the House are here for the first time to participate in this debate on this Bill, I want to spend a little time setting out how this debate has historically developed. It is important that the traditions of this set-piece political moment are understood by all who are here and who may be watching.

We call this a State of the Nation address for a number of reasons. The first is that the numbers we are debating go to the root of what we do as a nation. This is the ultimate follow-the-money principle. Following the money in this debate shows you what the nation is doing and is capable of doing as much as what the nation is not capable of doing. We have had this tradition since this debate first became more outwardly political in the late 1980s when the Father of the House delivered his first Budget address. Until then, under the old 1969 Constitution, the Budget was delivered by the Financial Secretary, who was appointed by London. He also had a seat in this House and would present, in effect, the Budget that the United Kingdom was prepared to allow him to present. All that changed after 1988 when, famously, the then Financial Secretary simply presented the Bill by reading the long title and then said that he was handing over to a new 'Buana', who happened to be Sir Joe Bossano.

In that first Budget address by a Chief Minister, Sir Joe set out certain touchstones, at least for us on this side of the House, which have remained fundamental. The first, of course, is the golden rule, which variously members of the party opposite have pledged allegiance to and ignored in equal measure. I will go into more detail in respect of what that rule means later. The second, no less important principle is that the key assets of our small nation are our land and our people. Those are the principles that have really been the axis of this debate in this House since then; each year's fortunes adapted to the differing views of the state of the nation and its finances. Of course, after 2006, the Financial Secretary and the Attorney General have disappeared from this House's ex officio members. Now it is, rightly, legally the Chief Minister who moves the Bill for the appropriation. All that, we owe to the Father of the House when he was uncharacteristically termed 'Buana' by the then UK appointee at the time. Buana has just arrived, Madam Speaker.

With that background set out, I turn now to the more purely economic aspects of my presentation of the schedules to the Bill and the underlying estimates which are in the Budget Book. I reassure the community that having once again secured the confidence to govern, we will continue to act in this debate as we have in the past, keeping as our watchwords the twin principles of responsibility and prudence, because although we finally see the receding tide of high inflation, we must continue to factor into our calculations the fact that interest rates are still high, though falling, and that we continue in negotiations for a post-Brexit treaty but we have not yet reached a positive or negative conclusion.

And so, these Estimates seek to provide a prudent spending plan for the financial year, without failing to ensure that we continue to navigate these waters without creating future public finance issues for our children, because that is the key here, as it has been the key in every aspect of our previous Budgets. We must follow the golden rule on recurrent expenditure, so that day-to-day spending that we are paying for today is funded from the day-to-day revenue that we are receiving today, and the borrowing that we do is limited to the borrowing necessary to fund the multi-generational projects or problems that we are developing, funding or dealing with.

Let me give the House and the wider Gibraltarian public a flavour of what we will borrow for and what we will not borrow for. We will not borrow to fund pay increases for public sector workers or for anyone else. Why? Because we must be able to afford the cost of the public sector from the income that we have today. I will not ask my children to fund my income today by paying for that borrowing when they are older. That would not be fair, but it would be fair to borrow to fund schools, a power station, new health facilities, things that will last for 50 years, and to fund the cost of a once-in-100-year pandemic, because our children will have the benefit of those assets and that pandemic cost for themselves and the benefit of their children.

That structure is the one we are following in taking the steps we take today to act with a view to protecting the integrity of the nation's public finances today as much as for our children in the future, because every good Budget is as much a Budget for the short as it is for the medium and long term, with measures for today, for tomorrow and for years to come. That has been the key driver in our work in establishing these estimates: long-term planning for a better economic outlook to come. That is what we are able to aim for now, having restored financial stability at the end of our third term after the enormous challenge that COVID presented to our public finances; doing so to ensure that a potential no-negotiated outcome, should it come, does not once again knock us for six and undo that financial stability. I think it is important to give the House and the nation as much of an update as possible, therefore, in respect of the current state of the negotiations, and I will do that now.

As I recently announced, I travelled to Brussels on 20th June and was able to have a first-hand briefing from those involved in the most recent technical negotiations immediately after the completion of the last full technical meeting. As a result, I am able to confirm to the House that the Government remains optimistic about the opportunity to do a treaty between the United Kingdom and the European Union on Gibraltar's future relationship with the EU. I believe that the negotiations are likely to come to a successful conclusion in coming months. Of course, the result of the British general election later this week will impact the timetable of the next high-level ministerial meeting. I nevertheless believe that this will happen very soon and it will be possible to deal with all issues that concern all of the relevant parties. As all in Gibraltar know, the most relevant parties are likely to be Spain and Gibraltar. Despite that, there are, of course, equities which affect the United Kingdom and the EU directly, and therefore this is very much a negotiation which has four entities involved that are very concerned to ensure that all their respective equities are properly and fully provided for if the result is to be successful for one and all four. That can only happen if in reaching that conclusion we are successful in not crossing each other's red lines.

As has already been referred to earlier in the session, there have been statements made in Spain, and indeed in the United Kingdom, which have greatly concerned people in Gibraltar. This has been particularly concerning for people insofar as it has related to the potential for the presence of uniformed and armed Spanish law enforcement officials in different parts of our geography. Our position in that respect and the position of the United Kingdom has been spelt out clearly from the beginning of the negotiation. It has not changed. I can confirm to the House and to the whole community that our position will not change, but we are equally clear that responsibility for Schengen checks rests with Schengen states and authorities, in the same way as responsibility for Gibraltar checks on immigration rests with Gibraltar. There are many ways to skin a cat, and we are working to ensure that, in this context, the skinning does not get close to the bone on the issue that matters to us all.

There are, of course, commercial issues involving access to the single market in goods also, and the new relationship with the single market that we will have, that will be designed to enable us to have full fluidity at the Frontier. Contrary to what has been suggested during the course of this session, we have consulted very widely indeed with stakeholders in the retail and wholesale industries and their representatives. We have been negotiating against the feedback we have had from them and the data that we have from HM Customs Gibraltar, who have been a hugely important part of how we have handled this negotiation.

I therefore wish to reiterate that I am very clear – my negotiating team is very clear, my Cabinet is very clear, my Government is very clear, my party is very clear – that we will only bring back a deal if it is safe and secure. It has to be safe in respect of the sovereignty of all of Gibraltar remaining 100% British. It has to be secure in ensuring that jurisdiction and control are not in any way compromised, negatively affected, or somehow lost. And of course, the deal has to be beneficial, because our businesses need to be able not just to do as well as they are doing now; they need to be able to thrive, they need to be able to grow. They will be the engines of the joint prosperity of which we have spoken so often in the political rhetoric of presentation of these new arrangements, should they come to fruition. So, I want to give confidence, both in saying that we remain on the cusp of being able to finalise arrangements, but also in saying that we will walk away from arrangements which are not safe, secure and beneficial, and which might somehow prejudice exclusive British sovereignty over Gibraltar.

I said in January, in the course of my address at New Year, that it was important that as we came towards the end of the negotiations, we should demonstrate patience and stoic calm, because that would be the moment of greatest pressure. I think those watching these negotiations in our community will have seen for themselves how that pressure has manifested itself recently in some public statements, and they will have seen also that while others might have buckled or turned, we have not buckled. We will not be turned. We are very clear in wanting to do a deal but in being prepared not to do a deal if it is not the right deal for Gibraltar. But I do believe we will get the right deal for Gibraltar. I do believe we will get there, even if it means we have had to take longer in negotiation than any of us wanted or expected, but that is the price of doing the right deal.

That is as much as I can say now in respect of the negotiations. I know the Deputy Chief Minister will be addressing matters related to the preparations being made for no negotiated outcome in his address, because to do the right deal we must be ready not to do a deal. That is the prudent way to negotiate.

To continue to enjoy financial stability, we must also ensure that whatever the outcome of the treaty talks, we continue to properly manage our debt. The largest portion of our debt is our COVID debt. I must remind hon. Members and inform those who were not here when it happened that we all agreed to take, in effect, £500 million, or half an American billion, of debt in order to pay for the costs of COVID. These costs were the costs of the GHA Health Service in that period, the cost of paying all salaries in our economy of those who were locked down and all the other costs we analysed at length in this House. People might remember what we called the BEAT measures *et cetera* at the time, although most of us would like to forget. Previous debates have concentrated on the detail of how this sum is made up and accounted for by the COVID Fund, and I do not intend to go through all of that detail again today. It is available in *Hansard* already should any hon. Member who was here then wish to refresh their memories or should anyone who was not here wish to fully inform themselves.

I also remind those who were here, and I inform those who were not, that this agreement was reflected in the work we did with Members opposite both inside and outside this House. Indeed, as I reminded the House last year and no doubt will again next, and every year that I am a Member of this House, I will forever remember the Hon. Mr Clinton, in his capacity as the Shadow Minister for Public Finance, saying to the then Presiding Member the following words:

> now is not the time for us to nit-pick as to is this prudent or is this the right thing to do at this stage. We need to do what is necessary and we will work out later on how we pay for what we need to do. This is something I thought I would never say, but it is true.

The date was Friday, 20th March 2020. Any hon. Member wishing to review that can see it at line 644 of the *Hansard* for that date. So, when we are talking about repaying the £500 million, we are talking about repayment of the extraordinary multi-generational COVID debt that we incurred with the express support of the Leader of the Opposition and Mr Clinton, and indeed hon. Members opposite. That is important when we hear from hon. Members opposite when they talk about how high debt is. They agreed with our incurring the £500 million debt.

