

HOUSE OF ASSEMBLY

HANSARD
OF MEETING

HELD ON 10 JULY 1974

REPORT OF THE PROCEEDINGS OF THE HOUSE OF ASSEMBLY

The Thirteenth Meeting of the First Session of the Second House of Assembly held in the Assembly Chamber on Tuesday the 10th July 1974 at the hour of 10.30 o'clock in the forenoon.

PRESENT:

MR Speaker (In the Chair)
(The Hon A J Vasquez MA)

GOVERNMENT:

The Hon Sir Joshua Hassan, CBE MVO QC JP, Chief Minister.
The Hon A W Serfaty, CBE JP, Minister for Tourism, Trade and Economic Development.
The Hon A F Montegriffo, OBE, Minister for Medical and Health Services.
The Hon M K Featherstone, Minister for Education.
The Hon A J Canepa, Minister for Labour and Social Security.
The Hon I Abecasis, Minister for Housing.
The Hon Lt Col J L Hoare, Minister for Public Works and Municipal Services.
The Hon H J Zammitt, Minister for Information and Sport.
The Hon J K Havers, CBE QC, Attorney General.
The Hon A Mackay, CMC, Financial and Development Secretary.

OPPOSITION:

The Hon M Xiberras, Leader of the Opposition.
The Hon Major R J Peliza
The Hon P J Isola OBE
The Hon W M Isola
The Hon J Ceruana
The Hon L Devincenzi

ABSENT:

The Hon J Bossano (Away from Gibraltar)

IN ATTENDANCE:

P A Garbarino, Esq., ED, Clerk to the House of Assembly.

PRAYER:

Mr Speaker recited the prayer.

CONFIRMATION OF MINUTES.

The Minutes of the Meeting held on the 29th May 1974 having been previously circulated, were taken as read and confirmed.

PAPERS TO BE LAID.

The Hon the Chief Minister laid on the table the following document:

The Charities Ordinance - Reports for 1972 and 1973.

Ordered to lie.

The Hon the Minister for Tourism, Trade and Economic Development laid on the table the following documents:

- (1) Registrar of Building Societies - Annual Report for 1973.
- (2) The Pilotage Administration Charges (Amendment) Rules 1974.
- (3) The Port (Amendment)(No.2) Rules 1974.
- (4) The Hotel Occupancy and Air Traffic Surveys Report 1971-73.

Ordered to lie.

The Hon the Minister for Education laid on the table the following documents:

- (1) The Educational Awards Regulations 1974.
- (2) The Scholarship Awards Committee Regulations 1974.

Ordered to lie.

The Hon the Minister for Labour and Social Security laid on the table the following documents:

- (1) The Employment Injuries Insurance, Family Allowances and Social Insurance Order 1974.
- (2) The Industrial Tribunal Rules 1974.
- (3) The Regulation of Wages and Conditions of Employment (Forms) (Amendment) Regulations 1974.
- (4) The Conditions of Employment (Retail Distributive Trade) (Amendment)(No.2) Order 1974.

Ordered to lie.

The Hon the Minister for Housing laid on the table the following document:

The Housing Allocation Scheme (Revised) 1974.

Ordered to lie.

The Hon the Minister for Public Works and Municipal Services laid on the table the following documents:

- (1) The Traffic (Taxi Fares)(Amendment) Regulations 1974.
- (2) The Seashore (Amendment) Rules 1974.
- (3) The Traffic (Main Street Restriction)(Amendment) Regulation 1974.
- (4) The Cemetery (Amendment) Rules 1974.

Ordered to lie.

The Hon the Financial and Development Secretary laid on the table the following documents:

- (1) Supplementary Estimates No.2 of 1974/75.
- (2) Supplementary Estimates Improvement and Development Fund No.2 of 1974/75.

Ordered to lie.

HON M XIBERRAS:

Mr Speaker, I mentioned to you earlier that I have informed the Chief Minister in a note - I apologise for making it a note, it slipped my mind as he came through the lobby - but I think, Sir, it would be more convenient for members if it were possible to attend these meetings in summer especially when it is very hot without a jacket, wearing a shirt and tie. I know that honourable members perhaps even on both sides of the House are divided about this particular issue and it is not in any way my intention to force the House to debate or take a decision long term or you, Mr Speaker, to advise on these matters. It doesn't matter that it has been discussed earlier in the City Council and the Hon and Learned the Chief Minister is aware that there was a question of jackets or no jackets. It has been discussed in many Commonwealth Parliaments and there have been changes in many. I myself have attended sessions of the Jamaica House of Representatives where people have not worn jacket or tie but have been dressed in a different fashion which is generally accepted there. I think Sir, that this morning since I spoke to you before the start of this meeting the temperature has been rising not wholly attributable to the debate going on. I think it is a pretty hot day and July is a pretty hot month and I don't think any member who agrees with such a proposition would in any way wish to detract from the standing of this House by supporting such a proposition. I might suggest, Sir, that perhaps this might be taken up in a more leisurely way over the recess and perhaps we could come to some decision for next year. But I do think we would have done something which was with the times and convenient for members if we in this latitude were to do what people, I am assured by my Hon Friend on my right, people of a more northerly latitude already do. And I am sure that nobody in Gibraltar is going to blame us for taking off our jackets to do some real work in this House. I have not, in fact, sounded out the views of the Chief Minister on this matter and I should apologise for that. I think I mentioned it some time in one particular meeting and I am not proposing a major change as I say. But I would be glad to hear his views on the matter and yours, Mr Speaker, if I may presume to ask you, to see whether even for this afternoon if it does get rather hotter than it is now - and it is pretty hot now - I think perhaps the House could agree that jackets should be removed optionally perhaps. If any member wishes to do so then he should but we should go, of course, no further than that. I think, Sir, that Hon Members who were at the Constitutional Conference with Lord Shepherd some years ago know that there was a shirtsleeve order at the time and the practice has caught on in many Commonwealth Parliaments. For instance in many there is a particular type of shirt which is worn which has to have three pockets and is loose hanging outside. These I think are very much in fashion now. Here we have a services tradition that one wears a tie and long sleeves. Perhaps that might be the answer.

MR SPEAKER:

The Hon Member has suggested something. Perhaps it would be at a different time if it is accepted which dress should be chosen. I think what the Hon Member is suggesting is that it be permissible for members to attend meetings with a shirt and tie. Before I say anything I would like to hear the views of the Chief Minister.

HON CHIEF MINISTER:

I don't want to stand in the way but I certainly would not like to encourage anything that will increase even more the verbosity of members opposite by being over comfortable, that I would never like to suffer. If, in fact, it is a standing order, as I understand that it is, then what I suggest is that we look at the standing order and amend it and not just think of it the day that it is hot. We have been supplied with an electric fan. I am prepared to forego it and put it on that side of the House if members opposite feel very uncomfortable. But I must in these cases whilst prepared to consider it at a meeting with all the pros and cons, be guided by what you rule it is the standing order. Of course it is a matter of habit and a matter of getting used to. I accept that. But with regard to the Constitutional Conference I think the difference was that the meetings were not in public. I would not like any uniformity but if in fact there is going to be any relaxation we can come whichever way we like except with any distinctive letters or anything like that that would indicate apart from the normal verbosity that divides one side from the other as to who is what.

MR SPEAKER:

May I say that there are no written provisions in our standing orders as to the dress that members should wear to attend meetings of the House of Assembly. However, this House is not only bound by standing orders and rules as they have been passed by the House under the recommendation of the Rules Committee, the House is also bound by rules of practice and it has been a rule of practice in this House since its inception in 1950 that the correct dress for attendance at meetings should be with jacket and tie. My own personal feelings on this one are not of importance, But I think I should also express them. You will always see me sitting in this chair for as long as you want me to sit in this chair with a coat and tie. That, of course, has no bearing on the issue. It is my right I think under standing orders particularly standing order No.45(5) to refer matters to the Rules Committee. I will not take it upon myself to break with practice and say that it is correct to attend meetings without a coat and tie because it would be breaking the rules of practice. I don't think there can be any uniformity. I don't think that any rule can be passed that meetings at particular times of the year must be attended in a particular dress or a tie. But I think the option can be given if it is the wish of the House for attendance of members at meetings in a particular dress. If that is the wish of the House and if it is a voice either by a vote or by a general consensus, I will most certainly refer the matter to the Rules Committee for their consideration and then if the standing orders are then changed to give effect to the wishes of the House. Then it will be completely and utterly in order for members to attend without a coat or tie. But I myself will apply the rules as they stand now and as they stand now I am afraid that we will have to attend with coat and tie, with due difference to what the Leader of the Opposition has said and accepting the very good reasons why perhaps this should not be so.

But until such time as standing orders are changed I am not free to do anything but to apply them and the implication of the rules must be that the correct attire for attending meetings at this stage is a coat and tie. So I suggest that perhaps the Chief Minister and the Leader of the Opposition should get together and if I am told by both of them that it is a general consensus of the House that the rule should be changed I would immediately write a letter to the Chairman of the Rules Committee giving him the views of the House so that the necessary orders can be passed to enable the attendance of members at meetings without coat and tie.

HON CHIEF MINISTER:

I would just like to make one point clear. What I said was that I was happy that the matter should be referred to the Rules Committee and I wasn't against it but I don't readily agree at short notice to the fact that there is already a general consensus in favour. Certainly, I agree that it should be gone into as soon as possible perhaps to have it next time the weather is hot. Perhaps next year.

HON P J ISOLA:

Mr Speaker, your ruling would be more sympathetically received from this side of the House if there was less discrimination in the House. We should either have two electric fans or alternatively share one morning and afternoon.

MR SPEAKER:

May I hasten to say that I had a decision to take this morning which was Solomon's decision. This particular electric fan is being used by the House with the compliments of the Mayor who has removed it from the Mayor's Parlour and that I can guarantee to the members of the Opposition that this afternoon they will see it on their side of the House. Provision has been made for that already.

HON M XIBERRAS:

Mr Speaker, I am grateful for the expression of points of view by the Hon the Chief Minister and by yourself on this matter. I myself feel that it could have been done very easily today but, of course, I bow to the wishes of the majority in this House. One thing I would like to make clear and I think the record will show is that my very clear impression was that the Chief Minister said that he was not against attending in shirt sleeves, and this is what prompted you, Mr Speaker, a moment ago to talk about a general consensus in the House. I understand this to be the case.

MR SPEAKER:

What I said was that if the House issues a general consensus then, of course, my views are of no account and I would instruct the Rules Committee to consider the matter.

HON M XIBERRAS:

Which prompted the Chief Minister to safeguard his position on this and say: "Well, I haven't said that I am in favour or against it but that it should be looked into." Whereas in his opening remarks I think he said quite clearly that he was in favour and that he would not stand in the way and so forth. The Chief Minister must not be afraid of progress in these things. And certainly, of course, I would hope he says the same thing five minutes later. I think, Sir, it was quite clear from what the Chief Minister had to say - perhaps you could look at the record again - that he was in favour of this. I would gladly wear my jacket this afternoon and suffer a little bit more with my jacket on if I knew, that of course, the Chief Minister would stick by what he has said, that is that he was in favour. Of course, he may not be able to speak for his colleagues, I don't know. I am not speaking for my colleagues entirely but I generally feel that the general ethos of the Opposition will be to support the removal of jackets. And of course, I just made a suggestion. I am very encouraged by what the Chief Minister had to say in his opening remarks, and I ask him not to go back on them, because I think it would be a very sensible arrangement for Hon Members. I am sure that the staff also would feel more comfortable. I am not for a moment voicing an opinion on behalf of the staff. I am sure that if strangers in the gallery are able to have this sort of clothing I think that we are not going to offend their particular susceptibilities by this. I am sure that no one in Gibraltar will think it amiss if we dispense with jackets.

HON CHIEF MINISTER:

Sir, if the Hon the Leader of the Opposition can speak at such length on this subject with his jacket on he is really making me feel that we ought to carry on with the jackets on.

HON M XIBERRAS:

I cannot give him a guarantee that I will speak less with my jacket off. I cannot do that. But, perhaps he might feel in a more relaxed attitude when he addresses this House.

STATEMENT BY THE MINISTER FOR LABOUR & SOCIAL SECURITY

REVISION OF SOCIAL INSURANCE SCHEMES.

Last January, in the course of a debate in the House on the subject of pensions, I gave an undertaking to introduce legislation - either before or immediately after the summer recess - for the next revision of the social insurance scheme. Much spade-work has had to be done and it has been only very recently that it has been possible to get down to the work of preparing the detailed legislation involved. I have not therefore been able to have the Bills ready in time to bring them to this meeting of the House, but they will be published during the recess. This means that we shall have to take them through all stages at the first meeting after the recess if they are to take effect, as proposed, at the beginning of January 1975. In view of this, it is only fair that I should acquaint the House in detail beforehand with what is proposed.

Dealing first with the Employment Injuries Insurance Scheme, it is intended to increase all benefits by a further 20% on the current rates. This will be the third increase in 18 months, during which benefits will have gone up 300% from the level existing prior to the revision of July 1973. The main rate of injury benefit - ie for an adult male - will thus be £8.40 a week, and the amount of gratuity for 100% disablement or death £2,400. These increases are possible without having to increase further the contributions payable under the Employment Injuries Insurance Ordinance.

I now turn to the Social Insurance Ordinance, and the benefit which is most in our thoughts - Old Age Pension. Here an increase of about 40% will be made, in the full basic pension bringing it up from £4.45 to £6.20 for a single person and from £7.10 to £10.00 for a married couple. Those who reached pensionable age before 1968 and who now receive pension at a lower rate will receive a higher cash increase, bringing their pension from the present £3.60 per week for a couple, to £7.00 per week. Proportionate increases will be applied to the other long-term benefits such as widows benefit and guardian's allowance. With regard to the short-term benefits the increase will be 25% making the basic rate for maternity grant £25 (instead of £20) and death grant £50 (instead of £40).

One important feature of this revision is that we shall be doing away with the non-contributory supplementation which was introduced at the inception of the scheme twenty years ago. With successive increases it has come to represent a very small proportion of the benefits payable, but constitutes an administrative headache out of all proportion to the actual amount involved. For the future it is intended to incorporate this supplementation into the new rates of pension which I have quoted, to be met, with the rest of the pension from the Social Insurance Fund. However, to cushion off

the effect of this additional commitment to the Fund, Government will pay into the Fund the balance of the non-statutory Non-Contributory Social Insurance Benefits Fund at the end of 1974 which - it is estimated - will be in the region of a £ $\frac{1}{4}$ million, and which Government has been building up over the years precisely to meet the cost of this supplementation. Interest from that sum will, of course, accrue to the Social Insurance Fund in the future. The recurrent expenditure on supplementation will be re-allocated to meet the cost of further improvements in the Elderly Persons' Pension through the lowering of the age of entitlement to 70 (for men) and 65 (for women), thereby bringing us to one final step from universal pensions at 65.

On the other side of the coin we have the contributions payable by employers and employees. As I have said before, the Employment Injuries contribution remains unchanged, but to meet the new rates of benefits under the Social Insurance Ordinance, and after allowing for the injection into the Fund of some £ $\frac{1}{4}$ million by Government, an increase in contributions is inevitable. Employers will be required to pay 16p a week more, and employees 14p a week more, in the case of men. For a woman the increase will be 13p by the employer and 10p by the employee. This is exclusive of the flat-rate 6p which is now payable to the Group Practice Medical Scheme and of the further increases in contributions which will come about with the introduction of the COMPREHENSIVE HEALTH SERVICE in January 1975.

I now come to one other aspect of the current review which, I think, is of particular importance. I refer to the intention to make every employed or self-employed person compulsorily insurable, irrespective of whether in the past they have opted to remain outside insurance when the opportunity has arisen, or whether they hold exemption certificates. There are still many people who retire after a life-time's work and have neither a state pension nor an occupational pension to fall back on. When the level of the state insurance pension was very low, no great importance was given to this, but now that - over a period of two years - they have increased quite substantially, and will continue to do so, I feel that it is the duty of Government to see that all employed persons are brought under the umbrella of social insurance so that, in due course, they may derive its benefits. No doubt there will be those who, even now, may be unwilling to become contributors but they must be made to realise that it is for the good of the majority that we should introduce compulsory insurance for those who are still outside the scope of the scheme. Facilities will be extended for those being brought into the scheme for them to pay arrears for the period during which they have not been contributing. Such arrears may be paid by instalments over a period of 5 years, or until reaching age 65 (men) or 63 (women), whichever is earlier. Whether to pay arrears or not will be left to the individual to decide, but it should be realised that non-payment could affect entitlement to pension eventually, or could result in a reduced pension. The maximum amount of arrears which would be payable by a person entering or re-entering insurance just before reaching pensionable age would be about £250 in the case of a man and about £190 in the case of a woman.

Without wishing to tire the House with too much detail, there is one further feature of this review which I think is worth mentioning. This is rationalisation of the multifarious rates of reduced old age pension and widow's pension which we have at present, and which apply according as the contribution record of the insured person falls short of the minimum required to qualify for full pension. Through a longer banding of the tables the number of rates will be reduced very considerably. Because of the nature of the operation not everyone will receive the same increase either in terms of cash or of percentage, but it has been worked out so that those with reduced pensions will relatively speaking benefit to a greater extent. This rationalisation of rates which I have described will be effected by Regulations and will not therefore be part of the Bill which, as I said at the beginning will be published before the next meeting of the House.

As I have said in this House on a number of occasions, and as has already been positively shown, it is the intention of this Government to review social insurance benefit rates and contributions at much more frequent intervals than was the case up to 1973. If the main purpose of our scheme is to take poverty out of old age then this is a sine qua non; not only to protect the value of the old age pension once it has been earned but, at the same time, to continue the process of increasing its purchasing power towards an improvement in the living standards of the elderly.

HON M XIBERRAS:

Mr Speaker, we on this side of the House obviously welcome any increase in pensions and I am glad to see that the Minister has taken to heart some of the points made by Hon Members on this side of the House, particularly Mr Bossano, in the course of debates on legislation in increases in the social insurance pensions. May I single out as an example the idea of compulsory pensions which the Minister has described as being a step away from universal pensions and which this side of the House very strongly argued for some months ago. Also, and this everybody knows, the idea that people should be able to pay arrears by instalments and the Minister has saved himself the trouble of having to consider private legislation from this side of the House - a private bill from this side of the House - to bring this about which the Hon Mr Bossano was in process of drafting. Sir, without wishing to abuse the freedom that is allowed the Opposition on these occasions of ministerial statements, may I say that our main criticism of this otherwise welcome statement by the Minister is that to quote him "without having to increase benefits further" it has been possible for him to carry out this review of a position which he gave the House some months ago. In other words we at the time said that all that the Minister is saying that he is going to do in October, I imagine with about three months delay could have been done when the Minister brought to this side following the actuarial review, our proposals for the increase in social insurance benefits. The state of the fund is exactly the same, the contributions are as the Minister stated except for the 16p and 14p and we on this side of the House feel that this could have been done at that time. I would like to ask the Minister that despite his labours on this matter is he prepared to say how that social insurance pensions in Gibraltar bear comparison with those in the UK or not?

HON A J CANEPA:

Sir, taking into account the contributions and the benefits which result from those contributions, I think people contributing to our social insurance scheme are getting very good value for money indeed. In some cases, our benefits are higher than in the United Kingdom. For instance, I mentioned an increase of only £5 in maternity grant, I say only £5 because it brings us to £25 which is the maternity grant current payable in the United Kingdom and which, in spite of the announcement in the UK at the time of their budget to increase their own pensions, ~~the maternity grant~~ has not been touched—it has been left at the same figure. Death grant, Sir, which is somewhat emotive in Gibraltar, is already running, with the proposed increase, at £50, whereas in the United Kingdom it is only £30, ~~even now~~. As regards the more important long term benefits such as the old age pension, I believe the objective there is to provide an old age pension of £16 a week for a couple. What we are earmarking for January is £10 a week. I think Hon Members opposite, if they do a little ~~bit of~~ homework, will find that we are slowly but surely closing the gap, and the objective of the Government as I have said, Sir, is to have a fairly frequent reviews. In fact, my ultimate objective is a yearly review and therefore I can foresee that we shall certainly keep pace ~~all in~~ ~~all~~ taking everything into account. Our benefits will be very good value for money compared to the contributions, Sir, which in the United Kingdom ~~are~~ a great deal higher.

HON M XIBERRAS

I am grateful to the Minister for that exposition. My question however was not related to value for money. It was rather a question of to what extent can the aspirations of people here in Gibraltar bearing in mind the Cost of Living in Gibraltar and so on, how these can be reconciled with the aspiration of people in the UK at this moment. I don't think what the Minister has had to say on value for money necessarily leads the House to believe that the Government can continue to close the gap between Gibraltar and the United Kingdom. And I shall have more to say about this in the motion which stands under my name for debate later. I think what the Minister has told us is that in the United Kingdom people can reasonably expect in the near future to get £16 per week whereas in Gibraltar a married couple by October can hope to get £10, a difference of £6 between Gibraltar and the United Kingdom.

MR SPEAKER:

You are beginning to debate the statement and we must not do that.

HON M XIBERRAS:

I appreciate that, Sir. May I ask another question of the Minister and that is the instalments he talked about, perhaps I did not catch what he was saying. He said up to £250 could be paid by instalments. Can the Minister give an idea of the size of these instalments as it is obviously very important that the instalments should be payable in the loose sense by people who have to pay them?

HON A J CANEPA:

Sir, this figure of £250 is the maximum that anyone would have to pay if he has never been in insurance. Someone who hasn't paid a penny since the scheme started in 1955 would have to pay £250. ~~Someone who has never been in the scheme.~~ If we allow, therefore, a period of five years Sir, it means that they would be paying, on a weekly instalment basis, £1 per week. I think ^{that} if people are given sufficient notice, as we are giving them, and if they realise, Sir, that even if they are near the age of 65 the moment that they reach the age of 65 they can look forward to £10 per week, ~~they very~~ ^{will very} soon recoup their outlay. I do foresee that those who are nearer the age of retirement would have a shorter period because one thing that cannot be done, Sir, is to allow payment after the age of 65. That ~~is then called~~ ^{is called} "benefit inspired" which is against all the principles of social insurance.

HON M XIBERRAS:

I am very glad to hear the Minister speaking in these terms because when we raised the point about instalments the Minister said this was against all principles of social insurance and now apparently it is possible to do this. But we on this side of the House are very glad that the Minister has seen a way round these principles of social insurance to enable the principles of social equity to reign. There is one more question I might ask him and that is concerning the contribution of a quarter of a million pounds which the Government intends to make at a certain point in time. We on this side of the House argued that the balance between the employers' contribution representing one side, the employees contribution, representing another side, and the Government's contribution, representing the third side should be altered in line to what obtains in Britain and other European countries so that the Government could contribute more to achieving adequate social insurance pensions. Could the Minister give an indication to my question of the extent to which this contribution of a quarter of a million pounds would alter the Treasury's but in this tripartite arrangement which results in pensions being paid to old people?

HON A J CANEPA:

I take the point about the extent to which I am influenced by what members opposite say. This is a fact. And ~~this is~~ ^{it may} for those that argue that the House of Assembly is a farce, that Government and Opposition doesn't work, I think this is a pointer to the fact that it can work. That we can pick the brains on both sides and come some times to arrangements, to solutions, which are to the benefit of the people as a whole. Coming to the specific point, Sir. There are two ways of looking at this contribution which over the years, the Government has been making into the scheme. One alternative Sir, is for the Government to contribute directly into the social insurance fund together with employer and employees and pay all pensions out of that fund. That is the UK tripartite arrangement. The other way of looking at it is this, Sir. The

which it was
 Social Insurance Scheme becomes self financing and employers and employees contribute to it. It is only those people who have fulfilled the necessary conditions that then derive a benefit from that side. And what the Government then does, Sir, *is to re-allocate* the money that ~~was previously earmarked~~ which it was putting into the Social Insurance Fund, ~~it now re-allocates~~ to pay the very substantial number of people who have missed the bus, who are not now covered by insurance *any* who may still not be covered in spite of the fact that we are making insurance compulsory. I am thinking of course, of people such as the non-employed whom one might term non-employed, and those who now fall between the age of 65 and 75 *of the* elderly persons' pension. So the previous contribution that Government was making into the Social Insurance Fund will now be re-directed ~~in this direction~~ to meet this specific commitment. You still have, Sir, in a way, tripartism. Not into the same fund but into the scheme generally. And this is what we are doing.

when they become entitled to an

MR SPEAKER:

We are now debating the system we must have an answer.

HON A J CANEPA:

Well, the other specific point is that the recurrent commitment for the Government, out of general revenue, will continue to be the same. It will be by and large the same sum of money that will be earmarked now for these other improvements.

HON M XIBERRAS:

I am grateful for that, Mr Speaker. I take very much to heart that the Minister has said about the utility of the House of Assembly. I would prefer the word "solutions" to the word "arrangements" in this House. But I think it is a very pertinent point to make, that this House does not waste its time. May I inquire about people who have missed the bus. In making contributions compulsory one necessarily is dealing with a limited number of people who would now have to pay but who would not tot up the necessary number of contributions before they reach the age of 70 or 65, which is again a welcomed step. Can the Minister say whether these people, limited as they are, but who have some say in the matter and should also be treated equitably, whether these people would get in any way a limited pension. My enquiry relates to people who have not completed a number of contributions before they reach the pensionable age and who apparently will now have to pay compulsorily their contributions. Will they be entitled to a limited pension at least?

HON A J CANEPA:

That is already happening with an even more limited number of people who become re-employed. People who in the past may not have been contributing, on now retiring and becoming re-employed are

required to contribute, in a way, under false pretences, because they never see any benefit. Sir, what the Hon Mr Xiberras has in mind is a group of people between the ages of say 55 and 65. They will now be brought into the scheme compulsorily. They are being given, to my mind, what are very reasonable facilities for the payment of arrears and one wants to encourage them to pay arrears at least to the extent of their qualifying for a social insurance pension out of the fund. If they do not do so, Sir, then they will have what is now termed the elderly persons pension, the non contributory, ^{one} lowered for their benefit ^{primarily} up to a point to the age of 70. I have in a way reluctantly, Sir, but I must be frank, I have shied away from the final step of lowering that to 65 for men because I think it will be a dis-incentive for those people ~~near the age of 65, between 55 and 65~~. It could be a distinct dis-incentive for them to pay arrears. Because they may say: "Well, in any case I am going to get something at the age of 65". It will be a smaller pension....

who are near
the age of
65

MR SPEAKER:

You are falling into the temptation of debating the scheme. There must be an answer.

HON A J CANEPA:

The answer is, Sir, that they can immediately look forward to their elderly persons pension at the age of 70 and in the not too distant future something even better than that.

HON M XIBERRAS:

But not by virtue of this legislation which the Minister is talking about.

HON A J CANEPA:

Not out of the Social Insurance Fund because they haven't got the necessary number of contributions. Again at a future date, I will give very serious consideration to the lowering of the first contribution condition, which is now £500, ~~of lowering it,~~ perhaps to £250 or £150, so as to make sure that, again, more people ~~are swept in under social insurance~~ ^{become entitled to} pensions.

HON M XIBERRAS:

I think it is a natural corollary, Sir, of universal compulsory contributions to have universal pensions, and I think that the Minister has accepted this implicitly. Perhaps he might get up after I have sat down and assure the House of this. However, I don't know whether he has answered my question. My question was not directed at the payment of arrears, it was directed at the possibility of people who in paying arrears or contributing in the normal way up to the age of 65 and 70 would in fact not have the necessary number of contributions, in other words it is impossible for them to reach the necessary number of contributions before they reach 70 or 65. Will they have a limited pension or not? Now that is my question. I appreciate that there are facilities now for the payment of arrears.

HON A J CANEPA:

They ~~will~~ not have a limited pension at the moment, Sir, if they do not fulfil 500 contributions. It is my intention to lower that in the future but I don't think I should do so in this review for very good reasons.

HON F J ISOLA:

Mr Speaker, may I just ask for one assurance. As the Minister has said that he hopes to take these bills in all their stages at the next meeting of the House, may I ask for an assurance that the bills will be published at least 2 or 4 weeks before so that not only may Honourable Members on this side of the House consider the matter but a lot of people who are obviously going to be affected by them will be able to do so and make representations to whomever they wish before the passage of the bills.

HON A J CANEPA:

I can definitely give ~~that~~ assurance that the bills will be published at least a month before the next meeting of the House.

MR SPEAKER:

I now call on the Hon the Minister for Housing to make his statement.

STATEMENT BY MINISTER FOR HOUSING.

Mr Speaker the House will recollect that in answer to Question 170 of 1973, I stated that the Housing Allocation Committee was then, currently considering certain amendments to the Housing Allocation Scheme (Revised) 1971. I also said that the effective date for implementation of the revised provisions would be the 1 January 1974. The House will also recall that in my answer to Question No.14 of 1974, I said, inter alia, that the first three blocks at the Varyl Begg Estate would be allocated in accordance with the pointages established by the revised Scheme 1974.

2. I am now pleased to inform the House that the Government has accepted, for implementation with retrospective effect to the agreed date, the Housing Allocation Committee's recommendations for revision and I have great pleasure in laying the Revised Scheme on the Table at this Meeting. I would also like to place on record, once again, the Government's appreciation of the hard work and interest taken by the Housing Allocation Committee, not only in connection with the review but with the normal routine work of allocations etc.

3. The House, and the General Public, will surely realise that to give effect to the revised, and I may add, improved provisions of the Scheme, all applications for accommodation will now have to be re-assessed for new pointage values which, in due course, will establish applicants' position on future Allocation Lists. The re-assessment of all applications, about 1500 in number, will take some time but it is expected that it will not interfere in any way with the allocation of the first three blocks in the Estate which, I am informed, are now virtually ready from the construction point of view. The allocation list for these blocks, will, I should add, be drawn up on pointages obtaining on the 1 August 1974.

4. It is usual for the Minister to make available to the House the proportions of houses in new Estates that will be set aside for different categories of applicants and, in this connection, I would like to state that in the case of the Varyl Begg Estate, the proportions will be:-

- | | |
|---|-----|
| (a) Medical Category | 15% |
| (b) For the purpose of the Government Quarters Agreement | 8% |
| (c) For the purposes of decanting Police and Government Pensioners (including Tied Houses) | 6% |
| (d) For Government commitments, ie condemned premises, decanting of prewar Units for General rehabilitation purposes etc (and subject to review during the course of the next 4 years) say, | 6% |

(e) For the purposes of decanting Transit Centres	5%
(f) General Allocation List (including transfers)	60%
	<hr/>
	100% = 652 flats.

