

The long title was agreed to and stood part of the Bill.
The Legal Aid and Assistance (Amendment) Ordinance, 1969.

The Bill passed the Committee without amendment.

The Supreme Court (Amendment) Ordinance, 1969.

The Bill passed the Committee without amendment.

The Children and Young Persons (Employment — Temporary Provisions) (Amendment) Ordinance, 1969.

The Bill passed the Committee without amendment.

The House resumed.

HON. ATTORNEY-GENERAL:

Sir, I have the honour to report that the Price Control (Amendment) Ordinance, 1969; the Overseas Service (Amendment) Ordinance, 1969; the Legal Aid and Assistance (Amendment) Ordinance, 1969; the Supreme Court (Amendment) Ordinance, 1969; the Children and Young Persons (Employment — Temporary Provisions) (Amendment) Ordinance, 1969; have been considered in Committee and agreed to without amendment, and the Gibraltar Court of Appeal Ordinance 1969, has been considered in Committee and agreed to with one amendment, and I now move that all six Bills be read a third time and passed.

This was agreed to and the Bills were read a third time and passed.

The House then adjourned until Thursday, the 18th December, 1969, at 10 a.m.

The adjournment was taken at 6.15 p.m.

Thursday, 18th December, 1969.

The House resumed at 10.00 a.m.

Prayer.

Mr. Speaker recited the prayer.

The Public Health Ordinance (Cap. 131); the Imports and Exports Ordinance (Cap. 75) and the Public Utility Undertakings Ordinance (Cap. 135).

Motion re:

HON. FINANCIAL AND DEVELOPMENT SECRETARY:

Mr. Speaker, I beg to move the suspension of Standing Order No. 19 to enable me to introduce a motion without notice.

I now put the question which is that Standing Order No. 19 should be suspended.

This was agreed to.

HON. FINANCIAL AND DEVELOPMENT SECRETARY:

Mr. Speaker, I informed the House earlier in the proceedings that the full extent of the Budget deficit for 1970, which could be foreseen, was £376,000. I also said that this figure did not take account of other commitments. The latter are mainly inherent in the acceptance by the Government of the Marsh Interim Report; and the approval by the House, at a later stage, of the proposals to amend the Families Allowances Ordinance.

The \$64,000 question, therefore, is how the necessary money should be raised as equitably and as evenly distributed as possible. This I have had to think about long and hard.

It seemed to me, in considering the problem, that it was essential to divide the issue into its various component factors. First of all, there was the all important aspect of making public utilities self-supporting, not only for the immediate present, but also — if at all possible — for the foreseeable future. This would appear to be elementary. Accordingly, it is proposed that in so far as Electricity is concerned, the tertiary charge in Tariffs Nos. 3 and 4 (Block Tariff) and the secondary charge in tariff No. 5 (Maximum Demand Tariff) should be increased in each case by $\frac{1}{2}$ d. from 2d. to $2\frac{1}{2}$ d. per unit. All other tariffs will remain unchanged and it will only be when the ordinary consumer passes beyond the primary and second stages that he will pay more. These two measures are estimated to produce £55,000 in a full year.

I would here interject, Sir, that because we are finding, as the House knows, difficulty in effecting collection of bills and because this is inevitably involving disconnection of supplies, it is proposed that the present re-connection charge of 5/- (which is completely unrealistic) should be raised to £1. This is not a revenue raising measures but a deterrent.

With regard to telephones, all that it is proposed to do, pending the outcome of talks which have been initiated with Messrs. Cable & Wireless as to the possibility of their taking over the telephone system — if a satisfactory agreement can be reached — is to raise all charges, other than trunk calls, by 9% rounded off as appropriate. A telephone on business premises will in the future, therefore cost £26 per annum instead of £24; and £18.10s.0d. instead of £17 in a residence. Other analogous charges have been raised pro rata, the overall revenue increase being estimated at £7,000. This does not take account of what it will cost to expand the Exchange if the Government retains control.

The opportunity is also being taken to adjust the charges for trunk calls to Morocco to take account of the devaluation of sterling, as the charges made by the Moroccan administration are based on the gold franc and a small annual loss that has hitherto been incurred. I am sure the House will agree that this is eminently desirable. Similarly the charges for the use of bathing establishments and hire of beach equipment are being slightly increased.

Allied to these increases in consumption and utilisation charges, was the question of rates, which, I am advised, have only been increased twice in the last fourteen years. This was in 1956, when rates went up from 5/6 to 7/- in the £; and in 1966, when the last increase took place, from 7/- to 8/-.

In this, of course, I was guided by the provisions of Section 292 of the Public Health Ordinance which makes it mandatory to "make such rates as will be sufficient to provide for such part of the total estimated expenditure to be incurred during the period in respect of which the rate is made as is to be met out of moneys raised by rates together with such additional amount as is required to cover expenses previously incurred or to meet contingencies; or to defray any expenditure which may fall to be defrayed before the date on which the moneys to be received in respect of the next subsequent rate, will become available."

That the Municipal Department should be self-supporting would appear to be crystal clear from the law and in view of the deficit anticipated, the commitments ahead and the need for capital, I have had no alternative but to recommend that the General Rate for 1970 should be 10/- in the £ instead of 8/-. The potable and brackish water rates will, however, remain unchanged. This increase is estimated to produce £105,000 in a full year, if everyone pays up as they should.

Having dealt with the Municipal side of affairs, the next item to which I devoted my attention was direct taxation. Here, I shall, later in the proceedings, be asking your leave, Sir, to suspend Standing Orders to introduce a Bill to amend the Income Tax Ordinance. I shall be dealing with that in some detail at the appropriate stage and all I intend to say now is that the amendments proposed are aimed at raising at least £100,000. Which, of course, will not be a full year.

I know, Sir, that in the past few years I have alternated in my budget-bridging proposals between direct and indirect measures of taxation. This year, however, the circumstances are exceptional because, if I may say so, we are not only making for the past, but facing up to the present. As, therefore, the measures I have already outlined still fall short of the deficit forecast, I have had no option but to cast my net more widely and bring within its ambit measures of indirect taxation as well. Accordingly, I propose that the duty on cigarettes should be increased by 12/- a 1,000. This is equivalent to 3d. per packet of 20, leaving a small margin to the trader. To spread the load more evenly and to bring in pipe and cigar smokers as well as those who indulge only in cigarettes, it is also proposed to increase the duty on manufactured tobacco by 8/- a lb. We will thus take account of past increases in cigarettes which have not been passed on to other smokers. The increase will be equivalent to an extra 6d. an oz. on pipe tobacco.

Additionally, it is proposed that in every case where existing import duty is now 5% ad valorem, it should be increased to 10%;

and that in the case of motor cars, which now pay 8½% ad valorem, the duty should also go up to 10%. Other duties, including those on wine, spirits and beer will remain unchanged.

The additional revenue to be derived from the measures of indirect taxation which I have outlined are estimated to yield £133,000.

Overall, therefore, the measures proposed are designed to produce £400,000 in a full year against the estimated deficit of £376,000. But my figures may not come up to expectation, first because people may not pay as they should (although I will use my best endeavours to ensure that they do. I would advise the House that I intend to introduce the necessary penal legislation for this purpose early in the new year); secondly, because, in the case of income tax, we will only receive in 1970 approximately half the yield; and thirdly, because, inevitably, measures of taxation can sometimes be expected to affect consumption.

Finally, Sir, there are a number of points that I would wish to place on record.

- (i) First, the effect of all the measures proposed, according to our calculations, on the Index of Retail Prices should be just about 2½%;
- (ii) the increase in charges made by the Municipal Department are barely sufficient to make the various undertakings self-supporting in order to ensure that heavy subsidies are not required to be paid by the ordinary man in the street as a taxpayer;
- (iii) in so far as the measures of indirect taxation are concerned, I have endeavoured to keep within limits which will still leave Gibraltar in a competitive position. For example, cigarettes at 2/6d. a packet of 20 should not cost more than on board a ship or aircraft where they are advertised as being duty free. Generally speaking, however, competition is very much a question of traders making sure that their mark-ups are fair and reasonable and as I have done in the past, I again commend the thought to the trade;
- (iv) the direct taxation measures to be introduced should not discourage people from investing and developing in Gibraltar, as this aspect is already covered by the relevant legislation. This provides the necessary exemption from taxes and contains attractive inducements for investors and developers; and
- (v) lastly, if we all desire to make Gibraltar as good a place to live in as we possibly can, we must be prepared, in keeping abreast with the times, to pay for it.

I know, Sir, that measures of taxation at this time of the year are heartily disliked by everyone — not least of all by me. They are also particularly disliked by sectors of the community,

for example, those connected with the Tourist Industry, which have to plan twelve months ahead on such things as tariffs. It is, therefore, my intention during the course of the coming year to ask the House to vote supplementary provision for three months expenditure, based on the present budget to enable us to adjust our financial year to the same period as in the U.K., i.e, 1st April to 31st March. This will be in keeping, in any case, with our Income Tax legislation and will ensure that Honourable Members of the House have the opportunity of enjoying a peaceful Xmas and New Year in the future.

I now, Sir, beg to move that this Council resolves: —

I that, under the powers conferred by Sections 106, 116, 118, 132, 214, 221, 289 and 295, of the Public Health Ordinance (Cap. 131) —

(a) the price at which Potable Water is to be supplied shall be as follows:

(i) to shipping from Waterport Wharf and North Mole at the rate of 2/6 per 100 gallons;

(ii) to hotels and hospitals at the rate of 3/3 per 100 gallons;

(iii) by meter or otherwise to all our consumers at the rate of 3/3 per 100 gallons for the first 1,000 gallons registered by any one meter in any one month and at the rate of 4/3 per 100 gallons so registered in excess of 1,000 gallons. The term "month" shall be deemed to be the period comprised between the date any meter is read for the purpose of the account and the date it was likewise read during the immediately preceding month;

(iv) undelivered supplies from Fountains by small barrels at the rate of 1½d. per 10 gallons and by buckets or similar small containers at the rate of 1d. per 10 gallons;

(v) delivery by lorry an additional charge of 10/- per 1,000 gallons and by temporary pipes an additional charge of £1 per 1,000 gallons;

(vi) a meter rental at the rate of 2/4 per month per meter;

(b) a Brackish Water Rate for the year 1970 is made and levied as follows:

(i) in respect of Offices, Stores, Cafes, Bars and other like premises at the rate of four pence in the £ sterling;

(ii) in respect of Tenement Buildings, Flats and other Dwelling Houses, at the rate of two shillings and one penny in the £ sterling,

such Brackish Water Rate to be collected by equal quarterly instalments payable in advance;

- (c) a General Rate for the year 1970 is made and levied at the rate of ten shillings in the £ sterling upon the net annual value of all premises liable to be assessed and rated in Gibraltar, such General Rate to be collected by equal quarterly instalments payable in advance;
- (d) the charges at Montague Sea Bathing Establishment shall be as follows:
- | | |
|------------------------------|----------|
| (i) Admission and Bathing | |
| per Adult per visit | 1/- |
| per Child under 15 per visit | -/6 |
| (ii) Admission only | |
| per Adult per visit | -/6 |
| per Child under 15 per visit | -/2 |
| (iii) Shower Bath | -/6 each |
- (e) the charges for bath at Tarik Bathing Establishment shall be as follows:
- | | |
|-------------------|----------|
| Ordinary Bath | 1/6 each |
| Purification Bath | 5/- each |
- (f) the charges for the hiring of beach furniture and for shower baths shall be as follows:
- | | | |
|----------------------|---------|----------|
| (i) Umbrella | per day | 2/- each |
| (ii) Deck Chair | per day | 1/- each |
| (iii) Clothes Hanger | per day | -/6 each |
| (iv) Shower Bath | per day | -/6 each |

II that under the powers conferred by Section 48 thereof, the Imports and Exports Ordinance (Cap. 75) be and is hereby amended as follows —

- (a) the first part of the First Schedule to the said Ordinance:
- (i) in relation to Item 8 thereof (Manufactured tobacco not otherwise enumerated including chopped, pressed or packed, shredded, long cut and rolled, plug, snuff, siftings and cigars), by substituting, for the figures "17/4" and "18/-" in the columns headed Preferential Duty and General Duty, the figures "25/4" and "26/-" respectively;
 - (ii) in relation to Item 8A thereof (Manufactured cigarettes), by substituting, for the figure "16/-", the figure "28/-", in respect of the additional duty per thousand cigarettes in the columns headed Preferential Duty and General Duty;
 - (iii) in relation to Item 22A (a) to (f) thereof (Articles of jewellery, imitation jewellery, pearls, precious and semi-precious stones, precious metal and rolled precious metal) by substituting in each case, for the figure and sign "5%", the figure and sign "10%", in the columns headed Preferential Duty and General Duty;

- (iv) in relation to Item 25 thereof (Goods not otherwise enumerated in either the First or Second Part of this Schedule), by substituting, for the figure and sign "5%", the figure and sign "10%", in the columns headed Preferential Duty and General Duty; and
- (b) the second part of the First Schedule to the said Ordinance:
 - (i) in relation to Item 2(a)(i) thereof (Motor Vehicles), by substituting, for the figure and sign "8 $\frac{1}{3}$ ", the figure and sign "10%", in the columns headed Preferential Duty and General Duty;
 - (ii) in relation to Item 6 thereof (Fountain Pens including ball point pens), by substituting, for the figure and sign "5%", the figure and sign "10%", in the columns headed Preferential Duty and General Duty; and
 - (iii) in relation to Item 10 thereof (Mechanical and Propelling pencils and refills) by substituting for the figure and sign "5%", the figure and sign "10%", in the columns headed Preferential Duty and General Duty; and

III that, under the powers conferred by Section 12, 39 and 40 of Public Utility Undertakings Ordinance (Cap. 135) —

- (i) the tariffs and prices for the supply of Electricity to be applied and charged with effect from the accounts for the month of January 1970 to be as follows:

FLAT RATE TARIFFS

Tariff No. 1	—	Lighting:	7d. per unit
Tariff No. 2	—	Power:	5d. per unit

BLOCK TARIFFS

Tariff No. 3	—	Three Part Fixed Block Tariffs for Domestic Consumers:	
Primary Charge	—	First 20 units per month:	7d. per unit
Secondary Charge	—	Next 40 units per month:	5d. per unit
Tertiary Charge	—	All additional units per month:	2 $\frac{1}{2}$ d. per unit
Tariff No. 4	—	Three-part Variable Block Tariff for Business, Commercial and General Consumers:	
Primary Charge	—	First 20% of monthly consumption (minimum 20 units):	7d. per unit

- Secondary Charge — Next 20% of monthly consumption (minimum 40 units): 5d. per unit
- Tertiary Charge — Remainder of total monthly consumption: 2½d. per unit

MAXIMUM DEMAND TARIFF

- Tariff No. 5 — Two-part of Maximum Demand Tariff for Industrial and Commercial Consumers with a Maximum Demand normally not less than 5 K.W.:
- Primary Charge — 15/- per month (£2.5.0d. per Quarter) per K.W. of Maximum Demand based on a monthly (or quarterly) half-hour rating
- Secondary Charge — 2½d. per unit for all units consumed
- Power Factor Penalty — As set out in the Definitions below

OFF-PEAK TARIFFS

- For energy consumed at times other than the restricted hours as registered by special meter
- Tariff No. 6A — Restricted hours: 7.00 a.m. to 2.00 p.m. and 6.00 p.m. to 11.00 p.m.
Charge: 1d. per unit for all units consumed, subject to a Minimum Charge of 10/- per month or £1.10.0d. per Quarter
- Tariff No. 6B — Restricted Hours:
- (i) Winter Period (November to March inclusive):
10.30 a.m. to 2.00 p.m.
6.00 p.m. to 9.00 p.m.
 - (ii) Summer Period (April to October inclusive):
Restrictions to be imposed at the Government's discretion as for Winter Period is necessary
- Charge: 1½d. per unit for all units consumed subject to a Minimum Charge of 10/- per month or £1.10.0d. per Quarter.

Discontinuation of Supply

Where a supply of electricity has been discontinued under Section 10 of the Ordinance, a fee of £1 shall be paid by the consumer before the supply is restored.

SUMMER AIR-CONDITIONING TARIFF

Energy sold for air-conditioning to be charged for under the provisions of Tariff No. 6B provided that the consumer arranges the wiring of the circuits involved to enable separate metering.

The following definitions shall form part of the Schedule of Tariffs:

Unit. A unit of electricity is the consumption of 1,000 watts for one hour, i.e. one kWh.

Power Factor. Power Factor means the figure obtained by dividing the kilowatts by the kilo-volt amperes or, in the case of average power factor, the kilowatt hours by the kilo-volt ampere hours, recorded by the Electricity Department's meters over a specified period.

Power Factor Penalty. Consumers charged under the Maximum Demand Tariff (No. 5) shall maintain an average power factor of not less than 0.85. When the City Electrical Engineer has reason to believe that the power factor of an installation falls below this value, he may instal meters to measure the average monthly (or quarterly) power factor and the Primary Charge shall be increased by 1% for each .01 by which the power factor falls below 0.85.

Minimum Charge. Minimum charge means the charge payable monthly or quarterly by a consumer in cases where such charge is not exceeded in any particular month (or quarter) by the charge calculated in accordance with the tariff for energy actually consumed during that month (or quarter).

Month (or Quarter). Month (or Quarter) means the period comprised between the date any meter is read for the purpose of the account and the date it was likewise read during the month immediately preceding.

Consumer. Consumer means any Authority, Company, person or body of persons supplied or entitled to be supplied with electrical energy by the Council.

Domestic Consumer. Domestic Consumer means a consumer who uses electrical energy for lighting, heating, cooling, refrigeration, cooking or other purposes for the household and domestic reasons of one family with dependants.

Business, Commercial and General Consumer. Business, commercial and General Consumer means a consumer occupying premises wholly or mainly used for professional business or for the purpose of distribution or retail trade or for

providing a service (whether or not a charge for such service is made) such as offices, shops, hotels, restaurants, bars, clubs, educational or training establishments, places of amusement, public institutions, churches, hospitals, nursing homes, laboratories and similar institutions.

Industrial Consumer. Industrial Consumer means a consumer engaged in an extractive or manufacturing industry and on whose premises electricity is used for the most part for the purpose of a mine, quarry-pit, factory, works, foundry, mill, refinery, pumping plant, ship building or repair and/or for motive power or for electro-chemical or electro-thermal process.

(ii) The Charges for the Telephone Service to be as follows with effect from the 1st January, 1970:

	Per Annum	Per Quarter
(1) Exchange Lines, External Extension, Telex Cts., Direct Lines & P.B.X.		
Power Supplies		
Business	£26. 0.0.	£6.10.0.
Residential	£18.10.0.	£4.17.6.
(2) Ordinary Extensions (Business or Residential)		
Change-over switches or parallel (Plan 1A)	£ 7. 0.0.	£1.15.0
Change-over switches with push buttons and bells	£ 8. 0.0.	£2. 0.0
One extension line inter- communicating	£ 8. 0.0.	£2. 0.0
Two extension lines inter- communicating	£15. 0.0	£3.15.0
For each additional 50 yards or part thereof	£ 3. 0.0.	£0.15.0
(3) Jack Points		
Up to two jack points (excluding bell)	£ 1.10.0.	£0. 7.6.
Each additional point	£ 1.10.0.	£0. 7.6.
(4) Extension Bells		
Ordinary	£ 1.10.0.	£0. 7.6.
Loud Ringing	£ 2. 6.8.	£0.11.8.
(5) Extensions — (P.B.X. & P.A.B.X.) Municipal P.B.Xs.		
Under 50 yards	£ 3. 0.0.	£0.15.0.
50 to 100 yards	£ 4. 0.0.	£1. 0.0.
100 to 150 yards	£ 5. 2.0.	£1. 5.6.
(6) Municipal — (P.A.B.Xs)	£ 5.15.0.	£1. 8.9.
(7) Privately Owned PBXs	£ 0. 7.4.	£0.1.10.
(8) A charge of 12/- will be made for changes of telephone numbers requested by subscribers.		

- (9) **C/O Switch** to cut-off bell, fitted with 1 mfd. Condenser £ 0. 7.4.
- (10) **Reconnection Charge** £ 0. 7.4.
- (11) **Tranfers**
- (a) The transfer of a subscriber's telephone where no installation exists or the actual cost involved, whichever is the greater £ 2.15.0.
- (b) The Transfer of a subscriber's telephone where an installation exists £ 1.15.0.

(12) Installation Fees

- (a) Where no installation exists or if an installation has not been used before,, i.e. a new flat £ 5.10.0.
- (b) Where the internal installation exists but not the external £ 2.15.0.
- (c) where the external installation exists but not the internal £ 2.15.0.
- (d) Where either the internal installation or external has to be altered: The actual cost involved but not more than £ 2.15.0.
- (e) Where the instalation exists (there is always work involved, i.e. alterations in the exchange, fitting telephone instruments) £ 1. 1.6.

