



**GOVERNMENT OF GIBRALTAR
PRESS OFFICE
No.6 Convent Place
Gibraltar
Tel: 70071; Fax: 74524**

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Joint Statement by the Gibraltar Government,

and the Trades Unions TGWU/ACTS and GGCA/Prospect

During the last eight weeks the Government of Gibraltar, the Ministry of Defence (MoD), the Trades Unions TGWU/ACTS and GGCA/Prospect (Trades Unions), and Serco Limited (Serco) have been engaged in intense, constructive discussions and negotiations of proposals formulated by the Government of Gibraltar following the dispute about the ISP contract award by the MoD.

The Government's proposals related not just to the ISP contract itself, but to all MoD's support activities in Gibraltar, with a view to bringing as much certainty and stability as possible to MoD's workforce in Gibraltar now and for the future.

The Government's proposals have the following three objectives:

- 1) To enable MoD to pursue its objective of value for money in its non-core activities in Gibraltar and thus achieve efficiency savings in a manner acceptable to all parties;
- 2) To enable GoG to pursue its objective of protecting the job security and conditions of MoD and WSM staff affected by the ISP Contract, as well as all other MoD staff in order to bring stability for the future;
- 3) To rationalize local resources, skills and capacity and to address environmental issues arising from some of these activities.

GoG, MoD, the Trades Unions and Serco are close to reaching agreements which would not only enable the ISP contract to proceed on terms acceptable to everyone, but also achieves the three objectives set out above, including of course, addressing the principal concerns of the staff.

The intended Agreements would have five key elements:

- An enhanced voluntary early exit scheme for all MoD employees;

- The transfer to GoG of certain non-core MoD services and staff of which MoD then becomes a customer;
- A secondment model of staffing for the ISP contract. This means that MoD staff will have the option to be employed by a company owned by the Gibraltar Government and be seconded by that company to Serco, rather than be employed directly by Serco;
- Agreed efficiency savings throughout the remainder of MoD support operations in Gibraltar, in the form of a limited and agreed number of redundancies.
- No one stays without a job against their wish and the Agreements would provide stability of employment for the future.

The main features of each of these five key elements of these wide-ranging and innovative agreements would be as follows:

- Enhanced Early Exit Scheme
MoD staff across the Command will be offered an early exit package comprising enhanced early retirement or severance benefits. This package represents an improvement over the 1997 Package, which was itself an improved package.
- Transfer of Services to GoG
Under the Agreements the Government and MoD would agree in principle, but subject to detailed agreements for each, for the transfer of Electricity Generation and distribution, Defence Fire Service, MoD Laundry, and Water distribution, including staff, to Government or a GoG entity. It is envisaged that water distribution would be incorporated into the AquaGib contract with staff transferring to that company. Government would then provide all these services to MoD on contract on a full cost recovery basis.

Government and MoD will also agree to enter into exploratory discussions in good faith to examine the scope that exists for Government to provide the following services to the MoD with the transfer of staff to GoG:-

- Secondary health care
- Primary education
- Certain policing services
- Sewer services
- Fuel depot facilities
- Water production
- Remaining MoD activities
 - Once the ISP Contract is in place and the electricity, laundry, water distribution and fire service have been transferred to Government, it is envisaged that there will be about 700 staff left in the MoD (less any that have exited under the Enhanced Voluntary Early Exit Scheme.
 - It has been agreed that, after that, the remaining numbers will be reduced to around 600. The GoG Company will offer a job to such entitled persons as are affected by this stage of the process. This arrangement will involve staff depositing their redundancy money to be held until their future exit from GoG Co.
 - Project Pegasus (affecting around 300 staff) would not be subjected to market testing, so that staff will remain in the MoD.
 - Under the agreements there would be no further compulsory redundancies of MoD staff for at least 7 years, and should any further redundancies be required during the 3 years after that, they would be sought by voluntary means, thereby providing stability for at least 10 years.

- ISP Contract
 - Electricity generation and distribution, and water distribution would be taken out of the scope of ISP Contract and would thus not transfer to Serco.
 - MoD staff affected by the ISP Contract will have the option of becoming employees of a company owned by GoG and then being seconded to Serco. Staff will be required to work to the principle of multiskilling and flexibility within their competences.
 - initial staff numbers would be agreed, together with a mechanism to avoid compulsory redundancies in the future.
 - Employees seconded by the Government company to Serco under this secondment model will be paid in accordance with the pay parity principle (as it applies to MoD) now and in the future.
 - Current WSM (Turner) staff are also included in the scope of the ISP Contract. These staff will have the right to transfer from Turner to Serco, with the benefit of a good occupational pension scheme under the Gibraltar Provident Scheme. It has been agreed with Serco that the WSM industrial DEL (about 61 people) will be preserved intact, and will suffer no redundancies. A minimum of around 15 WSM non-industrial staff will be retained by Serco.
 - In all around 315 staff are now affected by the ISP Contract (210 in MoD and 105 in the WSM). Of these 110 are surplus. This number will be reduced by the Enhanced Voluntary Early Exit Scheme, but any that are facing redundancy from both MoD or WSM Gibraltar belonging staff will be offered employment by the Gibraltar Government company. This arrangement will involve affected staff depositing their redundancy money with GoG to be held until their future exit from the GoG Company.
 - If the Agreements are finalised the MoD will proceed with its ISP Contract with Serco. On the basis of such Agreements, the Government and the Trades Unions would discontinue their opposition to the ISP Contract.

Commenting on the state of the negotiations, Chief Minister Peter Caruana, who has conducted the negotiations personally, said: “All the parties have to-date negotiated in good faith. The negotiations have been tough but constructive, and I am hopeful that it may be possible to reach agreements that are good for all sides as early as next week. The negotiated texts are still subject to approval by UK Ministers. But we are very hopeful that it may be possible to sign agreements as early as next week.”

The Trades Unions officials who have been involved in this process, Louis Montiel, Charles Sisarello, Michael Tampin, Victor Ochello and Ralph Capurro said: “ These look like being very good agreements for employees both in MoD and WSM who were facing a very difficult and uncertain future and for Gibraltar as a whole. We hope that they can be finalised. We will certainly recommend them to staff. The agreements take care of all major concerns of the Unions and Staff and lift a massive cloud hanging over the workforce.”