



HM GOVERNMENT OF GIBRALTAR
Ministry of Education, Financial Services, Gaming, Telecommunications and Justice
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Gibraltar

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BUDGET SPEECH 2013

**BY THE MINISTER FOR EDUCATION, FINANCIAL SERVICES, GAMING,
TELECOMMUNICATIONS AND JUSTICE,
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Mr Speaker, I have the honour to present my 2nd budget speech for responsibilities that form part of my Ministerial portfolio.

The 9th of December 2011 indeed saw a new dawn for Gibraltar politics. Since that day, my fellow Ministers and I have worked to bring about the agenda for change that the people of Gibraltar elected us to deliver.

The Government has, of course, an overreaching desire, and indeed a duty, to deliver stability, opportunity and growth across all areas for which we, collectively, have responsibility. But it also has a political responsibility to deliver fairness, equality and transparency in governance as well as providing the building blocks of a healthy and vibrant economy.

This Government will bring about a new era of social and economic prosperity and the positive change that the people of Gibraltar want and deserve – a change which already, a mere eighteen months since we took office, is palpable and evident.

That said Mr Speaker, I now turn to the various areas of responsibility that form part of my Ministerial portfolio.

EDUCATION

Education remains a top priority for the Government. The Estimates reflect that the amount required in the year ending 31 March 2014 for salaries, wages and expenses is £37,892,000. The forecast outturn for the year ended 31 March 2013 of £33,861,000. There is therefore a projected increase this year of £4,031,000 (that's over 10%) in recurrent expenditure. This follows an increase in last year's budget of around 23%.

In two years the Education budget for recurrent expenditure has gone up from £28,407,006 to an estimate for this year of £37,892,000. That is an increase of around 33% (one third) in two years. It is, I believe, unprecedented and clearly serves to confirm our continuing commitment to Education.

As anticipated in last year's Budget, September 2012 saw an increase of 47 in the complement of teachers. In fact, the complement increased by 48 as, in addition to the 47 new teachers, one post of instructor was converted to that of qualified teacher.

One of the effects of the increase was to resolve the long-standing problem of having supply teachers permanently on supply whilst covering what was clearly not a temporary need. These teachers have now been given the opportunity of having permanent tenure of employment with all the benefits that this brings including all employment protection rights, sick leave, maternity leave and pension rights. Those engaged have also had years worked on supply taken into account for salary and pension purposes.

The increase of 47 teachers also means that there are now more teachers in our schools than there have ever been. This benefits the teachers themselves, the schools, the pupils and, ultimately, the whole of Gibraltar.

The eradication of the concept of permanent supply has not just affected teachers. It has also resulted in the permanent engagement of over 20 cleaners who, again, are now able to enjoy the full employment rights which they were previously denied.

We have also seen the engagement through a Government-owned company of 153 lunchtime supervisors. Until now, these ladies were engaged in September of each year and dismissed from employment the following June. The result was that they had no security of employment, did not enjoy full employment protection rights, were not able to take maternity leave and had no pension rights whatsoever. All of that has been remedied by the engagement of these ladies earlier this month.

With regard to scholarships, Honourable Members will note a provision for 2013/14 of £10,250,000 compared to a forecast outturn in 2012/13 of £9,689,000, an increase of £561,000. This reflects the increasing number of students supported by the Government. As a result of the changes the Government has already made since elected into office in respect of mandatory, distance learning and discretionary scholarships, the Department of Education has commissioned a bespoke student data management system to cope with the increase in the number of our young

people that now have access to undergraduate and postgraduate degrees and other qualifications.

Nurseries: Applications for nursery placements are substantially higher this year, totalling 398. In order to meet the demand St Mary's and Governor's Meadow First Schools will open for next year in the afternoon. There will be a nursery place for every application should parents wish to take up the offer they receive.

Special Educational Needs (SEN): Apart from the more than 50% increase in the complement of SNLSAs (Special Needs Learning Support Assistants, formerly known as Classroom Aides) implemented in last year's budget, their role has also been reviewed. A more modern and enhanced job description that better focuses on learning support has been devised and successfully implemented.

Mr Speaker, I am happy to report that the new extension at Notre Dame, with enhanced facilities for SEN, was completed in record time, and was ready to receive pupils, as promised, by September 2012.

I can also confirm that works for a much needed extension at St Martin's started in April 2013 with an expected completion date set for the beginning of August. This should provide the school with approximately 170m² of extra space. This project is being carried out with the support of the Kusuma Trust to which the Government is very grateful.

Government is also committed to developing a clearer understanding and awareness of the needs of children with social, emotional and behavioural difficulties and this continues to be developed by the Department of Education's Advisory Service. One of its members is currently completing a Masters degree in Education in this area of educational practice. A programme of in-service training for teachers and other professionals will be launched for next academic year 2013/14. The Department of Education will also offer individual teachers further opportunities to enhance their knowledge, skills and understanding in this and other fields of interest.

The Department of Education has developed a programme for the support of children with emotional and behavioural issues. This provision is specifically aimed at supporting children who cannot be educated within the school context. Such arrangements are always undertaken as temporary measures and the goal will always be to re-introduce the child back to school as soon as is practicable and the child is ready.

All Special Educational Needs Coordinators have now received training in autism, delivered by one of the UK regional specialist centres. With the support of the Advisory Service, further in-service sessions have already been delivered to one Middle School and other schools will follow during 2013/2014. All schools will benefit from similar in-service sessions in understanding autism.

In addition to this course, members of the Advisory Service have received specialist training in understanding autism by the Autism Education Trust (AET) in the UK. This Level 3 Training Programme is designed to support professionals working in education. The focus of the training is on the UK's National Autism Standards, which

are used to identify good practice in schools for pupils with autism, as well as helping in the development of the provision already in place.

14 -19 Developments: Our children continue to enjoy a range of fascinating science and mathematics activities and experiments prepared by outreach teams from the British Science Museum and Cambridge University. These initiatives continue to be sponsored by the Kusuma Trust and serve to give children different perspectives of what science and mathematics are all about.

The Young Enterprise scheme continues to thrive and clearly enjoys the support of the business community. This is a good example of Gibraltar punching above its weight in as much as our Young Enterprise teams always do extremely well when competing against the 26,000 students and the 2,000 companies, from across the UK, in the National Championships every June. The Gibraltar representative has achieved 3rd and 4th places in recent years and last year, Y-Tangle, an innovative product designed to prevent headphone cables from becoming tangled, won the Best Product award.

The finals in Gibraltar for this year took place last week with seven teams displaying once again imaginative products with very high standards of design and production. I congratulate the winners Elementz with a product called Bootz – a waterproof boot designed to be worn over shoes and trousers to prevent them from getting wet – and wish them every success at the forthcoming national finals in the UK.

As an example of the very real results that schemes such as Young Enterprise can deliver, I am very pleased to see that one of last year's teams from Westside School, Develop I.T. has now become a Private Limited Company. This group of young people developed an App called Key2Gib, an electronic tourist and visitor guide. The App includes diverse sections including What to See, What to Eat and Things to do. The App is also an extensive guide of all things Gibraltar – with the inclusion of tourist hotspots, restaurants and a great range of activities available on the Rock. I have the App myself on my iPhone and can certainly say that it should be downloaded by every visitor to Gibraltar as well as by all residents.

The Government congratulates all those involved in the Young Enterprise Scheme for their magnificent achievements.

This academic year will see the implementation of a repeat programme at Bayside for Year 12 boys who have need to improve their grades in the core GCSEs. A repeat package of GCSEs and qualifications will be on offer to children who wish to improve their grades and possibly progress onto A-Level study or seek employment at a later stage. This will mirror the repeat provision that has existed at Westside for many years. It was wrong for boys not to have the same opportunities as those which were available to girls. The Government has now corrected this anomaly.