I want to reconfirm our commitment on this side of the House to stand by what we said repeatedly at that time and thereafter. We remain committed to the COVID debt being repaid as efficiently as possible and in a manner that provides as little drag as possible for future generations of Gibraltarians. I said this last year and I repeat it again today. I have already explained to the House in previous years the Government's strategy for the repayment of the fully crystallised amount of the COVID debt. That strategy was, from the beginning, to enter into a 25-year repayment plan which would be effective from December 2023, with what we call 'top cover' from the UK government sovereign guarantee that I secured in negotiation with the UK government for that period. The effect of the UK government guarantee is to amortise the interest rate liability for the debt over that period. As I told the House last year, we had achieved agreement from

HM Treasury to the initial period of 25 years, but what we had not expected – in fact, no-one had expected – was the massive increase in interest rates in the period after September 2022 and the effect of the now-notorious Truss-Kwarteng mini-Budget, which had massive effects. That is why, as I also told the House last year, we adjusted our strategy. We have ensured that we save the Gibraltar taxpayer millions of pounds in interest rates over the next 25 years by not entering into a long-term repayment plan last year when interest rates were at their highest. To have done so would simply have seen Gibraltar enter into the highest interest rate for the remaining 25 years. For that reason, with the full support of HM Treasury and our principal lender, RBSI/NatWest, we extended the current facility on identical terms for a further short-term period of three years to December 2026. That has now given us the freedom to fix the rate we will pay for the final 22 years in a period when we expect – although our view was not shared by Members opposite – interest rates will again be lower than they were last year. We will thereby deliver savings through the benefit of these lower rates for taxpayers. I told the House last year that the documentation for that extension was being reviewed and would be finalised within weeks, and I was subsequently able to report to the House that it had been finalised and fully entered into on 17th November 2023. I had it laid on the table when signed on 18th July 2023, although it could not come into effect until the guarantee had been through all of its parliamentary stages in the UK.

As I have often emphasised, especially when some prophets of doom stalk the television studios, this place and social media, this facility, its extension and the UK Government's sovereign guarantee reflect not only the excellent work that has been done between HM Government of Gibraltar and our banks, but also the faith that the banks have in us and our ability to deliver. They fully analyse us, all of our assets and liabilities and our companies, and they are clear that we are in a very, very good place when it comes to the overall debt we hold and our ability to finance it.

For all of those reasons, and as inflation recedes and interest rates are receding also, we are once again being proved right in our management of key aspects of our public finances. We were right to take the view that it was likely the markets would settle and interest rates lower over the three-year period, and that we would therefore be in a better position to achieve the best long-term interest rate deal for Gibraltar to repay the £500 million multi-generational COVID debt facility. Additionally, as we have also said all along, the terms of this long-term facility include a commitment from us to repay 10% of any budget surpluses towards the debt. This is something we proposed to our lenders from day one, not an imposition on us. We see this as a way of demonstrating our commitment to repayment of the facility and of the seriousness of our borrowing covenant. Today, I can confirm that we will be delivering on that commitment and that we will be making such a payment.

Madam Speaker, I want to reiterate the gratitude of the people of Gibraltar to the United Kingdom Government and HM Treasury for their position in continuing to support Gibraltar on our long-term repayment plan on the multi-generational COVID debt. I will never tire of reminding the nation and the House that without this guarantee, agreed back in March 2020 by the Rt Hon. Jesse Norman MP, who was then the Financial Secretary to the Treasury, the £500 million facility that we need to pull us through COVID would have been much more expensive. Indeed, after October 2022, it would have become devilishly more expensive. We have been fortunate, and it is a testament to the undoubted strength of our covenant, despite the notorious bad-mouthing of it by Members opposite, to be the only Overseas Territory of the United Kingdom to enjoy the benefit of a UK guarantee; going in without having one would have been really challenging when seeking to organise lower interest rates. It really changes the melody of the negotiation with a UK financial institution when you have the benefit of such a guarantee.

The extension of the guarantee for the further three-year period received parliamentary approval in the UK shortly after our own Budget debate last year. It was confirmed on 14th November 2023. Once again, I record our sincere thanks to the UK Government, in particular HMT and the SCDO, for their support in respect of this guarantee. It not only clearly reflects their deep confidence in the relationship between the United Kingdom and Gibraltar; it also reflects, perhaps more clearly than any other aspect of the relationship, the tangible pounds, shillings and pence, how much we can rely on the United Kingdom when it matters. As I also told the House last year, beyond those further three years to 2026, we have the benefit of a political commitment from the UK government from the beginning to continue to work with us to assist by the provision of the guarantee in respect of the remaining 22 years. I have no doubt that this commitment will not change, even if the political colour of the government in London changes on Friday morning, but of course, it is fair to say that it would be subject to the terms of the final facility for the remaining 22 years being agreeable. It is important to also set out that the renewal again of the guarantee will need to receive official, ministerial and parliamentary approval as necessary when the facility is agreed. I repeat, as I told the House last year, that I see no reason whatsoever that we will not, as we anticipated, have the facility and the guarantee for the full 25-year period to enable us to fully amortise the repayment of the COVID debt that we had to acquire to deal with the pandemic.

Madam Speaker, in contributing 10% of our surplus this year to the repayment of the capital of the COVID debt, we do not shrink from observing the golden rule to which I have referred repeatedly. This is the rule that Sir Joe Bossano set out in his first full Budget as Chief Minister. We believe we must never spend more in any financial year than we collect. In short, and in terms that new hon. Members will need to become familiar with for the time that they are in this House, annual expenditure must never exceed annual revenue. We only allowed ourselves to break that rule in the absolutely exceptional circumstances of the 24-month financial year from 2020 to 2022. We have returned to that discipline to ensure that we do not burden our children tomorrow with our spending today.

In last year's debate, I was able to show the House that we had gone from a post-COVID estimated deficit for that year of £50 million to an actual deficit of closer to £15 million. We then estimated we would end the financial year 2023-24, the last financial year, that ended on 31st March 2024, restoring a slim surplus. Our predictions were met with scepticism, not to say cynicism, on the benches opposite. Indeed, when I said we would balance the books and have a little something left over at the end, Members opposite spent the week in this place telling us we would not be able to do so. When I said that we had re-established financial stability sooner than most other nations on the planet, hon. Members opposite poured scorn on the Estimates prepared by our hardworking officials in the Ministry of Finance. But we have done so, and therefore I want to turn now to an analysis of the public finances of our nation as they stand.

This year, as I established in 2022, the Draft Estimates Book is once again published online on the Government website. This will enable the public to follow this debate as they listen to the proceedings of this House. Again, as I have done in previous years, therefore, I will refer to the relevant pages of the Book so that those watching or listening who wish to do so can follow the figures in the Estimates Book.

As we go through this debate, it is important to keep in the back of our minds that although inflation is reaching its 2% target in Gibraltar, world events continue to be very volatile. Since the last Budget, a second war has begun, this time in the Middle East, and that could at any time, once again, have a massive repercussion on the price of fuel, which is what traditionally drives up inflation. That international uncertainty must be coupled with a more national uncertainty which surrounds the absence of a final agreement between the UK and the EU in relation to Gibraltar, so we have, as always, but for differing reasons, taken an extremely prudent approach when it comes to the preparation of our figures.

Our aim last year, the first full post-COVID financial year, was to aim to restore a surplus. We prudently projected a very modest surplus for 2023-24 of £2.5 million. In fact, I am pleased to report that the estimated outturn for 2023-24 is a surplus. Despite the naysayers, despite the negativity from Members who were sitting opposite us last year, despite it all, we have returned a surplus of £1.9 million. That is just half a million pounds less than predicted. Having a surplus means, of course, that we managed to ensure that expenditure did not exceed revenue. We stuck to the golden rule, and in an election year. As an aside, hon. Members should note that I say that because the only year since the turn of the century when Gibraltar has fallen into a deficit, when there has not been a worldwide respiratory pandemic requiring the shutting down of the economy and locking down of our people, was in the financial year 2007-08. Of course, in that year, it was Members opposite who were in power and their management of the public finances in an election year leaves a lot to be desired, as that year's figures showed. But we delivered our surplus in an election year. We delivered on our commitment to the golden rule. That is even though we increased expenditure by the grant of a non-consolidated public sector support payment, which cost in the region of £6.5 million last year. So we, in effect, paid for that £6.5 million and delivered a £2 million surplus.

Again, to be clear, I am not claiming credit for the surplus. I do not produce the cash. We all do in this economy by our contributions through taxation and other revenue to the Government. My responsibility here is just to announce it. In doing so, I thank everyone in our economy who has contributed through their hard work and their effort for the increased revenue that we have had. As I do every year, I thank every single controlling officer in the Departments and Ministries who has brought their Department, Agency and Authority in on target. I obviously thank all of my ministerial teams, those who were with me before the election, those who are still with me, and those who are new after October 2023 and have been responsible for half a year of revenue and expenditure.

This modest surplus does not mean we can now go on a spending spree. Far from it. This is only the start of the long-term recovery. There is still work to be done. We have to be ready for any treaty negotiation outcome. For us, financial year 2024-25 is a continuation of the recovery. We are now stable, but we are not fully recovered yet. This modest surplus would not have been possible if it were not for only disciplined spending. In fact, greater revenue to government coffers has been essential in reaching this modest surplus. That is the work of all of our entrepreneurs in the private sector, and indeed of every taxpayer.