(13) International Trunk Calls

- (a) a minimum charge covering a conversation of three minutes duration and thereafter for each additional minute or part of a minute, with the exception of Spain where the excess of the three minutes is charged at the rate of three minutes or part thereof, at the rates chargeable by the Compañia Telefonica Nacional Española plus a local charge of:
- | | |
|--|-----|
| for the first 3 minutes or part thereof | 3d. |
| for every additional minute or part thereof, except as above | 1d. |
| for information only | 3d. |
- (b) for calls to Morocco the charges shall be as follows:
- (i) to Tangier —
- | | |
|---|--------|
| for the first 3 minutes or part thereof | 5/6d. |
| for every additional minute or part thereof | 1/10d. |

- (ii) to other parts of Morocco —
 for the first 3 minutes or part
 thereof 10/6d.
 for every additional minute or
 part thereof 3/6d."

Sir, with apologies for the length, I commend the motion to the House.

HON. A. P. MONTEGRIFFO:

Sir, on a point of clarification only, could the Financial and Development Secretary kindly tell me, if it is possible, how much the extra 5% increase on the duty now payable will bring?

HON. FINANCIAL AND DEVELOPMENT SECRETARY:

I said that during the course of the speech, Sir.

HON. A. P. MONTEGRIFFO:

I think you lumped it all in £133,000.

HON. FINANCIAL AND DEVELOPMENT SECRETARY:

I said £133,000. All the measures of indirect taxation — that is the duty on the cigarettes.

HON. A. P. MONTEGRIFFO:

Could we have a break down so that we know how much the 5% by itself would bring?

HON. FINANCIAL AND DEVELOPMENT SECRETARY:

The 5%, Sir . . .

HON. A. P. MONTEGRIFFO:

You say 5% ad valorem on the items that now are paying 5%. The import duty now paying 5% is going up to 10%.

HON. FINANCIAL AND DEVELOPMENT SECRETARY:

Approximately, Sir, subject to correction by my officials, £100,000.

HON. A. P. MONTEGRIFFO:

Thank you.

HON. SIR JOSHUA HASSAN:

Mr. Speaker, Sir, I think that this budget could be described as either a drinkers' budget or a drinkers' charter, because the only item that has not been altered is the duty on drink. I must say that we on this side of the House are surprised to see in a budget sponsored by a Government that has fulminated against indirect taxation, that such indirect taxation as has been introduced, the bulk of it should be directed against consumers who perhaps can least afford it. But I should start with the positive

and say that the charges in respect of the various old City Council services are fully supported. They are just about what we had calculated would cover the budget. There is only one other point that I would like to clear before I proceed, that is whether in his estimates of what these rates would yield the Financial and Development Secretary has taken into account the half year of the 40-hour week?

HON. FINANCIAL AND DEVELOPMENT SECRETARY:

If the Honourable and Learned Leader is referring to whether I have budgeted for the cost of that, no Sir. That is why I have said "additional commitments".

HON. SIR JOSHUA HASSAN:

I see. So that this means that there will have to be further changes in the rates later on, if the theory is that the thing must pay for itself strictly insofar as that is concerned I am thankful for the clarification. That accounts for the fact that in some cases our calculations were a little over what has been mentioned because we did take into account the 40-hour week from the second half of the year. Be that as it may, these are charges which are perfectly fair and proper, and we support them. We do not know what the measures of direct taxation are, and how they will be introduced, so we have a reservation on that, and on that point we may have to raise matters on which we take objection. But here, the one which we oppose very strongly, is the increase of from 5% to 10% on all import duties. We would support the measure if clothing and footwear were excluded. But to charge now another 5% on clothing and footwear, we think is an unfair charge on the consumer who can least afford it; and is really a way of taking away the money that is being given on the one hand, by imposing further duties on the other. Subject to that objection, whilst at the same time nothing has been charged on wines, spirits and beer, or petrol, which could better have taken the charge and would have less effect on the cost of living. We must really oppose that increase unless that exception were to be made of clothing and footwear. The rest of the taxes on cigarettes and tobacco, they are luxuries and we fully support them. We do not take exception to the increase from 8½% to 10% on motor cars, but we do raise objection to the increase of 5% to 10% on import duties.

HON. P. J. ISOLA:

On a point of clarification. Could the Financial and Development Secretary say how much he proposes to get from the tax on clothing and footwear; That would presumably be relevant, as the Opposition would no doubt wish to suggest alternative methods of raising the money.

HON. FINANCIAL AND DEVELOPMENT SECRETARY:

In reply to the Honourable Member, I cannot give a detailed figure, but I can assure the House that it is those two items which will constitute the bulk of the money to be raised.

HON. P. J. ISOLA:

No doubt the Honourable Members will suggest other measures.

HON. MAJOR A. J. GACHE:

Mr. Speaker, I hope I heard the Honourable and Learned Leader of the Opposition correctly when he said that he would support the increase from 5% to 10% if clothing and footwear were excluded.

Well, Sir, we gave very long and serious consideration to the question of excluding clothing and footwear from the increase from 5% to 10% and we came to the conclusion that it was fair that we should alleviate in some way clothing and footwear of children up to the age of twelve. Consequently I would like to take this opportunity of informing the House that a notice is being issued by the Governor in Council, under the Price Control Ordinance, fixing the maximum price of clothing of children up to the age of twelve, as follows:—

- (a) By wholesale: at the landed cost of the article plus an addition of 10% and the import duty paid thereon;
- By retail: where the retailer is not the importer, at the wholesale price plus an addition of 20% thereon;
- Where the retailer is also the importer: at the landed cost of the article plus the Import duty and an addition of 33½% thereon;
- Where the article is made up in Gibraltar from material imported: the landed cost of the material plus the import duty and an addition of 33½% thereon.

I would now like to refer to what the Honourable and Learned Leader of the Opposition described the budget as: a drinkers' budget, or a drinkers' charter. We find ourselves in having to take these measures because previous budgets, which I would like to describe as 'March Hare' budget or those of a Wizard of Oz.

The last time, when measures of direct taxation were increased, in 1968 (and I mention this because the Honourable and Learned Leader of the Opposition said that this budget was taxing consumers who could least afford it) it was the consumers who could least afford it who were taxed and nobody else.

HON. A. W. SERFATY:

Sir, I may be corrected if I am wrong, but I fail to see why, if the retailer is the direct importer his profit should not be 32% and not 33%. This is purely on a question of arithmetic.

HON. MAJOR A. J. GACHE:

We will work out our arithmetic again, and if it is 32½% or 32% . . .

HON. A. W. SERFATY:

32. % It should be 32% according to my calculations.

HON. MAJOR A. J. GACHE:

You don't want 33 $\frac{1}{3}$ %?

HON. A. W. SERFATY:

No. I don't see why the profit of the direct importer should be greater than that of the retailer.

HON. MAJOR A. J. GACHE:

The calculations of the officials at the moment, which we have checked, does appear to be 33 $\frac{1}{3}$ %. But if it is not we shall certainly alter it.

HON. J. CARUANA:

Mr. Speaker, I am very pleased to have heard the Honourable and Learned Leader of the Opposition say that this has been a fair and proper budget insofar as the indirect taxation goes . .

HON. SIR JOSHUA HASSAN:

Mr. Speaker, I have not said that it is a fair budget, at all. I have accepted some of the charges, and I have challenged some of them.

HON. J. CARUANA:

I accept that correction, but I did write that you did say that it is a fair and proper budget subject to certain reservations later on.

HON. SIR JOSHUA HASSAN:

A fair and proper charge.

HON. J. CARUANA:

A fair and proper charge; therefore it cannot be the same thing.

HON. SIR JOSHUA HASSAN:

It is not. The whole budget is one thing and an item is another.

HON. J. CARUANA:

Well, this brings me to the point, even if it is as the Honourable and Learned Leader of the Opposition reckons it is, this is an unusual budget, an historical occasion, where two budgets have been coupled into one; and therefore any impact is bound to be doubled — this is a natural thing to happen. Before, the public had the medicine in two unsavoury doses, from now on they will have it all in one. This might account, perhaps for an unusual conflict of accumulative charges. I think,

as my Honourable and gallant friend on my right has mentioned, the last administration's indirect charges from 1965 to 1969 — in fact, in 1965 they went to town — there was very little they did between 1967 and 1969, except indirect taxation. Rents were increased. We must remind the people that these have been actions of the past, so that they don't believe that we are the only people who do put up indirect taxation. Taxation has been put up in the past. You might laugh, but I think it is always worthwhile reminding them, there might be people with short memories. Therefore, bearing those things in mind, I think that in due course, when the whole picture finally settles down, and moulds itself, we will find that on the whole, the budget will have been a fair one, and that the concerns of the Honourable and Learned Leader of the Opposition will have been allayed.

I am very concerned, at the same time, to have heard that it is mandatory to make all Municipal rates and charges to pay for themselves. I think that on other occasions in this House it has been proved that municipal charges have not been paying for the services that they were supposed to be paying. And I think that there is a contradiction here which needs to be looked into very thoroughly later on. With that Sir, thank you very much.

HON. A. P. MONTEGRIFFO:

Mr. Speaker, let it be said quite clearly, that despite the fact that we are now in a position where we could cash in on the difficulties of the Government we nevertheless want to say quite clearly and categorically that when it comes to the interests of Gibraltar to be taken into account, that is the primary concern, not only of the Government, but also the Opposition. And we shall not shirk our responsibility in voting whatever taxation is necessary if we consider it to be in the interest of Gibraltar as a whole. We could possibly be more popular if we said otherwise, but we have been in Government ourselves and know the difficulties. And in Opposition we are prepared, and we shall carry on with the same dignified sense of responsibility as we had when we were in Government. And even if it is unpopular, we are going to support the Government in all those measures we consider to be in the interest of Gibraltar. But in this particular one, Sir, we are being accused now that we were the first to put indirect taxation, of course; and we accept responsibility. But we were very severely criticised by the very same persons who are now doing the same thing. So either they are wrong now, or we were right before. Therefore, Sir, there comes a point when not only indirect taxation, but even direct taxation, has a limit. And there is a limit that we must aim at, and no more, if we do not want to cause more harm than good. And accordingly, Sir, although we propose to give alternatives as to how to raise more taxation in the future, later on in these proceedings, we shall oppose, because we feel that this is going to increase considerably the cost of living, the proposed 5% increase on import duty.

HON. P. J. ISOLA:

Sir, I am only a Backbencher and can only look at things objectively. But I am really surprised at the Honourable Members opposite. We have had no policy statement of any kind from the Opposition. They have voted every single item of expenditure in the draft estimates which land us in a deficit of £370,000 and their sole contribution to the whole debate, to the whole discussion on Gibraltar's future for 1970, is: don't put a tax on clothing and give us no alternative. Or are they suggesting that we get all this money from the drinkers? If that is the case let them put an amendment to the motion and let us take a vote on it. But it really is incredible, Mr. Speaker, that an Opposition that has taken so much time pasting posters all over the town: "We don't want integration. We want an election." What the devil do they want an election for, Sir, to pass the same budget and put the same taxes. Is that what they want an election for? I was expecting this budget session, Mr. Speaker, to be a heavily fought one. I was expecting the Opposition to come forward with fantastic schemes of policy on how to spend the money of the Government and City Council of Gibraltar. To tell us we were wrong in our measures of expenditure for 1970. But they do not. In fact, if it had not been for the Minister of Labour saying that he wanted to make a statement, they would not even have debated that all important vote. They were quite happy with everything. They are quite happy to allow Gibraltar to be governed in the same way as is being done by the present Government. Where they attack the present Government is in the Gibraltar Post or in posters all over town. But when they come to the place — the House of Assembly constituted by a constitution to which they were a party — they do not criticise.....(Tapping on table).

HON. SIR JOSHUA HASSAN:

Shut up.

HON. P. J. ISOLA:

That is the role of Opposition.

HON. MAJOR A. J. GACHE:

Mr. Speaker, is this the way to perform in this Assembly, Sir. We have seen this Assembly lowered before; we do not want to see it this time, Sir.

HON. CHIEF MINISTER:

Mr. Speaker, perhaps the Honourable Leader of the Opposition does not want us to speak either.

HON. SIR JOSHUA HASSAN:

Mr. Speaker, I want to try. Mr. Speaker, my remark to shut up was not to the Honourable Member who was speaking, but to the horrible Russian-like noise that is made every time something is said amongst the self congratulatory club.

HON. MISS C. ANES:

Sir, it seems to me that the Honourable Leader of the Opposition still wants to rule the House. He does not want to accept the fact that he is on the other side of the fence. (Cries of Order, order).

HON. MAJOR A. J. GACHE:

Mr. Speaker, I do want a point of Order, Sir.

MR. SPEAKER:

Order, order. I am the person to decide. I will call order when I think it necessary. I will not have . . .

HON. J. CARUANA:

Mr. Speaker, is the Honourable Leader of the Opposition acquainted with the running of the House of Commons Sir?

MR. SPEAKER:

Is that on a point of order?

HON. J. CARUANA:

On a point of Order, Sir. He says this is unruly. If he is acquainted with the procedure in the House of Commons, I think it is quite in order, Sir, to make the necessary noises to show our approval or otherwise.

HON. CHIEF MINISTER:

Mr. Speaker, could you give a ruling that if anybody tells anybody here to shut up, it will be the Speaker and nobody else.

MR. SPEAKER:

That is my ruling, definitely. I am here to rule on . . .

HON. CHIEF MINISTER:

Mr. Speaker, will you ask the Leader of the Opposition to withdraw his remark?

MR. SPEAKER:

Will the Leader of the Opposition please explain to whom the remarks were addressed?

HON. SIR JOSHUA HASSAN:

The remarks were addressed at the terrific noise being made by banging. The procedure in the House of Commons, as Honourable Members should know, does not mean tapping. First of all there isn't a table to tap on — so there is nothing like that. And this idea, everytime of making . . . of course noises of approval are quite regular. But to make this dreadful demonstration all the time by making terrific noises, is not in keeping with the dignity of the House. And it is in this respect

that I addressed my remarks. Certainly not to the Honourable Member who was speaking. That was not my intention. If it was, I would have said it and be liable to whatever ruling Mr. Speaker would make. But I would urge, and take this opportunity of saying that the dignity of the House is also preserved by not making unruly noises.

HON. CHIEF MINISTER:

Mr. Speaker, on this point of Order, could I just say that much as am grateful to the Leader of the Opposition for explaining what he meant, the words he used were: "Shut up". If he meant something else he should have used the other words. I know he knows, I think he knows sufficient English to have expressed himself better.

MR. SPEAKER:

May I express my thanks to all Members for their help. But may I also say that it is for me to decide when someone is out of order. I will accept the help of the House; but I will call the House to order when I consider it fit. Mr. Isola will you please continue.

HON. P. J. ISOLA:

I am grateful to you, Mr. Speaker. Firstly, may I apologize to the Honourable Members opposite if I provoke them a little. I assure them it is not my intention to do so. I am just attempting to find out what they are doing in the Opposition. That is all. Secondly, Sir, may I say on the question of dignity, that the dignity of the House is not helped if Aunt Mary or Uncle Charlie, whatever it is, refers to this House as the House of Horrors. I thought it had a proper name. Thirdly, Sir, may I say that despite all these interruptions I shall not be deterred and shall continue my speech from where I left off.

It seems that the role of the Opposition of 1969 is very much in contrast to the role of the Opposition which I had the honour to lead in 1964. The Honourable and Learned Leader of the Opposition smiles, but if he cares to look back in Hansard, 1964, he will perhaps learn a little of how to be a Leader of the Opposition. Where every Government measure was hotly contested and disputed, and argued and discussed in this House, and not in the newspapers. But the Honourable Members of the Opposition do not appear, Sir, to wish to confront the Government in this House. They do not appear to wish to confront the Government in this House. They do not appear to wish to put forward this that the Honourable and Learned Leader talks about so much on television, to put forward a constructive criticism — a constructive policy — for the Government. All they have told us is: take away the tax on clothing and put some tax on drinks. That is all they have told us. That sums up the policy of the Opposition for 1970. Surely they do not expect the Government to go to an election just on that issue. Other-

wise we shall be having an election every three months, Sir probably with the same results.

Sir, there is a matter which the Honourable Members opposite appear to have completely overlooked. That is the present Government through no fault of their own have been landed this year with a deficit of £350,000 — in round figures. Of that deficit, £308,000 have gone to the City Council deficit.

HON. SIR JOSHUA HASSAN:

On a point of order, Mr. Speaker, that has nothing to do with the budget. This question was finished in the accounts and estimate was provided as at the end of the year. We are looking towards the future and not towards the past, surely. This has nothing to do with the measures of taxation.

HON. P. J. ISOLA:

If the Honourable and Learned Leader of the Opposition will allow me to explain, he will see the point I am getting at. That is, that this Government cannot afford another deficit at the end of 1970, because, as a result of the enormous deficit of last year, our general revenue balance at the end of this year is estimated to be something like £700,000. When you consider that the expenditure budget of the Government and City Council rises to almost £4,000,000 — that is a very precarious state for the people of Gibraltar to find themselves in. That is why I referred to the City Council deficit. It is precisely this deficit, this drop in our general revenue balance of £700,000 that:

- (a) prevents the Government taking all the improvement measures that they perhaps would have hoped to have taken for 1970; and
- (b) it makes it absolutely essential that when proposing measures of taxation, they should be certain that they will be covered at the end of 1970.

Because I think that all Honourable Members of the House will agree that it would be an impossible situation to find ourselves with a lower general revenue balance at the end of 1970 than we are getting at the end of 1969. I mention this because this is the reason to my mind and I am sure the reason in the minds of the Government and of the Financial Secretary, why it has been necessary to increase taxes in the way they have been done. The Government can make no mistake, and must make no mistake, on it. Now, Sir, the Honourable and Learned Leader of the Opposition, or the Honourable Mr. Montegriffo, has mentioned that we are having a bigger balance in favour of indirect taxation than direct taxation. They are accusing part of the Government, not the whole — the Government is an alliance — of putting more stress on indirect taxation than on direct taxation, and accusing . . .

HON. A. P. MONTEGRIFFO:

I have not said that. I have said that we were prepared to vote either direct or indirect taxation. Either the Government is wrong now in having criticized indirect taxation before or we were right. That is all I said. I did not say we were not prepared to support any measure of taxation, because after all we have agreed to the expenditure, Sir.

HON. P. J. ISOLA:

I was not referring to what Mr. Montegriffo said, Sir. I was in fact referring to what his Honourable and Learned Leader had said on the matter. I did not mention your name Mr. Montegriffo. I was referring to what the Honourable and Learned Leader of the Opposition had said, that he did not like the balance which was more in favour of indirect taxation than direct taxation and quoted the figures of £133,000 on indirect and £100,000 on income tax. Be that as it may, first of all I would like to remind the Honourable and Learned Leader of the Opposition, that the Financial Secretary said that £100,000 was expected to be raised in 1970; we can assure that this measure should produce something like £125,000 in a full year. Secondly, Sir, I am surprised to hear the Honourable and Learned Leader of the Opposition objecting to not more being on direct taxation. Because, if I remember rightly, a lot of rumours came to my ears during the election campaign rumours promoted by the Honourable Mr. Montegriffo through his department, that if integration got in income tax would go up. Now, the same Member is telling us he does not mind voting either direct or indirect taxation. Of course, the reality is that he knows, and the Honourable and Learned Leader of the Opposition knows, that when you put up taxes, you cannot specifically go for one thing. You must try and spread them out over the community as a whole. The Opposition having voted in favour of every item of expenditure, must surely give us proposals of how to raise that expenditure, if they have agreed to spend it, otherwise they are acting irresponsibly. And I am sure that would not be the wish of the Honourable Members opposite.

Sir, as far as the taxes, unfortunately I am inhibited from speaking about the income tax position — which I shall do when the law is put forward — until we know about it. But I think it is fair on the people of Gibraltar generally, that if taxes have to be raised first of all we must ensure that they are effective; secondly that they raise the money required; and thirdly that they ensure a pattern for expenditure for the future years, and perhaps not make it necessary to repeat them every year. I do not think they will, because I think the measures that the Honourable Financial Secretary proposes, are measures that will perhaps yield a little more than is forecast. I would hope they would. But we must not forget, Sir, that the Honourable Members opposite, and the Government, or the Government really, are committed to stage II and stage III of Marsh. That will require more monies in order to meet the Bill. In fact, the

Honourable Members opposite have suggested in a communique they issued, that the wage increase interim award should have been 15 per cent and not 10 per cent. And if that had been the case, at a very rough estimate, that would have meant that the Government would have had to raise an additional £80,000, I think it is, which would have had to be done by taxation. And the Opposition instead of telling us how to raise additional money want us to cut particular taxes. I would also have thought that the Opposition would have taken this opportunity of telling the House how the sanguine earning position of the colony could have been improved during 1970. But we have had no policy statements from them. We have had no help from them at all as to how the revenues of the colony may be increased. All we have had in these two days of debate, from the Opposition, is the negative proposal that clothing should not be taxed, and the positive proposal that drinks should be taxed. But they do not tell us how it should be done either. What is it they want? Do they want to charge four shillings for a whisky; two shillings for a beer; what is it they want? They do not tell us, Mr. Speaker. They expect the Government to do all the work.

