



# HM Government of Gibraltar

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Deputy Chief Minister

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### **Budget Address 2021-2022 - Deputy Chief Minister, The Hon Dr Joseph Garcia CMG MP**

Mr Speaker,

#### **INTRODUCTION**

It is good to see this House meeting today in order to debate the Estimates of Revenue and Expenditure.

The events of the last fifteen months have shown that nothing can be taken for granted.

Not even this traditional, set-piece annual fixture.

Mr Speaker, this is my 23rd budget.

Thirteen have been in Opposition.

Ten as a member of the Government -

one of which failed to materialise in the usual way as a consequence of the pandemic.

#### **COVID-19**

Mr Speaker, we have seen how a virus first detected in China at the end of 2019 has now taken millions of lives,

destroyed families everywhere,

decimated economies across the planet and

quite simply turned the world upside down.



The pandemic has challenged everything that we took for granted.

The simple right to leave our homes.

The right to meet who we like when we want to.

The right to gather in hundreds or thousands.

The ability to travel smoothly and simply.

The right to open the doors of our businesses.

Our relationship with our loved ones and the elderly in particular.

These multiple challenges have complicated our existence.

They have thrust to the forefront of the debate the delicate balancing act between freedom and the protection of life.

And difficult decisions have had to be taken.

Mr Speaker, this global pandemic is a watershed.

It will mark a before and after.

COVID-19 has taken a heavy toll in many different ways and in many different areas.

It has had a devastating economic impact.

Everywhere.

First, because Governments have increased their expenditure;

and second, because Government revenues have shrunk.

That is the basic pattern repeated in different places.

And we all know the reason why.

Governments have had to spend money to protect their citizens.

Here in Gibraltar too.

Our own COVID-19 Response Fund already runs into hundreds of millions of pounds.

As we have strived to save lives and protect businesses.

Our intensive preparations have cost money.

This covered areas like

general medical supplies;

PPE;

a field hospital;

ventilators;

medication; and investment



in doctors,

in nurses,

and in frontline staff.

We all agreed this expenditure here together.

Emergency spending to face the threat to our people.

And at the same time, the private sector was effectively shut down.

As we faced two lockdowns.

The taxpayer was called upon to support the business community in a number of different ways.

Through Government rents;

Rates.

Taxation and import duty.

And importantly support for private sector salaries.

All this, Mr Speaker, comes with a price-tag attached.

That is exactly what these Estimates reflect.

It means more money going out,

And it means less money coming in.

That is the financial cost of COVID-19.

A cost which runs through these Estimates of Revenue and Expenditure.

I have never seen anything like it in over 20 years in this House.

And the consequence of all this, Mr Speaker, is simple mathematics.

It was already spelt out to the country by my Honourable Friend the Chief Minister on Thursday 20 May.

And it is laid bare in the numbers tabled before this House today.

A deficit of £ 138 million;

with a further deficit of £ 51 million projected for next year.

Those stark figures represent the financial consequences of our actions.

The numbers reflect the decisions that we took.

That both sides of this House took.

Together.

We agreed and established the Covid-19 Response Fund.

In the full knowledge that what mattered was the present.



And that the protection of our people from this deadly disease was paramount.

Mr Speaker, we all did what needed to be done.

For we were not only dealing with the unexpected;

we were also dealing with the unknown -

to an extent we still are.

When people look back in twenty years time and write the history of this period that unity of purpose will not be lost on anyone.

It is, of course, nothing new.

For more than three centuries Gibraltarians have united against countless threats.

Some of those perils blatant and visible.

Others, like this one, covert and invisible.

Not the usual type of threat and certainly not from the usual quarter.

Mr Speaker, the people of Gibraltar, for their part, have trusted their leaders to manage the pandemic.

And we all rose to that challenge.

Everyone did.

Hundreds of volunteers put their names down to help.

Our health and care services made us proud.

Our front-line and emergency workers;

Our civil service and the wider public sector;

Our elderly, particularly those over 70, who were called upon to make sacrifices for the common good.

Our young people too.

Our business community who have taken a serious hit.

And I want to take a moment to praise the work of those who brought everything together.

The Chief Minister at the top.

The two Health Ministers Paul Balban and Samantha Sacramento.

The Minister for Public Health Professor John Cortes.

And all my other colleagues.

Gibraltar can be well proud.

We have become a world leader in testing for COVID-19.



And we have led the world with our vaccination programme,  
thanks to the unstinting support of the United Kingdom.

Mr Speaker, this public health background must be at the centre of our debate here today.  
Because it would be a serious error of judgement to view these Estimates in splendid isolation.  
As if nothing had happened.

As if we had not faced a threat to life.

As if the overriding priority had not been precisely to protect our people.

It would just be plain wrong to belittle all this.

To ignore the catastrophic economic cost of this global pandemic.

And to pretend it never happened.

Sadly, Mr Speaker, we suffered a human cost too.

Something much greater.

A cost that cannot be measured in pounds and pence.

COVID-19 took 94 souls away from us.

Lives which were ended before their time.

And we will never forget them.

Thankfully, many more were saved.

This destruction of human life is unknown in Gibraltar since the “Spanish Flu” of some hundred years ago.

And globally, Mr Speaker, four million people have now lost their lives.

Four million.

And as families come to terms with their loss and we grieve those who are no longer with us, the shattered economies across the world struggle to find their feet.

Variants, mutations, vaccinations, genomic testing, PCR, antigen, face-masks and social distancing are part of the legacy that COVID-19 has left us.

A new lexicon for a new era.

We hope and pray that all this is over soon, Mr Speaker.

But who knows?

The fact remains that this global pandemic has had a terrible human cost.

And we can never forget that.

But for the purposes of today.



We should recall that the global pandemic has had a disastrous economic cost as well. And that Gibraltar, regrettably, is no exception to that rule.

## **BREXIT**

Mr Speaker, COVID-19 is the crisis of a lifetime.

