



HM GOVERNMENT OF GIBRALTAR
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BUDGET SPEECH 2013

**BY THE MINISTER FOR TOURISM, COMMERCIAL AFFAIRS, TRANSPORT AND
THE PORT,
THE HON NEIL F COSTA**

Mr Speaker, it is always with a great deal of anticipation that I stand to deliver my Budget Address. As this House knows, this is my sixth Budget Speech and my second as Minister for Tourism, Commercial Affairs, Public Transport and the Port. Mr Speaker, without an ounce of exaggeration, I can tell this House, that it has been an absolute privilege and honour to be able to continue to serve our community during this last financial year in the areas of responsibility entrusted to me by the Hon the Chief Minister. And what a productive year it has been, Mr Speaker!

It is in order to be able to highlight the most important aspects, as well as making the relevant announcement for this year financial year, that I intend to take each of my constitutional responsibilities in turn.

In the first place, I address Consumer Affairs.

CONSUMER AFFAIRS

As the public may recall, the Department of Consumer Affairs became part of the Commercial Affairs portfolio in June of last year. The allocation of this responsibility under the auspices of my Ministry Mr Speaker, is in pursuance of a central plank of

the Government's manifesto, to establish an Office of Fair Trading. This House may also recall that Ken Kinrade, the retired Chief Executive Officer of Fair Trading and Trading Standards Office of the Isle of Man, was invited by my Ministry to travel to Gibraltar to assess our legislative, regulatory and infrastructural architecture to advise the Government on how best to proceed to establish an Office of Fair Trading in Gibraltar.

During Mr Kinrade's visit in January of this year, he, together with Mrs Maruchi Risso, the Director of Consumer Affairs, met with the Chamber of Commerce, the Gibraltar Federation of Small Businesses and other relevant persons with an interest in commercial affairs. Apart from a fact-finding mission, Mr Kinrade was also provided with two Briefing Documents from the Trade Licensing Authority and the Consumer Affairs Department, which contained recommendations as to the functions that should be undertaken by an Office of Fair Trading/Trading Standards Office and how it might be structured.

It therefore pleases me greatly Mr Speaker, to confirm that the first draft of this critical piece of business legislation is ready and has already been forwarded to the Chamber and the GFSB for their comments and proposed revisions. Whereas I will of course make a full announcement at the appropriate juncture Mr Speaker, this legislation will not simply establish the Office of Fair Trading – it will also, just as importantly, address a perennial (and rightly so) bugbear of the business community, which is the need to form a one stop shop to make that quantum leap that Gibraltar requires in commercial matters to make her even more attractive not just to potential foreign investors but persons locally who wish to set up a business. A crucial step in the Government's drive to foster entrepreneurship. In a legislative embarrassment of riches Mr Speaker, the proposed Bill will not stop there either. The Bill will also, and once and for all, redress another major complaint of the business community, which is to modernise and overhaul the Trade Licensing system. Once the GFSB and Chamber revert with their comments, the draft Bill shall be presented as a Command Paper for wider public consultation, after which the Bill will be presented to Parliament.

Laws without enforcement can, on the main, prove pointless. As a result, it is the intention of HM Government of Gibraltar to provide the Office of Fair Trading with the adequate and necessary resources.

At this point Mr Speaker, it is right that I should applaud the tireless work of the staff at the Department of Consumer Affairs. It is unquestionable that they undertake a wide range of duties, providing a high level of service under historically less than ideal circumstances and are nonetheless committed to doing their very best for consumers and in assisting the retail industry. To this end they are also responsible for calibrating all the petrol stations and supermarkets in Gibraltar as well as dealing with between 600-800 consumer cases a year.

This year the Government brought in the Indication of Prices and Invoicing Rules in April 2013 and bearing a short leeway to Traders this will make shopping for a good deal in Gibraltar easier. We hope to have traders exhibiting prices in shop windows as well as in shops.

The Small Business Board, which I established last year, has met various times and identified various problems facing small businesses in Gibraltar. We continue the process of discussion and seeking solutions to difficulties raised and we expect to be in a position soon to make various recommendations to the Cabinet.

As Minister for Commercial Affairs, I can say on behalf of the Government, that we are fiercely committed to increase, wherever possible, the opportunities available to entrepreneurs while ensuring that the ultimate consumer is properly protected. I therefore very much look forward to elaborate and progress discussions within the Small Business Board. The public will also remember Mr Speaker that as a result of matters raised at the Small Business Board, my Business Support Unit held two seminars on indication of prices and will soon hold its fourth one on exploring solutions to the challenges posed by on line sales.

The Trade Licensing Section, which is part of my Ministerial remit, has had their historical computer problems resolved. As the House will recall, the GFSB is now

represented on the Trade Licensing Authority in order to correct another historical issue.

I turn now, Mr Speaker, to my transport responsibilities, in general, and, in particular, the Gibraltar Bus Company.

The House may recall that in 2012, the Government advertised the Pre-qualification of the tender for the Eco Friendly Buses. Out of the companies that applied for this tender, and as part of the second stage of this process, two companies were selected as meeting the requirements of the tender.

As the public will have witnessed for themselves, buses are being tested on our roads. Once this stage of the process is complete, the Tender Board will make its recommendation to the Government. Mr Speaker, I eagerly await the day that we will be able to announce the successful completion of the tender process and replace the current fleet with environmentally friendly vehicles.

It pleases me to note Mr Speaker, that on the recommendations from the Directors of the Company and the Managers, the Bus Company has reduced the costs of wages and salaries preparations by transferring this area of activities to the Treasury. Electrical Works conducted by a sub-contractor are now undertaken by GIB Elec.

Mr Speaker, I am sure that the whole House will have welcome the introduction on 18 of July of last year of the new Route 7 to meet the demand for a service to Mount Alvernia – the route has certainly been welcomed by the visitors, residents and the Mount Alvernia Trust. Following more feedback from the users of this route, on the 31st of July 2012, the Bus Company extended the route to service Line Wall Road thus making it more accessible to other bus users who visit this area. Mr Speaker, on the 20th of March 2013, the Bus Company also introduced a brand new bus, a Ford Transit Trend Mini Bus to service this route.