HON. SIR JOSHUA HASSAN:

Of course. (Laughter).

HON. P. J. ISOLA:

They are not constructive. I must remind the Honourable and Learned Leader of the Opposition of his promises on television, or does he forget all the promises he makes; and that is that he would be constructively critical. But we have not had a single suggestion from the Honourable Members of the Opposition since they have sat on those benches in September 1969. I know they are not used to the idea of being on that side of the House; but we have had no constructive proposal at all from them that can even come near to being called constructive criticism. I regard constructive criticism as being criticism which puts forward constructive measures. But we have not had that. The sort of line the Opposition seems to take, in my mind, is to disrupt the national unity of the community — the natural unity of the community — through their newspaper organs, television appearances, etc. They start asking for things which were never asked for when they were in Government, such as representation in Anglo-Spanish talks and things like that. But when they come to this House they do not put any proposals forward. So the Government does not know what they want. The Government cannot have an idea of what they want. And if this is responsible Opposition, Mr. Speaker, I wonder what responsible Government should be.

Mr. Speaker, Sir the increase of taxes are inevitable and, certainly the group which I have the honour to lead, are obviously, on our policy statement, anxious to avert taxation if it is possible. But we cannot, and no Honourable Member of this House can, allow progress to be hampered because of a reluct-

ance to tax where taxation is due. And therefore we do accept these taxation measures. We welcome them, much as we would like not to have them, as being necessary aid to efficient and proper Government of the community as a whole.

HON. L. DEVINCENZI:

Mr. Speaker, the Honourable and Learned Leader of the Opposition mentioned when he started to speak before, that this could be described as a drinkers' budget. I think that petrol was also mentioned though perhaps in a dry soft voice. I will just run very briefly through a number of items which have not been taxed. One of them, of course, is petrol, which would again have affected the cost of living in transport costs. Rents, which are very important, have not gone up. Perhaps in a minor way, postal charges — they have not gone up. Water has not gone up in spite of the fact that we do not know whether the present Chief Minister is going to be as successful as the previous one in asking for water. Building materials have not been touched. I know they were not taxed before, but this is a case where they could have been taxed but have not. Educational material — again in a minor way — that is another one. And of course, perhaps one should not say this, this has not been done before but could have been done and that is the two very important ones: food and medicine. Some items could have been selected which are not considered all that important. So there is, of course, the rent, petrol, building materials and water which have not been touched at all. Thank you, Sir.

HON. M. K. FEATHERSTONE:

Sir, I took rather a long time in standing up because I was still recovering from the shock of the Honourable Mr. Isola's speech. He has tried on three or four occasions, yesterday and this morning, to provoke this side. I think he is rather upset that he is not successful. But it is very strange to hear him object when we do not oppose something — he even objects when we do oppose. When we oppose we are being obstructive to the forward looking policies of the Government he supports and himself. When we do not oppose we are accused of just sitting down and doing nothing. I am not sure if the loud speaker system works satisfactorily or whether the Honourable Member needs a deaf-aid. But the Leader of the Opposition said quite clearly that we had alternatives which he would bring up at a later time. This follows the pattern set by the Financial and Development Secretary who said that he would have proposals at a later time. So . . .

HON. P. J. ISOLA:

On a point of order, Mr. Speaker, the proposals at a later time relate purely and simply to an Income Tax Bill.

HON. M. K. FEATHERSTONE:

Perhaps we have proposals on an Income Tax Bill.

The very first point on which we have been challenged by the Honourable and Learned Mr. Isola is to give definite proposals. We cannot give detailed proposals, Sir, for several reasons. We have been given a blanket figure that the indirect taxation on the Government side is going to bring in £133,000. We managed to get out a figure that the increase of duty of 5 per cent to 10 per cent is going to bring £100,000. We do not know what tobacco is going to bring. We do not know what cars are going to bring. If we had this break-down, then we might be able to say: 2d. or 3d. per pint of beer would bring so much. But we do not have a battery of civil servants behind us with computers and what not, to work out the figures. In fact, if we want information from the Secretariat, it is becoming . . .

HON. J. CARUANA:

Before.

HON. M. K. FEATHERSTONE:

We are not talking about 'before' Honourable Mr. Caruana — we are talking of now. We wish to know how much each item is going to bring. This information is available to you and not to us.

As I was saying, we are finding it increasingly difficult to get definite information from the Secretariat. When we write to Ministers the delays in reply run anything up to one month — and three — I am corrected.

We have suggested that there should be an increase on alcohol, and here I will express an interest, Sir. I am a non-smoker. I do not object to the tobacco tax. On the other hand I do drink — not to excess — but I do have an occasional glass of wine. I think some of my colleagues here do the same and even some of my friends opposite. I will not object to an increase on a tax on alcohol. I also run a car. I will not object to an increase in the price of petrol — perhaps it would be a good thing for many people if they walked and used their cars less. This will only basically affect a luxury. Measures can be taken whereby public transport is not affected. In fact if the tax on fuel oil is not increased, most of the public transport is already out of it. I do not think it would be hard for the Financial and Development Secretary to devise a scheme under which public transport could get a draw-back on the petrol they consumed. After all this Government is putting down so much legislation, they can always work out a little bit more.

Another thing that struck me with the Honourable Backbencher's speech he said he wondered what responsible Government could be. Surely he was in the coalition, Sir, was that not responsible? But it seems he has a very either short or con-

venient memory. I have not yet consulted that fount of knowledge, the Gibraltar Post, which I gather is challenging the Encyclopaedia Britannica; but I think it was in 1965, when the Honourable Backbencher was in opposition, he opposed every form of taxation. When he became a Member of the coalition this evaporated. Now, of course, he has changed horses once again: he is completely in favour of all sorts of taxation. Some people perhaps have this facility to change very frequently.

Now, Sir, this increase of 5 per cent to 10 per cent — a blanket increase — is going to affect clothing to a very great extent. Clothing already is third highest on the increase list of the index of retail prices. It is going to rocket, I should imagine, into first position. But it is interesting to see that Government themselves have some misgivings on this question of clothing. They had second thoughts when they considered the question of children's clothing. But they kept this up their sleeves. Then they brought out a measure against the shopkeeper. This measure we will support, Sir. But at the same time, could not Government also assist in keeping down the price, or must it simply be passed on, especially in the case of children's clothing — to the very small trader? The big shops are not affected.

Mention has been made of this City Council deficit. This really has nothing to do with the present estimates. And although it was brought in as an aside, to say that we do not want this repeated, the reason this deficit is there is by changing the system of accountancy. We cannot go into the merits or demerits of this change at the moment, we are going to have a full investigation, I understand, in the future. But to bring this in is really not worthy of the Member who suggested it. It is just putting in a red herring. Perhaps another Member might have brought this up himself. He is rather interested in that sort of trade.

One very interesting little point, Sir, the Honourable Financial Secretary has done a very fine job. He is rather obsessed with punitive measures. He has got a penalty for power-factor, Sir. Consumers charged under the maximum demand tariff shall maintain an average power-factor of not less than 0.85. I am not sure if he is aware, Sir, that power-factor can be either leading or lagging. A leading factor, Sir, is something every electricity department desires. And he may not be aware that with fluorescent lighting there is a certain type of circuit in which two tubes are used and these result in a leading power-factor of 0.7. This is assisting the electricity department. Surely Sir, they are not going to be penalised for assisting. I would suggest, Sir, that he change his wording by putting in an average power-factor of not less than 0.85 lagging. This is only a technical detail, Sir, but it does show that this side pays some attention. We are always accused of not paying any attention, especially by the Honourable Mr. Isola. But it would appear that we do pay attention.

As I have said, Sir, we would suggest that the tax increase of 5 per cent to 10 per cent on clothing and footwear should not go through. And we would support a tax on wines, alcohol, petrol and perhaps a little more on some of the other items such as cars, etc. But we cannot give a specific figure of what it should be until we have all the details from the Financial and Development Secretary on the break-down of how this £133,000 is made up. It seems astonishing to me, Sir, that clothing and footwear are going to produce £100,000 and all the rest is only going to produce £33,000.

HON. FINANCIAL AND DEVELOPMENT SECRETARY:

On a point of order, Sir, I did not say that.

HON. M. K. FEATHERSTONE:

I think that is what we understood when the Honourable Mr. Montegriffo asked how much was estimated. Perhaps he would like to give a new calculation, Sir.

HON. P. J. ISOLA:

I asked the question.

HON. M. K. FEATHERSTONE:

No, Sir. It was the Honourable Mr. Montegriffo.

HON. SIR JOSHUA HASSAN:

He asked it at the beginning before I spoke, and the figure that came from the other side was £100,000 — about.

HON. M. K. FEATHERSTONE:

I think on this point, Sir, until we have this break-down it is rather futile to continue. Perhaps the Honourable Financial and Development Secretary might do a little calculation and let us have these figures. I think the break-down of this £133,000 should be a complete break-down into as many points as possible.

HON. L. DEVINCENZI:

Sir, when the Honourable Mr. Featherstone . . .

HON. SIR JOSHUA HASSAN:

On a point of order, Sir. I wanted to speak but forfeited my right because I spoke first — and I think this must be the answer.

HON. P. J. ISOLA:

On a point of order, Sir. The Honourable Mr. Featherstone has referred to the Gibraltar Post and quoted me as having said in 1965 that I was against taxation. Perhaps I could help him if I read the Hansard of 1964 — the budget.

HON. M. K. FEATHERSTONE:

On a point of order, Sir. I did not say I was sure it was in 1965. I said I had not consulted the fount of knowledge so it might be 1964 or it might be 1963. Until I do consult it I cannot find out. I do not have the Hansard, Sir.

HON. P. J. ISOLA:

I was only the Leader of the Opposition for one budget, so it could not have referred to any other.

HON. M. K. FEATHERSTONE:

Well, that must have been the one.

HON. P. J. ISOLA:

May I read the official Hansard: "The Opposition will not be hoodwinked on these points. The Opposition is not afraid of new taxation, but the Opposition wants to see a policy. It wants to see taxation, but the Opposition wants to see a policy. It wants to see taxation justified. It does not want to see stop-gap legislation. It does not want to see what it has unfortunately seen too much of since the present Government came to power: a form of caretaker policy for the administration." There are other parts but I will not mention them.

HON. M. K. FEATHERSTONE:

The other parts we do not get given to us. We only get the interesting parts.

I think that at one time the Honourable Backbencher, either in the House or in his election campaign, said that the difficulties were not of our making, that the British Government was responsible and therefore should pay for everything.

I am still waiting, Sir, for the reply from the Financial and Development Secretary.

HON. FINANCIAL AND DEVELOPMENT SECRETARY:

Mr. Speaker, Sir, whilst I appreciate the desire for information, I would remind the House that in the past, when I have brought budgets to the House, I have not been able, and the House is aware of the reasons why I am not able, to give complete break-downs of every item which is affected by the 5%. In 1967, for example, quite a number of items went up. And I could not tell the House then, in the same way as I cannot tell the House now, what each item is going to produce. I mentioned during the course of my speech, Sir, that there were a number of factors to be taken into account at the end of the day which might affect consumption of one item and improve another. When I was pressed initially by the Honourable and Learned Leader of the Opposition, if I am not mistaken, Sir, I had said that the figure was £133,000. I was then pressed for the break-down

into tobacco and the 5%. And if I am not mistaken, again, Sir, I did say then £33,000 for tobacco, which obviously would leave £100,000 for the other measures. When I was then asked about the clothing factor again, if I am not mistaken, Sir, I did say a figure of about £60,000. But I think the House is asking a bit too much, even with all the computers in the world and the battery of civil servants that I may have available, it is naturally impossible to give the House a break-down of every item with a calculation as to what each item is going to produce. I am afraid, Sir, that that is the most that I can give the House. £133,00 of which I believe £33,000 will come from tobacco; and of the remaining £100,000 Sir, I believe that approximately £60,000 may come from clothing and footwear. But I am afraid that that is as far as I can go, Sir.

HON. M. K. FEATHERSTONE:

Sir, I am most grateful to the Honourable Financial and Development Secretary for this. Either this side did not hear this statement — perhaps the other side was banging on the table at the time. But we were under the impression that the £100,000 was entirely from the clothing. We are happy to see it is £60,000.

Now, Sir, this £60,000 is a much lower figure than £100,000 and so would not be so difficult to find from other sources. It seems that 3d. on a packet of cigarettes is going to produce £33,000 or £11,000 to 1d. That is taking tobacco and cigarettes together, it is about 1d. for a packet of cigarettes, one with the other, will give you roughly £10,000. An extra penny on that, 4d. for example would give you £40,000. This brings your £60,000 down to £50,000.

You are also going to have a surplus of some £25,000, on your figures. The question of removing this £60,00, Sir, it would not be so difficult to off-set with an increase on spirits, alcohol and petrol. When it was a gigantic figure of £100,000 even I was rather worried about it. Now we have got it down to £60,000, even £50,000. I do not see, Sir, that it would be so difficult for Government to have a re-think on this question. As the Honourable Major Gache did so — they have already had a small re-think on children's clothing.

Surely there are many types of clothing which are used by the ordinary working man which are going to put his cost of living up to such an extent that his wage increase under Marsh will be almost nullified. Is this the way the Government intends to pursue a policy, of giving it with one hand and taking it back, perhaps a little bit more, with the other? If this is the policy supported by the Honourable Peter Isola, perhaps

HON. P. J. ISOLA:

Mr. Speaker, on a point of order this is not the policy supported by

HON. M. K. FEATHERSTONE:

I said 'if'. . . . then he would like a re-think. The situation, Sir, at the moment, is that this side is not afraid of indirect taxation, but we should do, as suggested by the Honourable Peter Isola, spread it out. At the moment it appears that it has not been spread out. It has been lumped on two or three things only. It has been lumped onto the smoker, it has been lumped onto clothing and footwear, to a very great extent. All we are asking, Sir, is that other items should be taxed to save the working man's budget going up by leaps and bounds — to spread it out, Sir.

HON. M. XIBERRAS:

Sir, I am no expert on figures, so I hope the House will be indulgent about what I have to say. If I do put my foot in it occasionally, I hope the House will bear in mind what I have just said, that I am no financial wizard, Wizard of Oz, or anything like that. But there are certain comments which I would like to pass very briefly, as succinctly as I can on the three headings under which the Financial Secretary tackled his revenue raising measures. He said that there was a need to make the services self-supporting. That he would tackle direct taxation, and that he would tackle indirect taxation. On the first, even though the matter is almost sub judice, I think the point must nevertheless necessarily be made that whatever the situation in the council might have been, it is a fact that this Government is forced immediately it has come into office to take pretty hard measures to make the services self-supporting. I think the Honourable and Learned Leader of the Opposition said that these would have to be taken anyway; and, in fact his side of the House welcomed these measures. I think whatever he or I might think, the fact is that it is required to be done by Law. And in this connexion I must say that it is a pity that last year, in election year, these measures were not taken.

On the question of direct taxation, I think that there is much sense in raising direct taxation in the present circumstances of Gibraltar. There has been a marked change, as far as I can see, in the pattern of our economy and in the expectations of the people here. I always remember the time of the Referendum, where people seemed to be more one class than ever. Well-to-do people used to march up some parts of town where people are not so well off and and enjoy drinks with them and chat with them about their common future. I think this is the kind of society which Gibraltar is becoming. One in which, because of a common thing to confront, and a common front to put up — there is a levelling process. I welcome, therefore, Sir, this measure of taxation. There has been some arguments about the exact figure which the Honourable Financial Secretary will be moving will ultimately yield. I believe the Honourable Financial Secretary said that it would raise £100,000 in the course of this year. And my Honourable Friend said it would raise £120,000 by next April when the income tax year will be comple-

te. I believe it will raise £150,000 in direct taxation, and I hope I shall have confirmation of this. £150,000 in direct taxation makes direct taxation the biggest of the revenue raising measures.

Sir, may I pass on to Marsh and take up the Honourable Member opposite, Mr. Featherstone, on this question of the wages policy of the Government and its relation to the rise in prices. I thought it was, Sir, an unfair remark; and I intend to prove it. I had wanted not to use the figures which I have available, but I think that if the present Government is to be judged fairly, I think it is essential that I use them. There is another reason for my using them too. And that is, when the Government is productivity bent, it is particularly depressing to hear something of this kind being said: that wages are being given with the one hand now, and are being taken away with the other. Sir, that has been the position for a very long time. Since April 1960 the wage of a labourer has risen by 36% up to April 1969; and the cost of living has risen by 34.5%. That, Sir, was in the term of office of some Members opposite. I do not believe, Sir, it is fair that the Government wages policy should be not on the basis of one interim award whose purpose I have explained on other occasions, but I take the liberty of explaining now perhaps if only so that the worker will not be depressed too much. The interim award could not be all that large for the simple reason that if it had been large we might have had a movement in the opposite direction from the movement we were trying to prevent. And that is, if you gave people say 20% on an interim award, maybe one company, I have heard of a number in the private sector, might be losing people to the Dockyard or to some other official employer. Mr. Marsh makes this quite clear, that this interim award had been pushed forward because of the law — the Control of Employment (Temporary Provisions) Ordinance — and was intended to counteract the effects of the political decision to allow the law to lapse. Amazingly enough, when with the Chief Minister and the Financial Secretary we met the representatives of trade and the workers, this point was not appreciated, I believe. But it was indicated in the sense that some employers were complaining that there might be a movement in the opposite direction as prospects improved in the Dockyard and so on. So, Sir, it is important not to judge the Marsh interim award solely on that principle. Because the Marsh interim award enunciates a very important principle for Gibraltar — the Gibraltarian worker — which is the principal of productivity bargaining. It is a fact, Sir, that in the past, and I have said so at election time, there has been something of a wage conspiracy which prevented the worker who worked hard from really reaping the rewards of his work. However hard you worked you had a scale, and unless it was overtime you did not get all that much more, because it was considered that the wage line should be broken by individuals or groups of individuals. It is important to realise, Sir, that the Marsh interim award accepts the principle of productivity bargaining and indeed says that by the end of 1970 this should be the gen-

eral colour of things: that wages will be advanced by productivity bargaining. Moreover Sir, even before the end of 1970 there is going to be what we hope is a definitive restructuring exercise especially for those people for whom productivity bargaining is not impossible but becomes rather more difficult. There is also the important principle of the 40-hour week. This again, following the Honourable Member opposite's argument, is important because you cannot put on hours of work. You may find the increases in wages, as has been the case in the past, are caught up by rise in prices, but the 40-hour week, Sir, once you work 40 hours, you work 40 hours, people do not go back. And therefore this part of the Marsh award is an extremely welcome one as far as the Government is concerned. This is something which because of our incapacity to deal with things because of the circumstances of Gibraltar, because of one thing or another, 40 hours is 40 hours, Sir, and no-one can take this away.

I should say in fairness, that perhaps it is something of a conundrum that this 40-hour week should come when we need to work 80 hours. And we really need to work. But I hope that the result will be that the real earnings, or the money which is paid for hours of work, will spur people during those 40 hours to work just as hard as they did with 42 or 44 hours.

Sir, this is by way of almost philosophical comment and I have been doing a great deal of this of late, because I think it is a scientific principle for increasing productivity, that one should exhort as much as possible, management and workers, to try their best, some with their hands, some with their brains, but that they should try their best to bring about a real increase in the wealth of Gibraltar. By this, Gibraltar is going to stand or fall. I repeat the figures, Sir, between April 1960 and April 1969, nine troubled years of wage increases, of Marsh awards, of Hanbury awards, and we have 2½% of the labourers 2½% better. Sir, this is a grave problem, and I wish the Honourable Member opposite had not been a little bit politically facetious about it.

HON. M. K. FEATHERSTONE:

Sir, on a point of order there is nothing facetious about it. I object to that remark. I would ask for it to be withdrawn. It was not facetious.

HON. M. XIBERRAS:

Sir, may I say 'superficial' and change the word.

Superficial is judging the whole trend in of wages and prices in Gibraltar by one award in the time of office of the present Government.

Sir, having finished with this exhortation which I think is an extremely important part, and I do not like people who say: "Well, the workers must work harder". That is another principle of productivity bargaining gone west. Sir, I am not accusing the Honourable Member opposite of having said that.

HON. M. K. FEATHERSTONE:

Sir, I am extremely grateful. I have not exhorted anybody. In fact, Dr. Beeching said that exhortations are no good today.