Bayside is also piloting an exciting new series of courses from the ASDAN awarding body as a more vocational, life-skill based pathway. ASDAN programmes and qualifications are well established in the UK and offer flexible ways to accredit skills for learning, skills for employment and skills for life.

Mr Speaker, the Department of Education continues to keep a close watch on 14-19 developments in England and will advise Government accordingly. The public examination system in England is in a constant state of flux. Our secondary schools and the College have successfully adapted to these changes, sometimes at very short notice. There are more changes on the horizon such as the curtailing of the 'repeat' system within the A-Level examinations, the reintroduction of two year courses with terminal examinations at the end, the uncertain future of the GCSE in England and the constant updating of the examination specifications, or syllabi. These are examples of the challenges which our local Education system will continue to face. I am glad to say that all the professionals at the Department of Education have always risen to such challenges and will undoubtedly do so again as these arise in the future.

Higher Education: Mr Speaker, Government remains firmly committed to the provision of Higher Education programmes in Gibraltar. The Department of Education is currently exploring a number of potential routes leading to the development of university faculties in Gibraltar and the provision of a range of professional qualifications and post-graduate programmes. I expect to be able to make further announcements on this during the course of this year.

Continuing Professional Development: The Department of Education is firmly committed to providing opportunities for professional development for all staff.

The Leadership and Management course for teachers, which is accredited by Durham University terminates this year. The Department of Education is currently working on the provision of a more specialised programme of teacher professional development, focussing more on practical teaching, learning and pedagogy, as an alternative to Leadership and Management. It is envisaged that these programmes will also be at Master's degree Level.

The Advisory Service has also provided or facilitated in-service courses in the following areas:

Safeguarding Children Tier 1 Training – This multi-agency commitment, which education forms part of, has continued to offer monthly training. So far 110 teachers have completed the Safeguarding (Tier 1); it is forecast that the full teaching complement will have received Tier 1 training by the end of the academic year 2013/14. Tier 2 training is now well established and provides additional guidance and support to school senior leaders requiring a greater depth of knowledge and skill in this area.

Dignified Care and Responsibility Training - this continues to be facilitated by the Advisory Service. Restraining children should always be a last resort strategy. DCRT is commended for its focus on de-escalation techniques and serve to reduce the need to physically restrain children. This course includes both the theoretical aspects such as understanding aggression and aggression cycles, triggers, self awareness and risk assessments, as well as the practical skills needed to safely restrain children.

The Advisory Service continues to work in partnership with all schools to enhance and develop anti-bullying strategies. A common anti-bullying framework is already in place offering guidance to schools on how to manage incidents of bullying.

Following on from the introduction of a permanent BEST team last year, twilight sessions have already been held in the majority of the schools to reinforce the support that this service provides.

First Aid Courses in schools – this is a part of a rolling programme facilitated by the Advisory Service.

British Sign Language Level 2 – the Advisory Service is funding teachers attending the Level 2 course.

“Using Smartboards More Effectively” - this is funded and facilitated by the Advisory Service and involves the training in the UK of a Middle School teacher in the use of Smartboard technology. This teacher will then in turn cascade the training to other practitioners.

Mr Speaker, apart from this, schools continue to prepare and deliver their own ‘in house’ in-service, which addresses individual schools’ priorities in support of school improvement and development.

Developing Technology in Schools: The number of Smartboards and access to these is growing and a programme to substitute first generation Smartboards for new models is being implemented.

Six IT technicians have now been employed by the Government’s IT&L department for deployment in schools. This should address the historical lack of dedicated IT support and maintenance of ICT equipment in schools.

The Department of Education is also actively encouraging, fostering and funding the development of technological developments and initiatives by individual teachers. These include educational mobile phone ‘Apps’, websites and sophisticated, web-based pupil-teacher interfaces for PE, Music or ICT.

Health and Safety in Schools: The Health and Safety Audits of all schools commencing in January 2012 were completed within a year, as per our Manifesto commitment. A technical officer from the Ministry for Housing has now been seconded to the Department of Education in order to support the addressing of the repairs and maintenance issues arising as a result of the Audits. As part of these recommendations, Asbestos Surveys have also been completed in all schools except St Martin’s School which is currently in progress. Asbestos registers have also been completed and updated.

Computer software is being commissioned as a result of the increase in the volume of repairs. This will replace the current legacy system in use by the Department of Education. The new system will support the processing of works orders in respect of repairs carried out by the dedicated GJBS maintenance team for schools. This will offer substantial savings in time, accuracy, improved management and tracking of

the huge volume of repairs and maintenance generated by the maintenance and repairs programme for schools. The software will also be used for accurately costing works for budgeting purposes.

Major/Minor Works in Schools: During the financial year ending 31 March 2013 the following works have been carried out:

An extension was completed at Westside School. This extension includes two new kitchens and a drama studio. The total cost during the last financial year has been £313,360.

New classroom conversions have been completed at Westside School at a total cost of £10,625.

A special needs purpose built extension at Notre Dame First School at a total cost of £539,000.

The windows of the western façade of St Anne's Middle School have all been replaced. The total cost has been £146,323.

The works to provide St Joseph's Nursery with special flooring have been completed at a cost of £14,466.

The gymnasium flooring at Bayside and Governor's Meadow Schools have been replaced with new 'Taraflex' flooring at a total cost of £12,041.

Structural timber support works have also been completed at Bleak House. The total cost has been £32,630.

Works planned for the current financial year include the following:

Works on the extension to St Martin's School commenced on the 18th April 2013 with an expected completion date set for the beginning of August. Works involve the building of a one storey extension with an approximate area of 170m².

Westside School will benefit from the construction of two much needed Science laboratories. These works will commence this summer and will be completed for the new academic year 2013/14.

A full mezzanine floor will be constructed to maximise the usable space available to St Joseph's First and Middle Schools in their lunch hall. The works will commence this summer and will provide six extra classrooms.

The refurbishment of Bayside School will commence with painting of the school and the replacement of windows at the ICT/History area.

The ICT Suites at both the Hebrew School and St Paul's First School will be re-sited this summer.

The toilet block at the present Sacred Heart Middle School site will be re-configured and refurbished.

St Mary's First School will have the windows to the west façade replaced.

The patio flooring at Bleak House will also be replaced during the course of the year.

The fence at the east side of St Paul's First School will be repaired and the playground fence will be removed to be replaced with a brick wall for increased privacy of the school grounds.

In accordance with the Government's manifesto commitment, Sacred Heart Middle School will be relocated. We will also relocate St Bernard's First School.

The Government has announced the conversion of the Old St Bernard's Hospital site into two new schools and community sports facilities. The works will primarily involve the renovation and modernisation of existing buildings to turn these into a First School and a Middle School.

In addition, there will be a Sports Hall which will be shared by the two schools with a play area/sports court on top of the Hall. Both the Sports Hall and court will be available for community use. These can be accessed separately and will house toilets and changing room facilities.

The First School will have 8 classrooms, rooms for teaching children with special educational needs and specialised teaching areas and spaces specifically designed to cater for this age range including rooms for Music, ICT and a library.

The Middle School will have 16 classrooms, SEN rooms, a library and dedicated teaching areas for Music, ICT, Art, and Science in keeping with the needs of older children.

A salient feature of the Middle School will be a central glass-roofed, multi-purpose atrium which will be available for students and teachers to enjoy either for social or educational purposes.

Both schools will be fully accessible to pupils, parents or teachers who may have mobility issues. The schools will also be fully networked and equipped with ICT resources and facilities.

Mr Speaker, this exciting project creates much needed school facilities in this area as well as sports facilities for the Community. This will be, in fact, the first purpose built Sports Hall in the Central or Upper Town area.