In August of last year new bus routes were introduced – Mr Speaker, the new routes received overwhelming approval from the general public save for representations on two specific routes. In furtherance of this and based on the recommendations from

the Directors and the Managers, these comments were taken on board and in September 2012 routes 8 & 9 and were introduced. These 2 new routes have proved to be very popular with our users, and, the record shows that by introducing them it has eliminated many complaints received by the Bus Company over the chronic delays of the route 4 Bus.

Mr Speaker, the second representation stems from residents of the South District and I can also confirm that they will very soon see a solution to the various representations received. I hope to be able to make an announcement later on this same month.

Further Mr Speaker, in order to improve communication with the public, the Bus Company introduced a user friendly website that is constantly updated. It has added a totally new concept to our users with its feedback section and it has also seen the introduction of a Face Book page that has interactivity between the website and vice versa. Additionally, facilities for the mobile-optimised version of the Company's website can be accessed by most smart-phones.

In addition Mr Speaker, and as pledged at my last Budget Speech, a new Bus Shelter was installed at the Shorthorn Estate Bus Stop in April of this year.

Further still Mr Speaker, following representation from the Senior Citizens Association, two new Bus Stops, inclusive of Shelters, were installed in both directions in the area of Bishop Canilla House. This has made this area more accessible, not only for our elderly, who, either reside at, or visit this area, but also to other users of this bustling commercial sector of Gibraltar.

In turning to taxis, the House will note the Government's publically stated commitment to work with the Gibraltar Taxi Association to resolve their concerns and improve the service available to the community. The work done is well underway and tests have established the effectiveness of the newly incorporated taxi-meter against a modern, reliable and cost effective dispatch system. These tests will establish communications between the vehicle and a central office. The installation of these

newly incorporated Taxi meters will also allow all the vehicles job details to be tracked.

As part of Government commitment to further improve the Taxi Service, a joint effort between the Ministry of Transport and Traffic will see the deployment of several transport inspectors. These officers will be seconded to the Driver and Vehicle Licensing Department and will be trained not only to police and ensure an improved Taxi Service, but to guarantee that other modes of transport such as Buses and Heavy Good Vehicles adhere to all regulations and safety requirements.

In addition, the Government, in close consultation with the GTA, has also established a client charter. This document will be placed in every Taxi rank to ensure transparency and the right to information to all.

The Committee of the GTA and I Mr Speaker, are quietly confident that all of the above measures, in addition to the legislative changes that I will announce shortly, will address the lack of proper city service at certain times. If it does not Mr Speaker, we will return to the table to see what changes will need to be made. It goes without saying, however, that we have met as many times as we have felt necessary to produce what we think will immediately produce a workable solution. What this Government will not do Mr Speaker, is to do nothing to resolve the situation by trying to find solutions with the GTA and, then unnecessarily, threaten to issue more taxi licences on the eve of a general election and then do sweet nothing for the next four year.

As the Minister responsible for Transport, I wish, from this House, to acknowledge, support and applaud the Gibraltar Taxi Association and other entities' efforts in working with Government to ensure that the general public, both residents and visitors alike, benefit from an improved taxi service. It is important that we do not forget that taxi drivers are important tourism ambassadors and play a key role in Gibraltar's tourism industry. In this respect, I can say that I have found in the GTA and in the individual members that I have met, willing participants in furthering the aim of the Government to provide an effective and reliable taxi service.

Mr Speaker, on that note, I now refer to my responsibilities for the Gibraltar Port Authority and the Gibraltar Maritime Administration.

Gibraltar Maritime Administration (GMA)

Mr Speaker, these are exciting times for the Gibraltar Maritime Administration.

I am pleased to report on the successful progress of the Gibraltar Maritime Administration, which, despite the global economic downturn, continues along a path of steady growth in terms of its overall fleet and resources.

I turn first to the **Gibraltar Ship Registry**

Mr Speaker, as I have previously noted and in a clear sign that the Government's new marketing strategy of the Maritime Administrator travelling to personally meeting ship owners is certainly working the number of commercial ships on the Gibraltar Ship Register increased by 5%. In other words Mr Speaker, meet owners face to face had an immediate effect in attracting new vessels to Gibraltar. In fact, 2012 was a record year for new registrations, with 58 brand new vessels. This trend Mr Speaker appears to be continuing with 22 new ships registered as at the end of May. Significantly Mr Speaker, the overall Gross Tonnage jumped nearly 50% in one year, from 2.1 million in December 2011 to 3.2 million in December 2012. The current overall Gross Tonnage now exceeds 3.5 million in April 2013. Larger, high value ships are now being registered on the Gibraltar flag, attracted by the quality services being offered not just by the GMA, but the local ship representatives and financial institutions.

Crucially Mr Speaker, I must point out that, notwithstanding the increase in number of vessels and tonnage, the quality of the fleet is being maintained, with an equivalent number of vessels turned down in pre-registration in the last year, as they did not meet the high standards of the flag.

Furthermore, the mean average age of the commercial fleet remains at nine years, despite the increase in numbers. This is indicative of the number of newer vessels being brought over.

GIBRALTAR YACHT REGISTRY

The Gibraltar Yacht Registry continues to make its presence felt in terms of marketing and fleet growth. My Ministry with the GMA is developing a comprehensive marketing strategy for the Yacht Registry, which includes the creation of a new website dedicated to yacht registration as well as participation in a number of international yachting events, including an exhibition at the Monaco Boat Show and technical discussions at Yacht fora in Malta and the Netherlands.

It pleases me to note the positive feedback that has been received from potential new clients of large yachts and my Ministry working with the Yacht Registry is in the final preparations of introducing two new products:

- a) a new fee regime for the Registration of very large Mega Yachts; and
- b) the Registration of Yachts Under Construction.

It is also very gratifying Mr Speaker to note that the number of yachts on the flag now exceeds 800, with an increase of 5.5% over the last twelve months. The Yacht Registry has tremendous potential in terms of commercial growth and Government is keen on facilitating its development. Future proposed developments will include the availability of online payments for yacht registration services; this will be one of the first departments to offer this, in line with Government's new e-payment system.

