

STATEMENT BY THE GSLP/LIBERAL OPPOSITION 125/2005
12 December 2005

Mr Pon's recent interview on the "Bitacora" programme was rebroadcast this weekend by Telesur.

Between its first three showings and its second three repeats on Telesur, the interview was also broadcast by GBC in an unprecedented departure from past practice in showing a programme produced by a Spanish Campo TV station.

It must be self-evident that what is taking place is a concerted effort at transmitting the Spanish Government views to the Gibraltarian people in a manner that the Spanish authorities consider persuasive.

Much of what Mr Pons has had to say in that interview is either untrue or misleading.

For example, on the question of the pensions of former Spanish workers, Mr Pons made a number of wholly inaccurate statements. He stated that the payments of revalued pensions to Spanish claimants will happen; that the affected pensioners or their surviving relatives will get this money; and that the problem, mainly the fact that pensions do not increase annually in line with inflation, would never again arise. He also stated that the Gibraltar Social insurance fund had been facing bankruptcy at the start of these payments.

This is utter and complete nonsense and it would be interesting to know who has provided Mr Pons with such false information. The social insurance fund in December 1985 had many millions of pounds, excluding the Spanish sub-fund which was then worth £4.5 million.

The Gibraltar Fund of that time was not facing bankruptcy and was able to continue paying revalued pensions which it did in 1986, 1987 and 1988. The Spanish sub-fund had sufficient money to pay pensions at the original rate to former Spanish workers for life, until UK agreed in the Brussels negotiations to revalue Spanish pensions from the frozen 1970s levels to the 1985 levels.

The Spanish pensions sub-fund provided the whole of its £4.5 million reserves to the UK who added some £17 million to meet the cost for three years inclusive of annual increases. In that period the Sub-Fund was totally exhausted. The UK then agreed to provide full funding on condition that pensions were frozen at the 1989 rates.

Mr Pons says that it is no good asking the Gibraltar Government to meet the cost of the current revaluation because Gibraltar cannot afford it. The fact is that Gibraltar is not willing to pay any part whatsoever of the cost and has never made any contribution beyond the £4.5 million that was in the Spanish Sub-Fund in 1985. Therefore it is not a question of whether we can afford to pay the whole or a small part of it. The principle at stake is whose liability it is and we are firmly of the view that UK agreed this and UK must pay.

In the past, the present Government has said that the UK should pay the cost of revalued pensions from a current date and that this was estimated to cost £150,000 a year with no retrospective payments. If this has been known for some years, then it is incomprehensible why Mr Pons should say that the work to establish the cost has never been done before. Indeed, the very reason why they were frozen in the first place by UK was because the cost of the annual increases was known and the freezing was in order to reduce UK's liability and the consequential cost to the UK taxpayer.

The position of Mr Pons that the surviving relatives will get paid implies that the principle of retrospective payments has been accepted. He also says the problem will never arise again in the future. Mr Pons apparently does not understand that the pensions of persons who were not contributors to the pre-1969 Spanish Sub-Fund are also frozen and that this includes frontier workers who have contributed since 1985. Mr Pons is in no position to declare what will be the policy of any Gibraltar Government now or in the future.

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