HON. M. XIBERRAS:

Sir, he should read many of the things Dr. Beeching said about which I am sorry he knows nothing, because the full report was not published. I hope he does not know them in his turn on those benches, but other Members of the Government will, having read the Beeching himself does, to employers, particularly. Sir, having finished with the exhortation, which I do think is very necessary, and I do appeal to management as the prime movers in this, a worker does not know how to work unless he is told how to work: he will not produce more. And it is management that must move first as has been the case, and has been recognised by Marsh in the Dockyard. It is management all the time that initiates these changes. But having finished with the exhortation let me pass on to the controversial measure of indirect taxation.

Sir, I repeat what I said before, I am no expert in these things. It seems to me, analysing my own feelings, that when I speak about indirect taxation I have very much at heart the points that have been made, in good faith I hope, and I am sure, from the other side of the House about this indirect taxation. The way it is made up.

Sir, may I digress again into a little bit of philosophy, and say that I am terribly sorry that in Gibraltar we had an attitude which makes sophisticated measures of taxation, indeed sophisticated measures about anything, I was talking about productivity before, rather hard. In my own department I have the experience of employment cards — one thousand of them — not being returned by people. I have gone out with press communiques, I have done this and I have done that. I see the Honourable and Learned Member opposite shakes his head in agreement, Sir, and I say I am no expert on these things, if we raise these things by 5% or whatever it is and we leave the clothing out? Is it the experience of Members opposite that in fact clothing would not have risen? Sir, I am not in the habit of buying new suits very often but I do know that when you pay cash you pay so much, and when you pay on the never, you pay so much. Fine, it is said, but sometimes you pay cash and you still pay the same as if you paid on the never never. This is so.

Sir, I very much welcome what my Honourable and Gallant Friend has said about price-controlling children's clothing. I would like to see a general investigation into profit margins on clothing as a whole, and in other spheres. Sir, I think it is unfair, and it is in our experience too, that increases in indirect taxation has been multiplied as regards the mark-up. And this, Sir, I consider, in some cases, to be very unfair, because there are businesses which have a much larger turn-over since those

frontier gates were closed. There are businesses which have sold a great deal more and consequently their profits have increased. Sir, some of these businesses had only a small margin of profit. But some of these businesses already had a substantial profit margin. I would say that even though I support this tax on clothing, with a heavy heart, still I would appeal to the trading community not to push prices over and above what is justified by the increase in taxation. Would prices in clothing have risen anyway, Sir? It is my experience in fact that they would. You remember cigarettes some years ago well, in exactly the same way. Why should clothing drop below other things? This is the general approach. The question of the Prices and Incomes Board, Sir, obviously comes to the fore. A Prices and Incomes Board, I am advised by Mr. Marsh, and by others, is a very complicated thing which requires all kinds of people. But, Sir, this is a counsel of despair, really, to say we cannot have a Prices and Incomes Board. What is going to happen with price control? In nine years wages have risen 36% and cost of living has risen 34.5%. The rich are getting richer and the poor are getting poorer.

Sir, I think that on that note I should pass on to something else, and that is the alternatives offered. I believe that ingenuity in collecting taxes is important. But I find no more ingenuity on that side of the House. Obviously, it was a consideration whether drink should rise or not. I am told that whereas in cigarettes we are still fairly competitive. That it is a fact that if the price of drink were to rise all that much more, then we might become uncompetitive perhaps with ships and London Airport.

HON. M. K. FEATHERSTONE:

Sir, a point of order, do not ships buy duty-free and they would therefore be unaffected?

HON. P. J. ISOLA:

Mr. Speaker, those are not points of order.

HON. M. K. FEATHERSTONE:

On a point of clarification, Sir.

HON. M. XIBERRAS:

The other thing was petrol. Well, petrol everybody knows, is going to raise the cost of living quite a lot. If it had been transport for instance, public transport, transport to and from a commercial port, these things, I am quite sure, would raise the cost of living. If it were possible to have sophisticated measures of the kind which can distinguish petrol for one thing and petrol for another, well, then, Sir, there is no end to our ingenuity. But, in fact, we cannot. We are so unsophisticated that to my mind we cannot afford to exclude an item from a general

rise in indirect taxation because, willy-nilly, whether it was or not, you would still get an increase in prices. So, Sir, may I end by saying that I support this budget. That I look forward to other budgets, and that I hope that on this side of the House, and on that side of the House, traders and workers, realise that if the pattern continues as set between April 1960 and April 1969, Sir, Gibraltar will not be a commercial port. Gibraltar might not have people here. Sir, things might very well go wrong — very wrong, I think myself that the only way out I will repeat this, the only way out, is that people must accept that Gibraltar has changed and there must be an effort to make the differences between people with lots of money and people with not so much money, a little bit less each year. Thank you, Sir.

HON. LIEUT. COL. J. L. HOARE:

Mr Speaker, Sir, I will start off by thanking the Honourable the last speaker for the fact that he is the first, perhaps the only one of the Honourable people on that side of the House — I say people collectively because obviously they are not all Honourable Ministers— who has had the grace at least

HON. CHIEF MINISTER:

Mr Speaker

HON. LIEUT. COL. J. L. HOARE:

There is a lady on the other side. (Laughter).

HON. CHIEF MINISTER:

On a point of order, Mr. Speaker, I think we are all Honourable Ministers.

HON. LIEUT. COL. J. L. HOARE:

If I may correct the Honourable and Gallant Chief Minister, there is one person on the opposite side who is not a minister. Thank you.

If I may proceed, Mr Speaker; I was saying that at least one of the Honourable Members opposite has had the grace to acknowledge that we, on this side of the House, what we do and say is done in good faith and for the good of Gibraltar as a whole. In other words, what I am trying to say is that we are as good . . .

HON. CHIEF MINISTER:

If I may, Sir, on a point of clarification; I did not of course say that this was the case for all measures. I limited myself of course, to saying this without prejudice one way or the other.

HON. LIEUT. COL. J. L. HOARE:

But we were talking about the budget. And what we are saying from this side of the House about the budget is being said in good faith. We have as much at heart the good of Gib-

raltar as anybody else, including Members on the opposite side. And perhaps it is nice to hear this little crumb of acknowledgement from the other side.

If I may take a couple of points. The Honourable Minister mistook the 40-hour week as being the gift or the result of this Government. I thought that this was the result of arbitration on a claim put forward by the union and a sole arbitrator was appointed, which was accepted by both sides. It is nothing to do with the Government, it is an arbitration award. Secondly, if I may refer to the relaxation on the duty of children's clothing, I support this. I see great difficulty in distinguishing in clothing of children up to the age of 12 years. After all we are in the age of mini-skirts, and I think there is very little difference in length between a mini skirt of a twelve year old and a twentyfive year old

HON. MAJOR A. J. GACHE:

Mr. Speaker, on a point of clarification, if I may. It is not 'duty', it is 'price control' that we are

HON. LIEUT. COL. J. L. HOARE:

Price Control, yes. I think the result is the same

HON. J. CARUANA:

With due respect, Sir, it is not the same. This is on a point of clarification. One avoids profiteering and the other one does not. To make goods not dutiable does not stop profiteering, but price control does stop profiteering — you are limiting the profit margin on that article. I think this is worth clarifying.

HON. LIEUT. COL. J. L. HOARE:

I was dealing, Mr. Speaker, with the practicability of carrying out this measure imposed by the Honourable Minister for Ports, Trades, etc. Why twelve? Why not thirteen or fourteen? After all by general consent a child is generally defined as one who is still at school. And I think the school-leaving age is fifteen, not twelve. It may go up to sixteen or seventeen, but it is still fifteen. Mention was made of the changing pattern of business profits. This is a point which has not escaped this side of the House. We have this in mind in our ideas on direct taxation. Obviously you cannot do anything at all to impose them since we do not know what the proposals for direct taxation are. I find it a little difficult to reconcile the Honourable Minister's statement that the poorer are getting poorer. He did, in fact, admit that wages had gone up by 36 per cent whereas the cost of living has only gone up by 34 per cent. Surely this is a balance on the right side, to the benefit of the worker. Whether it is over nine years or fifty years, this is still an improvement of 2 per cent. It is very little, all right, and we on this side of the House, I can assure you, are just as concerned

about the living standards of the working man — the poorer classes — as the gentlemen on the other side.

I also want to touch on the question of the proposed or the rejected duty on petrol. I think the point was made that it would put up the cost of transport. In actual fact I think most commercial vehicles, including public transport, run on diesel which come under a different category altogether — it does not come under petrol. In any case, if the Honourable Financial Secretary will agree, the services already practice the drawback of petrol duty each month. The services

HON. J. CARUANA:

There are two types of transport there is heavy transport and light transport. Light transport constitutes a bigger proportion of the commercial life of this city than the heavier one: delivery vans and so on. This would go onto the cost of living. This is very relevant and has been taken into account. There is also taxes too — don't forget.

HON. LIEUT. COL. J. L. HOARE:

I thank the Honourable Minister for that enlightenment but I do also have eyes, and even though I wear glasses, I can see what transport is used. But for public transport the majority is diesel fuel, and the point is made on public transport. But we must not miss the point that petrol drawback — the drawback of duty on petrol, is an established fact and has been in practice for many years in the services. On this side of the House, I can sum up the whole position by saying that we feel that taxes should fall primarily on those who can afford it the more easily — the most. The biggest share of the cake must be given up by those who can afford it, who are better fed. But this does not alter the fact that each member of the community should make some contribution. It would be against anybody's dignity to feel that he is not taking his fair whack of the burden of running the community as a whole.

I think mention was also made that we have gone along with this budget. Of course we have. We feel that this is for the good of Gibraltar. By the same token we have not criticised the fact that there is a deficit on the housing account of something like £261,000. We feel that this is a legitimate charge. If this was increased this would also put up the cost of living. But we do not object to that. Neither do we object to the fact that money has to be found — this is plain economics. If you are going to spend you have to get it from somewhere. Money does not grow on trees. I know that this is a common fallacy amongst a lot of people: that you ask Government and they produce it. But the Government produces nothing except a lot of paper. It produces the means by which you have to get this money, which has to come from the public. But where we differ from the other side is in the methods. We think that a fairer sharing of the burden would be by introducing those duties on these

luxury items. Primarily drink, which is not a necessity. And I, once again, like my colleague here on my right, do not smoke. So that the cigarette duty is not going to have the slightest effect on me. But I would be quite prepared, I would welcome, that whenever I have a nip of whisky or brandy or whatever it is, that I should make just that little contribution to the economy of Gibraltar. Petrol, once again there is a great deal of petrol used in nothing but recreation. I live on the upper rock and on a Saturday and Sunday it is nothing but one constant procession — nose to tail — of cars. Not on business, on pleasure. If people want pleasure they should be prepared to pay that little extra. May I finish by saying, Mr. Speaker, that we on this side of the House are prepared to back any measure which is to the good of Gibraltar. But we must reserve the right to say and to work out the way we think this support should be done. Thank you.

HON. CHIEF MINISTER:

Mr Speaker, as one of the people on this side of the House, I would take the Opposition's views more seriously if I did not know what has happened in the past. In fact, looking back it makes me wonder whether they are not just giving lip-service instead of really meaning what they say. Lip-service to a cause and to objectives they have had 25 years to achieve. Perhaps, the new blood in the form of the Honourable and Gallant Member, Col. Hoare, may have something to do with change of heart. I congratulate him. It has been a source of inspiration to his Party. I only hope that he will continue to inspire them in that way. I like the suggestion that taxes should fall on those who can afford it most easily. Believe me, this does not seem to me, on the past record, to have been the attitude of the Party that today is putting such strong an objection to one item for 5 per cent duty. An item which we shall try and control, certainly as far as children are concerned; and for whom we have allowed, through an increase of 50 per cent in family allowance, to cover, we hope the extra, particularly families with children. There is a family allowance coming and perhaps if they knew that they would not have spoken so much. I am sorry, things must take their turn. I suppose it must be a source of rejoicing to you who feel so much for those classes, that we are going to put this up by 50 per cent. What I find so hypocritical about it

HON. LIEUT. COL. J. L. HOARE:

On a point of explanation. We did say, and I did say most clearly, that we on this side of the House did welcome every aspect of expenditure in the budget which was to the benefit of Gibraltar. And family allowances is obviously one of those, as is indeed anything spent on the medical services and anything spent on education. These we support 100 per cent because we cannot support them 101 per cent.

HON. CHIEF MINISTER:

Mr. Speaker, I am most glad that the Honourable Member feels that way. If he was listening to me when I started he must have noticed that I only had praise for him for the change that he has brought to the Party. I see that in 1966, the same Honourable Member who is laughing at me just now, was responsible for introducing a 5 per cent on clothing. I suppose that at that time he knew perfectly well that this was going to have an effect on the cost of living. He equally increased taxes on the other side, where the burden would be easily distributed. Where, as the Honourable and Gallant Member, Col. Hoare, just said, taxes should fall on those who can afford it most easily. Did it? I say it did not. The Honourable Financial Secretary has said that he hopes, from direct taxation, to bring about £100,000 to £150,000 in one year. That is, in fact, an increase of one-third from that source of revenue. And the indirect taxation that applies to clothing would bring a revenue of one-thirteenth of the total revenue on indirect taxation. Which means that the attitude of the previous Government has put the emphasis on those who could not afford it. And this, I can assure you, is not the policy of this Government. And if we have had to increase taxation on this occasion, it is purely and simply because we are carrying out our duty with political honesty and guts. I say.....

HON. SIR JOSHUA HASSAN:

Mr. Speaker, on a point of order; is that suggestion about political honesty an aspersion on this side of the House? If it is not, let the Chief Minister say so; and if it is, let him withdraw it.

HON. CHIEF MINISTER:

Mr Speaker, I have stated our position. That this political honesty is ours. What anybody else wants to interpret it as, that in his own business. I cannot tell the Leader of the Opposition how he should interpret that. But at least, if he feels they were politically honest, let him stand up and say so. I am not suggesting for a moment that they were not. All I am saying is that we are politically honest and that we have had the guts to come forward on this occasion and face the music squarely, as a responsible Government. And that he was fair in that respect. There were measures that had to be taken and he respected them. I say that a Government not only has got to be responsible but must have courage. I think that we are showing that we have courage. And it is precisely because we have this courage that we are going to put our finances on a proper footing.

I know that there were some objections because the Honourable Mr. Isola, the Backbencher, as he is derisively called by the other side now and again. I perhaps would like to call him the Back-woodman, but with a jolly good axe, I should say, which he uses with great dexterity. But I would say that they have objections because the Honourable Mr. Isola said, now and again,

that the other side were supporting the measures. Immediately the Honourable Leader of the Opposition said he was not supporting the measures. That he thought it was a fair charge but was not supporting it. So we don't know now whether they are supporting or not supporting. This is not strange. After all he is used to sitting on the fence all the time. Even when he is in the Opposition he can do nothing else but sit on the fence. Either he believes that the measures we have taken are proper, even if in detail he does not agree to the 5 per cent one way or another, which I say are sins he has committed in the past and which he feels are horrible in the present. Yet, our sins are much smaller in proportion, as I will explain. If we look at the year I am speaking about in 1966, we will find that clothing went up by 5 per cent, amongst all the other items, not just clothing — all the other items went up by 5 per cent. Is there any sign there that whisky and wines went up by 5 per cent? Not a penny was raised on liquor then. Why is he shouting so much now? Is it because in fairness to our economy, precisely because we feel that it is important to maintain our sources of income going, we have been unable at this stage to increase rates on luxury items such as cameras? I would say that if we had done so, the Honourable Member for Tourism would have been on his feet saying: "What are you doing? You are sinking the ship. You are killing the goose that lays the golden egg." I am sure that if we had come out with measures of taxation on luxuries, which would have affected our economy, the Opposition would have been up in arms. This is what I mean by sitting on the fence. I think that if they are genuine in saying that they believe in responsible Government, they should take into account the two sides of the scales. But here we are, putting up taxes because we have no option — because we have to meet our yearly bill — and are doing so in a manner that will least affect the people and also our economy.

I would remind you of the terrible financial situation in which Gibraltar finds itself, simply because the past Government did not face the problem squarely and bravely. At the end of the year, we had a deficit of £352,000. That is a lot of money. So our reserves of £1m. came down by that amount. We are entering the year now knowing that at the end of 1970 we shall be down by another £367,000, unless we do something to prevent this deterioration of our financial position. Both together come to £719,000 which means that our reserves will be down to £281,000. This is the problem that we have inherited. It is not chicken-feed by any means. Yet within four months, we have had the strength and the courage to come here and present the people of Gibraltar with a solution. Because although there is going to be a taxation, I think I can safely say that there is also going to be reward. If we need more money, one of the reasons why we will need it is to improve the lot of the working man. This was in our minds before we came in and is still in our minds today. And everything we do, and everything we are doing in following the Beeching policy, is intended to raise the stand-

ard of living of the common man in Gibraltar. Let me make it quite clear that we are not standing here today in an apologetic mood but, on the contrary, very conscious that I have an important part to play in emphasising to the people of Gibraltar the importance of standing on our own feet. This is not just a matter of housekeeping but has to do a lot with the dignity of man and with our self-respect. It is for these reasons that I support measures of taxation which cannot be popular. I did not of course take up politics for the sake of cheap popularity. I stood for the defence of Gibraltar full of conviction that I could inspire my fellow Gibraltarians to take a stand against all the measures which are intended to destroy us economically and through our efforts, to emerge victorious and a better people as a result. I should say, without any hesitation, that if I were to be soft today I would be instrumental in crippling Gibraltar tomorrow. Let me assure the House that the measures of taxation we are taking are not taxation for taxation's sake but are absolutely necessary if we are going to pay our way and look forward to a better future. Let there be no doubt that we either stand together and face the situation squarely with courage, and in some cases with heroism, or else we scatter and shall be destroyed as a community.

Drones we must not be. The first duty of any responsible Government is to pay for the social needs of the people who have put their trust in them. This means, basically, balancing our Budget and if possible putting a little aside for a rainy day. These are the reasons why we have proposed wide and possibly harsh measures of taxation. It may be that slackness in the past has much to do with the robustness required in the present. If I had any doubt that the people of Gibraltar stand up to the occasion and, by doing so, produce beneficial results for themselves, if I had no confidence in our own people I would not stand here today. We must find the money to pay for our needs. We cannot, and must not, give the impression that we are Drones. I am confident that we have the resources within us, and that all we require is the necessary incentive and an organised plan for the future.

Coming down to brass tacks, it is a matter of concern to see our reserves coming down from £1m. to less than £300,000 as I mentioned before. This is particularly so when the importance of having a reserve of three months has been reduced to about 3 weeks. If we continue to live on our capital we shall be bankrupt. We shall also lose the respect of the people in Great Britain who have been, and who continue to be, so generous towards us. In any case, to continue to have to depend on others is in the long run soul destroying and I have no intention of contributing towards this derogatory process. Slackness can only be combated with dynamism. We must be frank with ourselves and realistic in our approach.

This Government has taken office and found itself, at the end of the year, with the deficit I mentioned before. This Gov-

ernment is not prepared to allow this situation to deteriorate any further and I think that any reasonable man or woman will agree with us in adopting this position. But apart from plugging the hole, as it were, it is also necessary to continue to improve the social services in Gibraltar. We do not pay lip service to this philosophy; we are going to prove that we mean every word that we say and, as you know, we have increased family allowances by 50 per cent and supplementary benefits to the old and aged who deserve it and it will also assist the young who need it. I can object to our fostering this worthy cause which will help the aged who deserve it and it will also assist the young who need it.

On the positive side, our goodwill towards better pay and salaries cannot be challenged. We moved heaven and earth to ensure, in the short time we have been in office, to bring out Mr Marsh who was also encouraged to proceed with all urgency with the mammoth task of finding a way to improve the lot of the working man without upsetting our economic stability.

HON. SIR JOSHUA HASSAN:

On a point of order, Mr. Speaker. Standing Order 46(3) says: "A member shall not except with the permission of the President or Chairman, read his speech....." The Chief Minister has been doing nothing but that in the last half-hour.

HON. CHIEF MINISTER:

Mr. Speaker, perhaps I should say to the Leader of the Opposition that I am not reading my speech, I am using copious notes.

To try and defeat this objective for fear of the adjustments that must be made, would be to opt for economic and social stagnation. We must therefore see clearly that our only path to a brighter future lies in adapting ourselves to the changing mood of a progressive world and to adopting the measures that are necessary to bring this about, however unpalatable they may be.

We must pay for these rises but paradoxically by paying for them we finish up by bettering ourselves. The fact that these increases in wages and salaries lead to an increase in Gibraltar's national income. The fact that the United Kingdom Departments have been so cooperative in following up Mr Marsh's recommendations is a clear indication that the British Government is prepared to support and sustain Gibraltar."

Obviously the money which is obtained in this way is redistributed and circulates in our community to the benefit of traders and workers alike. But this process will soon come to a standstill if measures are not taken to see that this wealth is fairly distributed. With this in mind the Government, as never before, has placed an emphasis on income tax. This has been done not only because it is the fairest way of taxing a community, as Members on the other side have said today, and to whom I am most grateful . . .

