

MONDAY 24th JUNE 2013



**CHIEF MINISTER'S
BUDGET
ADDRESS
2013**

Mr Speaker,

This is my tenth budget session as a member of this Parliament and second budget address as Chief Minister and I now have the honour to present the Government's revenue and expenditure estimates for the year ending 31st March 2014.

Mr Speaker, this debate on the second reading of the Appropriation Bill has traditionally also been not just about economics, it is also a State of the Nation address touching areas beyond the numbers in the schedule to the Bill.

I will nonetheless also of course report to this House on the state of the economy and public finances and on the revenue and expenditure out-turn for the previous financial year, which was the first full financial year under the Socialist Liberal Government.

Mr Speaker, I will end my address to the House by outlining some of the more specific budget measures that the Government will introduce this year, in pursuance of manifesto commitments and new measures designed to address the social and business needs of the Community.

Mr Speaker, this debate on the second reading will be historic in many ways. The substance of the economic points I will make will be, of course, the highlights of this debate. But one historic innovation today is the fact that the debate is being transmitted not just in audio, but also in video. Today, I believe, these proceedings are finally being broadcast on Parliament's own website, on television by the public broadcaster and on the websites of such other national media outlets as may request it.

Mr Speaker, in my first budget speech in 2004, I was advocating the video transmission of the proceedings. It is therefore an enormous pleasure for me to have led, with the Deputy Chief Minister, the physical reformation of this Parliament to include the installation of cameras. I am very happy that we were able to agree the basic rules with members opposite and that you have ruled that, on that basis, the cameras could start to roll.

It is important that I also recognise here the huge efforts of the Government's IT and Logistics Department in getting the necessary systems talking to each other and able to transmit not just on television, but also to stream on websites. It has been a huge task involving many complicated pieces of hardware, software and even laying of cables and all of it done and delivered quickly and effectively.

It is also right, Mr Speaker, that I should recognise the work done by the Clerk and Ushers of the House who have, in an extremely short time, made themselves experts in the management of the newly installed cameras – veritable Spielbergs of

Parliamentary proceedings. I want to congratulate them for their work in this particular respect.

Mr Speaker, all of this with a backdrop of more Parliamentary meetings than ever, with a monthly question time ten times a year. Already we have had double the number of meetings we would have had in whole terms under previous administrations. So a more open democracy and a more democratic process of monthly accountability has been ushered in.

Moving on now, Mr Speaker, as was the case with the first budget of my Government last year, this budget is designed to support working families. It is a budget to support both our youth, our senior citizens and the disabled. It is a budget that will encourage business and improve our public services.

In short, Mr Speaker, this is a budget that will further improve the quality of life and standard of living of all citizens in Gibraltar and will deliver on even more of the obligations we acquired during the last General Election campaign. A Budget, Mr Speaker, for all the community.

All of this Mr Speaker, in the context, for yet another year, of economic problems throughout the rest of Europe and most of the rest of the world.

Mr Speaker, from the time that I was in Opposition, however, I have repeatedly said that I did not believe that Gibraltar should be comparing itself to underperforming European economies. That is why this year I want to look also at how we compare to some of the best performing economies in the world. I will do just that later in this address.

But we certainly should not lose sight of the world that immediately surrounds us.

The economic problems faced by the developed countries of Europe have not been resolved in this last year by any measure.

Recent reports from Eurostat suggest that unemployment in neighbouring Spain has reached 26.8% - and youth (under 25's) unemployment an unprecedented 56%.

In the neighbouring region of the Campo de Gibraltar unemployment is running at a rate of approximately 40%.

Mr Speaker, national debt had spiralled out of control in each of the countries where we have seen such economic tragedy play out; reaching 88% of GDP in Spain.

That is why, during the General Election campaign of 2011 we identified the levels of GROSS and NET debt our nation was labouring under should be reduced.

At no stage did we say we were "broke" or "bankrupt" as a Nation. Anyone who suggests the opposite is simply unable to build an argument based on the truth of what we said. Anyone can check any debate or any statement we made then and

see that what we said – repeatedly and clearly – was that we were concerned at the levels to which our debt had risen.

Well, Mr Speaker, those have been the concerns that have remained at the forefront of this Government's economic agenda throughout this first full financial year of our administration of our Nation's affairs and that is reflected in this address to Parliament today.

Let me therefore start this review of economic performance, Mr Speaker, by looking at the state of our GDP and levels of debt.

The Economy

Economic Growth - Gross Domestic Product

Mr Speaker, Gross Domestic Product in 2009/10 was just short of £1 BN. In 2010/11 it was £1.05 BN.

Mr Speaker, estimates last year reflected Gibraltar's Gross Domestic Product for the financial year 2011/12 was £1.137 Billion and we expect that figure to be met or slightly exceeded. For 2012/13 GDP was forecast to be above £1.2 Billion. In fact, we expect that to come in at approximately 1.226 Billion on early estimates. These figures reflect a continued growth in our economy of approximately 8% per annum.

At that rate of GDP growth, almost 8% per annum we would be, based on data published by the CIA FACTBOOK, approximately 17th in global terms of GDP growth.

With the steady commencement of the implementation of our manifesto commitments in particular the affordable housing construction projects, and the effect that this will have on our economy in the coming years, GDP growth is now expected to accelerate and in fact comfortably surpass our original estimate of £1.65 Billion by 2015/16. Our economy is therefore on target to deliver or exceed the ambitious target we set in our Manifesto.

And so, Mr Speaker, the good news is that the Gibraltar economy is expected to continue to grow, on track, despite the continued European and global economic downturn, exactly as we predicted and despite the many suggestions from some quarters that this was impossible.

GDP PER CAPITA

Interestingly, Mr Speaker, the figures emerging from our statistics office demonstrate that GDP per capita has risen to an average £41,138 – or US\$64,478. By the per capita rankings of the International Monetary Fund Gibraltar would today now rank 5th in the world ranking of GDP per capita, immediately above Monaco, Singapore and Jersey's; and just below Bermuda and Luxembourg. Although these measures are not scientific because of differing methodologies and fluctuating exchange rates, it is worth noting that the Government statistics office reports that we are up from 9th place in 2011/12.

Public Finances

Public Debt and Cash Reserves

And Treasury figures reflected in Estimates show that continued growth in GDP has been achieved whilst also fulfilling our responsibility to reduce gross and net debt and improve cash reserves.

GROSS DEBT

Mr Speaker, during the financial year 2012/13, the level of Gross Public Debt has been reduced by £142 million (as reflected in page 2 of the Estimates), from £518 million to £376 million. That is a Gross Debt reduction of 27.5%. As members will recall, last year I predicted that Gross Debt would be reduced by approximately £68 M.

