

**PUBLIC FINANCE (CONTROL AND AUDIT) ACT****Principal Act**

<b>Act. No. 1977-09</b>	<i>Commencement</i>	15.3.1977
	<i>Assent</i>	15.3.1977
Amending enactment	Relevant current provisions	Commencement date
LN. 1978/017	Sch. 1	
Act. 1978-21	ss. 10(1), 16	
LN. 1978/117	Sch. 1	
1980/103	Sch. 1	
Act. 1982-05	ss. 2, 6, 9-11, 12(1), 16(2), 18(2), 32(1), 42(1), 47(3), 55(2), 56(1), 57-58, 60-64, 65(1), 75(2), Sch. 1	

<i>Previous number</i>	<i>New number</i>	<i>Remarks</i>
1-9		<i>Unchanged</i>
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AN ACT TO PROVIDE FOR THE MANAGEMENT AND CONTROL OF THE PUBLIC FINANCES OF GIBRALTAR, FOR FINANCIAL AND ACCOUNTING PROCEDURES, FOR THE AUDIT OF PUBLIC ACCOUNT AND THE ACCOUNTS OF CERTAIN STATUTORY AND OTHER CORPORATE BODIES AND FOR MATTERS CONNECTED THEREWITH AND INCIDENTAL THERETO.

## PART I.—PRELIMINARY AND GENERAL.

### Short title.

1. This Act may be cited as the Public Finance (Control and Audit) Act.

### Interpretation.

2. In this Act, unless the context otherwise requires,—

“accounting officer” means any public officer who is concerned or entrusted with or responsible for—

- (i) the collection, receipt, custody, issue or payment of public moneys;
- (ii) the receipt, custody, issue, sale, transfer or disposal of, or the accounting for, any stamps, securities, stores or any other Government property of whatsoever kind;
- (iii) any monetary or financial responsibilities connected with or arising from his official duty,

and includes a receiver of revenue and a controlling officer appointed in accordance respectively with section 17 or 42;

“appropriation law” means the law enacted in respect of each financial year to provide for the issue from the Consolidated Fund and from the Improvement and Development Fund of the sums necessary to meet expenditure (other than expenditure charged upon the Consolidated Fund by the Constitution or any other law) in that year and includes any supplementary appropriation law;

“Consolidated Fund” means the Consolidated Fund Established by section 63 of the Constitution;

“Consolidated Fund Services” means the services of the Government of Gibraltar the expenditure on which is charged on or payable out of

the Consolidated Fund under the Constitution or any other law other than an appropriation law but including this Act;

“Improvement and Development Fund” means the special fund designated the Improvement and Development Fund in Schedule I;

“public moneys” means all revenue, grants, loans, trust and other moneys raised or received by or on account of the Government and all stamps, bonds or debentures and other securities whatsoever held by or on account of the Government and includes moneys received or held whether on trust or otherwise, and whether temporarily or otherwise, by any public officer in his official capacity either alone or jointly with any other person, whether a public officer or not, for purposes other than the purposes of the Government;

“public stores” means all chattels of whatsoever nature the property of or in the possession or under the control of the Government;

“revenue” means all tolls, taxes, imposts, rates, duties, fines, fees, penalties, rents and dues and all other receipts of the Government from whatsoever source arising’

“written law” means any written law for the time being in force in Gibraltar.

**Financial and Development Secretary to have the management of Consolidated Fund and Improvement and Development Fund.**

3. The Financial and Development Secretary shall so supervise the finances of the Government as to ensure that a full account thereof is made to the Parliament and for such purposes shall, subject to the provisions of the Constitution and of this Act, have the management of the Consolidated Fund and the Improvement and Development Fund and the control and direction of all matters relating to the financial affairs of the Government.

**Authorisation of expenditure.**

4.(1) On the coming into force of an appropriation law the Financial and Development Secretary shall by general warrant under his hand authorize the Accountant General –

- (i) to pay out of the Consolidated Fund such sums as may be required to meet expenditure chargeable upon the Consolidated Fund under such law; and



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- (ii) subject to the provisions of Part IV to pay out of the Improvement and Development Fund such sums as may be required to meet expenditure chargeable upon the improvement and Development Fund under such law:

Provided that it shall be within the discretion of the Financial and Development Secretary to limit or suspend at any time any expenditure so chargeable under an appropriation law if in his opinion the public interest so requires.

(2) Every appropriation by the Parliament of public moneys for the service of a financial year and every general warrant issued under this section shall lapse and cease to be of any effect at the close of that year.

## PART II.—THE CONSOLIDATED FUND.

### **Custody and investment of moneys accounted for in the Consolidated Fund.**

5.(1) All sums accounted for in the Consolidated Fund shall be kept with such bank or banks as the Financial and Development Secretary shall from time to time direct or with the Crown Agents.

(2) The Financial and Development Secretary may authorize the investment of moneys forming part of the Consolidated Fund—

- (a) with any bank either at call or subject to notice not exceeding twelve months or with the Crown Agents;
- (b) in any of the investments authorized by any written law for the investment of trust funds;
- (c) in any joint fund maintained by the Crown Agents;
- (d) as otherwise authorized by any written law or by resolution of the Parliament, and such investments, together with any interest received therefrom, shall form part of the Consolidated Fund.

### **Statutory payments.**

6. The Accountant General shall pay out of the Consolidated Fund such sums coming in course of payment during a financial year as are required to meet expenditure charged upon the Fund by the Constitution or by any other written law.

**Authorisation of expenditure in advance of appropriation under section 66 of the Constitution.**

7.(1) Where the Financial and Development Secretary authorizes the withdrawal of moneys from the Consolidated Fund under the provisions of section 66 of the Constitution the sum or sums so authorized and withdrawn in respect of any service of the Government shall not exceed one third of the sum specified for such service in the Estimates presented for the current financial year, or, if the estimates have not been presented, one third of the sums provided therefor in the appropriation law for the financial year immediately preceding such current year.

(2) Any sums withdrawn from the Consolidated Fund under the provisions of subsection (1) shall be set off against the amount authorized by the appropriation law for the current financial year upon the coming into operation of such law.

**Borrowing powers.**

8.(1) Except as is otherwise provided in this section the Government shall not borrow money except in accordance with the provisions of a written law.

