

FABIAN PICARDO : BUDGET ADDRESS 2010

Delivered : Friday 2nd July 2010

***** CHECK AGAINST DELIVERY : CHECK AGAINST DELIVERY *****

Mr Speaker

1. Last year I begun my budget address lamenting that this House would not have the benefit of the analysis of the estimates that Mr Bossano has presented consistently for 37 years before.
2. I want to start today, Mr Speaker, by emphasizing my great pleasure in seeing Mr Bossano back on these benches and having once again delivered an excellent alternative analysis of the economy to that presented by the Leader of the House.
3. As with every year, Mr Speaker, the presentation of the Estimates of Expenditure and the debate on the Appropriation Bill is a moment to reflect on the position in which our community finds itself one year on. This year will be no different in allowing each member to consider “The State of the Nation” and of revenue and spending in respect of each area of ministerial responsibility.

4. Let me start, Mr Speaker, by saying that from these benches there is absolutely no desire to see anything other than prosperity in our community – whoever may currently hold the purse strings.
5. It is wrong for the honourable members on the government benches to think the opposite.
6. In fact, our political position is that Gibraltar could be doing much better in terms of growth and that expenditure needs to be better calibrated.
7. For those of us outside the ever decreasing circle of the sycophantic fan base of members opposite, for those of us on this side of the House who see homeless, unemployed and destitute people, the rosy picture of the economy painted by the honourable members is therefore just that, a picture. It is not reality. It is not the reality of the Gibraltarian who has to live every night in a squat because there is no home for him; it is not the reality of the Gibraltarian who sees his job taken by cheap imported labour that the honourable members opposite laugh off; it is not the reality of the majority of working class Gibraltarians who still have to count the pennies to get to the end of the week.
8. Undoubtedly there are many in our community who, in my view thanks to the impetus the GSLP gave to the economy in the late 80s and early 90s, and the development of our economy since then, have prospered.

I am delighted that should be the case. Aspiration is a positive thing and that members of our community should aspire to prosper is no shame. It is not “panzismo” in the negative lexicon of Gibraltar politics; it is an ambition to improve the lot of all our families.

9. But we in politics also have a responsibility to those who are less well off. We have a responsibility to listen, to understand and to act when our help is required.
10. And there, Mr Speaker, is where we believe this government’s greatest failures lie.
11. Of course we would all want to help a fellow Gibraltarian or resident of Gibraltar who is in need of assistance in a moment of need. As a Government, however, the responsibility is greater even than that. It is to ensure that when planning expenditure the balance is struck in order to deliver fairly so that we are also providing for those less well off. If that balance is struck right, then less people will fall through the cracks and need urgent help.
12. It is my humble opinion Mr Speaker that the balance is not right.
13. It is my humble opinion Mr Speaker that too much largesse is being visited on the prosperous, well connected few and too little on those who need our help.

14. It is my humble opinion Mr Speaker that this will be one of the undoings of this Government.

15. What does the Gibraltarian who has no home get from this government in this budget? If he or she is lucky, they get given a letter telling them that they will get a home in a year or so. Well, that has been the modus operandi of the party opposite since 2007, when they gave “homes” to people by cynical pre-election letter. All that the majority of those people have to show for it today are still just “letters”. In 2003 it was Mr Caruana saying in his electoral broadcast that the affordable homes would be ready for occupation “within 2 years”. In fact they have been substantially completed this year, 2010; seven years later and five years after the date the Hon Leader of the House had indicated. That is more than just “a delay” Mr Speaker. That is an indictment.

16. What does the favoured millionaire developer get under the GSD? Consultancies and payments of millions of pounds.

17. One needs a roof over his head and the other needs for nothing.

18. Under the GSD, only the rich man gets richer.

19. Consultants generally have already £9m from the £46m spent on airport related works. Nice work if you can get it.

20. And on this and all other issues we have raised, let the Honourable Gentleman not think that we don't look forward to his reply on which I will say more later; that tissue of insults and skewed logic designed to prove him right only in circumstances where it cannot be replied to because the rules give him the last word. It is that poisonous, personalised and polarizing venom that he cannot control that so shines through in those replies that will stand as a glorious monument to the arrogance that people now associate with him as his enduring political style.

THE ENVIRONMENT

21. I turn now to my shadow responsibilities for the Environment.

22. It is with deep regret Mr Speaker that I note this year is one where we have received confirmation from the European Commission that there are problems with the quality of the air that we breathe.

23. It is equally to be regretted that the Government has only now published a draft of its Air Quality Action Plan for public consultation, at the same time as it is filing a Time Extension Notification in respect of compliance with the EU standards. In this respect Mr Speaker, I think it

is important to highlight that the exceedances of PM10 and NO2 in the air in Gibraltar have been very considerable indeed and that all the talk about improving air quality has to date yielded little. We therefore certainly hope that the draft Air Quality Action Plan is finalised as quickly as possible and that we see action instead of words in giving effect to it.

24. I have little hope for the Environment Action and Management Plan; but I look forward to considering it when it is published.

25. There is an Environmental Charter, Mr Speaker, but that appears to simply be gathering dust (or “particulate matter” or “Saharan sand”). What respect for the Charter, for example, has led to the complete destruction of the old tree by Ragged Staff Gates? This tree appears to have been destroyed as it attracted apes. The same effect could have been achieved by a severe pruning, short of destruction. But I guess that is just evidence that the Honourable members opposite have as yet been unable to deliver any solution for the attraction of the apes into the town area beyond the use of a barrel of a gun. In the past year we have seen the problem of apes in populated areas increase; but no new initiative by the government to deal with this, despite estimated expenditure in Ape Management Expenses, Healthcare & Food, under Head 4 A, sub-head 3(g) of £126,000 again this year, which is the forecast outturn for last year.