HON M XIBERRAS:

Mr Speaker, may I say that the Housing Allocation Scheme (Revised) 1974, reached the Opposition too soon before the announcement of this meeting for the Opposition to give proper consideration to this. We therefore welcome the statement that has been made by the Hon Minister for Housing. This, as the House will no doubt be aware, is a most important statement from the point of view that it seeks to lay down the ground rules for the allocation of 650 new flats plus whatever accommodation becomes vacant as a result. This would bring the total up to some 900 to 950 houses, I would imagine. Therefore the way in which these houses are disposed of by the Government is of very great importance both to people on the Housing List and to members on this side of the House bearing in mind that the Government is making its first allocation, real allocation, on its own rules as I might say, since it came into office. There are a number of questions which I would like to ask the Minister and we have considered raising this matter on the adjournment.

MR SPEAKER:

The questions must be related to the statement.

HON M XIBERRAS:

If by the end of the questions which I am about to put to the Minister we feel that there is not enough information available to members on this side of the House or to the general public, then we shall raise the subject on the adjournment. I would like to have the facts absolutely clear, and that is that all houses on Varyl Begg Estate are going to be allocation in accordance with the new Housing Allocation Scheme. Is this, in fact, the case?

HON ABECASIS:

Cf course, Sir, naturally.

HON M XIBERRAS:

I heard correctly. I was merely seeking confirmation about this, and that indeed the Minister hopes to carry out a complete revision of the pointage of all 1,500 applicants on the Housing list before the 1st of August 1974. And that houses will therefore be allocated.

HON I ABECASIS:

I said, Sir, that obviously the allocation of the Varyl Begg Estate will be done in accordance with the new Scheme. This was an undertaking I gave to the House as I said in my statement in reply to question No.14 of 1974 and the revision will be carried out between now and the 1st August 1974.

HON M XIBERRAS:

Sir, I was merely seeking confirmation of what the Minister has said on previous occasions. Sir, I have no doubt that the Minister has considered the difficulties involved in carrying out a general re-assessment of the points. But since he said that by the 1st of August 1974 this can be carried out and that the allocation can begin by such a date, we shall take his word for it that it is possible. Now, as to questions. Has the Minister referred the new housing allocation scheme to the Housing Allocation Committee, a committee which he has praised in his statement and for which this side of the House has the greatest respect and the greatest admiration?

MR SPEAKER:

No, I am afraid we have got to be strict now. We are now going to debate the manner in which the whole thing has been done. All you are entitled to do now is to ask any questions you consider necessary to clarify anything which is not clear by the statement made, exclusively.

HON M XIBERRAS:

Sir, the statement says that 650 flats at least are going to be allocated in accordance with the new Housing Allocation Scheme. There has been praise for the Housing Allocation Committee which is responsible for the allocations and my question is, has the Housing Allocation Committee been consulted about this particular scheme according to which 650 flats are going to be allocated?

HON I ABECASIS:

Sir, the new scheme is in fact the recommendations of the Housing Allocation Committee.

HON M XIBERRAS:

Can the Minister say whether the Housing Allocation Committee had any points to make on the proposals made by the Minister in respect of this new housing allocation scheme?

MR. SPEAKER:

No. That is out of order.

HON M XIBERRAS:

Can the Minister say then whether the buildings that become vacant as a result of the allocation of the Varyl Begg Estate are going to be allocated by the new Rules he has announced in the House?

HON I ABECASIS:

Of course, Sir.

HON M XIBERRAS:

Is it not a fact that the Minister has reserved for himself the allocation of all pre-war housing, some of which....

MR. SPEAKER:

No. We are not debating allocation of houses. We are not even debating. You are entitled to ask for clarification of anything contained in the statement.

HON M XIBERRAS:

Can I ask the Minister then whether this new housing allocation scheme which he has commented on in the statement, is going to apply to pre-war dwellings as well, in the general allocation connected with the Varyl Begg Estate?

HON I ABECASIS:

Sir, the scheme as the Hon Leader of the Opposition said, has been with them for some time and paragraph D of the terms of reference of the Housing Allocation Committee clearly states as follows: "To recommend the allocation of such Government accommodation except pre 1945 constructions which have not been certified by the Minister for Housing to have been rehabilitated for post-war standards under a general scheme of rehabilitation, as they become available to applicants on the priority list as provided in (6) above." So in the revised scheme there is provision that the Minister for Housing will only allocate those pre-war houses which are not rehabilitated to a certain standard.

HON M XIBERRAS:

Is the standard one which is known to people? In other words, is it the 5 Wilson's Ramp standard? I am concerned Sir, the Minister has said.....

MR SPEAKER:

I know, and quite rightly I am sure. But I am afraid the rules have to be applied.

HON M XIBERRAS:

Sir, as I said the questions might perhaps be better put on the adjournment, since these are directly concerned with the terms of the Housing Allocation Scheme. Perhaps the Minister would give an indication of the extent to which Ministerial powers of allocation have been retained for the first time specifically by the Minister in question and to what extent this Housing Allocation Scheme operated almost, I might say, by the Housing Allocation Committee, is going to apply?

HON I ABECASIS:

Sir, let me assure the Leader of the Opposition and the House that the Minister does not want to take more powers than he really requires to do his job. The standard of rehabilitation of the pre-war houses will be along the lines of No 5 Wilson's Ramp.

HON M XIBERRAS:

Mr. Speaker, the Minister has mentioned a 6% allocation to the Police. Can he give an indication on what basis this allocation is going to be made and compare it, perhaps, with Catalan Bay or any other area? For instance the Transit Centres I see are going to get 5% of the allocation. Can the Minister give an indication on what basis he has decided to allot these particular categories to particular sectors of the community?

HON I ABECASIS:

Sir, on the question of the police and Government pensioners it is to bring out from quarters those who retired many, many years ago who are now blocking the quarters for policemen and other type of civil servant. The question of the Transit Centre it is (a) because....

MR SPEAKER:

No. You can answer how the proportions compare and nothing else.

HON M XIBERRAS:

Mr Speaker, my question was on what grounds has a separate allocation been made to the Transit Centres, and how does this compare to Government judgement of the situation in Catalan Bay or the police or other particular sectors of the civil service. On what grounds?

HON I ABECASIS:

I tried to explain that on the Transit Centres the Government requires a certain number of vacant places in order to implement the rehabilitation programme. We want to have a few vacancies available so that when we start the rehabilitation programme we would have at least some accommodation available for those people who have to move out so that the houses can be properly rehabilitated.

HON M XIBERRAS:

Mr Speaker, my question was related to the Transit Centres. Is the Minister then saying that the Transit Centres are going to be used for the decanting of people before they are housed properly?

HON I ABECASIS:

In some cases this may be so, Sir.

HON M XIBERRAS:

Are these the grounds for giving the Transit Centres 5% of the allocation at Varyl Begg Estate?

HON I ABECASIS:

I said it was one of the reasons, Sir.

HON M XIBERRAS:

Would the Minister be a little bit more open about the matter.

MR SPEAKER:

The Minister has made a statement and it is open to the Opposition to clarify any matters which are obscure. It is not right on a statement to cross examine the Minister on policy. If it is found to be of importance then we can debate it on the adjournment. But we must not use the indulgence of the House for the purpose of clarifying uncertainties to cross examine the Minister.

HON M XIBERRAS:

Thank you, Sir. I am very much aware of the fact that there are limits on this sort of questioning of the Minister. I just thought that since he had mentioned the Transit Centres specifically as taking up 5% of the allocation, that he would be prepared readily to answer the question on what grounds. The Minister has said it is for decanting purposes, partly that he is allocating 5% of the general allocation to the Transit Centres. I just thought that the

Government policy was in fact to clear the Transit Centres and I am rather surprised to see the Minister saying that he is going to take people out of the Transit Centres in order to put others in. However, this is as Mr Speaker is aware a point which has much interested this side of the House in previous questions and I believe that the Minister said at one time that there would be no separate treatment for people in the Transit Centre.

MR SPEAKER:

We have got to put an end to this now and continue with the business of the House.

HON P J ISOLA:

Sir, why does the Minister talk of decanting Transit centres? Surely what he is talking about is re-accommodation of people in transit centres. Is this decanting? Giving people new houses? Is there any particular reason for phrasing this as decanting transit centres when what you are doing, surely, is giving new, first class modern accommodation to people in transit centres. Is this decanting? I am not asking whether it is right or wrong. I am just asking is this decanting?

HON I ABECASIS:

It will be decanting the other people, Sir.

HON P J ISOLA:

Oh, I see. So the Minister is referring to decanting people who are somewhere else today, probably in better houses than in the Transit Centres. Is that correct? Could I ask the Minister how he justifies a separate allocation for transit centres? The reason why I am asking this is that in the scheme he has made provision for pointage assessment for people in transit centres. Could he say why it is that he has a separate allocation? Is it redemption of promises or something like that? Perhaps the Minister could explain.

HON I ABECASIS:

I have explained it three times, Sir, already.

HON N XIBERRAS:

Sir, perhaps the Minister could explain or answer the question of whether the Housing Allocation Committee agreed to this percentage allocation into different categories?

MR SPEAKER:

There is no need to answer that question.

HON I ABECASIS:

But I am going to answer it, Sir. Certainly not.

HON M XIBERRAS:

I take very much to heart the praise the Minister has given the Housing Allocation Committee which he chooses to base on the premise that they should not be consulted as to what percentage should go to whom. May I say...

MR SPEAKER:

No, you may ask.

HON M XIBERRAS:

Sir, we shall raise this question on the adjournment as affecting a matter of urgent public importance bearing in mind the fact that this allocation is going to be made before the House is due to meet again after the summer recess.

HON P J ISOLA:

In the course of his statement the Minister said that the re-assessment of all applications would take some time. Am I right in saying that that some time is really up to 1st of August? That by 1st of August the whole 1,500 will have been re-assessed?

HON I ABECASIS:

Not necessarily completed by the 1st of August. If the 1,500 applications are completed, say, by the 15th August or the 31st August, the date of the pointage will be the 1st of August 1974.

HON M XIBERRAS:

But, Mr Speaker, I thought I had an assurance from the Minister that the date of allocation would be the 1st August. This was the question which I had asked him before. The allocation of the houses.

HON I ABECASIS:

I would not know whether they would be ready by then, Sir.

HON M XIBERRAS:

Oh, I see. Well, Mr Speaker, I thought that the Minister for Public Works had said earlier that the first three blocks were practically ready to be handed out and this is why I asked the question. My reason for asking the question was because I think people have a right to know when the first houses at Varyl Begg Estate are going to be allocated. As the Minister hasn't answered that question before perhaps he might do so now.

HON IABECASIS:

Sir, in my statement I said: "which I am informed, are now virtually ready from the construction point of view."

HON M XIBERRAS:

This is most illuminating, Sir, insofar as his responsibilities for the allocation of houses is concerned, but not illuminating enough for the Opposition. Could the Minister say by what time he expects to allocate the first three blocks of Varyl Begg?

HON I ABECASIS:

The first three blocks according to the answer to Question No.95 says early in August. The moment the houses are ready they will be handed over to the Minister for Public Works who will in turn hand them over to me. Then the Housing Allocation Committee will meet and give houses to the people in the waiting list as per their pointage on the 1st of August 1974.

HON M XIBERRAS:

Is the Minister saying that the Housing Allocation Committee is going to meet on the basis of the new pointage mid-way to August or so after the review of pointage has been carried out by the Public Health Department, and is he expecting to allocate these houses before, let us say, August September or October? Can he give an indication?

HON I ABECASIS:

Sir, the houses will be allocated as soon as possible after they have been handed over to the housing unit. Once the houses have been handed over to the housing unit and the amendments to the 1,500 applications is carried out, then the Housing Allocation Committee will meet and will recommend to me their allocation.

MR SPEAKER:

It is clear that what the Minister has said is that the reassessment of the pointage of applicants will be as at 1st of August 1974. The houses will be allocated according to the pointage that they will each hold as at that date. Houses will be allocated to them on those points when they are ready and handed over to the Housing Department.

HON M XIBERRAS:

Sir, we perfectly appreciate this. We just wanted to give the public an indication as to when these houses were about to be allocated. We now have the picture clearly. It will be no earlier than the 1st of August. It will be some time after that when the review of pointage has been carried out and the Housing Allocation Committee has been able to consider the new points. Mr Speaker, I don't know whether you are going to allow this question but I think I should ask it. And that is the Catalan Bay Scheme is not going to be allocated according to the new pointage, I take it. Could the Minister give an indication according to what pointage it is going to be allocated?

MR SPEAKER:

No, I cannot allow that question.

SUPPLEMENTARY ESTIMATES NO.2 OF 1974/75

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, Sir, if I may make one general observation before moving that the House resolve itself into Committee. It is just that Supplementary Estimates No.2 of 1974/75 totals £51,406 and of that amount apart from £4,575 all the rest represent revotes of sums provided for in last year's estimates which remained unspent by the end of the year either because the works were not completed or goods ordered had not been received. The services therefore had to be brought forward into this year. So I have the honour to move that this House shall resolve itself into Committee to consider in detail Supplementary Estimates No.2 of 1974/75.

HON M XIBERRAS:

Mr Speaker, there is a statement I would like to make on behalf of members of the Opposition. And perhaps this is a convenient time to do so.

MR SPEAKER:

There is no power under Standing Orders for any member to make a statement on behalf of a group or of the members of the Opposition. There is power under standing order No.50 for any member and I will read the Standing Order:

"By the indulgence of the Assembly (not the Speaker but of the House) a member may make a personal explanation although there be no question before the Assembly but no debatable matter may be put forward or debate arise upon the explanation". There is another rule, of course, when members can speak twice, which is Rule 46(8) which says: "A member who has spoken to a question proposed to the Assembly may again be heard, if the president so permits, to explain some part of his speech which has been misunderstood, though when so speaking he shall not introduce any new matter ." Now, if what you want to make is a statement on something which has transpired during the course of this meeting and which needs explanation, then I can give you leave personally under Rule 46(8). If what you are asking is to make a statement of personal explanation which relates to a matter which has not been touched upon in this House, you will have to explain very briefly the subject matter and if the House gives leave you will be entitled to give an explanation. But I must warn the Hon Member, it must refer exclusively to the position of the person making the statement if it is any matter in which he feels he is entitled to give an explanation to the House. Those are the rules.

HON M XIBERRAS:

I thank Mr Speaker for that guidance, I am referring to a point which has not arisen in the course of debate in this House at this particular meeting and I would therefore ask the leave of the House to make a point of personal explanation.

HON CHIEF MINISTER:

Sir, surely, if it hasn't happened at this particular meeting

MR SPEAKER:

A member may give an explanation about his conduct in or outside the House if he feels that there is need for an explanation.

HON CHIEF MINISTER:

Yes, except that I understood him to say that it was on behalf of the Opposition. So it is not personal.

MR SPEAKER:

No, no, I have made it quite clear that it must be his own conduct which he is personally explaining and must not refer to anyone but himself.

HON M XIBERRAS:

Well, I can make it in respect of myself and not in respect of the Opposition as a whole. I feel it is a matter of some public interest and I think it should be made at this particular juncture.

MR SPEAKER:

The answer is that you are entitled to ask for leave of the House.

HON CHIEF MINISTER:

If it is not controversial, because if it is one would want to debate it.

MR SPEAKER:

That is why I said that very briefly he must give an indication as to what the matter is without going into an explanation.

HON M XIBERRAS:

I hope it is not a controversial matter. It is an imputation that Honourable Members in this House, including myself, have been paying visits to Ministers of the Spanish Government in various capitals in Europe. I would hope it was not a matter of controversy.

MR SPEAKER:

Now we know the subject matter. You want to make a statement which affects your position vis-a-vis this particular circumstance.

HON CHIEF MINISTER:

That is an allegation made by a newspaper.

HON M XIBERRAS:

Yes.

MR SPEAKER:

So it is up to the House to decide whether to grant leave to the Honourable Member to explain.

HON CHIEF MINISTER:

It will of course be open to any member who doesn't like something in a newspaper to say "I didn't do what the paper said I did", every time there is something objectionable. And I think there is some reference in the Standing Orders that no statements can be made or refer to any statements in newspapers. I cannot put my finger on it now. Not that I mind.

MR SPEAKER:

May I perhaps have the view of the Attorney-General on this one, The Honourable the Leader of the Opposition has asked leave to make a statement of personal explanation. He wanted to make a statement of personal explanation referring to the whole body of the Opposition members. I said that he could not do that. Under Rule 46(8), of course, if it refers to a matter which has taken place in debate which has been misunderstood, then any member may ask leave of the Speaker to explain and clarify the position. Over and above that under rule 50 any member can make with the leave of the House and not the Speaker, give an explanation of personal conduct if he feels that he has to. It need not necessarily be of a matter which has happened within the House / The Honourable the Leader of the Opposition says that he wants to explain and give an answer to an allegation made in the local press as to the conduct of members of this House as to visits to the Spanish Ambassador in London. Now, the Chief Minister has raised the question as to whether allegations made in the press are subject to explanations by members. Well, it is up to the member to decide that but I feel I would like to have your guidance on this.

/but it
might
refer
to his
conduct
outside
the
House.

HON ATTORNEY-GENERAL

Mr Speaker, without having looked, perhaps, at Erskine May my feeling would be that if there was a statement made about a member in the press, shall we say of gravity, then that member should be allowed to air the matter in this House.

MR SPEAKER:

That is my feeling and that is why I am saying that in the circumstances it is up to the House to decide, knowing the subject matter of the explanation, whether he should be granted leave or not. That is the way I look at it. So I think it is up to this House itself to decide.

HON CHIEF MINISTER:

In fact I don't mind if it is done on behalf of the Opposition so that we don't have seven statements.

MR SPEAKER:

I was thinking that we might have seven statements but there was nothing I could do about it. I have to apply the rules as they stand. I take it that the Leader of the Opposition has the leave of the House?

HON CHIEF MINISTER:

He has leave.

HON M XIBERRAS:

Sir, the allegations in the press that members of this House had paid calls on Spanish ministers is one which is obviously very serious. Now, this allegation was extended to the alleged visits of members of this House to ministers and ambassadors. And the allegation went on that members of this House had visited, in addition to members of the public in Gibraltar. The articles were so phrased as to give the impression that members of this House were as anxious to have

MR SPEAKER:

No, no. I will not have anything other than a statement that whatever the press has said does not refer to you, and nothing else. I won't allow any debate or any explanation as to the quality of the statements, or anything other than the fact that you can clear any personal imputation, and nothing else.

HON M XIBERRAS:

This of course, Sir, is the primary aim of my statement. Had visited the Ministers or Ambassadors and the report appeared, Honourable Members may be aware, in the Gibraltar Chronicle. In view of the fact that whereas at one stage this particular correspondent mentioned ministers, but at a later stage mentioned elected members, generally, I think it is necessary for myself as Leader of the Opposition, to ask the leave of the House to make this point of explanation. It is completely untrue, to my knowledge, that any member of the Opposition has in the last four years made any kind of visit to any Minister or any Ambassador of the Spanish Government. And, obviously, on my own behalf I can categorically say that I have not done so. The allegation following the advice the Honourable and Learned the Attorney-General has given, the allegation is a serious one in the circumstances of Gibraltar and I feel that it behoves me, at least, on behalf of the Opposition to make our situation, our position, absolutely clear. And this I now so do.

HON CHIEF MINISTER:

Mr Speaker, I would also like to say something on this.

MR SPEAKER:

To keep the record clear may I say take it that you are asking leave of the House to make a statement?

HON CHIEF MINISTER:

Yes, Mr Speaker, I am asking for similar facilities. The Leader of the Opposition has drawn the line at four years. Perhaps if he had drawn the line a little before, a Honourable Member on that side of the House and this Honourable Member who is standing up now, might recall that we saw two Ambassadors.

HON M XIBERRAS:

I apologise to Honourable Financial & Development Secretary for interrupting his motion.

Item 1 Head II - Cemeteries was agreed to.

Item 2 Head V - Electricity Undertaking was agreed to.

Item 11 - Public Works Annually Recurrent was agreed to.

Item 4 Head XII - Public Works Non-Recurrent

HON M XIBERRAS:

Sir, reference the item sewage pumps for Western Beach and Devil's Tower Road - £3250. Could the Minister give some indication of what this refers to. I am thinking particularly of the debate we had in this House some time ago about pump attendants, people manning pumps and the question of mechanisation and so forth and so on. I wonder whether the Minister would give some indication to what this is about.

HON LT COL J L HOARE:

Mr Speaker, this is a repetition of item 83 which appeared in last year's Estimates - £1500 - and Item 84 which also appeared in last year's estimates - £1750, totalling £3,250. The order has been replaced but the pumps have not arrived. It is not new, the plant has not arrived because of a delay in delivery.

HON M XIBERRAS:

Sir, I take it, it has nothing to do with the question of mechanisation and some sort of rationalisation which we are talking about at Budget time?

HON LT COL J L HOARE:

No. These are sewage pumps not fresh water pumps.

Item 4 Head XII was agreed to

Item 5 Head XV - Telephone Service was agreed to.

HON FINANCIAL & DEVELOPMENT SECRETARY:

Mr Speaker, Sir, I have the honour to move that the votes detailed in Supplementary Estimates No 2 of 1974/75 be approved.

MR SPEAKER:

I now propose the question which is that this House approves of votes detailed in Supplementary Estimates No 2 of 1974/75.

HON M XIBERRAS:

Mr Speaker, on the general motion concerning all the supplementary estimates, and bearing in mind that we have this new procedure whereby we discuss things generally, could I ask the Honourable Financial & Development Secretary

MR SPEAKER:

This is not a new procedure. This is the normal procedure.

HON M XIBERRAS:

Sir, there is a new importance attached to this because of the new procedure of having legislation for each separate vote of supplementary estimates. May I ask the Honourable Financial and Development Secretary the same question I asked the Honourable Mr Gomez when he was acting Financial Secretary whether he feels that this amount of supplementation which is required gives an indication as to how much supplementation would be needed in the current year. In other words, bearing in mind the fact that at Budget time very little, if any, provision was made for inflation of materials and so on bearing in mind this and being very careful about the financial position of Gibraltar, will he give an indication whether this particular supplementation gives the Financial Secretary an indication as to how expenditure is going. I see no very big items there, they all seem to be rather commonplace but I think we should enter this caveats and the Financial and Development Secretary might comment on it usefully.

MR SPEAKER:

Is there anything else you wish to say or is this your contribution to the debate.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, Sir, I am not aware of the answers given by Mr Gomez acting in my place last time.

HON M XIBERRAS:

May I enlighten the Honourable the Financial and Development Secretary. Mr Gomez said - I cannot quote his exact words - but that expenditure seemed to be heavy, in other words that supplementation would be required to an extent. He didn't commit himself to what extent it would be required, but he did not give the kind of answer which one might associate was the Financial and Development Secretary, in other words that this was quite normal for the time of the year.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I thank the Honourable the Leader of the Opposition. I would agree. We are at 10th July, you see, only three months into the year any way. As I said at the beginning as a general observation on these supplementary estimates there is only £4,575 of this which is new expenditure. The remainder is time lag, expenditure that we expected would fall within last year and didn't do. We could not assume that the level of supplementary expenditure that we brought to the House at the end of the first three months would by any means indicate what it might be over the year as a whole. I should say it is providing no easy business at all to carry out the requirement of the Financial Procedures Ordinance which requires that before the Financial Secretary comes to the House for approval of any supplementary expenditure he shall have satisfied himself that there could not be savings or likely savings in votes sufficient to cover that. My policy is with departments to press very hard that if there is the possibility of savings then we count on these savings until we fail on them. I would say also as the Financial Officer did. We could not assume that this is any indication of the level of supplementary expenditure that we shall come within the year.

HON M XIBERRAS:

If the Honourable Member will give way. This is precisely what my question was. My question was, does this give an indication, or is there any other evidence to show which way things are moving?

HON FINANCIAL & DEVELOPMENT SECRETARY:

Mr Speaker, Sir, it will build up in the course of the year. I may say that I shout and scream at departments when one month, two months, three months after the estimates they come within the supplementary expenditure. But it is inevitable to some extent. It will snowball inevitably as the year wears on.

Mr Speaker put the question which was resolved in the affirmative and Supplementary Estimates No 2 of 1974/75 were passed.

SUPPLEMENTARY ESTIMATES - IMPROVEMENT & DEVELOPMENT FUND NO.2 of 1974/75.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, Sir, briefly just in general explanation of these supplementary estimates, Improvement and Development Fund No 2 of 1974/75. They are made in accordance with section 33(3) of the Financial Procedure Ordinance, 1973, which requires this procedure to be gone through whenever the amount appropriated under any head of expenditure is insufficient or a need has arisen for expenditure for a purpose for which no amount has been appropriated by a resolution of the House. Sir, the additional sums required total £31,935 of which £26,062 will be met from funds provided by HM Government and £5873 will be met from local funds. And also a total of £29,367 of which £3,305 represent local funds is being revoted from last year. Sir, I have the honour to move that this House resolves into committee to consider in detail Supplementary Estimates Improvements and Development Funds No 2 of 1974/75.

Improvement and Development Fund (a) Housing.

HON M XIBERRAS:

Mr Speaker, work at Catalan Bay Village is now complete I take it, and the houses have all been allocated I also imagine. I wonder whether somebody on the Government benches would answer those two questions.

MR SPEAKER:

Could I have the question?

HON M XIBERRAS:

Sir, whether the Catalan Bay Housing scheme has now been completed and, secondly, whether all the houses have been allocated.

MR SPEAKER:

No. We are voting a sum of £1000. You can ask any questions as to where the £1000 is going and what it is for.

HON M XIBERRAS:

Is it, in fact, to complete the works?

HON LT COL J L HOARE:

Yes, the work has been completed except the street lighting.

Item (A) Housing was agreed to.

Item (C) Medical Services

HON M XIBERRAS:

Has the work now been completed. Does this complete the vote for the Pathology department? We are very interested to hear what he has to say about a certain breed of people in inaugurating this. Very interesting. Perhaps I might have a remark to make under the Health Centre where he might have created the same sort of occasion by inviting the Opposition to the inauguration which they didn't have.

HON A P MONTEGRIFFO:

Sir, I hope I am given the same leave to reply to an unwarranted remark. I am not the type who believes in stating who has done it provided someone has done it. As regards the Health Centre it

was not opened officially and I take no credit, I repeat, I take no credit - so that it may be heard in Main Street - for having built the Health Centre. The fact that it was not possible to open it officially is because I didn't know at the time whether we would carry on or not and as the months had gone by there was no point in inaugurating it officially, but I don't want to hide anything that I don't do. I don't want to take any credit for it. It was done in my time when the Mackintosh wing was opened. That is another matter and I don't complain.

HON M KIBERRAS:

The Honourable Member misunderstands the purpose of my remark. Could he answer the original question, that is, does this complete the vote for the extension of St Bernard's Hospital?

HON A P MONTEGRIFFO:

I am afraid I don't build the building. Perhaps that should be directed to the Minister of Public Works.

HON LT COL J L HOARE:

Yes. Extension to St Bernard's Hospital. Together with the £1,000 we have already got this year ~~this~~ will be enough to complete the work. I think the works have been finalised otherwise it couldn't have been opened ^{opening} and there may be a little bit of touching up here and there. But for all intents and purposes the job is finished.

Item (C) Medical Services was agreed to.

Item (F) Municipal Services was agreed to.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I have the honour to propose that the votes detailed in Supplementary Estimates Improvement and Development Fund No 2 of 1974/75 be approved and that the sum of £31,935 be appropriated to meet the expenditure detailed therein.

Mr Speaker proposed the question, there being no response Mr Speaker put the question which was resolved in the affirmative and Supplementary Estimates Improvement and Development Fund No. 2 of 1974/75 were agreed to and passed.

BILLS

FIRST AND SECOND READINGS

The Trade Licensing (Amendment) (No 2) Ordinance, 1974.

HON A W SERFATY:

Sir, I have the honour to move that the Bill for an Ordinance to amend the Trade Licensing Ordinance, 1972 (no. 22 of 1972) be read a first time.

Mr Speaker put the question which was resolved in the affirmative and the Bill was read a first time.

HON A W SERFATY:

Sir, I have the honour to move that this Bill be now read a second time. I believe it is the third time I have come to this House to ask for an extension of this Ordinance. The Select Committee have been doing a lot of work in trying to find a solution to this very difficult problem but it has not yet been possible to finalise any recommendations to this Honourable House on how the matter should be dealt with.

The four members of the Select Committee under my Chairmanship are working together on this but it has not yet been possible to finalise any recommendations and the object of this Bill is to extend the present law until the end of the year in the hope that by the end of the year we will be able to reach agreement on what is the best thing to do. I would also like to mention that this Bill includes an alteration to the law that will allow the Financial and Development Secretary to appoint somebody else as Chairman of the Trade Licensing Committee because the Financial and Development Secretary is very busy with other equally important if not more important matters and on this side of the House we all agree that he should be given powers to appoint some other civil servant.

Mr Speaker invited discussion on the merits and general principles of the Bill.

HON J CARUANA:

Mr Speaker, while I appreciate the difficulties encountered by the machinery of Government to implement fully the Trade Licensing Ordinance, 1972, I think that this House and not only the people of Gibraltar but all those members who are entitled to trade in Gibraltar under the EEC agreement, would like to have an assurance from Government because it has become apparent that there are people who are outside the EEC in combination with people in the EEC doing business from Gibraltar at possibly a disadvantage, and what we would like to have is an assurance that the trade licensing of the people who are not members of the EEC whether or not they come into business with a member whether a Gibraltarian or a member of the EEC would be given the consideration it deserves in view of the very difficult trading conditions prevailing at the moment where foreigners are leaving their countries to trade outside.

MR SPEAKER:

All we are discussing now is whether the life of the Ordinance should be extended and nothing else. We are not talking about the principles of the actual legislation.

HON J CARUANA:

Sir, I agree with the extension of the life of the Ordinance provided that the Government gives me an assurance as possibly a mouthpiece of people interested in this matter, that members who are not in the EEC are not entitled to trade in Gibraltar either in partnership or otherwise with EEC members will have to go through the whole procedure of obtaining a trade licensing before they operate and not turn a blind eye as apparently is the case with Gibraltarians and EEC members because the machinery which exists makes it impossible to enforce the Trade Licensing Ordinance.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, the Trade Licensing Committee is a statutory body. It is also specifically by decision of this House the Licensing Authority. The Financial and Development Secretary is the Chairman of the Committee no more than that, so of course as

Chairman of the Trade Licensing Committee I take note of the views of the Honourable Member opposite but beyond that I think I can give no further assurance nor with respect, if I may say so, would I think that the Honourable and Learned the Chief Minister on behalf of the Government would impose any restriction on the Committee.