HON. SIR JOSHUA HASSAN:

That part is not in the speech.

HON. CHIEF MINISTER:

My dear and good Leader of the Opposition, my speech is obviously prepared in my copious notes.

.....but also because it assures that there is no piling up of wealth to the detriment of the community as a whole. It is clear that this does not damage trade. It rather fosters it. It is also clear that this does not burden the weak but gives an opportunity to the fair-minded people of Gibraltar to make a real contribution to the well-being of those who need it most in an organised manner, and knowing well that the money is not being mispent, misused.

Unfortunately the measures required go much further than what, in our view, at this stage could be produced by direct taxation. Thus we have had to increase indirect taxation by 5 per cent on items that we would have preferred not to tax. However, we are doing what we can within our administrative resources to prevent the possibility of starting a spiral trend which would not only cancel out the benefit to be derived from the increase in wages but bring in its wake the danger of economic ruin to Gibraltar. With this in mind, some of these items have already been included in the schedule of price-controlled goods as the Minister for Trade said just now that are essential to the families in Gibraltar. And the Government intends to look thoroughly into the margins of profits with a view if necessary to taking steps retrospectively to castigating any instances of profiteering. But we feel that, in their present mood, Gibraltarians will do nothing which under present circumstances could be defined as unpatriotic, to say the least.

Similarly, in order to put our House in order, rates have had to go up by 2/- in the £. We are well aware that this is a tough measure, but what is the alternative?

To borrow money and so gradually sink into debt and eventually lose the rights that are ours because we shall then, like it or not, have to depend for our existence on the charity and control of others? We have thus found ourselves in the invidious position of having to square our accounts and, whatever you may say about us, you cannot deny that we have met the situation with honesty and guts. The other item on which we depend are electricity and telephones. The former we take for granted but let it be recognised that this has got to be paid for and that if in the future we want to touch the switch and get light or pick up the telephone and get on with our business it is essential that we cover the expense involved. To accumulate a deficit in these two essential services is to sound their death knell. These are the things we have to face squarely.

Let me recapitulate. This Government has got to find money to meet the essential requirements of our community. We

must also find the cash to pay for the awards and recommendations made by Mr. Marsh and those which he will adjudicate on in the future such as the 40-hour week and restructuring. Similarly, we must have enough money to meet the loans that are due for redemption in this coming year. We must hope also to find the money to improve further our social services. It is the duty of any person with foresight to create a sinking fund to replace all the equipment based on capital investments, such as Generators, etc. and to make sure that we can continue to look after the maintenance and repair of our buildings. Our buildings are perhaps the greatest asset owed by this community. Government buildings, I understand, now consist of no less than about two-thirds of the total dwellings in Gibraltar and if we desire to keep these roofs over our heads and future generations to have proper accommodation we must maintain these Houses. Please realise that much of this is not included in our estimates because at present we have not got the labour to carry out the necessary work but if the plans we envisage do materialise then we must have the ready money to pay for the backlog of this important item of expenditure.

But let there be no doubts about one point. With the goodwill of the British Government we shall be able to meet the present pay rises and, I am sure, future increases which will come about. But we must also bear in mind that unless we also contribute with higher productivity, I doubt whether United Kingdom Departments will in the future be prepared to make similar rises. It is the intention of the Government therefore to ensure that this process of evolution is regulated and controlled so that any genuine advance in productivity results in a real increase in the purchasing power of wage and salary earners. Our aim is not just to ensure that there is no exploitation. This is a negative attitude. Our aim is to see, in a positive manner, that productivity is rewarded to its maximum so that those who genuinely make an effort will reap the fruits of their work. One more observation I would like to make: productivity can benefit the workers as well as the trader if the former gives of his best and the latter is sincere and uses his ability for better organisation and good management. We must become a better organised and a more dynamic society. The budget, whatever other reasons may have produced it, is clothed with the garment of new ideals directed at raising the quality of life in Gibraltar. And to that end to produce a better society, equivalent to the most advanced society in the world such as that to be found in the United Kingdom.

HON. I. ABECASIS:

Mr. Speaker, as you all know I am relatively new in this House so I cannot be expected to give a very lengthy speech. Neither can I be expected to be as vigorous as the Chief Minister because after all he was a Major and I was only a Private. Therefore, I will only deal with a couple of points to the best of my ability.

The Chief Minister and, for that matter, most of the members of the Government have been criticising during the last two days the previous Government as if the previous Government were sitting on this side of the House. The previous Government is not sitting on this side of the House. It is sitting perhaps on both sides of the House since on your side of the House the Deputy Chief Minister of the time is now supporting all the measures which before he did not want to support.

HON. P. J. ISOLA:

On a point or order, Sir, there is no evidence of that at all.

HON. I. ABECASIS:

As a matter of fact only four members of the existing Opposition were members of the previous Government.

The Chief Minister has referred to the recognition of productivity. I would say to the Chief Minister, and to his Government, that the only people in Gibraltar who have recognised productivity is Her Majesty's Dockyard. The Gibraltar Government have not recognised productivity because the 5 per cent increase on productivity has only been granted to those people who work for the Admiralty in Gibraltar and not by the local Government. As to the boasting on Marsh and Beeching, let me remind the Government that Beeching came at the request of the previous Government. So this is just a follow-up of previous practice. It seems that the new words now are: the new pattern of society which is now emerging. The new pattern of society if anything, is following the pattern of the previous Government.

Finally, I would like to say that it was the A.A.C.R. who introduced the welfare state in Gibraltar. It was the A.A.C.R. who initially introduced the income tax, indirect and direct taxation and the welfare state as far as family allowances is concerned; and other social benefits. Thank you, Mr. Speaker.

HON. MISS C. ANES:

Mr. Speaker, I would like to say, on what the Honourable Mr. Abecasis has said, that the previous Government brought Lord Beeching to Gibraltar, not the present Government. Fair enough; but when Lord Beeching came and submitted his report the last Government refused to publish it.

HON. SIR JOSHUA HASSAN:

So have you.

HON. MISS C. ANES:

Well, Sir, we are digesting it now, we have not had a chance yet. It has been published, but do the general public know exactly what the Beeching report contains?

HON. M. K. FEATHERSTONE:

Government has taken four months digesting it.

HON. MISS C. ANES:

It is a very long digestion, Sir.

HON. SIR JOSHUA HASSAN:

And indigestion.

HON. FINANCIAL AND DEVELOPMENT SECRETARY:

Mr. Speaker, Sir, this is about the only occasion on which it falls to me to wind up this debate. I would remind the House of what I said yesterday when I delivered the first dose of the budget speech. That is, that as a civil servant it is my duty to advise the Government.

Sir, I must confess that I was gratified to hear that the calculations which had been carried out in order to assess what reasonable municipal charges should be levied in the future were supported by the Honourable Members across the way. I did say, Sir, earlier this morning, that I had endeavoured to spread the load over three main sectors. What I call the three angles of the triangle. I also said that I had thought very hard and long. But I would ask the Honourable Gentlemen opposite to appreciate — I think they know me well enough to do so — that I would not have brought any measures to this House without exploring very carefully the implications of what I was bringing. I am sure, Sir, that the Honourable Members will give me the credit for having thought in terms of raising duties on wines, beer and spirits. Of course I did. I also thought in terms of raising duties on petrol. I also thought in terms of suggesting a higher increase in tobacco and cigarettes than I have actually done. I also thought in terms of raising the existing 10 per cent duty on luxury goods far beyond the existing 10 per cent. But, Sir, as has already been said on this side, I had to bear in mind the effect of those increases on competition. We have to compete. And I did stress this morning that I thought that one of the things that had to be looked at were mark-ups. Even so, today, Sir, one reads of complaints in the press, in all sectors of the press, Sir, that the prices of wines in establishments in Gibraltar, particularly to the tourist, and this has been going on now for some considerable time, Sir, that those prices bear absolutely no relation to the retail price of the bottle of wine in a shop.

Insofar as petrol is concerned, Sir, I am of course aware that with a certain amount of ingenuity one can arrange for drawbacks on petrol. But in order to raise the £60,000 which, as I said before, must be taken as a broad and very wide figure, in order to raise that amount of money from petrol, for example, I would have had to put one shilling and nine pence a gallon on petrol. I also ask them to bear in mind, Sir, that if tobacco had

been raised, again, to produce that amount of money, it would have taken another 6½d. a packet to raise the equivalent amount. If we had done so, Sir, we would immediately have put ourselves out of competition with aircraft and with ships. And I am sure, Sir, that that would not have appreciated by the trade of Gibraltar.

Nor, Sir, must it be overlooked, that in effecting all these calculations in the same way as we looked, and as my own staff looked at the effect of all the measures on the index of retail prices, it was immediately apparent that either of the three measures there would have affected the man in the street and the worker far more than what I have suggested. Because if beer had gone up the man in the street would have felt it, and if petrol had gone up the man in the street would have felt it even more. And if tobacco had gone up and cigarettes had gone up by another 6½d. on top of the 3d. we have put on, they would have felt it even more.

Now, Sir, I must confess, and I do so in all humility and sincerity, that I am not an expert either on power factors, tubes or on logging. But all I can assure the Honourable Member opposite is that, in the 0.85 which I had to read out hurriedly in this very long motion this morning, I was only quoting what was give to me as the existing tariff which had been applied by the City Council. If there is anything wrong with that tariff, if any representations have been made in the past and they have not been looked at I am quite willing to come to the House again, Sir. I must also take the Honourable Gentleman up on one particular point. I feel, for it to be on the record of the House, Sir. That I have an obsession for punitive measures when people do not pay is a wee bit of a reflection on me. I have no obsessions. My only obsession, Sir, is to do my duty and to make sure that people pay what they have to pay at the proper time, Sir.

Now, Sir, the Honourable gentleman on my right said that he thought that the figure of income tax should produce £150,000 in a full year, Sir, I have much pleasure, Sir, in confirming that for the Honourable Member.

One point was raised, Sir, on which I myself have some slight interest. That was that the difference between the increase which has taken place in wages at 36 per cent compares with 34 per cent in the increase in the cost of living index. The 36 per cent, of course, overlooks the present 10 per cent which is now being given by the Marsh interim report, plus anything else that Marsh may give. It has also been said, Sir, by the Honourable Gentleman who spoke last, who has just left the Chamber I believe, that the only official employers who had encouraged productivity in Gibraltar with the addition of 5 per cent was Her Majesty's Dockyard. I am sorry the Honourable Gentleman has withdrawn, but I hope, Sir, as on one previous occasion when somebody else withdrew a couple of years ago, that he might hear me through the loudspeaker on the other side. I would remind the gentleman, Sir, for the record, that

at the meeting which he attended in another capacity, and which I also had the honour to attend, the Chief Minister made it very clear that not only would the Government of Gibraltar support anything that Marsh might say in regard to retrospection and an additional 5 per cent productivity bonus, but that he felt sure that the Ministry of Public Building and Works would also do so. And subsequently he did confirm that statement from the Right Honourable Minister for Public Building and Works himself.

Now, Sir, I know that I have been criticized for this wretched 5 per cent on the working clothes; but I do not think it is fair to say that we are particularly going to hit workmen because of their clothes. There is provision in all the official departments, Sir, for the supply of ample overalls to all workmen and they do not have to pay for that.

Finally, Sir, a reference made to the fact that I had a slight surplus. Admittedly my calculations say £400,000 revenue. £376,000 deficit. That does leave apparently £24,000 surplus.

HON. SIR JOSHUA HASSAN:

Who is alleged to have said a surplus?

HON. FINANCIAL AND DEVELOPMENT SECRETARY:

It was said, Sir, with respect.

HON. SIR JOSHUA HASSAN:

Oh, I see, not by me. I am sorry.

HON. FINANCIAL AND DEVELOPMENT SECRETARY:

I would remind the Honourable gentleman, Sir, that Marsh goes further in his interim report than merely the 10 per cent. He has said that there must be restructuring by a given date. He has said that productivity bargaining must come into effect by a given date. And he has arbitrated, as it was pointed out, Sir, by the Honourable gentleman across the way, that the 40-hour week must come into effect by the 1st July. My computers have not yet been able to give me the answers either for restructuring or for productivity. But I can tell the House that the computer does tell me that the cost of the 40-hour week to the Gibraltar Government and the Municipal department would be in the region of £50,000. I ask the Honourable Gentleman to ponder on it.

I said yesterday that I would settle on any budget for 10 per cent either way. I still say that again today, Sir. What I do say, Sir, in moving the House to approve the motion that I have submitted, Sir, my final thought is that the nettle must be grasped very firmly.

Mr. Speaker then invited discussion on the motion.

HON. SIR JOSHUA HASSAN:

Mr. Speaker, on a point of procedure, surely we could divide this motion in order to be able to support the measures we approve. But if that is going to be shown, and we have not got to make a reservation because there are others, perhaps the motion could be put in such a way that the two items on which we object could be voted on separately. This is the only way in which we can give support to the rest of the others. If they are all going to be put up in one lot then, of course, we shall have to vote against it. This we do not want to do. I think it is fair that we should express our disagreement on the specific items to which we object.

HON. P. J. ISOLA:

Mr. Speaker, on a point of order, there is a motion before the House and the vote has to be taken on the motion. If the Honourable Members opposite have objections to any items in the motion, the way in which it has to be done under our Standing Orders is to move an amendment to that motion. And that is a bit late now.

HON. SIR JOSHUA HASSAN:

What do you mean late? It is never late to put the thing properly before the House if that is required. Otherwise we shall have to abstain on the whole of it. Then we will be accused of not supporting the measures required — and making all sorts of political matter — when this is not the case. These are specific items of increased taxation, and we are perfectly entitled to agree to some and not agree to others.

HON. CHIEF MINISTER:

Mr. Speaker, with all due respect, I think that all these items of taxation are admittedly different items. But these are so balanced that one goes with the other. To take one out and try to make it different to the others is going to put the whole thing out of balance. The whole moral and philosophy behind the measures of taxation, which are all . . . (Laughter).

Perhaps, Mr. Speaker, you could now use your power and tell the Leader of the Opposition to shut up.

I was saying, Mr. Speaker the whole process of this is in a basket, and the contents of the basket, as a whole, is what we are voting for. If the Opposition feel that they cannot support us, well they are absolutely free to do that. If they feel they want to abstain, they are also free to do that. But as far as we are concerned, we cannot disassociate one measure from another because it has been agreed upon as a whole.

HON. SIR JOSHUA HASSAN:

Sir, on a point of order. This is absolute nonsense, because the measures regarding the question of the municipal services have nothing to do with the philosophy of the indirect taxation.

These are different motions, different heads of expenditure, different heads of revenue. And therefore, this whole idea is completely wrong. Mr. Speaker, if by consultation there is an attempt, or if there is a desire on the other side of the House to get our support to the bulk of the measures, and we can record our dissatisfaction on one of them, then perhaps over the adjournment we could find a procedural way of dealing with this matter. It would be much more comfortable if we did not have to say: "All right. If this is the way you want to have it, we will abstain." But we do not want to do that. We do not want to be accused of not co-operating to the extent that we feel we ought to. This is an important matter. And if I may say so, and appeal to the Chief Minister and to the Financial Secretary in respect of the items on which we are agreed, I think in the general interest of Gibraltar it is an important matter on which the support of the Opposition might be perhaps a little helpful.

HON. CHIEF MINISTER:

Mr. Speaker, with all due respects, I think that the Leader of the Opposition with all his experience has left it too late. He could have introduced an amendment or made the suggestion when he spoke earlier. But certainly not after the last speaker has spoken. Therefore, the answer from this side of the House is: "No, Sir."!

HON. SIR JOSHUA HASSAN:

This question

HON. CHIEF MINISTER:

On a point of order, Sir, he cannot carry on persuing that point any more.

HON. SIR JOSHUA HASSAN:

Mr Speaker, on a point or order, I am dealing with a matter of procedure and I am entitled to address the Speaker until the Speaker says otherwise. I wish the Chief Minister would have been as careful about rules when he was reading his speech, as he is now.

HON. CHIEF MINISTER:

Mr. Speaker, a ruling was given by you and I doubt whether he is in position to question that ruling.

HON. SIR JOSHUA HASSAN:

No ruling was given.

HON. CHIEF MINISTER:

Absolutely. A ruling was given that I could carry on speaking, Mr. Speaker.

HON. SIR JOSHUA HASSAN:

No, no ruling was given.

That is the virtue of the Speaker sometimes, that he says nothing.

Mr. Speaker, it should be appreciated that this is a resolution brought

HON. J. CARUANA:

No speech.

HON. SIR JOSHUA HASSAN:

I am dealing with a question of procedure — purely on a question of procedure. If you think I should not speak, Mr. Speaker, perhaps you would tell me and not allow one of the Ministers to do that.

HON. P. J. ISOLA:

May I help, on a point of order?

HON. SIR JOSHUA HASSAN:

I do not want any help from Mr. Isola. I am speaking to the Speaker now. He wants to be Chief Minister, Speaker, backbencher. (Laughter).

MR. SPEAKER:

Order, order.

HON. SIR JOSHUA HASSAN:

Mr. Speaker, one important consideration in this matter— I could ask for the suspension of Standing Orders. This motion has been brought under a suspension of Standing Orders. It is an emergency motion; and it is unfair to take advantage of the normal procedure when an emergency motion of this nature is brought before the House in order to do that. I am not particularly anxious to vote in favour of all the other measures; but if it is a matter of that importance, I think there should be an attempt to find a way in which this can be devised. Perhaps if Mr. Speaker gave time for this to be taken over the adjournment. If there is no co-operation at all on the part of the Government, we shall abstain on all. We are not afraid of doing that. But we feel that we are serving the public by trying to find a proper procedure to deal with a matter of this importance.

HON. P. J. ISOLA:

Mr. Speaker, Sir, if we are talking on a point of order, we should really refer to the rules. May I, Mr. Speaker, when you are considering your ruling, call your attention (I am sure it is not necessary) to Rule 22 which talks of the manner of debating and motions and amendments. It says: "(1) When a motion has

been moved in the Council the President shall propose the question thereon . . ." And: "(2) When he is satisfied that no more members wish to speak the President shall call on the mover to reply . . .", which, Mr. Speaker, you have done with the Financial and Development Secretary. And it goes on: "and immediately the mover has concluded his reply shall put the question to the Council and the Council shall express its decision in accordance with the provisions of Standing Order 54." The rules are clear, Mr. Speaker. If the Honourable and Learned Leader of the Opposition wants to move the suspension of Standing Orders, I think the time would have been a little earlier. But now, with no amendment, you Mr. Speaker, with respect, have no alternative but to put the question as required by the rules of the House.

MR. SPEAKER:

Due to the lateness of the hour, I think this would be a good time to adjourn for lunch and we will continue this afternoon at 3.30.

The House then adjourned until 3.30 p.m.

The House resumed at 3.30 p.m.

MR. SPEAKER:

As I understand, I am being asked to rule whether at this stage of the proceedings the Honourable Leader of the Opposition has a right to propose an amendment to the motion before this House. Is that correct?

HON. SIR JOSHUA HASSAN:

Yes, Mr. Speaker, under rule 22(3). Or, alternatively, as I think I suggested initially, that the items should be put separately to the House, which has nothing to do with an amendment. That the paragraphs of the motion should be put separately.

MR. SPEAKER:

I will deal with the first point.

My ruling is that having already spoken on this motion, the Honourable Leader of the Opposition may not move an amendment for in doing so he would technically be speaking twice to the same motion contrary to Standing Order 46(7).

HON. SIR JOSHUA HASSAN:

In that case, Mr. Speaker, perhaps you might allow the amendment to be moved by a Member who did not speak during the debate on the motion; this is, my Honourable Friend, Mr. Alvarez.

HON. CHIEF MINSITER:

On a point of order, Mr. Speaker, I think that that does not alter the fact. If we look at the section to do with debating, I think, Mr. Speaker, you will come to the conclusion that it is very clearly laid down there that the person proposing the motion is the last speaker. Therefore, anybody who wants to take advantage, or the opportunity of speaking on that motion, should speak in between the proposition of the motion and the last speaker who is the proposer of the motion; unless the last speaker has not spoken or the proposer of the motion has not spoken. To accept any other conclusion would mean that any debate could go on ad infinitum; because an amendment to the motion would be made after the proposer of the original motion had spoken. This, I think, completely destroys that section to do with debating, which makes it very clear that the person who proposes the motion is the last person who is entitled to speak. Therefore, once the Speaker has allowed that person to speak, because the other person from the Opposition has taken the opportunity to speak, the conditions under that rule of debating have been fulfilled and nobody else is entitled to speak on that motion. I say, therefore, that the same as you have ruled that technically that would be wrong, it would again be technically wrong to allow any other person to speak after the proposer of the motion has spoken. And I think it makes sense, even common sense, that this is the way it should be. If there is a ruling against that, I say that we are creating a precedent in this House which we shall all regret; and it means that that rule should be amended. Because I should say that any person, or certainly a person who has not spoken before the last speaker, can speak again. And I don't think you will find that anywhere in that book. Therefore I suggest, with all due respect, Mr Speaker, that nobody else is anymore entitled to speak on that motion. When the book of rules says that a motion can be introduced before the speaker has put the motion to the House — I think it is also common sense, and I think we have got to use common sense in this — because after all the person who introduced the motion himself might want to amend his motion or bring out an amendment to his motion. He is the man who is entitled to do so under that rule; but nobody else if those conditions have taken place. That is to say, that the person who proposed the motion, because nobody else wanted to speak on it any more, who was entitled to speak and has not spoken, has the right to address the House for the last time. He being the last speaker. And being the last speaker nobody else can come in and speak on that motion any more. Not even for the purpose of introducing an amendment to the motion. Otherwise that rule is not valid.