Our departure from the European Union, the challenge of a generation.

As the House knows, the COVID-19 pandemic has coincided in time and space with our exit from the EU.

And we as a Government, a Parliament and a people have had to contend with both.

In their time in office, any Government might expect to deal with one such unusual eventuality.

But Mr Speaker, we have been particularly unlucky to be faced with two.

And both of them at the same time.

The double-blow of Brexit and COVID has been a real test.

It has stretched our resources.

It has probed deep into our resolve.

And it has pushed Gibraltar to the very limit.

The referendum of 2016 unleashed a huge volume of work for the public administration.

Volumes of papers.

Hundreds of meetings.

Hours upon hours of stress, tension and pressure.

The consequences of our EU exit have been felt across every department, every authority and every agency.

Because, quite simply, membership of the European Union had percolated into every area of life.

Everywhere, Mr Speaker.

Therefore exit from the European Union, as someone observed during this process, has been like trying to remove the eggs from a cake after baking it.

It has meant at least two detailed strands of work running in parallel.

Often more.

That work intensified and peaked with different deadlines.



## **NO NEGOTIATED OUTCOME**

Mr Speaker, there were a number of such cliff-edge scenarios.

Several came before the Withdrawal Agreement was concluded.

Members will recall that our original departure date was set for 29 March 2019, then 12 April 2019 and then 31 October.

The intensity rose to new heights with each and every deadline.

Finally, the UK and Gibraltar left the EU with a Withdrawal Agreement on 31 January 2020.

The next cliff-edge came in the run-up to the end of the transition period on 31 December last year.

The New Year's Eve Agreement ensured the continuation of a semblance of normality.

This was accompanied by a series of contingency measures unilaterally applied by Spain originally until the end of last month.

Those measures have now been extended further until 31 October.

All this comes at a time when we stand on the threshold of the commencement of Treaty negotiations about Gibraltar's future relationship with the European Union.

The draft negotiating mandate of the European Commission has just been published this afternoon.

The next step is agreement by the Member States in the Council.

The content of the mandate should not come as a surprise to anyone.

It reflects the opening position of those on the other side and not our view or the view of the UK.

In other words, this is the start of a process and not the final product.

Gibraltar, the United Kingdom and Spain all remain committed to an outcome based on the New Year's Eve Agreement.

This is, nonetheless, a most unhelpful mandate.

It contains very little that we can agree with.

And it may simply not be possible to arrive at a new Treaty on this basis.

We will know more once the mandate has been approved by the Member States and the negotiations commence.

But Mr Speaker, at each and every stage of the Brexit process we have faced a cliff-edge.

And Gibraltar has had to plan for different outcomes.

We have prepared for the consequences of an agreement and also for the consequences of no agreement at the same time.

In relation to the no deal work, I want to make one thing absolutely clear.



It is impossible to mitigate for every consequence of a non negotiated outcome.

And it is clear that the Government can only prepare in areas that we control.

In other areas, the new situation will simply reflect what it means to be outside the European Union.

Businesses and citizens need to make their own preparations too.

There is a considerable amount of public information in the Government's website.

And we will deploy the same well-oiled communications strategy that we have already used in the past.

I am pleased to inform the House that the Government plans to update our private briefings on a No Negotiated Outcome (NNO).

These will be delivered to a number of interested parties.

And will be similar to the ones provided before previous cliff-edges.

Mr Speaker, the Government continues to work closely with the UK Government on a No Negotiated Outcome Board.

NNO Board for short.

I chair this jointly with the Minister for the European Neighbourhood and the Americas Wendy Morton MP.

It met in Gibraltar on 28 June in hybrid format.

This joint no-deal work has been continuous and has now spanned a number of years.

I want to place on record our gratitude at the continuing support of the United Kingdom in this area.

The House knows that the UK has financially supported a number of EU exit projects for Gibraltar.

This has included:

the construction of a ferry access ramp at the port;

the purchase of a waste shredder, compactor, baler and wrapper; and

the temporary ferry service from Algeciras to allow time for our food importers to adapt to the new EU rules which followed our exit.

## **NO NEGOTIATED OUTCOME – ALGECIRAS FERRY**

Mr Speaker, the official scheme which facilitated the ferry service from Algeciras came to an end on 15 May.

The UK and Gibraltar Governments took the view that this contingency was absolutely essential.

And the bedding-in of the ferry service served its purpose.



The operation has since continued on a purely commercial basis.

Food importers have made use of the additional time to make alternative arrangements.

The House will recall that the issue here is the transit of goods of animal origin from the UK (and outside the EU) to Gibraltar.

Those goods are required to enter the EU in transit through a Border Control Post (BCP), generally in France, and then to exit through the nearest BCP which is in Algeciras.

This new system, which has operated from 1 January, has presented a difficult logistical challenge for our food importers.

It is cumbersome and bureaucratic.

The processes and procedures are different.

There is more paperwork for the exporter,  
more bureaucracy for the importer and  
more rules for the transport companies.

This simply reflects what it means to be outside the European Union.

The Department of the Environment, together with DEFRA in the UK have maintained a close contact with our food importers throughout the Brexit process.

And this regular contact continues.

I am pleased to report that the bulk of them have now better understood the new processes.

There are some making use of the ferry.

There are others importing their goods into the EU and then exporting to Gibraltar, as opposed to moving goods in transit.

And there is an increase in the number of refrigerated and other container traffic arriving by sea.

This has had the effect of reducing our dependence on the border.

And is part of the strategy for a No Negotiated Outcome.

## **NO NEGOTIATED OUTCOME – PORT AND CONTAINER TRAFFIC**

Mr Speaker, the number of containers arriving at our port has increased considerably.

The average number was some 400 a year.

This year we have over 300 already.



Indeed, at one point there were so few containers arriving at our port that the viability of the fortnightly service put in doubt.

That trend has now reversed.

