



Deputy Chief Minister

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**Deputy Chief Minister  
The Hon Dr Joseph Garcia MP  
Budget Address - 5th July 2016**

Mr Speaker,

This is the first budget since the general election. It is my eighteenth budget debate as a Member of this House and my fifth as a Member of the Government.

Time flies Mr Speaker. The years continue to tick by and time shows no mercy to anyone.

I was surprised to find that after the election I am now the second longest serving Elected Member of this House, after my Honourable Friend Joe Bossano!

It seems like yesterday that I first set foot in this place after a by-election seventeen years ago.

Indeed, Mr Speaker, the general election of November 2015 itself now seems a distant memory. There is so much that has happened in-between.

That election marked the start of our second term in office.

It followed an overwhelming vote of confidence by the electorate.

It was an endorsement both of what we had achieved up to that point, and of what we set out in our programme to achieve in the years to follow.

It is with a sense of pride, Mr Speaker, that we acknowledge the faith that the people of Gibraltar placed in us at the last general election.

They judged us on our performance.



We passed that test with flying colours.

The numbers, Mr Speaker, spoke for themselves.

But as my Honourable Friend the Chief Minister has said on more than one occasion, we will show humility and respect for the whole electorate.

This mantra applies in our approach to those who voted for us, to those who voted for somebody else and to those people who did not vote at all.

Mr Speaker, we now face the challenge posed by a new manifesto for the next four years. This is a challenge that has now been compounded by the potential exit of the United Kingdom from the European Union.

Teamwork has been a hallmark of our first term of office.

That same teamwork will see us through the unforeseen challenges ahead.

## **OFFICE OF THE DEPUTY CHIEF MINISTER**

Mr Speaker, in December 2011 the Office of the Deputy Chief Minister was formally created as a distinct entity. This year there has been a change in the Estimates book which now reflects that reality.

This is therefore the first time that this Office is shown separately. The Estimates book shows an estimated expenditure of £3.4 million for the coming financial year.

The House will recall that a number of portfolios were redistributed between the Chief Minister and myself shortly after the general election last year. This saw the creation of a new Ministry for European Affairs and for political lobbying for which I now have responsibility.

All of this will be very relevant in the months and years to come. Whatever happens, Europe will continue to exist and Gibraltar will need to maintain a relationship with it.

That mini-reshuffle, Mr Speaker, is reflected in the Estimates laid before this House. In particular, through the cost of the London, Brussels and Hong Kong Offices which have been transferred from the Chief Minister's remit to my own.

## **EU REFERENDUM**

Before I move on to those areas, I want to say a few words on the EU Referendum that took place at the end June.



Mr Speaker, little could David Cameron have envisaged the intensity of the storm that would be unleashed as a result of his decision to commit to a Referendum on EU membership in the Conservative party manifesto for the last UK general election.

The Prime Minister has resigned.

The Conservative party is embroiled in a leadership challenge.

The Labour Party has leadership issues of its own.

Those who landed everyone in this mess have no direction and no plan.  
Some of them have cleared off.

The result is a power vacuum in London which is apparent from simply watching the news.

Mr Speaker, thankfully the position in Gibraltar is very different.

We have taken control.

We have provided leadership.

We have a clear sense of direction.

The Cabinet met within hours of the Referendum result. The Chief Minister, my honourable friend Joe Bossano and I then met with the Leader of the Opposition and two of his colleagues straight afterwards.

My honourable friend the Chief Minister made a statement to this House less than 24 hours after the Referendum.

Three days after the Referendum, the Chief Minister and I were in London for a whirlwind tour of meetings with the UK Government. We also met Members of Parliament both on the Remain and on the Leave side of the argument.

We returned from London and came straight here from the Airport for a second statement to the House.

Mr Speaker, the Government will take whatever steps are necessary to protect the position of Gibraltar.

We are looking at the details of a mechanism which will allow cooperation with the Opposition on these matters.

We have met and reassured the finance centre, the gaming industry and the business community. We will explore every available option open to Gibraltar - except the one that Mr Margallo continues to float.



The people of Gibraltar can rest assured, Mr Speaker, that their Government will leave no stone unturned in order to secure our position.

Having said all that, it is important to recall that the UK and Gibraltar will remain in the EU and EU law will continue to apply until the moment of a potential exit in the future.

We therefore expect “business as usual” in the interim.

Mr Speaker, we await the election of a new Conservative party leader who will become the Prime Minister. Conservative MPs are voting today in the first stage of the process.

The subsequent appointment of a new Cabinet in September is another key event which will shape the way forward.

The UK then needs to determine exactly what it wants from the negotiations with the EU.

The Chief Minister and I were guaranteed in London that Gibraltar would be fully involved in that process.

The House knows that we have already established contact with the Scottish Government, with the Mayor of London and with the Crown Dependencies.

There will be face-to-face contact with OT leaders later this month at the preparatory meeting of December’s Joint Ministerial Council.

Mr Speaker, this is how things stand at present.

The situation is fluid.

There are many variables.

Nonetheless it can be managed effectively.

With every door that closes a new one will open.