26. Therefore, Mr Speaker, when we say that we doubt the commitment of the members opposite to the environment it is because we believe we can see their failings in this respect. And if ever this is an obvious, visible and damning indictment of this government's preference of developments for the rich over the environment, it is their for all to see every day. Clifftop House is the indictment. Clifftop House is the evidence. Clifftop House is the conviction. And unfortunately for our people that Clifftop House is the sentence. Clifftop House is evidence of a GSD controlled Development and Planning process. Clifftop House is the legacy of the GSD at the very entrance to the Nature Reserve. They just have no mealy words to get them out of that one. No spin to try to persuade with. That Carbuncle on the side of our Rock speaks reality of??? their commitment to the environment every single day of the year.

27. At least Mr Speaker, that building is in much better condition than most of the upper town – which despite repeated promises and provision made in the estimates has seen precious little progress in the regeneration promised for the area. £100m of investment was announced for this project. About a million has been spent. So are we to assume that the project is going to take 100 years? Well, not according to the GSD manifesto of 2000, which provided:

“It is vital to arrest and reverse the urban degeneration and depopulation of our upper town. This is not just because it is home to

thousands of people, but also because it is a vital part of our heritage which we have an obligation to future generations to preserve. By virtue of its sheer scale this project will be implemented over several years. The following is the programme for the next four years:

1. Street Refurbishment & Beautification

The refurbishment and beautification of Castle Street, Lower Castle Steps, Abecasis Passage, Benzimra's Alley, Boschetti's Steps, Chicardo's Passage, Governor's Street, Hospital Ramp, Hospital Steps, New Passage, New Street, Pezzi's Steps, Castle Road, Benoliel's Passage, Library Ramp, Prince Edwards Road, Gavino's Court, Frazer's Ramp, Johnston's Passage, Shakery's Passage and Lopez's Ramp. The necessary preparatory work for this has already been done and work will begin immediately. Other upper town areas will be planned and phased thereafter.

2. Buildings Refurbishment

The project includes not just refurbishment and beautification of the streets but also refurbishment and beautification of all pre and post-war government-owned buildings and private buildings. The latter will be effected in a centralised, co-ordinated partnership between government and the owners."

28. And all this under a photograph of the honourable lady opposite. Although I am tempted to repeat the description she reminded us of yesterday which had been used outside this House, I will resist.
29. Nonetheless, I thank the honourable lady for reminding me of the very apposite political description of her that was carried at the last election – when she made the remarkable statement that “*everything that was right [they] have put wrong.*”
30. But, at least, Mr Speaker, it is clear that we are getting closer and closer to an election; even though this was clearly no pre-election Budget give-away ... that will no doubt come at this time next year.
31. The long delayed refurbishment of the Europa area has now begun. But, listen to this; the honourable and gallant Mr Britto was talking about works being essential at Europa as far back as 1995. He was making headlines in the Chronicle on just this issue.
32. It has only taken them 14 full years in government to start the work; and only then when shamed into doing so by their own out-of-date signage.
33. Well, by GSD standards a delay of 14 years in starting the works at Europa is not so bad.

34. It is certainly better than the dismal and admitted failure to the manifesto commitment of the honourable members opposite to achieve a target of producing 12% of energy consumption from renewable sources by 2010. As the honourable member admitted at the last question time in this House, this manifesto commitment is now incapable of being completed.
35. Or the now impossible closure of the existing power stations at Waterport, OESCO and the MOD station at the Dockyard by 2010. Also a commitment in the manifesto which they have failed to deliver.
36. It is all there on page 33 of the comic they called their manifesto.
37. To tell you the truth, Mr Speaker, I don't think that anyone believed those commitments anyway.
38. But they are failed GSD promises of this Parliament.
39. And more worrying Mr Speaker perhaps, is the proposal that the Eastside may now be opened up for use for bunkering operations. I understand that the matter is to go out to consultation and is not yet decided.
40. But Mr Speaker, how can this even be happening?

41. Even the proposal flies in the face of another commitment in the honourable members' present manifesto that said this:

“Ship Bunkering

The GSD Government is working on schemes to relocate ship bunkers storage facilities ashore, so as to be able to eliminate the use of storage in tanker ships in the Bay.”

So Mr Speaker, that commitment is not only not likely to now be kept, it as actually going to be “doubled breached”. In other words, the GSD Government is not only not going to be in a position to relocate the present ship bunkering operations in the bay with storage facilities ashore to eliminate the use of storage tankers in the Bay of Gibraltar, they are actually going to potentially going to propagate ship to ship bunkering operations on the Eastside. A double breach of a manifesto commitment! Now that's style Mr Speaker. What hubris!

42. In fact, Mr Speaker, the ESG has rightly been highlighting that, any bunkering operations should be carried out with the use of Vapour Recovery Systems so that the noxious fumes that often affect parts of Gibraltar should be reduced or eliminated. This is a sensible proposal which deserves investigation in the use of best available technology to ameliorate the effects of industry on citizens. Instead, government is

now looking at proposals to allow more of this activity without the Vapour Recovery Systems.

43. Mr Speaker, perhaps in his reply the Honourable Gentleman could tell us whether he is in favour of such Vapour Recovery Systems being employed by Bunker Operators, whether or not they are onshore or in the Bay or – if allowed in future – of the Eastside.
44. Mr Speaker, we will carefully monitor the consultation process which the government had announced in this area. We have already heard the views – forcefully and eloquently put by the ESG on this issue and will look forward to more information being put in the public domain so that the whole community can understand what is proposed; but we will look at this sceptically – as the environmental danger is evident; especially to our already blighted beaches.
45. And what of the Eastside generally, Mr Speaker? Well, we have seen no progress whatsoever in respect of this project again this year, Mr Speaker.
46. Interestingly, this is what the honourable member's party opposite said in their manifesto for the 1996 election; I am tempted to call it "Genesis" given that they enjoy going back to that year so much – what were they saying then?