Mr. Speaker, the GMA has enjoyed an increase in staff resources over the last twelve months; three new Marine Surveyors have joined the fold and one additional Engineering post has recently been advertised. The Department has also taken on two Trainee Marine Surveyors, emphasizing our long-term vision for the development of the maritime cluster in Gibraltar. It is with great personal pride Mr Speaker that I can say that in spite of the fierce competition for these vacancies, all of the new highly-qualified Surveyors are Gibraltarian, as are the trainee surveyors. While more

surveys were delegated to the recognised classification societies, increased monitoring of these organisations has continued to ensure the overall quality standards of the fleet are being maintained.

Seafarers Section

Mr Speaker, it is also to be noted that the Seafarers section issued over 2,200 Endorsements to Officers serving on Gibraltar-registered ships. This is an important aspect of maintaining the safety and maritime protection standards expected on board the ships of the fleet. The Provisional Endorsements, which are issued on line, is completed within 24 hours. The Seafarers' certification section of the GMA is another success in terms of revenue collected and quality of service.

Furthermore, Mr. Speaker, we have a new Maritime Administrator, also the first Gibraltarian to hold the post, it must be noted. This highly-qualified officer has over fourteen years' experience in the maritime industry and has progressed through the government system. The previous incumbent, Alan Cubbin, was a tremendous asset to the department and his successor will build on these solid foundations, the main objectives of which are to ensure the highest standards of quality, safety and protection of the marine environment are being maintained. I am sure, therefore, that all Honourable Members congratulate Mr Richard Montado to the post.

Gibraltar Port Authority

The financial year 2012/13 has been particularly successful for the port when, despite the financial pressures on shipping generally, revenue has shown a 3.7% surplus on the estimate bid; £6,801,518 against an estimate of £6,556,000. Pursuant to a manifesto commitment, a review of port charges was undertaken at the end of the last financial year and the decision was made to retain the existing tariff.

In fulfilment of further manifesto commitments, work continues to improve port facilities and infrastructure including the provision of enhanced facilities for

operational personnel. A new messroom and facilities for launches and crews is being provided by adapting the old ferry terminal at Waterport. As well as welfare facilities for crew, this site will also provide berthing and workshop facilities for craft.

It pleases me to announce today in this House, that a site for a new port administration building, incorporating improved accommodation and a better location for VTS including a lookout, fulfilling another manifesto commitment, has been identified and architects drawings have been produced. This will represent a substantial injection of capital investment in the port in order to fulfill yet another critical manifesto commitment to stop the chronic underinvestment in the port and, instead, to substantially invest so that the port may continue to operate successfully, enhance its global reputation and generate revenue.

In addition, moving the port administrative and VTS centres away from the port will also free up valuable land within the port estate for operational use.

Work is underway to identify a suitable site and commence the investment in human resources in order to be able to reinstitute the reporting berth.

Introduction of a port-wide closed circuit television system is now complete and underpins enhanced safety and security through much improved surveillance of the critical areas of the port estate.

Work to improve the resilience of business systems within the port is nearing a landmark stage with the successful implementation of an upgraded and robust computer system. The introduction of an electronic Vessel Management System will further enhance capabilities and will allow ships' agents to input data remotely in order to provide the most recent information on a vessel's movements.

In line with the importance the Government attaches to its environmental obligations, an Environmental Health and Safety Advisor post was created and a Gibraltarian was successful and has been appointed to provide impetus for building a robust

Environmental, Health and Safety culture within the port and provide support for compliance with marine environmental legislation.

As further proof that in this Government every Minister is a Minister for the Environment, (although none of us pretend nor presume to have the expertise of the Hon John Cortes), this House will remember that in January of this year I enacted regulations to ban STS operations being carried outside British Gibraltar Territorial Waters in a concerted drive to enhance the supervisory control of the GPA over port operations.

The House will also recall that an Act and Rules were enacted to increase fines for pollution offences at the Magistrates Court with a fine up to £250,000 and to an unlimited fine on indictment – real deterrence Mr speaker and incontrovertible proof, if any further were needed, that we, on this side of the House, take our duties to our world very seriously.

The commitment to review and upgrade the oil pollution response organisation is well underway and as a result a new Vikoma Alligator skimmer, capable of being effective in the recovery of a wide range of oils in the most demanding of weather conditions, has been purchased. This will augment the equipment already held. Research continues into ways in which the threat of oil spills from vessels outside British Gibraltar Territorial Waters can be detected early and appropriate action can be taken. Relationships are being developed with the aim of producing a coherent plan for the deployment of stakeholder's assets in the event of a pollution event.

This year saw a landmark in the commitment of the port in supporting the Government's Green Agenda when the Gibraltar Port Authority became an accredited member of the Green Award Scheme. The scheme, administered in the Netherlands, seeks to reward responsible ship owners who commit themselves to having their vessels audited to stringent standards, by recruiting partners as "Incentive Providers". The Port Authority has elected to provide a 5% discount on port dues for ships certified under the scheme.

In his speech Mr. Fransen, the Managing Director of the scheme said: “The Port of Gibraltar’s view fits very well with the Green Award’s Philosophy. When such a major bunker port as Gibraltar practices its Corporate Social Responsibility through participating in the Green Award scheme, it does make a difference and motivates safe and environmentally conscious shipping.”

The Port of Gibraltar is the second port this year that offers new incentives to seagoing vessels holding the Green Award certificate. A total of 31 ports have now earned the Green Award. With the port of Gibraltar being a major bunker port and the gateway to the Mediterranean, the port’s decision to grant incentives to ships the highest safety standards of which are confirmed by the Green Award certificate, motivates more ships owners to invest in improvement onboard.

A major project has commenced to provide sufficient small vessel berths to accommodate 700 vessels in accordance with another manifesto commitment. The marina will be constructed in the mid-harbour area and will incorporate 400 six-metre and 300 eight-metre finger pontoon berths. The marina will have electrical and water points, secure entry to the pontoons and CCTV security cameras. The construction will be a caisson vertical wall design wharf which will also provide 480 metres of new outer wharf berthing for large vessels and super yachts. This will be the first time in recent history that new commercial wharf facilities have been constructed in Gibraltar. There will be two lanes for traffic, a roundabout at the end of the wharf, a public promenade and parking for over 50 cars and for motorcycles.