Mr Speaker, looking back over the last few months, it is an understatement to say that matters related to the Referendum have taken up a considerable proportion of the Chief Minister’s time. They have also taken up a considerable proportion of my own time.

My Office served as the contact point for inter-governmental work between Gibraltar and London on the logistics and the legal framework for the Referendum. I want to acknowledge the valuable and essential contributions from the Attorney General Michael Llamas, from Paul Peralta and from the legal drafting team in this regard.

There was, Mr Speaker, a considerable amount of activity in the run-up to the introduction of the European Union Referendum Act to this House in February.



Subsidiary legislation was also adopted.

The House will recall that a number of reports were produced by the United Kingdom Government which covered different aspects of the Referendum. These needed to be analysed. The Government also contributed to some of them.

It is fair to say that there has been and there continues to be a very close level of cooperation and consultation between Gibraltar and London on all matters related to the Referendum.

Indeed, it was a reflection of that close cooperation between the two Governments that saw Gibraltar included in the franchise in the first place. This was further reflected in the Prime Minister's historic visit of 16 June.

On behalf of the Government, I would like to thank all those involved for their hard work in the lead-up to and in the actual conduct of the Referendum, in the polling stations, during the Count and elsewhere. A special thanks to Paul Martinez, the Clerk to the Parliament, who found that he also had a Referendum to contend with within eight months of a general election.

Mr Speaker, the dust has barely settled on the result.

Our view as a Government, indeed as a Parliament, was that the UK and Gibraltar were better off inside the European Union. The House knows that, on our joint advice, Gibraltar voted overwhelmingly for this option.

Sadly, the wider majority of voters in the UK did not agree.

The formal procedure for a UK exit will not commence until notice is given under Article 50 of the Treaty of Lisbon. This will trigger the countdown for two years of negotiations to commence. The extension of those two years will require unanimity. If there is no unanimity the Treaties will cease to apply automatically and the UK will be out. In the event of an agreement, before or after the two years, the content of the deal will require approval by the Member States through Qualified Majority Voting.

Honourable Members will have followed the latest discussion in UK on whether Parliament would have to approve the issue of a formal Article 50 notice.

Mr Speaker, we are in uncharted waters.

No Member State has left the European Union before.

We only have the example of Greenland which joined the EEC with Denmark in 1973, at the same time as we did. In 1979 they voted in a Referendum to enhance their self-government and they then opted to leave. The actual exit took place in 1985.

I use this to emphasise the point that Gibraltar will stay as it is, as part of the EU, until that potential point of exit arrives at some point in the future.



Mr Speaker, the Government is looking at all the options.

This includes the option of remaining inside the European Union as per the mandate that we have from the electorate.

People can rest assured that the Government, is equipped, qualified and able to deal with any challenge that we face. My honourable friend the Chief Minister and I discussed this matter last week in London with the Minister for Europe David Lidington.

The Government has made the point already that access to the Single Market and Freedom of Movement of persons are two important issues for Gibraltar. This is important for the neighbouring region of Spain also - a region that depends on Gibraltar for the creation of employment and economic growth. The Campo depends on a free flowing frontier to allow access to employment in Gibraltar for thousands of cross-border workers.

The irony is that it is the Spanish Foreign Minister himself who is putting thousands of Spanish jobs at risk through talk of shared-sovereignty. Shared-sovereignty is never going to happen.

Mr Speaker, Gibraltar has faced many challenges throughout our turbulent history and we have overcome them.

Together, we will overcome this latest challenge as well.

We should not forget that with every challenge there are also new opportunities.

We welcome the cooperation of the Opposition in this task.

## **LONDON OFFICE**

Mr Speaker, I now intend to report to the House on the Gibraltar Offices abroad and also on the wider lobbying activity in London, Brussels, New York and Washington.

A total of £ 1.8 million of the £ 3.4 million allocated to my office, or just over 50%, is in respect of the Gibraltar representations abroad. The bulk of this is spent in London.

I will therefore start with the Office in London.

The London Office serves several purposes. There is a commercial dimension to the Office, a tourism dimension and a political one. Gibraltar House is also a focal point for Gibraltarians who are in London and its staff do very good work in this regard particularly with sponsored patients. For twenty-eight years the office in London has been in the capable hands of Albert Poggio. He has served both as the Director of Gibraltar House and as the UK Representative of the Government of Gibraltar.

The House knows that Albert retired last week. This means that he has ceased to be both the Director of Gibraltar House and the UK Representative of the Government.



The strategy is that under the direction of a new UK Representative, Albert Poggio will continue to share his experience and skills as a political consultant on a contract basis.

On behalf of the Government and I am sure of the whole House, I wish to place on record our thanks to Albert Poggio for his valuable contribution to the promotion and defence of the interests of Gibraltar over many years. This was particularly important during the shared sovereignty crisis of 2002 when Albert built up the All Party Gibraltar Group to become the second- largest in the UK Parliament.

Mr Speaker, Gibraltar owes him this debt of gratitude.

The ease with which he has moved through the corridors of power in London is a testament his many years of solid work on behalf of Gibraltar.

I have witnessed this myself.

I recall a couple of years back how he harnessed support overnight for a successful debate on incursions and border issues in the House of Commons. The UK Minister had to drop everything and attend to the Urgent Parliamentary Question on the spot.