(2) The Financial and Development Secretary may borrow by means of advances from a bank or from the Crown Agents such sum or sums as he may require to meet expenditure which lawfully may be defrayed for the service of a financial year:

Provided that the total of any such sum or sums so borrowed in any financial year shall not exceed five per cent of the total sum appropriated by law out of the Consolidated Fund in that year.

(3) The power to borrow money conferred by any general or specific law and the power to borrow conferred on the Financial and Development Secretary by subsection (2) may be exercised by means of a fluctuating overdraft.

(4) Repayment of the principal sum of and payment of all interest and other charges on all money borrowed under this section is hereby charged upon and shall be paid out of the Consolidated Fund without further appropriation than this Act.

(5) A statement giving details of any sum or sums borrowed under the powers conferred by subsection (2) shall be laid before the Parliament as soon as may be practicable after the end of each quarter of the financial year.

**Guarantees.**

9.(1) No guarantee involving a financial liability shall bind the Government unless such guarantee is given –

- (a) in accordance with the provisions of any law; or
- (b) in accordance with subsection (2).

(2) Where he has been authorized to do so by a resolution of the Parliament, the Financial and Development Secretary may in writing in the name of and on behalf of the Government give a guarantee to any person or persons, involving a financial liability, and a guarantee so given shall be binding on the Government.

### **Guarantees for supplier finance.**

10.(1) The Financial and Development Secretary, for the purpose of any agreement for the Government's obtaining any goods or services wholly or partly on supplier finance terms or on extended payment terms in respect of any service included in the Estimates presented for the current financial year, may in writing, in the name of and on behalf of the Government, give to any person or persons a guarantee for the repayment of that credit, and a guarantee so given shall be binding on the Government.

(2) Where the Financial and Development Secretary gives any guarantee under subsection (1), he shall lay on the table of the Parliament a copy of the agreement in respect of which it has been given, and a copy of the guarantee, at the earliest opportunity after it has been given.

### **Payments under guarantees.**

11. All money that becomes payable by the Government under any guarantee given under section 9 or section 10 is hereby charged upon and shall be paid out of the Consolidated Fund without further appropriation than this Act.

### **Advances.**

12. Subject to the provisions of this section, the Financial and Development Secretary may, by advance warrant under his hand, authorize the Accountant General to make disbursements of moneys forming part of the Consolidated Fund or of other public moneys for the purpose of making advances–

- (a) on behalf of, and recoverable from, other Governments, administrations, public corporations or institutions;

- (b) to meet expenditure authorized by any loan Act in anticipation of the receipt of any installment of the loan authorized by such Act;
- (c) in accordance with any specific agreement, to agents appointed by the Government to perform functions on its behalf;
- (d) to public officers for such purposes and on such terms and conditions as may be prescribed from time to time by General Orders or Financial Regulations or in such circumstances as the Financial and Development Secretary may approve;
- (e) to, or on account of –
  - (i) the Improvement and Development Fund;
  - (ii) the Social Insurance (Short-Term Benefits) Fund;
  - (iii) the Pilotage Fund;
  - (iv) the Closed Long-Term Benefits Fund;
  - (v) the Open Long-Term Benefits Fund;
  - (vi) any other Special Fund where such advances are recoverable before the close of the financial year in which the advance is made.
- (f) to the Director of Labour and Social Security for use by him in such cases as may be prescribed by Financial Regulations.

**Imprests.**

13.(1) The Financial and Development Secretary may by imprest warrant under his hand authorize the Accountant General to issue moneys from the Consolidated Fund by way of imprests to public officers for any purpose specified in General Orders or Financial Regulations.

(2) Every public officer to whom an imprest has been issued shall account for and retire such imprest not later than the last business day of the financial year in which it was issued unless the imprest warrant otherwise requires or unless the Financial and Development Secretary otherwise directs.

(3) Where any public officer to whom an imprest has been issued fails to account for and retire such imprest as provided by subsection (2), the

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Accountant General shall forthwith recover the amount of the imprest by deduction from the salary or other emoluments of such public officer.

## **Refunds, etc.**

14. Where any written law provides for the payment of any refund, rebate or drawback in respect of money paid to the Government the amount of such refund, rebate or drawback as the case may be shall where such money has been paid into the Consolidated Fund, be charged on that Fund without appropriation.

## **Erroneous receipts.**

15. Where any moneys have been received in error in the Consolidated Fund the Accountant General may authorize the repayment from the Fund of such moneys.

## **Limitation as to trusts.**

16.(1) Nothing in this Act shall extend to abridge or alter the terms of any trust or shall be construed as authorizing the making of any regulations or the giving of any directions or instructions requiring any person to obey such regulations, directions or instructions in relation to moneys held on trust which contravene or are inconsistent with the terms of such trust.

(2) Except as otherwise provided in any written law, no public officer shall accept appointment in his official capacity as a trustee without the written authority of the Financial and Development Secretary and any appointment contrary to this section shall be void.

## **Receivers of revenue.**

17.(1) The Financial and Development Secretary shall appoint in respect of each item of revenue for any financial year a receiver of revenue for the collection of and, subject to the provisions of this Act and any regulations made or instructions issued thereunder, for the accounting for all moneys received for the credit of such item.

(2) A public officer designated by the title of his office in the annual estimates of revenue for any financial year to be the receiver of revenue in respect of any item of revenue shall be deemed for the purpose of subsection (1) to have been appointed by the Financial and Development Secretary and such designation shall constitute sufficient notification of the appointment.

## **PART III.—SPECIAL FUNDS,**

**Special Funds.**

18.(1) The funds specified in Schedule 1 shall be special funds.

(2) Every sinking fund provided for in a written law authorizing the Government to borrow any money shall be a special fund.

(3) The Governor may by notice in the Gazette—

- (a) declare any fund established under any written law to be a special fund; and
- (b) establish such other special funds as he may consider necessary and expedient,

and upon publication of any such notice any special fund specified therein shall be added to Schedule 1.

(4) The Governor may in any notice declaring or establishing a special fund, or, in a subsequent notice, direct that such special fund shall be a fund to which advances may be made under section 10(1) and such fund shall be included in paragraph (e) of that subsection.

**Regulations for Special Funds.**

19.(1) The Governor may make regulations for the purposes for which a special fund may be used, for the manner in which such fund shall be administered and for the appointment of a controlling officer to control and account for such fund.

