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GSD Government signed airport contract the day before polling day

The previous GSD Government signed a contract for airport handling services with Bland Ltd on the 7th December 2011 which was the day before people went to vote at the last General Election. It is highly questionable, and against the spirit of the Constitution, that an outgoing caretaker administration should seek to bind an incoming Government in this way.

The entities party to the contract are Gibraltar Air Terminal Ltd (GATL), which is a Government-owned company, and Bland Ltd.

The commencement date for the contract was backdated to 26th November 2011 which coincided with the first aircraft arrival to make use of the new air terminal. The contract term is for seven years which means 26th November 2018.

The contract operates on a cost plus basis, which means that the Government pays for the company's operating costs, including the salaries of its employees. An annual budget is prepared by Bland Ltd for approval a minimum of six months prior to the start of the financial year. Once the budget has been agreed, the taxpayer through GATL pays the company in advance their estimates of recurring costs in four equal quarterly instalments.

If during the financial year the revenue generated is insufficient to meet the annual recurring costs, then GATL has to pay Bland Ltd the difference between these costs and the revenue generated. This means that the company does not make a loss because any loss will be paid for by the taxpayer. In exchange, the Government, or GATL, can negotiate with airlines ground handling charges, the level of which they would now control.

The Government, through GATL, has now received an invoice for £52,049.18 which is in respect of the Airport Handling Tender service fee for the period 26th November 2011 until 31st March 2012. In addition to this, another invoice has been received in respect of the recurrent costs for the airport handling tender covering the period 1st April 2012 until 30th June 2012 for £521,776.29.

The budget for 2012/2013 shows that the taxpayer is expected to pay the company's wages, water, electricity, office expenses, insurance, stationery, postage, couriers,

telephones, fax, mobiles, blackberry, Internet, software licences, IT support, advertising, marketing, accountancy fees, legal fees, training costs, staff uniforms, vehicle repairs, vehicle maintenance, vehicle fuel and vehicle insurance.

This shows that, the day before Gibraltar went to the polls, the GSD caretaker Government had purported to commit or bind the next successor Government to public funding or liability, which is not expenditure that would have been endured in the ordinary course of the day to day affairs of Gibraltar. This action is against the spirit, if not arguably against the letter, of Section 45(9) of the 2006 Constitution, even though the financial liability was entered into by a Government-owned company, as opposed to directly by the Government itself.

NOTE TO EDITORS:

Section 45(9) of the Constitution reads as follows:

Upon the dissolution of the Parliament the Chief Minister and Ministers in office at the time of such dissolution shall remain in office and shall discharge their functions until new elections are held and a Chief Minister appointed in accordance with this Constitution following such elections; but such executive authority may not be exercised, save in the case of public emergency (including public order or safety), to commit or bind the next successor Government of Gibraltar to public funding or liability except in the ordinary course of the day to day affairs of Gibraltar.