

## **STATEMENT BY THE GSLP/LIBERAL OPPOSITION**

142/2009

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The Opposition considers that the financial information made public in Parliament about Haymills yesterday confirms that the Government has failed to protect the interests of the taxpayers of Gibraltar. The company was allowed to build up huge debts to the Government at the same time as the Government itself continued to make considerable payments to the firm.

The details serve to reinforce the call for a full forensic audit into Haymills which the Opposition has been urging for some time. On 6<sup>th</sup> August the Opposition called for a full forensic audit of payments made to OEM and Haymills. We repeated this call on 17<sup>th</sup> August when we called for an investigation as well as a forensic audit. The Government has ignored our calls even though they have paid out millions of pounds and are owed hundreds of thousands.

The figures supplied by the Government show that Haymills was paid just over £ 28 million in respect of the former OEM projects at Nelson's View, Cumberland Terraces and Bayview Terraces. These payments were spread out over only 20 months from the period December 2007, when the developer OEM collapsed shortly after the general election, right up to the period July 2009 when the contractor followed the developer and collapsed as well.

Mr Caruana confirmed yesterday that a company which was part-owned by Haymills called Labour Hire (Gibraltar) owed a "very, very substantial sum of money" to the Government in unpaid taxes which was close to a seven figure sum.

The Government has completely mishandled the three housing projects in the south district from the outset and the judgement that they have exercised in this respect must now be called into question. This includes the decision to award the tender to a developer with no track record of a development of this kind in Gibraltar and to continue making large payments to a contractor that was seriously in debt to them.

The Government seems to be more lenient with large companies that owe large amounts than with smaller businesses who owe considerably less. Indeed, while many small businessmen are called up by the tax office and reminded to pay their taxes on the 15<sup>th</sup> of every month, as stipulated in the law, the big fish who owe hundreds of thousands of pounds in taxes seem to be immune from this treatment and get away with it. There can be no other explanation as to why such a huge sum of money is owed in taxes.

Moreover, in some cases, suppliers to the Government have had payments owed to them deducted from what they owe to the Government. This has clearly also not happened in the case of Haymills which has received £ 28 million in respect of these projects irrespective of what they owed in taxes.

Commenting on the matter, Shadow Minister for Financial Services Fabian Picardo said:

“The preferential treatment which has been accorded to Haymills has backfired. It is totally unacceptable that the Government, ultimately the taxpayer, now have to pay the price. The Government have much to answer for. In the context of the information that has just emerged, the Government can no longer deny that a full forensic audit into Haymills is urgently required.”

ENDS