(2) Any regulations made under subsection (1) shall—

- (a) in the case of a special fund established under any written law be in addition to and not in conflict with the provisions of the law establishing such fund; and
- (b) in the case of a special fund consisting in whole or in part of moneys arising from any gift, trust or bequest be in addition to and not inconsistent with the wishes, expressed or implied, of the donor or testator as the case may be.

(3) The provisions of this section shall not apply to the improvement and Development fund.

**Revenues of Special Funds.**

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20.(1) The revenues of a special fund established under any written law shall consist of—

- (a) any monies which may accumulate thereto pursuant to that law;
- (b) any monies appropriate thereto by the House of Assembly; and
- (c) any interest or dividend which may accrue from any deposit or investment of moneys forming part of such fund.

(2) The revenue of a special fund established by the Governor under section 18(2)(b) shall consist of—

- (a) any moneys declared by the Governor to form part of such fund;
- (b) any moneys appropriate thereto by the House of Assembly;
- (c) any moneys being revenue or other moneys raised or received or arising from the operation of the undertaking to which the fund relates; and
- (d) any interest or dividend which may accrue from any deposits or investment of moneys forming part of such fund.

**Investment of moneys in Special Funds.**

21.(1) Subject to the provisions of this Act and any other written law the Financial and Development Secretary may authorize the investment of moneys standing to the credit of a special fund, and not for the time being required for the purposes of that fund, in like manner to that permitted by section 5(2) in respect of the Consolidated Fund.

(2) The Financial and Development Secretary may, in respect of a special fund other than the Improvement and Development Fund, delegate to the Accountant General or to the Controlling Officer of that fund by writing under his hand the powers conferred upon him by subsection (1).

**Accounts and balances of Special Funds.**

22.(1) A special fund shall be kept in a separate account by the Accountant General or, where under any law or by virtue of regulations made under section 19 some other public officer is appointed by the controlling officer, by that other public officer:

Provided that it shall be lawful for the Accountant General with the consent of the Financial and Development Secretary to keep the account on behalf of such other public officer.

(2) A special fund shall not form part of the Consolidated Fund and neither the receipts nor accruals of a special fund nor any balance of moneys standing to the credit of a special fund at the close of a financial year shall be paid into the Consolidated Fund but shall be retained in that fund for the purposes of such fund.

#### **Dissolution of Special Funds.**

23.(1) Subject to the provisions of section 16 if—

- (a) the moneys in a special fund (not being a fund constituted under a written law) are exhausted and no legal provision exists whereby any further moneys may be paid into the fund; or
- (b) the purposes for which a special fund (not being a fund constituted under a written law) was established are fulfilled or cease to exist and in the opinion of the Governor there is no likelihood that any purposes for which such fund could be lawfully used will arise in future,

the Governor may, by notice, dissolve such fund.

(2) Any money remaining in a special fund dissolved by the Governor under subsection (1)(b) shall thereupon be paid into and shall form part of the Consolidated Fund.

#### **PART IV.—THE IMPROVEMENT AND DEVELOPMENT FUND.**

##### **Interpretation.**

24. In this Part—

“development project” means any one of the purposes or any combination of the purposes specified in Schedule 2;

“the Fund” means the special fund designated as the improvement and Development fund in schedule 1.

##### **The Fund not part of the Consolidated Fund.**

25. The Fund shall not form part of the Consolidated Fund and shall be kept in a separate account by the Accountant General.



**Revenue of the Fund.**

26. There shall be paid into the Fund and the Fund shall consist of—

- (a) all such moneys as may from time to time be appropriated by written law out of the Consolidated Fund for the purposes of the Fund.
- (b) all moneys received from time to time by way of grants and loans from Her Majesty's Government in the United Kingdom in aid of a development project;
- (c) all moneys received from any other Government or from any international organization, or from any institution, body or person for a development project or generally for the purposes of the Fund;
- (d) all moneys received from the proceeds of loans raised by or on behalf of the Government for a development project or generally for the purposes of the Fund;
- (e) all moneys received from the proceeds of the sale of any land belonging to the Government; and
- (f) all moneys received by way of interest or dividend on any investment or loan of moneys belonging to the Fund.

**Use of the Fund.**

27. No provision shall be made for expenditure to be charged on the Fund other than for the purpose of a development project.

**Annual estimates of the Fund.**

28.(1) The Financial and Development Secretary shall cause to be prepared and laid before the Parliament, before or not later than thirty days after the commencement of each financial year estimates of the revenue and expenditure of the Fund for that year and such estimates shall form part of the annual estimates of the Government to be laid before the Parliament in accordance with the provisions of section 65(1) of the Constitution.

(2) The estimates shall be in such form as the Financial and Development Secretary may from time to time direct:

Provided that the estimates of expenditure shall—

- (a) conform with the requirements of proviso (b) to section 41; and
- (b) show in respect of each development project for which provision is made therein—
  - (i) the total estimated cost of the project; and
  - (ii) the revised estimate of expenditure on the project in the preceding financial year and amount expended in previous financial years.

(3) The heads of expenditure contained in the estimates of the Fund for a financial year shall be included in the Appropriation Bill introduced in the Parliament in accordance with the provisions of section 65(2) of the Constitution to provide for the issue from the Fund of the sums necessary to meet that expenditure and for the appropriation of those sums for the purposes specified in the Bill.

**Supplementary estimates.**

29. If in the course of any financial year it is found—

- (a) that the amount appropriated by the appropriation law for any development project in any head of expenditure is insufficient; or
- (b) that a need has arisen to proceed with a development project for which no amount has been appropriated by the appropriation law, the Financial and Development Secretary shall cause a supplementary estimate substantially in the form prescribed by section 28 of the sums required to meet such deficiency or such need to be prepared and laid before the Parliament and the heads of expenditure shall be included in a supplementary Appropriation Bill to be introduced in the Parliament to provide for the appropriation of those sums.

**Authorisation of expenditure in advance of appropriation.**

30.(1) If the appropriation law in respect of any financial year has not come into operation by the commencement of that financial year, the Financial and Development Secretary shall by warrant under his hand authorize the withdrawal of moneys from the Fund for the purpose of meeting expenditure necessary to carry on the development projects of the Government until the expiration of four months from the commencement of that financial year or the coming into operation of the appropriation law whichever is the earlier:

Provided that no such withdrawal shall be authorized in respect of a development project, which is not specified in the estimates of the Fund presented for the current financial year, or if the estimates have not been presented, in respect of a development project provided for in an appropriation law of the financial year immediately preceding such current year.

