

**The Hon Dr Joseph Garcia CMG MP, Deputy Chief Minister**

**MOTION**

**DEBATE ON 2018/2019 REPORT OF THE PRINCIPAL**

**AUDITOR**

**20/11/25**

Madam Speaker,

My Honourable Friend the Chief Minister has set out the views of the Government on the 2018/2019 Report of the Principal Auditor.

That exposition was exhaustive.

It was forensic.

It centred on the facts.

It focussed on the issues.

And the thrust was both explanatory and informative.

The methodology of delivery, topic by topic, will have helped those outside this House to better distil the issues.

In moving the Motion, my Honourable Friend made use of the Government's right to disagree.

The House was given a very detailed explanation across a number of different areas.

This was backed up with evidence, with facts and with reasons.

So I have to say that I listened to the intervention of the Honourable Leader of the Opposition with considerable disappointment.

There had been a call for explanations.

Those explanations were provided.

But then they were not given due weight in the response.

So there is an important distinction to be drawn here.

A distinction between the political opinion we heard on Friday and the factual information which had been provided to this House before that.

It was almost as if the Government had set out no reasoning at all.

So Madam Speaker,

in my own contribution I intend to make a number of wider political points.

But there will inevitably be some overlap with what we have heard already.

## **AUDIT REPORT CONTEXT**

In my 26 years in this House never has a Report by a Principal Auditor been the subject of such intense scrutiny.

Some reports have been discussed in this Chamber before.

Others have been referred to in debate or during question-time.

And all of them have encompassed very similar recurring themes.

So the general subject matter of this particular Report cannot have come as a surprise to anyone, Madam Speaker.

I say this because those audits have highlighted such issues year in and year out.

In addition to this, the House cannot lose sight of one important fact.

The very purpose of this and other audit reports is precisely to identify deficiencies.

This has traditionally meant that the tone is critical but constructive.

So given the similarity in content and the identical purpose what has changed on this occasion

What is different this time round?

In my view a number of factors account for this.

The first, is the attitude adopted by Honourable Members opposite.

The second, the way in which this specific Report has been dealt with by the press.

The third, the widespread use of social media and the consequent snowball effect.

And the fourth, the actual catalyst, the style, the approach, the language used and the focus given in certain parts of the text.

So this context, Madam Speaker, is important.

Because the context has to a degree governed public reaction.

It has set the parameters for the debate which followed.

And there is no doubt in my mind that the way this has unfolded fully justifies the policy decision to reply by Motion.

In short, this was necessary to set the record straight.

Madam Speaker,

Honourable Members will appreciate that there are always two sides to every argument.

And that the Government has a duty to put across its own position as well.

Indeed, this is what the Opposition themselves have done.

They have been very critical of this Motion.

They have described it as an assault on democracy.

They have challenged its constitutional compatibility.

They have called into question the parliamentary process which brought it about.

So at the same time as they call for the language on this side to be toned down, they themselves

have pitched their own arguments pretty high up the scale.

Their tone, their language and their imagery, even before this debate, does nobody any favours.

Needless to say, they are of course perfectly entitled to their opinion.

But there is a difference between the subjectivity of a view and the certainty of a fact.

The Government is dealing in facts.

So the point is that a degree of caution and of responsibility on their part will not be amiss.

Trashing the parliamentary system we have enjoyed since 1964 is hardly the way forward either.

This place has always operated on the basis of a Government majority, whether we, they or others have formed the Government.

That is the way our system has worked.

And what is revising history, Madam Speaker, is to pretend otherwise.

There is an argument to be made as to whether the system could be improved in order to make it work better or more efficiently.

Indeed, as the Honourable Member opposite has said, that is a process all sides of the House are already engaged in.

But that is not for this debate.

We have what we have.

And we have what they had,

when they sat here and we sat over there.

I do not recommend undermining this institution for the purposes of making political capital.

The truth is that the dilemma facing the Government was a very simple one.

Faced with such a Report, what else was the Government expected to do?

Where else would it have been appropriate to put across our side of the argument?

We have heard a full explanation from the Chief Minister in this House.

A reasoned argument has been provided as to why some parts of the Report are acceptable and why other parts are not.

So given that the author of the Report was an officer this House,

and that it has been laid in this House,

it is perfectly legitimate and appropriate for the Government to respond to it through a Motion in this Chamber.