This increase in container traffic has led to improvements in infrastructure at the port as part of our no deal planning.

I referred earlier to the ferry access ramp.

Associated infrastructure was also upgraded.

The Government has increased the number connection points for reefers.

These are refrigerated containers used to carry temperature sensitive cargo.

Those power points have now increased from a handful to thirty.

The plan is to go to 60 if needed.

This will increase our storage capacity for refrigerated goods.

Electrical, resurfacing and other works are also in the pipeline.

Mr Speaker, it is just as important to prepare for no treaty with the European Union as it is to prepare for a treaty.

The Government, needless to say, very much favours a positive outcome based on the New Year's Eve agreement.

But we still need to prepare for the worst.

## **NO NEGOTIATED OUTCOME - DRIVING LICENCES**

Driving licences are an example of an issue that has undergone a positive evolution since we left the EU.

Gibraltar started the exit process with an International Driving Permit (IDP) as a requirement to drive in the EU in the event of no agreement.

It will be recalled that there are two types of IDP.

Spain and Portugal, for example, each require a different permit.

This meant that someone driving from here to Portugal would have needed their driving licence, an IDP in order to transit Spain and a different IDP for Portugal.

Three documents to take the place of only one.

The situation today has improved.



The United Kingdom has negotiated agreements for the mutual recognition of driving licences with the vast majority of Member States of the European Union.

The Gibraltar driving licence is covered by those arrangements.

This means that an IDP would now only be required for Cyprus (1949 IDP), Croatia and Italy (1968 IDP).

The Government is awaiting the outcome of discussions with the remaining three.

Spain has itself continued to recognise Gibraltar licences without an IDP.

### **NO NEGOTIATED OUTCOME – MOVEMENT OF PERSONS**

Mr Speaker, the movement of persons across the border remains the single most important issue in the context of a No Negotiated outcome.

This would mean the full application of the Schengen Border Code.

Such a move would have a considerable impact on the lives of ordinary citizens on both sides.

And on businesses too.

It would mean controls to enter Schengen and controls to exit Schengen.

Passport stamping.

On the way into Spain and on the way back from Spain.

More intensive checks on non-EU nationals.

Border guards would have the power to ask questions -

about the purpose of your visit to the Schengen area;

about the duration of your stay;

about the cash that you have on you; and

about your ability to sustain yourself during your visit.

You could be asked for a copy of your travel or hotel voucher.

And all this would happen with the legal cover provided by the Schengen Border Code.

It is the same at any external border of the Union.

Mr Speaker, I must confess that by its very nature, no deal work is very depressing.

No part of it is pleasant.

So the Government will continue to work tirelessly for a new UK-EU Treaty about Gibraltar.

But we must, at the same time, be ready to face the alternate reality

in the event that agreement on a new treaty is not possible.



We cannot simply bury our heads in the sand.

And we must be just as prepared to conclude an agreement,

as we must be prepared, if need be,

to walk away without one.

Members will know that the Government hosted a visit of Home Office officials from Border Force International during the week starting 7 June.

The object of their visit was to review and advise on our border options in the event of no deal.

The team looked at the physical and geographical layout of the frontier.

They left with a better understanding of the position on the ground.

Indeed, the effects of passport stamping were witnessed during the week immediately before that visit took place.

And this will serve as a reminder of what life outside the EU without a treaty on our future relationship could look like.

Since 2019,

stamping for everyone would have been the norm -

if there had been no Withdrawal Agreement which included us in its territorial scope;

if Gibraltar had been left out of the transitional period; and

if there had been no New Year's Eve Agreement.

The consequence, in each case, would have been the full application of the Schengen Border Code.

And the stamping of passports that goes with it.

So it is easy to criticise what the Government has achieved, Mr Speaker.

But facing the alternative brings everything into focus.

And we cannot lose sight of one important point.

The Withdrawal Agreement, the MoUs, the Tax Treaty and the New Year's Eve Agreement, were all much maligned by some.

Yet those very agreements have set the basis for a degree of normality.

Not the full normality we were used to, clearly.

Because that can only come with EU membership.

But a degree of normality all the same.

So I want take this opportunity to congratulate my Honourable and learned friend the Chief Minister.



Because he has led on these constructive and imaginative solutions.

And because those policies have saved Gibraltar from the worst.

I also want to thank the Attorney General and the Financial Secretary too.

And countless officials in Gibraltar, London and Brussels also for the invaluable role that they have all played.

Mr Speaker, our border mitigation plans are tried and tested.

A hard border with controls and checkpoints will not be new to us.

Over many decades, Gibraltar has deployed mitigation measures whenever there have been delays. Even during our time in the European Union.

Indeed, in that time, the border saw three inspection visits from the European Commission.

They came on 25 September 2013,

again on 2 July 2014 and

for a final time on 27 October 2015

So Mr Speaker, it is important to make one thing clear.

In the event of no agreement, mitigation measures will not solve every issue.

There are some areas outside our control where there can be little or no mitigation.

Where that alternate world of a no-deal scenario will mean

that procedures will be more time-consuming;

that processes become more cumbersome; and

that rules will be more bureaucratic than before.

That new situation would simply reflect what it means to be outside the European Union.

The advice to citizens and to businesses remains the same as it has been since 2016.

The message is that they should continue to plan ahead.

To plan and not to panic.

## **NO NEGOTIATED OUTCOME – BORDER - GOODS**

Mr Speaker, on 28 June a further visit of UK FCDO officials took place as part of the planning for No Negotiated Outcome.

And this Sunday a further group arrived which comprised officials from the FCDO, the Treasury and HMRC.



This is part of the on-going work on goods, transport and customs.

The House knows that Gibraltar has never been a part of the Customs Union or the EU acquis for the movement of goods.

It is an area where we have always been in a no-deal situation.

The main impact since the end of the transition period has been the new routing via Algeciras for imports of animal origin from the UK.

Members are aware that controls on the movement of goods will have an impact on the fluid movement of persons.