HON CHIEF MINISTER:

Sir, I would like to say first of all that it was at my suggestion that the second amendment in this Bill was put in because critical as one can well be of the work of the Committee they take many many hours in dealing with these cases and with great respect I thought that this was more a matter for the department over which the Financial Secretary presides for a very senior officer, perhaps the Finance Officer to share because the Financial Secretary cannot be taken away so often from the major point and particularly now that we are preparing for the London talks on the question of aid and so on, and I think this is primarily so. With regard to the remarks made by the Honourable Mr Caruana I agree with the matter raised by the Financial Secretary but he may be pleased to know that in so far as the Financial Secretary or whoever presides can convey to the members of the Committee the views of the Government on any matter, these are not binding on the Committee. The points that were raised by the Honourable Caruana are, if I may say so with respect, better addressed to the Select Committee in order that the future legislation does give that protection that he is seeking the concern for which I fully share. But once the law is there as it is now or until you have something else, the Committee is bound to carry out their consideration of the matter having regard to the terms of the Ordinance in the way they consider better. Like all Committees they take some decisions in favour that one would criticise and others again that one would also criticise but they are human and naturally they have their own ideas as to how to do it. But the protection that the Honourable Member was asking in so far as EEC Members together with Gibraltarians should have at least over any others, we hope will be seen in the results of the work of the Select Committee on the law that will substitute the present Ordinance which was never very satisfactory.

HON M XIBERRAS:

I think this is the third time that this legislation has come up for extension. We have a Select Committee working on it composed by Honourable Members on that side of the House, with the Honourable Mr Serfaty as Chairman, and members on this side of the House.

This legislation was regarded as pretty basic to the Government's position when they introduced laws in relation to our entry into EEC, and however difficult the task I think all Honourable Members will agree that to have legislation of this kind extended now the third time is not a satisfactory state of affairs. I feel that the Select Committee should enter some sort of interim report on the matter because the work

MR SPEAKER:

We mustn't inhibit in any manner or form the work of the Select Committee. That is basic.

HON M XIBERRAS:

The work, Mr Speaker, of the licensing authority is bound to be undermined to a great extent by the popular view that the whole concept of this legislation is under review by the Select Committee. Therefore it is important that this House should determine what the law is going to be with some degree of finality of permanency. I cannot but feel that a Committee which is at present chaired by the Honourable the Financial and Development Secretary and apparently if this Bill goes through is not going to be chaired any more by the Honourable the Financial and Development Secretary

HON ATTORNEY-GENERAL:

The Financial and Development Secretary may appoint someone else in writing.

HON M XIBERRAS:

Sir, I have no doubt that after what has been said in this House he will, as a result of the powers which will be given to the Government in this Bill. I think the Honourable and Learned the Chief Minister has said that the Financial Secretary is involved in the preparation for the London talks and that the burden is a heavy one and he should pass it on to somebody else and therefore I was going on this indication. I am not at all suggesting the Bill says that somebody else should be the Chairman. Now I feel that a Committee that is going for practical reasons have to change its Chairman and which already has been depleted very seriously in the sense that the Trade Unions are not represented and there have been some resignations from the Committee, should not be

allowed to continue in this very important matter where decisions such as the one mentioned by my Hon Friend Mr Caruana had to be taken, should not be allowed to continue without the backing, the full backing, of a pretty clear and definitive law passed by this House of Assembly. I feel and I must ask the present Chairman about procedure in this Committee. The Honourable and Learned the Chief Minister has said that the Committee nonetheless despite the present position spent many hours deliberating the applications that are submitted. I would, of course, like this to be the case, for things to be taken seriously. I would like to ask the Honourable Member what, generally, is his view of the way in which the Committee is working at present, whether the Committee itself feels that it is representative of the interests of which it was supposed to be representative, and whether the Chairman who apparently is going to retire is satisfied with the workings of this Committee despite the fact that it has not got the full representation it was intended to have. Also I would like to ask him why it is that we appear to have such a very large increase in the number of companies that are seeking registration under this Bill. I look at my Gazette which is sent by the House and I see a very great number of companies seeking registration. I don't know what the reason for this is whether it is the fact that we are now in EEC that we have certain advantages or what the position is, but I think the Honourable the Financial and Development Secretary will agree that there is a very large increase in the number of companies of a particular kind as well. Therefore, Sir, we support the extension of this legislation but we are not at all happy with the position and we would like to see some sort of more final conclusions reached.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, Sir, I would like to say at least this in respect of the Trade Licensing Committee over which I preside. I consider it to be a Committee of talented and extremely conscientious men who are devoting a lot of time and giving very earnest consideration to the assessment of applications for trade licences to open business, change the nature of their businesses, not these many firms which have to register, not the firms which were operating on the operative date over a year ago now, but applications from Gibraltarians and others who are free to apply to set up business in empty premises in Main Street or wherever and this Committee considers that it knows the mind of Government and responsible people in Gibraltar as to the sort of businesses we would like to see more of, that the community needs more of, the shape that they should be, what should be allowed to be sold in these businesses. But the Committee has no very clear guidelines and in fairness to the applicants who spend money on rent leases they have very difficult task. I think they do it conscientiously and I as Chairman of that Committee could not but hope that very soon any

licensing authority under this Ordinance will have much clearer guidelines as to what is required than are available at present.

HON P J ISOLA:

Mr Speaker, I accept with good grace on behalf of my absent friend the Honourable Mr Bossano and myself the gentle strictures of the Leader of the Opposition with regard to the progress of the Select Committee/ is the problem of principle. It is the problem of balancing the essential freedom of the Gibraltarian to trade with the protectionist spirit that there is in the trade in Gibraltar which my Honourable friend Mr Caruana has mentioned which has been taken up in this House. There is, Mr Speaker, a very big problem involved. It is not easy, in fact, to make a distinction between EEC nationals, Chinamen and Japanese, and so forth because the main problem that the Committee has found is that any Chinaman or any Asian or any applicant can form a company in any territory of the EEC and become an EEC national and, therefore, it is impossible so long as we accept that the principle of free trade inherent within the EEC, it is almost impossible to devise a scheme to achieve the results which some Honourable Members would like to see achieved because they go very much against the essence of the Treaty to which we have subscribed and there is no question about it that the Select Committee is faced with this very fundamental problem and only recently we have asked for further advice on the practical side of the matter on which we have very little experience. Apart from that, Mr Speaker, there are the various problems which conflict in this matter. The Honourable Financial and Development Secretary has spoken very highly of his present licensing Committee and I have no doubt about it that all the Members are extremely talented and are extremely conscientious. They are also representative of only one section of the community and however talented and conscientious they might be they must inevitably be thinking of the interest of that section of the community which they naturally live among and they naturally represent. One does not blame them for that and one does not say for one minute that they are any the less conscientious. But it is a big problem because there is no question about it. Mr Speaker, that depending from what section you come you look at the interest of the community against that background. It is inevitable. This is one of the big problems the Committee has. In fact, it is the fundamental problem that the Committee has. You don't want X but how can you stop X if you have got to give the same privilege to Y who is in exactly the same position as X. There are big problems. The Select Committee are coming to certain conclusions and we are hoping to be able to produce a piece of legislation that tries to achieve

the impossible and which I am sure a lot of members on this and on that side of the House might find it difficult to accept. The only thing I ask about the amendment of the Ordinance and the putting up of a new Chairman of the Licensing Authority is that it should be a senior civil servant and that it should not be a person outside the civil service.

HON M K FEATHERSTONE:

Sir, normally I am one of the persons who have criticised a piece of legislation that has had to be extended several times and, in fact, I often wonder with this specific piece of legislation if near December we will not be coming back and asking for its extension sine die. There is one factor that is of considerable import. Our original terms of reference obviously have not been altered as much but there is the imponderable which nobody really knows the answer. What is going to be the UK attitude to the EEC if there is as it possible an election in Britain in October, if one of the parties pledge to either withdraw from the EEC or to make radical changes if it wins that election. All this will reflect upon us and I am sure nobody on either side of the House would like us simply for the sake of meeting a deadline, to formulate a type of legislation which is not cognisant of all the facts, which is not really the exact answer to what we are going to need in a future which at the moment we are not quite sure of. Perhaps we will be by late November but at the moment we do have this imponderable facing us and apart from the amendment to Section 23 I think this is a most reasonable one and I am sure the Government is fully in favour of the suggestion by the Honourable Mr Isola that it should be a senior civil servant, but this is absolutely logical. If the Financial Secretary was away from Gibraltar or ill, surely somebody should be able to stand in for him. There is nothing sinister in this and I am sure it must have wholehearted support from everybody.

HON MAJOR R J PELIZA:

Sir, what really worries me is that as the position stands now there is an open door for an applicant to get the impression if refused that perhaps they are being treated arbitrarily against. Because however fair the Committee might be particularly if the Committee is loaded towards one section of the Community or one class of the Community as unfortunately the Committee is today, that impression can be given under. It is even possible for some to believe that there is some patronising going on which I think it is in the interest of this House to prevent in any legislation for which we

are responsible. Therefore, I would urge on the Minister to proceed at full speed ahead to try and get out some kind of legislation which even if it is not perfect - and perhaps we can never arrive at the perfect piece of legislation - certainly it is an improvement on what we have today which leaves so many doors open for criticism and wrong interpretations. I would like the Minister to get the feeling, which I think is generally the feeling of the House, that the matter should be speeded up.

HON A W SERFATY:

The Honourable the Financial and Development Secretary is reminding us of the fact that there is provision for that appeals and I believe there have been cases of successful appeals. One very recently in fact. I would like to take this opportunity of thanking on behalf of the Select Committee, the Licensing Section of the Treasury for the very hard work they have done because it has really been hard work to get all the information we need before we finalise our recommendations. All I will add is that we are working very hard. We have had a large number of meetings over the last 18 months and I do hope that by the end of the year we shall come to the House of Assembly with some final recommendations acceptable to all.

Mr Speaker put the question which was resolved in the affirmative and the Bill was read a second time.

HON A W SERFATY:

Sir, I propose that the Committee Stage and Third Reading of the Bill should be taken at a later stage in this meeting.

The Supplementary Appropriation (1974-75) (No 2) Ordinance, 1974

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, Sir, I have the honour to move that a Bill for an Ordinance to apply further sums of money to the service of the year ending on the 31st day of March, 1975, be read a first time.

Mr Speaker put the question which was resolved in the affirmative and the Bill was read a first time.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir, I have the honour to move that this Bill be now read a second time. Mr Speaker, Supplementary Estimates No 2 of 1974-75 have already been approved by the House earlier in these proceedings. Section 65(2) of the Constitution also requires, however, that the heads of expenditure should be included in a supplementary appropriation Bill introduced in the House to provide for the appropriation of these sums. Hence, Sir, this Bill which I commend to the House.

Mr Speaker invited discussion on the merits and general principles of the Bill. There being no response Mr Speaker put the question which was resolved in the affirmative and the Bill was read a second time.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, Sir, I beg to give notice that the Committee Stage and Third Reading of the Bill be taken at a later stage in the meeting.

The Public Service Commission (Amendment) Ordinance, 1974

HON ATTORNEY-GENERAL:

Mr Speaker, Sir, I have the honour to move that a Bill for an Ordinance to amend the Public Service Commission Ordinance is read a first time.

Mr Speaker put the question which was resolved in the affirmative and the Bill was read a first time.

HON ATTORNEY-GENERAL:

Mr Speaker, Sir, I have the honour to move that this Bill be now read a second time. As Honourable Members will be aware Part VII of the Constitution sets up the Public Service Commission and gives it various functions mainly those of advising His Excellency

the Governor on certain matters connected with the public service. it is also provided in the Constitution that the Public Service Commission shall have such other functions as may be conferred upon it by Ordinance. The Public Service Commission Ordinance imposes on the Public Service Commission the duty, inter alia, of advising the Governor on the award of scholarships provided under the Colonial Development Welfare Schemes or from funds voted in the Estimates of Gibraltar. In the past the Public Service Commission has in accordance with its statutory duty, interviewed candidates for scholarships and advise thereon. Experience has shown that it may not be the most satisfactory body to advise on scholarships. There is no suggestion at all that it isn't certainly for other the ideal impartial body, but on the question of scholarships it may not be the best body. For this reason the present Bill removes from the Commission the duty of advising on scholarships. As members will be aware although strictly speaking this is not entirely relevant to the removal, there is now a Scholarship Award Committee set up by regulations under the Education Ordinance and that is the body which will in future advise on scholarships. Mr Speaker, I commend this Bill to this Honourable House.

MR SPEAKER:

Before I put the question to the House does any Honourable Member wish to speak on the merits and general principles of the Bill?

HON L DEVINCENZI:

Mr Speaker, I would just like to - on behalf of the Opposition - to welcome this Bill. I think it is a move in the right direction and even the Government does make moves in the right direction some times. There is no doubt in my mind that the Committee which has been set up under the Education Ordinance is more appropriate body than the Public Service Commission and perhaps in due course there might be other fields whereby it might be found that the Public Service Commission is not the most appropriate body. For the moment let me just welcome this amendment and we shall, of course, vote in favour,

HON P J ISOLA:

There is of course connected with this as the Honourable and Learned Mover said, there is the Educational Award Regulations

and there is also the scholarship whatever it is under which the Committee has been set up. Perhaps somebody could explain or clarify who will be choosing the candidates for Government courses in the civil service, because I suppose teachers are still in the civil service, ie, the training of teachers in the United Kingdom, students teachers and so forth. Who would be making the selection for these courses? Will it be the new Scholarship Award Committee that is being set up or would it be the Public Service Commission? Will the Public Service Commission still retain the discretion as to who goes to the United Kingdom in the civil service for further training in specialised fields like teaching or income tax or whatever it is.

HON M XIBERRAS:

Mr Speaker, as my colleagues on this side have said there are various documents which are interrelated here. The Bill at present before the House is related to the Education Bill

MR SPEAKER:

I cannot accept that as being a question of this debate. All that I can accept is what are the consequences of the withdrawal of the particular powers which had been vested on the Public Service Commission by deleting this particular section.

HON M XIBERRAS:

Sir, the answer to my Honourable and Learned Colleagues on my left may be contained in part in the Educational Awards Regulations. As Mr Speaker is aware the House has not debated the Educational Awards Regulations, 1974, and the purpose of the Public Service Commission as it stood or as it stands now was to choose between competing candidates for an award when the number of awards was limited or was smaller than the number of people competing for these awards. Therefore, any case for removing the award of scholarships from the Public Service Commission must necessarily rest on an assurance of the type which my Honourable and Learned friend on my left has sought and also I might venture to add on an assurance that everybody who is entitled under certain specifically expressed commitments of the Government is going to get a scholarship. In other words if this document here - the Educational Awards Regulations - undertakes to provide any person who is qualified for a scholarship to get a scholarship, then the procedure of selection is that much less

invidious and, therefore, there is a case for removing this from the most - may I say - impartial body in Gibraltar which is the Public Service Commission. I think it is rather unfortunate that at this stage in discussing the general principles of the Bill at present before the House, we have not gone fully into the consequences and the statements made in the Educational Awards Regulations. It would have been better to have assurances from the Minister on this and clarification on this. From what I gather this document states that anybody who is considered qualified by a competent authority in the United Kingdom, a University or what have you will be entitled to a grant from the Government. Now I believe that this is the case according to this document that I hold. If that is the case as my Honourable Friend on my left has said, then there is every reason to support that the more mechanical work of putting the stamp on what the authorities in the United Kingdom have said should be delegated as it were to the Committee set up by the Educational Regulations. But if there is any element of competition then in that case I think the House should consider whether the Public Service Commission is not still the body to do the selection. I am not for a moment saying that this committee set up under the Education Ordinance is not a competent committee. I am just saying that when once there is competition for scholarship - it is a very catchy matter as touchy as housing is or any other subject is - it is much better that it be dealt with by the Public Service Commission unless everybody is going to get help from the Government in which case let the Education Department Committee do this. Mr Speaker, there is also the question of on what the Public Service Commission is being asked by this Bill to relinquish powers. Is it being asked to relinquish the power to decide virtually on a means test for an applicant? In other words is the body that is going to replace it going to decide how much parental contribution there should be and to what degree on according to what rules is it going to carry out this function now, and we know this, but especially in the future when in these days of inflation within two years these rules may very well be out of date and the Education Committee may very well be excluding a certain category of applicants for scholarships. Now, this is my particular worry and subject to clarification on these two points my attitude is exactly the same as that propounded by my Honourable Friend Mr Devincenzi in his contribution. I would like the Minister for Education to throw some light on the matter.

HON M K FEATHERSTONE:

Sir, the Educational Award Regulations were published on the 28th June, which is not too long ago but I think there should have been ample time for the diligent member of the Opposition to

have read through them and to have assimilated the facts a little more accurately than the Honourable Leader of the Opposition has put them across to us. I believe, Sir, some time ago I made a statement in this House on the question of scholarships in which I said that a Working Party had been set up to look into the whole matter of scholarships and this Working Party consisted of myself as Chairman, the Director of Education, the Senior Assistant Secretary, the Productivity and Training Manager, the Head of the Careers Counselling Department of the Boys Comprehensive School, a member of the John Mackintosh Trust and four members of the Gibraltar Teacher's Association. They went very thoroughly into the whole question of scholarships and they made a number of recommendations which were presented to Government and were accepted. Amongst these recommendations, Sir, one of them was that the award of scholarships should be taken out of the hands of the Public Service Commission basically because they felt that the Committee that awarded scholarships should consist of people who were more mixed up in the day to day life of education rather than people who were further away from it. Now, Sir, though we are not debating the scholarship awards at the moment may I for the record set the Honourable Leader of the Opposition straight to some extent, if he can be set straight. If a person attains certain qualifications and also fulfils certain conditions

MR SPEAKER:

We are not going to go into the terms under which scholarships are going to be granted.

HON M K FEATHERSTONE:

No, Sir, as it has been said wrongly I wouldn't like a member of the public to think the opposite. If I cannot answer it then perhaps they will get the wrong views. If they obtain certain qualifications and fulfil certain conditions then they must on condition - one of the conditions is that they have a place in a University - they must be given a scholarship. These people have their scholarship come what may. We envisage of the total number of people who would be desiring scholarships, possibly only a percentage around 20% to 25% qualify for this mandatory scholarship. The other people will apply in the normal course of events for a scholarship and they will go through the Scholarship Awards Committee. This Committee will look at each one, assess them and recommend ~~for~~ advise the Minister on it. The second point I would like to set the Honourable Leader of the Opposition correct on,

Sir, is that it is stated very clearly what the parental contribution is going to be. There will be no Committee whatsoever to set this. This is a matter for pure administration. A senior clerk in my department will have that job to do. He will be given the facts, he has got his rules and there will be no question of discretion or anything like that. He will follow the rules. As far, Sir, as people who are going on courses etc are concerned these people are not qualified under the educational awards regulations to apply. If you have a civil servant in the income tax office who is going on a course that has nothing whatsoever to do with this. He wouldn't even fulfil the conditions. If this award went through the PSC before it will obviously go through it in the future. The main difference at the moment that this will do to the PSC is that it will remove from the PSC anything to do with scholarship awards. I think that is all that I really need to say, Sir, in clarification on this but this change has been fully advocated by the Scholarship sub-committee set up to look into the whole matter and I support it wholeheartedly.

HON P J ISOLA:

Before the Minister sits down could he state what the position of teaching training is? He clarified everything except the position of the teacher trainees.

HON M K FEATHERSTONE:

Sir, as I see it, the question of teacher trainees would still come under PSC because they are qualified to do this. Their appointment on their going on a course would be a matter for the Public Service Commission. They are really Government servants.

HON MAJOR R J PELIZA:

As regards Government scholarships in the sense of scholarships to people who are earmarked to return to Gibraltar and work directly for Government it seems to me that the Public Service Commission which was the body that was granting the scholarship was literally also making the appointment for the job or earmarking the individual for that appointment. Now, if the Public Service Commission has no say in this, and the individual is selected for his intellectual ability more than his suitability for the post for which he is being earmarked, would this be acceptable to the Government? Is there any link or can there be any link between the granting of the scholarship

and the acceptance by the Public Service Commission of that individual for that particular job for which he is being trained? I wonder whether the Minister would clarify the point for me.

HON A W SERAFATY:

Apparently as I understand it the position is that everybody has to come back to Gibraltar for a period of say three years and no jobs are necessarily earmarked for anybody.

HON MAJOR R J PELIZA:

Certainly when I was in Government we looked at what was required in the future, not so much the present but rather towards the future, in qualified men very particularly for what we called Gibraltarianisation of the post and I think it would be rather a waste of time and money if the individual was selected and trained for that particular job and then not accepted. And this is what I am trying to get at. Can it be established in some way that scholarships which are for Government posts have got the blessing of some authority in the Government, perhaps the Public Service Commission itself could be consulted. I think this aspect should be looked into.

HON ATTORNEY-GENERAL:

Mr Speaker, Sir, if I could perhaps clarify one point. Teacher training would I think come under section 10 of the present Ordinance - the award of study leave to public officers to enable them to obtain training outside Gibraltar. That, of course, is still a function of the Public Service Commission. On the point raised by the Honourable and Gallant Major Peliza, the award of a scholarship does not of course bind the person awarded the scholarship to work for the Government of Gibraltar. He will be required to return to Gibraltar for a certain period - three years I think as the Honourable member will see in the Regulations - though this can be waived if necessary by the Minister. But it will not be known of course when he goes whether in fact he wishes to return and work for Government or whether he is going to come back, and go into a business on his own account, set up as an accountant, a doctor, a dentist, etc. I have no doubt whatsoever that the Public Service Commission will keep a close watch on persons who have been awarded scholarships, it will see their progress reports, so if the person comes back and applies to join Government then the Public Service Commission would have ample information about him. I don't think we can possibly say that Mr X

who has been awarded a scholarship is earmarked for a particular job. X may think before he goes he would like to come back and work for Government and then perhaps change his mind after one or two years. I have no doubt at all that a careful watch will be kept and all the experience of the Public Service Commission in evaluating candidates who have been awarded scholarships will be exercised.

Mr Speaker put the question which was resolved in the affirmative and the Bill was read a second time.

HON ATTORNEY-GENERAL:

Mr Speaker, Sir, I beg to give notice that the Committee Stage and Third Reading of this Bill be taken at a later stage of this meeting.

The Income Tax (Amendment) (No 2) Ordinance, 1974

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, Sir, I beg to move that a Bill for an Ordinance to amend the Income Tax Ordinance be read a first time.

Mr Speaker put the question which was resolved in the affirmative and the Bill was read a first time.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, Sir, I have the honour to move that this Bill be now read a second time. Sir, the main purpose of the Bill is to enable a Pay As You Earn system of collection of income tax to be introduced in Gibraltar with effect from 1st April, 1975. As Honourable Members will recall the Chief Minister made a statement on this matter in the House on the 12th March of this year and I need not repeat what he said. I recall however that the proposed measure was welcomed and I think the entire House will be gratified to know that we now have devised a PAYE system which we are confident will suit Gibraltar's needs in simplicity, will be acceptable to employers, will benefit employees and will be workable by the Income Tax Office. With the help of an Inspector of Taxes seconded from the UK Inland Revenue the Deputy Commissioner of Income Tax is designing now the necessary forms and drawing up an employers' guide. From now on the services of the department

will be available to provide any advice that employers or employees may require. This should ensure a smooth changeover from the present system. Turning now, Sir, to the Bill before us, under the present provisions in the Ordinance assessments for any year are generally required to be based on the income of the preceding year. This cannot, of course, be reconciled with any PAYE scheme and provision is being made that assessment of wages and like regular income shall be based on the amount in the year of assessment itself. Sir, it is not proposed at this stage at any rate to alter the basis of assessment for any income other than salaries, wages, pensions, etc; that is to say the new Bill does not apply to business profits, dividends and the like. Sir, clause 2 of the Bill amends the Ordinance to give effect to the making of assessments of income from employment and pensions on the basis of the amount of the income in the year of assessment. This is done in sub-paragraph (1) of clause 2. If I may mention it sub-paragraph (2) and (3) of paragraph 1 of clause 2 look rather long and forbidding but they are technical and they do no more than this. They refer in sub-paragraph (2) to the practice we have of assessing the income of a business, an employment of whatever which commences in the middle of a financial year and in sub-paragraph (3) we deal with how an assessment is made and when charged to tax in the case of a source of employment which terminates in the middle of the financial year and all that sub-paragraph (2) and (3) of paragraph 1 of clause 2 of the Bill do is to provide that income from employment and pensions which will be dealt with under PAYE will be excluded from the clauses of the Ordinance referring to other forms of income. Sir, clause 3 of the Bill amends section 41(2) of the Ordinance by relieving an individual to whom the operation PAYE applies from making a return of income under this section and from giving notice to the Commissioner that he is chargeable to tax because now in future under PAYE the responsibility will lie on the employer. Clause 4 of the Bill amends section 46 of the Ordinance but has no relation to the introduction of PAYE. The opportunity is taken here of providing in these new subsections so as to remove any doubt that may exist as to the liability of persons or institutions such as banks who pay interest on monies deposited with them to furnish information to the Commissioner of Income Tax regarding such interest. Clause 5 makes it an offence for an employer not to comply with certain statutory duties regarding the giving of notice to the Commissioner. Clause 6 brings into the Ordinance a new section to provide for the introduction of a PAYE scheme. Sir, the Schedule details the actual mechanics for the operation of the scheme. Mr Speaker, I warmly commend this Bill to the House.

MR SPEAKER:

Before I put the question to the House does any Honourable Member wish to speak on the merits and general principles of the Bill?

HON J CARUANA:

Yes, Mr Speaker, this side of the House have always been very concerned with the collection of taxes and would not like to stand in the way of the Government departments for collecting monies due to them and whilst this Ordinance is dated 1974 it comes into operation I believe on the 1st of April, 1975. We are faced today with this legislation that so far very few people have learned about especially people who are being asked by this Ordinance to help in its implementation. They have not received any guidance - it may be forthcoming - as to how this is supposed to work and how they are supposed to pay the money and to what degree. There is a question of the deduction cards, there is the question of employers certificate for deduction and so on and so forth, obligations placed upon people who have to collect this tax and we hope that it will not be long before people receive this so that they will know exactly how much they have to collect from each of their employees. At the moment I believe there is a voluntary system of tax deductions and one wonders exactly how people are going to pay the arrears for 1974-75 which might be found at the end of 1974. And whether in fact during 1975 those arrears in taxation after adjusting under the new schedules, which no doubt the income tax officer will prepare as to incomes, family composition, single, married or whatever, the arrears of the previous year. Whether this will be deducted also week by week or whether in fact the employees will individually have to dish out whatever sums they might be obliged to pay. These are questions which have a lot of people worried in view of what one might call the exorbitant sums of tax being asked today to be paid and I believe that at the Budget session when the Honourable Financial and Development Secretary announced his large increase in income tax that this side of the House raised the concern of having to raise taxation or having to collect two years taxation in the same year. I would like to correct myself here, Mr Speaker, because I just recall that it was not the Honourable Financial and Development Secretary but in fact the Honourable and Learned the Chief Minister when he made a statement at Budget time when he announced that the Government intended to introduce Pay As You Earn. We expressed at the time the Opposition's concern about people who would find themselves possibly with two years or possibly with one and half year's taxation to pay at one go and I think even the Honourable

and Learned the Chief Minister in his statement announcing introduction of Pay as You Earn at that session raised a query himself about the question of collecting the 1974 - 75 tax at the same time as the 1975 - 76 taxation. These are big queries in our minds, Mr Speaker, when considering the general principles of this Bill which will make a big hole I feel in the pay packet of employees when they come at the end of the week under the new assessment of income tax, a more accurate assessment of income tax, and this will have to be deducted from their pay weekly more so when they might find themselves with a previous year's adjustment to take into account. We would urge the Government to expedite the information which I am sure must be forthcoming after reading the second schedule which is how Pay as You Earn will work. To expedite information which will help people to learn and to ask questions as the problems arise as to how to collect and pay the money to the tax office.

HON CHIEF MINISTER:

Mr Speaker, Sir, reference has been made to the statement I made on the 12th March and I think perhaps I might just read again the two relevant chapters on paragraphs which relate to these matters. First of all I then gave notice that we were hoping to do that. We had had at the time of the increase in the income tax, not this year but last year, representations particularly about the Union about the difficulties some people were finding themselves in paying the rate of income tax as the amount that had been agreed or deducted by the employers because it was not very methodical and all employers were not cooperating to the extent that one would desire although the official employers were doing so. I said: "Under our present system for collecting income tax both the assessment to tax and the amount payable in any one year are related to income which was earned in the preceding year. By contrast, under the new PAYE system, tax would be assessed on current income and deducted at source from that income as and when it is earned. As from April, 1975, therefore, those liable to income tax on earned income will be paying tax in weekly or monthly payments on current 1975/76 income, but any outstanding tax owing in respect of assessment for 1974/75 or earlier years would also have to be paid at the same time. To avoid this possibility of having to pay two amounts of income tax at the same time, those liable to income tax on earned income will wish to ensure that they have paid in full before the 31st March, 1975, any tax assessment in respect of 1974/75 or earlier years. That is to say that those who are now paying by arrangement with their employers will have settled their account 1974/75 by the time PAYE comes. Apparently the Honourable Mr Curdman's post is a little behind time because though I was just given a copy I did have in my post a circular letter which has been sent to all persons who have people in their employment dealing exactly with the point

raised by the Honourable Mr Caruana. It is an explanatory letter regarding the introduction of Pay As You Earn and a reference to the literature that will become available. It says that the employer will have to:

- (a) maintain for each of his employees a deduction card recording gross pay and tax deducted.
- (b) Remit monthly to the Treasury the amount of tax deducted during the preceding month.
- (c) Return to the Commissioner at the year ending (31st March) all "deduction cards" in the summary statement.
- (d) Prepare at the end of each year (31st March) a "certificate" for each employee showing the gross pay, and
- (e) Make available for inspection by the Commissioner all records.

The literature will be issued well before the operative date so as to allow time to familiarise oneself with the Tax Tables, Deduction Cards and other forms. This literature comprises the following:

Employers' guide to Pay As You Earn

PAYE Tax Table

PAYE Allowances Certificate

Weekly Deduction Card

Monthly Deduction Card

Employer's monthly remittance of tax deducted

Employee's certificate of gross pay of tax deducted

Employer's Annual Declaration Certificate.

And there are other details that are contained in the letter. This Bill is only being read a second time in this session, there is the whole of the summer recess for people to familiarise themselves with all the matters, and I am quite sure that the Deputy Commissioner of Income Tax and everybody at the Department will be available to all employers and employees who wish to avail

themselves of any information required in order that by the time this comes on the 1st April, 1975, all the necessary arrangements will have been made.