At his retirement function in London, I was approached by a former Conservative front-bencher who told me that she had been invited to sixteen events that evening and had chosen to come to this one. Albert Poggio, she told me, was “a legend”.

He has retired at his own request.

I am sure that we all wish him a happy and well-deserved retirement.

Mr Speaker, the House already knows that Albert’s role in London will be taken on by the Chief Minister’s Special Representative Dominique Searle. He has become both the Director of Gibraltar House and the UK Representative of the Government.

The retirement of Albert Poggio has broadly coincided with the running of the London office coming under the Office of the Deputy Chief Minister. This has created the opportunity to review operations in London and also draw together Gibraltar’s lobbying there, in Brussels and abroad more generally under a more centralised and coherent policy direction. It is important to have our representatives working more in sync with each other with clear reporting protocols back to No 6 at all levels.

In London this also means reviewing the use and functions of the office on the Strand, and ensuring that each area liaises with its Gibraltar counterpart. This applies to tourism, to the GHA, and to political lobbying. The ultimate objective is to make everything more effective and more cost efficient and also to ensure that we avoid duplication. Part of that move will involve adapting working practices to modern communications, with a review of security and of the quality of those communications.



The Government believes that it is essential that new political contacts are made at the same time as existing contacts are renewed and strengthened. One way in which the Government intends to do this is by conducting Ministerial lobbying visits to London so that part of the lobbying work is done at that level. The Government has been doing this for some time in Brussels and more recently in Washington.

Mr Speaker, the Gibraltar Representative in the UK will therefore be the Head of Mission and will continue to work directly to my honourable friend the Chief Minister and to me on all political issues. This will include the responsibility to liaise with my office on all other matters including the general management and functions of Gibraltar House.

## **PARTY CONFERENCES**

Gibraltar will, of course, continue its presence at the UK party conferences in the autumn. The Government values the relationships that have been established over the many years that we have been attending these events. In the last financial year the Government was represented at the party conferences of the Conservative Party, the Labour Party, the Liberal Democrats and the Scottish National Party. This year we will again have a presence at all four.

## **GIBRALTAR DAY**

Mr Speaker, all sides of the House are agreed that Gibraltar Day in London has reached bursting point and, more significantly, has been so heavily subscribed that one has to question the cost effectiveness of such an event on an annual basis.

The Leader of the Opposition himself observed last year that there were too many people attending the event at taxpayer's expense. He correctly noted that there was a general feeling in the Government too that the event had outgrown itself.

Mr Speaker, we believe that the time is now right to bite that bullet. In coming to our view, we have listened to stakeholders and evaluated what needs to continue and what should be changed or discontinued altogether.

I can tell the House that the event at the Guildhall which took place in 2015 will be the last.

This year's focus shall be on encouraging productive sessions with high level contacts in Whitehall and in the City. A venue at the Lloyds centre has been booked and about 300 guests will be hosted. This dinner event will replace the mass Guildhall reception which about 1000 guests used to attend.

Of course, Mr Speaker, we will continue to value the support of and contact with UK based Gibraltarians and friends of Gibraltar. Many of them looked to October as a chance to renew that ongoing relationship - to that end a separate event is being planned for them to coincide with the annual mass in Fulham.





In addition to this, the plan is that the finance centre event will now move towards becoming self-financing. The industry, as is common practice elsewhere, will be invited to purchase tables for their own guests.

The Government very much hopes that these changes will make Gibraltar Day in London a more focused occasion which will achieve the political and commercial objectives that were originally set.

The format of the event will be kept under review.

## **SPAIN**

Mr Speaker, those who follow social media and the press generally will have been left in no doubt over recent years that the Spanish government spends enormous resources and time on making life difficult for Gibraltar.

Last August Spain published its budget plans which included a section which stated that its claim over the sovereignty of Gibraltar is “a fundamental objective” of Spanish foreign policy. It anticipated that no less than 45 reports would be produced specifically on Gibraltar matters.

The plans showed that there were 1.47 billion euros in the budget allocated to the Spanish Foreign Ministry.

The House knows that Gibraltar matters cut across a number of different ministries in Spain. No doubt a few million of those 1.47 billion euros are allocated to the efforts of several of those ministries - from the Hacienda to their security services - in order to achieve their Gibraltar objectives.

Mr Speaker, we clearly operate on a more modest budget.

Nonetheless, the Government recognises the importance not only of putting our views across as widely as possible but also of monitoring and understanding what others are doing and saying in the areas that affect us.

We will therefore continue with our lobbying activities in Spain.

The objective of this is to generate a better understanding of Gibraltar’s point of view and to counter the misinformation about our country that is often propagated next door.

I should tell the House that there has been contact with all the main political parties in Spain except with the Partido Popular.

The House will understand that much of this work has to be carried out under the radar for obvious reasons.



However, some of it is public. Spanish MPs and Mayors have visited Gibraltar in full view of the cameras. In the same way, my Honourable Friend the Chief Minister has himself paid official visits to Spanish towns in the area.