In other words, even in a common travel area with the Schengen zone, the potential would exist for cross-border travellers to be stopped and quizzed about what they may have on their persons, in their bags or in their vehicles.

And it is in that context that the Government has considered looking at the viability of different solutions to expedite customs procedures.

Indeed, the New Year's Eve Agreement itself explains that a future treaty could foresee a bespoke solution in this area.

## **NO NEGOTIATED OUTCOME – LEGAL FRAMEWORK**

Mr Speaker, so as the House knows, we left the European Union on 31 January 2020 and the transition came to an end on 31 December last year.

This means that we then lost the legal framework provided by EU law.

A new legal structure came into being to replace it.

This includes, for example,

the European Union (Withdrawal) Act,

the European Union (Withdrawal Agreement) Act,

the European Union (Application of International Agreements) Act, and

the European Union Laws (Voluntary Implementation) Act

among other legislation.

So while we have retained EU law in our statute books, we have also proceeded to update and amend it accordingly to take account of Gibraltar's new reality.

Work is also ongoing to expand our new international legal framework.



## GIBRALTAR HOUSE – BRUSSELS

Mr Speaker, I now turn to report on our office in Brussels.

This can be found at Head 12, Sub-Head 2 (7).

Honourable Members will see that the estimated expenditure for the financial year 2021/22 reverts to £ 260,000.

This follows a considerable underspend in the combined financial year 2019/21 of £350,000.

Mr Speaker, since its expansion in 2015, our representation in Brussels has offered invaluable support to the Government.

It has spearheaded our engagement with the EU institutions;  
with its Member States;  
with the representations of third-countries and territories based there;  
as well as with the many non-governmental organisations headquartered in the heart of the European Union.

This has been especially true since the UK's decision to leave the EU in 2016.

First, it supported our work to secure Gibraltar's inclusion in the EU-UK Withdrawal Agreement; then it assisted during the negotiations on the Framework Agreement; and thirdly it continues to work as we prepare to commence negotiations on our future relationship with the EU.

Gibraltar House in Brussels has been there every step of the way.

The office has also engaged with other Brussels-based stakeholders despite the challenges of last year.



## **ENGAGEMENT - EU**

Mr Speaker, those challenges were considerable.

Up until lockdown, the office maintained its regular programme of face to face contact and direct engagement.

This has proved important in recent years ever since we enlarged our footprint in Brussels.

However, the serious impact of COVID in Belgium significantly altered working practices.

The EU bubble too had to adapt.

The pandemic reduced personal contact in formal settings.

It also impacted on the “soft” lobbying and networking typically done at events and conferences.

Like everywhere else, engagement at one point, migrated entirely into the online sphere.

Nonetheless, throughout this time, the office has been able to keep up with its daily monitoring of EU developments.

And our assets there continued to attend online events and conferences.

It is positive to note that, recently, restrictions in Brussels have started to ease.

This will allow a resumption of our successful programme of familiarisation visits to Gibraltar.

These have, over the years, provided MEPs and officials with a unique understanding of our issues.

## **ENGAGEMENT - UK IN BRUSSELS**



Mr Speaker, the team at Gibraltar House continues to coordinate its efforts with the UK Mission to the European Union.

Deep ties at all levels have been established.

That engagement has been continuous and across the board on Gibraltar matters.

This contact was particularly important in the run up to the Framework Agreement.

There is also on-going coordination with regard to wider public diplomacy objectives in Brussels.

Indeed, it is worth noting that the UK Mission is itself transitioning to a new role.

This followed the UK's exit and the ratification of the UK-EU Trade and Cooperation Agreement.

UKREP, as it was known, has now become UKMis Brussels.

This engagement with the UK Mission is supplemented by continuous contact with the wider British presence in Brussels.

A group of Brussels-based UK offices and organisations continue to bring UK-linked interests together.

It comprises over 50 entities, including the different Devolved Administrations.

This allows for coordination, for exchange of information and for a framework within which to liaise on many important matters.

Gibraltar House plays a central coordinating function in this organisation.

In addition to this, our team in Brussels currently leads its Digital Working Group.



All this is complemented by the Government's recent membership of the British Chamber of Commerce in the EU and Belgium.

## **VISITS TO BRUSSELS**

Mr Speaker, the pandemic impacted on the calendar of ministerial visits to Brussels during 2020 and 2021.

In late February 2020 I had the opportunity to travel there on an intense and fruitful visit.

This was topped off by a reception at Gibraltar House where we hosted friends of Gibraltar, diplomats and other dignitaries.

And the event was also used to introduce Daniel D'Amato as the new Director of Gibraltar House.

Daniel took over from Sir Graham Watson.

Sir Graham was pivotal in expanding our presence in Brussels and assiduously led the team for five years.

I know that Honourable Members will join me in in thanking Sir Graham for his staunch defence of Gibraltar throughout – first as one of our Members of the European Parliament and then as the Director of Gibraltar House.

And as we look forward, I want to highlight the solid and professional work that Daniel and the team have continued in Brussels.

This includes the provision of wider support to other Government Ministers and departments.

## **BRUSSELS OFFICE - FUTURE RELATIONSHIP**



Mr Speaker, as I mentioned earlier, the team at Gibraltar House provided important support during the course of last year's negotiations on the Framework Agreement.

They were involved in many areas – from information gathering to the provision of advice on specific issues.

They also provided technical assistance on no-deal preparations.

It is clear that the role of Gibraltar House will be just as essential as we move into the next phase of the negotiations.

The conversation will then move from the trilateral space into the multilateral space.

When that happens, putting across our position to the EU Member States and the European Parliament will be vital.

I remind the House that the EU27, acting collectively, and the European Parliament will have to consent to the text of the Treaty that emerges from the negotiations with the European Commission.

The Government expects that, in the months to come, there will be intense activity in Brussels.