To help all Members and the wider community understand the way that the surplus is reached, I am going to break down the numbers into more relevant analysis for those listening and watching to understand – but first I am going to protect myself against the coughing that seems to be spreading widely and be ready in case any of those numbers get stuck in my throat. The first thing I am going to analyse is the revenue aspect. This is the money coming into government coffers over the last financial year. Third-party revenue last year came in at £746 million. That is nearly £¾ billion of revenue. That is £13 million more than our projected revenue, which was £733 million. Again, this year, the year 2023-24, which ended on 31st March, that is a historic record high revenue. I am able once again to boast today that the GSLP Liberal Government has achieved the highest revenue in the history of our public finances, another record Socialist Liberal year. This shows that after the strong recovery in financial year 2022-23, Government revenue streams have maintained a steady position for a second full financial year post-COVID in 2023-24, despite all the adverse effects of the continuing Ukraine war etc. Anybody who wants to understand this in the Book itself can go to page 5, the blue pages, and there you will be able to see, in the column Forecast Outturn, £746,321,000. The blue pages show the recurrent revenue.

Personal and Corporate Tax came in some £5 million in excess of our projections, up to just shy of £412 million from an estimate of £405 million. That is on page 6 of the Estimates Book. The figure is just £1.5 million shy in 2023-24 of the £412 million received in 2022-23, but of course that is after the accelerated reduction of 1% on personal tax rates that I announced last year. So, tax came down by 1% for personal taxation, but tax receipts stayed within £1 million of where tax receipts had been when it had been 1% or more.

Import Duty has come in almost exactly as estimated. Where we estimated £95 million, the forecast outturn is actually £94.9 million. We are, therefore, once again prudently sticking to the same estimate this year. Indeed, most other revenue lines ended the year in line with the prudent estimates that we had made.

During the 2022-23 financial year, we saw how tourism began to recover post COVID. This was shown last year by the £3 million of additional tourist site receipts collected in comparison to the estimate, which took tourist site receipts that year to £6.5 million. The tourism recovery continues this financial year in a sector that had been so brutally hit by COVID, and that can be seen with increased collections in both tourist site receipts and aviation, in comparison with the estimate for this financial year. Our estimate for tourist site receipts was £7 million, and you can see that on line 17 of page 7, also on the blue pages, but in fact the forecast outturn is closer to £9.1 million. In aviation revenue, Madam Speaker, as you can see from the cumulative total of lines 9 to 11, also on page 7, an estimate of £4.6 million has turned to an outturn of £5.5 million. It is there in the blue pages, the column headed Forecast Outturn, which is the second column to the right.

These relevant lines, which we can see on page 7 of the Estimates Book, are a credit to the work done by my dear friend Mr Daryanani in his period as Minister for Tourism. In fact, Mr Daryanani's revenue lines have increased again this year in areas such as miscellaneous receipts in the Coach Terminal, which are lines 63 and 64 respectively on page 10, and in the Port Authority maritime and trade licensing, which are lines 40 to 51 on page 9, also of revenue. In my view, that demonstrates that however much maligned he may have been by his less than generous shadow, Mr Daryanani did an excellent job of recovering revenue in his areas of ministerial responsibility, bringing in millions more than estimated at a most challenging period in our history. My very best wishes go to him now that he is no longer a Member of this House.

As I said, most of all the other revenue was in line with expectations, and hon. Members and those following the debate with the Estimates Book by their side can see, from the bottom of page 10, that overall departmental fees and receipts came in at approximately £4 million more than we estimated. I welcome that and credit the team at the Ministry of Finance, led by the Financial Secretary, Charles Santos, for their work in this respect. It is a real honour to have been elected to lead that Ministry once again.

Moving now to the expenditure we had last year, which is to say the spending of the Government, I think it is fair to say that we have been able to bring that in once again in a reasonably well-mannered form, whilst never forgetting that the Government is itself, of course, not immune from the increasing costs around us. We projected Consolidated Fund charges of £121.1 million, and the forecast is expected to come in at £108.6 million. That can be seen at lines 1 to 9 of page 13 of the Estimates Book, which are the top lines there, which are the Consolidated Fund charges.

Whilst pensions, on line 3, and legal costs, on line 2, have increased, we have reduced our interest costs, on line 5, by almost £15 million by using the General Sinking Fund and reducing the interest payable to the Gibraltar Savings Bank. Each of those lines is broken down in greater detail on page 16. I will say more about this a little later in my address when I talk about the Sinking Fund and the Savings Bank.

In respect of repayment of tax, in line with our policy in respect of tax refunds, we kept to the £10 million estimate. That is £10 million that we paid back to taxpayers who had overpaid. We could, of course, pay back less to taxpayers and have a £10 million bigger surplus, but we do not do that, which is what Members opposite did when they were in government. We gave it back to the taxpayer, to whom the money belongs.

As for departmental expenditure, if you look at page 14 of the Book, just under line 53, we have projected £570 million of spending and the forecast outturn came in at £635 million – that is to say just 10% above the estimate. That is on page 14 for those following. Much of the overspend, that is to say almost £58 million of the departmental overspend, comes from Health, Elderly Care and the Care Agency. Across these three areas, there has been an overspend of over £45 million in the GHA, £2.4 million in Elderly Care, and £11.6 million, which hon. Members and those following the Book can see from line 26 on page 13, in respect of the Care Agency. The fact is that we continue to give the best care and service to the people of Gibraltar, and this comes at a cost which we sometimes cannot project more accurately for. The provision of new services sometimes brings additional costs. Added to this is the increasing cost of medical supplies, drugs and pharmaceuticals. In addition, we continue to ensure that our people are taken care of abroad with the best care when we cannot provide that care here. All of this makes up the bulk of the overspend. I know that we, as a community, are proud of the care that we provide in Health, Elderly Care and the Care Agency. This is the attendant bill that we pay for that standard of care. I have no doubt that I will be attacked by Members opposite for this overspend, despite the fact that it was proportionately higher when the Leader of the Opposition was Minister for Health, as I have demonstrated in previous years, but as I have repeatedly said, although we will continue to seek efficiencies, we would not seek to curtail this spending, even if it puts us over our estimates, when it is necessary to provide care for patients.

This year, as the price of energy has settled, the GEA comes in at an overspend of £3 million, which is considerably better than the overspend in financial year 2022-23, when the shooting costs of fuel in the international markets pushed their estimate up from £54 million to £78 million. Despite that, fuel costs remain high compared to the prices we had seen emerging from the pandemic and before the illegal invasion of Ukraine.

Education, the Environment and the collection of refuse have also considerably overspent. These areas have overspent beyond their estimates, but with good reason in some respects. Providing top-level education comes at a cost. We must continue to ensure that our schools are well maintained and well manned and our children receive great education. We are providing more learning support facilities (LSFs) and are manning them better than most, if not all, places in the United Kingdom. We have a greener and cleaner Gibraltar, and that comes at an additional cost. Of course, disposing of Gibraltar's refuse across the border has significantly increased in cost. In fact, this cost has doubled in 2023-24, as the fees charged by the facility across the border have increased across the board; again, a cost charged to us and which was not envisaged when we settled last year's Estimates Book. Government is, therefore, exploring options to deal differently and in a more modern manner with refuse, and we are already working on expressions of interest in this respect.

In terms of the Estimates for the year ahead, we believe that we have demonstrated that financial stability has been restored. I can, today, inform the House and the nation that we are now projecting a £3.3 million surplus for the current year. This is just a slight increase in estimated surplus over the surplus for 2023-24, so we are not out of the woods yet, far from it. We continue to be on the right track, but far from being able to say that we are fully recovered.

Whilst the latest inflation figures available suggest that this has dropped below 3%, it has been over 4% for a number of years, and that has taken its toll on our costs. Indeed, as I have already referred to the House, interest rates have not dropped as quickly as inflation, and that also continues to take a toll on the public finances. As I have told the House in other years, these are not factors we can control, or in some instances even accurately pretend to predict, let alone properly estimate for, but we have nonetheless tried to factor all of these into the estimating process.

We are conservatively estimating revenue for the year 2024-25 of around £733 million again. That is the first number that appears in the middle column on page 1, factored for hundreds of millions. It is the first figure in the centre column on page 1. This is some £30 million below the forecast outturn for 2023-24, which you can see is the first number that appears in the middle column on page 2, just across the page, also factored in hundreds of millions. The reasons for this are as follows. The details, in fact, can once again be seen more clearly on page 6 of the Book, for those who are following, in terms of the estimate on the blue pages.

Tax receipts at lines 1, 2 and 3 of Head 1 on that page are once again going to be conservatively pitched slightly lower than the current outturns. I am confident, however, that the work that Minister Feetham is doing, and some of the measures that I and he will announce today, are likely to increase those numbers in coming years, if not immediately. But like every year, in order to ensure that we do not find ourselves in inadvertent breach of the golden rule, we consistently estimate conservatively in this area of revenue to avoid a nasty surprise at the end of the year if we do not hit our targets.

Our Import Duty estimate at line 1 of Head 2 on page 6 remains in line with last year's outturn, which, as I told the House, is not as high as we had expected it would be. Once again, the prudent approach, therefore, although we are detecting signs that this is slowly ticking up, is to simply predict the same level of revenue again. We will see if there is a recovery, but until it is manifested in pounds and pence, we will continue to be prudent and conservative in estimating revenue from this particular revenue stream.

The numbers of visitors and tourists continues to increase, as the Tourist Survey shows. The forecast outturn is £2 million higher at line 17 on page 7, and tourism revenue has therefore been pitched higher than previous years, up from £9 million to £11 million, as the figures suggest that the numbers are improving and we should see that greater revenue at least from these sources. It is down to Minister Santos to ensure that those are delivered.

As usual, all other revenue streams are also estimated on a very prudent basis to ensure that if there is any error, we are underestimating our revenue and not overestimating it. That is how we have set out to estimate every year, and it is a method that we have consistently demonstrated has served us well.