It will be a showpiece of urban regeneration in the Upper Town combining heritage with educational needs and new facilities for the whole community to enjoy.

Work on the site has already started with expected completion in the summer of 2015 in time for the new intake of students in September of that year.

The Government promised one new school. It is in fact building two new schools. This Government means what it says, acts on its commitments and delivers on its promises. We are seeing that not just in Education but across all Government departments.

Mr Speaker, I now turn to other areas of my ministerial portfolio, starting with financial services.

FINANCIAL SERVICES

The financial sector accounts for 15% of total employment and contributes around 20% to GDP. Overall, there has been an increase in employee jobs in the Finance Sector of 2.1% (66 jobs) during 2011/2012.

As part of the European Union, Gibraltar's financial services licensing, regulatory and investor and depositor compensation regimes are fully compliant with EU requirements. Gibraltar-licensed financial services firms have access to the EU single market of over 500 million people with 'passporting' rights in banking, investment services, insurance, reinsurance and insurance mediation.

Tax information exchange agreements: Gibraltar's successful finance centre is based on the Government's conviction that it must remain squarely within the mainstream of international consensus. In line with its commitment to transparency and effective exchange of information, Gibraltar has to date negotiated and signed a network of tax information exchange agreements with OECD / EU member states, is on the G20-instigated OECD 'white list', and is currently negotiating or concluding similar agreements with several other countries. Tax information exchange agreements signed so far have been with the USA, France, Germany, the UK, India, Italy, Ireland, Portugal, Netherlands, Belgium, Austria, Australia, New Zealand, South Africa, Malta, Mexico, Turkey, Poland, Greece and the seven Nordic countries (Sweden, Finland, Denmark, Norway, Iceland, Faroes and Greenland).

To underscore Gibraltar's commitment to transparency and exchange of information I undertook to personally sign further tax information exchange agreements since taking office in December 2011. As of the time of my last budget speech on 9 July 2012, I had signed TIEAs with Malta on 24 January 2012 and with South Africa on 2 February 2012. Since then I have signed a further six, namely with Italy on 2 October 2012, Mexico on 29 November 2012, Turkey on 4 December 2012, Greece and Poland on 31 January 2013 and India on 1 February 2013, bringing the total signed so far to 26 - with more in the pipeline. 19 of these agreements have so far entered into operation and Gibraltar is awaiting reciprocal notification in respect of the remainder.

Double taxation agreements: Mr Speaker, in keeping with its manifesto commitment to "seek to negotiate double taxation agreements with jurisdictions that the representatives of the Finance Centre Council believe it is worth entering into such agreements with", the Government established a DTA Working Group to study the mechanics of entering into double taxation agreements with relevant countries. Prior to the Group's first meeting on 15 May 2012 the Finance Centre Department had

undertaken preparatory work which included approaching several countries with a view to exploring the possibility of commencing negotiations. Some have now responded and draft agreements are being considered. I expect to be able to make further announcements on progress in this area during the course of this year.

New package on tax transparency: On 2 May 2013, Her Majesty's Government of Gibraltar announced in a press release that it was "committed to continue working with the UK Government... in a spirit of partnership with the UK as advocated in the Overseas Territories' White Paper", and the wider international community on a new package on tax transparency. The Government expressed confidence that it already had in place "a robust regime for the rooting out of tax evasion, particularly through its membership of the EU and full compliance with EU rules". It reasserted its commitment to "pursuing this agenda with the UK in agreement, and subject to consultation, with the finance industry in Gibraltar."

It remains the Government's firm view that tackling tax evasion and fraud is rightly a global priority, necessary to protect the integrity of public revenues, the confidence of taxpayers in the fairness and effectiveness of their tax systems and, ultimately, public confidence in open global capital markets. Gibraltar, uniquely amongst all British Overseas Territories and the Crown Dependencies, notes that it is required to comply, and already complies, with all EU requirements in these areas.

Increased attention has been given to tackling evasion and fraud over recent years, in particular through the development of international standards and the Peer Review process by the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes. The Government has said that Gibraltar has "...nothing to fear and all to gain from international initiatives to stamp out tax evasion and we would be very pleased to finally see a level playing field of all other relevant jurisdictions."

Gibraltar participated in the pre G8 summit held recently in London. This included a meeting between the Chief Minister and the UK's Prime Minister. Gibraltar was able to demonstrate its full compliance with all relevant international standards and its commitment to continue to be at the forefront of developments aimed at fighting tax evasion and fraud.

The international community has recognized that the action taken by the United States under its Foreign Account Tax Compliance Act (FATCA) provides a unique opportunity to develop a new global standard for multilateral automatic information exchange. Gibraltar has committed to entering into a FATCA agreement with the US and to enter into similar arrangements with the UK in keeping with the same timetable.

Furthermore, building on Gibraltar's actions as regards the EU Savings Directive, we have also committed to the pilot multilateral automatic exchange of tax information announced recently by the G5 countries (the UK, France, Germany, Italy, and Spain).

Gibraltar has also asked the UK to extend to Gibraltar the Multilateral Convention on Administrative Assistance in Tax Matters.

In agreeing to the foregoing the Gibraltar Government has emphasised the fundamental importance of maintaining a level playing field in the international financial services area and the need to take firm enforcement action against non-compliance.

The updated Directive 2011/16/EU on administration co-operation in the field of taxation, which was transposed with effect from January 2013, provides for the introduction of standard forms for exchange of information on request and spontaneous exchanges, computerised formats for the automatic exchange of information and channels for exchanging information. It also introduces automatic exchange of information from 1 January 2015 on five categories of income and capital (income from employment, director's fees, life insurance products not covered by other Directives, pensions, ownership of and income from immovable property).

The Government has received confirmation directly from the OECD that this updated Directive 2011/16/EU on administrative co-operation in the field of taxation is TIEA-equivalent. This signifies that since January 2013, Gibraltar has had TIEA-equivalent arrangements in place with all 27 EU member states, assuming that they have all transposed the Directive - in addition to the bilateral agreements that Gibraltar has signed with certain EU member states.

International co-operation and judicial assistance: Gibraltar assists with claims relating to taxes and duties with EU member states under the EU directive concerning Mutual Assistance for the recovery of claims relating to taxes, duties and other measures as transposed in Part III of the Mutual Legal Assistance (EU) Act 2005.

Gibraltar also provides judicial assistance under the Evidence Act 1948 in response to *Commissions Rogatoires* / Letters of Request as well as mutual legal assistance with Schengen states under Part II of the Mutual Legal Assistance (EU) Act 2005. Assistance is also given to non-Schengen states which have either entered into a reciprocal agreement on mutual legal assistance in criminal proceedings with HM Government of Gibraltar under the Mutual Legal Assistance (International) Act 2005 and in cases where the requesting state is a party to the UN's Transnational Organised Crime Convention and the circumstances of the case mean that the provisions of the Transnational Organised Crime Act 2006 apply.

Additionally, Gibraltar has, since July 2005, been exchanging information with EU member states under the EU Taxation of Savings Directive as transposed into our Taxation (Savings Income) Act 2004.

IMF assessments and Anti-money laundering legislation: The Government of Gibraltar has a record of full co-operation with all the relevant international bodies.

Gibraltar has a good reputation internationally for co-operation and information sharing.

The Government will continue to co-operate fully with the IMF and devise policies when appropriate, in order to continue to ensure that any assessment undertaken by this body meets their assessment criteria.

The Finance Centre Department continues to compile Gibraltar's portfolio investment position for submission to the IMF, as it has been doing since 2004. Information on this can be viewed or downloaded from the IMF's website.