And we hope that we will be able to conclude the Brexit process that began all the way back in 2016.

It all seems so long ago now.

#### **BRUSSELS OFFICE - FUTURE OF OFFICE**

Mr Speaker, the Government expects that Gibraltar House in Brussels will evolve into a new role in the context of our planned new relationship with the EU.



In the event of an agreement on a Treaty, new areas of cooperation and engagement could go deeper than they did when we were members.

Many other territories which enjoy tailor-made relationships with the European Union have such presences in Brussels, as do Monaco, San Marino and Andorra.

The Channel Islands, for example, which have never been part of the European Union, maintain representative offices there.

Indeed, Bermuda, a UK Overseas Territory like Gibraltar, actually opened an office there in 2018 after the vote to leave the European Union had taken place.

So our presence is important and the Government have no plans to change that.

Gibraltar has left the EU but the effect of EU policymaking on Gibraltar will continue to be felt.

No matter what happens.

Therefore, with a Treaty or without a Treaty, I am certain that the value of the Gibraltar House in Brussels to our country will only continue to increase.

Mr Speaker, I know the House will join me in thanking Daniel D'Amato and the team in Brussels for their work in very difficult circumstances.

## **GIBRALTAR HOUSE – LONDON**

I move on now to Gibraltar House in London.

This can be found at Head 12 Sub-Head (2)6.

The estimate for this financial year is again £ 1.2 million.

The COVID-19 pandemic has had a profound impact on the work of Gibraltar House in London too.

The office found itself operating on altering work patterns throughout the pandemic.

It was subject to UK government restrictions both on opening and in the way in which it operated.



The building itself was reviewed and made Covid-19 compliant.

For some periods its doors were closed to the public.

However, it did provide a service by telephone and email.

The staff worked remotely for some periods.

London resembled a ghost town during the height of the lockdowns.

I am told that, similar to many other major cities, it looked like a scene from a horror movie.

Shops and restaurants closed.

Pavements deserted.

And hardly any traffic.

Everything stripped back to the very essential alone.

The Director and his deputy regularly attended to the building and worked from the office in person in order to ensure its security.

Members will recall that a hotline was opened for Gibraltar students in London and that support was given where this was possible.

Mr Speaker, lockdown affected all offices and departments across Whitehall.

This included the main department of state that Gibraltar deals with, the Foreign Commonwealth and Development Office.

Most staff there worked remotely and engaged virtually.

MP offices at the Westminster Parliament operated in the same way.

Therefore the lobbying activities of Gibraltar House were mainly virtual during this time.

## **GIBRALTAR HOUSE – LONDON – OVERSEAS TERRITORIES**

Gibraltar House continued to work closely with the other UK Overseas Territories during this period.

This happened mainly under the umbrella of the United Kingdom Overseas Territories Association (UKOTA).

The Association brings together Anguilla, Ascension Island, Bermuda, British Virgin Islands, Cayman Islands, Falkland Islands, Gibraltar, Montserrat, Pictairn, St Helena, Tristan Da Cunha and the Turks and Caicos Islands.

The territories engage the UK on matters of common interest.

Needless to say, there are also times when different territories have different priorities.



Mr Speaker, I was pleased to participate in the Political Council of UKOTA which took place on 27 May, together with my colleague the Minister for Environment Professor John Cortes.

The meeting covered Brexit and COVID matters.

It also included an update on COP26 where my colleague has been leading for the territories.

On another matter, a cooperation agreement has now been signed between UKOTA and the Overseas Countries and Territories Association of the European Union (OCTA).

The objective is to foster greater cooperation between the Overseas Territories of the UK and the Overseas Territories of the EU.

### **GIBRALTAR HOUSE - LONDON - COMMONWEALTH**

The Government is also keen to develop further our relationship with the institutions of the Commonwealth and with its Member States.

In March last year we started this process with a series of meetings in London.

This included a meeting with the Secretary General of the Commonwealth Baroness Scotland.

The Government also engaged with a number of High Commissioners from the main Commonwealth countries.

Sadly, this programme was cut short by the pandemic and the ensuing lockdowns both in Gibraltar and in London.

The Commonwealth Heads of Government meeting which was rescheduled to take place in Kigali, the capital of Rwanda, in June this year was postponed for a second time.

The Government had planned to send a delegation to participate in events which were timed to coincide around that meeting.

This happened very successfully in London the last time.

Then, Gibraltar was represented at the Business Forum, the Women's Forum, the Youth Forum and the People's Forum.

The Government has nonetheless been able to continue to work with the Commonwealth Enterprise and Investment Council (CWEIC).

The CWEIC is the commercial and business arm of the Commonwealth.

Lord Marland, the chairman of the Council was here a few weeks ago to formally inaugurate their new offices and welcome their new Country Director.



The door is now open for businesses in Gibraltar to take advantage of any new opportunities that the Council may offer them.

## **GIBRALTAR HOUSE – LONDON – LOBBYING IN UK**

Mr Speaker, the All Party Parliamentary Group on Gibraltar continues to meet on a regular basis. Indeed, it has met throughout the pandemic.

One plus point has been the increase in the number of MPs present at virtual meetings.

Technology has allowed them to attend from their own homes.

Sir Bob Neil, the chairman of the Group, continues to organise very useful meetings for MPs.

This includes briefings during which both the Chief Minister and I have updated Parliamentarians on the latest developments affecting Gibraltar.

Seven APPG Gibraltar meetings have been hosted since the start of the pandemic.

This has allowed the Government to brief MPs on a number of matters, including the progress of discussions about the future relationship of Gibraltar with the European Union.

Gibraltar House in London has arranged both private and public engagement with the UK Parliament.

And there have been meetings with the Foreign Affairs Committee of the House of Commons and with the European Union Committee of the House of Lords.

Mr Speaker, the pandemic saw the 2020 party conference season operated on virtual platforms.

This very much reduced the reach that we usually have.

In more normal times, Gibraltar has had a physical stand at these conferences.