HON MAJOR R J PELIZA:

Mr Speaker, I think that when a community has reached the stage where every employee is paying quite a high rate of taxation as we are doing now in Gibraltar - some times more than even the most advanced countries like Britain - I think it is very appropriate that we should have a Pay As You Earn Scheme. The misfortune however is that the scheme is going to be introduced at a stage when the pockets of most individuals have been hit most hard. So that the tendency will be for individuals to put off the payment of income tax to try and meet the rising cost of living plus the higher electricity bill, plus the higher water bill, plus the higher rate bill. Therefore they are going to find the position at the end of the year with quite a high sum of arrears possibly in income tax and then suddenly being faced with having to pay not only the arrears but now the weekly payment of the Pay as You Earn Scheme. I think the Chief Minister should give very careful consideration to try and ease the strain. I do not think that the coffers of Government will suffer. In fact, if Pay As You Earn is effectively and administratively efficiently carried out the Government will be able to meet its commitments because the money that will be coming in and I forecast that through better collection the Government will find that they will collect much more money than they ever expected before since the basis of Government accounting is really cash in hand and therefore the balance of reserves is based on how much money have we got in the kitty. Since we are going to have more money in the kitty because the collection is going to be effectively done, I think financially the Government is in a position to ease the burden on the people of Gibraltar and I commend to the Chief Minister go give very careful thought in implementing this new scheme which I think is very properly done - and I regret that it has not been done before - that he takes that into consideration because I have no doubt that it can cause considerable hardship to lots of families in Gibraltar.

HON M AIBERRAS:

Sir, I thought the Minister for Labour might have had something to say on this because even though I think most reasonable people are in favour in principle with Pay As You Earn as an equitable system, there are two points which merit being brought out very

clearly. The two points affect mostly the worker, the employee in the private sector. The first point I think has already been spoken about quite amply and that is the question of arrears. If we are going to ask people to pay up before a certain date then the bill for that year is going to be a heavy one. Now, this legislation does not apply to business premises. It does apply however to workers. My Honourable Friend Mr Caruana has said Bills of £100 or so may be quite common if we take two years running. We on this side of the House particularly in view of very heavy taxation have argued that the blow should be softened and there should be as easy a transitional period as possible. My Honourable and Gallant Friend on my right has argued further that perhaps since the Government is going to collect more money this way, perhaps this is the time to revise the income tax generally and to allow some respite if this is at all possible. The other point which I would like to make emphasising what has been said before from this side is the effect Pay As You Earn is going to have on the private sector generally. I think it is no secret that as far as Government employees are concerned the collection of income tax is much more accurate, if I may put it that way, than in the private sector. This, of course, is a situation which annoys employees in the Government sector who say: "Why should employees in the private sector not pay as much as I do?" I hope this sort of legislation takes fully into account - and we shall be examining this at the Committee Stage - the question of workers from abroad here in Gibraltar. This is also a very important factor and I should hope that on further perusal of the legislation it will be found by this side of the House that this legislation deals with that problem, that is, the worker from abroad leaves his fair contribution in Gibraltar. All this is very good but let me leave the House under no illusion that when the Gibraltarian worker in the private sector has his take home pay reduced immediately and drastically he is not going to think of the general merits of the principle of Pay As You Earn. What it is going to do is to put in a wage claim, and very quickly. This I am sure that the Government in its wisdom has taken into account and I am sure the Minister for Labour has advised on the likely outcome of this, that if you take £1 a week or £2 a week away from a man making whatever it is he is making then that man seeing his pay packet reduced that very week by such an amount and subsequently each week, is going to feel that he needs more money and the effect on the private sector may well be rather different than what has been said so far in this House. Now it is no use concealing these facts from the general public. It is going to be hard on the man in the private sector and may I add that wages in the private sector and the rates of pay in the public sector is often

taken hour for hour, not as favourable as those in the Government. Now it may be so for executives, executives in Government may very well be under paid as compared to executives in the private sector, but for the labourer for instance this is not always the case and the higher earnings in the private sector are often due to the fact that persons work many more hours to produce the same result. Now this is the fact as far as industrial labour is concerned. When you take this sort of situation and you take away the legitimate but nevertheless real advantage that an employee in the private sector is not taxed as accurately, may I put it that way, as a man in the public sector then Pay As You Earn becomes a rather complicated proposition. There are many employers who prefer to pay the taxes of employees and not put forward returns of what the employee makes. This may very well be contrary to law but I would hazard that there are a considerable number because if this were not so, does every employer in the private sector in Gibraltar investigate how many children his Moroccan worker has in Morocco? Does he really examine the whole position and put in the true situation? Is it possible to do this? I don't know whether it is so or not, but I would venture to suggest that they do not do so today. I would venture to say this is not so today and therefore the difficulties really exist there. This may very well trigger off a set of wage claims in the private sector and perhaps the result will be beneficial in the end but let us not cloud the issue there as far as the employee in the private sector is concerned. The attitude of the Opposition is that it can not oppose Pay As You Earn in principle. But there are certain things such as the two or three points I have mentioned which we are very interested in. We are interested in finding out exactly how it is going to work, we are interested to see to what extent the Government has really thought through the proposal that has been brought to the House. We feel that the stage at which this should be done or this should be ascertained is the Committee Stage of this Bill. Therefore, I want to be absolutely specific and absolutely clear about this. In voting in favour of the second reading of this Bill we are not in any way accepting any individual clause in that Bill. We are saying that Pay As You Earn in principle is an acceptable proposition to us but we do want the Government to state clearly its views especially on the points which I have now raised. It may be coincidence but it is a fact that this Bill will come into operation very near to the next election if the Government runs its statutory length of time. The collection and the problems why not? I give way.

HON CHIEF MINISTER:

The next election is not due until June, 1976.

HON. L. KIBERRAS:

Yes, well that is near enough. The effects of increased collection in 1975 will no doubt benefit the Government one year later as the estimates are being framed and the Chief Minister can laugh at that one. Of course there is a consequent unpopularity of having to collect more taxes from the private sector and this is a risk which the Honourable the Chief Minister has to take one way or another. But I do think that without reference to this particular consideration the Government should bear in mind that burden of taxation is very heavy, and that this is going to make it even heavier for the employee in the private sector. Therefore particularly the question of paying arrears before a particular date can also be a very heavy one. Perhaps, of course, we may hear the Chief Minister at a later stage saying: "Ah, well we have reconsidered the whole matter in the light of what has been said and we are prepared to introduce the system of instalments or what have you". I don't know as has been done for the arrears in pension. I don't know what he might do. He might even think of reducing taxes which he might be perfectly justified in doing but I hope that the Chief Minister before we go to the Third Reading of this Bill will have answered all the questions that have been raised on this side of the House and will bear in mind that Gibraltar is being pretty heavily taxed at present.

HON. A. P. MONTEGRIFPO:

Mr Speaker, I am going to be very brief in my contribution to this debate. Many of the points raised by the Honourable Leader of the Opposition would of course be well applied to the present system of taxation. It is irrelevant under the Pay As You Earn system or the present system whether a private employer has got a Moroccan who may have ten children or 20 wives in Morocco. This applies equally to one system or the other and perhaps there is no real way of tackling these particular exceptional situations which arises in any system of income tax. But he is also assuming that most of the workers are getting away with it and are not paying income tax. Quite frankly I think more of the workers than all that and the mere fact that we haven't got a system which forces workers to pay as you earn weekly but nevertheless they willingly and voluntarily where this is possible as in the Dockyard or in the Government and I believe with other employers, go forward to declare their income and to pay either monthly or weekly, shows that the worker is not shirking his responsibility to pay the tax that is due to the Government. It may well be that there may be some not only in the workers section of the community but in other sections, who try to get

away with it and we do hope that under the Pay As You Earn system this will not happen. It is also equally unfair that the honest worker who is today or under the Pay As You Earn system paying weekly and paying his due regularly at the time that it is due, should be penalised precisely by those few people who get away with it and therefore forces the Government in certain circumstances to increase taxes further because they have not been able to collect taxes from people who have got away from it, and the honest ones who are paying their due regularly having to pay a bigger bill than they should have otherwise have paid. Therefore, I think that this is a step in the right direction and I do feel that though we should give as much publicity in order to enable not only the workers but the employers to get acquainted with all the form filling that this will entail - and I accept this might be a burden in the private sector - but I am sure that at the end of the day it will prove that it is of great benefit not only to those who are paying but also, of course, to the Government and in a sort of roundabout way to the tax payer. Because if we collect, as the Honourable and Gallant Major Peliza stated, if we collect more money through a more efficient system, then it is less tax that we have got to impose in a particular year.

MR SPEAKER:

I call on the mover to reply.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, Sir, I have little to add because I think many of the points have been answered by Honourable members on this side. Certainly we have realised that a great deal of painstaking guidance education of employers and employees is necessary before we introduce this in April 1975 and we have started well on that. I can only say that the Income Tax Department will be more than willing to provide all the information and they have already started with employers. Two or three years ago we thought of introducing Pay As You Earn for employment in Gibraltar and we shied off it. We thought that for such a small territory the administration was going to be too big and too difficult. I am very glad indeed that we revised our views on that and I say that from the Government's point of view of equity in the community and quite genuinely from the point of view as I would regard the position of the employee. I don't mind saying that when many years ago PAYE was introduced in the UK I thought it was one of the best measures that ever was introduced because there is no doubt

it is a great benefit and help to people in the management of the family income. Much concern has been expressed about the problem of arrears. Well, there may prove to be problems but I hope that when people talk about the possibility of there being possibly a year and a half or two years of arrears not every one understands that tax will be collected before 31st March 1975 on income in 1973/74. There will never be any assessment to income tax in the case of employees on their earnings in the year 1974/75. Now this is important to recognise. We are not so fearful today as we were 6 months ago about the problem of clearing tax liabilities of employees by the 31st March, 1975. Many have taken advantage of voluntary schemes in Pay As You Earn and most of the assessments are now out from the Income Tax Office and there is nine months from now in which to pay the tax due on earnings in the year 1973-74. Sir, I think that is all I have to say about it and I wish this measure well. I should say that we are already grateful for the cooperation we have had from employers on this. We have had a favourable response from employers up to this point and we will work with them.

Mr Speaker put the question which was resolved in the affirmative and 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 should be taken at the next meeting of the House.

THE IMPORTS AND EXPORTS (AMENDMENT) (NO2) ORDINANCE, 1974

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, Sir, I have the honour to move that a Bill for an Ordinance to amend the Imports and Exports Ordinance (Cap 75) be read a first time.

Mr Speaker put the question which was resolved in the affirmative and the Bill was read a first time.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Sir I have the honour to move that this Bill be now read a second time. Mr Speaker, Sir, at the moment the Ordinance prescribes only one flat rate fee for every bottle of spirituous liquor to be sold at the duty free shop at the Air Terminal building or delivered to tourists at Waterport, irrespective of the size of the bottle. Again in the case of tobacco no fee is prescribed other than in respect of cigarettes. In practice, however, tourists are supplied with different sized bottles ranging from $1\frac{1}{2}$ ozs i.e. what is commonly known as a flask, a half bottle, or one half of the reputed quart bottle up to 40 ozs that is an imperial quart bottle. They are also supplied with cigarettes and pipe tobacco. So the purpose of this Bill, therefore, is firstly to prescribe appropriate fees according to the size of bottles in the case of spirits and, secondly, to introduce an appropriate fee in the case of cigars and tobacco sold at the duty free shop or to Waterport. Sir, finally, it is proposed that as in the case of other duties prescribed by the Ordinance and in order to simplify the procedure in future, provision should be made to amend such fees in future, as necessary, by way of Resolution of the House rather than by an amending Ordinance. Sir, I commend this Bill to the House.

MR SPEAKER:

Before I put the question to the House does any Honourable Member wish to speak on the general principles and merits of the Bill?

HON P J ISOLA:

Sir, these presumably are the fees that are going to be paid in respect of duty free goods that are exported from the Air Terminal, I understand. Is this already in operation? I understood that people who wish to take any duty free goods out of Gibraltar had to buy in a minimum quantity of three bottles. I understand that it is no longer the case and that people can buy single bottles. Does this mean that it is not proposed to go on with the duty free shop idea in the Airport and merely to allow the people to buy the goods in town and have them delivered at the Airport? If that is the case are these the fees that are to be paid by the person who sells, the retailer, or what is the position? It does seem to be a little confused at the moment.

HON A W SERFATY:

These fees apply both to the Airport and to the port. In addition to these fees at the airport there will be other fees which also are in relation to the size of bottles etc, which will be paid in lieu of rent. So liquor and cigarettes which are exported via the sea port will pay these fees and those which go by our airport will pay these fees and the other fees in lieu of rents. Of course there is no limitation on the number of bottles nor is there any need to buy free, you can buy 1 or 6, and I think this is the position. In the original Ordinance there was a sum of 15p per bottle shown and only that. Now this specifies the amount of way leave and it will be equally true also in the case of rent bearing in mind the size of the bottle. We understand that the litre is going to become now much more popular than the standard bottle of 75 centilitres and one of the objects of this legislation is to be able to get away leave of 20p instead of 15 on the litre bottle.

Mr Speaker put the question which was resolved in the affirmative and the Bill was read a second time.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, Sir, I wish to give notice that the Committee Stage and Third Reading of this Bill may be taken at a later stage in the meeting.

COMMITTEE STAGE AND THIRD READING

HON ATTORNEY-GENERAL:

Sir, I beg to move that this House resolve itself into Committee to consider the following Bills clause by clause:

The Domicile, Matrimonial Proceedings and Recognition of Divorces and Legal Separations Bill, 1974; The Supreme Court (Amendment) Bill, 1974; The Co-operative Societies (Amendment)

Bill, 1974; The Trade Licensing (Amendment) (No 2) Bill, 1974;
The Supplementary Appropriation (1974-1975) (No 2) Bill, 1974;
The Public Service Commission (Amendment) Bill, 1974 and The
Imports and Exports (Amendment) (No 2) Bill, 1974.

THE DOMICILE, MATRIMONIAL PROCEEDINGS AND RECOGNITION OF
DIVORCES AND LEGAL SEPARATIONS ORDINANCE, 1974.

Clauses 1 to 17 were agreed to and stood part of the Bill.

The Schedule was agreed to and stood part of the Bill.

The Long Title was agreed to and stood part of the Bill.

THE SUPREME COURT (AMENDMENT) ORDINANCE, 1974.

Clauses 1 to 8 were agreed to and stood part of the Bill.

The Long Title was agreed to and stood part of the Bill.

THE COOPERATIVE SOCIETIES (AMENDMENT) ORDINANCE, 1974.

Clauses 1 and 2 were agreed to and stood part of the Bill.

Clause 3

HON ATTORNEY-GENERAL:

Mr Chairman, I beg to move the following amendment to clause 3:
"That clause 3 of the Bill be amended by the addition at the
end of section 28 set out therein of a proviso as follows:-

"Provided that the Registrar may, by notice in writing, authorise
any member of the Society to have or claim an interest in the shares
of the Society not exceeding the amount specified in the notice".
Mr Chairman, as Honourable Members will recall, at the second reading
of this Bill the Honourable Mr Bossano pointed out a difficulty which
could arise if a society had the minimum number of members which
was 10 and they were restricted to an interest of £500 each, the
Society could never have a capital of more than £5,000 which
might not be workable capital. Government takes this point and for
this reason it was included in this proviso which will enable the
Registrar of Co-Operative Societies in any proper case to allow
a member to have a greater interest in the Society than £500.

Mr Speaker proposed the question in the terms of the above amendment. There being no response Mr Speaker then put the question which was resolved in the affirmative and clause 3, as amended, was agreed to and stood part of the Bill.

Clause 4 was agreed to and stood part of the Bill.

New Clause 5

HON ATTORNEY-GENERAL:

Mr Chairman, I beg to move that the Bill be amended by the addition thereto of a new clause as follows:

"Repeal and replacement of section 57 . 5. Section 57 of the principal Ordinance is repealed and replaced by a new section as follows:

"Power to exempt from stamp duty and registration fees.

The Financial and Development Secretary may by notice in the Gazette in the case of any registered society, remit -

- (a) the stamp duty payable on any instrument or parts of instruments executed by or on behalf of such society or by an officer or member of such society and relating to the business of such society and
- (b) any fee payable upon the registration of any document under any law".

Mr Chairman, our Ordinance when passed in 1971 was based on a model Ordinance. Now this model had I think probably been drafted by persons with more knowledge of cooperative societies and perhaps the intricacies of the law. Section 57 as it stands at the moment was aimed at allowing the Financial and Development Secretary to exempt Cooperative Societies if he thought fit from paying stamp duty on any instrument they might execute, or on the registration of any document. Unfortunately in my opinion he did not achieve this purpose. Now quite recently the Co-operative

Society that has been formed here had applied to be exempt from stamp duty. When the matter came to me I formed the opinion that whatever may have been the intention of the legislature at the time, the section as framed did not give power to exempt from stamp duty - I won't go into the intricacies of this section as it stands at the moment - but what I have done is I have redrafted the section to make it quite clear that the Financial and Development Secretary can exempt a Cooperative Society from stamp duty, if he thinks fit, and from the registration fees payable upon any document. What we are doing by the amendment is not changing the law, we are merely giving effect to what has always been the intention but what at the moment, in my opinion, is not achieved.

Mr Speaker proposed the question in the terms of the above amendment. There being no response Mr Speaker put the question which was resolved in the affirmative and new Clause 5 was agreed to and stood part of the Bill.

The Long Title was agreed to and stood part of the Bill.

THE TRADE LICENSING (AMENDMENT) (NO 2) ORDINANCE, 1974

Clauses 1 to 3 were agreed to and stood part of the Bill.

The Long Title was agreed to and stood part of the Bill.

THE SUPPLEMENTARY APPROPRIATION (1974/75) (No. 2) ORDINANCE, 1974.

Clauses 1 to 3 were agreed to and stood part of the Bill.

The Schedule was agreed to and stood part of the Bill.

The Long Title was agreed to and stood part of the Bill.

THE PUBLIC SERVICE COMMISSION (AMENDMENT) ORDINANCE, 1974.

Clauses 1 and 2 were agreed to and stood part of the Bill.

The Schedule was agreed to and stood part of the Bill.

The Long Title was agreed to and stood part of the Bill.

THE IMPORTS AND EXPORTS (AMENDMENT) (No 2) ORDINANCE, 1974

Clauses 1 to 3 were agreed to and stood part of the Bill.

The Long Title was agreed to and stood part of the Bill.

The House resumed.

THIRD READING

HON ATTORNEY - GENERAL:

Mr Speaker, Sir, I have the honour to report that the Domicile, Matrimonial Proceedings and Recognition of Divorces and Legal Separations Bill, 1974; The Supreme Court (Amendment) Bill, 1974; The Co-Operative Societies (Amendment) Bill, 1974; The Trade Licensing (Amendment) (No 2) Bill, 1974; The Supplementary Appropriation (1974-75) (No 2) Bill, 1974; The Public Service Commission (Amendment) Bill, 1974 and The Imports and Exports (Amendment) (No 2) Bill, 1974, have been considered in committee and agreed to, in the case of the Co-Operative Societies (Amendment) Bill, with amendment. I now move that they be read a third time and passed.

Mr Speaker then put the question which was resolved in the affirmative and the Bills were read a third time and passed.

PRIVATE MEMBERS' MOTIONS

HON M XIBERRAS:

Mr Speaker, I have the honour to move that, in view of failure of the AACR policy of economic expansion and of the Chief Minister's expressed concern about the taxable capacity of Gibraltar and bearing in mind the present rates of taxation in Gibraltar and the need and rights of Gibraltarians as British subjects and members of the European Economic Community to maintain and to improve their standard of living to the United Kingdom level;

this House calls on the Chief Minister to request Her Majesty's Government in a spirit of oneness with Britain, in his coming meeting with them, to hold constitutional talks as soon as possible to enable discussions to be held with Gibraltar representatives, as to, among other things, the future economic relationship between the United Kingdom and Gibraltar and the need and desirability to enshrine such an agreement in our Constitution. Sir when our present Governor was greeted by Honourable Members in this Chamber, I made clear the views of Honourable Members on this side of the House and of the Party we represent that it was considered important by us that there should be constitutional change before the term of office of this Governor expired. This hope, which I expressed then on behalf of my colleagues, was not confined to purely constitutional matters, it carried with it a reference to the economic relationship between Gibraltar and the United Kingdom and we expressed the hope then that this economic relationship would, hopefully, form a part of constitutional arrangements for which we were pressing. Since then and in very concrete form, Honourable Members on this side of the House have repeatedly made the point that constitutional talks are essential to Gibraltar. We have made the point in this House, in Press Conferences, on television, and at public meetings. It has been a consistent view and one which anticipated, in many respects, events and public reaction to those events. It was some time ago that we were talking about the danger which threatened Gibraltar from taxation higher than Gibraltar could reasonably be expected to bear. This was in between the last two budgets but reference had been made to these problems even before then. It is true, Mr Speaker, that it is our duty in this House to try to steer clear without being completely unrealistic of instilling a spirit of despondency in people in Gibraltar. But we would be failing in our duty if we did not spell out in this House in the most rational and conscientious manner we know how, exactly what the position is and what remedies can be taken whilst there is time. Having put the point, the need, for constitutional talks to the Chief Minister on various occasions I asked him a question in this House as to whether he would favour constitutional discussions in the near future. This question came following a press report, an interview, the Chief Minister and, in fact, myself also, on the need for constitutional change published in the Gibraltar Chronicle. The Chief Minister said, if I recall correctly at that time, that he was willing to consider constitutional change, that he thought it important to have agreement between both sides of the House on the major issues involved, and if there was such agreement then the changes that could be proposed to Her Majesty's Government could be major ones. If, however, in the opinion of the Chief Minister, there was not substantial agreement, then the charges

which he was willing to propose to Her Majesty's Government would be of a minor nature. He asked me to write to him requesting formally that we should start the wheels turning towards this end. I have not done this and I have chosen to substantially make exactly the same point which the Chief Minister was asking me to make in this motion in this House. It is, as Honourable Members will agree, a matter of very great importance to Gibraltar and one that should be ventilated and I do hope that this debate will produce constructive argument and give the people a lead as to what the thinking is on this very big and very important issue. Sir, even though I did not write to the Chief Minister on this occasion, the Chief Minister has been made aware, in writing, before now of the views of the Opposition. I would like to quote from a letter which I wrote to the Governor on the 6 June, 1973. "Because we have been accepted by EEC our own constitutional relationship with Britain calls for revision. The last Constitutional conference in 1968 resulted in a greater degree of self government in matters classified as defined domestic matters. Few would deny however, that the most important part of that conference was the preamble to our present Constitution. The Opposition believes that four years later there is a need for a further constitutional change. We believe that Gibraltar's constitutional relationship with Britain should not be allowed to stagnate, rather it should be a going relationship which simultaneously brings Gibraltar closer to Britain and develops her local institutions and the personal and political status of the Gibraltarians. Our membership of EEC appears to us to be an added argument for constitutional change and we are glad to hear that the Chief Minister on his return from Brussels recently admitted the possibility of development towards a Constitution more appropriate to our membership of the community." This was 6 June, 1973 - a letter to the Governor - the letter went on to say: "In the present circumstances of Gibraltar we feel sure that a large majority of Gibraltarians would agree with us that development should be along the twin lines suggested. Although the extent to which consensus could be reached has not yet been ascertained. In constitutional matters many of the local bones of contention between political parties and organisations have been removed by the changes in our legislation consequential on our membership of the European community. Competition from United Kingdom persons for jobs, housing and business on which some fears were expressed have had to be accepted by all in Gibraltar with the unavoidable changes in our laws concerning residence, employment, trade and land and which places, not only persons from the United Kingdom but all common market nationals, on the same footing as Gibraltarians. Our Gibraltarian Status Ordinance has lost some of its legal significance to these amendments and fears that it

would be further eroded by constitutional change have been shown to be misplaced. EEC membership has achieved, ironically our free entry into Britain without permits. Thus our entry into the Common Market and its effect on our de facto constitutional position propels Gibraltar along the constitutional road which the Integration with Britain Party has sought to follow since its foundation. In spite of the very fundamental changes in our law, our identity as Gibraltarians has not been affected and even if it had been the consequences of staying out of EEC would have been so disastrous politically to that identity that no party or political group in Gibraltar could have advocated such a course as, obviously, staying out." Now this was, I hope Honourable Members will agree, a pretty clear exposition to what the view of the Opposition was in June, 1973. This was, in fact, to the last Governor, Sir Varyl Begg. I know that Gibraltar has been split right down the middle I might say on the constitutional question. This has been made clear by the Chief Minister when he said - and I had the pleasure of hearing him say this at the CPA Conference in London, I don't have the exact quote here - but he said that he had started advocating Free Association about 10 years ago and then there had been a Party which had advocated Intergration. That he no longer felt that Free Association was the constitutional solution for Gibraltar

HON CHIEF MINISTER:

If the Honourable Member will give way. I didn't say anything of the kind. If he has the text he better quote it because what he is quoting is completely wrong.

HON M KIBERRAS:

Perhaps the Honourable Member will enlighten us as to what he said. This was the impression that he gave me.

MR SPEAKER:

The Honourable the Chief Minister has the right to say that you have misquoted him. If you are going to quote him you must quote him correctly.

HON M KIBERRAS:

I beg your pardon, Sir?

MR SPEAKER:

The Honourable Member is entitled to complain that he has been misquoted. The burden lies on the person making the quotation to make sure that the quotation is correct.

HON M XIBERRAS:

I don't for a moment suggest that it is not. What I am saying is that perhaps the Honourable Member might enlighten the House as to what he really said. This was the impression which I received.

MR SPEAKER:

That is fair enough. Provided it is the impression and not a quotation.

HON M XIBERRAS:

Perhaps in his contribution he will say what he actually did say. I apologise to the Honourable Member for misquoting him but perhaps when he does say what he did say on this matter - and I think it is relevant to the debate - it may not be so far distant. I think, Sir, that the conclusion that he arrived at was that most people in Gibraltar thought it was neither Integration nor Free Association what Gibraltar needed, it was, in fact, no definite clear cut used such as was outlined by the United Nations that it should be something suited to Gibraltar's needs. This was more or less what the Chief Minister had to say and the speech was reported here widely. I am sorry the Chief Minister jumped like that as I would willingly have given way to him and allowed him to explain the point. I hope he takes the rest of the debate in the spirit in which it is intended and that he is able to contribute to the general forming of the consensus which this side of the House is advocating on this matter.

MR SPEAKER:

I would like to say that later on I will have to decide whether this motion is a motion of no confidence in the Government. I have read the motion which basically is asking for constitutional

talks. Do the Opposition feel that this is a motion of no confidence on the Government.

HON M XIBERRAS:

If Mr Speaker will allow me perhaps as I develop the part dealing with the failure of the AACR policy on economic expansion the point of this might become clear. The Opposition does not intend this to be a motion of censure. It is intended to try and obtain from the Government an indication as to how they think in the circumstances of Gibraltar.

MR SPEAKER:

I take this motion as asking, due to certain circumstances, that constitutional talks should be held. If that is the motion then it is not a motion of censure and that is what I would like to have the feelings of the Opposition on.

HON M XIBERRAS:

This is in fact what I have said, Sir.

MR SPEAKER:

I am sorry to interrupt but one has to be clear on this.