(2) The amount of any moneys so authorized and withdrawn from the Fund shall be set off against the expenditure authorized by the appropriation law for the current financial year on the coming into operation of such law.

**Conditions attached to grants or loans.**

31. Any conditions which may be attached to any grant or loan of moneys forming part of the Fund shall be observed and shall have effect in relation to the moneys so granted or loaned as if the same were prescribed by this Act.

**Development warrant.**

32.(1) Subject to the provisions of sections 27 and 31, and of this section, if in the course of any financial year the circumstances described in section 29 arise and in the opinion of the Financial and Development Secretary expenditure on a development project is so urgent that it cannot without serious detriment to the public interest be deferred until adequate financial provision can be made for it by the Parliament—

- (a) in respect of a development project which has not been specified in the estimates of the Fund presented for any financial year, the Financial and Development Secretary may by development warrant under his hand and in anticipation of the grant of an appropriation by the Parliament authorize an advance from the Fund not exceeding one hundred thousand pounds or the estimated total cost of the development project, whichever is the lesser amount; and
- (b) in respect of a development project which has been specified in the estimates of the Fund for any financial year, the Financial and Development Secretary may by a development warrant under his hand and in anticipation of the grant of an appropriation by the Parliament authorize an advance from the Fund not exceeding—
  - (i) thirty thousand pounds; or

- (ii) ten per cent of the estimated total cost of the development as shown in the estimates of the Fund presented for the current financial year; or
- (iii) the balance required to complete expenditure of the estimated total cost of the development project as shown in the estimates of the Fund presented for the current financial year—

whichever is the greatest amount.

(2) Where any advance is made from the Fund under subsection (1) a supplementary estimate substantially in the form prescribed by section 28 of the sum required for the development project for the purpose of which the advance was made, shall be laid before the Parliament and an Appropriation Bill shall be introduced therein as soon as possible to provide for the appropriation of that sum.

(3) Upon the grant of an appropriation by the Parliament to provide for expenditure on the development project in respect of which the advance was made, the development warrant shall cease to have effect and the sum advanced shall be set off against the amount appropriated for that project.

#### **Re-allocation.**

33.(1) No surplus arising on any development project financed wholly or partly by moneys received by the Fund under section 26(b)(c) or (d) shall be applied in aid of any other development project unless—

- (a) in the case of the moneys specified in paragraph (b) of that section the prior consent of Her Majesty's Government in the United Kingdom has been obtained;
- (b) in the case of the moneys specified in paragraph (c) of that section the prior consent of the international organization, or the institution, body or person concerned as the case may be, has been obtained, or the moneys were received generally for the purposes of the Fund; or
- (c) in the case of moneys specified in paragraph (d) of that section, such moneys have been raised generally for the purposes of the fund.

(2) Subject to the provisions of subsection (1) the Financial and Development Secretary, if it appears to him to be necessary to do so, may by means of a warrant under his hand re-allocate moneys between one

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development project and another of the same head of expenditure if he is satisfied that further provision is needed for the development project to which moneys are to be re-allocated and that there is, or is likely to be, a surplus in respect of the development project from which the moneys are to be allocated.

(3) Any warrant issued in accordance with subsection (2) shall be laid before the Parliament at the earliest opportunity.

**Accounts and audit.**

34. The accounts of the Fund shall be audited, certified and reported on annually by the Principal Auditor

**Investment of moneys accounted for in the Improvement and Development Fund.**

35. Subject to—

- (a) any conditions which may from time to time be made by Her Majesty's Government in the United Kingdom in relation to moneys made available to the Government of Gibraltar by way of grants or loans in aid of development projects;
- (b) any conditions which may be attached by any other Government, institution, body or person to the grant or loan of moneys for the purpose of any development project or generally for the purposes of the Fund; and
- (c) such restrictions or limitations as may be imposed by any regulations made under the provisions of section 74,

the Financial and Development Secretary may authorize the investment of moneys accounted for in the Fund and which are not required for immediate use for the purpose of a development project in like manner to that provided by section 5(2) in respect of the Consolidated Fund.

**PART V.—DEPOSITS.**

**Deposits.**

36. Any moneys not being moneys raised or received for the purposes of the Government, which may be deposited with the Accountant General or with any other public officer authorized by the Accountant General or by regulations made under this Act to receive the same (such moneys being hereinafter referred to as deposits), shall not form part of the Consolidated

Fund and except as provided in this Part shall not be applied in any way for the purpose of the Government.

**Investment of deposits.**

37.(1) The Financial and Development Secretary may authorize the investment of deposits in like manner to that permitted by section 5(2) in respect of the Consolidated Fund.

(2) Any interest or dividend received in respect of deposits invested in accordance with subsection (1) shall be paid into the Consolidated Fund.

(3) Section 54 shall apply to any investments made on account of deposits and, for the purpose only of any adjustment which may have to be effected in accordance therewith, such investments shall be regarded as being held for account of the Consolidated Fund.

**Deposits may be used to finance advances.**

38. The Financial and Development Secretary may authorize the Accountant General to apply deposits towards the making of advances for any of the purposes specified in section 12;

Provided that deposits shall not be so applied where the advance in question is only repayable or recoverable whether in full or in part after the close of the financial year in which it is made.

**Unclaimed deposits.**

39. Any deposit which is unclaimed for five years shall be paid into the Consolidated Fund for the purposes of the Government:

Provided that if any person entitled thereto shall subsequently prove to the satisfaction of the Accountant General his claim to any such deposit, the Accountant General shall thereupon refund to such person his deposit out of the Consolidated Fund.

**Accountant General to administer deposits.**

40. Subject to the provisions of this Part, the Accountant General is hereby authorized to administer and, in appropriate cases, to refund deposits to the person or persons entitled to them.