That is our policy.

They are free to agree, to disagree or to advocate something different.

## **EXPLANATIONS BY PRESS RELEASE**

Madam Speaker,

the position of the Government in relation to some of the content covered in the Report was also set out during the summer.

And much more detail has now been provided to Parliament during the course of this debate.

So nobody can accuse the Government of not having provided information.

Explanations have been given.

Information has been provided.

Indeed, the published record already shows this.

The question of refuse collection reform, for example, was addressed in detail on 11 July.

The Waste Management Facility Procurement process was explained on 14 July.

The criticism of the EMIS Contract was countered on 14 July.

The Government reaffirmed confidence in its public procurement record on 14 July too,

and data was published to put in context that the Auditor had singled out only four of 270 public tenders.

That day too, an explanation was provided in relation to the Occupational Health Services Contract.

On 15 July the Government corrected the record as regards the GHA Audited Accounts.

That same day it was made clear that overtime controls had been introduced BEFORE the Auditor had reported.

The Government further explained its position on the attempted compliance audit of the GSB on 16 July.

On 17 July the Government responded on the question of a housing allocation.

And the measures taken over the years to improve public service attendance at work were set out on 18 July.

As has already been made clear, a number of those matters were already being addressed before the Report under discussion had been published.

## **NORTHERN DEFENCES**

Madam Speaker,

I am grateful for the explanation given by my Honourable Friend the Chief Minister in relation to the Northern Defences contract.

And I would like add a few words of my own.

I do so both as the Minister responsible for the site until October last year, and as the chair of the panel which examined the different proposals.

This House has received regular updates on the Northern Defences for many years.

And my impression is that the Opposition have been generally supportive of the refurbishment and restoration works there.

The Government has invited public Expressions of Interest in respect of the site on four separate occasions.

The first of these was in 2013.

The latest was in 2024.

The mechanics of this last Expression of Interest was transparently set out in some detail when the award was announced on 16 October 2024 in press release number 680 of that year.

And a further explanation was provided on 14 July 2025 in response to the commentary in the Report.

So Madam Speaker,

this is a project which has been ongoing for over a decade.

In that time, the site has been transformed from a rat-infested rubbish dump, a jungle, into a heritage jewel.

This transformation was executed with the unanimous support of the Development and Planning Commission.

And it has drawn praise from the Gibraltar Heritage Trust.

Nonetheless, it has been exposed to unfair criticism in the Report.

The House knows that the EOI was a public, competitive process.

It was advertised on each occasion.

An expert panel evaluated the different submissions.

That panel was made up of eight members.

It included my colleagues the Minister for the Environment, who is responsible for the tourist sites, as well as the Minister for Tourism.

Also represented on the panel were officials from the Town Planning Department, Land Property

Services Ltd, the Ministry for Heritage, the Technical Services Department, and the Project Director Carl Viagas.

Mr Viagas is himself an expert in this kind of heritage work in his own right.

There were three proposals received.

But only one proposal met the required conditions.

It was then selected for further discussion.

The successful concept is based on private sector investment.

That means that the project will be funded by the developer and by tourists.

It will not be funded by the taxpayer.

The award is also based on both an initial cash premium and on an annual recurring premium to the Government.

And importantly, the ownership of the site remains in public hands.

All the information requested was made available to the Audit Office.

They were given the opportunity to examine all the bids, whether compliant or not.

Significantly, the selection process and the outcome is not in dispute.

The issue is not which company was awarded the contract.

How could it be, there was effectively only one!

The criticism in the Report rested on two technical points.

The first point was that the Procurement Office was not involved.

Here it is worth noting that this was not a tender process.

It was an Expression of Interest.

In other words, there were no detailed technical specifications.

The Government was looking for a vision from interested parties against general criteria.

That was again set out fully and transparently in public.

It cannot be any other way with a complex heritage site of this kind.

The second point raised was the view that a VEAT Notice should have been issued.

A VEAT Notice involves the announcement in the UK system of the intention to award a public contract without a prior competitive tender process.

However, in this case there was a competitive process.

And a Notice of award was nonetheless published locally by press release in October of last year.

Madam Speaker,

there are exemptions in the law which set out when the publication of such a Notice is not necessary.

For instance, when the value of the contract does not exceed a threshold;

or when there is only one tenderer.

It is worth noting too that this highly technical point had never been raised before.