“We will stop further loss of natural coastline and maximise peoples’ access to it. Furthermore there is an urgent need to beautify large areas of our eastern shoreline which have been damaged. The unplanned dumping on our Eastside has produced an eyesore and hazard to residents and tourists alike.

We will take steps to contain and complete the Eastside reclamation to avoid the spillage of debris and waste onto adjoining beaches. The area will then be resurfaced and landscaped and, pending longer terms development, will be used to provide recreation, leisure and parking facilities.”

47. Well, the honourable members opposite were re-elected, they will say, despite failing to deliver on these broken promises. What a pity that they do not deliver a list of promises with dates on them as we have the political courage to do. It would make the electorates’ job of seeing their failures and perhaps some of their successes so much easier! The reality, as the unfortunately now deceased and much misused Hon Joshua Gabay once said from these benches, “The fact is that this Government are more concerned with image than with substance, more concerned with ostentation than achievement and keener on impact than on fact.” I hope we can all appreciate at least the elegance of Joshua’s turn of phrase.

48. I will end this part of my address Mr Speaker by welcoming at last the reduction of import duty on hybrid cars and four stroke engines and the raising of duties in respect of two stroke engines.
49. That is one of the many steps that need to be taken in the direction of reducing carbon emissions. I will look forward to seeing more.

TELECOMMUNICATIONS

50. Mr Speaker it is always a delight to see the progress that has been made by Gibtel and GibNynex in their now joint endeavour Gibtelecom. We have been and remain committed to keeping 50% of the shares of that company in the hands of the Government of Gibraltar and we will strongly oppose any attempts to sell it off.
51. It is a particular pleasure, Mr Speaker, to see Gibtelecom not only doing well but prospering; now with new international partners.
52. What is particularly positive is the progress that Gibtelecom is making in establishing resilience beyond the traditional sources of connectivity.
53. We have seen references in the press to a new Connectivity Cable which will land in Gibraltar. The establishment of that link is a further positive for that company and for those who were responsible for it

being such a successful project for Gibtelecom. I will say no more on this Mr Speaker, other than to welcome it.

54. But we must remember Mr Speaker that Gibraltar now enjoys three providers of internet and telephony services. CTS continues to operate despite the untimely passing of one of the leading lights in that entity and Sapphire Networks is providing bandwidth to many companies established in doing international business from Gibraltar.
55. Competition is no doubt healthy and the sector is the better for it.
56. Having said that, Mr Speaker, undoubtedly, the home consumer in Gibraltar will want to see charges coming down for the provision of ADSL services which in Gibraltar remain less competitive than in other European jurisdictions. On this we remain vigilant and would call on the relevant providers of these services to keep their charges under review. And I will look forward to hearing what the Honourable Minister with responsibility for telecommunications has to say and I turn now to my responsibilities in respect of financial services.

FINANCIAL SERVICES

57. Mr Speaker practitioners in the financial services industry are pleased to see that the government has finally published a draft of a bill that will – among other things - reform the law on corporate taxation.
58. This draft has been a long time coming, Mr Speaker. A very long time indeed.
59. In fact, it is now almost a decade since it became clear that the European Commission would require the disappearance of the Exempt Company regime.
60. Moreover, it has been clear to many for even longer than that the zero tax regime was not going to be around for very long.
61. The Honourable gentleman likes to tell this House that he had made the decision to take Gibraltar “on shore” many years ago. But that just does not tally with the facts. You see Mr Speaker, if that had been the case, then we would not have spent a large part of the first decade of this new millennium seeking approval for a new corporation tax that lowered rates to zero.
62. So it cannot be true that the “plan” of the Honourable members opposite was to take the finance centre “on shore”; as they only started to talk about a low rate of tax when the Commission rejected their plan for a zero rate of tax. And with a zero rate of tax – even if it is across

the board and without discriminating in favour of non-residents - there is no question of us ever seriously having been considered to be “on shore” as we would not have complied with OECD criteria.

63. So all the fanfare we are seeing surrounding the announcement of this new draft bill, insofar as it refers to this great plan to take Gibraltar “on shore” has to be seen in light of these objective facts which show such claims of prescience to be total “nonsense”.
64. In fact, Mr Speaker, the publication of this draft bill comes at the very least a number of years late.
65. So, a decade of delay, dithering and indecision, which will result in a lead – in time of less than 4 or 5 months for the finance centre to be ready for the implementation of the new regime.
66. Mr Speaker, I told the honourable gentleman at the recent Question Time this session that I would not go behind his assurance that he was intent on seeking publication of the new legislation earlier.
67. Certainly, Mr speaker, all the feedback we have had from across the sectors of the financial services industry has been that they would have wished to see publication sooner if it had been possible.

68. The Honourable Leader of the House told me that he had received representations from some sectors that publication should have been delayed. We have not received any such representations – but I take it that, from his remarks at question time about having wanted to publish earlier if possible, that the government did not share that view.
69. In any event, Mr Speaker, we now have a draft of the Bill and we will soon have a chance to debate the merits and demerits of the new draft after the consultation process comes to a conclusion.
70. And therefore Mr Speaker, we will monitor keenly with the Government how the new tax rates affect the revenue side of these estimates.
71. I would say this also Mr Speaker, although there is a complete agreement across this House that the appeal filed by Spain against the decision of the European Court is doomed to fail; and given its terms is a most unfriendly act. But it has not yet failed and I am sure we will all look forward to that case being disposed of to our common advantage.
72. As for the Tax Information Exchange Agreements which have recently been concluded, I think the whole financial services industry is waiting to see how these will actually operate in practice as requests for information start to trickle through. This remains an area to monitor – but it is clear to the whole House, I believe, that exchange of

information is a required part of the way in which reputable financial services jurisdictions do business.