As the first stage of an ongoing project to review and bring up to date legislation relating to the port, work is continuing in conjunction with the Pilotage Authority to review the legislation concerning marine pilotage, including the issue of Pilotage Exemption Certificates in anticipation of new European legislation on the subject.

Stakeholder engagement continues to be built upon with fora being developed to represent commercial and leisure activities.

A strategy for marketing the port and its activities is being developed with a greater emphasis on face-to-face meetings and the development of relationships with industry stakeholders .

TOURISM

Mr Speaker, I now turn to tourism, in a year that has been satisfyingly dynamic.

My efforts and those of the team at the Gibraltar Tourist Board and their colleagues at Gibraltar House in London have been tireless in pursuing our responsibility to deliver more visitors to the Rock, market the destination effectively and make product improvements. In tandem we have encouraged the private sector to take more initiatives and to work in closer partnership with HMGOG. I am happy to say that the results are there for all to see.

AIR SERVICES

Let me start with air services where we have shown tremendous progress. Despite the loss of services from Liverpool and East Midlands Airport, the Government acted swiftly to address the situation and worked closely with Monarch Airlines to encourage services to resume from the Midlands, with the airline starting flights from Birmingham as from March of this year.

We were also able to delight in the news that, following a series of meetings that the Chief Executive of the GTB and I held with BA, BA decided to increase capacity to the Rock as from last winter, by scheduling two extra services at the weekend. These are set to continue through this summer and next winter. Indeed we are working hard to argue the case for additional capacity from Heathrow, where we believe there is potential for further growth.

As part of the on-going support for airlines and in association with BA, the GTB held an event at Gibraltar House in London to specifically promote the extra weekend services. The event is one of many that the GTB would like to host in this intimate setting, to target travel agents that are an important part of the booking process for the airlines.

Flights from Manchester have also risen to four flights per week in the current schedule and will remain at three flights per week for next winter.

I am pleased to report that EasyJet will also continue to lay on extra capacity from London Gatwick in the peak summer months.

It will therefore be a busy summer for the airport with more than 1,800 flights and 300,444 seats available to 5 destinations until the end of October. For the first time on one day, namely Sundays, the airport will enjoy 7 flights. This is very encouraging Mr Speaker, but I will not be satisfied and I will not rest until Gibraltar enjoys better connectivity with the United Kingdom and we start connections into mainland Europe.

To that end, we are working very hard to encourage our existing airline partners to add new routes from the UK and other countries and are in hot pursuit of new airlines and new routes from European destinations.

I now turn Mr Speaker, to an important aspect of the tourism sector, the cruise industry.

CRUISE INDUSTRY

Mr Speaker, not least given the very recent misleading and blatantly partisan comments on social media, by at least one supporter of the GSD, I need to place the 2011/2012 financial year in terms of cruise calls in its proper context. When this Government came into office on 9th December 2011, we were faced with the scenario where only 170 cruise calls were booked for 2012, down from 186 calls in 2011. As those that are familiar with the cruise industry will categorically tell you,

cruise calls are planned approximately 9 to 12 months in advance. As a result Mr Speaker, the number of cruise calls for 2012 was already well and truly cast by December 2011, when we were elected into office. Those who support the party opposite should therefore try to be honest when insinuating that the drop in number in 2012 was somehow the fault of this administration - it was not. Then again, Mr Speaker, why allow the facts and reality to get in the way of trying to denigrate the Government, it never has to date.

Nonetheless Mr Speaker, having pursued a vigorous policy of one-to one meetings and building up strong personal relationships with the industry, I am pleased to report that 2013 will see calls scheduled to rise to 186 calls with passengers numbers also anticipated to rise. We must also consider that ships do carry a large crew complement, some of which also come ashore and avail themselves of Gibraltar's facilities and services. In 2012 the cruise ships calling at Gibraltar carried 291,880 passengers and 122,930 crew members. This year Mr Speaker, estimated passengers are 300,712 and crew members are 36,620 to date.

In an encouraging sign, as at Friday last week, there are 170 calls already booked for 2014 with surely more to follow. This evidences the undebiable fact that some cruise liners book their calls sometimes more than 1 year in advance.

Some of the great news this year was the announcement by Thomson Cruises and Island Cruises that their calls to Gibraltar for the winter 2013 and summer 2014 programme will increase by 33%. The announcement came in an interview for the press carried out by Neil Duncan, General Manager – Marketing and Planning of Thomson & Island Cruises whilst on a visit to Gibraltar, accompanied by Jacqui Nobile – Port & Shore Excursions Operations Manager for Thomson & Island Cruises.

Pullmantur Cruises also announced the return of their important product aimed at the French cruise market. In 2011 Pullmantur calls had fallen to 2 from 4 in 2010. A total of 2 calls were scheduled for 2012 but after a direct meeting with the company in FITUR calls increased to 5 scheduled for this year and, so far, this company has 13 calls booked for 2014. Good news indeed Mr Speaker, although undoubtedly a

bucket of ice cold water to those who mischievously wanted to paint an inaccurate picture.

This year, I have held meetings with senior cruise executives in the UK and dispatched two of my very able senior officials with experience in the field to Miami to continue with the Government's strategy of marketing on one-to-one basis. We are certain that personal contact and an exchange of ideas with the itinerary planners and shore excursion decision makers is vital if we are to maintain the levels of cruise calls we enjoy today.

We have also ensured that as many senior executives from the cruise companies as possible visit Gibraltar and experience our legendary business hospitality. Since early 2012 we have held meetings here with Pullmantur, Thomson and Island Cruises, Viking Ocean Cruises and Carnival Cruises. We are scheduled to meet with Saga Cruises later this very week.

Another area being actively pursued by my team and I is the provision of turnaround cruise business in Gibraltar and we have already presented a comprehensive study to this end to some of the major cruise companies. Whilst taking note of the concerns raised by the cruise operators, we will be tireless in our pursuit of this opportunity.