HON M XIBERRAS:

Mr Speaker, I referred to the Honourable and Learned the Chief Minister's speech in the CPA Conference in order to try to extract from it some basis on which we might work towards a consensus. It is unfortunate the Chief Minister had taken it, as usual, rather amiss. The motion is not intended to be provocative and it might be amended if Honourable Members opposite feel that there is a need for amendment or that any part of it attacks them unnecessarily. Obviously, Honourable Members opposite cannot expect this side of the House not to be critical of policies with which we disagree but, perhaps in stating these we might find the policies on which we do agree in respect of constitutional change. I do hope that in the present circumstances of Gibraltar, looking ahead to the next 5 or 10 years, it will be possible for

this House to outline to the people of Gibraltar the thinking on further constitutional development and on the economy of Gibraltar. Mr Speaker, the motion says "the failure of the AACR policy". Now this I realise may rub people the wrong way - the AACR policy of economic expansion - It is a particular policy I am talking about, it is a policy which the AACR adopted a very long time ago which became characteristic of Gibraltar over a good number of years before the troubles with Spain began and even between, let us say, 1964 and 1969. Sir, Honourable Members know that in those days of 1954 onwards, when constitutional developments was taking place and there was coming into being the Legislative Council and responsible Government, alongside it almost accompanying this constitutional progress, there was a policy of greater economic independence for Gibraltar. There was a policy of building up tourism and there was a policy of building up - the first attempts at least - to build up the tax haven economy. The theory at that time was that Gibraltar was ideally placed for a large turnover of business, in the minds of some people, at least, that increased business of this kind would lead to a greater sense of independence especially from defence spending. This pattern was mirrored in most small territories. We had many Caribbean islands following this pattern, an independence or a virtual independence of free association based on economies of tourism or tax haven. The Bahamas and many islands in the Caribbean are an example. And, in fact, this was not just the thinking in Gibraltar - Mr Solomon Serruya, for instance - but the thinking in London at the time. It was considered a good thing that small dependant territories should achieve a measure of independence or free association both constitutional and political. And Gibraltar under the leadership of the present Chief Minister espoused these policies and the economic plan for Gibraltar was drawn up accordingly. There was much legislation which aimed at the large turnover of business, at the attraction of tourism, and on breaking away from Defence spending. Now, even up to 1969, even to the very closure of the frontier these ideas persisted. I remember the Honourable Mr Serfaty putting forward communiques about tourism when the talk was about the withdrawal of the labour force. I don't think that there was any wide divergence of opinion in Gibraltar as to the benefits of this particular policy at that time. But, obviously, coming up to 1969 the policy of tourism and tax haven had received serious knocks. It had received knocks at the withdrawal of the Algeciras ferry and threats at the withdrawal of labour and the closure of the frontier. This, of course, was the point where things changed - the withdrawal of Spanish labour and the closure of the frontier in 1969. And, we on this

side of the House, are glad that the change in thinking has come about on both sides of the House to such a large extent. Because to advocate and continue to advocate the policies of tourism and tax haven and large turnover in the present circumstances of Gibraltar and with Spanish acting as she is, is no other than to fall into the hands of the dovish element in Gibraltar. To break away from Defence spending, not to realise that the connection with Britain is so important and must be strengthened and consolidated and developed, would place Gibraltar in a most vulnerable position. Let me not be interpreted as saying that we are against a tourist policy or that we are against developments of our personal status or our political status. We have a very competent man on this side of the House who can deal with tourism matters and who has tourism very much at heart. We are very glad that tourism does contribute to our economy even today, but it is necessary to take a realistic view to tourism as it is necessary to take a realistic view of the constitutional position as it is today. Following 1969, and the Integration with Britain Party contributed greatly to this - ideas changed about the economy of Gibraltar. The economy of Gibraltar was to be based according to my Honourable and Gallant Friend on my right, Major Peliza, on maximising the labour resources that we had available, on trying to decrease if possible the number of people who were necessary to do the job in Gibraltar and to raise their wages to meet the challenge of higher costs, higher prices, and a higher standard of living in the Europe to which we were to belong. This view which our Party put forward was represented to Lord Beeching and Lord Delacourt - Smith who came to Gibraltar and it was largely accepted. May I just remind honourable Members that, in fact, as a result of certain representations Lord Beeching and Lord Delacourt - Smith came to Gibraltar, and those representations were basically 5 points in which members of the then Government and members of the then Integration with Britain Party who did not have a seat in the Legislative Council, agreed. It was as a result of those five points the economic future of Gibraltar began to take a new turn. And it was as a result of those five points and of agreement between both sides at that time that there was a constitutional conference following a report by my Honourable Friend Mr Peter Isola on the Constitution on which the Honourable Mr Montegriffo took part, replacing the Honourable Mrs Mary Chiappe when she left, and the third member was the Honourable Mr Louis Triay. From 1969 onwards, Sir, we had the higher wages, higher productivity, economy. I think there can be no doubt that the 37% reduction in the labour force of Gibraltar and the boom conditions created then enabled Gibraltar

to resist the closure of the frontier. I have no doubt that the extra aid which Britain gave Gibraltar contributed greatly to this successful resistance. There were many flaws in that higher wages, higher productivity economy, flaws which the Honourable Mr Canepa was quick to point out when he spoke about the two-job society and the need to work long hours. And it was in the mind of Government to shorten these hours whilst retaining the money in Gibraltar through a series of comprehensive productivity agreements - and this was what Beeching advocated - and training people. The Construction Training Centre opened, industrial training legislation and so forth, to try to make the Gibraltarian able, given the opportunity of making as much money as he needed to maintain his standard of living whilst not working many more hours than the people in the rest of Europe as he had to in those days. That was too jobs, with longer hours or what have you, the economy of Gibraltar was kept alive and people had money but we wanted to improve, we wanted to do away with the two-job society and it is our view that the situation has worsened today, but that is a different story. Honourable members opposite - and this perhaps they might take objection to. I am going to put it in the candid and clear cut terms as I possibly can - started propagating in Opposition the idea of economic expansion. I have a quote here from the Honourable Mr Serfaty and I am sure I won't misquote him this time. We were talking about raising £265,000 and there was great concern amongst Honourable Members opposite saying that the budget was harsh and so forth. Now, Mr Serfaty had this to say: "But what does this Budget really represent? - By this budget it is the March, 1972 Budget - what does this Budget really represent in the plan for the future that the Honourable Mr Caruana so brags about? What is going to happen if this 60% not only does not increase - that is the defence spending part of the economy - does not increase, but decreases. I don't care if the Honourable backbencher shakes his head and says 'no' he may be a very optimistic person, but politicians have no right to be so optimistic". I commend to the Honourable Member his own words. Perhaps we all do it. "They must plan for the future as Mr Caruana says. What is going to happen to the economy of Gibraltar if that 60% is reduced if in the meantime we do not take steps to increase the other 40%? What has the Honourable Chief Minister - (the Honourable and Gallant Colleague on my right), who is the Minister, I believe, for Economic Development other than commercial, done, although I don't know what the difference really is, on the scheme for the reclamation on the eastern side of the Rock? What has he had with Rosia area which is the best side in Gibraltar, much better than the Viaduct site where a small town could come up in the best side of Gibraltar". I am showing that this was the thinking

of Honourable Members of that side of the House at this particular side and I am saying that this thinking is not going to help Gibraltar now for reasons which I am going to propound in a minute.

MR SPEAKER:

We don't have to have long quotations just to show the thinking. I think a statement and the reference to the particular schemes should suffice.

HON M XIBERRAS:

I shall try to present the case in the best manner which I can.

MR SPEAKER:

Yes, within the rules, of course.

HON M XIBERRAS:

Yes. Mr Speaker, there is no doubt that there is room for some economic expansion, there always will be. The Honourable Member told us now that some 24% more tourists ~~nights~~ had been sold by the three main hotels. If this is the case it is excellent. He also told us, however, yesterday that he did not see great prospects for cruise liners because of the fuel situation and he thought that perhaps we could do well if we kept to I think it was something like 64. The new town has not sprung up yet and even if it did spring up I wonder how much money it would bring, not just into Gibraltar but into the Government coffers for use in hospital schools and so forth. It must be very clear to Honourable Members opposite, especially to the Financial and Development Secretary, that it is not a question of whether some economic expansion is possible or not, it is a question today in Gibraltar as to whether economic expansion can be so great as to outstrip the increases in cost, the increases in wages, the increases in materials, in the cost of social services and so forth. I shall not quote anybody on this but I believe this a very rough calculation taking £900,000 which were needed this year to defray the expenses of Government. To bring £900,000 into the Government of Gibraltar, not into the economy simply, one would need something like 27 hotels completely full and with people staying there at the same rate of spending as they

do now. That would be in order to produce £900,000 of Government revenue in order to avoid further taxation for one year if the need for taxation next year is going to be £900,000. So, it is not that I am decrying the efforts of Honourable Members or even their statements which they made before and their faith in this economic development, what I am saying is that we need to tell the people, the Government particularly needs to tell the people, what the economic situation of Gibraltar is. There is no doubt that eventually the policy of the IWP maximise the labour resources would have produced savings in the economy. They might have produced savings when everything was under way in the region of let us say £100,000. The Chamber of Commerce now cries out for rationalisation and do away with this and do away with that and they are entitled to do so. I can see their point. It is a very complicated little place that we have here and it takes an awful lot of people to run it. There have been criticisms of this House and I can see their point. But the point which I would like them to see is this. That however efficient you are at efficiency and however knocks you are prepared to take in the course of efficiency and however much reallocation and retraining of labour you are willing to do, the amounts to be saved are never going to be as large as the needs of the Government for the coming year. And they can help, every little helps indeed, but it is not the solution and there is no sense in cutting quite unwisely here and there because we might do more damage than good. Therefore, Sir, we on this side of the House accept that a lot can be done to achieve some economic expansion. We also accept that a lot can be done to reduce costs in Government. We have asked the Government to do this when we were discussing the Productivity and Training Unit and so forth. But the basic problem is how much money are we going to need over the next 10 years and where is the money going to come from? That is the basic point as far as the economy is concerned. At the same time, Sir, the Party on this side of the House also propounded this programme of integration, which Honourable Members on that side of the House squirm when they hear the word. We squirm on this side of the House and we hear other words. But Honourable Members cannot hope that the Integration Party is going to say they have been wrong all along particularly at a time when, to our mind, this is the road which Gibraltar should follow. This is what we think is the solution for Gibraltar or at least the thing that we should fight for and fight for unitedly. Honourable Members cannot go along with us. Very well, following what the Chief Minister said in London, let us try to achieve this consensus but we cannot stay as we are. I will give an indication of some moves which were made by the previous administration to try to achieve this

consensus on constitutional matters. My Honourable and Gallant Friend, Major Peliza, called in the Opposition and then all the representative bodies at the time of the second Commonwealth Immigrants Act and a pretty good declaration was signed by everybody concerned seeking real United Kingdom citizenship with all its attributes. Something which pleased us as integrationists though the means of achieving this now and for the future, as the declaration stated, are rather more difficult. That declaration, Mr Speaker, was not accepted. But it was encouraging to see everybody in Gibraltar aiming at one time for a particular thing. It is my view that, perhaps, if the matter had been laced, as I might say, with economic problems people in Gibraltar would have realised the significance of this declaration, but there are plenty of economic problems today and you can see the thrust of people seeking some sort of - the Union calls it - permanent solution. You can see people striving for this, striving to reach some state of affairs where we are not looking every day to see where the next penny is going to come from and realising that in the end it has to come from the taxpayers of Gibraltar between North Front and the Light House. Our Honourable Members have been in Government and they have raised £1½m from the people of Gibraltar in two years and they know what the feeling of raising high taxation is. They know because the Chief Minister himself has expressed these views, that it may very well be that the taxable capacity of Gibraltar has been exhausted. I hope that this is the Chief Minister's view wherever he is speaking. I hope that he has made this forcefully to Professor Clayton when he came and, equally, this motion will give him strength to go to the United Kingdom and to make it forcefully there on behalf of the people of Gibraltar. Mr Speaker, I spoke about a thrust from the people and there is serious disquiet about the situation. There is deep and serious disquiet and I do not know to what extent Honourable Members share this. I think every section of the community now, the traders, the middle class and the workers, all feel that the problem is getting rather large for the shoulders of little Gibraltar and that we need somehow to get assistance, not just of a passing nature, but assistance of a permanent nature, that our role has to be defined in Europe with Britain. Our economic role has to be defined. The Chamber of Commerce has come out in its publication saying: "We want the Government to ask for budgetary aid". The Union petition has made it absolutely clear that the Transport and General Workers Union wants help from Britain and a permanent solution. The Chief Minister has spoken to the Union, and the Acting Governor has sent the petition for comments in the United Kingdom. We on this side of the House sympathise entirely with the contents

of that petition. It is no more and no less than we said some time ago. I would like to quote again from the letter which I wrote to the Governor on 6th of June, 1973, dealing now with the economic aspect: "In the economic field, Gibraltar has agreed to suffer the effects of Britain's entry into Europe and gain little advantage from its own membership. Prices have soared in Gibraltar in an unprecedented manner especially in basic commodities and our wages have not been able to keep pace. Food is now indisputably more expensive in Gibraltar than in the United Kingdom. In our efforts to maintain our economic and social standards in an economy which cannot expand at anything like the same rate as that of the larger industrial member nations of EEC, our taxation has been increased severely" - this was just after income tax and before the last budget which raised £900,000 - "even now the working man with a wife and two children pays income tax much earlier here than the United Kingdom although he earns less. - (This has been disputed and I am willing to stake that we are pretty near in many areas) - The recurrent costs of maintaining our social services even at present standards will increase the strain in spite of Her Majesty's Government aid for capital projects and to raise and to keep the standards to European standards would be impossible without increasing taxation substantially, above all common market levels. We, therefore, feel that the need for a new Constitution along the lines suggested and an economic relationship which has constitutional force and includes the acceptance on Her Majesty's Government's part of the validity of the claim of the people of Gibraltar both as British subjects in Europe and EEC members to living standards equal to both of the United Kingdom, as a common aim to be worked towards together without acrimony". Now this was before the Union petition. This was a letter to the **Governor** on the 6th of June, 1973. Knowing that the problems outlined in that letter were/real and knowing that Gibraltar would have to face them and sensing that the people here were going to see that problem coming and knowing that without some sincere and honest and firm unanimity it would be impossible to get anywhere, I gave the Chief Minister with the Governor's knowledge, a copy of this letter of our own initiative to try to get discussions towards a common Gibraltarian view. There was a meeting between the Chief Minister, Mr Canepa, Mr Featherstone and Honourable Members on this side of the House, Mr Devincenzi, Mr Peter Isola, Hon William Isola, Mr Caruana, and Mr Joe Bossano, a meeting which showed considerable encouragement. The meeting dealt with the economic points raised in this letter but not with the constitutional points which were left aside for another day. Progress on this meeting has not been good and I am sure the

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Chief Minister will say that this has been because of amendments suggested by ourselves and so forth. I will not contest that except to say that if he has to say that then I would ask him, equally, to be as candid as he was in that meeting with us, to be candid in this House in front of the people of Gibraltar today when, he, presumably, speaks on this motion. Mr Speaker, to our economic troubles have been added a gap in our development programmes which has made our turnover even smaller. Here we cannot agree, and we have said so, with the Government. We heard the Minister for Labour saying that there is not enough labour in Gibraltar to deal with the big development programme, or words to that effect, that Varyl Begg Estate had swallowed up because of the fault of the last administration all the labour. Well we do not agree with that, we do not agree with the Minister for Labour saying that because it weakens our taste. We think it is very bad for a Minister for Labour to say that when it is a question of 300 or 400 workers. And it is a question of much money coming into Gibraltar. But this has also contributed, and we going to have a very big gap in which the economy of Gibraltar is going to suffer by there being no development programme. So we get to the situation which has arisen today where everybody - I am quoting Mr Joe Garcia which Honourable Members on my side will be familiar with - an article in the "Financial Times". It says: "Aggressive selling of Gibraltar as a holiday resort in its own right has led to an increase in longer stay traffic with a holding operation now in progress to maintain the total number of visitors a year in the region of 140,000. As Gibraltar approaches its tenth year of seige it is widely thought it has virtually exhausted its taxation capacity and there is a growing chorus of people demanding that budgetary aid be sought from the British Government. The Chamber of Commerce complains that Gibraltar is overburdened by a top heavy Government machinery and its controversial president, Mr Lewis Stagnetto, says that the place could be run by a Board of Directors". And Mr Speaker, this morning I was quoted as agreeing with the Honourable Mr Canepa that the House of Assembly was not a farce. Well, Honourable Members should always be on their guard and we are sensitive enough to public opinion though not over sensitive to show people that we know what is happening outside in the street and that we are able to respond to the needs and that will earn us, no doubt, the greater respect of people outside. But it is in tackling the bigger issues that we are going to do this, and tackling them openly. "The Government" - Mr Joe Garcia's article goes on to say - is not too sure about seeking budgetary aid and instead prefers the retention of British goodwill in

terms of development aid to improve the social services and bolster the economy. Gibraltar's third Development Plan is now in the blueprint stage and when the requirements are shortly discussed with the British Government it is thought that Sir Joshua will ask for aid in the region of £10m spreading over 3 years." Now, there is much I agree with in that analysis except when he says that "the Government is not too sure about seeking budgetary aid", because that is understating the position. The Chief Minister has shown himself consistently against budgetary aid. I don't know why because he received budgetary aid in his administration of £100,000 and then another £100,000 and he did not disagree with the £100,000 which our administration obtained from Her Majesty's Government and this has happened in his time and in our time. But he has talked about charity on television. He said that he would not have charity. What we are concerned about - and this is what my preamble was about - and the feeling of free association and the independence from defence spending and the cutting away from Britain and the Honourable Mr Serfaty talking about the expansion of the economy when it is obvious that there cannot be as much expansion so as to do away with taxation needs even appreciably - it is this attitude of regarding budgetary aid as charity which my party is so concerned about. It does not respond to the feeling of the people of Gibraltar

HON CHIEF MINISTER:

If the Honourable member will give way, it will avoid a lot of misunderstanding later in connection with the word "charity". It was not in the general sense, it was at an interview when I was asked whether we should have gone to England for £100,000 or £200,000 to deal with the budget. I was not dealing with the whole question of aid from Britain as being charity. I hope the distinction is clear. I was being asked then about why didn't I go now for some money and I said: "Well some people said in the House of Assembly I should ask for £400,000 and settle for £200,000 and I said that that sort of aid looked to me as charity. I was not talking about the general aid of which I will have able to give some concrete facts to show that that in any case is not my thinking.

HON M KIBERRAS:

I am glad the Honourable the Chief Minister has explained that

say the
word

point. But the Honourable and Learned the Chief Minister will forgive me if I press him rather further on this, because at the last budget session it was the main stand of all Honourable Members on this side of the House that the burden of taxation was too high and that the Chief Minister should undertake to go for budgetary aid. Now, he did not/budgetary aid straight away. This was reported by one paper with the headline "Opposition Wants Budgetary Aid" or words to that effect. I clearly recall the Honourable Minister for Labour, Mr Canepa, making a speech which again I couldn't possibly agree with, when he said: "We must, somehow, face this on our own". We band of brothers, we lucky few. This was the theme of the speech, that we would not go to Britain for budgetary aid. I do not have, Mr Speaker, the Hansard of that meeting available but in view of the attempts to cloud the stand of the Opposition on this issue at budget time which has taken place, I would like to restate it and anybody who was here or read the papers knew about it. It is implicit in all that I have quoted. That we wanted the Chief Minister to go for budgetary aid. Now the Chief Minister, and I am pressing him further on this, has also spoken about UK Treasury control, as a disadvantage of budgetary aid. Well, the Honourable and Learned the Chief Minister has been in politics longer than I have been and he has been working in the Government of Gibraltar as Chief Minister and as Chief Member and so forth, for a longer time than I was in the Government, and he knows in his experience that the British Treasury does have every information it wishes available to it even today. There is a requirement to produce papers for the Governor, the Governor is bound to submit this to ministers in the United Kingdom. So if there is any question at all of the Government of Gibraltar misusing monies in a very drastic form or making unwise decisions about policy, then the UK Treasury, ODA or anybody who has a finger in the Gibraltar pie, even today without budgetary aid, will soon make its presence felt. Honourable Members opposite, especially those who have become Ministers for the first time, know that expenditure is rigidly controlled by the Treasury in Gibraltar and sums of up to £10 some times if they involve a new principle, and it has been my experience, have to go to the Treasury. We have an official as Financial and Development Secretary, the Honourable Mr McKay. Before that we had the Honourable Mr Howard Davis, and before that we had a series of people from UK, apart from Mr Gomez and Mr Hayward. But before that the position has been one in which the United Kingdom Government has laid particular stress and in the despatch to the Constitution we have today ultimate financial responsibility rests with the Government of the United Kingdom. I may not be quoting my Constitution correctly but Honourable Members I think

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will be prepared to accept that. Mr Speaker, I see no harm in this. I see no harm provided that the guidelines on which Gibraltar gets not budgetary aid but the guideline of the new economic relationship are the right ones. Provided that that is the case, we have nothing to be ashamed about. We are not going to be run from Whitehall. What is going to happen if we don't get the money, is that we won't/anything to run at all. We are going to have our social services falling further and further behind the United Kingdom. The cost of the Honourable Mr Montegriffo's hospital is going to soar. The cost of the Honourable Mr Featherstone's education is going to soar, with salaries. Thank God we have money to build Mr Featherstone's schools and the Honourable Mr Montegriffo's Isolation Unit. But I am talking about the recurrent budget and the need for budgetary aid for the recurrent budget. There are ways and degrees of getting this but the main point I wish to make and the question I want to ask is why is it that the Chief Minister and his colleagues appear to be so opposed to this budgetary aid when everybody else in Gibraltar according to Joe Garcia, not to me, is favouring it and when the Chief Minister himself is talking about taxable capacity. I wish to pass on to that point now. Perhaps the Honourable the Chief Minister might reply to that question. A clear answer which people can understand. Why is he opposed to budgetary aid? Sir, the motion speaks of the taxable capacity. We have had figures published in our Party newsletter "Progress" which I might quote to the House but I am not going to bore the House with this. The Honourable the Financial and Development Secretary has given the Honourable Mr Bossano, figures on comparative taxation. We have been trying to ascertain from this side of the House from the Financial and Development Secretary in various ways what the comparative situation is. The Honourable the Chief Minister has said though not all that clearly - and I would welcome that he should stress this - he has indicated but he is worried that the taxable capacity of Gibraltar has been exhausted. This is obviously a very important point. If members on that side of the House and members on this side of the House think that our taxable capacity is near exhaustion then members on both sides of the House must make up their minds what they are going to tell the people of Gibraltar what Gibraltar is going to do. Because if we don't get any more money our standards drop and that, I am sure, no member of this House would wish even though the Financial and Development Secretary said quite clearly that we could expect a drop in standards of living this year. Taxable capacity. Our taxation stretches pretty far down. It is going for the £20 a week man and if there is need for more money next year or the year after that, or in the next four years if this

blockade carries on, how much further down can we go? I know that COLA payments & the biennial reviews will increase the basic and the chances the Government can take out of that will be greater. Eventually, theoretically, wages in the Gibraltar Government will be self supporting, Honourable Members know this, because we have the Dockyard we have DOE and when wages rise that money is taxable. But what are we going to do for our bricks and mortar and our machines? They are increasing in price. Are we going to tax the man at the bottom more? No, we shall say, we shall tax the middle man more. Let us tax - and this I put forward very hypothetically, not wishing at all to be misquoted by Honourable Members of this House - we shall tax the teacher, the middle civil servant and so forth. We shall tax him heavily because he has an advantage over the working man and so we shall erode our differential between the professional man which, in the best of possible worlds might not be a bad thing. But, in our present situation, it is going to get us into trouble. For instance, it will get us into trouble of having to give terminal gratuities to some that are not taxable because the salary scales here in Gibraltar are not good enough. We will have to think about keeping our own people here if we cannot raise our salaries something near the United Kingdom and not tax them more heavily. So we have difficulties in that middle area. I am talking in very broad lines. Let us then tax the rich people of Gibraltar. Well, you got the reply from the Chamber of Commerce and they will say: "But business is not expanding, business is contracting and there are shops closing in Main Street. How could you possibly put more taxation on us? And, besides, how much more money are you going to get from the rich in Gibraltar if you do raise taxation even to United Kingdom levels? Is it going to be enough to meet the next Budget? No. That is because the pyramid is shaped the way it is in an area where equity rather than yield often is predominant in the thoughts of Governments. How much more money could we raise? Perhaps the Financial and Development Secretary if he contributes to this debate could give an indication of how he sees the financial situation, especially in respect of taxation. How many times can he go for money to that particular part of the pyramid. It is important that we have this information because we are talking not about one year, or two years, we are talking about a longer period.

Mr Speaker, let us talk now about the general rate account. We have legislation which says that general rates and electricity must be self-supporting concerns. Well, what was the result? We had one famous report - the Teesdale Report - which the Chief Minister was arguing that this was too restricting

the legislation. That it had been fair and right and that if we had to do it he would do it again to allow, as the restrictions mounted, to allow those accounts to go into deficit and not impose higher taxation. Well, the Report said it was wrong to do that sort of thing because there was a law which said you couldn't do it. But let us examine the Honourable and Learned Member's thinking at the time. If you hit people in the chin you hurt them much more than if you hit them in the arm, or if you spread the blow all over the body in some magic fashion. And the rates group and the electricity group hits them where it hurts most. It increases prices it represents a direct threat to the standard of living, it hits them very directly. And yet we in this House had to raise £500,000 in one year for our electricity account, and raise 68% our electricity charges. And the effect which the rates and electricity have had on shops, on refrigeration, on all these things which as we know the Government, if it did not go for budgetary aid as it refused to do, had to raise according to the law. If you don't get your money from UK then you have got to get it from Gibraltar or change the law. Nobody in this House could say that those measures have not been without great effect of every possible kind on the cost of living, on the attitude of people to members of this House, on the attitude of people to the Government, of the Union saying, quite mistakenly, that powers should be handed over to the Governor or words to that effect. Of the Chamber of Commerce saying that we should have the Chamber of Commerce, the Union, and the MOD rather than this House of Assembly. I am glad the Honourable Mr Canepa says "shame" and I would agree with him again but we must be prepared in this House to see and listen to what people are doing and saying and to give the people a road they can follow. What is the lead? Which is the road? Otherwise we shall have some innovations. We might have all sorts of ideas as to how the affairs of Gibraltar should be run. It is not contributory to good Government or even to a good Parliamentary set-up when the legislature is unresponsive to what people are saying. Mr Speaker, there are areas which some would like to go for to get more revenue. I have heard one prominent persons say: "Why don't we tax all the stuff that comes in for the MOD and DOE and so forth and so forth. Why don't we tax all that?" I know this gentleman rather well now and I do not like that thinking. Or let us take another suggestion. Why don't the English pay more for the land they hold? Why not, in other words, make Gibraltar the recipient of all these things? Why

not make Gibraltar the centre? And the mentality of this gentleman is the "right to our land" mentality as I might call it. I cannot agree with that. I would dearly love to do battle - which is the phrase that I have used - with Her Majesty's Government with a united Gibraltar behind the leaders of Gibraltar. But if we are going to do battle let us do battle about something which is worth it. Let us assure our future. Let us not antagonise people here in Gibraltar, Englishmen - if the Honourable the Financial and Development Secretary will pardon the limitation - Englishmen here who have no say, really, as to whether they should be taxed or they should not be taxed because they are not responsible. Let us go to the Commonwealth and Foreign Office and let us fight for the future of Gibraltar, constitutionally, including the economy. Mr Speaker, all this depends of course on creating a very good case which I think we have. No community has been taxed so much as we have during the last 3 years. Our tax capacity has been exhausted. This has not been the impression that I get from certain gentlemen who have been visiting us. They do not agree with the taxable capacity has been exhausted. But if we believe that our taxable capacity has been exhausted and somebody else does not believe, surely, we should try to convince them. Surely, in a spirit of oneness with Britain and without acrimony we should try to convince them of what our situation is. Otherwise we might have more demonstrations. So perhaps the Chief Minister would tell the people of Gibraltar what his views are on this and what he thinks - though perhaps he might not go as far as saying what he thinks the chances of success are - but he should undertake to go to Britain. And let's face it, we might be told, no. Well, I will come to that point in a couple of minutes, Sir. Let us talk about the standard of living which is referred to in the motion. Well, we heard that we were 40% behind average electricity rates in the United Kingdom before the last budget and that raised the electricity by 60% and we pay for our water whereas in UK you do not. This House votes a considerable amount from time to time for the importation of water and I think the point is obvious that water is an expense here. We know - look at any UK paper - what various posts in Britain are fetching. You know what they are advertised that.....

MR SPEAKER:

I have been very liberal and I think the Leader of the Opposition

cannot complain that I have interrupted but you must be very clear on one thing. You have taken for granted in the motion that the economic policy of the AACR has failed. What the motion is concerned about is whether as a result of that constitutional talks should be held for the purpose of alleviating the situation. We haven't heard anything on that as yet. I have been as liberal as I can one must come down to the actual context of the motion itself.

HON M XIBERRAS:

Mr Speaker, I think one of the ways of supporting such a motion - and that is why it appears in the motion and I am grateful for your guidance and I do agree that the second part is the main part of the motion - is to examine and analyse what the position of Gibraltar is today.

MR SPEAKER:

I must accept that in so far as the motion is concerned, the Opposition are saying that the economic policies of the AACR have failed therefore something must be done. The body of the motion is what steps you wish that they should take for the purposes of putting right a certain situation. I am only saying this after you have been speaking for an hour and a half but one must bear some relation to the text of the motion.

HON M XIBERRAS:

Thank you Mr Speaker. The motion talks about the standard of living. The right to maintain and to improve their standard of living in the United Kingdom. I think we should correct the present position whereby the basic wage is falling behind the cost of living. The Union has produced some figures about increases in the cost of living. Honourable Members on that side of the House are no doubt in possession of this pamphlet and I shall not read it out to them. Honourable Members know that the cost of living is rising more rapidly in Gibraltar than in the United Kingdom. The latest is 6.22 points. In our time in Government it was something like 9 points. The Government's present term of office has seen an increase in the cost of living - admitted by the Honourable Mr Canepa - of some 15%. I don't know how the new figures affect the issue or what the results of the measures and so forth is going to be.

But we cannot be blind to the fact that Gibraltar is being hit harder than Britain and it is not the only place. In Jamaica, inflation runs between 25% and 30% according to "Time" magazine. Because it is a small place and Mr Manley there has multiplied by 8 the yield from aluminium from the bauxite and asking the American companies to pay these greater royalties. But Jamaica, of course, is independant. And the "Times" article in fact, says: "In Jamaica Manley's power play is only an attempt to redress a neo-colonialist relationship". That is said of Jamaica. I shall come to this point in a minute, Mr Speaker. What other points do we have where we can gauge our standard of living?

MR SPEAKER:

I am going to say once more that we must come to the substance of the motion. We are not after debating the standard of living in Gibraltar we are, accepting the fact that there are a certain set of circumstances, and we are trying to find out how to correct them. That is what we must do.

HON M XIBERRAS:

Mr Speaker, I think that it is obvious to most members in any case and, perhaps, other speakers might contribute. It is just that I have gathered the information. May I make a point as regards the need for the new constitutional relationship and the question of where is the money going to come from unless we have that constitutional relationship. If a man makes £20 and he is going to be asked to pay £9 rent in Varyl Begg Estate or let us say £6 at Glacis, or let us say he has to pay £5 a week at Glacis and he has to pay an electricity bill of let us say £5 a month. If he has to pay potable water at about £1.50, if he has to spend, at least £12 to £15 on food if he is married with two children; if he is supposed to contribute to insurance at a higher rate; if when he has to go to hospital for an operation he has to pay for that because our social services have remained behind - a point which I raised with the Honourable Member - if he has to have some sort of recreation. We are not talking about a basic of £20 a week as being reasonable. How are we going to go into that £20 or even £30 a week to pay for the services of Gibraltar unless the money comes from somewhere else? The Housing Account is in nominal deficit of £421,000, I believe. Who is going to raise rents when the cost of living is as it is? Where do you take the money from and is it going to be perpetually in deficit?

