



GOVERNMENT OF GIBRALTAR
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Yesterday Opposition Member Mr F Picardo issued a statement criticising the Government's alleged decision to award the South Districts affordable housing schemes to Haymills, for continuing to make payments under the construction contracts when there were arrears of tax for failing to protect the taxpayer's interest and for being lenient with big companies while being tough on small companies.

Mr Picardo says that all this is confirmed by information provided by the Government in the House on Tuesday. None of this is true. It seems to the Government that Mr Picardo's ability to grasp financial issues has not improved since his performance in the budget debate earlier this year.

1. The Government did not award the building contracts to Haymills. As everyone else in Gibraltar knows the Government had to take the contracts over, to protect the projects, when the developer, OEM, run into financial difficulty. In any event Haymills was a well known and reputable UK based construction company.
2. The Company that was the contractor of the projects, Haymills (Gibraltar) Limited, did not owe large arrears of PAYE tax or social insurance contributions to the Government. In fact, it was fully up to date until 30 June 2009, and owed only in respect of the month of July, and 1st week of August 2009 when it went into liquidation. This is actually a very good record.
3. A company called Labour Hire (Gibraltar) Limited, of which Haymills (Gibraltar) Limited appears to own 50%, does owe a substantial amount in tax for the year 2008/9. As a lawyer, Mr Picardo must surely know that the Government is not entitled to deduct one company's debt to Government, from another Company's contractual payment entitlements.
4. The tax office has one policy and practice for all tax defaulters. The allegation that there is preferential treatment for big companies compared to small companies is unfounded and untrue. It is thus untrue that the Government made payments to a company that had huge, or indeed any, arrears.

A spokesman for No 6 said:-

“As usual, in his haste to concoct a political case against the Government, Mr Picardo fails to do his homework. This once again, calls into question Mr Picardo’s judgement.

There is no reason whatsoever for any forensic audit as called for by Mr Picardo. The Government was a client of Haymills (Gibraltar) Limited in various construction projects. The only payments made were those that were required by the contracts and reflected work done. When the contractor failed the Government swiftly made alternative arrangements to finish the projects with another contractor. Mr Picardo’s attempt to insinuate that there is loss of taxpayers money arising from payments made to either OEM or Haymills, is completely unwarranted. Mr Picardo’s call for a forensic audit is as ill informed as the rest of his statement”.