



**HM GOVERNMENT OF GIBRALTAR  
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## **PRESS RELEASE**

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### **Government faced with two million pounds a year bill as part of running costs of new air terminal**

The Government was given practical completion of the new air terminal building on Monday. This does not mean that the building will open for departures immediately given that there are still a number of issues that remain to be resolved before this can happen. The Deputy Chief Minister Dr Joseph Garcia and Tourism Minister Neil Costa will be visiting the air terminal again this week.

The decision has been taken to operate the new air terminal building through a series of Service Level Agreements, with contractors who were already in place, until local people can be trained for the jobs that are available.

It will be recalled that there were a number of such contracts in place when the new Government came into office after the General Election of 8 December. The most infamous of which was a cleaning contract, the cost of which at one point stood at about £100,000. There were also a series of other contracts in place for the provision of different services.

The new Government set about to reduce the operating costs of the new air terminal soon after coming into office. The cleaning contract was cancelled and other charges were reduced and efforts were immediately made to try and bring some of the work in-house. The IT Department of the Government, for example, were sent in to receive training on the electronic and computer systems from the relevant contractor.

The commencement of the summer schedule by airlines and the preparations for the opening of the terminal for departures, as well as arrivals, has resulted in increased costs. The current monthly support contracts now stand as follows:

Baggage Handling – Dematic – 13,683.12 Euros per month + 2650 Euros summer schedule – offered maintenance contract £188,000 per annum

Lifts and Escalators – Schindler Gibraltar Ltd - £3,124.37 (arrivals section only) – offered maintenance contract £13,050.51 per month

Fire alarm and suppression systems – Gent Fire Security Ltd – emergency callout basis – offered maintenance contract £25,600 per annum

Arrivals section cleaning – Mediterranean Cleaning Services Ltd - £6036.85 per month + summer schedule

AH, Mechanical, Plumbing, Electrical systems – Cobra/Rotary – emergency callout basis – offered maintenance contract £1,160,000 per annum

IT and Electronics Systems – INDRA – emergency callout basis – offered maintenance contract -£530,000 per annum

This means that the Government is faced with a potential bill of about two million pounds a year only in respect of the services outlined above. There will be additional costs for the Building Management System (BMS), the contract for which is currently being negotiated.

The new Government, soon after coming into office, set about identifying the tasks that can be localised or carried out in-house and for which posts have been identified. These lie mainly in the mechanical fitter, electrician, electrical fitter, plumber/builder and technical supervisor positions which the Government aims to fill in-house with persons who can be trained. It is obvious that costs will be heightened even further while the new employees are being trained in these positions and the SLA contractor remains in place in order to provide the service and the training at the same time.

There have also been a number of vacancies created in the Borders and Coastguards Agency which are designed to address the additional demand created by the fact that the new air terminal is larger than the old one. These posts have already been advertised to the general public.

Commenting on the matter, Deputy Chief Minister Dr Joseph Garcia said:

“It will be recalled that at the time when the scale of the new air terminal project was revealed, concerns were expressed not just at the considerable capital investment but also at the potential increase in running and operating costs. The capital investment shot up from an initial £24 million investment announced by the previous administration, to a cost of about 70 million Euros today. It is clear that the concern which was expressed about the running costs have proved to be well founded. The Government is doing its utmost to keep these costs to a minimum but at the same time must be able to provide a service to the general public and to visitors to Gibraltar.”