Progress on the Fourth Money Laundering Directive, a Proposal for a Directive on the 'prevention of the use of the financial system for the purpose of money laundering and terrorist financing' (2013 / 0025), published on 5 February 2013, is being monitored by the Government with a view to timely transposition to ensure that Gibraltar maintains its position of being completely up to date with the transposition of all relevant directives.

Growth trends in financial services: Gibraltar's financial services centre continues to post stable growth in a number of areas such as insurance, investment management and funds, notably experienced investor funds, of which there are now approximately 95. Gibraltar's future in financial service continues to rest on high-end, high-value-added private client business, insurance (captive and retail), investment management and funds. Gibraltar has set itself the objective of becoming a major player as an EU funds domicile and EU centre for hedge funds management operations particularly with the introduction of the Alternative Investment Funds Managers Directive next month.

Insurance: The number of licensed insurance companies writing new business at present is 55. 13 of these insurance companies are captives writing general insurance business, 3 of which are Protected Cell Companies (PCC) that collectively manage 32 cell companies.

The critical mass that has been achieved in this sector makes Gibraltar a mainstream insurance domicile within the European Union along with long-term players in this market.

Gibraltar motor insurers now write 10% of the UK motor market and that percentage is expected to increase over the next few years. A new motor insurer was licensed in the first quarter of 2013 and there are a number of other insurance businesses actively seeking to establish themselves in Gibraltar.

Imported pensions: Following the commencement of the Income Tax (Amendment) Act 2012 which made amendments to the Income Tax Act 2010 in respect of certain pension schemes imported into Gibraltar, generally known as Qualifying Recognised Overseas Pension Schemes or 'QROPS' on 28 June 2012, the pensions industry has seen increased interest in Gibraltar as a pensions domicile and a number of new pension administrators are in the process of establishing businesses in Gibraltar.

The amendment represented an important piece of legislation for finance centre practitioners involved in the administration of pension schemes. It opened up a line of business which had previously, in effect, been out of reach for Gibraltar. It created opportunities for pension schemes administrators and generates income from taxation for Gibraltar in respect of distributions from the imported pension schemes.

With the expected increase in imported pensions business coming to Gibraltar, new pension administrators and the ability to offer more pension products, Gibraltar can develop into a truly international pensions centre over the next five years.

Experienced investor funds: Approximately 95 experienced investor funds have been established in Gibraltar since the Financial Services (Experienced Investor Funds) Regulations 2005 came into effect in August 2005, circa half of which have been structured as protected cell companies. This represents an increase of 5 funds from the figure reported last year.

The Government introduced new Financial Services (Experienced Investor Fund) Regulations in 2012. The new Regulations allow large funds to use reputable and substantial administrators based in jurisdictions of equivalent standing to Gibraltar. The new Regulations also allow funds to redomicile to Gibraltar yet continue to use their existing reputable administrator, representing a significant advantage for funds moving to the EU with, inter alia, the advent of the Alternative Investment Funds Managers Directive (AFIM), due to be implemented by July 2013.

This year the Government has supported joint initiatives with the Gibraltar Funds and Investment Association (GFIA). In February of this year I addressed the FONDS 13 Conference in Zurich where I stressed that Gibraltar was well on course for the transposition of AFIM and that we were determined to hone our product range so as to become even more attractive for Swiss asset managers to consider using Gibraltar in various ways.

In March of this year I attended the Hedge Fund Brazil Forum in Rio de Janeiro. I addressed around 300 delegates at the Conference and participated in a discussion panel. I said that Gibraltar had now firmly positioned itself as a strong EU alternative to Dublin and Luxembourg for the establishment of hedge funds. I am happy and gratified to report that the visit attracted considerable interest from the international media including Bloomberg and the New York Times.

Just a few days ago the Finance Centre Department attended GAIM 2013 in Monaco, a conference which I attended and spoke at last year. This is an important conference for the global funds industry with all major players represented. We have

received excellent feedback from the delegates which gives us good cause for optimism for the expansion of the Gibraltar Funds industry.

Trust and Private Clients: The Government is working closely with the Society of Trust and Estate Practitioners (STEP) on several proposals and pieces of legislation. Specific pieces of legislation are being enhanced and modified with the aim of making the jurisdiction more competitive for private client work, particularly as Gibraltar is a solid centre for HNWI's. These include Anti Forced Heirship Rules, changes to the Perpetuity Period, Private Trust Companies, Purpose Trusts and Foundations. I expect the relevant legislation to be in place during the course of this year.

Upon the commencement of the Companies, Partnerships and Trusts (Miscellaneous Amendments) Act 2012 on 21 March 2013 Gibraltar had implemented in full all of the recommendations contained in the OECD's 'Peer Review Report, Phase 1, Legal and Regulatory Framework', published in October 2011.

The Phase 1 Review had found that of the nine areas examined, Gibraltar had been judged by the OECD to be compliant in seven, with just one element "not in place" and a further element "in place but certain aspects of the legal implementation of the element needed improvement". Hence, Gibraltar was permitted to proceed to a Phase 2 Review in 2014. The Government is now confident that it is fully compliant in all of these areas.

The Companies, Partnerships and Trusts (Miscellaneous Amendments) Act 2012 amended Gibraltar's Companies Act, Trustees Act and Partnership Act to make provision for the enhanced keeping of full books of accounts including underlying documents such as invoices and contracts for five years, the maintenance of records identifying settlors, trustees and beneficiaries of all trusts, also for five years, and the abolition of share warrants to bearer.

A copy of the amending Act is publicly available on the [gibraltarlaws](http://gibraltarlaws.gov.gi) website. The full text of the OECD report is freely available via the OECD's online library and is also available as an easily-downloadable pdf on the Government website.

Finance Centre Department and Marketing Strategy: The areas of business that Gibraltar wants to develop include:

- Insurance – Captives, open market, general, reinsurance
- Pensions – QROPs
- Funds – asset management, alternative investment management
- Private Clients – structuring, headquartering, fiduciary services

The Government continues to invest heavily in growth for the Gibraltar Finance Centre. In the last twelve months two significant senior appointments have been made, namely a Senior Executive covering each of the Insurance and Private Client sectors - and a third Senior Executive specialising in the Asset Management,

Alternative Asset Management and Funds area is in the process of being appointed. The staff complement overall has doubled from 4.5 to 9 since my last budget speech on 9 July 2012. The increase since last year includes specific marketing and logistics support staff, which together with the new Senior Executive Asset Management and a new Personal Secretary / Personal Assistant will take the total number of staff in the Finance Centre Department to 11 imminently.

The primary objective of the senior executives is to convert leads and opportunities that they instigate, into tangible new business coming to Gibraltar.

Senior executives are charged with developing close relationships with journalists from financial newspapers, specialist periodicals and web-based media, with regular interviews and press briefings on a systematic basis as well as journalists' visits to Gibraltar. It is the intention to extend this to individuals and media based in non-traditional markets.

The Finance Centre Department and the senior executives in particular are charged with producing information notes, articles and other relevant material that can be uploaded onto the website, tweeted and disseminated via LinkedIn as well as by Finance Centre Council association members. We also accept articles written by the private sector for the above purpose.

Individuals in key markets are also being contacted directly and being invited to meetings and focussed seminars / workshops by the senior executives as part of the education process and the theoretical use of Gibraltar to more practical levels.

It is the specific objective of the senior executives to use the facilities available at Gibraltar House to introduce London and UK based professionals to what Gibraltar has to offer in financial services. This will also be done in tandem and close collaboration with the private sector in Gibraltar.