The Government also hosts a reception.

And these have traditionally been very well supported.

Sadly, 2020 was different.

All the main conferences were virtual.

Although Gibraltar had an online presence in each of them.

And I was able to host a well-attended virtual fringe on the Liberal Democrat platform.

This year the indications so far are that the two main parties will hold conferences in person.

The Conservative Party in Manchester from 3 – 6 October.

The Labour Party in Brighton from 25 – 29 September.

And the Liberal Democrats have again opted for a virtual conference in the autumn.



There will be a Gibraltar presence at the DUP and SNP conferences too.

The Government still needs to determine what shape this presence will take.

Mr Speaker, the House knows that there will be no National Day rally this year.

Gibraltar House will host an event in London for some MPs in keeping with the rules in force at that time.

Dominique Searle and his team will also organise visits to Gibraltar by small groups of MPs.

This will be important as we continue our work for a future relationship with the European Union.

Mr Speaker, I am pleased to say that since restrictions were eased in London in April, Gibraltar House reopened, first to staff and then to the public.

The office has, from 17 May, operated as normally as the rules have allowed.

I want to thank Dominique Searle and his team for the work they have done over the last eighteen months in these taxing times.

## **LOBBYING IN THE UNITED NATIONS**

Mr Speaker, the pandemic and the ensuing restrictions have had a serious impact on our lobbying activities in the United Nations.

The Chief Minister and I have been unable to address its Committees there since 2019.

Last month, the representative of the Government of Gibraltar in the United States Mr David Guerrero Liston addressed the Committee of 24 instead.

I want to thank Mr Liston for his intervention.

This ensured that the voice of Gibraltar continued to be heard.

And we hope that time will allow us to attend those important sessions again in the future.

Over the years, the Government developed a strategy in New York which went much further than the set-piece appearances before the organs of the United Nations.

Indeed, on many occasions we stayed behind in order to develop this strand of work behind the scenes and away from the glare of the cameras.

We hope to be able to resume this too when the pandemic subsides.

## **LOBBYING IN THE UNITED STATES**

Mr Speaker, the level of our engagement with the US Congress in Washington has also been affected.



The public health crisis has prevented us from lobbying in Washington in person.

And no working visit to Gibraltar by US Congressmen took place during 2020 or in 2021 so far.

While on this matter, I do want to report to the House that Congressman George Holding has retired.

He did not stand for re-election in November.

The Congressman was, and remains, a staunch supporter of Gibraltar and of the United Kingdom.

He is a standard bearer for the special relationship between the United Kingdom and the United States of America.

Indeed, this House will recall that we unanimously bestowed the Gibraltar Medallion of Honour on Congressman Holding in February 2017.

This was presented to him in person in the Lincoln Room of the US Congress Capitol building the following month.

I was able to wish him well in a virtual meeting after the US Congressional elections.

I know that the House will join me in thanking George Holding for his support.

The Government will continue to work with other friends and allies, within the constraints that exist, in order to promote the views of Gibraltar.

## **CIVIL AVIATION – EU EXIT ISSUES**

Mr Speaker, I now move on to my responsibilities for Civil Aviation.

This can be found at Head 13.

The Estimate for this financial year is £2.9 million.

Our departure from the European Union does not affect the operation of “domestic” flights between the UK and Gibraltar.

We continue to be covered by the International Convention on International Civil Aviation, known as the Chicago Convention.

This provides a framework for aircraft on existing routes to overfly the EU and divert to airports there if necessary.

Mr Speaker, while on the subject of air routes, I want to highlight the invaluable work of my honourable friend the Minister for Tourism.



He has negotiated more flights to more destinations from Gibraltar Airport than ever before – including our first air connection with Scotland!

And I take this opportunity to congratulate him for it.

Our departure from the European Union has been reflected in our aviation legal framework.

This has followed the same pattern set in other areas.

A number of Regulations were published which brought EU law on Aviation Safety and Aviation Security into domestic legislation.

On another matter, in early 2019, the UK issued a revised State Safety Programme.

This sets out the basis through which aviation safety is managed in the UK, the Crown Dependencies and the Overseas Territories.

In September 2019, as a consequence of this, the Gibraltar State Safety Programme was updated.

## **CIVIL AVIATION – AUDIT PROGRAMME**

Mr Speaker, the COVID-19 pandemic has reduced the audit programme undertaken by the Director of Civil Aviation (DCA) and Civil Aviation Authority (CAA) inspectors over the last twelve months.

However, a programme has now been agreed going forward.

Separately, the International Civil Aviation Organisation has announced that the UK, including its Crown Dependencies and Overseas Territories, will be audited in 2022.

The objective is to confirm the compliance of its safety oversight system with ICAO Standards and Recommended Practices.

The UK was last audited in 2009.

This 2022 audit is intended to show the ICAO that the UK oversight system has not been unduly impacted by the UK's departure from the European Union.

It is, however, unlikely that the ICAO will come to visit Gibraltar.



However, there remains the requirement to ensure the extensive Compliance Checklists associated with the 19 Annexes to the Chicago Convention are reviewed and updated in the light of Brexit.

The Director of Civil Aviation has already commenced this review.

The objective is to ensure that the ICAO Compliance Checklist responses and associated protocol questions are complete well in advance of the audit dates.

### **CIVIL AVIATION – EMERGENCY RESPONSE TRAINING**

Mr Speaker, the Airport held its annual Emergency Response exercise in November 2020.

All areas of the emergency procedures and levels of Command were tested.

The involvement of St Bernard’s Hospital and the Ambulance Service was, not unsurprisingly, scaled down given the pandemic.

This exercise, as always, helped to identify useful lessons to improve the effectiveness of the response by the myriad of organisations that play a part in the Emergency Orders.

The aim is that a table-top exercise to practice the plan will be followed with a full live exercise in November.