We were delighted to learn last year from the team at Azamara Club Cruises, through their agents in Gibraltar, M H Bland, that we were being given the opportunity to host an AzAmazing evening. We were then further overjoyed to hear that once was not enough for Azamara and that a second AzAmazing would take place in Gibraltar. Having been disappointed at the arrangements being made at a Spanish cruise port of call scheduled to host the event on 30th April, Azamara Cruises visited the GTB at the World Travel Market and asked if we could take on another event, which we clasped with both hands putting Azamara Cruises in no doubt of HMGOG's commitment to the tourism industry. This event was co-hosted by the GTB, M H Bland and the cruise line. I can also doubly confirm, Mr Speaker, that despite some additional blatantly partisan misinformation on a certain social networking site, HMGOG did not pay for the excellent fireworks displays that took place on the two occasions that the Azamara Quest was in port. This was a generous gift from

Azamara Club Cruises to its passengers and indeed for all in Gibraltar to enjoy. Of course, once I made clear in a press release that the tax payer had not funded the fireworks, they then complained of the time at which the fireworks display was held. Quite touching, really that they should feel so desperate.

In any case Mr Speaker, these events have gone a long way in cementing a relationship with this cruise line by showing a willingness to be proactive and will no doubt result in further events like this taking place in the future. Indeed I can confirm that Azamara Club Cruises have already been in contact to plan their AzAmazing evening for 2014.

The passengers on board the Azamara Quest were one of the first to enjoy improvements made at St Michael's Cave. Azamara Club Cruises called at Gibraltar 3 times in 2011, there were 5 calls in 2012. A further five were scheduled for 2013 but this has risen to 6 due to the extra visit that took place on 30th March.

IMPROVEMENTS TO THE VISITOR ATTRACTIONS

If there was ever a signal that Her Majesty's Government of Gibraltar is a great supporter of the tourism industry, it is the unprecedented investment currently being undertaken in the visitor attractions.

Works have already been completed at the Great Siege Tunnels, Moorish Castle, the 100 Ton Gun exhibition, St Michael's Cave, Jews' Gate, Apes' Den, the Gibraltar Cruise Terminal and Waterport Fountain along with minor works at other locations.

In particular, attention has been given to providing enhanced or new accessible facilities. This has included the refurbishment and provision of toilet facilities and improved access at St Michael's Cave, including the provision of a specialised lift at the new entrance to enable guests to view the Cave from the first landing.

Facilities have been installed for those with impaired hearing and the Gibraltar Tourist Board is now also looking at providing enhancements for visitors with impaired vision.

This year has also seen the renovation of the much-loved Devil's Gap footpath. The works have made the path more accessible in a similar way to what has been done at Mediterranean Steps. Our colleagues at the Ministry for the Environment have also been busy bringing further improvements to the Upper Rock to improve the landscape.

We are also in the process of installing new signs on the Upper Town area. These are designed to provide clear directions for those walking to and from the Upper Rock in this area and therefore assist our visitors in finding their way to the marvellous attractions within the Nature Reserve. I must point out, Mr Speaker, that this particular exercise is to be carried out following a suggestion by a citizen of Gibraltar and reflects this Government's continuing consultation with the public, and that we are more than happy to action suggestions where possible and which we think add value to the visitor experience. I must stress Mr Speaker that this is just one example of this.

OTHER INITIATIVES

The Government has also given its support to the arrival and installation of HMS Pickle as a tourist attraction in Gibraltar. HMS Pickle is famous for the role she played at the Battle of Trafalgar from where she sped home to deliver the news of Lord Nelson's death and the British victory to the King in London. The Government warmly welcomes new attractions and initiatives from the private sector.

Other activities spearheaded by the GTB have included the launch of the Heroes Welcome Scheme in Gibraltar last January. The scheme encourages local communities to show their gratitude for members of the Armed Forces by having the option to offer deals and discounts to servicemen and women.

At the end of March and for a few weeks subsequently, several injured soldiers will be visited Gibraltar, courtesy of a charity called 'Give Us Time'. This is a charity founded by former UK Defence Secretary Dr Liam Fox to provide holidays for soldiers recently returned from operational duties.

These soldiers require quality time with their families in order to reintegrate into family life and to recuperate after six difficult months apart. The Government was pleased to support this initiative.

In co-operation with M H Bland, Monarch Airlines and the GTB, a group of school children visited Gibraltar for the day on 24th April, in what proved to be a great event for those involved and an educational trip that the children will no doubt remember for the rest of their lives.

EVENT-LED TOURISM

One of the most anticipated events this year, and one very close to my heart as an A-level student of English literature, will be the first Gibunco Gibraltar International Literary Festival to be held in October. The Festival follows the Government's policy of encouraging event-led tourism in a bid to drive more visitors to the Rock, off peak season, and to firmly place us in the field of quality international events.

I am particularly pleased to see the great support we have received from private sponsorship, signifying a willingness on behalf of these companies to work in partnership with the Government and sharing a vision for success with these events. I have no doubt that this prestigious Festival will do much to promote Gibraltar as one of the most dynamic city states in the world.

THE UKGTA

Also bearing fruit is the continuing work done by the United Kingdom Gibraltar Tourism Association (UKGTA) and the team at Gibraltar House in London, with UK tour operators.

In February, Superbreak, one of the tour operator members of the UKGTA, announced that for the month of January they were 263% up in bookings (revenue) for Gibraltar against January 2012 – with an additional 300 clients booked in the

month. I am pleased to say that the feedback from most of the operators to Gibraltar from the core source market remains positive.

Yet another UK tour operator, featuring Gibraltar as a destination reported an increase in sales this month. The announcement was made by Cresta Holidays that are part of the Thomas Cook Group and are members of the UKGTA. The news came just before the last meeting of the UKGTA in London. Earlier this month, Cresta Holidays reported encouraging performance from their Gibraltar programme so far in 2013, currently trading at over 7% up year-on-year. This performance improved further and the four weeks prior to the meeting of the UKGTA trading stood at plus 23% versus the same period in 2012. Cresta added that Gibraltar is an area in which the company has seen significant growth and that they were sure that this would continue.