73. We have, Mr Speaker, heard little in the past months of the potential TIEA with the Kingdom of Spain and the potential for a double taxation agreement with our neighbour. Perhaps in his reply the honourable gentleman could inform the House of the state of progress in that respect.

74. Mr Speaker, for many years the absence of double taxation agreements has been flagged up as a positive and a negative for our finance centre. Now the tide seems to be more firmly in favour of the conclusion of such double taxation agreements. Perhaps that is also an area on which the honourable gentleman can give us the benefit of his views in his reply; although I note the manner in which the issues which may arise for the gaming industry in this respect appear to have been dealt with on a legislative basis.

75. It says much for the reputational strength of the professionals who operate in our financial services sector that the issues affecting one local financial services entity have not caused the expected infection; and that Gibraltar professionals continue to prosper by dint of their hard work, integrity and imagination.

76. Mr Speaker, we have also received representations from finance centre professionals relating to the increases in licensing fees charged in this sector.
77. I am aware, Mr Speaker, as will be other members of the House, that the government allowed 14 days of consultation to the industry in respect of the proposed fee increases.
78. The House may not be aware, Mr Speaker, that the new fees have become punitive to some of the smaller operators in the sector.
79. Fees do not presently discriminate between the size of the operators being licensed.
80. The issue of course Mr Speaker, is not an easy one – as the issue of the size of a licensee is not an easy one to make.
81. An operation with only four employees may have a large book of business and a huge turnover – so we understand that fees cannot be fixed lower simply because of the number of employees in a licensed company.
82. Similarly, a larger number of employees may usually denote a higher turnover – but it is not necessarily an indicator of greater profit.

83. But Mr Speaker, these are difficulties that need to be considered in detail in order to identify a solution so that the very licensing fee does not cause such hardship to any reputable operator that they are squeezed out of the sector or into consolidation.
84. Indeed, Mr Speaker, although the success of our finance centre requires – and will do so increasingly under the proposed new corporate tax regime – the continued influx of businesses from outside our shores, the government must not turn its back on the small reputable Gibraltar operator that provides financial services to our community.
85. And in this respect Mr Speaker, I must highlight my continued concern that the continued small increases in allowances for tax payers investing in life and other savings products.
86. In fact, Mr Speaker, a regime which does not reward saving in this way is an encouragement for people to spend and not make provision for the future – something which may rebound on the Gibraltar government in the future.
87. Mr Speaker, that is a convenient place for me to turn to my responsibilities for the media.

THE MEDIA

88. Mr Speaker, the problems identified in the review of GBC must be tackled quickly. As you know Mr Speaker we have not seen the whole Report of Mr King and we are committed to its publication upon our election. I acknowledge that the government has set itself an ambitious target date for the implementation of its review of GBC.
89. We have now had Mr King appointed as CEO and, although we have disagreed with the manner of his appointment at the direction of the government, we will monitor how the proposed renewal of GBC progresses.
90. For many years, Mr Speaker, GBC was the pride of Gibraltar. We were the only part of this area of geography that boasted a television station.
91. Television stations in this area have now proliferated. GBC is no longer a distinction.
92. In fact, with a much greater budget, we can now see the Spanish regional channel already is testing transmissions in high definition digital format.
93. I remember that when I was first elected to this House, some almost seven years ago, we were told that GBC would meet the 2010 EU deadline for the “analogue” switch off.

94. Well, Mr Speaker, 2010 has come but has not yet gone.
95. Despite that we have not yet even seen test transmissions of digital, let alone high definition.
96. I am sure that the whole community will look forward to the new standards of transmissions and the heralded improved quality of programming.
97. But at this rate, Mr Speaker, with government having as yet not even decided on the premises to which GBC is to be relocated, and having only in the last months created a steering committee; it does not seem likely that the renewal of GBC will become a reality on our television screens this year.
98. But GBC is only one part of the media.
99. In the print media, we have this year seen the disappearance of one newspaper and one other newspaper, the Gibraltar Chronicle, apparently threatened with disappearance due to apparent insolvency.
100. Mr Speaker, if this were not dramatic enough, we have continued to see one particular publication receive thousands of pounds a month

from the government as its apparent sole source of advertising revenue.

101. Mr Speaker, one of the arguments that have been put by the honourable Leader of the House when he has resisted the claims of the New People for advertising has been that even when the GSLP were in office the New People did not receive any official advertising.
102. Well, what is it that has gone wrong with the honourable gentleman's democratic compass to entice him to fund – USING TAXPAYERS' MONEY – a weekly publication that is transparently their's – the GSD's – in-house party organ.
103. Mr Speaker, there is a lot wrong here. This smacks of having confused the interests of the party with the interests of the state.
104. The Honourable Leader of the House is allowing state expenditure – tax payers' money –for party benefit.
105. Mr Speaker, this is a dangerous and slippery slope.
106. The honourable member opposite may as well send a cheque from the Government General Account to whatever printer they choose to publish their next manifesto.

107. Mr Speaker, whatever the reaction may be on the benches opposite – the Honourable Leader of the House is not somebody I have ever described as stupid or ignorant of the law – although he liberally refers to me in such terms.
108. Mr Speaker, he knows that the funding of 7 Days by his administration to publish what are thinly veiled weekly manifestos is wrong and against all principles of a Westminster based Parliamentary Democracy.
109. Lest we forget, Mr Speaker, I cannot emphasise enough how out of hand the funding of 7 Days has got, how improper it clearly is and how contrary to established criteria for the proper application of public funds. We are talking over well over a hundred thousand pounds; well over.
110. So Mr Speaker, this year I will say that the independence of the media and of journalists in Gibraltar is not assured and that there is a serious, on-going, mis-application of public funds to fund certain government supporting organs.
111. The independence of the media in Gibraltar therefore now has, in many areas, a huge question mark over it.