**PART VI.—ESTIMATES AND SUPPLY.**

**Annual estimates.**

41. The estimates of the revenue and expenditure of the Government in respect of each financial year laid before the Parliament in accordance with the provisions of section 65 of the Constitution shall be in such form as the Financial and Development Secretary may from time to time determine:

Provided that—

- (a) the estimates of expenditure on the Consolidated Fund services shall show the sums to be issued from the Consolidated Fund to meet the expenditure that is charged upon the Fund by the Constitution or by any other written law and shall contain a reference to the relevant provisions of the Constitution or of such other law, as the case may be, authorizing the expenditure to be so charged;
- (b) the estimates of other expenditure required for the service of the financial year—
  - (i) shall be classified by heads of expenditure;
  - (ii) shall describe the ambit of each such head;
  - (iii) shall show the sum to be supplied for each such head by appropriation; and
  - (iv) shall designate in respect of each head the controlling officer appointed to control and account for expenditure of the sums appropriated for that head by the appropriation law.

### **Controlling officers.**

42.(1) The Financial and Development Secretary shall appoint in respect of each head of expenditure provided for any financial year in the annual estimates of the Government, a controlling officer to control that head subject to the provisions of this Act and of any Financial Regulations made or any directions given thereunder, and to account for the expenditure of the sums appropriated for that head.

(2) A controlling officer shall be the accounting officer in respect of, and shall be personally accountable for, all public moneys disbursed and all stores held, issued or received or used by or on account of the department or service for the head of expenditure for which he is the controlling officer.

(3) A controlling officer may, subject to the provisions of this Act and of any regulations made or instructions issued thereunder, and if so required by the Financial and Development Secretary shall, define in writing under his hand the extent to which the powers and duties conferred or imposed upon him may be exercised or performed on his behalf by any accounting officer under his control, and may give such directions as may be necessary to secure the proper exercise and performance of such powers and duties:

Provided that no delegation under this subsection shall extend to abridge the personal accountability imposed on a controlling officer by subsection (2).

(4) A public officer designated by the title of his office in the annual estimates of expenditure for any financial year to be the controlling officer in respect of any head of expenditure pursuant to section 41(b)(iv) shall be deemed for the purpose of subsection (1) to have been appointed by the Financial and Development Secretary and such designation shall constitute sufficient notification of the appointment.

#### **Disbursement of and accounting for expenditure on Consolidated Fund Services.**

43. The disbursement of moneys provided for in the annual estimates of expenditure for any financial year to meet expenditure on the Consolidated Fund services shall be accounted for by the Accountant General.

#### **Contingencies Fund.**

44.(1) The Contingencies Fund shall consist of moneys from time to time appropriated thereto and all moneys so appropriated shall be paid from the Consolidated Fund into the Contingencies Fund.

(2) The Financial and Development Secretary shall apply the moneys in the Contingencies Fund in accordance with the provisions of section 67 of the Constitution.

(3) Every advance from the Contingencies Fund shall be authorized by means of a warrant under the hand of the Financial and Development Secretary.

#### **Re-allocation.**

45.(1) If in the opinion of the Financial and Development Secretary the exigencies of the public service render it necessary or expedient to vary the sums assigned to any purpose within a head of expenditure or to make provision for a new purpose within such head, he may direct by means of a warrant that there shall be applied in aid of any purpose for which the sum



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assigned may be deficient or in aid of a new purpose a further sum out of any surplus arising, or likely to arise, on any sums assigned to any other purpose within that head:

Provided that any new purpose to which any sum is assigned shall be within the ambit of such head.

And provided further that the total authorized establishment of staff provided for in that head is not thereby exceeded.

(2) Any warrant issued under the provisions of this section shall be laid before the Parliament at the earliest opportunity.

#### **PART VII.—ACCOUNTING OFFICERS AND ACCOUNTS.**

##### **Accountant General.**

46. The Accountant General is hereby charged with the compilation, management and supervision of the accounts of the Government and with the conduct of the treasury.

##### **Powers and duties of Accountant General.**

47.(1) The Accountant General shall issue such instructions as may appear to him to be necessary, to be known as accounting instructions, for the advantage and safety of public moneys and public property and for the due and proper accounting therefor.

(2) Without prejudice to the generality of subsection (1), accounting instructions may provide for—

- (a) the collection, custody, issue, expenditure and management of all public moneys and the guidance of and compliance by all persons concerned therewith;
- (b) the effectual record, examination, inspection and departmental check of all receipts, payments and expenditure and the keeping of all necessary books and accounts;
- (c) the manner in which accounts are to be kept and the format of all books, returns and documents whatsoever required for the proper accounting for public moneys and public stores;
- (d) the proper accounting for the purchase, safe custody, issue, sale or other disposal or writing off of stores and other property of

- the Government and for the stock taking of such stores and property;
- (e) the custody, handling and proper accounting for stamps, securities and negotiable instruments whether the property of the Government or on deposit with or entrusted to the Government or to any public officer in his official capacity; and
  - (f) the reporting of losses, by whatever means, of public moneys, stamps, accountable documents of whatever kind and public stores and the reporting of the destruction of or damage to any property of the Government.
- (3) Without prejudice to the generality of section 46 the Accountant General shall—
- (a) ensure that all moneys received and paid by the Government are brought promptly and properly to account;
  - (b) take all reasonable steps to satisfy himself as to the correctness of payment vouchers, and to insure that payment is refused on any voucher which is wrong or insufficient in content, or which contravenes accounting instructions, or which in his opinion is in any way unacceptable in support of a charge on public funds;
  - (c) ensure, in so far as is practicable, that adequate provision is made for the safe custody of public moneys, stamps, securities and other accountable documents; and
  - (d) report to the Financial and Development Secretary in writing any apparent defect in departmental control of expenditure, revenue, cash, stamps, stores or other property of the Government and any persistent breach or non-observance of accounting instructions that may come or be brought to his notice.
- (4) The Accountant General in the exercise of the powers and duties conferred upon him by this section shall be entitled —
- (a) to inspect any office, store or premises and shall be given access at all times thereto and shall be freely given all available information, documents and records he may require with regard to public moneys, public stores and other property of the Government; and

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- (b) to check any public moneys, stamps, stores and securities for the purpose of satisfying himself that accounting instructions and any regulations made under this Act are being complied with.

(5) The Accountant General may delegate to any public officer under his control by writing under his hand any of the powers conferred upon him by subsection (4).

### **Duties of accounting officers.**

48.(1) Every accounting officer shall be subject to the provisions of this Act and shall perform such duties as may be prescribed by or under this Act or any financial regulations made or any directions given thereunder.

(2) Every accounting officer shall comply with accounting instructions and shall keep such books and render such accounts and in such manner as may be required by such instructions.