Mr Speaker, our representatives abroad and our offices overseas therefore have an important role to play in ensuring that, together with the United Kingdom, we are alert to both opportunities for and threats to Gibraltar's interests.

The House knows, for example, that our UK Representative has a researcher and analyst in the team with duties to ensure that much of the relevant information is filtered and delivered to Ministers in briefs.

This is a reflection of the world that we live in.

Mr Speaker, we want normal, civilised, relations with our neighbour to the north. What we will not do is surrender our right to self-determination or our British sovereignty as the price to be paid in exchange for that normality.

The House knows that the general election in Spain has once again produced an uncertain outcome. No political party has achieved an overall majority. This means that once again there will have to be negotiations between the different parties in Madrid in an attempt to make the mathematics add up to 176.

## **BRUSSELS OFFICE**

Mr Speaker, I move on now to Gibraltar House in Brussels. I will provide an overview of their work over the last financial year.

The Office in Brussels will continue to play an important part in the Government's work despite the overall vote to exit the EU in the Referendum of 23 June. Indeed, this work has become even more important in the light of recent events.

Our assets in Brussels are already deployed in accordance with the objective of the Government to explore all the options available to Gibraltar.

I have said in the past that it is not in the public interest to detail all the lobbying activity that is carried out from there. I can say, however, that apart from political work, this also includes tracking European Union legislation which is in the pipeline in which Gibraltar continues to have an interest.

A considerable proportion of what is done from Brussels includes meetings with Members of the European Parliament, with officials of the European Commission and with representatives of the Member States.

Sir Graham Watson continues to do an excellent job for Gibraltar as our political director and counsel in Brussels. He is ably assisted in this work by Daniel D'Amato our legal officer.



Mr Speaker, the House knows that during 2015 the Brussels office organised and participated in meetings with at least 79 Members of the European Parliament, 29 officials of the European Commission, 9 officers of the Permanent Representations of the Member States and 2 members of the Economic and Social Committee. These meetings, which on many occasions took place more than once with the same person, were used to put across the Gibraltar point of view on a number of current dossiers that are of political importance to us.

Those numbers have increased significantly following the Representation's sustained lobbying during 2016.

The Office's work was pivotal to the organisation of the two Ministerial visits that have taken place so far this year and in securing high-level meetings with influential EU policy makers or stakeholders.

At these meetings, the individuals concerned were briefed on issues that are of political importance to Gibraltar. This includes the dispute created by Spain over the application of EU aviation legislation to Gibraltar, the unfair perception of Gibraltar as a tax haven, the free movement of people at the border between Gibraltar and Spain or issues relating to the general lack of understanding in EU circles about Gibraltar's status.

The Gibraltar Government's position in relation to the UK referendum was also made known before 23 June. The mission now is to spread the word that Gibraltar voted overwhelmingly to remain.

Meetings have been held with MEPs from practically every political group in the European Parliament.

MEPs who sit in Parliamentary Committee that are relevant to Gibraltar have been identified and targeted for such meetings.

This has included members of, the European Parliament Committees on Transport, Tax, Economic & Monetary Affairs, Civil Liberties, Environment and Home Affairs.

Some of these MEPs were, and continue to be, chairs or vice chairs of relevant committees or rapporteurs of reports that deal with Gibraltar-related matters.

The contacts established and maintained by the Office throughout 2015 continue to be developed this year.

The Representation has also worked closely with the UK Representation to the EU UKREP in order to ensure that efforts are always coordinated.

Gibraltar House has lobbied on behalf of the Financial Services Commission and the Gibraltar Regulatory Authority in relation to particular areas of EU policy.

Other events or activities organised and conducted during the last year included:



- 1) the setting up of the Gibraltar Exhibition in the European Parliament in February 2016 and events organised around that;
- 2) establishing contacts with the Representations of the Channel Islands, the Isle of Man, Scotland, Wales and Northern Ireland;
- 3) establishing contacts with the European Gambling and Betting Association;
- 4) three separate visits of MEP assistants to Gibraltar in July and December 2015 and in March 2016;
- 5) two separate visits to Strasbourg in November 2015 and April 2016 to lobby policy makers during plenary sessions;
- 6) the visit of a group of Gibraltarian students to Brussels in September 2015;
- 7) the Chief Minister's reception in May 2016 to celebrate the first anniversary of the inauguration of Gibraltar House in Brussels;
- 8) the organisation of the first Gibraltar Film Night in Gibraltar House where the Representation welcomed over 40 guests for a screening of the "La Roca" Documentary in November 2015; and
- 9) the organisation of separate European Small Business Alliance board meetings in Gibraltar House.

It is important to repeat that not all of the work in Brussels relates to lobbying activity. Substantial work is also conducted to monitor developments on EU legislative and non-legislative dossiers from the time of their inception as proposals.

To this end, members of Gibraltar House have often represented Gibraltar's interests by attending conferences, discussions and meetings organised by the European Parliament and the Commission. This work has proved to be important in order for the Government to be able to anticipate and prepare for EU legislation coming our way be it in the fields of taxation, transport, energy, environment or border management.

Mr Speaker, for the upcoming year, despite the outcome of the Referendum, our Representation intends to continue to build on work carried out during the previous year. Lobbying activities and other events will be organised in order to publicise the Referendum outcome in Gibraltar of 96% in favour of remain.