The Finance Centre Department launched its social media profile in April 2012, prior to my last budget speech, and its online presence received a significant impetus at the beginning of this year with the addition of the two new Senior Executives. Particularly noteworthy has been the enhancement of our Twitter page which now has circa 200 followers and plays an important part in gaining a wider audience for Gibraltar. We set up an additional LinkedIn page this year and, from that, a Group. The audience for this media is now in excess of 800 industry professionals with a national and international reach. A Facebook (corporate page) is under consideration.

The Finance Centre Department is at an advanced stage of launching a standalone website which will support our international marketing activities and keep communication with our industry partners.

A new marketing management system is being introduced to manage more efficiently the wealth of contacts that have been established over time and ensure that this area delivers effective results. This will support our drive to increase direct marketing activity.

During the last twelve months Finance Centre Department staff have attended ten international conferences including industry leading events in London, Zurich, Rio de Janeiro and Monaco. In addition to this we have participated in numerous events covering wider areas of interest including OECD, HM Treasury and EU and of course the flagship Gibraltar Day in London event.

The Government has committed to a significant increase in the budget for use in marketing and promotions. The financial provision has been increased for this year by a third to £200,000.

A fundamental element in the Finance Centre Department's strategy over the next 6 to 12 months is to ensure a significant increase in Gibraltar's profile as a centre for financial services, specifically amongst professionals (lawyers, accountants, funds specialists etc) within both traditional and new markets. The means by which this is being carried out includes the following:

- Databases of some 2,000 individuals specialising in financial services have been created. The medium term objective is to increase the databases to cover some 5,000 individuals, based in e.g. the United Kingdom, Switzerland and elsewhere in Europe. The databases will be widened to include professionals based outside traditional markets.
- The databases are used to send out key information and updates (via either email or hard copy) on a systematic and regular basis. The Department is beginning to use professional email delivery programmes, which provide a very wide range of statistical information and helps identify e.g. which key individuals that are receiving information appear to be taking the greatest interest. They are also being made available to periodicals such as Gibraltar International Finance and Business so that copies of third-party material are also being received by our network of professional contacts.

With our increased staffing levels, we have been able to increase our presence, in conjunction with the industry, at international conferences, exhibitions and seminars – with an additional emphasis of obtaining, where possible, speaking slots.

We are identifying a number of key “anchor” conferences per sector. Regular and systematic attendance at these events will reinforce our position within each sector. It is also important that the Department cements alliances with key international conference organisers. There will also, from time to time, be a need to attend specific one-off opportunities.

We have already scheduled attendance at a further nine major events for the remainder of 2013 and are planning to add a minimum of a further five visits to professional firms in London and major cities around the UK delivering our message on site.

I have no doubt that the increase in resources, both financial and human, and the work and efforts of all in the Finance Centre Department will pay dividends and will

see increased business for those already established and licensed in Gibraltar as well the establishment of new businesses in the financial services sector.

Mr Speaker, I now turn to Gaming.

GAMING

Gibraltar continues to be firmly established as a world leader in remote gaming. As an industry which constantly has to meet new challenges, the competitive nature of the gaming industry requires constant innovation by operators. And, with Gibraltar hosting the most important online gaming companies in the world, it is crucial that we keep abreast of new developments in the industry.

The Government is strengthening the base of the industry by attracting more operators of the same high standing as existing licensed operators, but including some diversification to reflect the changing and dynamic nature of the industry.

The remote gambling industry is constantly evolving. Not only does it face new and additional licensing and regulatory demands across the world, as the means of electronic communications evolve, so must its products and the way they are delivered.

Whilst the last year has seen the arrival of a number of conventional remote gambling operators, we have also seen diversification in:

- the establishment of a company in the 'App' and HTML5 environment, otherwise known as smartphone and tablet markets, aiming to draw the massive creativity of the App world into remote gambling whilst ensuring consumer protection is at the forefront of its business model;
- the establishment of a company with a business model which runs in parallel to approved lotteries; and
- the creation of links by Gibraltar companies with the world's biggest social media companies, applying Gibraltar's standards to their gaming offers as they extend into real-money gaming whilst keeping their social products available for those who prefer to play for fun.

These developments and relationships are designed to strengthen the licensing base whilst ensuring the standards and reputation of the Gibraltar industry remains pre-eminent in Europe and elsewhere in the world.

In each case, the Government's approach to licensing continues to be selective. Gibraltar is clearly seeing the fruits of that selective approach with new companies being licensed whilst maintaining the very high standards which Gibraltar demands of its operators.

Last year I attended the GiGse conference in San Francisco and visited two important American companies at their headquarters in Las Vegas. Both companies are now licensed in and are operating from Gibraltar.

Also last year, I attended the EiG conference in Barcelona. The Conference was attended by over 1,700 delegates from around the world and I had the opportunity to have a working dinner with senior executives of some of the top names in the industry. I also met with a major company in remote gambling. That company is now licensed and is operating from Gibraltar.

This year, I attended the ICE conference and exhibition in London. I met with two companies. One of them is now licensed and operating in Gibraltar. The other has applied for a licence and I expect it to be operational from Gibraltar very soon.

There are currently 26 remote gambling licensed operators established in Gibraltar and four more applications are currently being processed.

During the course of the financial year 2012-2013, four new companies were licensed, with a total of 5 remote gambling licences being issued, and one existing licensed company also being issued with one additional remote gambling licence. Since the end of the financial year 2012-2013, two more new companies have been issued with remote gambling licences. One of our existing licensees ceased remote gambling operations in Gibraltar with effect 31st March 2013.

As at the 31st March 2013, the total number of employees in the remote gambling industry stood at 2,647. This is an increase in 400 posts over the past financial year. This figure is expected to increase modestly over the next few months.

In terms of GDP contribution, Gambling and Betting activities is estimated to contribute 21.6% to GDP and represents 13.2% of total employee jobs. This includes all employers trading in gambling activities. Remote gambling is estimated to contribute 21.3% to GDP and 12.4% of total employee jobs.

The Government Revenue from remote gaming tax for 2012-2013 has increased to £12.1 million from £10.7 million in 2011-2012. Remote gaming tax represents 95.28% of the total gaming tax yield of £12.7 million for 2012-2013, the remaining £0.6 million gaming tax being in respect of domestic gaming.

PAYE from remote gambling operators totalled £17.9 million for the period 1st April 2012 - 31st March 2013, with an additional £0.3 million for domestic operators. Corporate tax received from gambling operators for the same period currently stands at £17.2 million, although a number of licence holders have yet to conclude their Financial Statements and make the relevant payments.

Overall, direct Government revenues from gaming duty, PAYE and corporate tax from gaming operators have increased by £2.5 million from the previous year.

The Government is mindful that the demands on the Government's Gambling Division continue to grow, especially with the influx of B2B licensees in addition to the increased number of B2C licence holders; consequently an additional EO post

has been introduced in the Gambling Division to deal with the increasing volume of due diligence and company record checks arising from the new business relationships the B2B and B2C licence holders create. Additionally, the Government has taken steps to consolidate the establishment of the regulatory section within the GDC. A vacant post of Regulator will be filled very shortly. Consequently the staff complement at the Gambling Division will consist of 7 individuals, up from 5 last financial year.

It needs no saying that it remains essential that our operators continue to provide their services to the highest standards in the industry and, whilst we are confident that they already have the systems and infrastructures to do so, efficient and effective administration and regulation are key to maintaining their high global reputation. In this regard, during the course of the year we have seen, once again, regular liaison between the Gambling Division and the licensing and regulatory bodies of other states, including visits here by US, Canadian and European regulators as well as attendance at European Commission and other international events.

An issue on the horizon for Gibraltar and our operators remains the proposed introduction of a Point of Consumption Tax in the UK. As I reported last year, there is intense opposition to these proposals. The Government is aware of a possible industry challenge to the UK Government's proposals, if they persist with the proposed licensing and taxation measures.