HON. SIR JOSHUA HASSAN:

Mr. Speaker, may I just deal with this point of order. I think that the Chief Minister is confusing two issues: that is the proposal of an amendment and speaking. These are two

different things. There are provisions in the rules on various aspects where the motion will be put without debate. This is what could happen here. If the ratio decidendi — the extent of the decision that you have taken on this matter, Sir, was because I had already exhausted my right in this respect then, of course, my suggestion that a Member who has not spoken be allowed to put the amendment is, I think, one that should be considered. But whatever speeches may be made about this matter, we must not get away from the rules, and rule 22(3) says: "Any amendment to the motion which a member wishes to propose in accordance with the provisions of Standing Orders 24 and 25 may be moved at any time after the question upon the motion has been proposed by the President, and before it has been put by the President at the conclusion of the motion."

So really the only limitation in that rule is the fact whether the motion has been put or not. Up to the moment where the motion has not been put any amendment can be put without debate perhaps, but any amendment can be put. Even after the last speaker has spoken. This is purely a procedural rule which says when a thing can be done. And it can be done at any time, the words are very wide: "... after the question upon the motion has been proposed by the President" in this case by the Speaker, "and before it has been put by the President at the conclusion of the debate upon the motion."

HON. CHIEF MINISTER:

Mr. Speaker, I am sorry, but with all due respect, I do not think the Leader of the Opposition has really got to the crux of the matter which is that a person cannot speak twice on a motion. A person cannot speak after the person who introduced the motion who is allowed to speak again for the last time. He must literally be the last speaker. It says so quite clearly here. The first speaker and the last speaker is the person introducing the motion. This is clear. I agree with the technicality that an amendment can be introduced. Of course it can be introduced before the question is put to the House. But only by the last speaker — he is quite entitled to. Otherwise, if this was said before the last speaker, it would mean that the last speaker would be unable to introduce an amendment. To suggest that a person purely because he is introducing a motion, or proposing an amendment without speaking, is not breaking the rules, does not hold at all. In fact, I would dread to suggest that there was any intention at all in anybody standing up proposing an amendment to a motion and not being entitled to speak on it. It is the essence of debate, that anybody who proposed an amendment to a motion is entitled to speak. Are we going to say here that we are going to introduce a new element whereby a person can propose an amendment to a motion but is not entitled to speak? Or is it that in proposing the amendment to the motion the member is not speaking? I say that anybody who speaks and proposes a motion is speaking. In fact, this is the essence of speech — the fact that he is propos-

ing an amendment to the motion. So I say, Sir, that this suggestion from the Honourable and very Learned Leader of the Opposition in this case, just not hold.

HON. P. J. ISOLA:

Mr. Speaker, Sir, may I just add a few remarks on this point, on a point of order? I refer to the vast experience of the Honourable and Learned Leader of the Opposition on questions of Standing Rules and Orders. But I am surprised at his proposition that he can put in an amendment without debate. The very rule that he quotes — he read rule (2). If he goes on to read rule (3) he will find, only a few sentences later, that in fact, as soon as an amendment is put, or rather rule (4), he will see that as soon as an amendment has been moved it shall be dealt with in accordance with rule (1) and rule (2) which, as the Chief Minister has said — a man of much less experience in this House has said — immediately entitles members to debate the amendment. It is obvious. As far as I know from my cursory glance through the rules, as far as I am aware the only time you are not entitled to debate a motion before the House, is a motion for the first reading of a Bill, which is not debated — a division is taken. And also a motion for the suspension of Standing Orders, on which no debate is allowed and the question must be put immediately. But on a substantive motion it is completely wrong to suggest that the Honourable and Learned Leader of the Opposition, or any Member on his side, can put an amendment to a motion and get away with it without discussion. Obviously it must do. The rules say quite clearly—Order 22 Rule (4). Of course, Mr. Speaker, we could scrap the whole of the rules and conduct our affairs as we wish. There is provision for that too. But I am sure that all Honourable Members of the House would feel that this would be a most unhappy precedent to set because one never knows what would happen. We might even pass a motion, Mr. Speaker, dispensing with your presence in the House as well. I am sure no Honourable Member would wish that. It is quite clear to me, on the proper interpretation of Rule 22 (2) and (3) taken together, that it must be implied between these rules that anybody can put any amendment into any amendment into any motion so long as the subject is under discussion. Once the subject has ceased to be under discussion, in other words when the Chair has called the mover to reply to the debate, no further amendments can be put, Mr. Speaker. To my mind, one must not read Order 22(3) on its own, one must read the whole of Order 22. It is quite clear that you can have as many amendments as you wish during the debate. They are all discussed, agreed upon and voted upon. But the final thing that happens is that the mover of the original motion, in accordance with Rule (2), is asked to reply. This is what has happened here. As soon as he has replied the Chair is under a duty to put the question to the House. There can be no doubt about that. I am terribly sorry, and I really do feel for the Honourable and Learned Leader of the Opposition in his predicament.

HON. SIR JOSHUA HASSAN:

Don't worry about me.

HON. P. J. ISOLA:

I am glad you are not worried — then I don't have to feel so hard.

The fact remains, Mr. Speaker, that under the Standing Rules of the House, it is too late to put an amendment. It is as simple as that. If the Honourable Members of the Opposition wish to put a tax on whisky — God forbid — or other things, let them by all means move a substantive motion at the next meeting of the House.

HON. SIR JOSHUA HASSAN:

No. We cannot impose any, except the Government. And you should know that. No measure of taxation can be imposed except with the consent of the Governor, says the rule. And we have not had any consent today.

MR. SPEAKER:

Do I understand that I am being asked to make a ruling on whether a Member who has not spoken to the main motion is still in time to propose an amendment to the motion?

HON. SIR JOSHUA HASSAN:

Mr. Speaker, with respect, I submitted that on the basis of the reason given for the original ruling against my putting the amendment.

MR. SPEAKER:

Am I being asked to make a ruling on that point now?

HON. E. J. ALVAREZ:

Yes. I would like a ruling because if the ruling were in favour the amendment could be put.

MR. SPEAKER:

On that I would like to say that I do not make Standing Orders. The Standing Orders are made by you Honourable Members. I am here to interpret them. Whether they make sense or not, of course, is not for me to say either.

It is my ruling that on the strict interpretation of Standing Order 22 (3) it is open to the Honourable Member who has not spoken to move an amendment.

I do wish to say that there seems to be a conflict between Order 22 (2) and Order 22 (3). But it is my ruling that the question has not been put until a decision is taken. And there-

fore I rule that it is in order for the Honourable Member, if there is one who has not spoken and who wishes to move an amendment, to do so.

It is also my intention to refer this to the Rules Committee for clarification.

I also would like to say that if an amendment is proposed, a full debate on the amendment would have to ensue.

HON. E. J. ALVAREZ:

Sir, I have the honour to move the following amendment. Add the following proviso at the end of Part II (a) (IV): "provided that the hitherto existing duty of 5 per cent shall continue to apply to articles of clothing and footwear".

HON. SIR JOSHUA HASSAN:

I went to see the Attorney-General on this matter after lunch but he was not there, so I had the benefit of his staff for the best advice possible on this matter. It is our responsibility, not the staff's responsibility.

HON. P. J. ISOLA:

Is the Honourable Member not putting any argument in favour of the amendment? He is not. I see.

MR. SPEAKER:

I now propose the question which is that

HON. CHIEF MINISTER:

Mr. Speaker, with all due respect, I must point out that this is contrary to all my considered thought of what debate was. And this ruling is contrary to all notions of public discussion, in that here we have now a new suggestion put forward which is not being debated.

MR. SPEAKER:

Most certainly. I am proposing the question for debate. I did make it quite clear in my statement that the matter would be open to debate.

I now propose the question which is that the amendment proposed by the Honourable Mr. Alvarez should be made.

HON. P. J. ISOLA:

The amendment to the motion, as I see it, Sir, is that the proposed legislation there should be a provision by which the increase from 5 per cent to 10 per cent shall not apply to clothing and whatever it is that the Honourable Members opposite

want. That, in effect, means that they are proposing a cut in the revenue raising measures of the Government. They are proposing that the Government, which has a budget deficit to meet of £376,000, and the measures that Government has put forward to meet this budget deficit, should be reduced. I find little logic in the arguments of the Opposition on this. At least we have heard no arguments in favour of this amendment which has just been pushed at us. It is a very convenient way of doing things I suppose, saying: 'by all means pass all your taxes, but do not pass the tax on clothing.' The Opposition has lent its support completely and utterly to the expenditure of the Government for 1970. And, in effect, what it is proposing by this amendment is that we should have a deficit at the end of 1970. This, it must be very clear to the Honourable Members of the Opposition, can hardly be acceptable. And I hope it will not be acceptable to the Government. Because it would involve inevitably a deficit on a budget which, due to the actions of ex-members of the Government, due to the action of the Municipality, the general revenue balance of the Government is in a precarious position due to the budgeting of the City Council of 1968 to 1969. We have been told in debate, in fact the Honourable and Learned Leader of the Opposition agreed readily and quickly to the measures proposed for the municipal services; an increase on rates; an increase in telephones; and increase on electricity. And I would suggest he did so as quickly and as readily because he was only too aware that these measures should have been taken in 1968. And because he did not take these measures, or his Council, on which his party had a majority in 1968 did not take these measures, the Government of Gibraltar finds itself now with a general revenue balance reduced to £700,000. The Honourable Members of the Opposition must realise that the Government cannot be a party, and I hope it will not be a party, to a situation whereby the general revenue balance of Gibraltar is further reduced at the end of 1970 by any cuts in the taxation measures. If the Opposition were really serious in this, and not be trying to score politically, (don't say 'Oh', that is an allegation I make and I am prepared to justify it), I would have thought that in the adjournment they would have taken a little trouble to find out what all their various proposals meant in terms of revenue raising measures. And they would have sought the leave of the Governor, under Section 35 of the Constitution, to be signified by the Financial and Development Secretary, to propose an amendment to the motion which enabled them to put taxes on drink, enable them to put additional taxes on tobacco, as they seemed to propose. It is a very convenient attitude to take, isn't it, Mr. Speaker, to get up and propose a cut in taxation without taking steps to see whether that some amendment, with the consent of the Financial and Development Secretary, can include other revenue raising measures that will make up to the Government the needs that it requires for 1970. Placed as they are, and met with the amendment that we are met, which merely states, Sir, that the tax on clothing should not be increased, what the

Opposition are asking the Government to vote for is an amendment that will result in a further deficit to the Government of Gibraltar for 1970. I know that in their capacity as City Councillors they are used to the idea of deficits in the City Council, and have been for the last five years. But Government business, as the Honourable and Learned Leader of the Opposition with vast experience of Government matters must realise, is not run on the basis that you run at a deficit. Therefore their amendment means nothing less and nothing more than that they are asking the Government to accept a situation, by virtue of their amendment, which results in a deficit for the estimates for the colony for 1970. This, I hope, will not be acceptable to the Government, and I shall certainly vote against. Thank you, Sir.

HON. M. XIBERRAS:

Mr. Speaker, I must say that there is a very cold logic about the argument of my Honourable and Learned Friend. It seems quite obvious that unless you propose something to substitute the tax on clothing, surely the question is a fair one: Is the Opposition hoping or saying that we should budget for a deficit? Even though I expressed some views this morning on the question of the indirect taxation generally — and clothing in particular — I think nevertheless this amendment is short of being responsible unless the Members opposite are willing to suggest some alternative. So again I will vote against the amendment, and in passing I may say that I shall be watching with interest how many times the Honourable Financial Secretary is going to speak on the original motion.

HON. CHIEF MINISTER:

Mr. Speaker, I am very surprised to see that the person who proposed this motion did not come forward with some argument in favour of it. I think I am entitled to refer to what they said before, and also to make reference to my own sayings. I was very kind before when I said that the Opposition was paying lip-service to this philosophy of helping the under-dog. I now go further and say that it is pure hypocrisy — this is what it is. I say: 'look back at all the measures. Who introduced first of all the indirect taxation here. Before they even thought of introducing income tax, if not then? Who introduced the 5 per cent on clothing and many other materials in 1966 without touching liquor or any other item in Gibraltar?' These are the facts. And now they want to look the holy of holiest — or the holiest of holy — whichever way you want to put it. In fact, if you look at the history of our own taxations — and I have a long list of them here — you find that they have gone for practically everything and never income tax on which they are making a song and dance about today.

We have taken great care over this. We have given it a lot of thought. And we have found, as the Honourable Member

Mr. Montegriffo said, that being in Government we have to be responsible. And we acted responsibly. We are prepared, at any cost to our popularity, and I think the Opposition are doing their best today to see that we lose whatever little we have now, after having introduced this taxation. But this is not responsibility. I know this laughter on the other side may sound very funny to them, but this is nothing funny we are discussing about. This affects women and children.

HON. SIR JOSHUA HASSAN:

On a point of clarification. I was laughing because I agree when he said the little support that they had. That is all.

HON. CHIEF MINISTER:

There is a great difference between popularity and support. They may support you and still be unpopular. This is what we are standing here for. I am not losing my temper. I am just putting you in your place when you make statements that are incorrect in their meaning. Therefore, I say, that here we are, trying to put our economy on a sound footing, making sure that the people can move about with their faces looking up knowing that they are paying for what they are getting; and what do we get from the Opposition? A kind of watered-down Opposition who haven't got the guts to come forward and say what would be the alternative.

HON. A. P. MONTEGRIFFO:

We have, we have said so.

HON. CHIEF MINISTER:

Well, you have said so; but you have not done it before. And you had plenty of time in which to do it. If you had done it before we would not have had to do this today. This is the important thing. We have got quite a load to take on our shoulders, something that the previous Government was not prepared to bear. I can look back and produce even statements from the City Council — from the Mayor himself. It goes back to the last report which he made in the City Council, and we are debating the same thing now, part of the bill that we have to meet is the deficit we have inherited from the City Council. (Interruptions).

MR. SPEAKER:

I must say that I will not tolerate interruption when a speaker is addressing the chair unless it is on a point or order.

HON. SIR JOSHUA HASSAN:

Mr. Speaker, I may be allowed to say then that the Chief Minister be asked to revert to the debate. We are going back to the City Council, and we are dealing with an amendment.

in respect of a central Government measure. We have not opposed any of the measures regarding the Municipality. This is just to introduce prejudice for popular image. Let us get on with the amendment which we are discussing.

HON. CHIEF MINISTER:

With all due respect, Mr. Speaker, I think the amendment which has been introduced is to a motion which incorporates the expenditure of the City Council as well, and it is all part and parcel of the same thing. This is why I say that all this could have been discussed before if the amendment had been proposed at the right time. What is happening now is that we are going all over it again; because whether we like it or not, this is a motion of substance which has to do with the money that we have to find for the total amount that we have to pay to balance our budget. I am afraid that you cannot just take one on and leave the other one out, because it suits the Opposition. Perhaps we could do without this clothing tax if we did not have to meet the loss in our capital of £352,000 which we have inherited from the last Government. And if they had taken the measures that they say today they would have taken on whisky and wines, perhaps we would not have had this amount here. But, of course, what would the Honourable Member Mr Serfaty do if we had come here and said we are going to add another shilling on whisky and another 25 per cent on cameras?

HON. A. W. SERFATY:

That he does not drink whisky. Coca cola.

HON. CHIEF MINISTER:

I am not suggesting for a moment that the Honourable Member likes whisky. I could not care less what he likes. As far as I am concerned he can drink soda water or anything else that suits him. That is not my concern. I was thinking about him as he always has tourism in mind. About the tourist who would have to come here and pay more for drinks. I would have been told straight away by the Honourable Member that I was forgetting that the economy of Gibraltar up to 40 per cent depends on tourism. How many times has he said that?

HON. A. W. SERFATY:

Many times.

HON. CHIEF MINISTER:

How many times has he asked me: What about the Marina? What about the new hotels? All this is very important for Gibraltar.

HON. A. W. SERFATY:

But you keep forgetting about them.

HON. CHIEF MINISTER:

I think that the Honourable Member has had plenty of time in which to speak on all these things. The important thing is to tell the people on what side of the fence you are. This is the important thing. Let us not come here with white-washed motions which mean nothing at all, and not declare where you stand. Where does the Opposition stand? This is the important issue. This is what we are talking about. All this that they are saying today, clothed in a mantle of piousness, they could have said before. In fact, not only have said it, they could have done it. The fact remains that they have not done it. What happens is that they are quiet. They have been afraid to face the situation and perhaps becoming unpopular in doing so. They have been very quiet, but they did not foot the bill. It is as simple as that. We find ourselves having to pay £352,000. Luckily, because we have thought very carefully how to find money, out of the £400,000 we are to get, £66,000 will come from indirect taxation. But not all of that £66,000, I think, is from clothing. When we thought of this we also felt that whether or not we put on the 5 per cent, because of other things such as rates, income tax, and other indirect taxes which might affect trade, particularly the increase in pay which we will naturally follow, because of all this, we felt that willy-nilly clothing would go up at the same time — whether we put on the 5 per cent or not. I think that my assumption is right. We have gone one step further than the Opposition — something they never dared do — and that is that we have introduced price control in a very firm manner. And we have put a limit on the price that can be charged for children's clothing. This is a new innovation in Gibraltar as far as that item is concerned. And I have said in my speech very clearly that if necessary this price control will be extended to other items. And I can assure you that from the money we will be getting from clothing we will start a new department within our Government which will see that the margins of profit, if need be, will be regulated. Here you have some constructive thinking which we have been able to do in the short time of four months. And there they have been for 25 years and all they can do now is come here and criticise us for things that they have done wrong. This is the position today. It is no use smiling because as I said before, this is a serious matter. I think you should be ashamed of the situation you have confronted us with as a new Government in Gibraltar. This is the position today. Of course you can keep smiling — I am used to your smile, and I must say I like it too. (Laughter). I hope you like mine as well.

Anyway, I think I have made my point. And all I can finish up by saying is that this Government will oppose the amendment; and that I hope that the sentiments that have been shown

by the Opposition today will ring true in the future as time goes by. And if this Government is in power, I think that with the measures we shall be bringing in the future we shall have their full support and then, I hope, they will carry on smiling as they have smiled today.

HON. SIR JOSHUA HASSAN:

Mr. Speaker, I think that the Chief Minister having got annoyed a little with himself, with us and with everybody, finished up on a nice note and I do not want to start with an angry one. But I wonder what would have been made of his beautifully written speech of this morning if we had not opposed any measure of taxation. The whole thing would have been a flop, because it was prepared advancing in anticipation of an objection. And what have we objected to? One point. The Honourable and Learned Mr. Isola is completely wrong when he says that if we vote we have to propose measures of taxation. In Parliament the Opposition opposes taxation. If we do not agree to any measure we are not here as a rubber stamp to what people agree. With regard to the question of deficits, I do not know whether Mr. Isola is more aware of deficits than I am — more acquainted with deficits than I am in the City Council — but in any case the point I want to raise is a small one. And that is that we do not agree to this. We suggested that other luxury items could have been taxed. If that had been acceptable an amendment could have been brought by the Government, it is up to us to do it. We do not agree with that, we are prepared to go a little further when we come to the taxation measures if necessary to help. We know this amendment is going to be defeated. But it is not a question of asking the Government to propose it, we are asking the House. The amendment is to the House and not to the Government. We have a duty to our own conscience in safeguarding what we think. I think that they have had a good run. Every measure of taxation and every measure of rates and so on have been agreed, now that we have agreed the Honourable Backbencher has suggested another reason—so never can the Opposition do anything right. This is very simple. It is a bit of a storm in a tea-cup. Purely that we do not agree that on clothing and footwear there should be an increase we think that this is hard. The Honourable Minister for Labour and Social Security said that they are turning steps with regard to children's clothing. It shows that it is a contravening matter — it is a matter that worries everybody. Why should it worry us — because we are in the Opposition? We know that the amendment was lost before it started. Government has a majority. This is the way of democracy, but still, we would have been much more popular if it was popularity that we were looking for, to take the matter lying down and not insisting on you, Mr Speaker, to make a ruling and to have abstained on the whole because ruling was against us. We felt it was much more honest to insist on the amendment, to vote in favour of all the others and to vote in favour of the amendment as well.