I mentioned earlier that the standard practice has become to hold an exhibition about Gibraltar in January or February in the main concourse of the European Parliament. This has proved to be a very useful exercise in spreading the Gibraltar point of view to interested parties.



This exhibition space can only be booked by an MEP and it often needs to be reserved nearly a year in advance. The Government would like to thank Ashley Fox MEP who was kind enough to book the space for us last year and Claire Moody MEP who booked it this year.

The theme of the exhibition in 2016 was aviation issues. A booklet was produced and distributed which explained the position of the Government.

This year's exhibition coincided with a major conference of the EU aviation industry in one of the large meeting rooms down the corridor. The result of this was that our message was put across directly to the right people when they approached the Gibraltar stand on their way in and out of the meetings.

The Chief Minister and I held a further session with European aviation associations during our visit to Brussels in May in order to explain the position further and to answer their questions.

Mr Speaker, we have always argued that it does not make any sense that EU nationals travelling through Gibraltar Airport should have fewer rights than their counterparts travelling through other airports of the European Union.

The Spanish position has aimed to create a regime which is discriminatory in nature, which would deprive Europeans from their legitimate rights in Gibraltar and which purports to disapply the law of the Union from a territory where EU law on civil aviation should apply automatically.

Aviation and border fluidity continue to be issues that we have raised regularly in Brussels over the last financial year.

The House is aware that the European Commission has sent three inspection visits to the border since the summer of 2013. There have been two reports published. The border is better now than it was in 2013 but things are still far from perfect.

Spain has not implemented some of the recommendations made by the inspectors. There is, for example, only one green channel for cars entering Spain when there are six lanes exiting Gibraltar.

The Government has taken this broad issue to the top in four meetings with the EU Commissioners responsible, first with Commissioner Malmström and then with Commissioner Avramopoulos.

Having said all that, the House will be aware that the Referendum result and the potential exit of the United Kingdom may well have a bearing on how these issues unfold over the coming months.

Mr Speaker, we are never going to surmount every obstacle that we face in the European Union or elsewhere. Most of these obstacles have been deliberately thrust in our path by Spain. However, an active Gibraltar presence in Brussels is extremely helpful in putting our message across and in countering the misinformation that is disseminated about us.

The view of the Government is that this role assumes even greater importance against the backdrop of the outcome of the Referendum and the potential negotiations to follow.



## HONG KONG OFFICE

Mr Speaker, the House will have seen that the Hong Kong Office has been bundled together with London and Brussels and included within my area of responsibility in the Estimates book. This means that their budget will now be controlled by my office.

The Government and our Director in Hong Kong, Jason Cruz, have agreed that he should continue to be based there, rather than take on a role in London. The Government considers that Mr Cruz is doing excellent work in Hong Kong and that this should continue.

I should make it clear that the work being carried out in Hong Kong is commercial. This means that the contact that the office there enjoys is primarily with my colleagues the Minister for Economic Development and the Minister for Financial Services.

Mr Speaker, the Hong Kong Office currently has a total of 2852 active contacts. The vast majority of these, 1924 are in the financial services sector and others include education (52), maritime (42) and real estate (74). The financial services sector includes banking, wealth management and insurance.

The Office has organised five trade missions in collaboration with the private sector. They have engaged with over 100 Gibraltar-based entities, 35 of which have then gone to the region for business development purposes. Over 200 one-to-one meetings have been organised for Gibraltar businessmen.

Mr Speaker, given that my colleagues have made more use of the services provided by the Gibraltar Office in Hong Kong, I will leave any further comment on this up to them.

I nonetheless take this opportunity to thank the Directors and the staff in London, Brussels and Hong Kong for their work in support of Gibraltar.

## WASHINGTON

Mr Speaker, I would welcome the opportunity to say a few words about the lobbying activities conducted by the Government in Washington, where we do not have an office.

The original target that we set ourselves was to increase awareness of Gibraltar issues among the political and commercial classes in the United States of America.

This was an ambitious task.

The manner in which such lobbying work is conducted in the US is very different to London or to Brussels. Moreover, political lobbying takes time and in its initial stage is more about disseminating information than about immediate results.



However, as the House knows, this work in Washington has produced results in a relatively short timescale. A Resolution was tabled in the House of Representatives which supports the right of the people of Gibraltar to self-determination. The Resolution continues to attract more signatories and there are now about 30 Congressmen from both the Democratic and the Republican parties who have signed up to it.

This work continues.

In February, a Congressional visit to Gibraltar took place under the United Kingdom's MEACA programme. The group was very impressed with everything that they saw here.

Gibraltar has had a strategic value for the United States over the centuries. This connection dates back to 1801 when the first military engagement of the US Navy outside their shores took place against the Barbary Pirates. Those US naval vessels sailed from Gibraltar.

Our visitors were able to better understand Gibraltar's continuing strategic value by looking out into the Straits at Europa Point from the University of Gibraltar.

That strategic point was repeated during the visit that I made to twenty congressional offices in Washington a few weeks later and in a separate talk to Senate defence and intelligence staff.