### **Accounting officers not permitted to open bank accounts.**

49. No accounting officer shall open any public or official account in respect of public moneys in any bank without the authority in writing of the Financial and Development Secretary.

### **Overdrafts on public or official bank accounts.**

50.(1) No bank shall permit an overdraft on any public or official account unless such overdraft has been authorized in writing by the Financial and Development Secretary.

(2) If any bank permits an overdraft contrary to the provisions of subsection (1) no action shall lie to recover the whole or any part of such overdraft and no interest shall be chargeable on such overdraft.

### **All public moneys to be accounted for in the public accounts of Gibraltar.**

51. All public moneys shall be accounted for in the public accounts of Gibraltar.

### **Annual accounts.**

52.(1) The Accountant General shall within a period of nine months (or such longer period as the Governor shall allow) after the close of each financial year sign and transmit to the Principal Auditor accounts showing

fully the financial position of the Government of Gibraltar at the end of such financial year.

- (2) The accounts shall include—
- (a) a statement of assets and liabilities;
  - (b) an abstract statement of receipts and payments;
  - (c) a comparative statement of actual and estimated revenue and expenditure respectively by heads and sub-heads;
  - (d) a statement of unauthorized expenditure by heads;
  - (e) a statement of balances on advance accounts from the Consolidated Fund analysed under the several categories specified in section 12;
  - (f) a statement of the balances on deposit accounts;
  - (g) a statement of outstanding loans made from the Consolidated Fund;
  - (h) a statement of the public debt;
  - (i) a statement of aggregate arrears of revenue by subheads;
  - (j) a statement of the accounts of each special fund, other than the Improvement and Development Fund, showing in respect of each such fund the investments or other assets relating thereto;
  - (k) a statement of losses of cash and stores written-off and claims abandoned;
  - (l) a statement of unretired imprests;
  - (m) in respect of the Improvement and Development Fund—
    - (i) a comparative statement of actual and estimated revenue by heads;
    - (ii) a comparative statement of actual and estimated expenditure by development projects;
    - (iii) a statement of unauthorized expenditure;

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- (iv) a statement of outstanding loans made from the Fund;  
and
- (n) such other statements as the Parliament may from time to time  
by resolution require.

## **Annual accounts of special funds.**

53.(1) In this section—

“controlling officer” means any public officer, other than the Accountant General, appointed under any written law or by virtue of regulations made under section 19 to be the controlling officer of a special fund.

“period of account” means –

- (a) in relation to any fund declared to be a special fund under the provisions of section 18(3)(a) such period of account as may be provided in the written law establishing such fund or in any regulations relating thereto made under section 19;
- (b) in relation to any other fund declared to be a special fund under the provisions of section 18(3)(b) such period of account as may be provided in any trust instrument relating thereto or in any regulations made in connection therewith under section 19;
- (c) in relation to any special fund, in the absence of any provision - as aforesaid, the financial year;

“special fund” means any fund, other than the Improvement and Development Fund, specified in Schedule 1.

(2) Within a period of six months after the close of the period of account the controlling officer shall cause to be prepared and shall sign and transmit to the Principal Auditor an account, in such form as the Accountant General may from time to time require, of each special fund in respect of which he is the controlling officer and a copy of each such account so transmitted shall be transmitted to the Accountant General.

## **Valuation of assets, etc.**

54.(1) At the close of each financial year the value of every security held on account of the Government in the Consolidated Fund and, subject to the provisions of subsection (3), in any special fund shall be adjusted to accord with the middle market price in London on the last working day of that year

and any consequent increase or decrease of the value of such securities shall be carried to the credit or debit of the Consolidated Fund or appropriate special fund as the case may be.

(2) Whenever during the course of a financial year and in order to take advantage of the state of the market, a security held for account of the Consolidated Fund or any special fund is sold for the purpose of re-investing the proceeds in another security, any adjustment which may be required as a result thereof shall be carried to the credit or debit of the Consolidated Fund or appropriate special fund as the case may be.

(3) Where in relation to any special fund the financial year is not the period of account the adjustment required by subsection (1) shall accord with the middle market price in London on the last working day of the period of account prescribed for such special fund and for the purposes of this subsection the expression “period of account” shall have the meaning ascribed to it in section 53(1) (a) and (b).

#### **PART VIII.—THE PRINCIPAL AUDITOR.**

##### **Office of Principal Auditor.**

55.(1) The Principal Auditor shall not, while holding the office of Principal Auditor, hold any other office of profit under the Crown.

- (2) The Principal Auditor shall not be required to undertake—
- (a) any duties outside those pertaining to his office if in his opinion such duties are incompatible with the responsibilities and duties of that office; and
  - (b) any examination of accounts partaking of the nature of a pre-audit which involves the acceptance by him of responsibility which would in his opinion preclude him from full criticism of any accounting transaction after such transaction has been duly recorded.

##### **Powers of Principal Auditor.**

56. (1) In the performance of his functions under the Constitution and under this Act, the Principal Auditor—

- (a) shall have access to all accounts, books, cash, documents, securities, stamps, stores, vouchers or other Government property under the control or in possession of any public officer;

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- (b) may call upon any public officer for any explanations and information which he may require in order to enable him to discharge his duties;
- (c) may authorize in writing any person publicly carrying on the profession of accountant to conduct on his behalf any inquiry, examination or audit and such person shall report thereon to the Principal Auditor in such manner as he may direct;
- (d) may without payment of fee, cause search to be made in and extracts to be taken from any book, document or record in any public office; and
- (e) may lay before the Attorney-General a case in writing as to any question of law and the Attorney-General shall give a written opinion upon such question.

(2) The Principal Auditor may authorize in writing any public officer, with the consent of the head of such officer's department, to exercise in that behalf the power conferred upon him by subsection (1) (a).