### **CIVIL AVIATION - DRONES**

Mr Speaker, local interest in the operation of drones continues to grow exponentially.

In 2019 there were 6 local operators (4 of whom were offering commercial services) and 75 permits were issued during the year.

In 2021 there are now 23 local operators (8 of whom are offering commercial services) and by the end of May over 75 permits had already been issued.

New legislation introduced in late 2019 now requires that all operators have their drones registered with the DCA.

In addition to this, all operators flying drones that weigh more than 249 grams must now prove their piloting competence.



Given this situation, Honourable Members will have seen that the Government has published a Bill to improve the enforcement of the control of drones.

This important safety and security measure is already on the legislative agenda of this House.

Mr Speaker, I want to place on record the thanks of the Government to the Director of Civil Aviation.

## **GIBRALTAR NATIONAL ARCHIVES**

Moving on now to the Gibraltar National Archives.

The estimates can be found at Head 12, Sub-Head 1(1) and Sub-Head 2 (20).

Mr Speaker, the Archives continued with its work throughout the pandemic.

Although a number of their officers were redeployed to other tasks during 2020, very popular virtual displays and exhibitions were organised during the periods of lockdown.

There were 131 registered visitors in person during the last financial year.

The website received 26,311 hits from 135 different countries.

On 1 October 2020, the Archivist Anthony Pitaluga curated an exhibition on the 75<sup>th</sup> anniversary of the end of the Second World War in Europe, known as VE Day.

That exhibition had been delayed as a result of the pandemic.

Mr Speaker, I want to thank Anthony Pitaluga and his team for getting together such an interesting and relevant display.

This year marks the 100<sup>th</sup> anniversary of the establishment of the City Council in 1921.

An exhibition is being planned to mark this important event.

The City Council was, in many ways, the first very small step on our road to greater self-government.

The Government hopes to be able to organise the exhibition at the gallery on the ground floor of the actual City Hall itself – if this is logistically and technically possible.

I am grateful to my honourable friend the Minister for Culture for his assistance in this respect.



## **CAPITAL PROJECTS**

Mr Speaker, I move on now to cover some capital projects.

The Government has posted a budgetary deficit for this financial year.

It means that we are more restricted in the delivery of capital projects than we were in the years when we operated on a surplus.

I know that this is obvious.

The huge cost of the pandemic means that this year we will do less than we intended.

I will now say a few words on the Parliament building, the Northern Defences and The Mount in that context.

## **PARLIAMENT REFURBISHMENT**

Mr Speaker, there is no provision in the estimates of revenue and expenditure for the refurbishment and restoration of Parliament.

This means that it will not happen during this financial year.

However, the Government will use the time to seek all the necessary permits and consents.

The objective is to table a planning application.

Therefore a concept design will be presented to the Development and Planning Commission through which the Government will seek permission for the project.

That design has already been produced.

The Clerk of the House and the staff have been consulted.

A presentation on the designs was given to the Leader of the Opposition and to the Honourable Damon Bossino on 7 April.

Separately that day, the same presentation was also given to the Honourable Marlene Hassan Nahon.

In general terms, I think I am correct when I say that there is agreement across in this House as to the need to refurbish and restore the Parliament building.

There is also recognition of the need to improve facilities for Members and for staff.

The House is also very aware of the imperative requirement to provide access to the Chamber for persons with reduced mobility.

The main two points raised during the preliminary consultation were:



first the need to future-proof the building in case there are more Members in the years to come; and

second, the need to have a multi-purpose room on the ground floor with more than one entrance which could be used both as a board room and as a venue for Select Committee hearings.

Members opposite were given hard copies of the designs take away for further consideration and they were invited to come back with any further comments.

No more comments have been received so far.

Mr Speaker, I am pleased to tell the House that the Government had a generous commitment from the Parasol Foundation to pay for the construction of an external lift.

That lift will now be internal.

Nonetheless, the Foundation has very kindly agreed to pay for the external beautification of Parliament House instead.

The Government is very grateful to the Parasol Foundation for their continued commitment to Gibraltar.

This part of the project may be progressed earlier as it will have no impact on Government funds.

## **THE NORTHERN DEFENCES**

Mr Speaker, clearing out works at The Northern Defences will enter their sixth year.

The transformation of the site from a jungle into a jewel continues to progress extremely well.

Needless to say, the past year has been a very challenging one.

I have to congratulate the team in rising up to the challenge and adapting their work methods accordingly.

Having to adapt to new conditions, whilst maintaining consistent progress on an incredibly difficult site, has not been easy.

The Government acknowledges the dedication shown by all those working there.

Mr Speaker, in previous years our focus has been the clearing of debris and vegetation to expose our historical monuments.

This has proved to be incredibly successful.

I have announced discoveries and progress to this House and in the local media as these have been made.

However, this past year we have had to be flexible.



In line with the commitments we have made, efforts have been diverted to the creation of leisure and recreational areas within the site.

The results have been truly remarkable.

Even though not officially open, The Northern Defences have provided many people with a central, much needed open space during these tough times.

The exposure the Northern Defences has received in social media both locally and from abroad has been exceptional.

This is where we can appreciate the engagement with the public.

Hundreds of people have converged on the site over the last year.

Many of them families with children.

Most of them very curious to explore an area from which they had traditionally been excluded.

The ongoing progress has allowed for formal tours to take place.

Some organised through the Heritage Trust and others conducted by the Project Director Carl Viagas himself.

The work has exposed the value of the site for other activities also.

I have to praise, for example, the initiative displayed by the Gibraltar College.

The College chose this site as a case study destination for its students as part of its Business and Travel module.

They did so instead of the overseas locations that had been selected in the past.

The students exposed the potential of the Northern Defences as an adventure destination.

The enthusiasm displayed, not only by students but also by teachers, as the area was explored, abseiled and climbed demonstrates the quality of the product that Gibraltar has to offer.

A unique combination of heritage, history, thrills and adventure.