In terms of expenditure, the spending that we will do in the current financial year 2024-25, that we are projecting, can be seen on page 1 again, under the heading of 'Recurrent Expenditure': Consolidated Fund charges at £120 million, which is exactly the same amount as we had estimated last year, although it came in at £11 million lower, and departmental expenditure at £610 million, which is approximately £40 million more than last year. Again, that can be seen in the expenditure lines under 'Recurrent Expenditure'. The reasons for these anticipated increases are as follows.

The increase of £12 million of the Consolidated Fund charge, as can be seen from line 5 for Consolidated Fund charges on page 13, which breaks all this down, arises principally from the external cost of borrowing. We have assumed that the base rate will reduce during the year and that is why the estimate is lower than the estimate was for 2023-24, which stood at almost £45 million, although we reduced that to £30 million using the Sinking Fund, as I will explain later. Having said that, the Bank of England did not reduce the base rate two weeks ago, and this could mean that the outturn for 2024-25 may end up exceeding the estimate. I remind the House that the United Kingdom general election was called after the Book was sent to the printers, and the base rate could not, by convention in the United Kingdom, be reduced or indeed increased during the course of a general election campaign. Last year, in the period between sending the Book to the printers and the debate in this House, interest rates actually went up by 0.75%. At least, luckily, that has not been the case again this year. As ever with interest rates, however, we shall have to wait and see.

Departmental expenditure, which can be seen on page 1 under 'Recurrent Expenditure', is estimated to be just £70,000 shy of £610 million. This is down by £25 million from the forecast outturn last year, just closed, which can be seen directly across the page on page 2. Again, as we have done consistently in the time we have been in office, we continue to be prudent on the spending we are providing for, whilst providing for the increases in inflation and other external factors which could impact us in the coming months. Of course, we continue to provide for more than adequate funding for our health services. This year we have provided an additional £28 million to the Gibraltar Health Authority and £9 million to the Care Agency. In all of this expenditure we will remain prudent in trying to ensure that we spend what we need to spend, but not a penny more.

It is important to understand the economic picture ahead of us in order to see how the public finances may fare in coming months. In doing so, I will remind the House that last year I advised that the preliminary estimate for the GDP for financial year 2021-22 was £2.55 billion. In fact, the final GDP estimate for financial year 2021-22 has come in at £2.54 billion, which is up 5.1% or by £123 million from the previous year's final estimate. There is very little difference, therefore, between the forecast, the preliminary estimate, and the final estimate for 2021-22. Given the very volatile pandemic and inflationary environment in which we saw these predictions made, for which I congratulate the Statistics Office and our Chief Statistician in particular, they are remarkably accurate. I should add that Ms Kelly-Federico is retiring, and I thank her for her excellent work as our Chief Statistician, always under pressure to deliver and always delivering on time. I wish her a long, healthy and happy retirement.

The preliminary estimate for GDP for 2022-23 is for £2.75 billion. This confirms the strong bounce-back in the economy, which we could see starting last year and which has had the predicted positive knock-on effect on the public finances as we have seen revenue at new record highs. That extraordinary performance, even without a treaty between the UK and the EU, represents a growth of 8.3% or £211.14 million added to the size of our economy. There is a lot there to be proud of. Of course that was two years ago, as these numbers are provided as a historic look back to the performance of the economy, but still a lot to be proud of.

Madam Speaker, I turn now to the more recent preliminary GDP forecast for 2023-24; that is the financial year which ended in March this year. The Statistics Office forecast for financial year 2023-24 is a GDP of £2.91 billion. That represents an anticipated increase in the size of our economy of just shy of 6%. That is an economic growth in cash terms of £160.5 million in the size of the economy. This surpasses the pre-pandemic GDP estimate by 13.3%. So, we are not just growing from the smaller economy that we had in the years of the pandemic; we are now 13.3% bigger in economic terms than we were when we arrived at the pandemic.

The growth of the GDP in my time as Chief Minister to date is worth the House keeping in view as the Members opposite get up to deliver what Mr Bossino described as their attacks to come. In their last full year in office, the party of Members opposite delivered a GDP of £1.082 billion. It is now almost £2 billion more, an increase under the GSLP Liberal administration, in three terms, of 169 per cent. That represents an average growth per year of 14 per cent of GDP growth, with two years of pandemic and eight years of Brexit thrown in. Not bad going. It may be a clue to the reality of what is happening in our economy, quite contrary to the repeated naysaying we get from Members opposite.

The gross trading profit of companies actually grew by 8.4% in 2022-23 and 5% in 2023-24. Income from employment increased by 7.5% in 2022-23 and by 6.6% in 2023-24. The Gibraltar public debt to GDP ratio fell in net terms to 23% of GDP in 2023-24, from 25.6% in 2021-22. In aggregate terms, the ratio is down from 30.7% in 2022-23 to 29.3% in 2023-24. These ratios continue at a much, much lower rate than that of the UK and most other European countries. In fact, we had got these ratios as low as 11.2% in net terms and 13.6% in aggregate terms against GDP. Those were less than half what we had inherited from the party of Members opposite. When we took office during the course of the financial year 2011-12, the GDP to net debt ratio stood at 25%, with no pandemic for the GSD to claim for the increased debt and no Brexit to deal with. In fact, in financial year 2011-12, aggregate debt, which was £517.7 million, represented 43.1% of a GDP of £1.2 billion. So, whether one is looking at the aggregate debt ratio to GDP or the net debt ratio to GDP, I am proud to be able to say that we hold a better record over 12 years in a pandemic than the party of hon. Members opposite over 16 years.

We are also able to point to a lower GDP to tax ratio, despite the two-year, two-point increase which we started to reduce last year. This year is no different. The ratio was 13.5% when we took over with a GDP of £1.082 billion and £146 million in total collected in Social Insurance and personal tax at £122.5 million, so it is a total of £146 million collected in tax, of which £122.5 million was personal tax and £24.1 million was collected as Social Insurance.

In the financial year 2023-24 it is going to be a 10.5% ratio of GDP to tax. This is based on Social Insurance collection of £55.1 million against a personal tax take of circa £250 million, making a total of £305.1 million collected on the factor cost GDP calculation of £2.91 billion that I referred to the House earlier. The GDP to tax ratio in the UK is 32.7%, which is 73.4% higher than in Gibraltar. In Spain, it is 36.6%, which is 76% higher than in Gibraltar. I do think it is sometimes worth reminding our fellow Gibraltarians just how well off we are compared to others.

Finally, when it comes to, perhaps a little somnorific, GDP calculations, and with all the caveats that I make about this particular calculation, I want to give the House the annual GDP per capita calculation. I insist that in our view this is not an exactly meaningful calculation and it does not do anything for anyone who is struggling on a low income. This is a measure, however, that is often used internationally and it is a measure that the party of Members opposite started to report to the House annually during the course of the Budget, and that is why I continue to report it.

Interestingly, just this weekend, as I was spending the weekend with my Budget Book, I was listening to Mr Nigel Farage presenting his party's views in a meeting in Birmingham. One of the sticks that Mr Farage was using to bash Prime Minister Sunak was the GDP per capita calculation, which he was complaining had gone down for six successive quarters in respect of the United Kingdom. Clearly there are some people who still think that the GDP per capita calculation is relevant.

The GDP per capita in Gibraltar is £85,614 per person. At the exchange rate of US$1.26 to the pound sterling, the GDP per capita of Gibraltar amounts to US$107,873, placing Gibraltar, this year, second in the world ranking, below Luxembourg on US$129,810 per capita there, and above Norway and Ireland, which are on $104,000 per capita. The GDP per capita in the United Kingdom is US$49,099 per person and in Spain it is US$33,071, making these important reference point countries for us 25th, down two, and 38th, up two, in the rankings respectively. If Members opposite do not think that this is relevant, they might ask themselves why they made it relevant in their time in office.

I am pleased to say that the strength of our economy means that there is no reason for there to be anyone out of a job. Reducing and sustaining low employment rates is the great benefit of the work that we have done in growing our economy, although I still recall the attacks that the Hon. the Father of the House had to suffer for his Future Job Strategy year after year. And yet, throughout 2023, the quarterly average of registered unemployed stood at 27, down from 29 the year before. I just want to reflect, for those who are new in this House, for those who may be watching the Budget debate for the first time, and for those who may not be aware of how things have changed in Gibraltar in the last 12 years, that I am not talking per cent. I am not saying that unemployment stands at 27% or 29%. When I say 27 and 29, it is individuals. That is to say, there were, for a quarterly average, 27 individuals registered as unemployed, 29 individuals the year before registered as unemployed, and not the same 27 or the same 29. That is the average. Sometimes people register as unemployed because they are going from one job to another, but you register the termination, you register as unemployed, you are going to the next job. That is the best testament to the work that we have done in government, because it was not ever thus.

Perhaps most importantly, as we await the arguments of Members opposite – or, as we were told during the course of Question Time, the attacks, as the Hon. Mr Bossino prefers to refer to them – what is undeniable is that we are maintaining the 94% reduction in unemployment since 2011. Yes, Madam Speaker, you heard right. We have seen a reduction in unemployment of 94% in the time that we have been in office. That is not individuals, not 94 people: 94%. In fact, in the second quarter of 2024, we have further reduced unemployment levels with the average number of registered unemployed individuals at just 20, representing a 96% reduction in unemployment since the second quarter of 2012.