Well, Mr Speaker, you have indeed been liberal with me and now I come to the part of the motion which I would hope would be less analytical and more constructive. Mr Speaker, the motion talks about the constitutional relationship and I have mentioned budgetary aid which is not strictly a constitutional relationship if we got it for one year. But the sort of relationship we on this side of the House are thinking about is the kind of common purse agreement which exists with the Isle of Man, whereby Gibraltar would contribute so much and the United Kingdom Government would contribute so much. It is recognition that our economy in our present circumstances is too small to exist on its own. It is far too small and the problem of Gibraltar is the problem of every business in town. Our overheads are too big for the size of the business but we have to maintain all these things for the sake of the people of Gibraltar because otherwise we would not be civilised. We have to pay at a greater rate and we don't have the wherewithal to produce. So let us say £5 to £3. £5 from Gibraltar £3 from Britain. Or £3 and £1. I don't know, £5 and 50p. Let us discuss and see what is reasonable but let us have an agreement of some kind which is going to carry us for the next 10 years or so until the agreement ends. And let us not be kidded into even budgetary aid for one year because the next year you will have to go again, the way things are now. You will have to go again and you will have to say: "We want this. We have taxed so much". And Her Majesty's Government will produce a different set of figures. Well, that is not easy, that is not there for the taking I can tell you that. It is not going to be easy doing this. Now, in a spirit of oneness with Britain, I think we would be kicked down the stairs and rightly or, perhaps, we might be welcomed and asked to a cup of tea, if we went in a spirit of independence which Honourable Members in this House do not advocate. If we went in a spirit of independence we would rightly be told: "These are your standards, that is the size of your Gibraltar, and there you are." We have to live with our own standards. That is not the spirit of EEC, that is not the spirit in which one should approach Britain. It would be interesting to see what the reaction would be because I think it is fair to people in Gibraltar that these very pertinent questions, these very pertinent and committing questions should be asked at some time. The 64,000 dollar question should be put at some time. And the analogy is not a money one by chance. When we are talking about money over a period of 10 years then I think we shall get a very straight and forthright answer. The Chief Minister, I am sure, might anticipate or will anticipate the psychological effect of Britain saying, no. What would happen then if he goes next month or whenever he is going to the United Kingdom and he is told, "No, you cannot have this." Well, if we cannot have that

there are two options open to us. We try harder and we do not take 'no' for an answer or we take action of various kinds - the Chief Minister at one time resigned from the Legislative Council over a matter of principle. Well, I am not for one moment suggesting that that will be necessary, but action of some kind could be taken and unity in those circumstances would be essential. Or, somebody would have to tell the people of Gibraltar what is going to happen next. What we cannot do is to just sit and take it. We cannot have £300,000 one year, £600,000 another year, £900,000 the next year and inflation gathering momentum day by day, and no meaningful expansion. That is what we cannot afford to do. This is what Gibraltar cannot afford to do because morale is bound to be affected. And we do not want the will of the people of Gibraltar turned the way that we would not like to face. We would not like to subject the people of Gibraltar to unfair pressure. Support and sustain is old fashioned. Support and sustain should be replaced by something more lasting. We must come to terms with the closed frontier, we must come to terms with our position in Europe and we must come to terms with Britain. We must realise what our relationship is and crystallise it, and on the basis of that use that as a foundation for our economic relationship. If we don't it is going to be taxes all the way, and recession. There was a question about electricity earlier in this meeting that may be people will start spending less and that is a very dangerous thing as the Honourable the Chief Minister knows when he spoke about keeping up the momentum of the economy. That is most important. Mr Speaker, I hope that another thing that could be put into the constitutional side is the question of the Home Office. Reading through

MR. SPEAKER:

No, I am afraid we cannot talk about that. You are asking that there should be constitutional talks for the purposes of incorporating the constitution and economic matters. I accept the fact that if there are going to be constitutional talks other things would be discussed but that is not the subject matter of the motion.

HON M XIBERRAS:

I will not dwell upon it.

MR SPEAKER:

You will make a reference to it.

HON M XIBERRAS:

I will make a reference to it in the sense that after the Honourable Mr Peter Isola produced his report the Honourable and Learned the Chief Minister brought out a communique saying that he would consider the question of the Home Office at the time. I feel that the merger of the Commonwealth Office and the Foreign Office has done Gibraltar a lot of harm. I go to the Foreign and Commonwealth Office and I feel that the Commonwealth men are almost second in consideration to the Foreign Office men. The Commonwealth is a dwindling affair and the Foreign Office with Europe and so on has gained strength. And we have suffered despite the assurance that Gibraltar has a desk there and so forth and therefore the Home Office question is an important one, too. Mr Speaker, there are a good number of things which perhaps my colleagues might refer to where the division might not be as great. We are perfectly satisfied that we are going our way. Call us misguided fools, call us what you will, but we feel that things are going that way, our way. There is also the need for the constitutional conference because of Europe. There are dependant territories in Europe I imagine - I don't know the Heligoland situation, I don't know what that is - but I think that we are the people in Europe who have got the most dependent status. And this should not be allowed - I am talking about the European Common Market not including Spain - in EEC. The Chief Minister coming back from London said that we should up-date our relationship with Britain because of our Common Market membership, and this was a very good idea. This is very good. We should develop this relationship but, of course, with the State with which we are dependent, not with the Common Market because as the Chief Minister knows there is precious little that the Common Market can do for Gibraltar in the financial sense nor is it the wish of the people of Gibraltar to become members or nationals of the Common Market. It is the wish of the people of Gibraltar to remain British. But it is not fitting

that there should be a set of 25,000 people stuck at the end of Europe in such an important place, which it still is, and not have the same rights as the country on which it is at present dependant, Britain, in our case. It is not right. There should be a more advanced position than that and I am sure that the Association to the Advancement of Civil Rights will support moves in that direction. But such advancement should not draw us away from Britain to my mind, such advancement should give us the status in Gibraltar and at the same time bring us closer to Britain. The Chief Minister has spoken about a Channel Island Constitution. I am not saying that he was suggesting that we should have Committees and so forth though he has shown an interest from time to time in this system of Government. What I am talking about is the link part of it that this should be developed. And the link itself that we have now by Order-in-Council must be done through Act of Parliament. It would be a good test our good friends the Members of Parliament to vote in favour of an Act of Parliament for Gibraltar. We had all sorts of arguments about the sovereignty of Gibraltar being invested in Her Majesty the Queen, but I am sure if it is possible for Northern Ireland then it is possible the other way. Mr Speaker, briefly, because the subject requires many, many hours and is so vitally important that briefly, are some of the arguments in favour of constitutional change. The constitutional and the economic. This House is being subjected to some criticism, I feel, and I think that if we had open statements in this House it would be subjected to less criticism. The subject matter of this motion is closely related though not the same to the subject matter of the petition and the demonstration. I hope that we do not get a repetition of the motion that the Honourable Mr Bossano put forward about reaching parity of standards with the United Kingdom where the Government amended the motion straight off and then proceeded not to talk in other words not even to discuss

MR SPEAKER:

We must not go into that now.

HON M KIBERRAS:

Sir, I hope that their contribution will be a genuine and sincere one directed at the question of constitutional talks.

MR SPEAKER:

I will now propose the question in the terms moved by the Honourable the Leader of the Opposition.

HON A P MONTEGRIFFO:

I have by necessity got to make a brief contribution unless members want to go through the agony of missing their lunch. I am sure they prefer their lunch to my lack of eloquence. But I think I will very specifically talk on four of the five points raised by the Honourable the Leader of the Opposition. Let me say straight away that on the economic approach of the Opposition I think there is very little division on either side of the House and of how Government want to focus the whole economic prospect of Gibraltar. Where, perhaps, we may start dividing ourselves is in the historical division which has evolved in the last ten years on the constitutional issue. And that is why, perhaps, it would be possible, because I think the most pressing need of Gibraltar at the present time is to find some form of permanent economic relationship with Britain as will steer us through the difficulties that are foreseen not at present, but as the Honourable Leader of the Opposition has very rightly stated, during the course of the next ten years. Because it is true to say, too, that if we have an economic collapse morale will suffer and people who have got other motives than we have, may cash in to steer the peoples will through other channels, and that we must prevent at all costs. Therefore, we accept that the economic viability of Gibraltar is the responsibility of Britain and it must be kept viable not only because of the standards that we want to hold on to and improve, but also because it can have very serious political repercussions internally and internationally. Let me come to the few points I mentioned before I was going to deal with. It is true that in this particular year there has been not as much economic expansion as the Government would have liked. But it is not true to say that we are reaching stagnation point. One of the reasons why there has not been further economic expansion is because the aid programme that the last Government succeeded in obtaining, lasts until 1976. We came in midstream and, consequently, we found ourselves in the position of not having new money to carry out our own development programme. But we did obtain from the British Government the principle which they accepted that the next development programme would be advanced so that we would be in a position, by the time that

this is finished, to have initiated even before then our own development programme so that there will not be that great gap which the Honourable the Leader of the Opposition talked about. Secondly, and in a way it is irrelevant but important, had it not been by the increase in oil prices, the way that we were going perhaps through the contribution of the previous Government and this Government, there would hardly have been any need to increase taxation at all. Thirdly the inflationary situation, of course, has spiralled out of all proportion and has rocketed the economy of much wealthier and stronger countries than us. Consequently, what might have happened in three or four years from now has happened today and, consequently, we share the sentiments expressed by the Honourable Member that we must make our case quite clear that Gibraltar must become economically viable and that we look to Britain to make it so. Now, as regards budgetary aid. Budgetary aid has got connotations which we do not like. And when we talked about budgetary aid at the last Budget in Gibraltar we were talking in the context of £200,000/£300,000. That we should have gone to Britain for in order to cushion off the effect of the electricity charges. That would have made no difference in the context of the bigger and wider concept of the economic difficulties that Gibraltar has to face. It was that context that we said that this was charity because what we have in mind is something bigger which perhaps, the Honourable Leader of the Opposition has jumped the gun and put it quite eloquently this morning and we share that sentiment. In fact he qualified the question of budgetary aid on two occasions. The first time he said: "We are not going to go to Britain every year for budgetary aid because that is not the solution to the problem" and I entirely agree with the Honourable Leader of the Opposition. And then he qualified it by saying that what we must find is a permanent economic relationship and with that I entirely agree and this is the thinking of the Government. Perhaps there is a difference in emphasis. We thought that by not going for £200,000 or £300,000 in charity which would not have solved the problems that we are facing now, we have got a stronger case when we go to the UK to put forward the sentiments not only of the Government, not only of the Opposition but the sentiments which have been so eloquently expressed by the whole of the people of Gibraltar. But if we are going to go to Britain as one, I would ask the Honourable Leader of the Opposition not to make a simile to the Common Market because in the Common Market we all know there is little oneness and every one is out for themselves. We want the very opposite in our relationship both economically and politically with Britain.

HON P J ISOLA:

Mr Speaker, I think on this side of the House we welcome to a certain extent the opening words of the Honourable Mr Montegriffo when he spoke that he felt that the economic approach to our problems being put forward by the Opposition came very close to the way the Government was thinking. Later on he spoke of the need to look for a more permanent solution to the problems of Gibraltar in the economic sphere. But I think he said that if the Government had asked for money prior to the last budget that was presented at this House, a rather harsh budget by any standards, that he felt that would have been charity. I think it is that part of his speech when he mentioned the word "charity" that makes us on this side of the House a little apprehensive as to whether we are, in fact, ad idem on our aims.

HON A P MONTEGRIFFO:

If the Honourable Member will give way. I said in the context of £200,000 to £400,000, which eventually was £200,000. We thought that would be charity.

HON P J ISOLA:

I am grateful for that explanation but what we on this side of the House believe most firmly and indeed have advocated quite strongly during the course of the last budget debate, was that to ask assistance from Her Majesty's Government to help us over the present difficulties and the difficulties admittedly arising to a great extent or to a certain extent from the inflationary circumstances under which we are living which affected Gibraltar just as much as everybody else, but in the circumstances of Gibraltar made it more accentuated because in Gibraltar we were not living a normal existence but were living an existence of siege, we would not call asking for assistance from the United Kingdom in these circumstances charity of any kind. This is why in this side of the House the Integration with Britain Party, quite apart from the concepts that we have of the sort of relationship that we should have with Britain quite apart from all that, we do not consider it charity to ask Her Majesty's Government to aid our recurrent expenditure and revenue situation in Gibraltar because we believe that the words "sustain and support" must be given meaning. Certainly

we believe that the time has come - and we hope that the Government will agree with us - that the time has come to change that concept of sustain and support to develop it into a more permanent concept running in and running with the political, economic, and social development of the people of Gibraltar. It is no longer a question of just sustaining and supporting Gibraltar in a temporary situation. I think that elected members on both sides of the House must consider that this situation can hardly any longer be classified as temporary situation a situation that has gone on now for ten years. Therefore the concept of "sustain and support" must be given meaning and, in our view, this should be done in the context of constitutional discussions. We don't say this just because we are Integrationists, we say this because up to now constitutional change because of the circumstances of Gibraltar has not had much social or economic significance for the people of Gibraltar. Constitutional change has been really up till now the gaining of political rights for the people of Gibraltar over a period of years and successive constitutional conferences have been aimed at securing greater political rights for the people of Gibraltar ending with the last one in gaining political security, if we may call it that, for the people of Gibraltar. We cannot, of course, from this side of the House as the Honourable Leader of the Opposition has already said, we cannot on this side of the House accept a situation where we regress those steps, where we are governed by a Board of Directors or call it what you will, in Gibraltar, purely and simply because of the difficult situation that the people of Gibraltar find themselves in today. It is our view that it is the people of Gibraltar who must look after their own affairs; it is the people of Gibraltar who must stand up to their responsibilities and it is the people of Gibraltar who must fight for their rights and the continued advancement of the community in the years to come. This, of course, has to be done through their own elected representatives and it has to be done every four years or every two years or every one year whenever the need arises. But, Mr Speaker, we think, and I think rightly that the time has come in seeking a situation for Gibraltar and through means of constitutional change that secures for the people of Gibraltar their political, economic and social advancement. It is not unknown in other constitutional talks and, in fact, it is very common in any constitutional discussions that have taken place concerning territories in modern times,

to look at the economic repercussions of decisions taken in the constitutional conference. There are many examples, even constitutions leading to independence and granting full independence, where provision has been made for the economic advancement of the people of a territory who in achieving independence do not necessarily achieve economic independence. And this economic help had been written into the constitutional arrangements and agreements there have been. As far as Gibraltar is concerned whatever any side of the House might feel on the constitutional change to me it is abundantly clear that unless we can write in the doctrine of sustain and support, unless we can write this into a constitutional instrument into the context of constitutional change, we are going to have the problem of having to go back and back and back for help as the years progress. On this side of the House as Honourable Members are aware, we feel that the way we are going Gibraltar is a very small place it cannot survive on its own and in the rest of the world people are becoming bigger units rather than smaller units and as far as Gibraltar is concerned it does seem to us that we must either be dependent for our economic progress and advancement on one country, Britain, or on another, Spain. And on this side of the House we feel that so long as that situation exists and so long as it is obvious that that situation will continue to exist obviously the leaning should be towards Britain and anything that gets us more committed to Britain and Britain more committed to us through means of constitutional change, is bound to be for the benefit socially, economically and politically of Gibraltar. It is therefore, for this reason, Mr Speaker, that we feel there is an urgent need to call on Her Majesty's Government to have constitutional discussions with the elected representatives of the people of Gibraltar. I think we must not forget that when there is constitutional discussion there is an incentive on all sides to come to a permanent agreement. I think it is legitimate for the people of Gibraltar to call on Her Majesty's Government to support and sustain us and to put that into a more permanent form in the shape of an agreement.

enshrined in the Constitution. In the same way as, for example, the famous link was enshrined in our Constitution, I think the commitment of economic assistance, the commitment to give the Gibraltarians the same right as British Subjects in the United Kingdom to the standards of living not only as British Subjects dependent on the United Kingdom, but also as members of European Economic Community. This is why we think that it is a fundamental approach that is required in this matter. Mr Speaker, there is no question about it that there is a fundamental need for it. I was looking at the figures of the way the recurrent budget in Gibraltar has gone since 1969-70. It makes interesting reading. In 1969-70, I think, a 15 month period admittedly, there was a budget surplus of some £735,000. In the year 1971-72 there was a budget surplus of some £500,000. In the year 1972-73, when there was an Integration budget aimed at raising £259,000 which caused at the time - it is no use going through past history but which caused a great furore at the time - in the year 1972-73 there was a very small surplus or deficit, I am not sure which it was, of about £10,000, after the Biennial Review of 1972 had been put into full effect. In the year 1973-74, after tax measures calculated to yield £600,000, there is estimated to be a deficit of £222,000. So that despite heavy taxation and without a Biennial Review in 1973-74 there was quite a deficit or call it what you will. People might not think it is substantial but definitely £222,000 deficit. And for 1974-75, Mr Speaker, after taxation measures of £900,000 but without taking into account the Biennial Review that is to take place later this year there is estimated to be a surplus of £392,000. Already part of that surplus may be taken by the measures that the Minister for Labour announced earlier on. Some of it will be taken by cost of living formula. And presumably most of it, if not all, will be wiped out as a result of the Biennial Review because with inflation at the rate it is going, with prices increasing and with the Government apparently unable to control them, there is no question about it that after raising £900,000 in tax a deficit may well be achieved when the year's working is at the end. The Honourable and Learned the Chief Minister said in an exclusive interview to the Gibraltar Evening Post, that we were getting to the limit to which taxation goes. He also said in that interview that some provision, or words to that effect, had been made for the Biennial Review but if more was required there would have to be additional taxation. And, therefore, Mr Speaker, there is no doubt about it that looking at a period of five years of Gibraltar since 1969, we have gone from a situation of substantial surplus into a situation of substantial deficit. Despite crippling taxation amounting to £900,000 this year which has been the cause, quite naturally, of popular outcry and condemnation and which this side thought the Government should have avoided by seeking budgetary assistance from Her Majesty's Government. That is not the end of the story, Mr Speaker, because in achieving the surplus of £392,000 after taxation of £900,000, we must not forget that there was a cut in expenditure in the Improvement and Development Fund for the current year out of local resources of some £500,000. So that if the Government had carried on its programme in improvement and development of the previous year from local funds of roughly £1m,

there would in fact, despite the rating of taxation of £900,000, there would in fact have been already a deficit on the Government's account not taking into account the Biennial Review. So that in a way and I don't wish to be particularly critical on this matter, in a way the commitment of AACR policy to economic expansion suffered a blow in this year's budget by the cut there was in the Improvement and Development Fund of £2m. Now, we were told by the Honourable and Gallant Minister for Public Works at the time that what was going to be spent in the Improvement and Development Fund was related to the Capacity of Gibraltar and it was felt on the Government side that the cuts were just realistic cuts because we just couldn't do the work. Mr Speaker, it's one thing or the other. If we have done a cut of £500,000 in the Improvement and Development Fund just because we cannot afford it, because our budget could not afford it, our level of taxation could not afford it, that was obviously a recessionary factor in the economy and that obviously goes against the policy of economic expansion as far as Gibraltar is concerned. If on the other hand it is because we haven't got the capacity in Gibraltar to absorb that expenditure and to do the development that we require, then it is quite clear that development is not going to keep up in pace with the needs of Gibraltar in terms of revenue. So it is obvious again that we require economic assistance. I don't think, Mr Speaker, for one moment that it is something to be ashamed of as far as the people of Gibraltar are concerned. We have had ten years of siege. In Madrid there has been a special department on Gibraltar thinking and scheming how they can hit at and effect the economy. And they know more about the economy of Gibraltar than possibly a lot of us ourselves know. Their policy throughout these years have been to plug every hole that could assist the economy of Gibraltar. We know they have been to shipping lines trying to persuade them not to come to Gibraltar. We know they said things to airlines but the point I want to make, Mr Speaker, is that the people of Gibraltar have taken, in fact, the whole of the brunt of the Spanish campaign to recover Gibraltar. Her Majesty's Government and we are glad in a way that this is so and the British economy, has not suffered as a result of the Spanish campaign against Gibraltar. On the contrary, the Spaniards in their efforts and in their attempts to win over the British Government and British Parliamentarians to their side have gone out of their way to improve their trade and commercial relations with Britain, have gone out of their way to bring British tourists to Spain and to treat them well. Therefore, what is happening really is that it is the people of Gibraltar, British Subjects of the Crown, who have taken the brunt of the Spanish campaign against Gibraltar purely and simply because they wish to remain British Subjects like any other British Subject in the United Kingdom. That is why we on this side of the House reject whoever may use the word "charity". We reject statements that are made by uninformed people of what the assistance of British taxpayers to Gibraltar is. Of course there is assistance but then, of course, the British taxpayer has also benefits as far as Gibraltar is concerned, as far as the base facilities are concerned and so forth. We do not quibble about these, we do not worry about them but we do say: "We have held our own for many years. We have done everything possible to keep the economy

going; we have taxed ourselves in a short period of time to a much higher degree in comparison than I should imagine any other country in the European Economic Community. It is quite obvious that there is very little more that can be done in that field. It is equally obvious if we are to maintain the standards of living of the people of Gibraltar as we are entitled to do and if we are to improve them over the years to come, it is quite obvious that we will require financial assistance from Her Majesty's Government to run our economy. It is for these reasons that we feel that two very, very harsh budgets, two very effective budgets as far as the standard of living of people are concerned that have hit the standard so hard and so forcibly we cannot have a third one like this and then a fourth one and then a fifth one. This is just not possible and, therefore, it is not just aid for economic development that we require. It is aid to ensure the living standards of Gibraltar and Gibraltarians in the coming years and to ensure their improvement. Therefore what we feel is required for the people of Gibraltar is some fundamental reappraisal on British economic policy as far as Gibraltar is concerned. Mr Speaker, on this side of the House we have said time and time again that this can be achieved we feel as the choice becomes clearer between one country and another, as we put our taxes up more and more, as we try and achieve higher standards in our social services with the help of Britain in development and so forth, we feel that the road really is fairly clear. We do not believe that because it is integration you are governed from Whitehall. We are governed from Whitehall at the moment. The Constitution says it, the despatch from the Secretary of State says it and so forth. We do not believe that a closer relationship as the one our party believes in necessarily takes control of our future away from us. This has not been the case - and I know they are having dreadful trouble - in Northern Ireland. It has not been the case in the Isle of Man where my Honourable Friend the Leader of the Opposition has stated there is a common purse agreement and there is, of course, one for Northern Ireland and I saw quite a lot of detail of it in a debate in the House of Commons only on June the 3rd this year where the aid to Northern Ireland, apart from the cost of the military expenditure which is not completely out of account defence overseas aid and foreign affairs cost to the British Government, that is completely out of the common purse agreement there is with Northern Ireland, one finds that if applied to Gibraltar and if my figures are right and so forth etc, etc, Gibraltar would this year be receiving £7m apart from the £22m revenue expected from municipal services which is, of course, apart and raised by the local government there. So it is some £9¹/₂m as against £8,100,000 odd that we expect in Gibraltar. I don't think anybody can say that there was a desire on the part of the British Government in the United Kingdom that there is any desire at all to govern Northern Ireland. On the contrary there is a desire for Northern Ireland people to govern themselves as much as possible subject to certain principles within the United Kingdom, the power sharing executive and so forth. So no one can say that that sort of relationship in the United Kingdom has gone against the elected representatives of the people. No one can say the same thing has happened in the Isle of Man or in the Channel Islands. But whereas the Channel Islands and the Isle of Man appear to have outlets for economic expansion and so forth, I think we must all concede that Gibraltar is in a very different

position. We are a very small country, a very small place, and despite all our efforts it is seen that we cannot hold our own as an independent, economic, viable unit in present circumstances. Mr Speaker, I would also like to call the attention of the House to this fact. In 1972-73 our revised estimated revenue was £5,674,000. In 1974-75 it is expected to be £8,177,000, equally the expenditure of course. Now that gives us an insight to the way things are going in Gibraltar. The need for additional revenue is galloping, the rate is tremendous. Therefore it is to my mind and certainly to our way of thinking absolutely crucial to Gibraltar and to its people that we stop now, take stock and realise that there is need for fundamental reappraisal in our relationship between Britain and Gibraltar. This is why, Mr Speaker, we say in our motion that this must be done through constitutional talks. I know the Government is going shortly and we hope they will do well and they will get everything that is needed for Gibraltar. In that, of course, they will have our fullest support. But I just wonder what would happen if things go wrong. Let us suppose the British Government doesn't agree with the stand of the Gibraltar Government. What would the Gibraltar Government do? I presume if it is fundamental enough one would expect them to resign and go to the people. It may not be so fundamental and it might not justify resignation, it might be half and half. But it might not achieve what we want and it may be a sort of compromise solution. I think from my experience of the number of constitutional talks there have been in the past and especially the last one, I think that the venue of a constitutional conference could be better because there the British Government is face to face with all the elected representatives of the people and the British Government has to do some very serious thinking there because they may find that the constitution just cannot be worked or will not be worked unless an agreement which meets the aspirations of all sides is reached. I think it is important too from our point of view that the economic side of constitutional change should now be enshrined in our constitution. I think the concept of a constitutional conference is really a concept of the political, economic and social development of the people. This is why as we are in a moment of crisis we feel that that is the appropriate way to deal with this matter in a more permanent form. Although we are not by any means suggesting that the Chief Minister should call off his trip to England or in any way suggesting that there should be any change in tactics - the Government has got its policy and it is up to them to follow it - what we are saying is that at those talks at least if things don't go too well for the Government the Chief Minister asks the British Government for constitutional talks to deal with the very serious problem that beset our people. Mr Speaker, I do hope that the Government side will feel able to agree with this part of the motion which I commend to the House.

NON CHIEF MINISTER:

Mr Speaker, so far the debate has followed if I may say so very serious and important lines because the matters that we are dealing with are grave and serious, and let there be no mistake about it. And I think this morning despite the extent of the intervention of the Leader of the Opposition there were times when he was not being

a

doctrinaire, where I was agreeing with/considerable amount of the things he was saying because I think the problem is there, we know it; but I think it is also part of our privilege of our free society if we do not see the solutions in the same way simply because we do not think the same way and we cannot expect other people to think like we do. But it is precisely in cases like this where a debate perhaps clears the air finds out perhaps possibilities of agreement, and points which had not been made on either side. Nothing that has been said either here or at the time of the budget about whether one should go for budgetary aid or not in any way derogates from the fact that the Government consider the situation to be a difficult one and a serious one. Ten years ago we were concerned with another kind of trouble. The trouble at that time was one of survival as a free community, when some people thought that Gibraltar was going to be sold down the river; that the British Government was going to give in to Spanish pressures and that we were going to be handed over. That has even been used less remotely or more recently as a propaganda stunt on several occasions. The fact was then as it is now, that gradually, carefully and thoughtfully the people of Gibraltar committed, the British Government to an increasing extent, their policy to stand by the rights of the people of Gibraltar and to uphold their desires and their wishes to remain as we are. That is to say to remain under British Sovereignty and with the British connection. At that time money wasn't really that important, something else was more important. Life was more important, though one could well understand and see the reasons for the campaign which started not in 1964, but it gradually started in 1954 though of course the nature of the restrictions were mild compared to what was to come ten years later. And if I have said and I will continue to say that I thought and I think the question of timing in matters connected with our budget and so on was a matter of judgement, I am confirmed and I said so clearly, confirmed in my own judgement as to how to deal with a serious situation. I did ask in the course of the budget debate which incidentally and one must not forget coincided with a considerable amount of political uncertainty in the United Kingdom, following on the undecided results of the election when there was an attempt to create a coalition by the Conservative with the Liberals, and then there was a minority government and the situation at the time was not that stable in the United Kingdom and that by itself would not have been enough but that added if I may say so to my own judgement that at that time when I asked in the course of the budget debate what sort of aid the Honourable Members opposite had in mind, and they started by saying £400,000 and they might even settle for £200,000, I said and I say it now that it would have been bad business to have gone to London then and have got £150,000 or £200,000 as immediate aid. It would have dented if I may say so, the strength of the case we hope to make when we go to the forthcoming talks. It is a matter of judgement and I accept full responsibility. It has been mentioned that if there have been occasions, three isolated occasions since the restrictions where a grant was made towards the budget. It was not budgetary aid in the full sense of the word and on that and on the repercussions of that at my invitation - whether this motion if it goes to the vote is considered by the Speaker as

one of confidence or not - at my invitation and in order to illustrate the situation to the people of Gibraltar, I have invited the Financial and Development Secretary to explain to the House what grant aid means in terms of British Overseas Administration in the fullest extent. I will come to what I think we ought to ask for and it is because I fear and I have always feared the evils of grant aided territory, the evils of budgetary aid on a permanent basis, the extent to which the controls are to be exercised under those circumstances, that I have always avoided the word budgetary aid and have mentioned the question of assistance and help - and I will develop that theory a little more at a later stage. But it looks to me that even on that I have good company on the other side, because whereas on the one hand the Leader of the Opposition this morning said that Britain knows everything that happens in Gibraltar financially, that there is a duty to report to the Governor what the Council of Ministers does; that the Financial Secretary has overall responsibility and that the Treasury exercises a very strict control once the budget has been decided over the expenditure. But the expenditure so long as we provide the funds is decided by us here. It may be subject to veto, I agree, but it is decided by us. We decide what kind of social services we want; we decide what kind of development we want; we decide what kind of medical services we want, and we decide what kind of educational services and all the others which are the defined domestic matters which come under our control. Those are decided by us so long as we pay for them and they are not grant aided. There could be a word of advice here and there from the Financial Secretary if Government was going off the rails on any particular point but we decide generally and these are the social services that cost us more than all defined domestic matters, we decide what extent we want, what kind of hospital we want, what kind of medical people we want, what kind we can afford and what kind we can have. We decide. Nobody decides it for us. We decide if we want to buy 35 new typewriters for Secretariat, or a plant machine for something else. We decide that. And so long as we are not granted aided - we hope we will never be - we will continue to decide that. The Honourable the Leader of the Opposition, in the course of a press conference said that he was against the Governor having extended powers more powers than he has now. I entirely agree with him. But these are the things that one has got to care about when we talk about budgetary aid or we talk about something else. I think that the most optimistic member of the Opposition could hardly accept the Government to accept the motion as it is because, quite rightly, in their own view it starts with a denunciation of the policy of the AACR in Government. So however much - I think we could have a little less clown work here perhaps, Mr Speaker. We have listened to all the other speakers without any intervention, and I hope to be heard with the same silence that for one and a half hours we have listened to the Leader of the Opposition and I would request, Mr Speaker, the protection of the House from Mr Caruana, who keeps on interrupting every time one says something he does not agree with.

MR SPEAKER:

You may rest assured that you have the protection that every single member of this House is entitled to.

HON CHIEF MINISTER:

It is a very serious matter and I am not going to have winks and things like that or exclamations of "hear, hear" for this or the other. Otherwise with your leave I will leave this Chamber.

MR SPEAKER:

There will be no need for that. Whether members leave the Chamber or not is their prerogative, but the protection of the Chair will be granted to every single member who holds the floor.

(Hon J Caruana leaves the Chamber).