It also demonstrates the potential for employment in an outdoor environment which is not enclosed by four walls.

I have to personally thank all those teachers who went out of their way to provide such a rich learning experience for their students.

Hard times were turned into a new opportunity.

An opportunity that has ensured that our students would not be deprived of this practical aspect to their education.



Mr Speaker, even though works have focused on the creation of family recreational areas and nature trails, it does not mean that we have ignored the historical context.

Far from it.

Indeed, this would be impossible.

And in any case the two are not mutually exclusive.

The Northern Defences already comprises a series of over 50 listed fortifications.

This equates to approximately 40% of all our protected fortifications, making it our most densely fortified historical site.

New locations have been uncovered which continue to add to its historical value.

I mentioned Hanover Line during our last budget debate.

Today I would like to remind the House that the remains of the Spanish built Round Tower have since been uncovered.

This was the only location which fell to the enemy during an attack in 1705.

The Amphitheatre Gallery, built in 1779, has also been found.

This is a defensive gallery which consists of a formidable glacis which was recently exposed.

It will be added to our current list of protected fortifications.

Never has there been a heritage initiative which has uncovered and exposed so many historical assets in the same place.

This year there are three aspects to this project.

First, works will continue with the laying of essential infrastructure.

Second, the Government is actively considering improving the existing direct access point from Casemates Square.

And thirdly, the Government has commenced discussions with one of the three entities that submitted an Expression of Interest for the site.

Mr Speaker, I want to thank my colleague the Minister for Heritage Professor John Cortes for his constant and continuous support in relation to the Northern Defences.

I am also grateful to the Heritage Trust for the tours that they have provided and continue to provide to the area.

And I must also praise the project Director Carl Viagas whose vision, enthusiasm and professional approach has made this success story possible.



## THE MOUNT

Mr Speaker, the Government's commitment to historic sites is not limited to the Northern Defences.

I will now update the House on progress at The Mount.

Work has continued in clearing the grounds at The Mount during this last year.

The Mount is one of Gibraltar's most prized possessions.

It represents much more than simply a beautiful 18<sup>th</sup> century property in a picturesque setting.

The Mount was the home of Major-General Sir William Green.

His effort in preparing Gibraltar's defences prior to the Great Siege is well documented by historians, scholars and artists.

It is fair to say that Sir William Green had a profound effect on our urban landscape.

His defensive works had a decisive influence in keeping Gibraltar British.

He also formed a new military unit here which had a crucial influence both on our own local history and at a wider, global level.

That unit became the Royal Engineers.

The Mount was later the home of successive Admirals and Flag Officer Gibraltar for almost two centuries.

Mr Speaker, any intervention in such a site is complex due to its heritage value.

It would also be extremely expensive due to its sheer size.

Therefore our approach towards this site, is similar to that which we have taken in other complex and sensitive areas like the Northern Defences.

The watchwords are – slowly and prudently.

This centres on spreading out the intervention on the site over a number of years.

First, much of the undergrowth has been removed.

This has exposed the true extent and condition of this vast area.

A network of paths and terraces have been uncovered.

These would have been part of the original grounds and were inaccessible until recently.

Secondly, whilst this exercise is still ongoing, we have been able to survey the entire site and determine its condition.

This has been no easy task.

The grounds are approximately the size of the Alameda Gardens.



This exercise has allowed us to produce concept proposals for the main residence and for the gardens which are very exciting.

The Government intends to present a planning application shortly.

This will propose different uses for different parts of the property.

The Heritage Trust, GONHS and the Environmental Safety Group have all been taken to visit the site.

The submission of a planning application will mark the start of the formal consultation process with the community at large.

There are ambitious plans to move the marriage registry to the Porter's Lodge at The Mount.

This will provide an ideal setting for visitors and residents who choose to have a civil marriage.

The intention is for part of the grounds along the western terraces, the events hall and the Porters Lodge to be used to register and host weddings and other similar events.

There are hundreds of people who fly out to Gibraltar to get married every year.

This in turn generates economic activity.

For too long has our community been limited in the use of outside spaces for such celebrations and have often had to resort to seeking venues elsewhere.

The eastern slopes which creep into our nature reserve are also being explored for educational outdoor experiences.

I have to once again thank the Parasol Foundation for their interest and commitment to assist the Government with The Mount.

They have pledged at least one million pounds for its regeneration and restoration.

Mr Speaker, their commitment to work with the Government towards this vision reflects what is special about Gibraltar as a community particularly during these difficult times.

Their contribution will see to the creation of paths, nature areas, tree-hopping activities and an adventure park.

All of this will bring the property to life in a sensitive manner which seeks inspiration from its history.

In the same way as in the Northern Defences, any intervention will be carried out in phases over many years.



In the event that the plans are approved by the Development and Planning Commission, the aim would be to commence works during this financial year as a result of the funding from the Parasol Foundation.

## CONCLUSION

In conclusion, Mr Speaker, this is an extraordinary budget for extraordinary times.

The financial impact of the pandemic has had a serious knock-on effect everywhere.

It has impacted on every page of the Estimates of Revenue and Expenditure before the House today.

This pattern has been repeated all over the World.

It is not unique to Gibraltar.

So we should not talk ourselves down.

Such talk would be defeatist and unfair.

And would be a serious mistake.

Better times will come.

Over the centuries, the people of Gibraltar have displayed the resilience, the determination and the courage to rise above every challenge.

This latest one will be no different.

In the meantime, the focus must be on rebuilding and reconstructing.

And so, Mr Speaker, I want to thank the staff in the lands office and at Land Property Services Ltd, my personal staff in the Office of the Deputy Chief Minister at No 6 Convent Place, the Clerk and the staff of the Parliament and you too for your support.

And I want to say a special word of thanks and to wish a happy retirement to the Clerk Paul Martinez.



I am told that his will be his last budget debate.

It has been a pleasure to work with him all these years.

Thank you.

**ENDS**