HON. FINANCIAL AND DEVELOPMENT SECRETARY:

Mr. Speaker, Sir, I think I might be permitted to quote, with your permission, Sir, from Hansard on the 10th December 1964 when my distinguished predecessor said: "Sir, as a public servant I do not think I should take part in politics, and I owe loyalty to both sides in a way, but I think that I may be allowed to say that I am rather confused about what I have heard today." Sir, may I say with the greatest respect that I feel exactly the same. The estimates for expenditure, Sir, have been passed. And again, Sir, if I might quote my predecessor, he said: "As the mover of the motion I think I have the right to have the last word, Sir. First and foremost I should like to thank both sides for the kind words they have said about me, but I think that in certain respects the Financial Secretary finds himself always in the unenviable position of having to cut down." Well, Sir, as far as I am concerned today we have a deficit of £376,000. I have made proposals, Sir, to the House for £400,000. Leaving a very modest surplus of £24,000. It is now suggested, Sir, that we should cut out an item which, in my opinion, and in the opinion — I will not call them computers, Sir, — of my advisers, it is estimated to produce something like £60,000, which means that I would ask the House then, if I were to agree to this motion, Sir, to budget for a deficit of £36,000 with the prospects of commitments which would make that figure much the greater. Well, Sir, I am sure that the Honourable Members opposite who know me only too well could never expect me to accept the motion. I couldn't possibly. But I wonder whether they might put a thought in their minds. I know, Sir, that this morning I was told that there were not sufficient facts available, and I know, Sir, that by the normal run of things this is as Government goes. One side of the House, Sir, obviously has to be given by the Financial Secretary and his advisers far more information than is obviously not available, Sir, to the other side of the House. But I wonder, if I were to tell the House that the effect, as I can see it at the moment, and as I say I have very able advisers to tell me, and I am prepared to accept what they tell me because I have gone into the figures myself, if I were to tell them that the difference as between the increase in the cost of electricity, for example, and the cost of clothing, would the motion then be amended to suggest that we should not have the increases in electricity? It is as simple as that to me, Sir. This side of the House obviously has the facts and the figures. I would not come to the House to make suggestions unless I had the facts and figures. It seems to me, Sir, if I am going to be asked as the Financial Secretary to accept an amendment which cuts down quite a little chunk of the amount of money that we require, obviously I must be in a position to give the House an alternative, Sir. And I assure the House that I have considered the alternatives very carefully. I thought I had made that very clear, when I wound up this morning. But no, in the face of this amendment I am asked to advise the House on a bigger deficit. I am afraid, Sir, that with the greatest respect, and with the greatest deference, I could not possibly do so. And again, Sir, I might just throw as a

final thought to the House, that if we were to try and raise the equivalent to this by upping the duty on whisky, whisky would go up then by no less than eight shillings and eight pence a bottle. That would include spirits generally, Sir.

HON. LIEUT. COL. J. L. HOARE:

On a point of clarification, Mr. Speaker. The Honourable Financial Secretary this morning gave us a breakdown of the £400,000. I think he said that rates would give us £105,000, Sir. This is what I took down at the time. The general increase in rates would produce £55,000. The telephone would bring in another £7,000. Indirect taxation as proposed at the moment would bring £133,000, and direct taxation would bring £100,000. Later he amended this to £150,000. If you add £150,000 to this you will see that it comes to £450,000 and not £400,000.

HON. FINANCIAL AND DEVELOPMENT SECRETARY:

With the greatest respect to the Honourable and Gallant Member, Sir, I made it very clear that £150,000 was in a full year.

HON. M. K. FEATHERSTONE:

Sir, we have been told by the Honourable Chief Minister that they are trying to do a good job. Of course they are, Sir. We appreciate it. But we on this side are trying to help them do a good job. Perhaps we can see that they may be rushing headlong precipitously into inflation. Perhaps we can see some ways to ameliorate the situation. It is a great pity, Sir, that we have had to have all this time and trouble to slowly get a breakdown out of the Honourable Financial Secretary. The Honourable Chief Minister said . . .

HON. FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, on a point of explanation. I do not think that it has been necessary to get out anything from me. I have tried to give figures as I knew them and they were available and as I was asked them.

HON. M. K. FEATHERSTONE:

That I accept, Sir. But perhaps he could have anticipated he was going to be quizzed to quite an extent.

HON. FINANCIAL AND DEVELOPMENT SECRETARY:

I beg your pardon, Sir. Again on a point of order. I have not been quizzed. I was asked once and I answered immediately, Sir.

HON. M. K. FEATHERSTONE:

Perhaps he could have foreseen potential questions. I am sure when we ask questions they work out on the other side all

the potential supplementaries. Perhaps he could have foreseen some of these. Now, Sir, the Honourable Chief Minister said that if they were to up the price of whisky then of course on this side the shadow Member for Tourism would have been shouting: "What about my tourists?" etc. After all the tourists are going to pay three pence more for their packets of cigarettes. Eight shillings and eight pence on a bottle of whisky sounds very much, but it only works out at four pence per whisky, Sir. And even if whisky went up four pence — you get 26 whiskies from a bottle, Sir.

HON. P. J. ISOLA:

I do not know what knowledge he has about tots of whisky, but I would have thought it would have been rather more than four pence.

HON. M. K. FEATHERSTONE:

Eight shillings and eight pence, in my language, Sir, is 100 pennies. And 100 pennies divided by 26 is a little less than four pence. I will stand correction from the Honourable Financial Secretary if I am wrong.

HON. P. J. ISOLA:

Would the Honourable Member clarify, Sir. He has raised the point. Could he clarify. If a tax is put on goods do retailers in fact sell at exactly the same price. If eight shillings and six pence is put on a bottle of whisky would be expect a bar to sell a whisky at exactly four pence more? Or is it not merged in the profit by retailers in bars which is rather larger than that? I do not know. He is a merchant.

HON. M. K. FEATHERSTONE:

Since these people, Sir, have so many rules and regulations of prices and incomes they must knew the answer themselves.

Sir, in one breath we were called superficial, in another the suggestion we made as to how taxation could be obtained — and of course we are always being accused of not even having made suggestions — were said to be too sophisticated to implement. I think the Honourable and Gallant Col. Hoare soon broke up the suggestion that it would be difficult to put a tax on petrol. It would not be difficult to put a tax on petrol with a drawback for public and other transport that would affect the cost of living, and would not be simply for private pleasure.

The Honourable Mr. Isola has once again come up with a red herring, and it is stinking pretty strongly by now, of the deficit of the City Council. Of course, the Members on this side are completely to blame for that. But I notice his brother shrinks in his seat more and more every time this deficit is brought up. On the other hand, Sir, the Honourable Financial Secretary said with a great degree of satisfaction that at the start of 1969 the Government's general revenue balance was over one million

pounds. Of course, I suppose the credit for that goes to the gallant gentlemen opposite. I suppose the gentlemen this side were doing their utmost to stop it being that amount. Perhaps all the credit goes to the last Deputy Chief Minister. But I would have thought that some of the credit for that million should come to the members on his side who were in the previous Government. Unfortunately credit is not always given where it is due. The simple situation, Sir, is that we have put forward an amendment to try and stop the rise on two articles which are of major importance to the lower paid worker. If a second amendment were necessary it could surely have been made from the other side to increase the taxes on alcohol and petrol as we have suggested from this side on several occasions today. But we have been continually told that we have suggested nothing.

Sir, until the other side is willing to give a little credit where it is due, I am afraid we are not going to get very far in working with that harmony which the Chief Minister when he is on his feet — when he is on his soap-box although he is in this House — tries to exhort us to give him. As I have said, Sir, we wish to assist this Government insofar as we can; but we must, and this is a duty of an Opposition, draw the rein when we see that they are running away with themselves. This is not done, Sir, in a pure spirit of cantankerous opposition, it is done with the best will in the world for the good of Gibraltar.

HON. A. W. SERFATY:

Sir, the Honourable Financial Secretary has told us that if we try to get £60,000 out of spirits, a bottle of whisky would go up by eight shillings. And if we tried to get it out of petrol, would go up by about one shilling and nine pence a gallon, and so on. But has he, and I am sure he is a very capable and able (I was going to say young man — I admire him enormously) has he considered the possibility of dividing among these different articles these £50,000 or £60,000. Has he made a real attempt, or has the Chief Minister allowed him to? I mean whisky could go up — and I couldn't care two hoots, as I said before I drink Coca Cola. In earnest, Mr. Speaker, will the Honourable Financial Secretary make a real attempt to try and divide these £60,000 among these different articles? If we were to agree . . . Do not look at me like that Mr. Chief Minister (Laughter). And do away with the extra 5 per cent on clothing and footwear.

HON. CHIEF MINISTER:

Mr. Speaker, if you will allow it. Since he has asked me a question, if I may be permitted to answer it. Of course the Financial Secretary will be allowed to look into that. In fact, now that we know that the shadow Minister for Tourism is so keen to raise such things as whisky, cameras and all the other things, whereas before he was so reluctant in doing so. We shall certainly look into all these things. And, as I said before, perhaps when we come to the House to meet more deficits that we may have to meet in the future, he will be supporting us when we bring these motions to the House. At least we know where he stands now. It is very useful.

HON. A. W. SERFATY:

One point of personal explanation; I would say that as Shadow Minister for Tourism I am equally reluctant to increase the price of clothing. This also affects Tourism. Of course it does.

HON. CHIEF MINISTER:

Mr. Speaker, I am very grateful for this, because when we were deciding these estimates we had to be very careful in the balancing, as I said before. It was very important not to prevent the sales of items which, according to the Shadow Minister himself, contributes 40 per cent of the economy of Gibraltar. What perhaps he does not realize is that precisely by cutting down on the sales of those items we may find ourselves losing in the deal. Finally in trying to be kind, we are being cruel in that the people that we want to help would have to find themselves being taxed on other things as well. This is a sort of balancing trick that we have to hold. But I am very pleased to hear that he is not so afraid now of putting taxes on luxury items. Because obviously in the future we will be able to come here to this House convinced that we are going to have the support of the Opposition, because I assure you that this is not the general impression created in Town. They think that we are the side that want to outprice Gibraltar, not you. Now we find that you do not really mind all that much outpricing Gibraltar. As I say, you make life much easier for the future. Thank you very much Mr. Shadow Minister.

HON. A. W. SERFATY:

The Chief Minister has put words into my mouth which I think he is not justified in doing. We shall look at proposals for import duties on luxury articles when they come. I am sure I am talking for all my colleagues. I am, I must say, very happy to see the concern that the Chief Minister has for the welfare of the tourist. This is not the impression that I have had so far; but I am very happy indeed to hear it.

HON. CHIEF MINISTER:

Mr. Speaker it looks as if we are going to be great friends in future.

HON. FINANCIAL AND DEVELOPMENT SECRETARY:

Mr. Speaker, Sir, the Honourable Gentleman asked me a question and I feel bound to answer. I do not know how many times one is supposed to answer in the course of this debate. I thought we were only supposed to speak once, I am sorry. The Honourable Gentleman asked me whether I had in fact considered the effect of distributing the amounts that were required to be raised under this measure under others. I am afraid, Sir, that this morning just before you were good enough to adjourn and give us a chance to go to lunch, I must not have made my-

self very clear or at all clear. Because according to the notes I had here, I may have missed them, Sir, I am not quite sure whether I did or did not, but I have a note here which says that I had thought about it hard and long. And I have got another note on it, Sir, which talks about wines, beer, spirits, petrol and tobacco and I have another note which says: "nor must it be overlooked that the effect on the I.R.P. of these three measures would be quite considerable because since 1964, when we re-structured the I.R.P., we included every single item that we could possibly think, of, Sir. I am sorry, I possibly overlooked that this morning. If I had said so this morning I might have avoided a lot of debate, Sir.

HON. J. CARUANA:

Mr. Speaker, I am greatly touched by what has been said in the course of this afternoon on the benches opposite. Words such as "that the Opposition is only there to assist this Government as much as they can." That they were only being honest to their consciences. That they want.....

HON. SIR JOSHUA HASSAN:

We act in conscience. We do not have to say that we are honest. We are.

HON. J. CARUANA:

Yes. I accept that reservation.

That they were trying to stop a rise in the cost of living on the lower paid workers. And this is such a contradiction, Sir, of what they have done in the past. We cannot but help remind them that in the last budget they increased direct taxation by 60 per cent on the working classes and they left the higher rate of taxation at five shillings. Is this being true to their conscience, I ask? Of course it is true, six pence went up to ten pence, and five shillings remained as it was. Is this being true to your conscience? Wines went up two shillings a bottle in 1965 — locally bottled wines. Nothing has been done since on this question, reflecting their philosophy at this stage. Were they really looking after the interests of the working classes then? Prices have been going up. We have heard that the wages of workers went up 36 per cent and the cost of living index 34½ per cent leaving a balance of 2½ per cent in nine years. Is this looking after the interests of the workers? I say: what a poor return . . .

HON. M. K. FEATHERSTONE:

Mr. Speaker, on a point of clarification. I have been looking into this question of the wages rising by 36 per cent. We have no definite details. Was this just the nett wage? Or was it the gross wage?

HON. J. CARUANA:

Mr. Speaker, this was a statement made by the Minister for Labour and Social Security, and he said that this came from Mr. Marsh himself. I do not think that we could question at this stage the accuracy of this statement. If he has any more relevant or more positive comments to make, rather than putting elucidatory questions he should bring out the facts.

I think that on this question of clothing which is the thing that seems to concern the Opposition so much, I hold very strongly to this point: that if there were no duty to be paid on clothing the price of clothing would go up anyway, because the rates have gone up, electricity has gone up, and we cannot stop those things going up. And these things would put up the cost of clothing anyway. The merchants, or commerce, would take advantage in any case whether we put the duty or not. However, I concur wholeheartedly with the principle that it is much braver, because it is in children's clothing that families feel it most, that price control now thanks to the measures of this Government, is coming into effect. Profiteering will from now on finish as far as it concerns clothing for children up to the age of twelve years. I hope it has been made very clear from this side that other articles will be looked at as well if it merits it. 33½ per cent on clothing I think is very reasonable on children's clothing. And I think this is better because if commerce is now making well over that margin then it is unrealistic. This is profiteering. And if you do not put this price control on this item, there is nothing you can do about it — whether you put the 5 per cent or not profiteering will still remain. What we have to cut is profiteering. But I think also it should be mentioned here that at the same time the social conscience of this Government is reflected in the children's allowance which we have increased as from this day by 50 per cent, which will benefit the working classes. So it means that people with more than two children will benefit that more. That people with children will not be exceedingly paying through their noses. These are the advantages. And I have no hesitation in sympathizing with the motion but I can certainly not vote for it because I think that the price control is a more gallant, a more honest, a more positive, a more progressive step to take.

HON. W. M. ISOLA:

Sir, the Honourable Mr. Featherstone a few moments ago said that when my Honourable and Learned Brother spoke about City Council affairs I shrank. Of course I do, and every time City Council affairs are discussed in this House I will shrink. And I will shrink because I feel very sorry for the Members on this side of the House who have to put up with the mistakes of the A.A.C.R. controlled City Council, controlled for so many years, of which I was a member in a minority.

This amendment by my friend Mr. Alvarez says: 'provided that the hitherto existing duty of 5 per cent shall continue to

apply to articles of clothing and footwear'. That in itself is all right if only in his amendment he would have stated how this Government are to collect the extra money which we would require to complete the budget for 1970. A lot of talk has been made on the question of spirits. I do not know whether the Honourable Members of the Opposition are aware that the Government in 1968 expected income from import duty on wines, spirits and malt amounting to £178,000 which I feel is well catered for.

Another important point on this question of wines and spirits, since such a lot has been said in this House about it today, is the fact that as the Honourable Member Mr. Serfaty knows, the second greatest money-making concern in Gibraltar is the tourist trade. And as the Honourable Members are aware the majority of visitors of Gibraltar are our friends from Great Britain. One of the three attractions which we have in Gibraltar for our tourist visitors are: sunshine, low-priced drinks and tobacco. We must be extremely careful that if we tax spirits, which are already heavily taxed to the tune of £78,000, we do not lose the tourists coming here who come, apart from the sunshine in Gibraltar, also for the low-priced drinks and tobacco. And perhaps when the survey of the tourist development of Gibraltar is studied carefully by this Government, Mr. Serfaty will then realize that what I have just stated is not just a personal opinion but based on facts which I have read.

HON. LIEUT. COL. J. L. HOARE:

Sir, if I can crave the indulgence of the Honourable Financial and Development Secretary, I apologise for bothering him so much, but since we have not got the statistics on this side of the House . . .

HON. FINANCIAL AND DEVELOPMENT SECRETARY:

Mr. Speaker, on a point of order. I raised the question before as to how many times one was supposed to speak in the course of this debate. I am afraid, Sir, that if I am going to be questioned throughout the debate by Honourable Members rising time and time again, I am afraid I really cannot cope with it, Mr. Speaker.

HON. CHIEF MINISTER:

On a point of order, Mr. Speaker. If anybody has to be questioned it is the person who proposed the amendment to the motion, which is Mr. Speaker himself, but nobody else.

HON. LIEUT. COL. J. L. HOARE:

Mr. Speaker, I presume I have the right to speak. When I asked a question last time, it was on a point of clarification because I wasn't quite sure of the figures given on direct taxation.

What I would ask the Financial Secretary now, if you will bear with me is: what would two pence extra on petrol bring? What would six pence a bottle on whisky, wine and spirits bring in? And what would a penny on a bottle of beer bring in?

HON. FINANCIAL AND DEVELOPMENT SECRETARY:

Mr. Speaker, I would require notice of the question.

HON. MAJOR A. J. GACHE:

Mr. Speaker, I have the highest respect for the Honourable Friend over there who has moved the amendment. However, I find his amendment is, under the circumstances, not logical but political. We heard yesterday the Opposition approving the expenditure. Today they have sought to reduce the expenditure, or at least the money that we have to spend next year, by £60,000. I have not yet heard, except on the matter of whisky and petrol, how they propose, or they would like to recommend to the Government, to make good this £60,000. We have heard about the whisky. We have heard that they would like the duty on whisky to be raised. Well, the duty on whisky has not been raised in fact at least since 1965. What has happened to the Opposition? Have they all become abstemious in Opposition? I would like to suggest to them, if I may, because after all they have suggested that we do away with £60,000, some method or some ways in which they might suggest to us that we make good the £60,000. For example, in 1968 the hospital fees were raised.

Maybe they would like us to do that. In 1968 the naturalization fees were also increased. Maybe they were scared that people might become British and thus vote for integration. That was a way of putting a premium on integration. The rates, Honourable Members, were increased on the 1st July 1968 by 12½ per cent. And in 1969 on the 1st March — not a year later — they were increased by another 12½ per cent. But I am afraid that those increases in rates did not make good the loss in rents of £32,000 due to the delay in the allocation of the two Tower Blocks. Far less the £40,000 which I understand the Government had to meet to repair or make good the damage in the Tower Blocks. Let us have another suggestion. Television licences fees. They were increased from £3 to £4 in 1967. I would have thought

HON. SIR JOSHUA HASSAN:

Not for us.

HON. MAJOR A. J. GACHE:

Yes, by you, Sir.

HON. SIR JOSHUA HASSAN:

Not for us; for the television authority.

HON. MAJOR A. J. GACHE:

At least it was increased.

HON. SIR JOSHUA HASSAN:
For G.B.C.

HON. MAJOR A. J. GACHE:

Maybe G.B.C. ought to come and answer, Sir. Nevertheless the people had to pay. Maybe you should have paid it, Sir, because it was in 1967 that the people of Gibraltar needed the best support. And the best information. And they had to rely on television. Maybe there is another suggestion that I could make to you, Sir. In 1965 the export duty on watches exported from private bonded stores was raised from 1 per cent to 2 per cent. Maybe we should increase that. That is another suggestion that I make to you, Sir. Of course, lastly, what you have already heard before, is the fact that in 1966 you introduced the duty on clothing. Maybe on those suggestions I have put to you, you would now like to propose an amendment to the amendment so that we can make good the £60,000 which you are requested this Government which is in power, which has duties and responsibilities, Sir, something that yours never had, has now got to fulfil. Thank you, Sir.

HON. A. P. MONTEGRIFFO:

Sir, I do not intend to repeat everything that has been said this morning, which is precisely what we have been doing this afternoon. But I would like for the record just to correct one or two things that have been said from the other side of the House. One came from the Honourable Chief Minister, who said that we had put up indirect taxation and that we had never put up income tax. If I remember rightly, Sir, I was in this House when my Party introduced income tax in 1952. And since then income tax, I think, has gone up in the last four or five years twice at least as far as I can remember. And of course we take full responsibility for the indirect taxation. I said so this morning. And we take full responsibility for any other taxation, indirect or direct, that we may be approving here today in support of the Government's budget. But, Sir, the point is this: we were severely criticised for putting up indirect taxation. And as I said this morning, either we were then right or the Government is now wrong. The other point that has been raised is that we put up naturalization fees for fear that people might rush to be British and become integrationists. The people decided the issue of integration at the elections, when those that stood for integration only got 32 per cent of the votes. If I remember rightly at that time there was a gentleman fighting from the rooftops and was going to go to the lobby of Parliament to fight against integration.