Even though the site had gone out to public Expressions of Interest four times over a decade.

Honourable Members will have seen extracts in the Report of the reply from the Chief Secretary to its author.

So the Government is fully satisfied as to the process which was followed in this case.

However, it is disappointing to have this highly technical point described as an “irregularity” in the Report

The choice of word is likely to give the wrong impression to anyone reading it.

It is also significant to note that the Head of Procurement himself described the non-publication of a VEAT Notice as a simple “oversight”.

The officials most closely involved with the project, the Conservation Officer and a Director of Land Property Services Ltd were both supportive of the outcome when interviewed separately.

And the Chief Secretary described it as an “excellent deal”.

However, the Report then goes on to express a value judgement in relation to the potential draw of the site as a tourist attraction.

The Chief Secretary’s expectation of an increase in tourism was described in Point 5.7.15 as “speculative”, on the basis that “inward tourism trends are dependent on many external factors and cannot be predicted.”

But this view, Madam Speaker, surely crosses the line into what is a matter of policy for the elected Government.

In this case it is Tourism and Heritage policy.

We want to open the site to visitors and are confident that this will generate income.

Indeed, I understand from my colleague the Minister for Tourism that cruise lines are already very keen to see new tours of this particular attraction in operation.

So Madam Speaker,

I sorry to say that the Northern Defences have been dealt a heavy hand in the audit Report.

In the view of the Government, this is both uncalled for and unfair.

## **CONSTITUTIONALITY**

Moving on,

I referred earlier to a list of Government press releases which have set out our side of the argument.

But Madam Speaker,

carrying out this exercise by press release and public statement alone is not enough.

The proper procedure is for the record to be corrected here, in this House,

precisely because the Report was tabled here too.

So far from being unparliamentary or even unconstitutional,

I would argue that this Motion is an integral part of our parliamentary and constitutional oversight procedures.

And the fact is that the Government has facilitated its preparation.

It has done so even in areas where the author accepts that there is no legal basis for such work.

It is also true that Parliamentary and public discussion have allowed for increased scrutiny.

This disagreement is part of what it means to operate in a democratic and accountable way.

The production of such a report, its tabling and the debate over its content is not a sign of failure.

It is a sign of a functioning democracy.

Indeed, the entire debate around the Report demonstrates just how healthy and robust the state of that process continues to be.

Nonetheless,

among all the argument, we must not lose sight of one vital point.

This is that the arbiters of what is parliamentary and of what is constitutional are not the elected Members of this House.

The Government can have a view.

The Opposition can have a view.

And all are perfectly entitled to express that opinion.

But something is not right or wrong simply because they say it is.

A Motion is not unconstitutional or unparliamentary on the back of their political opinion.

Those whose role it is to make judgements on the constitutionality of such matters are not the politicians.

## **AUDIT CONTROVERSIES ELSEWHERE**

Madam Speaker,

The intensity of this debate here is not too dissimilar from what has occurred in other places.

It is not unusual for Governments to make it known when they are unhappy with the conduct of an audit.

Some through legal channels and others through political comment.

Again, the choice is a matter of policy.

So this is not unique to Gibraltar.

The Honourable Member did acknowledge the often difficult relationship between an auditor and the subject of an audit.

But I think it was not made clear that this tension has often developed well beyond a simple, mild-mannered disagreement.

The House may recall, for example, how the Universal Credit Rollout Audits in the United Kingdom generated considerable controversy.

The criticisms of the NAO were that its reports were biased, used historic data and failed to acknowledge recent improvements to the system.

At the time of the MP expenses scandal, there were Members of Parliament who accused auditors and investigators of conducting a political witch-hunt.

There was also criticism of the UK National Audit Office after it was critical of PFI funded projects.

The UK Treasury developed a significant methodological disagreement because they did not consider the lower cost of government borrowing to

be a relevant factor when making financing decisions on PFI projects.

The NAO sometimes found that the UK Government publicly disagreed with its analysis.

In 2018, for example, their findings that PF2 school projects were 40% more expensive were disputed by the Treasury.

In 2012 UK Employment Minister Chris Grayling directly criticised the NAO over its report into a government work scheme. He accused them of producing a report which was partially based on guesswork.

And when in 2018 the UK NAO reported on massive delays to the Thameslink rail project, they were

accused of sensationalising issues and ignoring their complexity.