112. And what greater question mark over the state of the media in Gibraltar than the disgraceful way in which Clive Golt has suffered at the honourable gentleman's hands since 1996 for having had the temerity to stand for election against him 15 years ago.
113. Mr Speaker, I am left to wonder how the Leader of this House looks himself in the mirror every morning knowing what he has done with Clive Golt and what he is doing with the financing of 7 Days.
114. I genuinely believe that the member opposite is just in denial on these issues; that the Faustian pacts he has had to do on these issues is forever haunting him and denial is the only way to deal with it.

STYLE OF GOVERNMENT

115. And so I turn now Mr Speaker to issues that relate more generally to the style of government that has been adopted by the GSD and by the Honourable Leader of the House in particular in the past year.
116. Let us start, Mr Speaker, from the premise that we all have experience of that the honourable gentleman believes himself always to be in the right; and that any honourable members who contradict him are wrong.

117. Look at what happens when the honourable gentleman says that he thinks - subjectively - that anyone of us on this side of the House has got a word wrong. For example, if one of us might, hypothetically have used the wrong word - as far as he is concerned - in asking a question. Well, look at the exchanges on question 440 of 2010 on extermination of Barbary Macqaques. The Honourable gentleman took exception at my using the word extermination on the basis that he believed that word could only mean the total extermination of that species. The Honourable gentleman told the house that my arguments were not merely wrong or incorrect, but that they were ridiculous. Moreover, he said he would bring a motion to argue the point. Well a motion brought by the government against an opposition member is a motion that is going to succeed whether it is right or wrong. But the very thought that a chief minister of Gibraltar might have time to consider bringing such a motion; with a housing waiting list growing, Gibraltarians registered as homeless, the traffic at a standstill and yet the honourable gentleman has time to even think about bringing a motion against me on the definition of "exterminate". Well, we are clearly getting to him. We are clearly doing him political damage.
118. But all of this is designed to pretend to show the public, or at least those who listen, that Picardo has got a word wrong and deflect from the things that they have got wrong.

119. So let's get away from the hyperbole of the attempts to deflect attention from the honourable gentleman's failures. Let's actually knuckle down and look at what happens when he actually makes a mistake:
120. Well, £5,000,000 on the Theatre Royal "mistake";
121. A housing waiting list soaring to eight times what it was when the world commenced in 1996, yes eight times the housing waiting list;
122. Reports of water ingress at Waterport Terraces and windows and shutters having to be replaced in the Cumberland developments;
123. Hundreds of Gibraltarian families stuck with having lost hundreds if not thousands of pounds on expensive bridging loans as a result of unconscionable delays on the works at Waterport Terraces;
124. A contractor sacked from one government co-ownership scheme leaving hundreds of thousands of pounds outstanding on PAYE and social security;
125. Parts of our heritage, the Rosia Tanks, lost for ever;
126. The Eastside reclamation project completely frozen, one of our greatest property lungs now stuck with a developer that is doing

nothing with it despite manifesto promises by the party opposite to the contrary;

127. Major planning mistakes giving us the horrendous Clifftop House;
128. Slum conditions in some government estates in the Upper Town;
129. Criticisms from the Principal Auditor (in paragraph 2.8.6 of his report) that there are weaknesses in the control and management of certain capital projects resulting in delays which are generally resulting in increasing costs to Government.
130. Another major contractor going into liquidation with additional massive amounts outstanding also in respect of PAYE and social security when contracted to the government on a number of projects;
131. £241k on the case lost against a lesbian couple;
132. The many thousands of pounds no doubt now being incurred in costs in respect of the case before the Supreme Court on the age of consent
133. The hundreds of thousands of pounds lost in the Industrial Tribunal cases fought tooth and nail and lost since 1996;

134. The hundreds of thousands of pounds now paid to 7 Days to publish their manifesto in weekly instalments;
135. The hundreds of thousands paid to each tenant of the Rosia Cottages, after they were repeatedly told they were wrong in their right to light case and threatened by the honourable gentleman himself, as well as a new property free for each of them worth also hundreds of thousands of pounds.
136. I do not actually think I was wrong to use the word "exterminate" instead of "cull" or "kill"; I think it was a useful word to highlight the issue.
137. And let's be clear: I agree that the issue of apes coming into town and into hotels must be dealt with; we just believe that it is possible to manage the ape population and to thereby remove the problem in many ways that are more much more sensitive than killing.
138. But anyway, I asked in a question about this "extermination" and the question got passed from the minister for the environment to the Leader of the House. And then, again, one was called every name under the sun which was a negative take on "illiterate".
139. Well, if I was wrong, the consequence may be about 4 minutes of this House's valuable time wasted and the Honourable Gentleman opposite

clearly relished what he and his salaried cheerleaders thought was a “mauling”. To tell you the truth it felt more like a tickle than a mauling; but let them think what they like.

140. But let’s add up the cost and effect of the mistakes – some of which he admits and some of which he does not – of the Honourable Gentleman only some of which I have just taken the House through.

141. The consequences of the honourable gentleman's mistakes of the past 15 years, well those have cost irreparable hardship to thousands of Gibraltarians, loses of millions of pounds wasted to our exchequer. Now I understand why the honourable gentleman can never admit he is wrong: if he were to do so, he would in effect have to admit responsibility for such massive failures, such costly losses to our community that he would be forgiven for simply asking us all forgiveness as a community and quietly present his resignation and leaving politics completely. The sooner the better, Mr Speaker.

142. You see Mr Speaker, when put under serious scrutiny the Honourable gentleman’s reputation goes from being that of an apparently tough and effective political machine to a cheap version of Baldrick, whose cunning plans are the equivalent of the Honourable Gentleman’s recurring visions that never come true.