The Government will naturally continue to support all efforts to defend Gibraltar's well earned and established gaming industry.

The Government has highlighted to UK Ministers and HM Treasury officials the serious threat that such a move could bring about for Gibraltar given the key income streams this sector generates for our economy. This will, therefore, remain a vital issue which needs to be carefully monitored.

It will be recalled that earlier this year, the Gibraltar Government sent a top level delegation to Brussels to address MEPs on the Rock's gambling sector, where the Chief Minister briefed the European Parliament's Internal Market and Consumer Protection Committee and told MEPs that Gibraltar was setting the standard for regulation in the fast-growing gaming industry and that the companies based in Gibraltar were operating to the highest standards of probity and integrity.

Mr Speaker, I now turn to Telecommunications.

TELECOMMUNICATIONS

Mr Speaker, the e-gaming industry, together with Gibraltar's finance centre and, indeed, other businesses, have a high dependency on state-of-the-art communications. Local telecoms companies have invested significant funds over the years in providing various diverse and resilient international fibre optic routes.

These companies continue to invest in infrastructure and I am happy to report that internet service providers in Gibraltar already provide next generation communications networks. These new networks provide some of the highest internet broadband speeds available in the European market. The technology is engineered to maximise the use of existing copper networks to produce internet download speeds of up to 100 Mbps, depending on the quality of the copper together with the distance from the new fibre nodes and related electronics being put in place throughout Gibraltar. These systems cater for multi-media services to the extent that the technology allows television to be provided down telephone wires if so required.

The way people connect to the world nowadays continues to expand and be ever more vital. Through the internet, individuals can communicate and share data with each other, whether for business or just communicating with family and friends. Through the proliferation of smartphones, tablets, laptops and other mobile devices the public can now connect to the internet virtually anywhere, and at any time. The availability of Wi-Fi hotspots, affording additional mobility, continues to increase. Advances and investment in fixed line and mobile technology is facilitating the availability of higher broadband speeds, making for faster transmission of data.

The European Commission's target is for 30 per cent of households having at least 30 Mbps by 2020. In Gibraltar, telecoms companies aim to cover 95 per cent of addresses before the year end. The penetration rate, per capita, for broadband services now stands at around 41 per cent, with the EU average being 28.2 per cent.

These figures are to be welcomed, and would not be possible without continuing investment in infrastructure. This is something for which Gibraltar is recognised by the online gaming sector. Without such a robust and high quality foundation, Gibraltar would not be able to cater for these demanding e-commerce businesses.

Another vitally important area is the provisioning of data centre services. Gibraltar is also host to a number of companies that provide technologically advanced data centres located in secure sites around as well as inside the Rock itself. A comprehensive suite of services and solutions are available in Gibraltar from traditional co-location to fully managed solutions, designed to meet the current and future needs of an organisation in this evermore interconnected world. These data centres employ the latest industry standard technologies, including cooling and standby power, and are Payment Card Industry (PCI) accredited. Data centre services are also supported by technologically advanced Network Operations Centres that operate round the clock every day of the year.

Mr Speaker, I have responsibility for certain aspects of the work carried out by the Gibraltar Regulatory Authority under the provisions of the Communications Act 2006.

The GRA is an independent authority which regulates electronic communications, which includes broadcasting networks, radiocommunications and licensing of the radio spectrum, and international co-ordination of satellite networks and licensing.

There are seven companies operating under the regime created by the Communications Act 2006 providing a variety of fixed and mobile networks and services.

Currently, there are two active mobile operators, Gibtelecom and Eazitelecom. Eazitelecom, trading as Shine, has launched a pre-paid mobile service which will be expanded by the end of the year.

This year CTS was removed from the register of authorised operators for failing to renew two licences and pay the statutory fees. As a result CTS was directed by the GRA to stop operating its mobile network.

In December 2012, A J Sheriff Electrical Limited, trading as Gibfibrespeed, was authorised under the Communications Act 2006 to provide an electronic communications network in Gibraltar.

During the year, the GRA on my behalf as Minister with responsibility for Communications issued a public consultation under the Communications Act 2006 in relation to the procedure proposed to be adopted for the Application for a right to install facilities under Section 49 of the Act. The form of Application was also published and annexed to the public consultation. The GRA highlighted that persons authorised to provide a public electronic communications network who are granted a right to install will still be subject to the necessary planning permits being obtained as well as the appropriate agreements with the relevant landlords.

The GRA invited interested parties to make representations on the proposed procedure and replies were received from companies who provide fixed and mobile networks and services in Gibraltar. After having considered the views of all respondents, the GRA set out its response and a procedure for applications under section 49 of the Act has been established.

The Satellite Division of the GRA is responsible for representing Gibraltar at international meetings and ensuring that the satellite operators comply with the International Telecommunication Union's (ITU) Radio Regulations and all other international obligations.

The Division liaises closely with the UK Administration to submit new filings to the ITU, but the main workload comes from processing the international correspondence for each individual satellite project.

The GRA collects Administrative Charges from providers of electronic communications services and networks, radiocommunications licence fees and other reimbursements. During the 2012/13 financial year, the total collected under the Communications Act was £1,976,612.00, which was paid into the Consolidated Fund. The figure is lower than estimated because CTS did not pay its licence fees.

I will now give an update on to the conversion to digital broadcasting. Gibraltar's digital broadcasting network was launched in December 2012. The transmitters have been located at "Upper Signal Station" on the Upper Rock.

Gibraltar's new national digital TV network, replaced the analogue TV network which was switched off on the 31st December 2012. This switch-off was agreed at an EU and international level, an objective the Government was committed to fulfil within the given deadline.

The arrival of digital television, and the switching off of the analogue TV network at the end of 2012, is a very positive move for Gibraltar. Not only has this new digital service offered TV viewers with a clearer picture and better sound quality, there is also great scope for additional TV channels, information services and high definition TV in the future. Digital TV also has an added benefit in that it is more efficient than traditional analogue TV because it uses less space in the broadcast spectrum band and frees up space which could be used for other purposes, such as the provision of mobile or broadband services.

The launch of the digital TV network also marked the start of 'Gibraltar Freeview', a free-to-air service on the new digital terrestrial television platform. This TV service will allow other licensed broadcasters to offer new channels, for both TV and radio, and will widen the choice of programmes and information services for Gibraltar.

Mr Speaker, I now turn to Justice.

JUSTICE

Mr Speaker, I would start my contribution on Justice by congratulating Mr Liam Yates who has recently been appointed Registrar and Additional Stipendiary Magistrate of the Supreme Court. I also congratulate Mr Damian Conroy who has recently been appointed Senior Crown Counsel at the Attorney General's Chambers. I am sure that in both cases these appointments are well earned and deserving.

Legislation - Criminal Procedure and Evidence Act and the Crimes Act: The Government successfully commenced both the Criminal Procedure and Evidence Act 2011 and the Crimes Act 2011 with effect from Friday 23 November 2012.

The two Acts, which were passed by Parliament before the change in Government, have brought about a major change in the criminal justice legislation. New procedures and rights for suspects have been introduced as well as new criminal offences. The Acts strengthen the ability of our law enforcement agencies to combat crime and anti-social behaviour and provided for the first time comprehensive codes of practice for the exercise of those powers.

In order to commence these Acts the Royal Gibraltar Police, Customs and the Courts Service all required specific training on aspects of the laws and also needed to create and implement new procedures and manuals dealing with every aspect of criminal investigation, from initial searches, to the dealing with seized property, to the detention, treatment and questioning of persons in custody. As I mentioned at the time, and time has shown, our law enforcement agencies have demonstrated that they are up to that challenge.