Madam Speaker, the NAO took the unprecedented step of refusing to sign off the entire UK Government Accounts for 2022/2023.

This was based on claims of unreliable data and a backlog in local government audits.

The UK Government in response proceeded with plans which would allow some councils to simply bypass the formal sign-off of prior years' accounts.

In January 2025 the UK Government accused the NAO of “inaccuracies and omissions” in relation to an audit of public sector buildings.

And the Ministry of Defence accounts for 2024/2025 were given a “qualified opinion” on the basis of what was described as a material omission.

Indeed, the MoD has often challenged the way the NAO uses data in its audit reports.

There are other Commonwealth countries where audits have been subject to public criticism as well.

When the Australian National Audit Office was critical of a welfare recovery scheme it was accused of political activism and of targeting the Government unfairly.

The dynamic there has led to the same underlying tensions as to whether an auditor is overstepping

the role by commenting on the effectiveness of a policy rather than just on its implementation.

More recently, in the State of Victoria, the recommendations of a report by the Auditor General into its handling of a submission to host the Commonwealth Games led to considerable controversy.

That audit was rejected by the Office of the Premier and Cabinet as well as by the Department of Finance and Treasury.

So Madam Speaker,

One thing is clear.

In many cases, audits have been subjected to the cut and thrust of political debate.

I have not seen a suggestion anywhere that such robust criticism constituted an assault on the constitutions of the UK or of Australia.

Indeed, when the UK Government has strongly defended its policies and actions against a critical NAO report, this is seen as part of the accountability process.

And the European Union too has experienced issues of its own.

Reports of the EU Court of Auditors have often led to all sorts of political controversy.

There have been numerous instances where the European Commission has publicly contested, disputed or disagreed with audit findings.

In October 2024, for instance, the European Commission largely rejected audit findings over a new streamlined approach to spending.

It stood accused of misuse of public funds and wasting EU taxpayer's money.

And in 2025, the funding of NGO's by the EU was described by auditors as "opaque" and as posing a reputational risk.

The European Commission, as the Government has done here, accepted some points of criticism and rejected others.

The Commission stressed that it already had guidance in place regarding reputational risks.

So Madam Speaker,

it is very clear that those who believe an audit process has been unfairly conducted will come out and say so.

And the methodology by which this happens may well be directly proportional to the nature of the criticism received.

The principle of scrutiny and transparency is indeed important.

But it is also universal and it cuts both ways.

And that means that audits must be subject to scrutiny as well.

## **SOCIAL MEDIA**

Madam Speaker,

I referred earlier to the impact of social media.

We have seen how online debate is often reduced to soundbites, headlines and one-liners.

On some occasions there is a lack of in-depth analysis.

And, with a degree of logic, many citizens across the world prefer to inform themselves by reading twenty words instead of reading two thousand.

This, in turn, allows misinformation to take root and spread at a speed which is without precedent in human history.

We can see how this phenomenon has assisted the rise of populists and of the far right everywhere.

The local context is not immune from that global trend.

So how far is it possible, for example, that some who have chosen to comment on the Report may not have actually read it?

I also wonder whether those detailed Government explanations provided in July were completely lost in the ensuing political frenzy.

The danger arises when views are shaped by second or third hand accounts based on a one-sided version of events.

And this is never a credible way in which to form a sound opinion on any subject.

## **AUDIT REPORT BOOK**

Madam Speaker,

I realise that some of what will follow has already been said before.

Nonetheless, it is important to emphasise the point.

So for those who have not seen it, the Report in question runs to 539 pages.

It is divided into six parts.

This is followed by an Audit Opinion and by the Public Accounts of Gibraltar.

The Public Accounts of Gibraltar, as my Honourable Friend has already made clear, have been given a clean bill of health.

That means that the numbers and the figures are not in dispute.

The dispute largely covers what are known as Value For Money Audits - VFM for short.

This constitutes a small proportion of the actual Report book itself.

It is worth recalling, in addition to this, that those audits lie outside the official reporting period.

So, as we have heard, a Report for 2018/2019 has included commentary on the year 2025.

In relation to VFM audits, the Auditor has accepted, on Page 2 that he “does not yet have specific statutory authority to carry out VFM examinations”.

He added that nonetheless, those audits have taken place “with the support of the Government since 1992.”