These figures in this area of responsibility are not just statistics or numbers. What this means is that the number of individuals unemployed has been reduced by 422. It was 442 individuals registered unemployed in 2011 when we were elected, despite, as the Hon. the Father of the House will recall, he and I having to deal with a spree of people being employed between July and December. People, I recall, used to turn up at No. 6 Convent Place to see the other Mr Feetham and came out with a job in the months between July and December 2011. And yet, when we were elected, it was 442 registered unemployed. Of course, a lot more people have entered the job market in that period too. It is not that those 442 have been found a job and there are 20 left; it is that those 442 were churned into a job and a lot more people came into the job market too, as a lot more people have come of age in the time that we have been in government. I do get a bit giddy thinking about people coming of age in the time that we have been in government, Madam Speaker, because it reminds me of my own age. That underscores our commitment to economic growth, accompanied by successful job creation, to ensure that every Gibraltarian who wants to work has the opportunity to do so. I am extraordinarily proud of our record in reducing unemployment and I credit the much-maligned Future Job Strategy of the Father of the House and the great diligence of the committed staff of the Employment Ministry – in particular

Mrs Debbie Garcia, who will not stop until she gets Gibraltarians into jobs – for these excellent results over the past decade.

All of that talk of a growing GDP points towards good news in respect of the numbers of people employed in our economy, of course. I am happy to announce that the total employee jobs continue to increase. Now, instead of looking just at people unemployed, let's look at the numbers of people in employment. In the October 2023 Employment Survey, which was tabled in the House last Friday, the number of employee jobs stood at 31,523, marking another record year. Madam Speaker, you will note that when calculating the GDP per capita, based on a population of 32,000, when you have almost 32,000 people at work … that is why the GDP per capita calculation is not, in our view, one which is very useful in the context of Gibraltar, because, in effect, you have every man, woman, and child just born as in employment because we have such a high employment market. This represents a 1.2%, or 373 actual jobs, increase from the 31,150 recorded in the previous year. The growth comprised of an increase of 359, that is 1.4% full-time jobs; and a slight increase of 14, that is 0.3%, part-time jobs. There were overall job gains in both the private and the public sectors. The highest increase in jobs was seen in the private sector over the year, a growth of 190 jobs, or 0.8%, from 24,553 jobs to 24,743 jobs in October 2023. The public sector also saw an increase of 181, or 3%, in 2023. This figure stood at 6,279, up from 6,098 in 2022, employees in the public sector. The greatest increases registered were in education, health, and social work, reflecting our commitment to strengthening the services that matter most to our community. The MoD also saw an increase of two jobs, or 0.4%, over the year, from 499 to 501. According to the statistics provided in the Employment Survey Report, average gross annual earnings in respect of all employee jobs also increased by 5.7% from £34,105.44 in October 2022 to £36,050.21 in October 2023.

In the Budget debate in July 2022, I announced that the Government had made the decision to exercise our de facto option to acquire all the issued share capital of AquaGib. I will deal with this now because I am talking about the public sector. Last year, I confirmed considerable progress in the acquisition process. I am now pleased to report that we have concluded the negotiation, and the completion of the transaction for the acquisition of the shares should be entirely finalised over the summer period. I shall look forward to announcing the completion of the transaction in coming weeks, likely around the end of the summer months.

I turn now to some of the reserves available to the Government. The Savings Bank now has a reserve of £76 million, up from £67 million last year. Given the manner in which the House has seen Members opposite upping the ante once again in respect of the Savings Bank during the last Question Time, one could be forgiven for thinking that they had left us with a bank with a bountiful kitty. In fact, it is important to remind the whole community, Savings Bank depositors in particular and Members opposite, old and new, that when we were elected, we found that the Savings Bank reserves had been entirely drained by the GSD to flatter their accounts. We found that the reserve had only £1,000 in it. Let's just pause to reflect upon that. When the GSLP Liberal Government was formed on the morning of 9th December 2011 – what I sometimes call the glorious new dawn, a description that is not often found agreeable by Members opposite – the reserves of the Gibraltar Savings Bank were *one thousand pounds*. This was not a nominal line in the Estimates Book. If you look at the Estimates Book, you will find different places where there is a line that says £1,000. That is what we call a nominal line. We cannot estimate it accurately, we think there may be an expenditure, we do not know what it is going to be, so we agree to put in £1,000 to open a line to charge, and that is £1,000. This is not that we found a nominal line of £1,000 because the money was elsewhere. No, it is that the kitty of the Savings Bank, the amount the Savings Bank had in reserve should it need to comply with its statutory obligation in securing the amount for depositors, or for any other purpose, had been reduced to £1,000. I think it was £1,114, or something like that. Where had the money gone? Well, it had gone, I am not saying in any nefarious direction other than to the Government General Account. It had been taken into the Government General Account. In that way, the amounts that we had seen reported as surplus, or the recurrent expenditure of the Government, had been funded by the Savings Bank – not the capital projects but the recurrent expenditure of the Government funded by the Savings Bank.

Today, the Savings Bank has £76 million. Just so that we are clear, because this is a debate about money, a debate about numbers, that is £75,999,000 more than under the party that Members opposite represent, accumulated by this man, the Father of the House, who has responsibility, and has had it from the first day that we were elected, for the Savings Bank. It is important that we reflect on that because I am sure that it will help to put into context what must be the mock concern that hon. Members were seeking to display during Question Time.

It is important that we also reflect on the fact that the surplus of the Government today, the surplus that I am reporting, could have been any amount larger if we pursued the GSD's trick of taking the reserve into the Government's General Account. It is not a trick that I say is in any way improper. You can take your return from your company, if you are a director, whenever you want. You can take your dividend, if you want, or you can leave it in the company and reinvest it in the company. It is a decision that different shareholders make in different ways at different times depending on their personal circumstances. But we do not do that. The highest surplus ever reported in the history of Gibraltar is £80 million. I had the honour of reporting it. We have £76-plus million in the Savings Bank. If we open a line of revenue that is profit from the Savings Bank in the blue pages and every year we put that amount in there and this year we had taken the first year the full amount in there, I would be reporting the second highest surplus in the history of Gibraltar. But we are not doing that, because we are keeping it in the Savings Bank. I think it is hugely important, because that is what hon. Members did, that if we did it we recognise that they would immediately denounce it as absolutely terrible: cooking the books, something they have said to us before; flattering the accounts, something they have said to us before; and any other manner of descriptions of ill which they could come up with. We are going to ignore what they did and we are going to ignore what they say that we do. We are going to continue doing the more prudent thing that we have done, the more efficient thing that we have done, and we will continue to see the growth of the reserve. If not, I would like to see anyone persuade Sir Joe Bossano to do otherwise. Good luck to that. This year, in fact, the reserve is predicted to exceed £80 million.

It is essential that in referring to that kitty, I remind the House that the management of the Savings Bank to put it in this excellent position has been down to the Father of the House, the Hon. Sir Joe Bossano, who has been richly rewarded only with constant criticism by Members opposite for his dedicated work in the steady growth of the bank. But, although I do not know if this is the case or not, I have no doubt that at the same time as they criticise him for political purposes, it is very likely – and I would not criticise them for doing so – that many of them are probably also depositors reaping the rich rewards of the interest that they receive from the bank. We would not know because I do not have access to that information, but nothing would surprise me. The long and the short of it is that we have achieved our surplus and achieved financial stability without having to have recourse to the Savings Bank reserve in that time; another reason to be proud of our record in the stewardship of our collected public finances. To put into context the things that we were hearing from the Leader of the Opposition during the course of the last Question Time when he was getting het up saying that savers and depositors want to know … Well, I think the thing that savers and depositors will be very pleased to know is that under us there is £80 million set aside in the Savings Bank; under them there was a grand.

Madam Speaker, as I have already alluded to and is trite, it was anticipated that interest rates would reduce during 2023-24 but this did not materialise as much as we would have wanted and our borrowing costs were greater than anticipated. I explained to the House and hon. Members last year that borrowing costs are mitigated by channelling costs through the General Sinking Fund. Therefore, to reduce our expenditure, we used £10 million from the General Sinking Fund to offset our borrowing costs. Indeed, just two weeks ago, the Bank of England, as I have said, maintained rates for now. We nonetheless fully expect that the rates will be ameliorated in coming months.

I turn now to my responsibilities in respect of the Civil Status and Registration Office and HM Customs. Both of these Departments continue to provide excellent support to citizens and key law enforcement support for our community. I now lay on the table a short report of the excellent work being done by these Departments that includes data on births and deaths registered, as well as applications for Gibraltarian status, nationality, permanent residence and visas. This report also reports to the House on matters related to what we used to call the Human Resources Department, Social Security and the Civil and Public Service generally. I asked that these be taken as read into the *Hansard* as a handout at Question Time and it is now being circulated. These reports will feature as annexes to the text of my written speech, and that means that I do not have to keep the House as I read through all of the statistical data which is relevant to each of those Departments. [Reports of Departments Laid on the Table]

During the course of this year, I have assigned responsibility for the Tax Office to the Hon. Mr Feetham. He will be addressing the work of that Department during the course of his intervention. In presenting the Appropriation, I will, therefore, limit myself to relevant metrics and the measures to be introduced. Direct tax receipts continue to be the most important contributor to the public finances. The total amount of tax collected in the 2023-24 financial year is £410.8 million. This comprises £255 million in personal taxes and £155.2 million in Corporate Tax. These figures are more or less flat in comparison with the financial year before. Of course, the personal tax receipts include the continued payment of the increased personal tax rate of 2%, which was reduced by 1% last year.