As a consequence of the commencement of the Crimes Act what is commonly known as a “sex offenders’ register” is now in operation in Gibraltar. Furthermore, regulations have been made under this Act dealing with travel by persons on the register.

Supreme Court Act. Various amendments have been made to the Supreme Court Act during the past year.

The Act has been amended so as to allow the Chief Justice to nominate more than one puisne judge as a “Family judge” and also to give the Chief Justice the discretion as to what work other than pure family work he allocates to such judges. This is intended to ensure that the Chief Justice is able to utilise the resources available to him in whichever way he deems most suitable in the interests of justice.

Further amendments have been made in order to increase the maximum age for justices of the peace (from 70 to 72) and to allow justices of the peace to be entered into the lay assessors list. This will ensure that valuable experience is not lost unnecessarily and that persons who may wish to be both lay assessors and justices of the peace need not be forced to choose one form of public service over the other.

Employment (Public Interest Disclosure) Act. The Government enacted the Employment (Public Interest Disclosure) Act in order to provide for what is commonly referred to as “whistle-blower protection”. The Act provides protection for people who come forward to provide information about abuse or other wrongdoing.

Work in progress – Hate crimes: Pursuant to our manifesto commitment to legislate against hate crimes which are not currently specifically prohibited under the Crimes Act 2011, the Government will shortly be publishing a Bill. Specifically this Bill will make provision for the creation of hate crimes based on sexual orientation and disability and also providing that the Courts must, where it is a contributing factor to an offence, take hatred on the grounds of race, sexual orientation, disability or religion into account as an aggravating factor when sentencing.

Civil partnerships: The drafting of the Bill which is to be published as a command paper is nearing completion. The Bill is currently being reviewed and amended to take into account recent decisions of the Supreme Court which have had an impact.

Companies Act. A draft Bill has been finalised and it is intended that it will be published in draft form for consultation very shortly. This will completely update our companies legislation which is currently based on the UK’s 1929 Act but with various amendments over the years.

Insolvency Act. The drafting of the various regulations and forms required to be able to commence this Act is almost complete. Given the correlation between the Companies Act and the Insolvency Act, it is intended that the Insolvency Act and subsidiary legislation will be implemented at the same time as the new Companies Act.

EU Directives: For the first time in its modern history, Gibraltar is completely up to date with the transposition of EU directives. The milestone means that every

European directive that Gibraltar is required to implement has now been written into local legislation. The development is significant because it signals Gibraltar's commitment to serious governance and compliance with international obligations.

This achievement reflects the priority that the Government has given to this matter since being elected into office on 9 December 2011. In order to achieve this milestone, the Government has recruited and increased the number of legal drafters in the European Union and International Department (EUID) and restructured that Department. I take this opportunity to congratulate Mr Michael Llamas QC, the Government's Chief Legal Advisor and all of his staff on their work which has led to this historic achievement.

Law Courts: Mr Speaker, the past year has seen significant improvements in the performance and services provided by the courts.

The completion of the new building, the provision of additional courtrooms, together with the appointment of a further Puisne Judge and more court staff and the introduction of new administrative procedures have brought about the removal of the backlog of criminal cases waiting for trial dates in the Supreme Court. Furthermore, there has been a complete removal of the backlog of civil and family applications to the Supreme Court that were waiting for first hearing dates.

This Government's increase of staffing to the courts now means that the vast majority of applications receive a first hearing date within five days of application. This is a dramatic improvement on the historical position, where court users had to wait many months to have their application listed. Also, the dates of those first hearings are typically within two or three months of the date of application to the court. Again, this is a dramatic improvement on the delays that the justice system used to experience.

The introduction of the new videolink system between the courts and HM Prison has also introduced further efficiencies to the criminal justice system. The investment in this system has released considerable hours each week for both Prison officers and Police officers, time that can be more effectively used in other areas.

Computer systems and new software: Mr Speaker, in last year's budget I mentioned the benefits that have been seen in the Magistrates' Court as a result of the introduction of the videolink system. The contract for their installation includes a further videolink unit for the Magistrates' Court and additional units that will be added to the Supreme Court. These additional units will give the court the ability to better handle the needs of vulnerable witnesses or victims, so that they can give evidence to the court without the stress of having to physically appear in the court itself. The courts will also be able to handle hearings where a party may be unable to travel to Gibraltar to attend court. Videolink has already been used with a vulnerable witness in a criminal case and has been offered for use in a family case.

To further help the work of the staff in the Supreme Court, a new computer diary system is due to be installed to replace the current paper-based system. Not only will this help staff dealing with enquiries about pending hearings but the system will also be able to give e-mail confirmation to the applicant's lawyers of the hearing

dates set by the court. The daily court list from the new system will also be automatically updated and shown on the display screen in the Supreme Court lobby.

The Gibraltar Courts Service website continues to be developed. Supreme Court sentencing pronouncements are now added on to the website as a matter of course, setting out the details of any criminal sentences set down by the court. This is an important addition in the work to increase the availability of information on the justice system. Further work is also being carried out to look at adding all reportable Supreme Court judgments on to the website, which will be of assistance to the local Bar.

Resourcing the courts: Mr Speaker, in addition to the appointment of the Registrar/ Additional Stipendiary Magistrate to the courts, we have also seen staff added to the courts; bailiffs, ushers and typists, with further administrative staff to be appointed shortly. This investment in additional staff, together with the removal of many of the backlogs from the courts, will ensure that we achieve and maintain the performance improvement we would expect from a modern and efficient court service.

HM PRISON

Mr Speaker, as I have already mentioned, July 2012 saw the introduction of the new video link between the prison and the courts. This has significantly reduced the impact on resources required to manage the weekly escort operations. At times these involved the movement of over 20 prisoners, presenting challenges not only to the prison but also to the Royal Gibraltar Police. It is an excellent example where the introduction of technology can be of great benefit, both in terms of reducing workload and improving security.

The main area of concern for 2012 was the rising prison population. This had risen steadily over the last five years. The average daily inmate population for 2012 stood at around 75 prisoners, the highest on record. Managing such numbers, at times reaching 85 prisoners, can be challenging in many respects.

Interestingly a marked decrease in the average population has been noted since December 2012 and throughout the first quarter of 2013. The average daily inmate population for January 2013 stood at 65 prisoners; the figure for March being 56 prisoners and in May 40 prisoners. For the first four months of 2013 there have been a total of 57 admissions into prison custody. This compares with 94 admissions for the same period in 2012.

Between June 2012 and May 2013 there have been a total of 16 female admissions and 6 juvenile admissions. Juveniles are provided, when necessary, with educational classes by a qualified teacher.

Mr Speaker, some aspects that prison management will be focusing on during the next 12 months include enhancing vocational training opportunities for prisoners, mandatory drug testing and continuing specialist training for prison officers. Some of these initiatives are new and all are necessary and the Government is pleased to support them.

INTERNATIONAL CO-OPERATION

Mr Speaker, recently we had the case of a five year old autistic boy who was reported missing in April of this year. Further to a locally issued letter of request and a European Arrest Warrant, the RGP and other local agencies were able to obtain the assistance of Interpol and the German authorities in order to trace the child and his mother in Germany.

The child has been successfully returned to Gibraltar and is with his father. His mother is under arrest in Germany and is awaiting extradition proceedings in order to bring her back to Gibraltar to face charges of child abduction.

I would like to record my appreciation to all those that were involved in this case, particularly those who worked on the Letter of Request and the European Arrest Warrant, which were instrumental in allowing the German authorities to carry out investigations and locate the child.

ROYAL GIBRALTAR POLICE

Neighbourhood Policing: The Royal Gibraltar Police is operating four District Offices in Glacis Estate, Edinburgh Estate, Lower Castle Road and Witham's Road. Neighbourhood officers work from those offices responding to community issues. The intention and expectation is for these offices to be operated as multi-agency bases in the Community.