That means that there is no legal power or authority for the Auditor to conduct this aspect of the work.

And that the Government itself has permitted and facilitated the production of those parts of the Report which have generated the greatest controversy.

So much then, Madam Speaker, for withholding information!

## **DISTINCTION BETWEEN PARTS OF THE REPORT**

Madam Speaker,

my Honourable Friend the Chief Minister had already made it abundantly clear before this debate that the Motion is aimed at parts of the Report.

Not at all of it.

This is important.

There are parts with which the Government has no issue.

And indeed there are areas which were already being tackled BEFORE the Report had even been published.

The amendment moved by my Honourable Friend the Chief Minister has provided that welcome clarity.

Because it homes in very clearly on the specific concerns which have given rise to the Motion on the Order Paper.

### **SOME CRITICISM IS NOT NEW**

Madam Speaker,

The Honourable Leader of the Opposition said that this is not the first time there has been a Report which points out examples of waste and abuse.

He is right of course.

An examination of different reports which were published during their time in office too show a litany of issues on waste, abuse and related matters.

I will remind the House of some of them later.

This means that some of the issues identified in this particular Report are similar to those mentioned in previous ones.

They are not new.

However, what is new is the language and the presentation in certain parts.

And that is what has fuelled the debate.

But the House knows that the objective of these Reports is very clear.

It is to highlight means of securing improvements in financial control and in value for money.

And in so doing, attention is drawn to management deficiencies.

So the very purpose of an audit is to identify faults in the system.

An audit is compiled in part to highlight what is wrong so that it can be put right.

It draws attention to discrepancies and recommends new processes and procedures for improvement.

That is the nature of the exercise.

So given that context, and even allowing for the best of intentions,

when the language in parts of a Report is charged in this way, it can be open to distortion very easily.

## **INFORMATION NOT SUPPLIED**

Madam Speaker,

I will proceed to explore further a number of those recurring themes which have appeared in Reports over the years.

The first is the claim that certain requests for information were not replied to.

The impression given here is that data was deliberately concealed or withheld.

My Honourable Friend the Chief Minister has already dwelt on this theme from a different perspective.

He has made it clear that information was indeed supplied,

but that on occasions the requests came in too late with little or no time given to respond.

But Madam Speaker,

this criticism aimed at the responsiveness of the administration is not unique to the 2018/2019 Report.

It has been raised by different Principal Auditors, in perhaps different language, for decades.

And this was also the case when the Honourable Members opposite were themselves in office.

Let me run through some examples.

So starting with the 2001/2002 Report, Madam Speaker.

The then Principal Auditor complained that he had not received a reply to a memorandum dated 4 April 2002.

This was on the findings of a Housing audit inspection for the period 1999/2001.

In that same report, the Principal Auditor made the point again in relation to a different matter.

He explained that having raised the findings of an audit inspection with the Principal Secretary of the Tourism and Transport Department on 31 October 2002, he was still waiting for a reply eight months later.

Turning now to the 2006/2007 Report.

The Principal Auditor reviewed the security arrangements for the transfer of cash from the General Post Office to the two sub-Post Offices.

He highlighted what he described as “inconsistent and deficient procedures” and made recommendations,

and then went on to say that no response was received at the close of the audit report.

Later, on 18 January 2007, the then Principal Auditor wrote to the then Chief Secretary and to the then Chief Technical Officer chasing up a response to a VFM review on the Government's Capital Works Programme.

This referred to comments and findings from the 2005/2006 Report.

No response had been received at the time.

This claim of non-responsiveness covered many areas of Government.

The Principal Auditor stressed at the close of that Report that neither the Principal Secretary of the

Employment Service nor the Principal Housing Officer had commented on the VFM findings which had been submitted to them.

Was this a lack of transparency?

Was it withholding, delaying or concealing information?

The issue surfaces right up to the 2010/2011 Report which was the last full financial year of their tenure.

So Madam Speaker,

This question has been blown up out of all proportion in relation to the 2018/2019 Report.

The House has heard from the Chief Minister of departments which were simply not given enough time to reply.

So there are explanations today.

And there may well have been explanations in their time.

The difference here lies in the approach which has been adopted on this occasion.

## **CONTRACTS AND PROCUREMENT**

Madam Speaker,

another theme around the 2018/2019 Report which has given rise to political comment is the question of contracts and procurement.

Again, this is a constant in many Reports.