ROAD SHOWS/EVENTS/EXHIBITIONS

The GTB has held successful road shows in the UK aimed at the catchment areas around the airports with which Gibraltar has connections. An event was held in Birmingham earlier this year to promote the start of services from this airport to Gibraltar by Monarch Airlines. At the beginning of June a very successful road show, attended by 102 agents, was held at the Waldorf Hilton Hotel in London. This road show was aimed particularly at the London airport catchment areas in support of British Airways, Monarch Airlines and easyJet. The road show proved so popular that a wait list was in place for agents wishing to attend the event, this being the first time that this has happened.

Marketing continues apace in the UK with a campaign in the media and jointly with members of the UKGTA and local industry partners. We have actively encouraged our partners to contribute to the marketing and advertising campaigns in the UK, in particular for niche markets such as for conferences and meetings and the weddings market. In respect of the latter, the GTB has now set up a weddings committee which will meet regularly so that all those selling this product can work together to improve on the services on offer.

We have paid particular attention over the last year to the formula for attending trade fairs. In a drive to maintain costs at the same levels as in previous years and indeed reduce them, an effort to curtail stand build costs has been made and stand designs have reflected the needs of the users.

We have therefore managed to drive costs down substantially in some cases, such as with the WTM where in 2007, at its high peak, just over £68,000 was spent on this exhibition compared to just over £30,000 spent in 2012.

I have personally held post mortem analysis sessions after each event with co-exhibitors to fully appreciate their feedback and incorporate this into the work of the GTB at these events whilst maintain costs down. The co-exhibitors are therefore doubly encouraged on seeing that their views are taken in to account and incorporated into the exhibitions.

In addition the attendance at the fairs by Miss World 2009 and the Gibraltar History Alive Group has added colour and dynamism to the GTB's attendance at these events. We have ensured also that the time is used to hold as many meetings with industry partners and prospective customers at possible. This year's attendance at FITUR in Madrid was acclaimed by the co-exhibitors as one of the best ever. We shall endeavour to bring these improvements to attendance at the WTM and any other trade fairs or consumer events that the industry urges us to attend.

Last year at the WTM I made full use of the resources available to tourism Ministers and their officials, attending the Minister's summit that proved to be very useful in understanding industry trends and learning how governments and tourist boards can support the industry.

This year the GTB also exhibited for the first time at the IMEX trade fair in Frankfurt. Members of the GTB team have attended on an observer basis only, on two occasions in the past. This event is specifically aimed at the Meetings Incentive Conference and Events markets, commonly known as MICE. Gibraltar is ideally placed to host small to medium sized events in this category and it is vital that the GTB supports local industry partners in pursuing this market. Despite only having a

small stand this year, the event was wholeheartedly supported by the industry in Gibraltar.

The GTB also formed part of the Meet & Talk Forum, which was held in Gibraltar and organised by the Bland Group. The forum brought together top agencies and meeting planners from the UK and Europe specialising in the MICE markets.

In April the GTB was also present at the Marrakech FIA World Touring Car Championship Event. The Chief Minister and I led a delegation to this event and hosted a stand there. The event served to highlight the recent changes in Gibraltar's immigration rules, encompassing HMGOG's relaxation of visa requirements for Moroccan Schengen multiple entry visa holders and the Government's desire to develop modern tourism, trade and business links with the Kingdom of Morocco. As at 20th June, 1549 Moroccan visitors have availed themselves of this scheme.

NEW MARKETS

The GTB is therefore now pursuing new markets. Germany in particular is a country holding great potential in outbound tourism for Gibraltar. Last March I approved a visit to the ITB fair in Berlin by two members of the GTB's team, on a fact-finding mission. This visit has been instrumental in setting up contacts and in helping the GTB to gain a feel for this market.

China and Russia are two very exciting areas for growth. Last year HMGOG introduced a visa waiver programme for Russian nationals wishing to visit Gibraltar for the day on an organised day trip.

I am pleased to say that as at 20th June, 3327 Russians have visited Gibraltar because of this initiative.

In April the GTB participated in the World Travel Market (WTM) Vision Conference China and exhibited at the China Outbound Travel and Tourism Market (COTTM). The WTM Vision Conference brought together senior tourism officials and travel professionals from all around China and other parts of the world.

NICHE MARKETS

The GTB also continues to pursue niche markets. In particular bird watching is of significance and a group of tour operators and journalists specialising in the field visited Gibraltar recently, following an initiative taken by the Bland Group of companies.

THE TOURISM ADVISORY COUNCIL

The expanded Tourism Advisory Council has already proven very useful in advising us of issues affecting the industry and after a year I have asked some members to step down and invited new individuals to be a part of this forum.

BEACHES

As far as our beach facilities are concerned, I can safely say that HMGOG has so far provided these in an unprecedented manner. Last year we initiated weekly cleaning of all the beaches from 1st February, laying of all walkways from mid-May, the purchase of new lifeguard boats and the employment of senior lifeguards.

This year the initiatives include:

1. The purchase of three extra boats with engines for the lifeguards to cover the service in all our beaches.
2. The provision of a lifeguard weekend service as from 11th May, with a full lifeguard service as from 8th June.
3. The beach facilities, including showers, have been available as from 6th April.
4. External showers have been provided at all beaches.
5. A new beach umbrella store has been provided at Camp Bay.
6. A new toilet/changing room unit, including showers, has been provided at Western Beach.
7. Improved accessible facilities have been provided at Camp Bay.

8. A new walkway has been provided at Catalan Bay to provide easier access from the car park to the beach.
9. Jellyfish booms have been provided on a trial basis at all the beaches.
10. Waterpark at Western Beach.
11. Accessible facilities have been improved at all the beaches.

Of particular importance is the re-generation of Sandy Bay, which is now in progress. As announced earlier this year the works involve major coastal protection and beach re-generation with the construction of curved groynes and sand replenishment. This will once and for all undoubtedly bring improvements to this much neglected and popular beach.