It is also a point that is well understood.

The Government, Mr Speaker, is not responsible for the defence of Gibraltar. That is a matter for the United Kingdom. However, we do have a view on the subject.

This relationship between Gibraltar and the armed forces of the United States goes back over two hundred years and the Government continues to welcome visits to Gibraltar by the naval assets of the United States.

It was therefore singularly unhelpful and dangerous that the SVA and Guardia Civil decided to play games with an American nuclear submarine, the USS Florida, in the waters around Gibraltar on 16 April. The former came within 600 yards of the submarine. It since emerged that the Captain threatened to ram the SVA and that the Royal Navy had to fire a flare to warn the Spanish state vessel to change course.

Mr Speaker, the Straits of Gibraltar is one of the most transited waterways in the world. It is a chokepoint for commercial and military shipping. The close proximity of North Africa adds another important dimension.

The behaviour of Spanish state vessels is a distraction we would all rather do without. There are more serious matters to worry about in the wider region around us to have Spain playing cat and mouse with the Americans or with the Royal Navy.

Mr Speaker, on the commercial side, the House will know that an American Chamber of Commerce AMCHAM has already been established in Gibraltar. A number of trade missions in



both directions have taken place. The Government is now considering cementing those links further by holding a small scale Gibraltar Day in New York. This project is at a very embryonic stage at present.

Therefore in the current financial year the Government will continue its work to promote Gibraltar in the United States of America.

## AVIATION

Mr Speaker, earlier I referred to the ongoing challenges that Gibraltar faces in the field of civil aviation.

It is not clear exactly where Gibraltar will be in this area in the event of a potential UK exit from the EU in years to come. The impact of Brexit is an eventuality that may have to be factored in going forward.

I will, nonetheless, proceed to look back at developments over the last few months in order to update the House on the latest position.

This year, Mr Speaker, I welcomed the opportunity to discuss aviation and other matters in London with the United Kingdom's Aviation Minister Robert Goodwill. It will be recalled that Mr Goodwill walked out of or absented himself from a meeting of the EU Transport Council at the end of 2014 in protest at the way in which a Gibraltar-related matter had been dealt with.

The Government welcomes the position taken by the United Kingdom Government to date in relation to the inclusion of Gibraltar Airport in EU civil aviation measures.

It is important to note that in spite of Spain blocking the application of certain EU Aviation laws to Gibraltar, the number of flights has increased dramatically compared to the position last year. The schedule for this summer shows an increase from 35 flights a week to 50 flights a week. I want to congratulate my colleague the Minister for Tourism Samantha Sacramento and her staff, as well as the former Minister Neil Costa for the part that they have played in this.

The figures for May, the last ones I have seen, are certainly very encouraging. The total number of aircraft was 247 which is 36 more than the number handled in the same period last year. This represents a very positive growth of 17.1%.

It is expected that this significant increase will be repeated throughout the summer programme due to the confirmed increase in scheduled flights.

Mr Speaker, the House will know that the Government intends to complete the tunnel under the runway. A statement was issued last month to that effect. This has taken longer than forecast because of the lengthy court case and the subsequent appeal, both of which were won by the Government.





The completion of the tunnel will mean that there will come a point when more flights will have practically zero impact on traffic management.

## **AVIATION – Safety and security**

This increase in flights, coupled with an increased security threat posture, led the Government to reconsider the manning levels of the Borders and Coastguard Agency. The Government, as a consequence, agreed to a further 20 Officers being recruited during the year. The increase in numbers will allow for a second passenger screening lane to be operated during busy periods throughout the summer.

In addition, the Government has approved the employment of an additional 4 employees for the Terminal, who will help Borders and Coastguard Agency officers by ensuring passengers are correctly prepared to undergo the screening process.

Once fully operational, this new personnel should result in a reduction in the number of alarms when passengers make use of the walk-through metal detector and when cabin baggage is x-rayed. The end result will be less passengers and cabin baggage having to be searched which should lead to shorter queues.

In common with other European airports and in response to European legislation that came into effect on 1 September 2015, the Airport has increased the use of Explosive Trace Detection equipment in the screening process. The use of this equipment has helped improve the security level at the Airport, speed up the screening process and has made that process more passenger friendly by reducing the frequency of full body hand searches being carried out.

## **AVIATION - Legislation**

On the 1st November 2015 the United Kingdom ratified the Cape Town Convention, which provides a new uniform international legal order for the creation, registration and enforcement of security and similar interests in high value internationally mobile equipment. It works alongside the Protocol on matters relating to aircraft equipment which creates an additional set of rules specifically for aircraft finance transactions. In line with a number of other Overseas Territories and Crown Dependencies, the United Kingdom's ratification was extended to Gibraltar. This was done by means of local legislation which included revised Regulations on the Detention and Sale of Aircraft.

Mr Speaker, amendments have also been made during the year to the Civil Aviation (Air Navigation) Regulations 2009 in order to bring into effect European Regulation (EU) No 376/2014 of the European Parliament and of the Council, which provides for the reporting, analysis and follow-up of safety occurrences in civil aviation. The new Regulations replaced a European Union Directive dating back to 2003. It is important to point out that it is now an offence not to report a safety occurrence to the Director of Civil Aviation.