The fact is that, different Auditors have had observations to make about different contracts and procurement methods in all the Reports I have looked at.

Practically every year.

No matter who has been in Government.

By way of example, the 2001/ 2002 Report refers to a review of service contracts entered into by the then Government.

They had then been in office for some five years since 1996.

The objective of the service contract review in question was:

“to establish the existence and operation of control systems for appraising the need for such contracts; for ensuring their proper negotiation; their subsequent management; and to assess the extent to which contracts met those objectives.”

Madam Speaker, the then Principal Auditor found that:

there was no register kept of contracts awarded; that detailed specifications were often not provided in the contracts;

that contract reviews, including Value For Money

and risk assessments were not undertaken;

that in certain cases, invoices were paid without

supporting documentation;

that instances were noted where payment for the

same work was made under different contracts;

that the accounts of contractors showed payments

to sub-contractors which were set up owned and

run by the owners of the original contracting

company, whose employees were either the same

people or their close relatives.”

A series of conclusions and recommendations were

made.

Madam Speaker,

there was more about contracts in the same Report.

The observation was made that the Tourist Board employed an organisation to provide training in the School of Tourism.

There was no contract in place.

The fees had been agreed verbally and it was impossible to establish whether the correct amounts had been paid.

Elsewhere, the Principal Auditor described “a weak control environment” in relation to the collection of fees to enter the Nature Reserve.

Shortcomings in security arrangements and accounting controls were observed at tourist sites.

And the Principal Auditor's Report for 2006/2007 also made a series of claims in relation to procurement and contracts.

The Honourable Members opposite had then been in power for a decade.

The Procurement Office, at the time, was unable to ensure that government departments were adhering to tender catalogues and complying with tender regulations.

The Report pointed to a high staff turnover and the complexity of Government tenders which was placing a strain on resources.

And this same matter continued uncorrected four years later in 2010/2011 before the Honourable Members opposite left office.

That 2006/2007 Report highlighted other tender issues too.

It pointed out that works carried out by companies exceeded the tender threshold at the time without there being tender contracts awarded by the Procurement Office.

More than that, two companies provided services to Housing when none of them had contractual arrangements to undertake the services being provided and no tender contract had been awarded by Procurement.

The same Report also questioned procurement procedures within the RGP.

It found that payment vouchers sampled contained a variety of inconsistencies related to the preparation, maintenance and compliance with relevant government instructions and proper budgetary control.

The computerised store and uniforms database was found not to be password protected.

Differences were detected in 50% of the items physically checked against the computer records when compared to the physical stock.

In another area, two companies which provided services to Heritage and Culture in 2007 were not

covered by formal service contracts through appropriate tender procedures.

So Madam Speaker,

All this will sound very familiar.

Except that the concerns expressed refer to a period before we came into office.

And the approach adopted by Honourable Members opposite before 2011 was a very different one.

I would say that now, in 2025, they could have taken a step back and at least had the good grace to acknowledge some of those realities.

So still on the subject of contracts and procurement,

And again some of this too will not fail to ring a bell.

The 2010/2011 Report was, as I said, the last one which covered a full financial year of their time in office.

They had then been in power since 1996.

For some fifteen years.

According to that Report, a number of agreements for contracted services with the Department of the Environment had actually expired.

Nonetheless, the services continued to be provided and paid for.

The Auditor said that it was not possible to ascertain whether annual increases paid to a contractor had been correctly calculated.

It was found that one company did not have a contractual arrangement at all to undertake the services being provided.

And no tender contract had been awarded by the Procurement Office.

## **STAFF ISSUES - SICK LEAVE**

Madam Speaker,

it is common for Reports of this nature to look at the management of staff in the public service.

The Report being debated today does so as well.

This has, over the years, covered areas like salaries, allowances, attendance, punctuality, sick leave and annual leave.

These are all management issues of course.

In the past I have made reference to this aspect of the 2006/2007 Report.

It examined the management of levels of sick leave and annual leave in Government departments including in the Gibraltar Health Authority.

Three of those reviews were carried out between 2003 and 2006.

And in 2007 ten departments were examined on a sample test basis in order to ascertain the efficiency and effectiveness of their management of annual and sick leave.

Eight of the ten departments were performing those procedures, according to the then Principal Auditor, in “an inadequate manner and certainly below acceptable standards”.