Sixteen bicycles have been bought and will be deployed at the district offices. They will provide a versatile and environmentally friendly mode of transport which will enable Neighbourhood Officers to more effectively patrol their sectors.

An extension of the Neighbourhood Policing concept is to engage with the community through Social Media. A revamped website has been launched and a Facebook Page created together with Twitter feeds. All these mechanisms provide virtually instant methods of communication with the public and have had great success. The RGP has pioneered live Facebook clinics in Gibraltar. Six of these have been held, dealing with neighbourhood issues in each of the four areas. The most recent had over 1000 users engaging during the hour long session and over 4000 have viewed the discussion since.

Public Protection: A Public Protection Unit has been set up comprising of a sergeant and two constables. The intention is for the team to deal with sex offender management and offender management. Parallel to this a detective sergeant and two detective constables comprise the Safe Guarding Unit which in liaison with the Care Agency investigates and deals with matters relating to vulnerable children, domestic violence and sexual offences. Officers of both units have received training and secondments to prepare them for their specialist roles.

Marine Unit. Three new vessels have been received and are now deployed operationally by the RGP's marine section. The Sir John Chapple and Sir Francis Richards are two high powered interceptors capable of navigating at high speed and are ideally suited to combat drug trafficking and other illicit activity at sea. The recently acquired Sir William Jackson is a large vessel capable of remaining at sea for extended periods of time and provides a stable and well prepared vessel to coordinate and undertake operations at sea.

The Royal Gibraltar Police has taken delivery of further new equipment to tackle and deter unlawful activity out at sea and especially the dangerous use of high speed craft that has endangered bathers at Gibraltar's busy beaches.

A new jet boat and two jet skis will enable officers from the RGP's Marine Unit to police shallow waters and respond at high speed to anti-social behaviour at sea. The jet boat and jet skis will provide a continued presence at Gibraltar's beaches throughout the summer, alongside the RGP's patrol vessel, the Sir William Jackson, which will act as a base ship.

The jet vessels will act in support of shore based officers policing the beaches and the lifeguards on duty.

Traffic Management. The seconded Highways Enforcement Officers continue to support the Traffic Unit with traffic management at choke points, at the beaches and in dealing with traffic offences and parking issues.

Infrastructure. The installation of CCTV has served as a successful deterrent and is a useful mechanism to prevent and detect crime. The continued future deployment of cameras will further strengthen the RGP's capabilities to combat crime and gather evidence.

The first phase of the Government's Public CCTV Programme went "live" on 10th September 2012.

CCTV cameras are located at:

- Casemates Square;
- the top of Casemates Hill;
- to the east of Casemates covering the Landport Tunnel;
- in the Market Place bus station area;
- covering Waterport Road in both directions;
- Cornwall's Parade also covering Bell Lane and Engineers Lane;
- the top of Castle Steps;
- Irish Town outside Central Police Station; and
- Governor's Street.

The project also involved the laying of a dedicated fibre cable from Central Police Station to New Mole House in order to allow the monitoring of the camera feeds by the Royal Gibraltar Police (RGP) from its Control Room. The cost of the equipment and works was £197,467.02. The Ministry of Justice has worked closely with the

GRA's Data Protection Compliance Manager to ensure that the Public CCTV Scheme meets all obligations under the Data Protection Act.

The installation of the cameras has proved to be an invaluable asset to the RGP in deterring antisocial behaviour and fight against crime.

The RGP has recently procured and is in the process of installing a video wall monitor solution for its Control Room comprising of twelve 46" screens which will allow for the optimum viewing of the CCTV camera feeds. The cost of this is around £53,000.

Following recommendations by the RGP and calls from residents requesting the installation of CCTV cameras in other areas around Gibraltar, the Public CCTV Programme will over the coming months be extended to include Mid Harbour Estate, Catalan Bay Village, Laguna Estate, Glacis Estate, Moorish Castle Estate and Engineer Lane Garden.

Proposals for camera locations within the Government Housing Estates have been drawn up by the RGP and consultation with the Estates' Tenants Associations has taken place.

Mr Speaker, the RGP is currently engaged together with other Criminal Justice partners and Government's IT and Logistics Department in setting up a fit for purpose IT infrastructure platform suitable for the whole Criminal Justice System.

A scoping exercise has been completed and the results will be presented shortly to the Government's IT & logistics Department for consideration. Such a system will serve to improve service delivery within the whole spectrum of the Criminal Justice System.

Training & Professionalisation: The RGP continues to invest in the professional development and training of its officers: a Superintendent has attended the Senior Command Course in Bramshill in the UK and a Chief Inspector has taken part in a Police, Leadership and Management Course with the Federal Bureau of Investigation in the US. Police Cadets have been recruited in a joint initiative with the Ministry for Enterprise, Training and Employment and are receiving instruction in policing and other skills which will serve them in later life, whether in the police of elsewhere.

The Royal Gibraltar Police has this year achieved the Investors in People Bronze Standard and is working to progress to the next level.

Mr Speaker, I would like to take this opportunity to thank my staff and all those that work in my various departments as well as the many professionals in the areas which form part of my ministerial responsibilities, for their hard work and support throughout the year.

Mr Speaker, I would end by referring to a matter which arises from the work of an inter-ministerial committee of which I form part – the small boats marina.

The previous administration promised in 2007 that they would provide additional berths for small boats. They provided none whatsoever by the time they were removed from office in December 2011. In fact, there were some boats which were forcibly removed from the sea by the previous administration and placed on land. There were therefore less boating enthusiasts who were able to enjoy their small boats at the end of 2011 than there had been in 2007.

In our manifesto, we promised 700 new berths for small boats – and that is precisely what we are going to deliver before the next elections are called. There will be 400 berths for six-metre boats and 300 berths for eight-metre boats. In addition, we will create around 500 metres of new wharfage together with a public promenade for the whole of the community to enjoy.

All the necessary studies, including an environmental impact assessment, have been carried out and the matter has been referred to the DPC. I expect works to commence on the new marina in July with completion in two years.

In the course of drawing up plans for the new marina, we have met and consulted with all relevant stakeholders. Since we announced the project, we have met again with representatives of the Mediterranean Rowing Club, the Calpe Rowing Club, the Gibraltar Amateur Rowing Association and the Royal Gibraltar Yacht Club. Following these discussions we have modified the entrance to the marina to ensure that there are separate dedicated channels for rowing and sailing boats on the one hand and motor boats wishing to access the new marina on the other. Motor boats berthed at the new marina, therefore, will have a separate demarcated channel to that used by boats from the rowing and sailing clubs.

The new marina is but one of the many commitments we made in our manifesto. We have already completed more than 200 of those commitments with many others being either ongoing or about to start. It was undoubtedly an ambitious manifesto but one which we were sure we could deliver.

Our manifesto was said by our political opponents to be too ambitious, that it could not be delivered, that it was unaffordable.

The work we have already done and that which will be done during the forthcoming year shows that what we have promised is being delivered, can be afforded and with money left over as the Chief Minister has announced in delivering this Budget.

All of this is part of this Government's aim to bring about a positive and long lasting change to Gibraltar.

In my address, I have talked about progress, achievement, and this Government's commitment and willingness to invest in our future, and the future of our children.

We are all as excited today about the work we are doing for Gibraltar as we were on 9 December 2011 when we took office. I am grateful to the people of Gibraltar for their trust and for allowing me and my colleagues the opportunity to get on with the serious business of not only making Gibraltar a world class jurisdiction for business, but also a safe, socially inclusive and diverse homeland, to be enjoyed by its people,

visitors and friends.

Thank you