143. But what a negative record. So much money lost to incompetence.

144. To lose one million might have been careless, but to lose tens of millions in delayed and abandoned projects and lost legal cases. Well, Mr Speaker, that is probably best described by some of the adjectives that he usually reserves for his political opinion of me.

INTERPRETATION & GENERAL CLAUSES ACT

145. The fact is Mr Speaker that we need to reflect on the expectation gap that exists in the politics of the honourable members opposite. We see it when they say one thing and do another. We have seen how that is reflected in the failure to deliver on manifesto commitments which relate to the environment. Let us now look at one example in particular which related to the transposition of EU legislation.

146. This year we have seen a large number of EU pieces of law passed by the mechanism of regulations made under Section 23(g)(ii) of the Interpretation and General Clauses Act. In April this year in particular we were treated to a deluge of them. Some amended existing legislation and others brought wholesale measures into effect in that way.

147. Well, Mr Speaker, there may be nothing wrong with that – and in fact it was a mechanism sometimes used by the Honourable Leader of

House when he was Chief Minister to make legislative changes which were required urgently.

148. But Mr Speaker, the expectation gap is in what the Honourable Leader of the House used to say about that mechanism and what he does now.

149. In a debate on the 23rd November 1992, when amendments were being considered to the Interpretation and General Clauses Act itself, the honourable member said that Section 23(g)(ii) of that Act would allow the government to “repeal”, vary, amend or add to any Ordinance by regulation.

150. The Honourable Leader of the Opposition said in the committee stage that the GSD “... *do not accept that the House should be excluded altogether from the process of implementing into the laws of Gibraltar the requirements of community treaties or directives.*” He went on to refer to the latitude which some community instruments such as Directives allow Member States in the transportation into national laws of community obligations and he added that such “*latitude is latitude which [he thought] should be exercised by the legislative and not by the executive in the medium of regulations*”. And he proposed that a resolution of the House should be required before any regulation passed in this way should have effect.

151. Well, Mr Speaker, having become the Leader of the executive branch, the honourable gentleman seems to have changed his mind.
152. What I would ask him for in his reply on this second reading is whether he will now at least accept that in those early days at least he got something wrong and that the then Chief Minister, Mr Bossano, was right to proceed as he did then and as he, Mr Caruana, has done now.
153. In case the honourable members are interested, the Hansard references are at pages 27 to 45 for the dates that I have quoted.
154. Mr Speaker, apart from all that, the honourable gentleman has told us in the first question time this year that he was bringing in a “new politics” – but not a positive new politics. It is a new politics which we would discern from the answers provided that showed:
- (i) That the GSD government is now doing less work for tenants in their homes. In fact, for some time the govt even stopped doing works for elderly pensioners who were government tenants; but I understand this has now been reversed;
 - (ii) The government has presided over an 8 fold increase in the housing waiting list since the world begun in 1996;

- (iii) The government has presided over a massive increase in the number of jobs pending at buildings and works;

- (iv) And then there are the new “lines in the sand”, which the Honourable Gentleman referred us to at that first meeting of the House in answer to supplementary questions earlier this year, new lines in the sand as to whether or not questions will be answered. That perhaps serves to answer the points made by the honourable lady as to a failure to provide answers in this House. It is so unfortunate that the honourable lady can never pass a can of worms without reaching for the tin opener! You see, Mr Speaker, she should have left well enough alone in terms of governments answering questions. Or is it that she is asleep at question time when the government of which she forms a part refuses to answer questions. Does she not know that she is sitting with a party that refuses to tell the House the cost of killing apes; or the numbers of apes killed; or the amount of revenue received from tobacco duty; or to table the accounts of Community Care as they used to be tabled; a government that refuses to publish reports paid for by the tax payer into even non-sensitive areas like the King Report into the future of GBC. And that is just a taster of their obfuscation. So as far as the failure to answer questions and provide

information, Mr Speaker; the Hon lady needs to look closer to home before she starts casting aspersions.

155. But anyway, Mr Speaker, it is not the new found lines in the sand that are the problem; the problem is that the sand is reaching the honourable members' necks and they are sinking in it.

156. Their political position is as quicksand and they are sinking fast. Why, Mr Speaker, because whatever the honourable members may say in this House, people live the reality of their administration of our affairs.

157. And what a joke that old GSD excuse, "its not our fault when things go wrong, its just that the GSLP are at fault for what they did when they were in power almost 15 years ago". Of course that might have been fair the year after they first won an election in 1996; but their undoubted success in winning 4 elections is a double edged sword, as it does now deprive them of the excuse that today's problems are really the fault or making of previous administrations. Now that they have been in power for over 14 years, they are factually deprived the luxury of the argument put, for example, by Minister Vinet in the Chronicle of 18th February of this year, when he said, talking of water ingress problems at Keightley House in Moorish Castle Estate when he said:

"I would certainly like all repairs to government flats to be undertaken as quickly and as efficiently as possible, but there are inescapable

facts to consider. Previous administrations had neglected government estates and there was little in the way of proper refurbishments."

158. Of course, what Mr Vinet could not reconcile was the fact that the complaints referred to in the article in question related to a family who had been awarded the flat only three years earlier and the problems they were complaining about had arisen only two years later. Even more so, the problem also reported - in that case by Action for Housing - of an elderly gentleman whose leaking flat had first been reported only six months previously and not dealt with. These are therefore "GSD administration" issues. There is nowhere for the Honourable members left to hide. So whilst accepting, of course, the extraordinarily wet winter we have had, this does so effectively illustrate the fact that the GSD excuses are wearing thinner and thinner on the ground and the present has now caught up with them.

159. And so it is that the lack of investment in so many areas is now the fault not of "previous administrations" but of the GSD administration.