HON CHIEF MINISTER:

That is much better. What impertinence. When one draws the attention and Mr Speaker draws the attention, what impertinence. Never mind, let the public judge. I was saying that it was hardly expected that one would agree to the terms of the motion for a number of reasons which I will detail now and I will come to what I hope will be a more positive attitude by the House which I hope will command the support of everybody. In the first place as I have said, the motion criticises the Government and nobody could expect the Government to support a motion by the Opposition which criticises the Government. Perhaps in other kinds of States that can be done, not here. It is loaded with what I would call theoretical integration by the back door. The third point is that the motion confuses the constitutional with the economic in a manner which (a) is difficult to define (b) is impractical and unrealistic and (c) it is bound to be unacceptable because it seeks to put responsibility on the British Government without giving it power. This is a matter which has I am sure been brought to the notice of anybody who has been in the United Kingdom that the development of or evolution of institutional Governments in overseas territories, the devolution of power goes hand in hand with the devolution of responsibility. And the fourth point which I think is also the result of perhaps too much doctrinaire thinking or confused thinking, is that it is based on the thinking that it is up to Britain to pay to maintain UK standards. I say that because that is subject to definition. What are UK standards? The best standards, the worst standards, or the middle standards? Monday's "Times", has got two very interesting articles which have a big bearing on this. One of them is the extent of poverty in the United Kingdom written as a result of probing by a new Labour Member for Luton (West) which says: "The most significant piece of information about the poor for a decade, was released quietly by the Department of Health and Social Security recently. The

Department estimates that 1,780,000 are living below the official state poverty line. The figures were given in correspondence to Mr Brian Sedgmore, the new Labour MP for Luton (West). They confirm the view of a number of social policy specialists that the present structure of welfare benefit has failed to provide a minimum floor below which no one can fall. The table below breaks down the total 1,780,000. The largest which consists of pensioners 760,000, pensioner households with 980,000 people fall within this category. Although the department figures have not been accompanied by any explanation of who these people are there can be little doubt that they are old people in receipt of the national insurance retirement pension with little or no other resources." Then it goes on to classify other people.. But for those more enthusiastic who received the entry into Europe with jubilation, jubilation in anticipation even of the British Government, there is another article in the same paper of Monday July 8th which says "Europeans unite to fight poverty". A comparative poverty profile of the nine member states of the EEC will be one of the first tangible results of the proposed European poverty programme. Britain is expected to come bottom of the league. The poverty line that will emerge from the profile will not be an arbitrary one determined simply by the level of social security benefits, the profile will compare the incomes of the poorest with average earnings and the cost of living so that it is clear how many people fall below the accepted standard of their own country." And it is no use looking at the gallery and laughing because that is just as bad as what Mr Caruana was doing before if we are going to have a decent debate on this. So the motion not only in so far as it affects the criticism in the preamble of it but in the substance of it, is unacceptable because the mover has failed to state clearly what he has in mind or how it can be achieved other than of course through integration with which we don't agree and we don't agree even that it would achieve that. From what the Honourable the Leader of the Opposition has said this morning and from what we know of his thinking, his ideas seem to be impractical and unrealistic. Because whereas I am all for obtaining the maximum possible aid to maintain our standards - and I will show that this is nothing new -

at least I hope that if we can do that in any way it will not be necessary to become grant aided or have many more controls from Whitehall at all. The Honourable Leader of the Opposition this morning read at length from a letter which he sent to the Governor in June, 1973 of which with the Governor's permission because it was a letter addressed to him, a copy was sent to me, I will not, because I think it is essential at least as far as I am concerned, to keep the correspondence of what is virtually confidential correspondence as confidential as possible otherwise you will never get anybody to write any letter that has anything important for fear that it can be used one way or the other

HON M XIBERRAS:

If the Honourable Member will give way. Whether a letter is Confidential or not between the Governor and myself, does not depend on the Honourable and Learned the Chief Minister. He may express, of course, a view about it but he does not know whether it was a confidential letter or not or whether I should or should not quote from it.

HON CHIEF MINISTER:

I am sorry. I think, perhaps, the Leader of the Opposition jumped the gun a little. What I say is that whether it was or was not confidential he read part of a letter which as far as I was concerned was confidential because the permission of the recipient was obtained and this was said to me in a letter which said: "I have heard from the Governor that it has been sent to the Secretary of State, as promised in our meeting yesterday, I enclose a photocopy of the letter which I sent to the Governor." I have a distinct recollection that when he sent that he said that he had obtained the Governor's consent to send me the copy. I am not referring to ~~that~~ I am only making a passing remark. I am referring to the fact that I commented to the Governor on that letter as it was my duty and I am not going to quote from it but I am only going to quote one very small piece because it is the thinking that I made public then, in June 1973 it is the thinking that I made public during the public debate and it is the thinking that dominates my actions at this moment." "Strictly economic criteria cannot be applied in this situation without the fullest regard being had to the very real political problems involved. If indeed future talks are going to prove fruitless and Gibraltar has to face a continuation of the present situation for, say, another ten years a fresh approach to aid for Gibraltar will be necessary if we are to maintain standards." So that in June, 1973, I was telling the Governor that there had to be a lot of re-thinking in Whitehall in so far as aid for Gibraltar was concerned so that it is not a position taken now in the light of petitions or complaints or increases and so on, it is a continuing thinking on the situation which has dominated such actions as I have had to take in relation to the matters which have come to me. Aid only on that basis was not enough. There has to be re-thinking if we are to maintain standards. And when I say we have to maintain standards of course I don't want to compare them to other standards. We want to have good standards in Gibraltar our own way the way we want it. The way the workers want it the way the people want it. Good standards, not standards in accordance with Glasgow or Northumberland or Surrey or Belfast, Gibraltar standards, Gibraltar good standards. Mr MacMahon comes out of the way he is now joined by 1,780,000 other people. Some of them even having perhaps under the £4 of Mr MacMahon. But be that as it may, that was my thinking and that is my thinking now. Where I think, and I think it is done with the best intention but nevertheless it is confused and I have to say so because I think so, the Honourable Leader of the Opposition said all the things we were wrong in this morning and it is my privilege now to say all the things he was wrong in this morning in his thinking. As I said at the beginning in my four points one of the things that is wrong is the confusion between the constitutional and the economic. If we start from the constitutional, and when Mr... the Leader of the Opposition quoted this morning from certain interviews in regard to the future I said and I say so now that before we ask for constitutional talks there must be a very wide consensus here if we are not to play into the hands of those who would not like to help us and prevent those who would like to help us from helping us if we do not present a united front. Because there is nothing worse at a Constitutional Conference

that two parties or two representatives of two important elements of the community should not be ad idem as to what they want in the future. That is the best guarantee for no progress at all. Striving for an economic solution is, of course, absolutely essential and absolutely essential for any community. Would it be fair to say that Britain since the gold standard fell in 1929 has been struggling for a permanent economic solution which she has not yet found and, in fact, some people might well say that they are further away from finding it now than they were perhaps 10 or 15 years ago. Another mention was made of our role with Britain in Europe. There again how certain is that? How do we go about presenting anything to do with standards in Europe, in standards with our role in Britain when Britain's role in Europe herself is in the melting pot now? It is the biggest problem now, the biggest debate in so far as they party in office in the United Kingdom is concerned as to what is to happen with Britain and Europe. Those who want re-negotiation, those who want to opt out and so on. Until Britain reconciles herself to whatever attitude she is going to take in the future in Europe it is, if I may say so, doctrinaire to speak of our position with Britain in Europe when we don't know yet what Britain's position in Europe is. And if they cannot come to terms with Europe how can we come to terms with Britain over Europe? There was also mention about the fact that one of the things that might have been against our present situation is the fact that we are under the Foreign and Commonwealth Office and we might come under the Home Office. Well, it was not so long ago that the Isle of Man - in fact that the CPA Conference in London I was talking to some of the representatives about how anxious they would be to leave the Home Office and go to the Foreign and Commonwealth Office for their relationship with Britain. I would say that one is as good or as bad as the other. So I don't think we can rely very much on that. I would like to correct the last speaker, Mr Isola, on one point. The amount of aid programmes which was reduced this year was not £500,000 but £300,000. But even then it was cut. It was £300,000 from the previous year. Exception was taken to the word "charity". That has been explained. I did not mention charity in the sense that help from Britain is charity but that in the context of the budget at the time of the budget to have gone then for £100,000 or £200,000 would appear charity when, in fact, we were getting ready for much bigger things which we were hoping to get at the coming talks. But one thing that the Honourable Leader of the Opposition left very much in the air, perhaps the vital and most important consideration which has to be faced now and that is what if Britain says No? Try harder and don't take no for an answer. I agree with that I entirely agree that you must always try, but there may come a point of no return and it could well be - and I was saying this at a meeting recently because it only came back from my mind recently that as far back as 1963 I told the Prime Minister who happens to be the same Prime Minister as now that there could arise a situation in Gibraltar if Britain did not help Gibraltar as it should where there might not be any politician in Gibraltar who might be prepared to take office and that Britain might have to take over direct rule. We hope that that never happens but this danger - and this is the danger that we have to prevent - this danger is there and that is why whatever we ask for and we know what we want

we must have first of all a cast iron case and a clear case - the people at the Treasury are not just waiting there for us to go and ask for money- to make sure that if we get no for an answer we can appeal over the head of the Government if the moment came and I hope it never comes, to Parliament. That is why we have to be very careful that what we ask for can stand the test not only of the Treasury and of the officials and of the Ministers in the particular department but can stand the test in the present situation or in any situation in the United Kingdom, the test of our friends in Parliament. I say our friends because I think we have a good number of friends but there are others, even in Parliament who may not be so friendly, and of these we must be very careful. If the answer is no, try harder. Fair enough, and then what if nothing happens? Mention was made earlier by the Leader of the Opposition of the fact that on the question of United Kingdom citizenship we all got together and we made **representations**. We went to England - I was then Leader of the Opposition - we saw the Secretary of State, we had all the representative bodies with us and in the end we got an accommodation answer. We did not get a satisfactory result to the request for UK citizenship at all. May I just remind members of the reply we got then after we went to London after we got everybody together and after all the leaders went together to London. I quote: "I am now able to tell us the Government's decision. Her Majesty's Government have given careful consideration in framing their immigration legislation to the representations on behalf of the people of Gibraltar contained in the memorandum which the Chief Minister and other party leaders presented to me on the 24th November, 1970, I am now able to tell you the Government's decision. It has been agreed that in view of the special position of Gibraltar there will as hitherto be no restrictions in the number of Gibraltarians allowed to come to the United Kingdom for employment and to settle whilst those here for some temporary purposes will experience no difficulty in having their conditions of entry revoked to permit them to remain if they should find employment and decide to stay. Unlike those from other dependent territories Gibraltarians who come to work and settle in Britain will not be subject to any form of control after entry nor will they be required to register with the Police. They will continue to be eligible for any type of employment and the grant of permission to work will not as in other cases be conditional upon their being no local labour available. This means, in effect, that the special arrangement for the people of Gibraltar are to be continued. In particular the maintenance of the practice under which Gibraltarians are normally able to come to Britain as they wish and the concession of freedom from control after entry will put Gibraltar in a unique and advantageous position by comparison with the rest of the Commonwealth. No such privilege will be accorded to any other dependent territory. The Bill to give effect to the Government's policy is to be introduced in the House of Commons shortly. The Bill itself will contain no reference to special arrangements for Gibraltar." - Really that was the crux of the matter. We wanted it introduced and they said no - "This will be effected by administrative procedure and will be disclosed by a Minister in the ensuing debate. Until that has been done I must ask that the foregoing information be treated strictly confidential. I can confirm that there is nothing in the Bill to affect the present

citizenship status of the people of Gibraltar. We remained exactly as we were before. The same situation as it happened later on through Common Market. Not what the then Chief Minister had aimed at in what I then did not nor do I now attach as much importance as he did at the time of what they call real UK citizenship. But we didn't and the then Leader of the House in March, 1971 - and he had until June, 1972 to do something about it - did nothing more. If one goes to battle on something one has to see the thing through and this is our thinking on the question of Gibraltar and on the question of the approach to these talks. We feel, together with members opposite, that the British Government has got a very special responsibility, political responsibility, for reasons that are well known and are not of our making, to maintain standards for the people of Gibraltar and I confirm what has been quoted and what I had already said in my letter of June, 1973, that we cannot go on in an inflationary world which has hit wealthy nations with plenty of resources very severely. We could not expect not to be hit, in fact, more severely and I think perhaps it stands to the credit of everybody both that we have been able to sustain ten years of restrictions and that the morale of people is strong and their standard of living ~~has~~ not been eroded, certainly not eroded to the extent that they have been in other countries where inflation has hit hard. The Honourable Leader of the Opposition referred to Jamaica and the increase in the cost of living at 30% per annum and, of course they were able because they have natural resources to double the price of their produce and that is what brings inflation on other people and that is the circle going round the world all the time. We feel very strongly that the situation which has been reflected on both sides of the House in this debate and in fact the situation which has been also presented in the petition to the Secretary of State and myself and which the Secretary of State has already acknowledged having received it is a matter of very great importance for Gibraltar and for our future, and we think that we must get some kind of aid and relationship I cannot accept because I think it is impractical now to expect a constitutional relationship that will bring about the economic relationship. This is where I really don't go with the Leader of the Opposition and this matter because if you take a long time to evolve the constitutional relationship in the meantime we need the economic relationship we need economic help to help us out of our difficulties now, at these forthcoming talks. It could well be that out of a reasonable economic relationship could evolve some kind of a bigger consensus in the constitutional relationship that might develop but to have the two together now, I am quite sure that would not solve our problems. Now, Mr Speaker, because of the reasons that I have given the Government cannot accept the notion which has been debated nor are we going to amend it. If, in fact, that notion was an attempt at a consensus then it has dismally failed because you could not expect a consensus by starting criticising the other side of the House. So if that was the intention it has failed. If it wasn't the intention fair enough, we cannot subscribe to it. But in view of the seriousness of the situation it would not just be a matter of numbers and saying no to the motion and the Opposition is defeated. The situation is far too serious for that and, indeed, we want that part of the

consensus which may have emerged from this debate which is the fact that Britain should help us in our difficulties, I want reflected in a motion which I hope will obtain the acceptance of the House. So I propose, Mr Speaker, to move an amendment to the motion which reads as follows: "That all the words after the word 'that' be deleted and substituted by the following: "That this House conscious of the efforts made locally through taxation to pay our own way as much as possible urges the British Government during the forthcoming talks on the development programme to provide the highest possible level of aid so as to ensure that the people of Gibraltar are able to safeguard their standard of living in the face of the economic difficulties which has been created for them in an attempt to undermine their political views and democratic institutions.""

Now, Mr Speaker, this is a motion which has been framed to strengthen the hands of the delegation which will be going to the United Kingdom presently to be able to put not just - and this is a thing which I make quite clear and will I hope emerge in another way - to make quite clear to the British Government that I did not see these coming talks on development aid as being restricted to development aid at all but that the whole economic situation, the projection of the expenditure of Gibraltar in an inflationary world in years to come, all that would be raised at the forthcoming talks. And it is because I think that it is essential that it should be made clear, whether we agree on the constitutional or we don't agree on the constitutional at this stage and I will not take or castigate the Leader of the Opposition with regard to the talks that started in August of last year, and haven't finished yet because of difficulties that there is no doubt in our minds that we go with a clean record and with a record of having done our share to the limit of our capacity generally and that it is a matter of the utmost importance that the British Government should be appraised of this and all the arguments which were put forward this morning are equally applicable to this motion. Sir I commend the amendment.

MR. SPEAKER:

I now propose the question which is that the motion appearing in the name of the Leader of the Opposition and moved by the Honourable Leader of the Opposition this morning be amended in the manner moved by the Honourable the Chief Minister. May I remind the House of the present position which is that they are now going to speak on the merits of the amendment exclusively, and that once the decision is taken on the amendment the original question, as amended, if the amendment is carried or as moved originally if it is not carried, will be the question before the House. Now we must direct our minds exclusively to the amendment and whether it should be made. This means that once the amendment is debated anyone who has not spoken as yet on the original question is entitled to speak.

HON MAJOR R J PELIZA:

Mr Speaker, I would like to start by saying that I would like this House to follow the highest tradition of our mother Parliament and that members, certainly when I am speaking should feel free to pass remarks of "hear, hear", or "shame" as they do in Westminster and not behave in the inhibited manner that is usual in the Spanish Cortes.

MR SPEAKER:

The behaviour and conduct of members in this House is my exclusive prerogative and if I call the attention of any member towards his conduct it is because I consider it necessary. The question of order is my exclusive prerogative.

HON MAJOR R J PELIZA:

I have no doubt of that whatsoever and I am sure, Mr Speaker, as you know that there are many things that are out of order in the Spanish Cortes which are not out of order in our House and let us hope this will be so for many years to come. Now, the amendment to the motion as introduced by the Honourable and Learned the Chief Minister reflects the very failure of the economic policy of the present administration which has taken Gibraltar economically downhill since the unfortunate day when they were placed in Government to the regret I would say of all classes of our community. The proposed amendment is a day to day hand to mouth solution. No permanency at all, no policy. The Government of no policy continuing with its no policy Government. To say that the Constitution and the economic and the social is not the trinity of good government is an absurdity, an absolute nonsense. What community can have a constitution which is workable without the economic support? All revolutions have come about, and all constitutions have been destroyed because the social and the economic failed to support the very basis of the Government. Therefore, it is absolutely essential if we want to have good order in Gibraltar, if we do not want to have economic chaos it is necessary that there should be a constitution which will guarantee economic survival and social well being. Therefore this amendment goes completely against the fundamental stone of a prosperous, happy and well governed community. It is shameful that the Chief Minister of Gibraltar should come forward with an amendment which completely undermines that fundamental point. It is very sad indeed that in the serious situation of Gibraltar the Chief Minister should not have been big enough to say: "Well, maybe you think that we failed in our economic policy. We don't think we did." And he should at least amend the motion in such a way that it would preserve purpose and permanency in the objective to be achieved by the debate that is taking place here today. The whole attitude of the Chief Minister has been that they call "GOTA". A well known word in Europe today. Go it alone. Gibraltar goes it alone. We are going to survive, we are going to overcome the fuel crisis which not even big powers can do and we are going to overcome the Spanish blockade entirely on our own. How absurd how childish to put it mildly.

It is clear that Gibraltar is surviving today because of our economic links with Britain. It is made clear in the Constitution and I quote: "The significance of Gibraltar's economic problems at this time, as well as the nature of the new Constitution itself and the merging of the finances of the Gibraltar Government and the City Council, make it important that all financial affairs, both as regards defined domestic matters and as regards residual matters not so defined, should as hitherto to be fully coordinated. It was for this reason that all those who took part in the constitutional discussions in July, 1968, recognised that the Financial and Development Secretary would be in a special position under the new Constitution and that the Governor should have certain powers in relation to the maintenance of financial and economic stability." And the Chief Minister, having put his signature to this, says that there is no relation whatsoever between the economic and the constitutional.

HON CHIEF MINISTER:

If the Hon Member will give way. I will just explain a little because he might go off the rails on this one. I did not say that. What I said was that to go now to constitutional talks when we are not ad idem and at the same time try to define ill-defined economic aspects of it when there has been no preparation whatsoever, would not lead with any agreement and that the financial and the economic was more urgent than the constitutional at this stage.

HON MAJOR R J PELIZA:

I think that if the Honourable and Learned the Chief Minister looks at the Hansard he will see that no matter how he is trying now to re-define what he said as he always does - every time he says something it has to be explained again. It would be much better I think

HON CHIEF MINISTER:

You have a particular knack of twisting everything. That is the only knack you have.

HON MAJOR R J PELIZA:

Please carry on interrupting, we are in a British Parliament. I would say that it is not only I who misunderstands him but it seems that practically the whole of Gibraltar misinterprets and misunderstands him because he has got to be giving explanations after he makes statements. Whether it is on television or in the press there is always some qualification to follow. Therefore, I am certainly not the exception to the rule. It goes further and even in defined domestic matters the advice of the constitutional expert who wrote this despatch that goes with the constitution goes on to say: "I should hope, therefore, that the Financial

and Development Secretary will be invited by the Chief Minister to attend all meetings of the Council of Ministers when any matters affecting his sphere of responsibility are discussed." I certainly did that. I found it very important because I think that whether we like it or not in the present circumstances of Gibraltar and in the foreseeable future Gibraltar's survival will depend on our economic wellbeing. To suggest, as the Chief Minister tried to do earlier, that the question of the survival of Gibraltar is over is far from reality. The Chief Minister will recall that at the commencement of his speech he said that we were people - suggesting perhaps ourselves - who were doubtful about the attitude of some people in Britain who might want to sell us down the river and he suggested that the question of survival was now. Again I suggest that the Chief Minister looks at the Hansard.

HON CHIEF MINISTER:

I said that fears about Gibraltar being sold over to Spain have now been eliminated at least to my satisfaction by the preamble to the Constitution. I didn't say survival I said the Britishness of Gibraltar and there were doubts in other people's minds.

HON MAJOR R J PELIZA:

I have no doubt in my mind what he meant and all I can say is that the situation of Gibraltar from the point of view of survival in my view is more critical than ever before and that since the strength of whether Gibraltar remains British stands and depends on the will of the people, the will of the people has to be strengthened. There is no doubt about it. It is clear that those who want to sell us down the river are not going to do it openly. They could never do it openly. It will be done in a roundabout underhand way and the best way of achieving this is by undermining the economic subsistence of Gibraltar. Therefore, I say today that the whole question of the economy of Gibraltar is absolutely vital for the survival of Gibraltar and far from having won the war in my view is going through one of the most difficult battles. What is sad is that whilst the Chief Minister should be fighting to overcome these difficulties and when he should be making every possible point to show that our standard of living is nowhere near that of the United Kingdom - and it is certainly very far - he is coming here with the opposite argument saying that the standards of Gibraltar are even higher than that of the United Kingdom, and produces a paper which says that there are over one million under the poverty line and now he expects to go to the Ministry of Overseas Development to ask for aid for people who according to him are better off than they are in Britain. It is absolutely contradictory and it is no laughing matter, far from it. I have no doubt that if I were an official in ODA I would certainly pick this Hansard and say: "Mr Chief Minister, after what you say how can I go to the Minister, Mrs Hart, and tell her I want money for Gibraltar when you yourself have said that you are alright." What an absurdity, how shameful.

The Chief Minister says that he has been trying to raise the standards to what level? I don't know. To the level of Gibraltar? To the level of what? It cannot be to the level of Britain because according to the paper, the Chief Minister quoted from one million out of 60 million are under the poverty line. I don't think we have one in 60 in Gibraltar under the poverty line to my knowledge. If this were the case then it is shameful on the Government and they should have put it right. It is trying to put up a defence for something that is indefensible. That is the whole problem. This is why the Chief Minister is getting himself entangled in contradictory arguments. It is the status quo which he wants to prolong because he doesn't know where to go. He is running round in circles. That is what is happening and he is getting topsy turvy in the process. What I am trying to prove, Mr Speaker, is that in this amendment there is no policy which reflects the failure of the Government. This is what

MR SPEAKER:

I will warn members that if they feel that the amendment is so tied up to the original motion that they have no option but to speak now in a way that they would have done to the original motion and if later on they exercise their right to speak on the original motion, I will help them as regards the rule of repetition.

HON MAJOR R J PELIZA:

I will not repeat myself if I intervene in the debate later on.

MR SPEAKER:

I would like to say that my comment was not directed to him personally but to the House because I accept the difficulties under which members are now labouring which is that the motion and the amendment are very similar and it is very difficult to keep within the lines but they must not later on under the guise of the original motion feel that they are entitled to repeat themselves.

HON MAJOR R J PELIZA:

Thank you very much Mr Speaker, I am afraid, Sir, that after ten years it is our duty to find a permanent solution to the Gibraltar problem. In the past people in some quarters have thought that the only possible way of finding a permanent solution is by talking to Spain, and finding an arrangement with Spain. Certain quarters believe that this is so. Well it is clear, I think, in everybody's mind now that if we want to find a solution for our problem with Spain it has got to be based on sovereignty. There is no doubt about it now, I think, in anybody's mind. And unless there is a complete change of heart on the part of the Spanish Government - and there are no signs whatsoever of this taking place unfortunately,

I think, because many people have given them hope that the people of Gibraltar are likely to change their minds - unless we see some change and I don't think that this is forthcoming, then I think it is time that we who are responsible for the people of Gibraltar should try and find a permanent solution to our problem. And the only way of finding a permanent solution to our problem is to find a constitutional, economic and social solution to our problem which is, in fact, what the Spanish blockade is intended to completely destroy and undermine. How do we go about this? In a constructive way the Opposition has come out with what perhaps the Government believes is their philosophy. But whether it is our philosophy or whether it isn't it is the wellbeing of Gibraltar but I think all of us are here to try and achieve. It is clear that if we want to achieve this it is only through getting closer to Great Britain constitutionally, economically and socially that we can achieve it. It is only when the people themselves find that they have attained this permanency that the problem of Gibraltar will be over whether or not a solution can be found with Spain. Therefore, the most immediate and most urgent necessity is to find a solution to our problem in the context of our relationship with Great Britain. Most of us, I think, like all civilised human beings, want to belong to a community where we enjoy all the rights as a free individual. I am not for one moment suggesting that we in Gibraltar are in any way suffering from colonialism. There might be the odd little vestige here and there but they are not really all that significant. But I think we do want to get to the basis where we can feel equal not just in fact, but also legally so. This can only be brought about by a complete union of Gibraltar with Great Britain. The Chief Minister referred earlier to the petition that I led and that at my instigation I was able to get both the Opposition and all the other representative bodies to agree, something that has happened on very few occasions before. We did gain something out of that. If I had not acted there and then the Gibraltarian would have been subjected even to police surveillance in Great Britain because that was one of the points contained in the new law that was going to be introduced at the time. Luckily, because we did act in time it was possible to obtain an assurance that there would be no restriction in the number of Gibraltarians wishing to settle down in Britain. Before, again at the instigation of the Integration with Britain Party - the five points when Mr Thomson gave us that it was clearly said "within the quota". Now they have said "there are no restrictions whatsoever". But the words that I didn't like were "we shall continue". "Continue" and "permanency" are two very different things. Therefore, what I am still after and I am still working for, though the Chief Minister may not know, now that the Act is about to be amended, is to get this in in the way that we want it. I have already written to Mr Lyons in Great Britain about it. So it is not true to say that I did nothing after the then Conservative government refused to accept our petition. I have carried on fighting for that and I am fighting today with the same eagerness and enthusiasm as I had when I was Chief Minister. I only hope that the Chief Minister would have reacted in the same manner and that today from his position inside the

Government he could now produce a letter to read that he, too, had written to the Foreign and Commonwealth Office suggesting that now that the law is about to be amended and United Kingdom citizenship is about to be redefined that the position of Gibraltar has not changed and that we want this right of entry in permanency and in law. Unfortunately, I think he has not done anything about it. The whole situation worsened very considerably because of the wrong financial assessment of the Chief Minister. Because he certainly has said "it is my responsibility". He said so before unless he wants now to redefine his position. He said: "I accept full responsibility for the decision I took in getting £1¹/₂ in two years of out of six thousand families." This is a tremendous burden which is bound to break the back of any community and the efforts are here now. We have talk of demonstrations, talk of a general strike. Why create such commotion absolutely unnecessarily? Gibraltar has a reserve fund. The reserve fund is precisely there to cushion situations which are not of our own making like the fuel crisis. That is what it is there for. We don't have a fuel crisis every day but now that we have the fuel crisis financial prudence demands that if you have that fund precisely for an emergency that it should have been used. In the meantime application an aid, or whatever you may want to call it, is carried on in a smooth, common sense way. But not in a manner that is bound to break the spirit of the people of Gibraltar. Now, that to me would have been good judgment. And if he in 1973 already foresaw the situation why didn't he do something else earlier? Why now, when we have tabled a motion saying that he has got to do something about it. It took him 12 months to do it. It has taken one year and I wonder if anything would have happened if we had not introduced the motion here and if we had not put pressure at the time of the Budget. I fully agree with the Honourable Mr Canepa that the Opposition is valuable in any Government, and very particularly valuable when the Government is weak and has no policy. On the question of charity I think it is very important that we should not suffer an inferiority complex and certainly we should not give it to our fellow men. Let us analyse why it is that we are entitled to ask for this aid. The people of Gibraltar settled here in British Gibraltar after 1704 because I think they performed a service to Gibraltar and the then Empire and this service we have been performing loyally in the same manner as any other British Subjects all over the world. We formed part of the then Empire, the Great British Empire which I have no doubt whatsoever is a civilisation of its own and which has given a lot to the world and very particularly to us who, luckily, have been under that flag and who wish to remain under that flag for ever, as we do. Whatever I say must not be taken as criticism. It has got to be taken as a discussion in the same way a self critical way of which I think the British people are faveous and admired for. Therefore in the same manner as the British Government had an obligation to decolonise all the other territories and ensure in the process that they had financial viability, we are included in that. It is clear by the statement that the Chief Minister himself made in the CPA Conference, it is clear from that that each territory must find its own solution. The Chief Minister does not believe - we all know that - that Integration is the

solution for Gibraltar and now, in order not to misquote him, I am going to read from the Hansard of the 1970 CPA Conference in London, 1973. The date was the 18th September, 1973, and I will only quote what I think is pertinent to this debate. The Chief Minister said: "It is true that another United Nations Resolution, adopted in the same year as the Declaration, makes provision for three forms of self-government: independence, free association, and integration. But, is this enough? Our own experience in Gibraltar shows that it is not. Ten years ago, appearing before the Committee of 24 as a petitioner, I stated that the people of Gibraltar desired free association. This seemed to us, at the time, the most appropriate of the three forms prescribed by the United Nations. Two years later, however, there began in Gibraltar a political party which advocated integration with Britain. Today it is true to say, by and large, that the people as a whole are not particularly concerned with or above free associations as such or integration as such." I cannot understand how he can say "it is true to say". It is all right if he says "it is my opinion" but to say that it is true to say that no one wants Integration with Britain when the whole Opposition here representing the people of Gibraltar

MR SPEAKER:

We are not going to discuss this matter.

HON MAJOR R J PELIZA:

No, Mr Speaker, but I am just trying to say that this gives a wrong impression that the people of Gibraltar do not want decolonisation, that they don't want free association, they don't want integration, they don't want independence. What the hell do they want they are bound to ask. Well other people have it

HON CHIEF MINISTER:

Will the Honourable Member please read the next paragraph.

HON MAJOR R J PELIZA:

Yes, of course. I am coming to the next paragraph. I haven't finished. It will show the muddled thinking.

"In saying this I am expressing a personal view, and of course not that of those who advocate integration" - but there are none who advocate integration so really they are very few. Seven people in the House of Assembly. I don't know how they got there

MR SPEAKER:

I will have to stop the Honourable Member if we are going to start debating as to whether people want or do not want integration. It may be very pertinent in other places but not in this debate.

HON MAJOR R J PELIZA:

Well, Mr Speaker, then I will continue if you will allow me in order to satisfy the Chief Minister that I am not trying to hide anything.

MR SPEAKER:

Yes, but not to pass a commentary whilst you are quoting.