In fact, we have reduced Gross Debt by over double that. Gross Public Debt is forecast to fall during the current financial year at least by a further £12 million. Again, we have exceeded the estimated reduction in Gross Debt and we remain on target to achieve our commitment to have reduced Gross Debt by half by the time of the next General Election. We are now more than half way there in less than half the lifetime of this Parliament.

NET DEBT

The level of Net Public Debt has also fallen as reflected on page 3, from £303.4 M to £291.3 M. It is anticipated that Net Debt will fall by a further £13.3 M at least by the end of this financial year; which will amount to a reduction of approximately 10% in Net Debt in two full financial years.

AVAILABLE CASH RESERVES

Moreover, Mr Speaker, Cash Reserves available to the Government have now been restored to more prudent levels than we found when we were elected. Cash Reserves of around £85 million are now available to the Government compared to the extraordinarily low £20 million which the GSD left and which we found when we took office on 9th December 2011. This also exceeds our estimate last year when I told the House that we expected to have tripled the figure of available cash reserves from the GSD low of £20 M to at least £60 M. In fact, we have more than quadrupled the sum of the available cash reserves from £20 M to £85 M.

Gibraltar really was in a precarious position at the time we took over in terms of available cash reserves – but no more.

Indeed, Hon Members will recall Mr Speaker that I made a Ministerial Statement on finances which reflected that I had informed by the Financial Secretary when we won the election that a Resolution of the House was required to raise borrowing limits in order to make more cash available.

Thanks to our more prudent approach, available cash reserves are now well up from the lows that might have required such a resolution. And I am happy to report, Mr Speaker, that further measures are being considered which will boost Government's available cash reserves even further.

Revenue and Expenditure Budget for the Financial Year 2012/13

Mr Speaker, the recurrent budget surplus for the last financial year 2012/13 was originally estimated at just over £17 million. The actual budget surplus for that year is now forecast on page 2 of the Summary of Forecast Financial Outturn at over £37.174 million. Mr Speaker, this is an all-time record budget surplus.

The picture emerging is a very positive one, Mr Speaker.

GDP growth unlike anywhere in Europe; a record high surplus like never before; and gross debt down already by almost a third.

Mr Speaker, everything that should go up is going up – and everything that should go down is going down.

Now that already shows an economic record to be proud of and a Budget that our Nation can celebrate.

Mr Speaker, Government Revenue collected in the last financial year has exceeded the original budget by around £28 million, whilst Departmental Expenditure has been kept under tight control to end the financial year largely in line with the original budget, as indeed has been the case with expenditure required to meet

Consolidated Fund Charges. However, an increase of around £7 million over the original budget was required to meet the recurrent costs of the Government-owned companies; which remains the legacy we inherited from the previous administration of very costly corporations established by them.

Strong economic growth at rates unheard of elsewhere in Europe; together with a historic high surplus AND Departmental Expenditure and Consolidated Fund charges on target and not exceeded, demonstrates an excellent record in economic management that speaks loudly and for itself in defiance of critical voices which have been amplified by the absence of these figures until now and will be silenced and discredited by the impact of these excellent numbers.

Mr Speaker, I am delighted to tell the House that of the estimated record Recurrent Surplus for the year, a total of £35 million has been earmarked by the Government for donation to Gibraltar Community Care Trust, in line with our manifesto commitment.

This will be an important first step for the Charity to once again build up its reserves so that it can, as it used to, become totally independent of Government grants.

Again, Mr Speaker, we are delivering on our manifesto obligations.

Revenue and Expenditure Budget for the Financial Year 2013/14

Mr Speaker, I now move on to the Revenue and Expenditure Budget for the current financial year.

Estimated recurrent revenue for the year is budgeted at £487 million. This is a conservative revenue budget which is just marginally above the forecast out-turn figures for the previous financial year.

The recurrent expenditure budget for the year is £470 million, which reflects a modest increase over the previous financial year of just under 5%.

Mr Speaker, the Government is therefore again projecting a conservative recurrent budget surplus for this financial year of around £17 million. We believe it is better to be prudent in our estimate, given the prevailing economic outlook around the world and the potential effects of the reigning in of the Quantitative Easing programmes of the US and UK exchequers.

Mr Speaker, the Government is continuing with the process of re-structuring the public finances in order to reflect the many changes that are taking place during its first term of office.

As I mentioned in my Budget Speech last year, a few changes have already been made and these are already reflected in the Estimates Book.

For example, the surplus in the Gibraltar Saving Bank is no longer being transferred to the Consolidated Fund but is being retained within the Bank in order to build up its reserves. The reserves in the Gibraltar Savings Bank have grown during the last financial year by over £2.6 million and the Bank's reserves are expected to grow by a further £3.2 million during this financial year.

Mr Speaker, this will bring the accumulated reserves of the Gibraltar Savings Bank, at the end of this financial year, to over £6.6 million.

Another change in the accounting of public finances, Mr Speaker, is that the recurrent operating deficits in the Government-Owned companies are now fully reflected in the Consolidated Fund Recurrent Expenditure Estimates. This includes contributions from the Consolidated Fund towards the operating deficits in running the Kings Bastion Leisure Centre, the Gibraltar Bus Company, Gibraltar Car Parks Ltd and Gibraltar Air Terminal Ltd.

Honourable Members will recall that such operating deficits in the Government-Owned companies were not previously being shown in the Estimates Book and that a contribution of over £28 million was made from the Consolidated Fund last year towards meeting the accumulated recurrent annual cash deficits in these companies for the period ended 31 March 2012.

Mr Speaker, the Government is also continuing to look into the reforms and the restructure required to the Social Insurance Funds.

Although we had wished to make an announcement in respect of these reforms before today, this has not been possible. Work nonetheless continues on this project. The good news for employers and employees alike is rates will remain static once again today.

Tax Receipts – Financial year ended 31 March 2013

The Corporate tax yield for the financial year ended 31 March 2013 was £64.69m, a significant increase of £7.39m compared to £57.30m collected in the previous financial year. It should be noted that under the previous Act the average annual yield was £26m. However Income Tax receipts for the same period was £124,94m, down by £7.15m compared to £132.09m collected in the previous financial year. This decrease is directly attributable to reduction in PAYE collections from a number of different sectors particularly the construction industry. Tax receipts from self-employed individuals were also down as a result of the coming to an end of the transitional period following the introduction of the new Income tax Act. The combined yield from Income Tax and Corporation Tax for the financial year 2012/13 was £189.63m, an increase of £230k compared to collections amounting to £189.40m during the previous financial year.

Arrears

In terms of arrears, the Tax Office continues to make progress in tackling issues related to compliance, enforcement and debt recovery. The Commissioner is currently in the process of compiling a further list of PAYE defaulters and soon will be publishing their names in the Gibraltar Gazette.