160. Mr Speaker, I do not believe we should be calling each other names in this House, although our debate should be robust and tough. If someone cannot stand the heat they should not get into politics. I confess that I was nonetheless surprised when I was first elected to this House with the amount of meaningless insults that the honourable gentleman hurled at members on this side of the house during the

course of his reply on this annual debate. I did not see the value of the endless invective hurled at us whilst the substance of the arguments we raised on policy issues went unanswered. Perhaps that is a good place to quote just one more of the gems left to us by Joshua Gabay who, when referring to the Chief Minister's repeated rubbishing of the Opposition's political contributions, said that "Regrettably the technique institutionalised in this House by the Chief Minister and pandered to by some but not all of his Ministers, is to substitute logic by denigration and clarity by vilification."

161. But I have now seen the light. I acknowledge the error of my ways. I have joined the political dots and I see what the Honourable gentleman is doing and the exact nature of his political style. The current Chief Minister clearly is a believer in the principle that attack is the best form of defence... He actually told the Hon Mr Bruzon that to survive in politics you need "mala leche". Well, that may be what he needed to survive in public school and he is simply exporting the principle to our politics. So I owe the honourable member an apology. I now understand what I have not understood before about his politics. Every time he hurls an insult he is attacking only to defend. Therefore, as attack for him is the best form of defence, we must see such insults as he hurls, attacking us in reply to our contributions, as recognition that we have pushed him into having to defend himself. So, having been the butt of a massive attack in his reply in this debate in the past seven years, it dawns on me that I should not have been bored by the lack of

substance, but mightily flattered at the Honourable gentleman's extreme compliment. Each insult, each sideswipe and each attempted denigration is a massive recognition of political punches soundly landed on the honourable gentleman's political torso. Each apparently disrespectful, sneering, jeering remark purportedly ridiculing our contributions is a massive badge of political honour.

162. And then, perhaps even more apparent, is the fact that when the honourable gentleman hurls an apparent compliment across the floor, what he is doing is actually tell us that we have failed to land a punch. So, let me apologise to the Parliament and to all those who diligently tune in to hear our debates on these estimates. I should never have decried the Honourable gentleman's replies for being full of insults, invective and failing to address the substance of the arguments we present. I should actually have recognised earlier that every insult is a back-handed compliment and every compliment is pithy ridicule and an indication of failure. So foul and fair a discourse I have not heard before. But that is the GSD way, always "say the opposite of what you mean". And therefore Mr Speaker, I want to formally thank the Honourable gentleman for what at first appeared to be a character assassination of us that he has undertaken in this debate of us at least in each of the years that I have been in the House. I am truly grateful for the recognition inherent in each insult, in each distortion and in each twisted reflection of my contribution to each years' debate. I had not realised just how hard our rhetoric had hit. Thank you. The attempted

"hatchet jobs" of years past were no more and no less than a political doffing of the hat for a job well done, and I was not astute enough to see through the bluster and recognise it. I am so sorry. I shall very much look forward to at least the same level of recognition and the same number of inverted, back-handed compliments again this year disguised as insults and accusations of ignorance. So please, Mr Speaker, I pray the honourable gentleman does not in his reply feel he can address the substance of our interventions, lest we are left to feel that we have not raised issues sufficiently serious that he might not need to avoid them. I really had not realised that the honourable gentleman's mind was quite this complex; but I have seen the light, and I sincerely am now looking forward to the insults, not out of some misplaced masochistic glee, but out of genuine political realisation : the harder he insults, the more damage he has suffered and the more he and his satellites needs to obscure through insult and distortion. What sophistry on the part of the honourable gentleman.

163. Anyway, I know that the honourable gentleman is hubristically, how is it that the Chronicle put it, "fighting for the survival of the GSD", and not really involved in trying to win the next election; but how pathetic that everything we have heard from the honourable members opposite are comparisons with 1996.

164. It's just like the repeated and repeated alleged mantra that the GSD is the tax cutting party.
165. Well – if they are the tax cutting party, they must also be the social insurance raising party.
166. Mr Speaker, social insurance contributions were said by the Honourable the Leader of the House to be a tax in 1995.
167. Once again, on top of increasing commercial electricity fees, the social insurance bill for businesses has gone up and small businesses and employees across the board will feel the pinch. So much for his boast in his manifesto for 2000 that he had only put social insurance contributions up once in four years.
168. So a small drop in tax rates and an increase in the minimum wage is balanced by this increase in social insurance, which in his 1995 analysis was an increase in tax – although we do not share that analysis. Just taking the increases this year employees are going to be £73.84 worse off. In his budget address of 1995, it was the honourable gentleman himself who said of social insurance “*This is just hidden taxation, that is just a disguised increase in taxation.*” Was he right then or is he right now? He cannot have it both ways, however much of his legendary sophistry he may try. In fact, lets look at what the Honourable Leader of the House described as tax has been increased in the past 3

years, 2008, 2009 and 2010 and the effect it has had on an employee's wage in that period.

169. In his 2008 address the honourable gentleman said:

“Social insurance contributions were last increased in January 2005, that is, three and a half years ago. It is the policy of the Government, and it is reflected in the fact that we have increased social insurance contributions usually at least once in every term, that the funding of the Social Insurance Scheme should at least keep up its inflation adjusted value. Accordingly, with effect from 1st July 2008, the maximum cap under the new Social Insurance system for both employers and employee contributions, will increase by ten per cent as follows. Employer by £2.62 a week from £26.20 to £28.82; employee by £2.08 a week from £20.75 to £22.83 per week.”

So in 2008 an employee's contributions increased by £2.08 a week or 10%. This is to say, £108.16 a year, an increase which in his 1995 analysis was akin to a tax increase. And I should add Mr Speaker, that after 1996 the honourable members opposite add minimum and maximum bands.