A further review of five departments showed that in one case, the average sickness absence per employee in a four-year period was 65.1 days for non-industrial staff.

It stood at 100.2 days for industrial staff.

This worked out at 16.3 days of sick leave per employee per year for non-industrial staff and 25 days per year for industrial employees.

In another department, two officers with less than two years of service had surpassed 100 days of sick leave.

One officer with less than ten months service had reached 80 days sick leave.

The Principal Auditor made the point then that:

“excessive absenteeism could have a serious negative impact both on the cost and the delivery of the service being provided and that it was, therefore, important to ensure the adoption of good

practices in sickness management in order to maintain absenteeism at an acceptable level."

A number of recommendations were made.

Elsewhere, in the Department of Social and Civic Affairs, an examination of departmental annual and sick leave records revealed that 80% of the files sampled contained discrepancies.

One officer with under four years of service had accumulated 111 sick leave days with 7 uncertified sick leave over the previous 12 months.

So the point once again is that it is common for such an issue to be raised in Audit reports both in our time and in theirs.

## **HOUSING RENT ARREARS**

Madam Speaker,

Housing rent arrears is another example which I will look at very briefly.

This has been reported upon by Principal Auditors over many decades.

In the 2006/2007 Report, for instance, the Auditor expressed concern that housing rent arrears continued to increase at the time.

He complained that the Treasury had relinquished their involvement in actively pursuing arrears by legal action.

He made the point that “the loss of adequate legal backing could have a detrimental effect on the recovery of House Rent arrears.”

Indeed, some four years later, the 2010/2011 Report also looked into the same issue.

The Principal Auditor observed that the House Rent arrears position had deteriorated further compared to the previous Report.

The point was made that 31 tenants who owed over £1000 in rent arrears were nonetheless allocated new flats at Mid Harbours.

The then Auditor said that he was “becoming gravely concerned at the weak recovery action”.

Madam Speaker,

The House will know that this Government is implementing measures to recover what is owed.

A number of those measures were listed in a statement issued on 30 July.

But the fact remains that once again this is not a new matter.

## **CONCLUSION**

And so Madam Speaker,

It is important not to lose sight of certain salient facts in this debate.

First, that the very purpose of an audit is to identify deficiencies.

Second, that the subject matter of this Report is similar to previous ones.

Third, that many of the issues raised now were raised when they were in office as well.

Fourth, that a considerable amount of information and data has been provided.

Fifth, that the Government itself facilitated the audits in the areas which have caused the greatest controversy.

Sixth, that Governments and institutions often disagree with audit findings and say so in public.

Seventh, that the Government agrees with and supports significant parts of the Report.

Eighth, that the Government was already dealing with some areas highlighted in the Report and is ready to act on others,

and

Ninth, that a Government response by Motion is a perfectly legitimate part of the democratic debate.

Madam Speaker,

none of this means that there is no room for improvement.

Of course there is!

There always will be.

That is why constructive suggestions have been and are being taken on board.

The point is that all Governments make mistakes.

And what is important is to learn from those mistakes and do things better going forward.

But I have to say that the approach of Honourable Members opposite has not been constructive at all.

Their narrative has been negative and destructive.

It appears to me that they have been too quick to point the finger and stand in judgement.

Even before the other side of the argument was known.

They could have pursued the same issue in a different way.

In a manner which was less bitter and less divisive.

The Leader of the Opposition cautioned on the use of language.

He would have done well to heed his own advice.

But clearly, it is not legitimate to criticise them simply for wanting to replace us.

That is what Oppositions do.

But it is perfectly legitimate to call them out for the way in which they are going about it.

Because their polarising discourse is damaging the fabric of our community.

So their words and their approach should indeed be more measured.

Because their existing approach carries a risk,  
Madam Speaker.

And it comes at a cost.

The risk is that they continue to sow the seeds of  
discord and division deeper still.

And that this generates a climate of mistrust in the  
organs and institutions of this country.

The cost is that this could in turn undermine the very  
basis of the system of Government we have had in  
place since 1964.

So in my view, Madam Speaker, the threat to the  
constitution lies not in this Motion.

This is a parliamentary response to a Report tabled in this Parliament.

A matter of policy.

The threat lies in the political drama which is being played out at the same time.

This controversy is only a very small part of that bigger picture.

Thank you Madam Speaker.

ENDS