During the last financial year, my Government continued to ensure we have returned moneys to those who have overpaid in tax. We have made it part of our mission in government to repay the money that people overpay us on a timely basis. We have paid people back more and more quickly than any other Government in our history. That means that any taxpayer listening to this debate will know that we are not hanging on to their money to flatter our accounts in any way. During 2022-23, £10 million was allocated to the repayment of tax refunds. In fact, however, we went much further and paid half as much again: we paid £15 million back to taxpayers. Last year, in 2023-24, we had assigned £10 million to repayments and, in fact, we paid £10.2 million back to taxpayers. It was particularly important in the year before, as we were coming out of the pandemic, that we put money back in people's pockets if we were holding it as a result of an overpayment, so we wanted to accelerate that to stimulate the economy, a further demonstration of our cast-iron commitment to ensure that as many taxpayers as possible are repaid the moneys due to them as soon as possible.

Madam Speaker, I now turn to the specific budget measures that will apply in this financial year. I will start with measures related to taxation and I will take personal tax rates first. Last year, I accelerated the reduction of the two-year 2% tax rise that we designed to address the increased cost of COVID. It was right that I should do that, for two reasons: first, because we could see our route to re-establishing financial stability, even with the tax reduction; second, because of the added pressure on households arising from the high cost of living that the whole world was suffering. I also committed, during this debate and during the general election campaign, that if we were returned to government, all rates would return to 25% this year. Members opposite went into the election saying they would not rule out tax rises. Well, on this side of the House we keep our promises, we do what we say, and for that reason, exactly as I told the House last year and as I committed to do during the General Election, personal tax will return to 25% this year. We were right to increase taxes as we did for a short, defined period; we are right to reduce tax again now.

In the corporate world, Gibraltar is doing remarkably well. We have seen Gibraltar whitelisted by the Financial Action Task Force. I did not have to receive even a draft of a resignation from Minister Feetham in February/March. We entered the OECD BEPS framework during the course of the lifetime of the last Parliament. We have a Register of Beneficial Ownership which has garnered us great praise internationally and sets us apart from other Overseas Territories and even other EU jurisdictions. We are a credible jurisdiction, which brings added value to companies that establish themselves here. Our jurisdiction is not a place to hide money. Our jurisdiction is a great place from which to do business worldwide and pay a very competitive but credible rate of tax on corporate income. Our corporate rate is now 12.5%. In order to stay at the forefront of the international agenda on corporate taxation, Corporate Tax in Gibraltar will increase, as we have long trailed, to 15%.

Madam Speaker, although inflation is down, a lot of damage has already been done to many households. Ironically, apart from the price of oil, which is what tends to drive the upward inflation pressure, few other prices tend to go down; they tend to only go up. Prices that go up tend to never come down again. So, to do social justice, my Government will continue to act to protect the incomes of the most vulnerable. For those reasons, we will continue to ensure that those on the Minimum Wage, those on Disability Benefit and recipients of the state or old age pension will once again all enjoy the benefits of increases in line with inflation to the payments that they receive. We will also once again assist the lowest paid in the public sector. I will turn to each of those in turn.

The Minimum Wage will increase just above our estimate of inflation, which is at 2.6%, rounded up to 3% given that earlier in the year the rates have been higher. The Minimum Wage will, therefore, increase by 30 pence, to £8.90 an hour. That is undoubtedly the best way to ensure that the minimum sum of money that people earn in our economy per hour keeps pace directly with the cost of living in our economy. As a result, based on a 37.5-hour week, the Minimum Wage will go up from £16,700 to £17,355, an increase of £585 per annum. Based on 39 hours a week, the Minimum Wage will go up from £17,440 to £18,049.20. That is an increase of £609.20 per annum. As a result, those earning least in our economy will, therefore, enjoy the benefit of salary increases of in the region of £600. In the last three years, the Minimum Wage has gone up by £1,200 in 2023, by £950 in 2023-24, and now by £600. That is an increase of £2,750 in just three years for the Minimum Wage, a real demonstration that we are the parties that really care about working people. Not only are we the party that introduced the Minimum Wage, the GSLP; we are the party that always raises the Minimum Wage, pandemics permitting, with our colleagues in the Liberal Party. Members opposite represent a party, however, that complains a lot about the Minimum Wage when they are in opposition but then only raise it in an election year when they are in government. When we were first elected, the Minimum Wage was £11,559.60 a year under the GSD. It is now £6,500 higher at £18,049.20, an increase of £6,500 in 13 years, sticking to an average of £500 increase per year in the Minimum Wage under the Socialist Liberal Government that I once again proudly led into government on 13th October last year, a continuing demonstration to working people that, despite the rhetoric from Members opposite, here and on the stump, the working people are always better off with a Socialist Liberal Government.

Of course, it is not just the Minimum Wage that will go up by inflation. The state pension and Disability Benefit will also go up by inflation, which as I said, we expect to be in the region of 2.6%. The full old age pension payable will now be £571.15 for a single person and £856.90 for a married couple.

Once again, there will also be an increase for public sector occupational pensions, which will increase by 2% in line with the provisions of sections 6(2) and (2)(a) of the Pensions (Increase) Act.

The sponsored patients allowance will also increase by the rate of 3%. I want to make sure that any Gibraltar sponsored patients in the United Kingdom have what they need to be able to face their time there, due to illness, with dignity. Already, we are so lucky to have Calpe House, which has been so maligned by an ill-informed few in the past, but it is right that those who most need it should be adequately provided for when they most need it.

The Social Insurance contributions went up by 1% in each of the last two years, well below inflation. Since the system introduced by the GSD provides a cap to the contribution, it creates a situation, when the national Minimum Wage increases above inflation and the cap by less, that the contribution of 10% of earnings is not paid by anyone on the Minimum Wage, as the cap comes into play below the Minimum Wage. In addition, the increase in the statutory pension, which is increasingly affected by higher numbers of non-resident pensioners, will put the fund in the red if action is not taken. This goes against the established policy of all Governments that the scheme should be self-funding. The minimum level of increase required to stabilise the fund is a 5% increase in both employee and employer caps to maintain the rate, which is 10% of earnings for employees and 18% for employers, having been reduced from 20% in the last two years. That 5% increase in the caps is, therefore, implemented from today's date, which is the relevant start date for calculations.

It has long been a key principle of all GSLP and all GSLP Liberal administrations that we respect and will continue to respect the UK parity agreements entered into in the 1970s between the Government and the unions. Indeed, it would be a dereliction of my duty as Chief Minister if I did not champion the hard-fought-for rights that the Father of the House obtained while he was the branch officer of the Transport and General Workers' Union. Our current and future generation of public sector workers must continue to enjoy parity with the UK, as that helps everyone else in our economy and, indeed, in the whole region around us. Parity, so contested by some in the 1970s, is actually one of the key drivers of prosperity for Gibraltar and one of the main elements of how the shared prosperity agenda will succeed if we land a UK-EU treaty. To this end, entry-level salaries for all public servants were increased during the financial year 2023-24 to £21,674. Combined with the public sector support payment at the time, I know that this resulted in a genuine shot in the arm for those on the lowest wages in our public services, those who need it the most. I make no apology for looking out for the interests of care workers, administrative assistants, nurse assistants, school crossing patrol officers, special needs learning support assistants, and the many more roles aligned to this entry point. They know more than most the benefit of having a Socialist Liberal administration looking out for them. They, I know, helped more than most to return us to government. This year, the previously established £21,674 parity entry point is enhanced to £22,874 for all relevant grades within the public sector. This is the new sum in the United Kingdom. Should this sum increase further in the United Kingdom as a result of the ongoing negotiation between the unions and the UK government, then, of course, it will increase here as well. We will continue in contact with our public sector union colleagues in this respect, as we have worked well together in dealing with these issues and look forward to continuing that contact. That means that the entry-level amount in government has increased from £19,119 in 2022 to £22,874 now, which is a 19.64% increase in two years, ahead of all inflation in the relevant period and demonstrating the Government's clear commitment to parity and targeting funds to those that need it most: pounds and pence straight into the pockets of those who are likely to most benefit and most need this additional help, and those amounts are consolidated amounts.

Last year, the Government introduced the public sector support payment I referred to a moment ago. That was a one-off non-consolidated payment of £1,200 for those on basic pay of less than £5,000; £900 for those on a basic pay of £50,000 to £75,000; and £600 for those on a basic pay of between £75,000 to £100,000. I genuinely believe that that was a very positive way to ensure that we provided the most to those who needed it the most in the very difficult public-finance and cost-of-living environment in which we found ourselves last year. I know it was very much welcomed by those who needed it the most. This year, we have sat down again with union colleagues and have had a number of very positive meetings. We are all on the same side of wanting to ensure our hugely important public servants are properly remunerated. I know that we would all want to do more, but the golden rule is there for a reason. It is a golden rule because it has to be followed as much in the bad times as in the good times, and these are not quite the good times yet. There is still a war in Europe; there is now a war in the Middle East. We have no treaty with the EU yet and we have to be conscious that we may not get one or that we may get one only for a short time, so we cannot indulge in increases in the cost of the public sector beyond what is strictly necessary to help those who need it the most. In the circumstances, this year the Government will once again make a payment of £1,200 to those on a basic salary of less than £50,000; a payment of £900 to those on a basic salary of £50,000 to £75,000; and a payment of £600 to those on a basic salary of £75,000 to £100,000. These payments, this year, will be consolidated and paid proportionally in wages and salaries. The total cost will be, once again, in the region of £6.5 million, distributed between all public sector workers whose basic pay is less than £100,000. The bandings and thresholds are those that the Government identified last year and are, in our view, progressive and will afford payment to almost the entirety of the workforce. Once again this year, those earning a basic pay above £100,000 will not receive any assistance payment. We remain strongly of the view that the objective must be to use public money to help those on the lowest incomes at this time. We will, nonetheless, also want to continue talking to our public sector union colleagues, as this process has worked well in ensuring we understand each other on the subject of public sector wages. I very much look forward to continuing to lead those discussions in coming months.