170. In 2009 in his budget address the idea of only increasing social insurance at least once a term held true, and it therefore went up again; this time by 4%. That meant that the employee contribution –

still subject of course to minima and maxima went up by 91p. That is to say, a further £47.32 year of charges which in his analysis – which we do not share – amounted to a tax.

171. And now, Mr Speaker, the coup de grace that the honourable gentleman has delivered has been a further increase of 6% by up to £1.42. That is to say, a further increase of £73.84 a year.

172. Mr Speaker, taking these three consecutive years of rises in social insurance together, the employees' contribution alone has increased by £229.32 over the past three financial years alone! And that is in respect of what he – but not we – called a “tax”.

173. Mr Speaker, the words that the honourable gentleman himself deployed in 1995 were these. “*This is just hidden taxation, that is just a disguised increase in taxation.*” [Hansard, budget debate 1995, p.90, right column, lines 3 to 4]. Let's be clear, these are his words. On HIS analysis (which we do not share) what he is giving with one hand he is taking with the other.

174. When looked at since 2005, the position is graver still. In that year employee Social Insurance contributions were increased by 10%, that is to say £1.88 per week, or a total increase of £97.76 per employee per year.

175. Mr Speaker; in total, over the past five years the amount the Honourable Gentleman has added to the cost of Social Insurance for an employee is now in excess of £327.08 a year.
176. And that is just the employees' contributions.
177. For the employer the position is worse still.
178. In this Budget an increase of 10% or almost £3 (rounded up from the £2.997 which a 10% increase produces when applied to the current rate of £29.97) per week has been applied. That produces an annual increase of £156.00 extra per employee per year. In 2008 the increase in the employers contribution was 10%, up by £2.62 a week or £136.24 a year. In 2009 it was 4%, or £1.15 per week, namely per £59.80 year.
179. In just those three years employers have been left £352.04 worse off per employee. That is a massive hike by any standard Mr Speaker of what the Honourable Leader of the House used to call a tax when he sat here; although we do not share his analysis on the nature of those payments.
180. In total, Mr Speaker, between employees and employers, the government is now receiving a contribution per employed person which

has been increased by £581.36 and that is in the past three years alone.

181. When one adds the figures for the increases in the Budget for 2005, the Social Insurance contribution for employers has risen even more. In the 2005 Budget, Mr Caruana increased the employers' contributions by 10% also, namely by £2.38 per week; amounting to £123.76 per year.

182. Mr Speaker, when added to the three year consecutive rises that have amounted to £581.36, the total increase in employer's contribution to Social Insurance has been a whopping £705.12 PER EMPLOYEE in the five years since the Budget of 2005. And according to his analysis in 1995, that is an increase in tax of that amount.

183. Mr Speaker the conclusion of that analysis is that in the past five years the total amount of the increases in contributions by an employer (£705.12) and an employee (£327.08) (at the maximum rate of the bands) together is now an even more whopping £1,032.20 of increases in what he called a "tax".

184. Yes Mr Speaker, the Hon Gentleman has INCREASED by £1,032.20 the amount the government takes from employers and employees in respect of each employee at the top of the bands in respect of what he called a tax. And that is just the increase.

185. The total contribution now per employee amounts to:

- (a) approximately £1,308.32 per employee in employees' contribution alone per year; and
 - (b) approximately £1,714.44 per employee in employers' contribution alone per year,
- in respect of the top level of contribution

Mr Speaker, that amounts to a staggering total of £3,022.76 PER EMPLOYEE PER YEAR when the employee and the employer contributions are added together.

186. That revenue to the government, Mr Speaker, is in the nature of what the honourable gentleman called a tax; an analysis that we do not necessarily share.

187. But, Mr Speaker if we have more employees in the economy than ever before; if we are running surpluses, if we are in such good shape as the Honourable Gentleman says we are, perhaps he could, in his reply, tell us why it is that we need to further increase the costs of doing business by increases in electricity, rates discount reductions, etc., by quite such margins in this period to "balance the books". I very much look forward to his answer. I know that he is likely to simply refer back to the same argument he used in 1995, but **Mr Speaker, people are not**

interested in a better yesterday. They are interested in a better tomorrow. So the Hon Leader of the House should stop looking back to 1996 to find excuses and absolution for every political sin of which he is accused.

188. And as for the suggestion that increasing commercial electricity charges is justified by the reduction in corporation tax to come in January 2011, well, we cannot share the analysis for this reason.
189. First of all, no exemption has been reflected in the honourable member's speech for sole traders not trading as companies or partnerships.
190. Secondly Mr Speaker, the increases have been announced today; but the date of implementation of these raised tariffs has not been confirmed (he did not say "from midnight tonight"). If the increases are to take effect from this month – that will mean that the increases will come into effect 6 months before the tax decreases which they purport to rebalance.
191. I would ask the honourable gentleman in his reply to confirm on what dates the increases in commercial electricity tariffs and the reduction in the rates discount will be effective.

192. Finally Mr Speaker, I want to take this opportunity to thank all the public officers of Gibraltar who are employed in the departments which I shadow – my criticisms are, as ever, of the political government and not of them.
193. I want to add a special thank you of course to your staff here, Mr Speaker, to Melvyn, Frances and Kevin – and to Audrey who has left us during the course of the year, who assist all members so diligently and graciously throughout the year.
194. This is a state of the nation debate. So what is the state of the nation? Mr Speaker, the nation is fed-up of this government. Mr Speaker, the nation is disillusioned by the broken promises of 15 years of this government. Mr Speaker, the nation is ready for a change of government.
195. Having said that, Mr Speaker, unfortunately, the Hon Leader of the House looks like he is going to try to hang on for a little longer yet, and Gibraltar cannot be without an Appropriation and we will therefore be supporting the expenditure proposed in the Bill and its Schedules on the terms already identified by the Leader of the Opposition.

ENDS

***** CHECK AGAINST DELIVERY : CHECK AGAINST DELIVERY *****