INFORMATION TECHNOLOGY

I was very pleased to have seen the launch of a new website for the GTB in December of last year. The new site has brought great improvements to the on-line information available to visitors and the site is compatible with tablets and smart phones.

The Government has embarked on an initiative to have Gibraltar's main tourist and beach locations covered by Wi-Fi. Gibtelecom has been asked to extend the reach of its existing Wi-Fi network to cover twelve separate tourist sites, as well as all six main beaches on the eastern and western sides of the Rock.

The project is being carried out in a phased approach, with the Government contracting with Gibtelecom for free access to a number of local orientated websites at each location. This would include tourist information, as well as a selection of other public sector sites of interest to visitors. Access to more general websites, outside this "walled garden", would be directed to Gibtelecom's Wi-Fi payment portal, where users would be charged on-line by the Company at their standard Wi-Fi rates.

The first phase of the project will see prime tourist sites such as St Michael's cave, Napier Magdala Battery, the Coach Park Terminal and the frontier area covered. It is

expected that this stage will be completed shortly. This will be followed by Gibraltar's main beaches, including Catalan Bay, Sandy Bay, Little Bay, Camp Bay and the Eastern and Western beaches. The plan is for these to be ready in August. The remaining sites, embracing areas such as Europa Point, the Apes' Den, Great Siege Tunnels, and Moorish Castle, amongst others, are scheduled to be covered in September.

It is not expected that this new service will impact on the Wi-Fi facilities that may already be available from establishments, such as restaurants, in the vicinity of the new sites. These tend to be more localised to their immediate surroundings.

REVENUE

In a bid to ensure cost effectiveness the GTB is now on a drive to improve revenue in its areas of responsibility. This will be achieved by:

1. The already installed ATMs machines at the Gibraltar Cruise Terminal and Gibraltar Coach Terminus.
2. The selling of advertising spaces at the Gibraltar Cruise Terminal and Gibraltar Coach Terminus. I am at a loss to think why this has not been done before.
3. The sale of new official souvenirs at the main GTB Information office including gift vouchers for those wishing to purchase entry tickets in the visitor attractions.

Mr Speaker the aim is to make the GTB self-funding so that the savings made to the tax payer can go towards socially essential services such as health, education, social services etc.

In the current climate of close co-operation, which I have engendered in the local tourism industry, there is a clear view that the tourism product in Gibraltar has devalued itself completely over the last few years, driving much needed yields down to levels that are just not acceptable to all involved.

We all travel regularly for business and leisure and to say that £10 for an all-inclusive ticket to see all the attractions on the Upper Rock is expensive is, Mr Speaker, a

misnomer. When you consider that a ticket to see a film in central London today can cost up to £20 and that entry into a well know wildlife park on the Costa Del Sol can cost up to €25, we really are cheapening our breath-taking attractions, which I hasten to add, this Government is continuing to improve and add value to.

STATISTICS

Mr Speaker, looking at last year's statistics, I am pleased to report that, excluding non-Gibraltarian frontier workers, the total number of visitor arrivals increased by 0.6% over 2011.

The published figure including non-Gibraltarian frontier workers for total arrivals did decline but this is due to a decrease of 15.3% in the number of frontier workers.

The number of visitor arrivals by land, excluding non-Gibraltarian frontier workers, increased by 1% over 2011. Again here the published figure including non-Gibraltarian frontier workers for total arrivals did decline by 1% but this, also, is due to a decrease in the number of frontier workers.

Despite a loss of two routes in 2012, one a commercial a decision taken by easyJet and the other due to the demise of bmibaby, together with a slight reduction in capacity on some routes, the largest visitor arrival increase in 2012 was by air. Here a 1.7% increase in arrivals was recorded over 2011.

In comparison, air arrivals in Andalucía for 2012 showed a decrease of 6%. In particular arrivals at Malaga were down 1.8% and at Jerez by 13%.

In 2012 overall passenger load factor jumped 4.8% over 2011 to 87.2%, with June through to October recording average monthly figures over 90%. This load factor of 87.2% is way above the worldwide IATA average of 79.1%, and the European airline average of 80.5%, indicating a strong market on existing routes to GIB.

Of note is that the additional Heathrow services, that we managed to secure, have delivered an additional 5,202 passengers to date versus 2012. There has also been a 13.9% growth on this route so far this year versus 2012.

In addition the route from Manchester is doing exceedingly well having recorded a 26% growth to date over 2012.

For summer 2013 the airport will have an additional service overall compared to 2012 and winter 2013 will have an additional four services overall compared to 2012.

The number of coaches arriving in Gibraltar has fallen by 1.5% over 2011. However statistics show that there has been a steady decline since 1999. I acknowledge that even if efforts were made to stem this decline that this is undoubtedly a reflection of the way in which the fabric of the industry has changed, where more visitors are choosing to make their own travel arrangements, rather than rely on organised tours. Nonetheless there is a need to stem this loss that has continued for several years now.

Further to my point earlier about devaluing the product, we must note that this market is also a very high volume and low yield market and it may be argued that a move towards less volume and higher yield overnight tourism, would be an area of more benefit for the economy. We are indeed minded to put greater energies into developing the overnight and cruise markets whilst sustaining the day trip market and indeed working to improve its yields.

Arrivals by yacht have increased by 2.2% over 2012.

In 2012 our hotel occupancy report shows that All Arrivals at hotels decreased by 6.6% over the previous year. However Room Nights Offered fell by 5% and Room Nights Sold fell by 6.5%.

Room Occupancy fell by a marginal 0.7 percentage points and stood at 59.3% as an average for the year. Sleeper Occupancy fell by 1.1 percentage points.

Mr Speaker, whilst I cannot enter into details for each property in Gibraltar, I am aware that some hotels perform better than others. It must therefore be noted that the occupancy figures published in the annual Hotel Occupancy Survey are averages and that some hotels do show greater percentages than others. In particular one hotel does show a figure of almost 76% occupancy, as an example. It is also interesting to note that hotel number of employee jobs registered in the Hotels and Restaurants industry, increased by 3.2% over the year to October 2012.