Capital Investment Programme

Mr Speaker, in the last financial year the Government invested around £92 million on capital projects funded from the Improvement and Development Fund. Around £21 million was invested on 'Works and Equipment' and a further £71 million was invested in specific capital projects, including £4.5 million required to complete the New Airport Terminal Building; £5.9 million on the Roads and Tunnels project; £5.6 million for the conversion and refurbishment of the Old Naval Hospital Dementia Facility; £2.9 million on the development of Governor's Parade. The sum of £40 million has also been provided in Funding for the Government-owned asset-holding corporate structure.

Mr Speaker, in this financial year, provision of £54 million has been made in the expenditure budget of the Improvement and Development Fund. Apart from a further investment of £20 million on 'Works and Equipment', this provision will enable on-going projects to be completed, including £1 million for the upgrade of the Victoria Stadium football ground to UEFA standards; £2 million for completing the development of Governor's Parade and £5.3 million to complete the Old Naval Hospital dementia facility. New projects include £3.5 million for the Sandy Bay Protection project, an almost nominal £3.5 million towards the beautification and cladding programme for all our existing housing estates which will increase by further provision as the year progresses, and £1.2 million for the refurbishment of Parliament House. There will also be funding for the two new schools recently announced.

Mr Speaker, Capital Projects funded through these Government-owned companies include the construction of a combination of approximately 1,000 affordable and rental homes, which are to be provided under a co-ownership scheme; the construction of car parking facilities in numerous locations throughout Gibraltar; the small boats berthing facilities for locally resident boat owners and the programme of replacement of our bus fleet with more environmentally friendly vehicles.

Power Station

Mr Speaker, one of the biggest capital projects for the Government is the replacement of our three existing power stations with a single new power station in order to guarantee Gibraltar's power needs for the next three decades.

Tenders have already been invited and the closing date for tender submissions is 1 August 2013. The new power station, which will be located in a reclaimed area off the North Mole, will be powered by natural gas-fired engines as well as dual-fired engines, which will be able to burn diesel should gas supplies not be available at any time.

The project is in line with the Government's manifesto commitment to investigate alternative sources of energy and eradicate the noise pollution and emissions in residential areas. Progress in this area is already evident with the installation of the new temporary power station at the North Mole using rental turbine power. This has resulted in a significant reduction in noise and emission levels and has also enabled the three old power stations to close down some or all of their capacity during the silent hours without compromising the security of supply. I know this has been very welcome by residents of the area.

Most importantly, Gibraltar now has, thanks to this Government, security of supply and no lack of generating capacity.

Mr Speaker, as Honourable Members know, the Government was not convinced with the previous administration's plan to build a new Power Station powered exclusively with diesel-powered engines. We did not consider that this was the right choice for meeting Gibraltar's power requirements for the next 30 years.

When elected we also found out that the plan required a 100% increase to consumers in electricity costs over twenty years – 5% a year. It was therefore right for us to stop that proposal and work hard in the inter-ministerial committee to deliver a better solution to our people.

Quite apart from the reduction in noise and emission levels, the decision to use natural gas-fired engines for the new power station will actually result in very significant savings in the cost of fuel, which now represents around 60% of the total recurrent costs of the Gibraltar Electricity Authority.

Mr Speaker, the Government continues to explore other ways of reducing energy consumption including the use of solar energy for street lighting and in Government Buildings and a number of projects are being developed in this respect.

A lot of work is also going into the upgrading of the infrastructure of the distribution network and money has been set aside for those on-going works this year. Indeed it is that creaking network which requires most work to prevent future power cuts.

Gibraltar Savings Bank

Senior Citizen's Debenture

Mr Speaker, as part of the continuing role of the Gibraltar Savings Bank in providing for our locally resident senior citizens, the Bank will be issuing a new debenture, which is specifically available only to our locally resident Senior Citizens. Many of our Senior Citizens are making full use of the Bank as a home for their hard-earned savings and have come to depend on the monthly interest payments that they receive on their debentures.

Our Senior Citizens deserve the assurance that they will be able to continue receiving a reasonable rate of interest on their savings, in the medium to long term, especially in view of the continuing turmoil in the European and global financial markets. They also need the comfort that they will be able to draw on some of their capital at short notice, if and when required.

Mr Speaker, in this respect and to complement the Bank's '5-year, monthly income, fixed-term debenture', which pays interest at 5% per annum, the Gibraltar Savings Bank will issue a new '10-year, monthly income, fixed-term Senior Citizen's Debenture' which will pay interest at 5% per annum, or Base Rate, if higher, and will give debenture-holders the right to withdraw up to 25% of their capital before the maturity date, upon giving one month's notice and without any interest penalty.

Children's Bond

The Savings Bank should also have a role in safeguarding savings for our community's children.

Mr Speaker, in order to encourage parents, grandparents, relatives and friends to start saving for our community's children, the Gibraltar Savings Bank will offer a new 'Children's Bond Account'. All children born in Gibraltar and who are under the age of 10 will be eligible to have a Children's Bond Account in the Bank. The Bond Account will pay interest on deposits at 5% per annum with this interest being re-invested automatically. All the deposits in the Children's Bond Account will be held by the Bank in trust until the child's 18th birthday.

Mr Speaker, the Government will itself be making a deposit of £500 to each of the Children's Bond Account for every child born in Gibraltar after midnight last night.

The Public Sector

Mr Speaker, the Government continues to make a significant investment in the Public Sector, as the engine for growth for Gibraltar and facilitators of the private sector.

A start has already been made in the Government's programme of 'E-Government', which will transform the way business is done in many areas of the public sector. The Government is committed to promoting as much interaction as possible between the citizen and the Government and is committed to enhance the access and delivery of Government information and services to citizens and the business community.

A modern computerised system at the Customs Department known as ASYCUDA is now ready and the business community will have noted that the department has already started the transition to a modern computerised 'paperless' system, which will provide internet-based processing and clearance of imports and which will simplify customs procedures and documentation, consistent with international standards and best practice. Clearance of exports using this paperless mechanism is presently a work in progress. The system also provides for an Electronic Yacht Passenger Clearing Portal.

Work has also started in other areas of the Public Sector, including work on the establishment of a Central Government Counter Office for the transaction of Government business. This will provide centralised payment facilities for all Government services, including the use of ATM machines and facilities for on-line submission and retrieval of documents to and from Government Departments.

e-Government

Through the use of Information and Communication Technology more generally, Government is promoting a more efficient and effective administration which will facilitate more accessible Government services and allow greater public access to information. This will intentionally make Government more accountable to citizens. e-Government will involve securely delivering a wide range of Government services via the Internet.

To achieve that, during the past year, the key investment areas have been:

- Enhancing the physical hardware infrastructure.
- Bolstering backup & disaster recovery platforms and data replication technologies.

- Work on high performance network connectivity and high availability infrastructure.
- The expansion of the Government's Secure Intranet.
- Data automation technologies.
- The setup of secure online payment gateway.
- Database integration where necessary and the development of industry standard e-Government portal and services.
- Continued work on a new Interactive Government Website alongside the development of Government applications to shortly be made available to citizens.
- All of this alongside the work to develop the Gibraltar e-ID card.