The Government has introduced local Regulations which detail the activities that are not permitted within the Air Terminal and give greater powers to Airport Officials. The rules are



similar in nature to the “byelaws” active in UK airports and more easily enable the RGP to charge persons that commit offences within the Air Terminal.

During the past year the MoD Airfield Authorities and the Director of Civil Aviation have undertaken a review of the aviation safeguarding procedures in Gibraltar. Safeguarding procedures are designed to ensure that New Developments in the vicinity of an aerodrome do not impinge on the safety of aircraft operating into and out of the airfield.

For obvious reasons, the standard International Civil Aviation Organisation guidelines do not fit here due to the presence of the actual huge “Rock” itself. By using the services of the same Consultant that designed the safeguarded areas for London City Airport, the MoD have designed new Safeguarded Areas in Gibraltar which will relax some of the constraints related to New Developments outside of the immediate vicinity of the runway. The Members of the Development and Planning Commission have been briefed on the new Safeguarded Areas and this information will be advertised in the near future on the Government website.

Mr Speaker, unfortunately, prior to Christmas, there was a worrying increase in the number of times that aircraft were illuminated by lasers as they approached and departed the Airport. A short media campaign and RGP assistance appears to have had the desired effect of warning those undertaking this dangerous activity of the seriousness of their actions. While current legislation provides deterrence in the form of prison sentences and hefty fines, the UK along with a number of other nations is considering further measures with regard to the availability of these laser devices. I have asked the Director of Civil Aviation to monitor the changes that might take place in the United Kingdom.

I take this opportunity to thank the Director of Civil Aviation and the Air Terminal Director and his staff for their work over the last financial year.

## **GIBRALTAR NATIONAL ARCHIVES**

Mr Speaker, the estimated expenditure figure for the Office of the Deputy Chief Minister also includes provision for the Gibraltar National Archives.

The policy of this Government has slowly seen the Archives move forward into the new age of digital technology. This process has been assisted in large measure by the enthusiasm and expertise of Anthony Pitaluga, the Archivist himself, and of his staff.

Mr Speaker, as we progress forward as a nation, it becomes all the more important to properly document and record our past. These records contain the collective memory of our experiences as a people and reflect our journey over the centuries. They cover such traumas as the wartime evacuation and the closure of the frontier, the euphoria of the 1967 Referendum and other defining moments in our history.

The National Archives now enjoys its own website [www.nationalarchives.gi](http://www.nationalarchives.gi). This continues to be expanded with the addition of new documents and data.



The lists and registers of population, including that of 1777, are now available on-line and searchable. This database contains over 174,000 records. There is also material to mark the 100th anniversary of the outbreak of the First World War and the 75th Anniversary of the evacuation of the civilian population of Gibraltar during the Second World War.

Mr Speaker, events to mark the anniversary of the Evacuation during the last financial year proved to be extremely successful. The Memorial Service in Casemates Square and the concert at the Victoria Stadium were attended by many thousands of former evacuees. I had the pleasure to meet some of them who had come from as far afield as Australia.

The younger generation received, through their schools, a copy of a commemorative Evacuation booklet.

A privately organised play on the subject proved to be a sell-out night after night.

The Government was delighted to have been able to contribute to commemorating what was a landmark in the political and constitutional development of Gibraltar. This was an event which cemented together our identity as a people.

There will be many who will not be around for the 100th anniversary so it was a timely tribute to have commemorated last year the hardship that they endured. A number of audio tracks which detail the personal experiences of many evacuees can also be found on the archives website.

The records of a 1749 Court of Enquiry into property grants in Gibraltar are now available in digital form. This has been described as one of the most important records held in the Archives given that it marked the beginning of proper administration and administrative procedures in Gibraltar.

The details of Gibraltar's military births, deaths and marriages from 1869 to 1914 have been digitised as well, following a 100 year rule. This data was originally compiled in order to investigate health issues among military residents of Gibraltar and was part of a large database of information which allowed users to compare and contrast demographic and health matters.

Mr Speaker, I would like to thank Professor Larry Sawchuk of the University of Toronto in Scarborough and the Archivist Anthony Pitaluga who carried out the work which led to the digitisation of these records.

The Archives now boasts a state of the art specialised archival scanner which has enabled the staff to digitise newspapers, magazines, government files and books as well as images, maps and plans.

The Government is delighted at the way in which the digitisation programme continues to progress. It is important to make the obvious point that the material which goes on-line is accessible from the entire planet and not only from Gibraltar.

I would like to take this opportunity to congratulate the archivist and his staff.



## NORTHERN DEFENCES

Mr Speaker, I will be closing my contribution with a few words on the progress of the Northern Defences project.

I want to thank my colleagues in the Ministerial team that I have chaired for their help and advice in taking this forward. These are the Minister for the Environment Dr John Cortes, the Minister for Tourism Samantha Sacramento and the Minister for Heritage Steven Linares.

This inter-departmental approach has worked well and it is set to continue.

The House knows that the network of defensive positions which was carved on and inside the northern face of the Rock hundreds of years ago is a world class site. There are layers of Moorish, Spanish and British fortifications in the same area. It comprises structures which are medieval in origin to more recent World War Two positions. The area is a jewel for military historians and for tourism in general.