When addressing the public sector, it is important to also keep in view the income generated by it and, therefore, it is also important that the review of public sector fees and charges should also continue to keep pace with inflation. If we do not do that regularly, we end up having to make bigger increases in the future in one fell swoop. For that reason, as I have done in previous years, and sticking to our salutary discipline on this, in terms of the services provided by the public service, as from 1st August, all fees charged by any Government Department and payable to Government, including licence fees and forms, will increase in line with inflation, estimated at 2.6%, rounded to the nearest half point, that is to say 2.5%, and, in cash terms, rounded to the nearest 50 pence. This may, once again, represent a very minor increase but, first of all, if we look after the pennies the pounds will look after themselves, and second, it is essential in order to ensure that government fees do not once again fall to ridiculous levels.

Madam Speaker, electricity and water charges increased by 8% in 2022-23, taking into account any inflation to 31st July 2022. That was the total increase for the year, although in Spain, the United Kingdom and the rest of Europe, the same charges increased by more than 300% in some instances. Last year, water and electricity bills should have increased by a further 6.2%, at least, to keep pace with inflation as a result of the cost of fuel staying high because of the war in Ukraine. However, recognising the effect of the then continued increase in the cost of living, the Government took the decision to hold electricity and water charges and not put them up last year. I committed that we would not put electricity and water charges up whilst inflation continued to be over 5%. That helped every resident and every business in Gibraltar. Nonetheless, that was a measure that would have been particularly appreciated by the most vulnerable in our community. This year, the benefit of low inflation means we must return to rightly reducing the subsidy paid by the taxpayer in respect of electricity and water charges. Already, the subsidy is down from an initial 50% to approximately 45%. Based on the operation of the Electricity (Charges and Tariffs) (Amendment) Regulations 2021, there will be an increase in electricity tariffs, with effect from the bill for August this year, of 2.6%, in keeping with the increase in the General Index of Retail Prices as at 1st April 2024. Tariffs T3 and T4 will, therefore, increase negligibly by 0.004 pence per unit, resulting in the subsidy being reduced to 43.12%.

The current special stamp duty we introduced in respect of sales of government affordable homes has worked well. It must continue to take effect to prevent speculation in respect of properties developed for a defined social purpose and not for profiteering. Despite that, I want to be clear that, henceforth, the special stamp duty should not apply to sales after an acquisition of an affordable home on the open market. The special stamp duty applies to those who are selling after purchasing from the Government or otherwise buying with the benefit of the taxpayer subsidy.

It is important that the Government, as the biggest spender in the economy, should lead by example in respect of sustainability. We must put our money where our heart is, which is in sustainability and protection of the environment. As a result, during the course of this calendar year we will add sustainability and commitment to net zero as a necessary requirement with which any entity wishing to supply the Government will have to comply. By the first quarter of 2025, the last quarter of this financial year, we will only enter into supply agreements with suppliers who comply with that requirement. We will only procure exceptionally from an entity that does not comply with those requirements. Additionally, we will introduce a tax computation deduction of an additional 50% in respect of any cost or expense of achieving net zero, subject to the

Commissioner of Income Tax considering the deduction reasonable and directly associated with achieving the net zero objective. Any such additional deduction will be capped at a maximum of £10,000 per annum.

Once again, the current reduced rate of import duties on fuel is in place to ameliorate the effect on higher fuel prices. This will continue in effect until at least the end of the third quarter of this financial year, that is to say 31st December 2024.

It is important that we incentivise the continued renewal of the Gibraltar vehicle park. To do that, I will introduce a new levy this year. Every vehicle over 10 years old which is not a classic car will, therefore, pay an annual pollution levy of £10 per week, or £520 per vehicle, charged on the anniversary of the first registration of the vehicle, whether in Gibraltar or elsewhere. The fee will be triple for commercial and public service vehicles of more than eight passengers – that is to say £30 a week or £1,560 per annum – as these tend to be the most polluting. This fee will start to be charged as from 1st October this year. This will greatly incentivise the national commercial vehicle park renewal.

At present, electric vehicles, full hybrids and mild hybrids attract 0% import duties. That measure made a lot of sense when we introduced it almost a decade ago. The duty on electric vehicles will remain at 0%. Vehicles propelled by hydrogen or hydrogen fuel cells will also attract a duty at 0%. Mild hybrid vehicles are essentially fuel-propelled vehicles with a small electric motor offering a comparatively minimal amount of power. This system is aimed at giving a vehicle with an internal combustion engine increased performance, hence why it is being introduced in all models, including high-end makes and sports cars. The use of this technology and associated terminology should not be used to greenwash the product to subject them to lower rates of taxation. The latest green NCAP ratings show minimal differences in pollutants between mild hybrid vehicles and petrol-propelled vehicles, meaning that the tax benefits far outweigh any tangible environmental benefits stemming from the use of mild hybrid technology. Furthermore, there is a rapidly increasing market for mild hybrids, and considering that they are currently attracting a 0% duty rate, that significantly reduces the revenue collection for vehicles in general. I therefore introduce an Import Duty of 10% on any mild hybrid vehicles.

Whilst far more environmentally friendly than petrol or diesel and mild hybrid alternatives, hybrids and plug-in hybrid electrical vehicles are becoming increasingly popular in the face of an ever-growing awareness of environmental issues and very affordable availability. Whilst I feel it is important to continue to incentivise the use of hybrid technology, continuing the 0% rate supposes a significant loss now of revenue for HM Government of Gibraltar, while sales are unlikely to be impacted. I therefore introduce an Import Duty in this respect of 5%, which is still significantly less than the rate for petrol and diesel internal combustion engines and half of the duty of mild hybrids. Both of these duties will not apply to vehicles already ordered or ordered before 30th September this year, even if delivered after that date. We will, therefore, see a half-year effect by the next Budget. By way of background for the House, over the past year, a total value of £24 million worth of full and mild hybrid vehicles has been imported into Gibraltar. We are leaving a lot of money on the table and not doing enough to incentivise one type over the other, but this gives the House an idea of the volumes that we are dealing with.

Pleasure craft presently attract an Import Duty rate of 0%. This will be increased to 5% in respect of any importation where the vessel has not been bought before 30th September of this year, whether or not it is imported before or after that date. The cap would be fixed at £35,000, as it is for vehicles. The rationale behind this proposal is that the vessels, as the name implies, can be considered luxury items, pleasure items, and the public already reaped the benefit of the 0% duty rate upon the opening of the small boats marina, which represented a major spike in vessel importations at the time. That marina was also developed at considerable cost to the taxpayer. For the information of the House, over the past two years alone, an average of £2.5 million worth of pleasure craft were imported, giving an indication of the possible collection of duties that may arise.

Under the current system, Import Duty refunds stemming from declaration errors by the importer are time consuming and take up a significant amount of officers' time. This issue is compounded by the fact that these refund requests come at no expense to the declarant who made the error, thereby creating no incentive for the declarant to ensure the accuracy of the values declared. A fee of £25 per refund will, therefore, be introduced. This will serve to mitigate the submission of reckless declarations and creates a revenue stream for HM Government of Gibraltar, albeit a small one. It will also eliminate the request for refunds of less than £25, in which the work involved is disproportionate to the benefit returned to the trader. The start date for this measure will be 1st January 2025, to allow for the relevant amendment to the Licensing Fees Act to be drafted. It is important to note that the fee will not apply to overpayments of duty as a result of HM Customs error; it will apply only where the error is on the part of the importer.

Madam Speaker, I will also be asking the Minister for Health to announce the measures that we will put in place to prevent the sale to anybody born after 2009 of any tobacco and tobacco-related products and measures also to control the sale of vapes in our community. The time has come for Gibraltar to act in this area as other developed economies are acting. There is no good reason to see young people hooked on cigarettes or vapes.

When a young Gibraltarian goes away to study in the United Kingdom, we fund their flights, their accommodation, maintenance and tuition fees. When they sign up to fight to defend us in the Royal Gibraltar Regiment, we proudly thank them and do little more for them. I, like every Gibraltarian and, I am sure, every Member of this House, am proud of the Royal Gibraltar Regiment. As the son of one of the Second 50 in the Gibraltar Defence Force, the precursor of the Regiment, I will always do what I can to help secure the long-term future of the Regiment. I will, therefore, now commence consultation with the Regiment on the introduction of what we might call the Regiment Scholarship, which I intend should provide financial incentives to young persons resident in Gibraltar who would have been eligible for a mandatory university scholarship and who instead opt to join the Royal Gibraltar Regiment and have remained in the Regiment for at least five years. It will be repayable should the individual leave the Regiment within five years after qualifying for the incentive. This will likely involve crediting that person with a sum equivalent to the tuition fee and maintenance grant they would have had for a three-year degree, but against the purchase of an affordable home in Gibraltar from the Government, although we may consider other options also. A full announcement will be made with detailed criteria when we have agreed with the Regiment how we could introduce this measure.

To ensure the safety and quality of properties afforded in respect of short-term holiday lets and to avoid unfair competition with hotels, the Government will introduce a mechanism so that every property offered for short-term rental will have to be registered and inspected. A fee will be payable for registration, and other conditions will apply. This is becoming widespread throughout the world as the popularity of Airbnb-style properties has grown. More details will be made available shortly, but it is the Government's intention to roll out the scheme before the end of the calendar year.

The Government considers that offering the Postgraduate Certificate in Education at the University of Gibraltar and the Masters in Education is a hugely socially beneficial endeavour, as it enables our teachers to qualify and develop without having to leave Gibraltar should they not wish or be able to do so. On the PGCE, which is established and successful, we are delighted to be working with the University and the Department of Education to ensure that it continues to thrive and to assist them with the release of mentors for the course. On the Masters, we look forward to facilitating how teachers can take up this course as it becomes established and grows. I am considering with the Financial Secretary a specific fund for this purpose.