Let me go into a little more detail of what that means, Mr Speaker.

Early this year we introduced a system to produce the new photo-card driving licence as part of EU directives. This was followed by the implementation of the electronic driving theory test for cars and motorcycles. These were the first public applications in line with Government's manifesto commitment on e-Government. Other departmental e-Government projects and applications will be announced in this financial year.

As a step towards implementing e-Government, we have replicated and moved our data centres to secure locations to protect against hardware or software failures, telecommunications breakdown, power failures, environmental concerns such as floods or fire and sabotage or even terrorism. This setup provides increased security, minimizes risk, guarantees reliability of systems, minimises the chance of data loss and improves overall performance.

Measures have been implemented to further develop and enhance internal Government applications, allowing automated communication between systems and departments. This on-going process has also involved uniquely identifying citizens and businesses across government systems and interlinking secure Government databases.

The e-Government initiative will see the implementation of a newly designed Government website that is characterized by the publishing of fillable forms that can be fully completed electronically and submitted to relevant departments.

With the overall improved hardware setup and in addition to the above, an interactive e-Government portal is being developed. The e-Government portal has been designed with the view to host a variety of Government Services focusing towards Centralised Citizen Services (Government to Citizen also known as G2C Services) and Centralised Business Services (Government to Business also known as G2B

Services). It has been designed primarily with scalability, usability and security in mind. The Driver & Vehicle Licensing Department, Gibraltar Maritime Administration and Trade Licensing will be amongst the first departments to see their services online. The portal will continue to expand to see the inclusion of a wide range of online services for all Government departments.

Parallel to the above, work has already begun on the implementation of a new state of the art eID card. The eID card, besides being a physical identification document, will have advanced electronic functions that will facilitate secure authentication and legally binding digital signatures using Public Key Infrastructure (PKI) technology which will work as a key to securely identifying citizens on the e-Government online platform.

Already employers are able to take advantage of an electronic filing scheme for the ETB, which I take this opportunity to remind them of.

This Government aims to make Gibraltar the leader in e-Government services by making best possible use of information and communication technologies, to bring interactive Government counters to the door steps of citizens and businesses, providing services anytime and anywhere.

The Civil Service Review

Mr Speaker, I turn now to the work of the Civil Service Review.

The extensive work of the Review Team is progressing on various fronts. With representation from the three union bodies, surveys have been carried out among public servants to obtain their often diverse views on a broad range of areas related to the Service. Among these are their perception of the structure of their workplace, relationship with line managers and senior management, colleagues, resources, professional development, change and future plans, General Orders, experience of discrimination, bullying or harassment, reporting, appraisal and selection procedures. Preferences have also been sought on a possible change of working hours to accommodate more family-friendly arrangements. The collation of data is being processed with the aim of taking account of views expressed when government finally considers adopting changes.

This is something we are working closely on with both GGCA and Unite (and which will require work also with the Teachers' Union) and on which I will also very shortly be commencing with the Chamber of Commerce and the Federation of Small Businesses so that we can actually deliver the new working hours that will make us a better employer and provide better services to the private sector and the public.

In the meantime, parallel work is on-going on a number of fronts with respective sub-groups focussing on amendments to General Orders, a review of procedures to deal with absenteeism as well as recruitment, reporting and selection procedures. The original General Orders which still constitute the basis for current procedures are being reviewed in conjunction with a draft Public Service Code which was initiated a few years ago. Already, work has been completed on all areas related to leave (annual, sick, maternity, adoption, paternity and paternal) except for special leave. Preparatory work has also commenced on areas related to conduct and discipline and the third key block on staff management will be subsequently tackled.

Substantial work has also been completed on absenteeism and measures and procedures to deal with it, taking account of changing circumstances and the need for modern practices.

As regards recruitment, reporting and selection procedures, work is quite advanced on the review of a document based on guidance from well-established institutions with a view to recommending the adoption of agreed procedures.

Borders & Coastguard Agency & Civil Status

Mr Speaker, I will now address my responsibilities as Chairman of the Borders and Coastguard Agency and as Minister with responsibility for Civil Status.

The BCA has been very successful in its first 18 months of operations, making a good start despite having to manage considerable change. Soon after it was set up, the Agency carried out a review of its operations at the airport, frontier and port and it now manages a far more engaged and focussed operation. In addition to being regulated locally, it is now inspected quarterly by HMG's Department for Transport in the UK which ensure compliance with EU legislation. To meet these and the demands of a much larger and busier airport and new developments at the frontier and the port, it has recruited 30 additional officers, all of which have been trained locally to the required EU standards. In addition, earlier this year it moved into ex MoD premises, extensively renovated to meet requirements, and from where it manages all of its deployments and operations. All of this has allowed the Agency to optimise its deployments to meet the demand and has seen a significant improvement in its operations.

At our borders the Agency is now processing over 12 million people a year. Following the amendments introduced to the Immigration, Asylum and Refugee Act allowing Moroccan nationals in possession of Schengen Visas to enter Gibraltar, the Agency has to date processed 1,549 Moroccan nationals as part of the Government's Tourist Visa Waiver initiative. Given the success of that initiative, I am delighted to be able to tell the House today that work is now very advanced in formalising arrangements for visa waivers in respect of Schengen multiple entry visa

holders who are nationals of Brazil, Russia, India, China and Japan. The Agency continues to operate a fine balance between risk and the need to maintain fluidity, and to mitigate this risk balance, the Agency has introduced Biometric data passport and ID card scanners at all of our entry points, as well as other security measures; thus allowing them to interrogate documents and share information with international agencies including Interpol, HMG's Home Office and the UK Border Force. It has established and continues to develop a close working relationship with these agencies and in particular is in regular contact with the UK Border Force studying how best to share information, develop specific points of contact and identify work placement attachments.

The Agency is fortunate to have very professional and flexible staff that strive to provide a professional and operationally focussed output and remain committed to improving the service they provide to Gibraltar.

Births and Deaths Registration

More particularly at the Civil Status department, at the request of the Senior Citizen's Association, arrangements have been made to introduce a 'One-stop-shop' at a central location in Gibraltar which will not only enable the registration of births and deaths, but will also assist those who require it to transact changes to other benefits or services to which they may be entitled to the same location.

Naturalisation

The process of naturalisation as British Citizens has also been unjammed.

A total of seven Citizenship ceremonies have been held since April 2012 at which 494 individuals have been made British citizens (363 of whom were Moroccans and 131 of other nationalities).

EUID - LSU

Mr Speaker, During the course of the last year, the Government's decision to consolidate the European and International Department EUID and the LSU has continued to bear fruit. The Department recruited five new Law Drafters last year. I am glad to confirm that, after completion of their year of probation, all five have been confirmed in their positions.