## **Nature of audit.**

57. In the performance of his functions under the Constitution and under this Act, the Principal Auditor shall have such other powers as are reasonably necessary in order to satisfy himself whether or not—

- (a) all reasonable steps have been taken to secure the due collection of revenues and of all other public moneys due and owing to the Government and the provisions of the Constitution and of this Act and any regulations and instructions relating to such collection have been complied with;
- (b) all moneys which have been appropriated and disbursed have been applied for the purposes for which they were appropriated and the expenditure conforms with the authority which governs it;
- (c) public moneys other than those which have been appropriated have been dealt with in accordance with proper authority;
- (d) all reasonable precautions have been taken to safeguard the proper receipt, custody, issue and proper use of cash, stamps,

securities and stores and the regulations and instructions relating thereto are sufficient and have been duly observed;

- (e) the regulations, directions and instructions in force relating to the issue and payment of public moneys are sufficient to secure effective control over expenditure and such regulations, directions and instructions have been duly observed by the public officers concerned therewith; and
- (f) the regulations, directions and instructions in force relating to the accounting for public moneys, stores and other Government property are adequate and such regulations and instructions have been duly observed by the public officers concerned therewith.

**Notification of irregularities.**

58. If at any time it appears to the Principal Auditor that irregularities have occurred in the receipt, custody or expenditure of public moneys or in the receipt, custody, issue, sale, disposal, transfer or delivery of any stamps, securities, stores, accountable documents or other property of the Government or in the accounting for the same, he may bring the matter to the notice of the Financial and Development Secretary.

**Delegation.**

59. Anything, which under the authority of this Act is directed to be done by the Principal Auditor other than—

- (a) the certifying of and reporting on accounts; and
- (b) the exercise of the power conferred upon the Principal Auditor by section 55(1)(c),

may be done by any officer of his staff duly authorized by him.

**PART IX. –EXAMINATION AND AUDIT OF ACCOUNTS OF CORPORATE AND SIMILAR BODIES.**

**Application of Part IX.**

60.(1) This Part shall apply to every person or body—

- (a) that is in receipt of a contribution from any public moneys: or



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- (b) in respect of whom the Government has given a guarantee to any person; or
- (c) whose operations may impose or create a liability on any public moneys—

not being a body corporate whose accounts the Principal Auditor is for the time being specifically required or empowered to audit and report on under any other law.

### **Power of Principal Auditor to audit.**

61.(1) The Principal Auditor may audit and report on the accounts of any person or body to whom this Part applies.

(2) In the exercise of his powers under subsection (1), the Principal Auditor shall have, in relation to any person or body to whom this Part applies, the same powers as are conferred on him under sections 56 and 57 in relation to public offices, public moneys, stamps, securities, stores and other Government property.

### **Reports on accounts of statutory and other bodies.**

62. Where in accordance with the provisions of this Part the Principal Auditor has, or by virtue of directions given by him under the provisions of section 57(c), caused to be examined, inquired into and audited the accounts of any person or body, he may

- (i) certify the accounts;
- (ii) prepare and sign a report on such audit if he considers such a report is necessary;
- (iii) transmit to the Governor all such certified accounts together with any report that he may have made; and
- (iv) transmit the report to the person or body which is the subject of the report.

### **Observations on reports of the Principal Auditor to be obtained.**

63. On receipt of any report of the Principal Auditor under section 62 the Governor shall request the person or body for its comments, to be supplied within such time, being not less than 14 days from the date of request, as may be specified therein, on any matter to which the Principal Auditor has called attention in such report.

**Reports on accounts of statutory and other bodies to be laid before the Parliament.**

64. A copy of every account and of any report of the Principal Auditor thereon transmitted to the Governor in accordance with the provisions of section 62 together with the comments, if any, of the person or body and a copy of any document forming a part of or appended to any such report shall be laid before the Parliament.

**Audit fees.**

65.(1) Notwithstanding anything to the contrary contained in any written law, any person or body whose accounts are examined, inquired into or audited by the Principal Auditor under the provisions of section 61 shall in respect of such examination, inquiry into or audit pay such fee as the Principal Auditor may determine:

Provided that the Financial and Development Secretary may, in any case in which it shall appear to him to be in the public interest that some lesser fee shall be paid or that no fee shall be charged, direct the Principal Auditor to levy such lesser fee or to make no charge as the case may be.

(2) Any fee charged under this section shall be paid into the Consolidated Fund.

**PART X. –ABANDONMENT OF CLAIMS, WRITE-OFFS AND SURCHARGE.****Abandonment of claims and write-off.**

66. The Financial and Development Secretary shall have in respect of public moneys, stores and other movable property belonging to the Government or provided for the public service—

- (a) power to abandon irrecoverable amounts of revenue, debts or over-payments; and
- (b) power to write-off losses or deficiencies of public moneys and the value of lost, deficient, condemned, unserviceable, or obsolete stores.

**Disposal of surplus stores to certain organizations.**

67. The Financial and Development Secretary shall have power to authorize the gift of serviceable stores which are surplus to Government requirements

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or are not required for Government purposes to institutions or organizations in Gibraltar established solely or principally for educational, scientific, cultural or charitable purposes.

## Surcharge.

68.(1) Notwithstanding the provisions of any other written law if at any time it appears to the Financial and Development Secretary that by reason of neglect of duty, carelessness or fault any person who is or was at the time of such neglect, carelessness or fault a public officer-

- (a) has failed to collect any moneys owing to the Government for the collection of which he is or was responsible;
- (b) is or was responsible for any improper payment of public moneys or for the payment of any moneys which were not duly vouched;
- (c) is or was responsible for any deficiency in or for any loss or destruction of or damage to any public moneys, stamps, securities, stores or other Government property; or
- (d) is or was responsible for any loss of or in jury to the property of any other person and as a result the Government is liable for the payment of damages or compensation,

he may after due investigation, call upon such public officer to show cause why he should not be surcharged the amount of the moneys not collected, improperly paid, not duly vouched, lost, destroyed or damaged or the value of the stores or other property lost, destroyed or damaged or the amount of damages or compensation paid as the case may be.

(2) If, within such period as the Financial and Development Secretary may allow, an explanation satisfactory to him is not furnished by such public officer with regard to the failure to collect, improper payment, payment not duly vouched, deficiency, loss, destruction, damage or injury including damage or in jury for which the Government has paid damages or compensation as the case may be the Financial and Development Secretary may surcharge that public officer such sum as he may determine:

Provided that-

- (i) in determining the sum to be surcharged the Financial and Development Secretary shall take due account of the ability of the public officer to pay the surcharge without undue financial hardship; and

- (ii) the sum to be surcharged shall not in any case exceed—
  - (a) in relation to public moneys, the amount of any such moneys not collected, improperly paid, unvouched, deficient, destroyed, lost or damaged;
  - (b) in relation to stores or other property the value of such stores or property lost, deficient, destroyed or damaged;
  - (c) the cost actually incurred by the Government of repairing the in jury or by way of payment of damages or compensation;
  - (d) in the case of a public officer, other than a public officer in industrial employment, one sixth of the gross annual pensionable emoluments or pension of such public officer, and in the case of a public officer in industrial employment eight weeks basic wages.