Indeed, from a political perspective as well, the point needs to be made that one reason why Gibraltar is still British is because those defences held firm and were never breached by Spain.

It was therefore regrettable that they were in the state that we found them in when work started. The House knows that 500 tonnes of rubbish were removed from the site. This included mattresses, fridges, motorcycles, television sets, rubble and anything else that could be thrown over a wall.

Mr Speaker, the Estimates reflect the continuation of works at the Northern Defences during this financial year.

The successful completion of the two previous phases have allowed for this unique network of 18th century military tunnels, galleries and defensive positions, to link Casemates Square to Road to the Lines and to the Upper Galleries.

The seemingly impossible task of clearing up this area commonly referred to as “the jungle”, demonstrates the Government’s commitment to protecting and exposing our cultural heritage. We have not shied away from the logistical challenges before us; instead we have embraced them, and can proudly say that we are on the verge of recovering what could become a national treasure.

Not only do we recognise the heritage value of the Northern Defences, as I have explained, but we also understand its economic potential and the social benefits that this work may yield.

This year will witness the last sequence of clearance works which will focus in the area of the King’s and Queen’s Lines overlooking Laguna estate. The works will largely consist of the removal of the vegetation which is damaging the historic fabric, and the clearing of accumulated debris.



These tasks will continue to be monitored by the Ministry for the Environment, GONHS, the Heritage Trust and the Ministry for Heritage. These organisations have ensured the protection of our natural heritage as well as our urban heritage during the previous phases.

The Heritage Trust has conducted very successful, highly informative and well-attended tours of the Northern Defences. They have rightly pointed out that the area will not only be enjoyable to residents but will also provide an additional quality tourist attraction. This product forms an intrinsic part of the Government's vision on sustainable tourism.

Mr Speaker, I would like to take this opportunity to thank the Royal Engineers who have provided considerable manpower to clear the site at intervals throughout the year. I was delighted to have recently presented a cannon ball found on the site to Lt Col Roger Morton. A mortar fragment from there will be displayed in the Royal Engineer Corps Museum in Chatham, Kent.

It is very fitting that the modern day forerunners of those who constructed these fortifications hundreds of years ago are today involved in their restoration.

## URBAN RENEWAL

Mr Speaker, but perhaps the most exciting element of this project is its potential to act as a catalyst for the regeneration of the old town area, especially the area of Road to the Lines.

It is true that for many years sectors of the upper town have been neglected, properties have been abandoned and in dire need of investment. We often hear a clarion call for these to be repaired.

The Government has taken the policy decision to put out to tender a number of vacant properties in the Upper Town in order to encourage prospective residents to move into the area. This is being done through our property agents Land Property Services Ltd. I would, at this point, like to thank the directors and staff of the Lands Office and of LPS for their efforts over the last financial year.

This project is in its infancy but it is working well with a number of properties already refurbished and inhabited, others sold off-plan and a project for a boutique hotel nearly complete.

Mr Speaker, the Government has also refurbished many of its own properties in the Upper Town and is leading by example in this regard. The schools at the old St Bernard's Hospital are a prime example of how an old building can be put to a modern day use. St Mary's School in Town Range was also refurbished. A number of residential blocks at Moorish Castle and in the Calpe area have undergone the same treatment.

In order to understand such complex issues the Government has set up an Urban Renewal Task force with an aim of recording and then reversing the urban decay which is present in some areas. The task force has identified key sites and is currently engaging with stakeholders in pursuing practical ways of delivering an urban renaissance.

We are, as I said earlier, already witnessing the fruits of this. An investment by the Government in the provision of better means of access, parking facilities and the creation of new educational institutions have served to see the return of families to this charming part of Gibraltar. Such an initiative has, in turn, encouraged private investment. Several private properties are, and continue



to be upgraded as a result, shops have now appeared where empty stores were once located and facades are being improved.

Mr Speaker, there is still a very long way to go. This is a huge and ambitious project and it will take many years and span several four-year political cycles. It will not happen overnight – nonetheless the Government has made a good start.

## CONCLUSION

Mr Speaker, the Referendum on whether the United Kingdom should remain in the European Union or should leave has overshadowed the first half of this year.

It has meant that the Government has had to devote a considerable amount of time, energy and resources to this matter.

It is clear that in the coming few years the Government will have to devote even more time, even more energy and even more resources to dealing with the consequences of the outcome.

The United Kingdom itself has to map out the details of its future relationship with the European Union.

We have already started.

And we will continue to examine all the options in order to protect the position of Gibraltar.

We did not want to find ourselves where we find ourselves today.

This is not an outcome that we voted for.

However, we are where we are and now we have to deal with it.

However, Mr Speaker, the House can rest assured that we will meet and we will overcome the challenges that we face.

The Government will continue to build on the strong foundations that have been laid as we move forward with our second term in office.

To conclude Mr Speaker, I want to thank the staff in my personal office in 6 Convent Place for their assistance and support over the last financial year.

I also want to thank the Clerk and the staff of the House.

Thank you Mr Speaker.