The Department now employs 10 lawyers, double the number when we were elected, largely devoted to the drafting of legislation, both domestic legislation and the transposition of EU and international obligations.

The addition of the LSU to the EUID has ensured a seamless process whereby the drafting of all legislation and its publication in the Gazette are carried out by a team working closely together and under the same roof. The administrative side of the department now counts 12 officials ranging from SEO to Word Processor Clerk.

The Department, as Members will know, is ably headed by the Government's Chief Legal Advisor, Michael Llamas QC.

As the House will recall, in February of this year I was able to announce that the Gibraltar Government was finally fully up to date with the transposition of all EU directives. This was a truly defining moment for Gibraltar and it has served the Government well in numerous contexts, not least in my visit to the EU institutions in March of this year – including meetings with Code Group technicians - and the recent private meeting I attended with the Prime Minister and other leaders of Crown Dependencies and Overseas Territories where, as a result of this investment, I was able to boast of Gibraltar's "culture of compliance". I am glad to be able to say that Gibraltar can hold its head up high and be proud of a transposition record that many Member States can envy.

It is with an equal measure of satisfaction that I can also announce today that we have maintained the rhythm of compliance since then and that the drafters at the EUID are now regularly drafting the transposition of EU directives whose transposition deadline is several months ahead. This is truly remarkable and positive progress considering where we stood only a couple of years ago.

In addition, the Department continues to advise all Government Departments and Ministries on a regular basis and over the full spectrum of government business. The EUID also remains the main contact point with FCO Officials in London on EU and international law matters with whom it works on a daily basis. The working relationship is excellent.

Mr Speaker, the House will be aware from the advertisement of posts recently published that I have given authorisation for the recruitment of three further Legal Assistants at junior level with a view to developing the advisory work provided by the EUID. All of this is consistent with my continued aim to expand and develop the role of the EUID and LSU to encompass all of the Government's legal service with the exception of public prosecutions which remain with the Attorney General's Chambers.

I can only see the role of the consolidated EUID-LSU Department going from strength to strength providing a streamlined and professional legal service of the highest quality to the Government.

The Media & Broadcasting

I turn now, Mr Speaker, to my responsibility for broadcasting and the media – a portfolio that I have been involved with since I was first elected to this House a decade ago.

Mr Speaker, one of the issues that I always think it is important to review in this debate is the health of the print media in Gibraltar.

Mr Speaker, the world of news is changing at a vertiginous pace. The most established newspapers in the world are having to face these changes.

The Times has disappeared behind what is known as “a pay wall” on the internet and the popular weekly Newsweek has abandoned print and is now only available as an online publication.

And this challenge is also no doubt facing local print media in equal measure.

Vox is now exclusively an online publication.

The two dailies, Panorama and the Chronicle, have both printed editions and lead articles provided online also. The New People boasts a printed edition and not much by way of online presence, whilst Gibsport remains a print only publication. Mr Speaker, these commercial issues are clearly challenges which we must ensure do not deprive our community of the journalism which is as essential a part of our democratic process as the work we all do in this House.

In terms of advertising revenues, the financial year to date has seen the sum of £32,882 paid to newspapers of which £32,402 has been paid to the Chronicle.

As I indicated in the course of the debate on Parliamentary Reform, this information is now uploaded to the Government website monthly so that the public has unimpeded access to it.

In terms of broadcasting, in particular public broadcasting Mr Speaker, the past year has been significant for GBC, where a major investment has at last been made in upgrading obsolete analogue technology with the latest digital systems capable of broadcasting in HD. As viewers will be aware, this has not come without its problems. These have been mainly due to the urgency with which the installation was required in order for Gibraltar to meet the Digital Switch Over deadline of the 1st of January 2013. When we were elected in December 2011, no work had been done to meet this essential target beyond which GBC would be off air. Although moving to HD was a separate project, it would have been impossible for GBC TV to continue broadcasting after that date in digital with its 35-year-old analogue technical infrastructure; and there was no point in investing in already obsolete SD digital technology.

The problems have been, and continue to be addressed, by investment in equipment, employing the additional staff required, and re-training existing employees, in a process that is still ongoing.

We have also completed a basic refurbishment of Broadcasting House in order to allow the very hard working GBC staff to work in improved surroundings, ahead of GBC's move to new premises in the not too distant future.

The additional resources made available to GBC have allowed the now obvious improvements to television and radio programming as well as news coverage across all platforms including online and social media.

I am delighted to say that this is starting to make an impact on the public view of GBC – with viewers enjoying more and more local programmes of increasing quality.

This year will also see a re-branding of GBC, allowing further improvements to its on air appearance. GBC promises further new TV formats by way of in-house productions and commissioned shows from independent production companies. It is also planned for Radio Gibraltar to increase the level of programme choice in the next few months.

Mr Speaker, GBC, under its new CEO, Gerard Teuma, and its new Board chaired by Albert Mena, intend to maximise the use of the funds it has available to ensure it provides the best possible national TV, radio and online product within the improved, though still necessarily limited, budget it has at its disposal. And, I pay tribute to the staff at Broadcasting House for having endured very difficult circumstances over many years, and who are making a huge effort to assist in turning things around for the benefit of Gibraltar's loyal viewers and listeners.

Mr Speaker, as announced last year, the new Broadcasting Act has provided GBC with the opportunity to enter into a commercial partnership with influential individuals from the film, music, television, new media and publishing worlds. The company, Gibraltar Entertainment Network (GEN), has been formed; 50% of which is owned by the Corporation. The intention as I told the House last year is to build a new industry on the Rock, and I am told Mr Speaker that initial reaction internationally to the possibility of using Gibraltar for this purpose has been very favourable indeed.

GEN is proposing to build a state of the art studio complex at Europa Point comprising a large film sound stage, TV production studios, and high end audio recording studios among other significant features. The studio complex will likely form part of the area which is earmarked to include the new UEFA standard National Football Stadium building, for the GFA. Most of GBC's operations will also be housed in this new studio facility, thereby exposing our Gibraltarian media professionals daily to international standards, something that can only be of benefit to local broadcasting.

The new home for GBC News will be the Cool Blues building within the Ince's hall complex, providing the flexibility to record and transmit events staged in the John Mackintosh and Ince's theatres, in addition to GBC's regular productions at Europa Point. This releases the rest of the Ince's Hall area for drama and for a much needed sprucing up. GEN itself also intends to stage significant events in Gibraltar, placing The Rock firmly on the world map for entertainment.

The Corporation is confident that in time the profits generated by GEN will go a long way towards covering the cost of running GBC, with the consequent benefit to the taxpayer and, therefore, GBC complying with Government's requirement that it should withdraw entirely from the commercial advertising market where it presently competes with other media.