(3) For the purposes of this section and section 72 industrial employment means employment of which the terms and conditions are decided after negotiation in the Official Employers Joint Industrial Council.

**Notification of surcharge.**

69. The Financial and Development Secretary shall cause the public officer, the Accountant General, the Principal Auditor and the Head of Department of such public officer to be notified in writing of any surcharge made under section 68.

**Appeal against surcharge.**

70.(1) A person who is aggrieved by any surcharge made against him under the provisions of section 68 may appeal to the Governor within a period of thirty days (or such longer period as the Governor may allow) from the date on which he is notified of the surcharge.

(2) The Governor, after making or directing to be made such investigations as he may deem to be necessary, may confirm the surcharge or direct that the public officer surcharged be released wholly or in part from the surcharge as may appear to him to be just and reasonable.

**Withdrawal of surcharge.**

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71. The Financial and Development Secretary may at any time withdraw any surcharge imposed by him for any reason that he may think fit and in such event he shall notify in writing the public officer, the Accountant General, the Principal Auditor and the head of department of such public officer of such withdrawal.

### **Recovery of surcharge.**

72.(1) Subject to the provisions of this section the Accountant General shall cause the amount of any surcharge to be recovered from the public officer surcharged by equal instalments from the salary, wages, pension or other emoluments of such public officer:

Provided that—

- (a) in the case of a public officer not in industrial employment, the instalments shall be monthly and no one such instalment shall exceed one sixth of the officer's gross pensionable emoluments or pension for that month;
- (b) in the case of a public officer in industrial employment the instalments shall be weekly and no such instalment shall exceed one-eighth of such person's basic weekly wage;
- (c) the number of such instalments shall not exceed twelve in the case of a public officer not in industrial employment and not exceed sixty-four in the case of a public officer in industrial employment;
- (d) where the public officer surcharged is due to be paid any moneys by the Government other than by way of salary, wages or pension the Financial and Development Secretary may direct that the amount of any surcharge imposed on that public officer, be deducted from such moneys in whole or in part as he considers just and reasonable.

(2) No recoveries shall be made until after the expiration of the period allowed by section 70 for the lodging of an appeal and where the public officer surcharged appeals under the provisions of that section, no recoveries shall be made until and unless the amount of the surcharge has been confirmed or otherwise determined in accordance with that section.

### **Surcharge to be a debt to the Government.**

73. The amount of any surcharge shall be a debt due to the Government from the public officer in respect of whom the surcharge is imposed and the

provisions of section 72 shall be without prejudice to the right, which is hereby declared, of the Government to sue for such surcharge in any court of competent jurisdiction.

#### **PART XI.—REGULATIONS.**

##### **Regulations by the Minister responsible for finance.**

74.(1) The Financial and Development Secretary may make regulations, to be called Financial Regulations, not inconsistent with the provisions of this Act or any regulations made by the Governor under section 19, for the proper carrying out of the intent and purposes of this Act and without prejudice to the generality of this provision such regulations may provide for—

- (a) the preparation of estimates of revenue and expenditure;
  - (b) the administration and management of the Improvement and Development Fund;
  - (c) the authorization of rates of payment of public funds for specific purposes where such rates of payment are not provided for by law;
  - (d) the duties of controlling officers.
- (2) Regulations made under subsection (1) shall not have the force of law.

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## SCHEDULE 1

Section 18

### SPECIAL FUNDS

Administrator General's Account	(Administrator General's Act)
Audit and Supervision Fund	(Co-operative Societies Rules)
Employment Injuries Insurance Fund	(Social Security (Employment Injuries Insurance) Act)
Gibraltar Government Insurance Fund	
Gibraltar Government Scholarships Fund	
Gibraltar Shiprepair Limited Fund	(Gibraltar Shiprepair Limited Act)
Electricity Undertaking Fund	
Housing Fund	
Humphreys Limited Challenge Cup Fund	
Improvement and Development Fund	
King George V Hospital Fund	(Lord Thompson's Bequest)
Local Loan Sinking Fund	(Local Loan (No.2) Act)
Local Loan Sinking Fund	(Local Loan (No.3) Act)
Local Loan Sinking Fund	(Local Loan (No.4) Act)
Note Security Fund	(Currency Note Act)
Pilotage Fund	(Merchant Shipping Act)
Portable Water Fund	
Public Trustee Fund	
Savings Bank	(Savings Bank Act)
School for Handicapped Children (Public Donations) Fund	
Social Insurance Fund	(Social Security (Insurance) Act)
Supreme Court Fund	(Supreme Court Act)
Telephone Service Fund	

## SCHEDULE 2.

Section 24.

PURPOSES FOR WHICH THE IMPROVEMENT AND DEVELOPMENT  
FUND MAY BE APPLIED.

1. The construction, improvement, extension, enlargement and replacement of buildings and civil works and the provision, acquisition, improvement and replacement of other capital assets (including vehicles, vessels, machinery, instruments and equipment) required in respect of or in connection with—

- (a) housing and building projects;
- (b) public roads, harbours and other means of communications;
- (c) public offices and other public buildings;
- (d) official transportation;
- (e) telecommunications and broadcasting;
- (f) the production, distribution and supply of water, electricity and other forms of energy;
- (g) education, libraries, museums, laboratories and scientific research;
- (h) hospitals, clinics, dispensaries, quarantine stations and other medical and health institutions;
- (i) public health and sanitation;
- (j) fire control;
- (k) tourist and industrial development;
- (l) any other project, scheme or programme for economic or social development.

2. The acquisition of land or any right or interest in or over land.

3. The carrying on of any survey, research or investigation preparatory to the undertaking of any purpose referred to in paragraph 1 of this Schedule or for the formation or preparation of any scheme or plan for the



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development, improvement, conservation or exploitation of the resources of Gibraltar.

4. The payment of any charges or expenses incidental to or arising from the carrying out of any of the purposes referred to in paragraphs 1, 2 and 3 of this Schedule.