Madam Speaker, new purchase agreements and assignments will become registrable instruments in respect of real property in Gibraltar. A small 0.5% special stamp duty will be payable on assignment of purchase agreements by the assignor in respect of real property in Gibraltar. This will not include sales in respect of subsidised estates, where, in any event, assignments are not permitted.

The First and Second-time Home Buyer Allowance is designed for owner-occupiers who need the taxpayers' assistance. Those benefits will, therefore, be restricted to properties under £800,000. This aligns with last year's 4.5% stamp duty on properties over £800,000. As a downsizing incentive for seniors of 65 years and over, we will introduce the equivalent of the First-time Home Buyer Allowance for those selling after the age of 65 and moving to smaller properties, some of which we hope to be developing ourselves.

Madam Speaker, I now address a number of extraordinary matters before I conclude. The first, of course, has to be the ongoing cost of the McGrail Inquiry. The McGrail Inquiry costs are obviously reflected in the Estimates Book. As can be seen on page 2 of the Book, the costs of the inquiry up to 31st March 2024 were £2.93 million. That is before the start of the intensive oral hearing period. Since then, a further £1.2 million has been spent. That brings the total we have paid to date to approximately £4.12 million. This shows that the inquiry has been, and is being, an extraordinarily expensive exercise for this community.

I also want to refer the House to the fact that the Supplementary Appropriation Bill for 2022-23 has now been published in the Gazette and will be debated in Parliament as soon as possible. I anticipate we will be able to take it in the post-summer session. Further, in accordance with my announcement the morning after the General Election late last year, the accounts of all government-owned companies were made available online on 1st April 2024. We published on that date, even though this was a bank holiday, because we keep our commitments. What this means is that we put the following in the public domain. The accounts that had been previously filed at Companies House were already available and could have been obtained at Companies House, but we published them on the government website so that any citizen can access them at no fee. We also published the draft accounts that would have been required to be filed at Companies House by 31st March but are still to be audited. That gives the public an accelerated right to access these accounts. We published information on 56 companies, more information than has ever been published before, and more information by a long shot than was ever published by Members opposite when they held Government and, in particular, when the Hon. the Leader of the Opposition was Deputy Chief Minister. We published a combination of full accounts or balance sheets, making up 680 documents that are being made available online. Our commitment is that we will continue to update these documents as the accounts are audited and on an annual basis.

Subsequent to the printing of the Estimates Book, we picked up some typographical errors in relation to some incorrect references to Ministries or controlling officers. There is no impact on the figures or the Bill due to these errors. I have a table of those typographical errors, which I am going to circulate to hon. Members so that they are aware of the relevant typos, which we will be dealing with during the course of the Committee Stage to correct the Book. I should just say that the Book that has been published online has already had these errors corrected in them. As I said, they have no impact on the figures in the Bill, they are just incorrect references to some controlling officers etc.

Madam Speaker, as I start to now round up, I want to start where I do every year by thanking all of the public servants of Gibraltar for their support these past 12 years. I never tire of saying that everything that the Government does is delivered, actually, thanks to them. I thank Darren Grech for his work as Chief Secretary and welcome Glendon Martinez to that role, a role that he has really thrown himself into with great vigour.

In particular, I want to thank you, Madam Speaker, and your predecessors given that there has been a changeover in this election year, and the Clerk and ushers of the House for your fantastic parliamentary support to me as Leader of the House in this election and post-election period.

I want to thank also my former ministerial team and my current ministerial team. It has been a long parliamentary year, punctuated by an election and by hugely disappointing behaviour by a former senior civil servant in this place.

We have now begun a new Parliament and this is the first appropriation of this new Parliament. The marathon has now begun. My advice to those just elected on both sides of the House is to remember that the lifetime of the Parliament is four years and that the issues which we will be dealing with by the time that the next election is called will very likely be very different to the issues that we are dealing with today. But some things will still continue to be determinative. I therefore want to single out for thanks the Deputy Chief Minister and the Attorney General for the work that we have done together in the treaty negotiation. That continues to be the greatest current challenge on the horizon and it remains multifaceted – as I learned to say from FCDO colleagues, it is the crocodile nearest the canoe – yet in this negotiation and in other challenges, I am always struck by the resilience of the Gibraltarian and the depth of the team that we have at Gibraltar's disposal. I will not tire of repeating how impressed I am by the most extraordinary dedication and the most incredibility that Team Gibraltar represents. I am genuinely delighted to have been elected to lead that team once more.

Of course, that leaves my personal team at No. 6 and my team of close protection officers to thank for their support this extraordinarily difficult year. They know that I would like to say a lot about each and every one of them, but if I do, the hard crust may crumble and I may embarrass myself once again. So, as the oven is not for rolls, as my grandmother and, I am sure, everybody's grandmother used to say, I will just stick to saying that they know how much I value them.

As my team knows how I feel about them, Members opposite know how I feel about them too. They know that we know what they are going to say. We know that they are going to present the same broken record of hyperbole and exaggeration, because Members opposite have been predicting hell and brimstone since the first financial year when I had the honour to present the Appropriation Bill after our first election win. That is why we can easily predict what hon. Members are going to say. We have heard it all before, we have answered it all before and we shall answer it all again, because as there are new Members in this House we shall have to rehearse old arguments. Let's be clear, that is what we are going to get: old arguments. I will say this for hon. Members opposite who have returned to this place after the election: they certainly are committed to recycling. But we are also very clear that we have been re-elected to do a job and deliver an agenda and manifesto. That is *our* agenda and *our* manifesto, to deliver it to *our* timetable, not theirs, at *our* pace, not the one which they might decide they want us to pursue.

Of course, it is equally true that they have also been elected, not to Government but to this place; not to govern but to oppose. That, Madam Speaker, obviously means different things to different people. You rightly indicated that you thought the role of Opposition is to hold the Government to account. Indeed, they also need to be ready, when in Opposition, to form a government should an election become necessary. That is the classic understanding of what an Opposition's role is. Little did I imagine, Madam Speaker, that you would be faced with the outburst of political honesty that we all saw and heard from the Hon. Mr Bossino the other day during Question Time. He made clear in express terms that which we have long been referring the community to, that the GSD approach to opposition is to attack us, and attack us they will, Madam Speaker, of that you should have no doubt. Whilst I have spent a considerable time today explaining figures, defending concepts and challenging concepts, what you will see in coming hours and days will be a demonstration of what Mr Bossino told you and us to expect: a full-frontal attack on us. Unfortunately, that attack will not be limited to challenging our ideas or our way of doing things. That, of course, is fair game. In fact, Madam Speaker, what you will hear us called will be all sorts of different things. Then, not having descended to insults and personal attacks in my main address, when I reply to the insults and personal attacks that will no doubt come, they will say that I am vicious. Well, I have many faults; I know them more than most. One of them is that when somebody tries to bully me or bully my people, I call them out. So, when someone comes here to call me a highwayman or says that I am cheating when all that I am doing is trying to do the job that I have been elected to do by our people to the best of my ability, I will not hesitate to reply by pointing out the shortcomings in the arguments of those who resort to insults and personal attacks. I believe that should have no role in the debate in this House, but it may be what we have to see play out in coming days and hours.

I have no doubt that that is how things will, in fact, play out in coming hours and days, but that will not be what occupies us most in the months after this debate, because we will deal with hon. Members' arguments in this place. But, most importantly, we will leave this place to do the things that the people want us to do, the things that the people have elected us to do, because that is what we are in politics for, to do: to deliver in health, in education, in elderly care, in services for the most vulnerable and in investment in our nation and the environment around us. What we have demonstrated we represent are these annual increases in the Minimum Wage, annual increases to the state pension and the disability benefits, not just in an election year, as was the case when Members opposite were in government. We represent the people in our economy who work hard every day as much as we represent those who cannot work at all. We have unashamedly made it an aim in every one of our Budgets so far to deliver for working people, just as we deliver for people who cannot work, to ensure that there is a job for every Gibraltarian who wants to work, to ensure that those who cannot work are properly provided for, and we have done so again this year in this prosperous Gibraltar that we are rebuilding after COVID, in partnership with entrepreneurs and workers in equal measure. Our approach is to see the long-term effects of our policies, to judge the benefit to Gibraltar and its great people of what we do or do not do. That is why we act, to use our policies as the seeds that grow strongly for our community as a whole; not to act in the short-term interest, not to attack our political rivals regardless of the damage to our nation. Instead, we put Gibraltar first every time and that is what has determined our approach to historic policies on which we have been proved right.

Madam Speaker, now, with a renewed team, with renewed vigour and with a deep desire to give nothing but the best of us, we have put together a Bill for an appropriation that is designed to be good for all of us. For those reasons, I genuinely believe that this Bill deserves the support of the whole House. All hon. Members will have seen these Estimates represent an approach which is based on four key drivers: integrity, stability, affordability and social justice. Those are the litmus tests we have established for every measure I have announced in every Budget session and in every measure that I have announced today also.

Madam Speaker, for all of the reasons I have extensively set out and each of them, I unhesitatingly commend the Bill to the House.

Before I sit down, and given the length of my address, I propose that the House should now recess and return at 3.30 this afternoon. I trust that the short recess will avail the Leader of the Opposition the opportunity to take into consideration the things I have said as he prepares to reply.

Madam Speaker: The House will now recess until 3.30 this afternoon.

The House recessed at 12.35 p.m.