Much has been done over the past twelve months, but the problems at GBC were such that further work is required. In particular, issues such as professional development need to be addressed, so that our young people can confidently choose broadcasting or the wider media and entertainment industry, as a worthwhile and rewarding career. There needs to be further investment this year in resources and technology, as well as on the resilience of television transmissions, to ensure that despite the vagrancies of the various cable networks that operate in Gibraltar, the public is able to enjoy GBC's programming in the best possible quality.

Customs

Mr Speaker, the Government continues to invest in Her Majesty's Customs, another area of my specific ministerial responsibility. The Department ably led by John Rodriguez is presently awaiting responses from a Pre Qualifying Questionnaire in respect of the tender for the purchase of four new vessels. Tenders have already been awarded for the purchase seven vehicles for Customs (five patrol cars and two work vans) and new accommodation is being developed for shift workers and custody suites at Waterport Wharf to enable compliance with the new requirements of our criminal law. On-going works to relocate the Entry Processing Unit to the new Airport are progressing as are the on-going works to redevelop the Four Corners entry point.

In this respect, I have been delighted to lead the work for the reform and growth of HM Customs which is one of the biggest revenue raising departments of the Government and which has not seen any serious investment made in it for many years.

The government is in advance discussion with the Unions about proposals that it will shortly be putting to members of the department regarding all areas of operation and structure in a manner designed to produce a stronger law enforcement agency in this crucial area of Government revenue. I know many officers are very excited about

these potential developments. We are working through issues that some have highlighted through their Unions – but we are making good progress.

INDUSTRIAL RELATIONS

This is an appropriate time Mr Speaker to reflect more generally on my responsibilities for Industrial Relations.

I am delighted to say that I am working closely with all representative bodies in Gibraltar in a manner designed to ensure that reasonableness and responsibility is the order of the day in dealing with union claims.

This is manifesting itself in very useful regular monthly meetings with Unite which ensures that matters are dealt with quickly and not allowed to fester. I had a similar timetable of meetings with the GGCA which I am very happy to say has been taken over by the Chief Secretary for now as part of the Public Sector Review. I meet with the GTA when the Minister for Education or they need me to be involved. We have recently settled a number of their long standing claims.

Public Sector Pay

Speaking of these important public sector areas, Mr Speaker, as promised in our manifesto, Civil Service pay will increase this year by 2.9% with effect from the 1st August 2013, despite the pay freezes in the UK public sector.

Widows and Orphans Pension Scheme & Death-in-Service Cover

In terms of retired civil servants, Mr Speaker, it was a manifesto commitment to re-activate the Widows and Orphans Pension Scheme on a voluntary basis for serving Civil Servants. We also committed ourselves to introduce a new Widows and Orphans Pension Scheme for retired Civil Servants as an alternative to the 'Spouses and Children Scheme' announced by the previous administration.

Mr Speaker, Honourable Members will recall that, shortly after coming into office, this Government amended the Pensions Regulations to give all Civil Servants who are covered under the Pensions Act the option to commute up to 100% of their pension

entitlement. As a consequence of this, a Civil Servant who dies in-service is also eligible for full commutation of his accrued pension on death, as opposed to a 25% Commuted Pension Gratuity, as was previously the case.

To explain that more clearly, Mr Speaker, all Public Sector employees are currently covered under a Group life insurance policy which pays dependants a lump sum payment equivalent to 2 year's salary in the event of an employee's death-in-service.

In addition to the above, public officers who are covered under the Pensions Act are entitled to a commuted pension gratuity on death-in-service. Prior to February 2012, such commuted pension gratuity ranged from 1 year's salary to just over 2 year's salary, depending on the officer's length of service at the time of death.

Mr Speaker, Honourable Members will be aware that the relevant change to the law was made on 9th February 2012 when the Pensions Regulations were amended in order to enable officers to opt to receive up to 100% commutation of their pension entitlement under the Pensions Act. The amendment also provided for the commuted pension gratuity payable on death-in-service to be based on 100% of the pension entitlement, rather than this being restricted to 25% as was previously the case.

The effect of this, Mr Speaker, is that the dependants of Public Officers who are covered under the Pension Act and who die-in-service, are now entitled to receive a commuted pension gratuity of between 2.5 year's salary to just over 8 year's salary. This is in addition to the 2 year's salary payable under the Group Life Policy. A potential maximum 10 years salary payable to next of kin.

As regards Public Sector employees who are not covered under the Pension Act but who have a defined contribution pension scheme, the entitlement on death-in-service is currently a lump sum payment of 2 year's salary, payable under the Group Life Policy, plus a lump sum payment of 100% of the accumulated fund paid into the defined contribution pension scheme.

Mr Speaker, for those public sector employees who are not covered under the Pensions Act, the Government will be increasing the death-in service cover payable from 2 year's salary to 3 year's salary.

This has meant that the families of serving Civil Servants are now adequately protected in case of early death-in-service making the re-activation of the Widows and Orphans Pension Scheme no longer necessary for serving officers.

In respect of retired Civil Servants the government has already confirmed, and I restate here today that those who opted out of WOPS in the late 1980's will have the choice to opt back in.

Let me clarify Mr Speaker, that the formula for re-entry will require applicants to pay the sum they received when they opted out plus RPI since then and the contributions that would have been due since then.

Government will make a concession that the sums of the WOPS contributions due since the individual opted out will be payable without the application of RPI increases.

Only a handful of people have got in touch with the Treasury to seek to be included in this option.

To make opting back in easier a specific email address has been set up – active from tomorrow for inquiries. The address is WOPS@gibraltar.gov.gi . Those wishing to write into the Treasury to seek to opt back into WOPS by normal mail should address their correspondence to WOPS OPT IN at No.6 Convent Place.

Budget Measures

Mr Speaker, I now turn to more specific Budget Measures.

Reducing the Cost of Doing Business in Gibraltar

Mr Speaker, in line with the Government's manifesto commitment the following measures are designed to encourage and reduce the cost of doing business in Gibraltar: electricity and water charges will not be increased this year, despite the increasing costs of providing these public utilities;

In order to further stimulate the retail sector in Main Street in particular and to make Gibraltar a more attractive destination for shopping, and in addition to the import duty reductions I made last year. I now make the following announcements of further reductions:

- In order to encourage the development of the jewellery industry in Gibraltar, including the finishing off of the jewellery manufacturing process in Gibraltar, import duty on Jewellery is reduced by 25% from 6% to 4.5%; and Import Duty on loose gemstones is reduced to zero (0%).
- Import Duty on Mobile phones is reduced by half from 6% to 3%;
- Import Duty on Sunglasses is reduced by 50% from 6% to 3%;

- Import Duty on all Sports Equipment and Spares and all Articles for Outdoor Games is reduced from 12% to zero;
- Import Duty on all Educational Items, including Pens, Pencils, Crayons and Students' Paints is reduced from 12% to zero;
- Import duty on Bicycle Spares is reduced from 12% to zero;
- Import duty on artists', students' or signboard paints is reduced from 12% to zero;
- Import duty on fishing rods, fish hooks and other line tackle etc., is reduced from 12% to zero;
- Import duty on binoculars and camera cases is reduced from 12% to zero.
- With effect from 1st July 2013, the discount scheme for early payment of General Rates, which was introduced last year for all new companies starting up business in Gibraltar, will be extended to include a 25% discount in the second year of trading. All new companies will therefore be given a discount in their General Rates bill of 50% in their first year of trading and 25% in the second year of trading;
- Those new companies that have already received a 50% General Rates discount in their first year of trading, since the scheme was introduced last year, will also be given a 25% discount in their second year of trading.