HON. MAJOR A. J. GACHE:

Mr. Speaker, Sir, we have had this thing so many times. The Honourable Gentleman once was selling Falange propaganda. And he also said that he was a communist. God knows. We know his political inconsistency. I am aware of that, Sir.

HON. A. P. MONTEGRIFFO:

No more political inconsistency that was shown within 24 hours by the Honourable and Gallant Member who has just risen to speak, Sir. And a very important one because it was a very vital issue.

So, Sir, I am afraid that we have tried from this side of the House to be as co-operative as possible. It has been mentioned and repeated enough, though not as many times as the City Council, deficit, Sir, and that is not the result of the deficit in the budget for 1970 which we are discussing I feel, Sir, that . . .

HON. P. J. ISOLA:

On a point of order, Sir. That is misleading the House. The deficit of £400,000 . . .

HON. A. P. MONTEGRIFFO:

Sir, he must withdraw this remark. We are discussing raising money to cover £376,000 for this year's budget. And I resent the Honourable Member's allegation about misleading and I would ask you, Mr. Speaker, to ask him to withdraw it.

HON. P. J. ISOLA:

On a point of order. I would be very happy to withdraw these remarks if in fact the £376,000 were totally applicable to the Government side. That the Honourable Member must have heard the Honourable Financial and Development Secretary say that half of that money was to meet the municipal services for the following year. I agree that the amendment of the motion that has been put only refers to one item. But if the Honourable Member will read the motion carefully he will see that it includes a number of items relating to municipal services. I would be happy to withdraw if I was in fact misleading. But I was saying that the Honourable Member was misleading.

HON. A. P. MONTEGRIFFO:

He is wrong, Sir, because I still maintain that the £376,000, which includes half or three quarters for the whole of the City Council, is meant for the 1970 and not the 1969 budget. That is the point I am making, Sir. And would not like to be interrupted again. I have made a clarification and I think that is sufficient.

We have tried to co-operate. We have supported and congratulated the Government where they deserved congratulations. We have not shirked our responsibility nor are we power-hungry politicians trying to destroy the Government. There is ample time to do that in the normal constitutional ways, Sir. Therefore, what I am saying is that they are not trying to co-operate in any way. We suggested alternative measures of taxation, however unpopular they may have been — we are prepared to take the can if necessary. And for this reason, and this reason alone, is why we put the alternative suggestion.

MR. SPEAKER:

Mr. Alvarez, as mover of the amendment do you wish to say anything in reply.

HON. L. DEVINCENZI:

Sir, I find the Opposition very spiritual — they keep on bringing in whisky and petrol — all to do with spirits. I am beginning to be a bit afraid.

With all sincerity, I have heard some members of the Opposition mention the words 'sincerity' and 'trying to co-operate'. Well, let me assure them that we of the Government are very much aware that the question of clothing will perhaps be unpopular. Nevertheless, it had to be taken after a lot, and I repeat, a lot of consideration. Furthermore, if we had been looking at it from a political angle surely, Mr. Speaker, you will agree that perhaps this would have been the last thing that we would have taxed. Perhaps we would have steered clear of this particular point, because politically it would not have been a good thing to do. Nevertheless, after a lot of consideration, and I do not think I am giving any secrets away, this was the very last thing on which we agreed; and the Financial and Development Secretary was very thorough in examining all other possibilities and in the end it was decided that this had to go through. And on this we all agreed.

The Members opposite have made various suggestions which they are entitled to do. But, as I have said before, we had all the figures available, went into it thoroughly and this was the final decision which, I think, no matter how unpopular it might be, is the correct one.

HON. E. J. ALVAREZ:

Sir, the amendment, in my opinion, Sir, has been sufficiently discussed; and I have nothing to add.

MR. SPEAKER:

I now put the question which is that this amendment be made.

HON. MAJOR A. J. GACHE:

Mr. Speaker, Sir, under Rule 57 should we not have a division? I would like to request one.

MR. SPEAKER:

If you ask for one . . .

HON. MAJOR A. J. GACHE:

I would like one, Sir.

On a division being taken on the amended motion the following Honourable Members voted in favour:

The Hon. I. Abecasis
The Hon. E. J. Alvarez
The Hon. M. K. Featherstone
The Hon. Sir Joshua Hassan
The Hon. Lieut. Col. J. L. Hoare
The Hon. A. P. Montegriffo
The Hon. A. W. Serfaty

The following Honourable Members voted against the proposed amendment:

The Hon. Miss C. Anes
The Hon. J. Caruana
The Hon. L. Devincenzi
The Hon. Major A. J. Gache
The Hon. P. J. Isola
The Hon. W. M. Isola
The Hon. Major R. J. Peliza
The Hon. M. Xiberras
The Hon. E. H. Davis
The Hon. C. B. O'Beirne

The amended motion was accordingly defeated.

MR. SPEAKER:

I now put the question which is in the terms of the motion proposed by the Honourable Financial and Development Secretary.

HON. MAJOR A. J. GACHE:

Mr. Speaker, may we have a division taken.

On a division being taken on the motion as proposed by the Honourable Financial and Development Secretary, the following Honourable Members voted in favour:

The Hon. I. Abecasis
The Hon. E. J. Alvarez
The Hon. C. Anes
The Hon. J. Caruana
The Hon. L. Devincenzi
The Hon. M. K. Featherstone
The Hon. Major A. J. Gache
The Hon. Sir Joshua Hassan
The Hon. Lieut. Col. J. L. Hoare
The Hon. P. J. Isola
The Hon. W. M. Isola
The Hon. A. P. Montegriffo
The Hon. Major R. J. Peliza
The Hon. A. W. Serfaty
The Hon. M. Xiberras
The Hon. E. H. Davis
The Hon. C. B. O'Beirne

The motion was accordingly carried.

The 1970 Appropriation Ordinance, 1969.

The Honourable the Financial and Development Secretary moved the suspension of Standing Orders 29 and 30 in respect of the 1970 Appropriation Bill, 1969.

First Reading.

This was agreed to.

The Honourable the Financial and Development Secretary moved that a Bill for "An Ordinance to appropriate an amount not exceeding three million, nine hundred and thirty-four thousand, and thirty-two pounds to the service of the year ending 31st day of December, 1970" be read a first time.

Mr. Speaker then put the question which was resolved in the affirmative.

The Bill was read a first time.

Second Reading.

HON. FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I beg to move that the Bill be now read a second time. The purpose of the Bill is to provide the necessary statutory authority to incur in expenditure detailed in the estimates approved by the House earlier in the proceedings, so far as that expenditure is to be met from current revenue or the general revenue or the general revenue balance. The Improvement and Development Fund has already been dealt with by resolution and the passing of this Bill will complete the authority required to give effect to the provisions made in the estimates, Sir. The Bill accordingly seeks to appropriate the amount required from the general revenue and other funds of the territory to be applied to the services set out in the schedule to the Bill for the year 1970 and to authorize the Accountant-General to pay such sums as the Governor may direct for the services so detailed. Sir, I commend the Bill to the House.

Mr. Speaker then invited discussion on the general principles of the Bill.

There being no response Mr. Speaker then put the question which was resolved in the affirmative.

The Bill was read a second time.

HON. FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I beg to give notice that if all Members agree the Committee Stage and Third Reading of the Bill will be taken at a later stage in the proceedings.

This was agreed to.

The Income Tax (Amendment) (No. 4) Ordinance, 1969.

First Reading.

The Honourable the Financial and Development Secretary moved that a Bill for "An Ordinance further to amend the Income Tax Ordinance (Cap. 76)" be read a first time.

Mr. Speaker then put the question which was resolved in the affirmative.

The Bill was read a first time.

Second Reading.

HON. FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I beg to move that this Bill be now read a second time.

Sir, I really do not think I need deliver this but I think I may as well do so.

During my earlier addresses to the House on the estimates for 1970, I referred to the measures which it will be necessary to introduce to bridge the gap between revenue and expenditure. I have already dealt with the municipal department charges and rates as well as with measures of indirect taxation, and I now come to the third angle of the triangle and that is direct taxation, Sir. This takes the shape of an amendment to the Income Tax Ordinance, the main purpose of which is to increase the rates of tax with measures designed to tighten up control and close certain loopholes in the existing legislation.

In the first place, Sir, the standard rate, that is the rate at which companies, and I repeat companies, are assessed to tax, is increased from five shillings to eight shillings in the pound with effect from the year of assessment commencing on the 1st April, 1970. The sliding scale at which individuals are assessed is also increased from ten pence to one shilling; from one shilling and eight pence to two shillings; from three shillings and four pence to four shillings; from four shillings to five shillings and from five shillings to six shillings, in the pound. The individual's maximum tax, as opposed to the company's, is thus six shillings in the pound. The increases are effected by clause 6 of the Bill.

As regards measures to tighten up control, Sir, Clause 4 provides that for the purposes of ascertaining the assessable income no deduction shall be allowed by the Commissioner of Income Tax in respect of salaries, wages, commissions or other remuneration unless the person claiming such deduction submits a statement of the persons to whom such remuneration has been made. This will ensure, Sir, that such persons do not escape tax.

Clause 7 then requires that employers of persons who are not domiciled or ordinarily resident in Gibraltar should notify the date of commencement and cessation of such employment within the prescribed time. This again, Sir, is designed to enable such persons to be traced and assessed to tax. Failure to

comply with this requirement could render the employer liable to the tax payable by the employee.

Clause 8 of the Bill, Sir, replaces Section 60 of the Ordinance under which interest at the rate of five per cent per annum is payable on any amount of tax which is not paid within the prescribed time. The new Section, when it is enacted, will render such delay liable to a penalty of five per cent of the tax payable if the tax remains unpaid for one month, and thereafter to further penalties of ten per cent of the tax for each month that it remains unpaid.

I should now refer, Sir, to clause 5 of the Bill. Later in the proceedings the Honourable Minister for Labour and Social Security will be introducing a Bill to increase family allowances. This clause provides for the recovery of such allowances either in full or in part according to the level of the taxable income of the person who receives it. Thus, a person whose income is such that he is not liable to pay any tax, will benefit to the full extent of the increase in the family allowance. While in the case of a person liable to tax at the six shillings rate the full amount of the family allowances will be recovered.

Finally, Sir, the opportunity has been taken to repeal certain provisions in the Ordinance which are now lapsed and also to exempt from tax any allowances payable by Her Majesty's Government to overseas officers on appointment to the territory under the terms Ordinance, Cap. 117.

Sir, I commend the Bill to the House.

Mr. Speaker then invited discussion on the general principles of the Bill.

HON. SIR JOSHUA HASSAN:

Sir, this Bill has been introduced by suspending the Standing Orders and we nearly had the First Reading without having the Bill — fortunately we saved the day by asking for it.

I said, and my colleagues said, earlier in the proceedings on the budget, that we would support measures of direct taxation of about the figure that is required for the purpose of the budget. But obviously we would like to have much more time to consider the various aspects of the Bill, and although we will support the principles of the Bill, of an increase in income tax, we would like to give notice that we may come back with certain amendments or proposals which if possible I shall discuss with the Chief Minister and the Financial Secretary before to see if there can be any measure of agreement. Some of these Sections appear to be rather punitive, such as ten per cent for every month. Perhaps he has done that in order to reduce it later. But having regard to the laxity which there is here in payment, perhaps the thing would be on an increasing scale, but not after the first month, Mr. Financial Secretary. Subject to observations generally on the matter we do support the principles of the Bill.

HON. CHIEF MINISTER:

Mr. Speaker, I am very glad to see that there is a certain amount of unanimity in the new approach of the new Government to the position of taxes in Gibraltar. I very much welcome this because this is really a new chapter in the approach to our social and economic problem of Gibraltar. And I am very pleased to see that the Honourable and Learned Leader of the Opposition and myself seem to some extent to agree on this one.

I know that this is perhaps a terrible day for Gibraltar in many senses. But like any disease, whether we like it or not we have got to find the right cure. Perhaps we have been dealing with aspirins up to now, and aspirins are something that was never going to cure. It is a question of amputation or some new drug or some new medicine. Perhaps this will be the cure. Maybe we have found the cure after all. And it is for me a great day to find that there is a certain amount of unanimity on the approach for now and for the future; both from this side and from that side of the House. Perhaps there will be a slight change in name or in the kind of drug, but it looks to me as if the drug is going to be the same one way or the other. It is very good to establish this because when we find the right medicine I think we shall find the cure. It looks to me as if we are moving in that direction. I am also very pleased to see that the Leader of the Opposition is going to make suggestions. The Government is here to listen to suggestions — not only from the Opposition but from any member of the public. And from now until the Third Reading, or when we go into Committee Stage; that is between now and when we meet here again, to come down to the common man — not to lose the common touch — I shall be delighted to find suggestions from all the members of the public and from all the organisations and representative bodies of Gibraltar. This is the way, I think, to lead a people. To find out exactly what they want and what they need. This is responsible Government to my way of looking at it. So I am really most grateful to the Leader of the Opposition to have agreed to the principles of the Bill and to say that he intends to make suggestions to the Government. Thank you.

Mr. Speaker then put the question which was resolved in the affirmative.

The Bill was read a second time.

HON. FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I beg to give notice that the Committee Stage and Third Reading of the Bill will be taken, subject to what has been said, at the next meeting of the House.

The Family Allowances (Amendment) Ordinance, 1969.

The Honourable M. Xiberras moved the suspension of Standing Orders 29 and 30 in respect of the Family Allowances (Amendment) Ordinance, 1969.

This was agreed to.

The Honourable M. Xiberras moved that a Bill for "An Ordinance to amend the Family Allowances Ordinance (Cap. 58)" be read a first time.

Mr. Speaker then put the question which was resolved in the affirmative.

The Bill was read a first time.

Second Reading.

HON. M. XIBERRAS:

Sir, I have the honour to move that this Bill be now read a second time. I ask the indulgence of Mr. Speaker to read somewhat extensively because of the figures involved.

The Honourable Financial and Development Secretary has already referred to this Bill when he introduced the Bill to amend the Income Tax Ordinance to which it is linked in some respects. The Bill is a very short and simple one. It has only two clauses but its effects will, I am sure, be very welcome to the household on a low income and yet with heavy family responsibilities. The Bill seeks to increase from four shillings to six shillings a week the family allowance for every child in respect of which such allowances are payable with effect from the first week in January next. Rather than fix the date to coincide with that of the amendment of the Income Tax Ordinance under which the family allowance will be recovered in full from persons whose income renders them liable to tax at the full rate of six shillings in the pound, it has been decided to introduce the higher family allowance straight away. The aim is that the relief should be granted where it is most needed rather than that it should have to be kept at the lower figure because it was being paid to well-to-do people who are not in need of any assistance. As it is the increase will benefit in full, I repeat in full, those families whose incomes are so low that they are not liable to pay any tax. By and large this represents a family with two children whose income does not exceed £812.10s. — or approximately £1,200 a year if there have five children. In other cases the amounts recovered will be related to the rate of tax to which the person may be liable. Thus one shilling will be recovered from the person liable to the six shillings rate of tax. In this way the amount available for distribution will be greater and enable it to be more equitably distributed. This 50 per cent increase in the allowance will involve additional expenditure of about £14,500 during 1970 for which no provision has been made in the draft estimates because of the fact that the final decision was taken after the estimates were printed. It will therefore be necessary in the course of the year to vote supplementary funds for the purpose. The nett increase however will only be £9,000 because of the recoveries of the allowance which will be made through the income tax returns under the amendment to the Income Tax Ordinance, the Bill for which was introduced earlier today.

Perhaps I should add that the present rate of allowance at four shillings per child has remained unchanged since family allowances were introduced in 1959. Notwithstanding that during these 10 years wages generally have gone up by over 50 per cent — even before the latest interim award recommended by Mr. Marsh is taken into account. I am sure that certain Honourable Members of the Opposition who were in the last Government will be glad to see that in this matter the present Government have taken over where they left off, and that they will welcome the Bill. Sir, I commend the Bill to the House.

Mr. Speaker then invited discussion on the general principles of the Bill.

HON. A. P. MONTEGRIFFO:

Mr. Speaker, when we discussed this at another stage I had something to say about it. The pattern follows the same principles that we enunciated in our electoral programme, and once again I say thank you to the Minister except, Sir, that I must declare an interest because I have got six children.

HON. CHIEF MINISTER:

Mr. Speaker, perhaps I too should declare an interest in this matter I have got seven children — three of them I think are just about moving out of the entitlement. But I think that this side of the House of course fully supports the measure. And again I am so pleased to see that on this particular issue (of course we have not come to the end of the road by any means—this is just the beginning) we shall carry on moving together.

HON. J. CARUANA:

Mr. Speaker, I think this is as good a time as any to collate what has transpired in the course of the last few days, and indicate for the benefit of the general public that a course for the ship is set — that we are navigating in the right direction. And this is reflected not only by what has been said now, but by the priority to housing, medical, labour, education, sports for the young and also holidays for the families. And to indicate too, that we are really taking the interest of the poorer classes down. Supplementary benefits have gone up, the family allowances have gone up as well, and the price control. I think this is a welcome sign for the not so well off classes. I welcome this Bill and support it wholeheartedly.

Mr. Speaker then put the question which was resolved in the affirmative.

The Bill was read a second time.

HON. M. XIBERRAS:

Sir, I give notice that the Committee Stage and Third Reading of this Bill will be taken at the next meeting of the House.

HON. SIR JOSHUA HASSAN:

If it is intended that it should be effective from the 1st January, is it that we are going to have another meeting before the end of the year?

HON. FINANCIAL AND DEVELOPMENT SECRETARY:

It can be passed, Sir, with retrospective effect.

HON. SIR JOSHUA HASSAN:

I see. But why make the people wait? We are prepared to agree that the Committee Stage and Third Reading be taken today.

HON. M. XIBERRAS:

Sir, if all Members agree I would move that the Committee Stage and Third Reading be taken at a later stage in this meeting.

HON. FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I beg to move that the House should resolve itself into Committee to consider the next two Bills, clause by clause.

This was agreed on to and the House went into Committee.

The 1970 Appropriation Ordinance, 1969.

The Bill passed the Committee without amendment.

The Family Allowances (Amendment) Ordinance, 1969.

The Bill passed the Committee without amendment.

Resumption.

The House resumed.

Sir, I beg to report that the 1970 Appropriation Ordinance 1969 and the Family Allowances (Amendment) Ordinance, 1969, have been considered in Committee and agreed to without amendment, and I now move that they be read a third time and passed.

This was agreed to and the Bills were read a third time and passed.

Adjournment.

HON. CHIEF MINISTER:

Sir, before I move the adjournment of the House may I congratulate you on the way in which you have conducted this meeting. I know it was rather a lively one, and I think that perhaps we have proved how democracy thrives in Gibraltar. Maybe it is in the ante-room where you really see where democracy lies. I think quite honestly this will have been a wonderful experience for you and I imagine that future meeting should be a piece of cake. Thank you very much indeed, Sir.

I wonder if the Leader of the Opposition would like to say something.

HON. SIR JOSHUA HASSAN:

I am very grateful. Having voted all the taxes I am now being very kindly treated.

Mr. Speaker, you started by accident. You started your functions in anticipation. I hope there will be a meeting at least in which we can say goodbye with a fanfare to our previous Speaker who has not been able to be here. But certainly you have taken over at short notice in what is likely to be (whatsoever, as it has happened since 1950 the budget session being the most important one. And may I say that I am not surprised as a colleague to see how well you have conducted the affairs of this House. It is absolutely worthy of a member of the Bar. (Applause).

HON. CHIEF MINISTER:

Mr. Speaker, perhaps before I move the adjournment we ought to give a chance to the Honourable Backbencher. I am sure he is longing to speak (Laughter).

HON. P. J. ISOLA:

I am very grateful to the Honourable Chief Minister for this opportunity and to you Mr. Speaker. I was going to say that I hope that you, Mr. Speaker and all the Honourable Members of this House have a happy and prosperous Christmas and an equally prosperous new year. And that in the new year we can look forward to vigorous or bad-tempered debates, depending on which side is talking about the situation.

Sir, I have the honour to move that this House do now adjourn sine die.

MR. SPEAKER:

Before rising I would like to wish all Honourable Members a very happy and prosperous new year. I would like to thank them for their very kind words of congratulations. And I am sure that you would all wish to join me in wishing the Speaker, Mr. William Thomson, a speedy recovery.

The House adjourned sine die.

The adjournment was taken at 6.00 p.m.