Mr Speaker at the meetings of the Tourism Advisory Council and the UKGTA, I have repeatedly encouraged hotels to make more use of the Government's increased marketing drive to convert more of our visitors to overnight tourists. These marketing collaborations have clearly worked for UK tour operators, who have seen their numbers increase. It is therefore apparent that the hotels have their work clearly cut out for them in this respect.

An analysis of hotel statistics for Andalucía in Spain for the period January to March this year shows that Occupancy stood at 35.35%. In Gibraltar for the same period Room Occupancy stood at 46.75%.

Where there is undoubtedly a need to expand our market sector is that of overnight tourism. We know that the corporate market produces healthy occupancy and our hotels and no doubt contributes high yield business.

In the leisure sector, as I have already pointed out in my address, two UK based tour operators have noted significant increases in bookings for Gibraltar this year.

A leap forward in the provision and variety of bed stock in Gibraltar is necessary. Soon we will have a new 5 star offer in the form of the Sunborn Hotel bringing the first product of this kind to the Rock. This will allow us to promote the destination to a 5-star bracket and attract visitors who, potentially, may offer a higher yield in the leisure sector. Some of the new market sectors that we are pursuing require the provision of 5-star accommodation.

Another project will start soon, one that has been planned for some time now, in the form of the Lester Hotel. This project will add to the current 4-star hotel offer in Gibraltar.

The Government is acutely aware though of continuing to support the established hotel business in Gibraltar and indeed is active in doing so. An assistance scheme started by the previous Government, which is tied into the prompt payment of utilities bills, continues. In addition the GTB promotes the hotels in Gibraltar constantly in their marketing activities at no cost to these companies.

Mr Speaker if we are to continue to grow the overnight visitor segment, be it for business or leisure, then the establishment of more hotels is necessary. I am confident that new products and innovations in the hotel sector will encourage all those involved in rising to the occasion and working hard and indeed together to expand this market.

CHAMBER OF COMMERCE

Mr Speaker, it is considered that one of the benchmarks of how the tourism industry in Gibraltar is perceived to be doing is the Chamber of Commerce's Annual Report. Let me say how encouraged I was to read the section on tourism in this year's Report.

The acknowledgement of my "pro-activity and focus" and "invigorating approach" is gratifying, not only for me but for my team.

In addition, the Chamber's recognition of the new administration's focus on the much-needed attention to this sector is welcomed by HMGOG.

The Government shares the Chamber's view that tourism is the lost pillar of the economy, which can remain resilient even in times of economic hardship.

We are pleased that the Chamber applauds our investment in the Upper Rock and we can assure all that the programme will continue with a further series of investments this year.

Mr Speaker, this Government has spent 1 million pounds in the last financial year and will spend another 1 million in the current year. It took the GSD 9 years to spend just over £1.5 million on the Upper Rock.

The details of the sums to be invested and the projects to be carried out will be made public shortly. As the Chamber notes in its report, particular attention has been made to accessible facilities in projects being led by the Government.

We agree that there is a need to convert more of our visitors into “true tourists” and attract them to visit the sites and to stay overnight in Gibraltar.

The team at the Gibraltar Tourist Board (GTB) has also worked hard with the local tour and transport operators in Gibraltar to establish new tour options. These have included the use of under-utilised iconic venues such as the City Hall and Garrison library.

The small provision of hotel bed stock in Gibraltar does indeed make the sourcing of accommodation challenging at certain times of the year and around certain events.

I am particularly conscious of improving the taxi service and we are also addressing issues in this industry directly with the Gibraltar Taxi Association.

Training and education in the hospitality industry is very much at the forefront of our minds and we are looking at options that may become available to the public and private sectors in this respect. However this is an area where greater investment and efforts could be made by the private sector, in providing customer care training and in employing those with the characteristics and language skills to achieve the levels of service required by today’s discerning clients.

I would therefore take the opportunity to ask private companies and entities in the local tourism, leisure and hospitality industry to take a greater role in the development of tourism by investing in new products and services and in training.

It is indeed the Government's role to stimulate growth in the industry and to invest in the promotion of the destination. However the private sector needs to take a greater role in partnership with the Government.

Clearly the industry can now see that the Government is committed to investment and growth in the tourism industry and that it is "serious" about this sector. We therefore look forward to establishing the partnerships that some in the industry believe should materialise, so that the Chamber of Commerce, the GFSB and other similar institutions have a role to play in future developments.

Our short-term strategy is very much, as the Chamber points out in their report, to adopt a back to basics approach and ensure that the building blocks for an even more successful tourism industry are there.

We are confident that the Government has already started doing this and we will continue. Our long term strategy is clear – to establish Gibraltar as the preferred short break leisure destination in this part of the world, delivering a quality product in a unique setting, at one of the most impressive geographical locations in the world. Although Gibraltar is well known it is truly an undiscovered destination.

We continue to work vigorously in all areas of the tourism industry with a very able team at the Ministry, the Gibraltar Tourist Board and Gibraltar House in London and can assure all of our wholehearted commitment to this industry. I must thank all those in these organisations for their tireless work and I would also like to thank our tourism industry partners for their support.

Mr Speaker I look forward to an equally, if not more dynamic and prosperous year in tourism

Mr Speaker, before I close, I take the opportunity to thank from this House the staff at all my responsibilities for their unwavering dedication and fearless commitment to duty and implementation of the ambitious program for Government. It is true to say Mr Speaker, that all of the pledges fulfilled would not have been possible without their continuous endeavours. It would also be remiss not to thank you Mr Speaker, the Clerk and the staff at the Parliament who are unfailingly patient and always ready to assist and guide.

Mr Speaker, all objective observers will agree that the Government, has, only in its first full financial year made quantum leaps in my areas of responsibilities. Moreover, Mr Speaker, it will have been seen that Government is exercising a caring attitude in its policies towards its fellow persons as well as to the environment, the accessibility project for access to our beaches being a prominent example, as well as the overdue increase to the disability allowance. I conclude by remembering the late Charles Bruzon, who strove always to act with fairness and always with the people's interest at heart, it is my most sincere hope that we will honour his memory in the way we deliver the most positive changes to Gibraltar.