Support for Working Families

Stamp Duty

In order to assist working families with the purchase of their homes, as well as those families who may need to move to larger or indeed smaller accommodation as their family composition changes, the threshold of 'zero' Stamp Duty, which currently

stands at £250,000 for first-time buyers, will be extended to cover second-time buyers.

Mr Speaker, Stamp Duty on transfers of properties between spouses, most often an issue in cases of matrimonial breakdown, is abolished.

Soft Loans to Residential Estates for funding projects powered by solar energy

The Government will arrange to provide soft loans to Residential Estates for funding projects that use solar panels within their Estates to provide electricity for communal lighting, water heating and the powering of lifts.

Approved projects will receive funding which would be repayable in a period of up to 10-years at an effective interest rate of 1 per cent interest per annum, with the Government funding the difference in the cost of finance by way of a grant.

Helping Sporting Clubs and Associations

In order to assist our community to train for competitive sports both nationally and internationally, all children in our community who belong to Gibraltar Sporting Clubs and Associations will be given free access to all public sporting facilities, including the Kings Bastion Ice Skating Rink. Such free access will be given to all children under the age of 18 on presentation of their Gibraltar ID Card.

Support for our Senior Citizens

The Annual Pensioners Utility Grant, applicable to persons aged 60 and over, will be increased from £75 per annum to £90 per annum, with effect from 2013.

Increase in Statutory Benefits

Mr Speaker, Maternity Grants and Death Grants have remained unchanged at £400 since July 2006. With immediate effect, the Maternity Grant is increased by 50% to £600 and the Death Grant is also increased by 50% to £600.

Import Duty

I turn now to import duties Mr Speaker.

Diesel

Mr Speaker, it has recently come to the Government's attention that importers and suppliers of diesel in Gibraltar have been increasing the selling price of this fuel in the market to reflect, not only the general increase in the cost of this fuel, but also to reflect the increases in the price of diesel in Spain as a result of increases in VAT. However, import duty on diesel has not been increased in line with VAT increases in Spain and therefore it has been the profit margins of the importers which have increased as a result.

Mr Speaker, in order to restore the importers' and suppliers' profit margins based on current price levels, import duty on diesel is increased, with immediate effect, by 6.5p per litre to 22p per litre.

Marine Fuel

In order to encourage the use of Gibraltar by yachts, pleasure craft and all other seagoing vessels and for local vessels, import duty on marine fuel is reduced to zero (0%) with immediate effect. The system will work as a refund for importers in respect of fuels demonstrably supplied to vessels.

Encouraging "on-line" business in the export of goods

Mr Speaker, the Government would like to encourage more "on-line" business in the export of goods from Gibraltar. The Government, together with the Collector of Customs, is currently looking into introducing measures whereby import duty that has been paid on goods that are re-exported by way of such "on-line" business can be refunded to such businesses.

Tobacco

Mr Speaker, in support of this Government's continuing efforts to discourage smoking generally among our Community, and despite the sensitivities in raising the price of this commodity, of which Honourable Members are fully aware, Import Duty on cigarettes will increase by 10p per packet with immediate effect.

Honourable Members will note that Import Duty on cigarettes was raised last year by 10p per packet and was raised again earlier this year by 5p per packet; making a total increase in the year of 25p per packet.

Honourable members will also have noted the Government's decision to ban the retailing of tobacco in residential estates. This is something we had received many representations on from Tenants Associations before the election. We had demarcated Laguna and Glacis as special zones – but the activity has become too ingrained to control other than by this ban.

I want to thank the RGP and Customs for the work they have done and are doing in curtailing activity in these estates and generally throughout Gibraltar.

Income Tax

Mr Speaker, in pursuance of the Government's commitment to reduce the level of personal tax for every taxpayer in Gibraltar and the statements I made last year, the following reductions in income tax will apply, with effect from 1st July 2013.

For those taxpayers who have elected to pay income tax under the Allowance Based System, the tax rate for the taxable income bracket ranging from £4,001 to £16,000 will be reduced from 30% to 24% as set out in our manifesto.

This measure will benefit approximately 3,800 taxpayers.

All taxpayers under the Allowance Based System with earnings of £10,000 or less will not be required to pay any income tax at all. This will be achieved by extending the Low Income Earners Allowance. This measure will benefit approximately over 2,100 of the lowest paid taxpayers in our community and I am proud and honoured to be leading the Government that introduced this measure.

Additionally taxpayers under the Allowance Based System will benefit from the following increases in allowances:

- The Medical Insurance Allowance is increased from £1,500 to £2,000. The purpose of this is to reward taxpayers who seek private healthcare and in doing so relieve the burden on the health service;
- The Nursery School Allowance is increased from £2,000 to £3,000 (per child). This measure is intended to assist working parents with young families;
- Blind Persons Allowance is increased from £627 to £3,000. This very significant increase demonstrates my Government's commitment to assist the most vulnerable members of our society;

- Disabled Individuals Allowance is increased from £2,724 to £5,000. Once again this very significant increase continues to show our support for parent who bear the responsibility of caring for disabled individuals;
- The Single Parent Family Allowance is increased from £2,632 to £3,000;
- The Personal Allowance is increased from £2,812 to £3,000;
- The Spouse Allowance is increased from £2,632 to £3,000;

Gross Income Based System

For taxpayers currently under Gross Income Based System, the following measures will be introduced.

Help for first-time buyers

- In order to further assist working families with the purchase of their first-time home, a deduction from assessable income of £5,000 will be made to taxpayers under the Gross Income Based System in respect of approved expenditure incurred towards the purchase of their home during the tax year commencing 1st July 2013.

Taxpayers will want to check for themselves whether they should stick to their current choice of GIBS ABS system of taxation.

Help with Pension Savings

In order to encourage saving for retirement by way of employee contributions to approved pension schemes, a deduction from assessable income of £1,000 per annum will be made to taxpayers, under the Gross Income Based System, in respect of contributions made with effect from the tax year commencing 1st July 2013.

Other Measures

Taxpayers who were taxed on their commuted pensions due to the enactment of Section 6(1)(g) of the previous Income Tax Act, which has since been repealed, will now be refunded the full amount of tax deducted. The Income Tax Office will refund these amounts, on application, by way of an extra-statutory concession.

Pensions received by retired members, aged 55 or over, of the Royal Gibraltar Regiment shall be exempt from income tax. This measure will apply from the tax year commencing 1st July 2012.

Employment income received by instructors of Royal Gibraltar Regiment Cadets shall also be exempt from income tax in order to bring them in line with members of the Royal Gibraltar Regiment and the Territorial Army.

Following representations made by the Gibraltar Society of Accountants regarding the audit exception level within the Income Tax Act 2010, as already announced during the annual dinner on 6th June 2013, I am happy to formally announce that this level will be increased from £500,000 to £1,000,000. This will be effective for accounting periods ending on or after 1st July 2013.

The aggregate sum donated under the Gift Aid Scheme, previously limited to £1,000, is increased to £5,000. In addition the Government is considering the introduction of a Payroll Giving Scheme locally which will allow tax free charitable donations to be made regularly and automatically through employment earnings.

Finally, in order to encourage the construction of office accommodation in Gibraltar, such developments on which construction commences on or before 31 March 2015 shall be allowed a Capital Allowance deduction in the first year following completion of construction equal to 30% of construction costs and the remaining 70% written down over the following 7 years. This allowance can be claimed in part or in full by either the developer or the occupant up to a maximum claim of the full construction costs. Construction costs are those costs wholly, and exclusively laid out or expended in the construction of the office accommodation including all preliminary planning, design and associated costs but excluding the cost of the land.

National Minimum Wage

Mr Speaker, as I reminded the House last year and will not tire of reminding the House each year, the minimum wage was first introduced by the GSLP after we were first elected into Government in 1988, even before the United Kingdom where the concept of minimum earnings per hour was not provided for in legislation until the first Queen's Speech of the New Labour Government of 1998 – a whole decade later.

Mr Speaker, in our manifesto we committed to keep the minimum wage under constant review.

The statutory minimum wage was last increased by 30 pence with effect from 1st August 2012 from £5.40 to £5.70.

So, this year, Mr Speaker, The National Minimum Wage is increased again by 30 pence from £5.70 to £6.00, with effect from 1st September 2013.

I have no doubt that this measure will be very welcome indeed by workers and their representatives groups as we bring up the standard of living of the lowest paid in our economy with this measure and the exclusion of many such individuals from the tax net.

A DOUBLE WHAMMY OF BENEFITS FOR THOSE WHO NEED IT MOST!

As I also said last year, it should not be lost on anyone, Mr Speaker, that the hugely successful Future Job Strategy makes the Government itself the largest single employer of persons now on the minimum wage .

This increase will again therefore also further benefit those on the Future Job Strategy.

Finally, Mr Speaker, before I sit down, I want to thank the staff of the Treasury and of the Ministry for Finance, including the Commissioner of Income Tax and his staff and the Financial Secretary as well as the Collector of Customs, John Rodriguez, and his officers and the Head of Social Security, Tony Sacramento, and his team for their work on this Budget.

A few words uttered by a politician in this place as the “budget measures” I have just announced require many calculations in those departments to work out cost and affordability.

A careful calibration that really engages the teams at the Treasury, Social Security, Income Tax and Customs.

I want I particular to thank Mr Dilip Dayaram and Mr Frank Carreras for their work with me and my team of Ministers on this Budget.

It is also right of course that I should also thank all Public Servants of Gibraltar without whom Government cannot operate.

In particular Mr Speaker, our thanks to you, the Clerk and staff of the House for bearing with us in the process of physical reformation of the Parliament.

Again, this year, this is a useful moment to extend a very special acknowledgment also to all the staff of No6 Convent Place; especially the team that works on my corridor of the building.

For the first full financial year we have worked together, they have kept me working, smiling and resolute in the face of any challenge that may cross our Nation’s path.

Today, I want to continue the tradition I established last year, which I think is fitting in a system of real Cabinet Government of thanking all other members of the ministerial team; for their sterling endeavors in the course of the past financial year.

It is that work and the work of the civil servants who work alongside us that delivers these excellent results.

Mr Speaker, I told the House last year that from the moment that the General Election was announced and our candidates declared the ten of us then sitting on this side of the House had been a team.

We worked as a team and we support each other as a team.

We lost a member of our team this year; and although we hope the people of Gibraltar will fill the vacant seat with another one of my party colleagues, we will never be able to replace Charles Bruzon.

Mr Speaker, this has been a very sad year for those of us who sit on this side of the House. Last year our dear friend and colleague Charles Bruzon delivered his first and last budget address as a Minister. I recall his excitement at being able – after eight years of Opposition – to get up and deliver a budget speech about the things he and his team were planning on doing to deliver on our electoral commitments.

Sadly, this year he is not with us and I would simply ask all members and all those watching or listening in our community to remember – during this important debate – the contribution that Charles made to this Parliament. He was not the longest serving member of this House. Nor the most aggressive. But he was certainly amongst the very best of us and, Mr Speaker, he would certainly be proud to hear me intone ... that this is a Budget for working families, a Budget that once again provides support for the lowest paid in our economy by increasing the threshold to remain out of taxation and increasing the minimum wage.

It provides incentives for greener living in community and further provides for families of persons with disability by increasing the Disability Allowance.

A budget that delivers tax advantages to a large number of taxpayers and continues to deliver on our manifesto commitment to reduce tax on the Allowance Based System, whilst allowing additional targeted deductions for those on the Gross Income Based System.

Mr Speaker, this Budget delivers for business too.

It keeps the social insurance burden static – which means it is a burden once again in effect reduced in real terms by the rate of inflation of since it was last raised. Once again we deliver meaningful import duty reductions for the retail industry in Main Street, adds further reductions for new businesses to encourage entrepreneurs and start-up businesses, whilst at the same time freezing rises in electricity costs – thereby delivering a significant discount in respect of that particular overhead.

Mr Speaker, this Budget further provides for pensioners by the exemption of pensions from tax computations and for working families by the increase in the

nursery allowance and creation of a Second Time Homebuyers Allowance for those on the Allowance Based System and a First Time Homebuyers Credit for those on the GIBS system.

And to finally make this a budget to celebrate and remember:

More available cash reserves than predicted; **QUADRUPLED FROM THE SUM WHEN WE TOOK OVER;**

A RECORD HIGH REDUCTION IN GROSS DEBT OF 27.5%;

A RECORD HIGH INCREASE IN GIBRALTARIANS IN EMPLOYMENT; and

A RECORD HIGH SURPLUS.

Mr Speaker, a record breaking budget of less debt in the context of more democracy.

A record breaking Socialist Liberal Government.

Mr Speaker, a Socialist Liberal Budget delivering social justice for our Nation.

The numbers speak for themselves and I commend the Bill to the House.

ENDS