HON MAJOR R J PELIZA:

The Chief Minister continued: "What the Gibraltarians are concerned about - and what they have largely achieved - is a constitutional relation with Britain which will meet the actual needs of Gibraltar and serve the best interests of its people". Now, it does not meet the actual needs of Gibraltar as we can see because he himself accepts that there should be a constitutional conference. Not now, we don't know when, but there should be one. And, of course, it cannot be in the best interests of the people of Gibraltar if there needs to be a change. Every argument used by the Chief Minister is completely empty and in my view disruptive. He has done a disservice to the people of Gibraltar by talking in this way. He says we do not want charity when it is not charity, when it is something we are entitled to as I was trying to develop and will continue to develop now, because of our British heritage and which will be so until such time as the people of Gibraltar decide, because it is enshrined in the Constitution as you can see, that we do not want to remain British. It is enshrined in the Constitution. This, if I may say so, is another thing that the Integration with Britain Party achieved at the constitutional conference.

MR SPEAKER:

I will not allow the speaker to continue on these lines. We are debating something completely and utterly different. We must not deviate from the subject.

HON MAJOR R J PELIZA:

Mr Speaker, I am referring to that because the Chief Minister referred to the point previously. What I am trying to establish is that it is impossible to take the economic side of the Gibraltar situation are out of the context of the Constitution.

MR SPEAKER:

That is in order but you must not roam round the subject and not come to the point.

HON MAJOR R J PELIZA:

Mr Speaker, if I cannot be constructive then I do not believe that I can really contribute as much as I could to this debate. It is no use saying to the Chief Minister "We don't accept your status quo. We don't accept you go it alone." I have got to show him that it is possible to have something which is not static which is progressive, and which is economically also to the advantage of Gibraltar. I am trying to make some concrete suggestions so that it can be seen that we are just not talking for the sake of talking but that we have the interest of Gibraltar very much at heart and that we do want to find a solution on a permanent basis once and for all. I hope therefore, Mr Speaker, that you will allow me to proceed to try and explain how we are entitled to this. This is what I am trying to say. It is not charity. We are entitled to be decolonised and the way that territories are decolonised is very much

MR SPEAKER:

We are not discussing that. What we are discussing is whether the economic aid that we are applying for should be enshrined in the Constitution or whether it should be gone about in the way that has been proposed by the amendment before the House that has been moved by the Chief Minister.

HON MAJOR R J PELIZA:

It is impossible to go round and say we want £300,000 just to get through this little hurdle today and find ourselves with the same problem next year, and the following year. And individuals becoming insecure and everybody trying to find their own solution for themselves and their families. Because there is no lead from the Government. This is precisely what is going to happen and there will be a complete disintegration of our society. This is happening because there is no leadership and there is no leadership without policy. Whether the policy is right or wrong I respect that because the man has got the courage of this

convictions. What is very bad is to sit on the fence without doing one thing or another, with one foot dangling on one side and the other on the other. So, Mr Speaker, this is not charity. Gibraltar was always viable and the reason why Gibraltar is perhaps not viable today is because of the action of the Spanish Government. The British Government at the time had two options: Retaliation and do away with all the nonsense, or, promise the Gibraltarians to support and sustain them. HMG are responsible for foreign affairs and, certainly, I do not want to see any Spanish Minister since it is not my business, it is the business of the British Government. It is therefore up to the British Government to support and sustain Gibraltar because that is the way that they thought they could best solve our problem. The problem is becoming acute now, not only because of the frontier but also because of the fuel crisis. Therefore, two crisis is quite a burden for the people to bear without any local resources to be able to overcome this. In that situation therefore I am sure that the British Government should rise up to the occasion and support Gibraltar in the reasonable way that I am sure the Government will go to Britain and ask for with the support of the Opposition. We are not at this stage telling the Government you are asking for too much don't go. We are giving you our full support. We are giving you courage and strength and I hope you can take it because we do so sincerely and honestly. We must not call this charity and we must go to Britain not with an inferiority complex but convinced that we are asking something that we are entitled to. There is nothing in the Budget that we have produced and for which we have to find £900,000 or so that we can say is a luxury for the people of Gibraltar. We have been skimming the milk. Unfortunately the Government went to the extent of cutting down development which is contrary to the policy that they say they want to carry out, i.e. to make Gibraltar self supporting. Therefore, if you want to make Gibraltar self supporting the last thing you want to do is to cut the development programme. It is cut down by about £600,000. And worse still, to come and say that Gibraltar hasn't got the ability to build. That to me is self destructive. Having said that we cannot build any more, that we haven't got the resources.....

MR SPEAKER:

We haven't been discussing the kind of aid that we are going to be given. We are discussing whether it should be enshrined in the Constitution. We haven't had details as to the aid we will receive. The motion calls for the desirability of enshrining in the Constitution the future economic relationship between the United Kingdom and Gibraltar.

HON M XIBERRAS:

Mr Speaker, the original motion set out to say rather more than that. We haven't heard very much in support of the Chief Minister's amendment. It is a bit difficult to discuss it. I am not for one moment saying it is your fault, it is the fault of the Honourable the Chief Minister who presents an amended motion which he does not defend. The point my Honourable and Gallant Friend Major Poliza is making is a vitally important one. The Chief Minister is presenting an amendment, an amendment to a motion which calls for constitutional talks and which if you read the amendment deletes the whole motion after the word "that", does not refer to a Constitutional Conference, does not refer

MR SPEAKER:

The amendment is completely and utterly in order otherwise I would not have accepted it.

HON M XIBERRAS:

The point I am making, Sir, is that I would submit that it is relevant in the sense that the Chief Minister's motion does attempt to ask the support of the House for aid and

MR SPEAKER:

I never allow my rulings to be questioned.

HON M XIBERRAS:

Sir, I am not questioning your ruling, not for a moment. What I am submitting is that it is difficult to discuss the Chief Minister's motion and my honourable and gallant friend is doing no more than putting questions. What is the kind of aid that we are going to ask for? Is it budgetary aid?

MR SPEAKER:

I have called the Honourable Member to order when he was talking as to the capacity of Gibraltar to build that is. That is what I have called his attention to and on that I stand firm. We are not going to go into the capacity that Gibraltar may now have to carry out a development programme due to the labour force. That is what the Honourable Member was referring to.

MAJOR R J PELIZA:

What I am discussing, Mr Speaker, is on the actual motion itself. The amendment refers to the forthcoming talks on the development programme.

MR SPEAKER:

I am not calling the Honourable Member's attention to that fact. I am calling the Member's attention to the capacity of the labour force in Gibraltar carrying out a development scheme. And that is what he was referring to when I called his attention.

HON MAJOR R J PELIZA:

Mr Speaker, all I say is how can the Chief Minister now ask for development aid when he said at budget time - not so long ago - that Gibraltar did not have the capacity to build. And this is what they threw at my face when I walked into ODA. They said: "You haven't got the capacity to build". And I argued and said that we did. But this time the Chief Minister has already said it here. How are we going to get out of that hole? I hope he can. And I have no doubt he has the ability and I hope he uses it and he can get out of that hole as he usually does. There is no mention, unfortunately, of budgetary aid so even if we were to vote in favour of this, the Chief Minister could go there with the support of the House for the development programme but not for budgetary aid. We could amend the motion if you would like us to. If you read the motion carefully that is what it says. Now that is very sad again because I do not believe that the Government are on a very good platform to launch themselves from on their way to Great Britain no matter how hard we have tried to give them a good send off. But notwithstanding that we wish them every success.

MR SPEAKER:

We will now recess for about a quarter of an hour.

HON A P MONTEGRIFFO:

Mr Speaker, again I will be as brief as I was this morning. When I stood up this morning I was rather elated at the tone and the way things were being put across from the other side. I thought that at long last in the very serious situation that Gibraltar is going through economically that we would at the end of the day arrive at some form of consensus. Even the second speaker kept the tone at a low key and put forward constructive proposals with which we have no violent disagreement. It is unfortunate that the Honourable and Gallant Major Peliza has elected to be

more politically geared than practical in a crisis which transcends, if I may say so, the views which both sides of the House hold rightly as it should be so in a free community constitutionally. I have gathered the impression and I say so with respect and without any animosity, that this is one more occasion that the Opposition is taking as it has done on other occasions to try and take advantage of any particular difficulty in Gibraltar to bring a motion in order to get their integration viewpoint through. Now, I do not blame them for doing that.

MR SPEAKER:

You have spoken on the main motion and you are free to speak and say what you like on the amendment and nothing else.

HON A P MONTEGRIFFO:

I am just answering, Mr Speaker, If you rule otherwise I will abide by it, of course. I am not in any way disputing your judgment. I am trying to get things in their proper perspective. That is what I am trying to do. That is the view I have gathered after listening to the Honourable Major Peliza and it is rather sad that I should have to stand up again to repeat what I already said this morning. I have got to do that because the impression may be obtained by members of the public that what Major Peliza has been saying is what we have been saying. Now when we speak from this side of the House we speak with one voice and I said this morning, and so has the Chief Minister who followed me, that charity does not mean aid. When we mentioned charity at the budget - and we have mentioned the word charity on other occasions - it was exclusively related to the £200,000, £400,000 or £300,000 that the Opposition has said we should have obtained this year from Her Majesty's Government. I want to make that perfectly clear. We do not like to give the impression that we think that the aid they owe us, in justice, is charity and by repeating this misconception we might be undermining our case. That is the first point. Secondly, we did not say and we haven't said and have never said that the standards in Gibraltar are as high as in Britain. But I do as a human being aspire if possible to have even a better standard within the context of the Common Market which Honourable Members opposite are so fond of talking about. When the Chief Minister spoke about the 1,800,000 below the poverty line in UK he mentioned it in the context of integration. We might be integrated and become part and parcel of that particular group and what the Chief Minister said that we wanted when he went to the United Kingdom for talks on the development programme which is a completely different thing to what Major Peliza said that we were only going to go for development aid, he very specifically said what this motion calls for, that he would ask for help in order that the people

of Gibraltar could preserve the good standards that we want and that we would enjoy. The motion itself says so. "During the forthcoming talks on the development programme to provide the highest possible level of aid as to ensure that the people of Gibraltar are able to safeguard their standard of living in the face of the economic difficulties which have been created for them in an attempt to undermine their political views, etc." So, Sir, it is clear that we are not just asking for money to build schools, etc., but we steer clear, for reasons that perhaps will be explained by some expert or other in this House, of not mentioning budgetary aid specifically, as budgetary aid. But one thing is clear from what transpired after the last speaker had his say and that is

HON M XIBERRAS:

If the Honourable Member will give way. Mr Speaker, perhaps the Honourable Member is going to go on to the point. But what sort of aid does the amendment to the motion ask for? It is not the budgetary aid, it is not grant aid, it is not development aid. What is it? What sort of aid does the Government have in mind?

HON A P MONTEGRIFFO:

It is aid in whatever shape or form that will continue not only to keep the standards of the people of Gibraltar but improve them. Aid in such a way that we shall not be Treasury controlled to the extent that we do not have a say in how we run our educational services, or our medical services. That is the type of aid we shall be asking for and that will be strengthened by the fact that we have made our own contribution. I did say when I opened the debate for the Government this morning that we should make a distinction between the constitutional and the economic issue which is vital to the people of Gibraltar, more vital than anything else. I am now more convinced than ever that that is so because what divides us in this House has been so much stressed by the Honourable Member and Gallant Member Major Peliza that I dread to think for how long a constitutional conference would drag before we could get to the root of the problem and get the economic aid that we need for the people of Gibraltar. I will end up by saying, Sir, that the Chief Minister was right in what he said at the London CPA Conference. It is precisely what I am saying now. The people of Gibraltar are today less interested in any refinement of the Constitution. They are interested in preserving the standard of living and in seeing that their pockets do not suffer more than they have suffered during the last three or four years. This amendment intends to do precisely that and I hope that there will be no more misconception in all good faith from the other side of the House.

HON J CARUANA:

Mr Speaker, the subject matter under discussion has been described by many of the contributors in today's debate as a grave and serious one. I would like to say that it is precisely because of this that this side of the House brought the original motion to the House in the first instance. Because prior to that and prior to now we have not seen an indication - in spite of the double talk of the Honourable and Learned the Chief Minister earlier on - of the course that Gibraltar is taking in this serious situation. The Chief Minister has said in his contribution that he has thought about this for a long time now and that this has always been his thinking. We have not seen th thinking in this House in the way that the Chief Minister and other Honourable Members opposite have tried to make out except, perhaps, in a more concrete and tangible way by the contribution of the last speaker. At the very beginning of the debate on the original motion, I was wondering when the Chief Minister was going to get down to the point at issue because he beat so much about the bush and talked so much nonsense and he was trying again to hoodwink the people. He came to the point at the very end by introducing this amendment to the motion which we are now discussing. But his explanation of the amendment of the motion was also trivial as has already been pointed out. The Honourable Minister for Medical Services has tried to qualify what was the highest possible level of aid to be asked for during the forthcoming talks on development aid. How can we be asked on this side of the House to support and help the Government on a motion when we on this side of the House do not know what the development programme is going to be? What the extent of the aid is going to be? What kind of aid it is going to be? Are we to help the Government in its catastrophic policy of strangling Gibraltar? We cannot be a party to this until the Government fully explains and spells out to the people of Gibraltar exactly what it is they want. What the people of Gibraltar know at this moment is that taxation is strangling them. What people in Gibraltar know at this moment is that businesses are in a complete and utter vicious circle of debts and less spending power. If Government were to do their homework they would know that this is what is going on in Gibraltar at the present moment. Do they want our help, Mr Speaker, at this stage/they failed so dismally when they went to England in March last year to ask for aid for the 1973/76 Development Programme? They couldn't make it on their own then and they need our help to do it now. It has been said in the course of the debate today, Mr Speaker, that they couldn't get money for 1973/76 because the previous administration had committed all the money before and I have repeated in this House on many occasions that that is not correct. I have said before that the Government has not done their home-work, that they went to the United Kingdom for help unprepared and they did not know what they wanted. Therefore they could not succeed in getting help. In the 1969/communique between the Foreign and Commonwealth Office and the Government of Gibraltar it was explicitly said that the Viaduct Housing Complex would form the major part of the 1973/76

/because

/joint

Development Programme, but not the only one, and it was the responsibility of the Government of the day to use its best efforts to obtain more funds. The Government of the day, Mr Speaker, should have done their home-work before the Budget and foreseen the effect of their tax measures and to have made representations then to the Government of Great Britain for budgetary aid, grant aid or call it what you will. We have called it budgetary aid. It could have been grant aid. We are going to hear an expert tell us how much we are going to be tied down if we were to get budgetary aid. I have heard this argument before on many occasions. Nevertheless Gibraltar has had grant aid before and on two occasions it was mispent on the "Mons Calpe". On another occasion we used it to increase televising time. But that money was lost to the Gibraltar Government and that money had to come from our pockets and this is the kind of effort we expect from the Government of the day. To get money for things which will ease the level of taxation today. To provide the highest possible level of aid so as to ensure that the people of Gibraltar are able to safeguard their present standard of living is not enough, Mr Speaker, because in the last 12 months the standard of living in Gibraltar whether we like it or not has decreased tremendously. The spending power of the housewife has diminished. I will not sit down, Mr Speaker, or say I will leave the House like the Honourable Chief Minister said previously. I will accept any interruptions from the other side that they care to level at me. I think my shoulders are broad enough to take interruptions especially from the Honourable Minister for Labour. The facts are that you can ask any housewife today

MR SPEAKER:

You can also rely on the protection of the Chair.

HON J CARUANA:

Mr Speaker, people are flabbergasted at the cost of living rate in Gibraltar. Anybody coming from Great Britain and even from America, looks at prices in Gibraltar and wonders how we can manage. Electricity is higher in Gibraltar than in England, America and Canada. Water is dearer. Groceries are dearer by 25/30%, vegetables are now dearer in Gibraltar than in Britain; clothing is dearer; electro-domestic are dearer; hardware is dearer. These are the facts, Mr Speaker, which the Honourable Minister for Labour and Social Security does not want to see. He is living in Utopia, he is hiding his head like an ostrich. People, Mr Speaker, do not need this kind of amended motion from this House. What they need is the original motion. This amendment does not give the people of Gibraltar hope, does not give the people of Gibraltar a sense of purpose. Many people are thinking of leaving Gibraltar and this is the responsibility and the fault of the Government

which sits on that side today. People say to me in the streets - people who are not integrationists - .."If I only had the chance of going away I would go tomorrow." This is the **VOX** populi of Gibraltar today from one end of Main Street to the other and not by traders only but by the working people of Gibraltar. It was said before in the debate, Mr Speaker, that very soon it will be everyone for himself unless they get guidance which they are not getting from the Government of the day. Where is the leadership, Mr Speaker? Where is the statemanship, Mr Speaker? It is no where to be found. The Honourable and Learned the Chief Minister said that our notion was an attempt to get integration through the back door and that this was the whole purpose of this notion. Does the Chief Minister for a moment disbelieve our sincerity? I am glad to say, Mr Speaker, that more and more people in Gibraltar agree that economic unification with the United Kingdom is the solution. As I am not a mind reader I do not know what the Government has in mind. They say that they are thinking of something bigger than just budgetary aid or grant aid. I would like to know what is this tremendous formula that the Government has and I would also like to know why did they not put it into effect before the budget, before the people were crippled with taxes. The effects are being felt now but they will be felt even more, Mr Speaker, in 12 months' time. One could call the Government as I did before the rapist of our destiny - I said this one year ago on the constitutional aspect and today I say this of the Government on the economic aspect. What is the Government's policy? They don't want integration, they don't want to become equal to the United Kingdom, they want to stay in Gibraltar. What is the purpose? Is this eventual independence for Gibraltar? Perhaps some members opposite might be thinking eventually of independence. Why don't they want to tie themselves down to a constitutional and realistic relationship with Great Britain which embodies not only the personal one but also the economic one? If they don't, Mr Speaker, they are digging a grave for Gibraltar. Therefore, they will be known in future as the Government of gravediggers. Putting everyone in a hole. We cannot for a moment, as I have said before, Mr Speaker, accept such a unilateral amended notion which gives the Government of Gibraltar carte blanche to present to Her Majesty's Government an economic solution the extent of which has not been spelt out and no more so we could never agree even with a longer term solution that the Government might come out with unless we, the Opposition, representatives also of the people of Gibraltar, are involved in those negotiations to achieve an economic solution together with the United Kingdom Government. We cannot be expected to agree and give the Government the facility to negotiate with the British Government a solution for the future of Gibraltar in the economic sense, or in the constitutional sense for that matter, without our presence. This is precisely more or less what this amendment purports to do. Neither can we accept, Mr Speaker, what this amendment to the general motion sets out to do, which is touching up the situation for a year. The people, as I have said before, Mr Speaker are tired of this stop-go measures. Unless the people see something concrete coming up and something

hopeful coming up, they will not be happy with just a few millions for the next few years, even if the Honourable and Learned the Chief Minister obtains the £10m which he hopes he will - and I wish him success in that. Even if that is the case what the people require is more than money. They require guidance and long term security, Mr Speaker. Thank you very much.

HON M K FEATHERSTONE:

Mr Speaker, the Honourable Major Peliza suffers really from two drawbacks. First he is no longer a military man. He never does eyes right to look at you, Sir, he always seems to be looking eyes left and it would appear that his speech is directed more to a gallery of people he would like to convince rather than to yourself. The other thing, of course, about the Honourable Major Peliza's speeches are that they are so wrong in fact. On the other hand, Sir, one will miss the Cassandra - I mean Caruana - who appears to be the harbinger of doom, I am afraid does not convince me in the slightest. As a teacher of course we had a gentleman from the other side who lectured us for nearly two hours and I must admit, Sir, it was a very coherent, relevant speech and one of the few speeches he has made that I have enjoyed. Now, Sir, it would appear quite clearly that there is a fundamental difference of approach in all this debate. The Opposition wish that the difficult situation of Gibraltar should be solved and see that the only solution must emanate from a political, social arrangement, a changing in the constitution, dragging the economic part afterwards. On this side, Sir, we are just as conscious

HON N XIBERAS:

If the Honourable Member will give way - and may I take this opportunity of thanking him for his kind remarks about my earlier intervention - the Opposition does not want to drag in the economic side after the Constitution, the Opposition wants both to be linked in order that a permanent solution might be found to our difficulties.

HON M K FEATHERSTONE:

I thank the Honourable Leader of the Opposition for his clarification but from what I gathered from the speech of the Honourable Major Peliza it is far more important the social political one in which he said quite clearly: "We see the only solution is complete union with Britain." Now that must be political.

And as you see, Sir, the Honourable Major Peliza turns everything towards integration. Sir, if one tries to analyse approaches to the British Government on the political field - we had an example as was done by the Honourable Major Peliza when he was then Chief Minister - he tried to get real UK citizenship. He went with the whole of Gibraltar behind him and he wasn't very successful, the British Government wriggled around etc. I would submit, Sir, that in the political field they are not so quick to give way as they are in the economic field. We have had from high ranking ministers that integration is not on. We have had it from MP's that integration is a dead duck. But they still keep plugging this political aspect. On our side, Sir, when we made an approach to the UK Government on the economic field we got very rapid success. I refer to the approach when Britain, for specific reasons, suddenly decreased the sterling area to a very small number of places and Gibraltar was outside, we tried to get back and we were successful. Now, here you see where in the economic field they can help. They can do so much more easily and much more quickly. We have been told, Sir, that we must not go with an inferiority complex. Well, Sir, I don't know if the Honourable Major Peliza was judging from his own approaches. I can assure you, Sir, that this side of the House has not been to Britain - as we went last year when we got a firm commitment for further aid and when we were told: "Go back and prepare the plan so that we can see in absolute detail" and when we were further told: "We will send somebody out to help you" and Professor Clayton came - we did not go with any inferiority complex. There is a gentleman, Sir, in the ODA, an economist, I think he is known to the other side. He knows Gibraltar very well, he was out here he speaks Spanish fluently, he went into all the little places in Gibraltar so that he found the whole story. He said: "Ah, but your gross national product has increased over the last three years - I don't know the exact figures - but something like from 460-550 - that is far more than we are doing in Britain, what are you grumbling about, you have got a lot of cars a lot of television a lot of this and a lot of that." And our answer to him, Sir, was as follows: "Of course this has happened. But what is your gross national product in Britain?" He had to say: "about 1,000". We said "Well, until we get to 1,000 we are not standing any nonsense from you. We aspire to that figure at least, so don't come to us and say because they have been improved over the last three or four years." We have no inferiority complex when we meet these gentlemen. Now, Sir, the Honourable Major Peliza was right in one thing. He was a military man and of course when going into a battle he must know what he is going into. He said we must go with a cast iron case. Of course we are going to go with a cast iron case. We have to go with a case that our friend the economist over there cannot break down. On this, Sir, I would like to digress just a little bit on something that I think is being very grossly misrepresented by the opposite side. It might be, Sir, loose thinking. It is also amongst a number of people on the streets, emotional thinking. But we must put it in proper perspective ourselves because if we were to go to Britain and used this as part of our argument, then our friend the economist

might shoot us down very quickly and our case would not be cast iron but would be rather full of potholes. That, Sir, is the question of increased charges for water and for electricity. These are not measures of taxation. Because, Sir, if they were then when in Britain British Rail, a nationalised industry which although under the British Government set-up works as a separate unit, is ultimately the responsibility of the British Government, when they put the fares up should everybody in Britain say: "We are being taxed more heavily", when British Airways put their fares up is this increased taxation on the British tax payer? It simply happens that in Gibraltar the way our finances are run we do not have a separate entity, perhaps known as the Gibraltar Electricity Board, which would say to Government: "In order to make our budget balance our expenditure is so much, we need to get this revenue, we have to charge so much." This is the way it is done in Britain, sometimes. Sometimes, of course, in Britain, Sir, you get a rather unfair situation in which you do get a nationalised industry, which runs into heavy deficit and it has to be pulled out by grants from the Treasury. This money that comes from the Treasury must obviously have been raised somehow by taxation. If we were to do that sort of thing we would probably be criticised and told that the poor ordinary man in the street is being taxed to pay for the deficit, for example, in electricity to the benefit of the big user, the capitalist who uses a gigantic quantity. This is, perhaps, what might happen because, Sir, British Rails last year made a surplus of £5.7 million but this was after receiving a grant of £91m from the central Exchequer. And they still put the fares up. So let us not keep harping on increased charges in electricity and in water as being additional taxation. We were not taxed £900,000, as the Honourable Mr Peter Isola said, at the last Budget. Certain items went up in price. We have had here, Sir, certain people talk of socialistic measures, nationalisation - I think there was one theory of nationalising the import of foodstuff - so that if we had a Nationalised Import Foodstuff Department and sugar went up at source 4p and it went up immediately to the public, then the Opposition would shout: "There you are another 4p tax on sugar." We must not use this word "taxation" too loosely because when we go to Britain and say we have put our backs into it and we have paid our share in taxation, we must mean real taxation. We are heavily taxed. The figures the Honourable the Leader of the Opposition read out, Sir, must be taken with a certain pinch of salt. He did comment in one instance I think that a person in Gibraltar with two children pays tax quicker than a person in the UK and this, of course, is quite true. But I can assure him that the person in the United Kingdom very rapidly overtakes him. Now, Sir, budgetary aid. I believe later the Honourable the Financial and Development Secretary may give us a very technical dissertation on this, but it means first of all that the budget has to be worked out here, then sent to Britain to be looked at, I think, first of all by the Foreign and Commonwealth Office then by the ODA and, finally, by the Treasury. They go through a pretty difficult group of people before it is even passed. And of course, you

cannot even get to that stage until you have run your reserves down to nil. This is rather the case that one used to have in certain social security schemes in which nobody got any benefits until they have no savings whatsoever and this was something that was very much decried. We at the moment, Sir, are receiving aid from Britain for development but we also receive quite a lot of other minor bits of aid but aid which theoretically if we want those things we should be paying out of our recurrent Budget. One example, I will speak for my own department. I get about £8,000 given to me to award scholarships by the United Kingdom. There are no strings attached to this, this aid could be increased to £25,000. This is a type of budgetary aid without being aid that must run through the mill of all these gentlemen who would be very difficult to us. I get aid for teachers going on courses. This could be increased tremendously. There are many ways in which we can ask for aid and get aid other than pure development aid but without the strings that would come for pure budgetary aid, and we will ask for them in no uncertain terms. The thinking behind all our demands to Britain for aid will lie on one basic tenet. Because Britain has not - why, I am not willing to or even able to say - been able to solve the frontier situation and because she has said: "We will support and sustain you" then we will say: "Until that situation is completely cleared to everybody's satisfaction but in particular the satisfaction of the Gibraltarians, we expect that Britain will assist us and go forward with us to maintain, at least, our standard of living, not what it is today, our standard of living taken at a certain point in time and allowing for the improvements that were being made year after year." They must not only maintain our standards they must allow our standards to improve at least at the rate at which they were improving before the restrictions came on us. We will say this in no uncertain terms. There will be no question of inferiority complex. I leave that to the Honourable Major Peliza, perhaps he has the complex. One often hears psychologists say that the person who shouts a great deal has to shout because he has such a complex. Another point, Sir, that I could not have accepted in the original motion - I hope that you will not call me to order because I do not intend to speak a second time so, perhaps, you will allow me to comment on the first motion - is the phrase "the economic expansion policy of the AACR has failed." That, Sir, we cannot agree with. It may not have proceeded as rapidly as we had wished but neither has the economic policy of Britain or Germany or France or anywhere in western Europe improved the rate they had hoped. And one of the nations which was doing best in the world, Japan, which had an improvement rate of around 12% per annum, is today running at a deficit of hundreds of millions of dollars. There you have a nation which was really on top and because of the situation of the oil crisis, obviously they too are suffering. We have been slowed down the same as the whole of the western world. But, Sir, we have not yet used all our resources for expansion. When Lord Beeching was out here he made a number of suggestions, one of them was increased productivity. I don't think we have come yet to the limit of the productivity of the Gibraltarian.

I think we can improve our productivity considerably. And my friend the Minister of Labour has been working on productivity deals and he is offering them. Let us hope they are taken up by the other side, with realism, so that we do improve our productivity. Here is an opportunity for expansion. The Government is doing its utmost to do it they are offering the hand of friendship to the other side, let us hope it is seized and let us go together to improve and expand for the benefit of everybody in Gibraltar. The Chief Minister has very rightly said: "How far can we talk in the socio political field of Europe or the EEC when we don't even know what is going to happen to the EEC?" The situation is very fluid in Britain. We all know from experience - the Honourable Leader of the Opposition was present at the Conference before the last constitutional talks. We know that these things go slowly whereas we have not got the time to wait until it goes through the very fine mill of the political elements of the Foreign Office because the economic situation has to be solved, and soon. I think it is no secret that the Chief Minister is leading a delegation to Britain within the next two months or so, so that we are giving it a sense of urgency. We are getting all our plans ready in detail. But, Sir, surely the Opposition cannot expect that we go to them and say: "Look, we are thinking of doing this, what do you think of it?" They never consulted us. They came here and said: "This is what we have been to Britain for and this is what we have achieved." We heard the Honourable Major Peliza talking of millions and millions but he never discussed with us beforehand what he was doing. So how can we be expected to say everything that we are thinking of to them now and possibly have umpteen debates in this House over each and every little item. Government must govern. If we come back from Britain with practically nothing then we will listen to their criticism. But when we come back with a great deal as we shall do, then let them turn round and have the courage to say: "Well done". We will wait and see what they have to say. I am convinced that the British Government, which up to now has never let us down, will listen in spite of their own financial difficulties. I read in the paper the other day that they expect - I think it is this week - their latest balance of payment and it is expected to be a record deficit. So they are getting financially worse and worse. But they are still willing to help us. They have said so. They realise our situation. It is a situation basically not of our own making, in fact, not at all of our own making but the majority of it is due to some gentlemen the other side of the northern frontier and in every way that Britain can help us meet that threat they are ready to do so. We cannot, of course, ask them to help us out tremendously for difficulties with petrol because they are suffering the same difficulties. I am convinced, Sir, they will help us. I am convinced that in three months' time or perhaps four months' time, I am not sure of the exact date, then the other side will have found that all their strictures, etc, must be turned, I hope, if they are big enough, to congratulations of what we will achieve and we will achieve what we are aiming for.

HON M. XIBERRAS:

Mr Speaker, speaking on this amendment I should say that I intend to move an amendment to the amendment but before I do so perhaps I may comment on a few points that have been made in support of the Chief Minister's amendment. I am very grateful to Honourable members on that side of the House for what they have had to say about my original intervention, lengthy as it was, and for the patience with which they listened to it. I can assure them that it was my aim to create precisely the sort of atmosphere which my intervention appears to have created. One of unanimity of the House of Assembly in the face of widespread criticism of politicians and of this House of Assembly and its inability to deal with and face the problems surrounding Gibraltar. I am sorry, therefore, that the Chief Minister thought it necessary at the end of his intervention to call the motion a dismal failure. I made a note of those two words because what Honourable members on that side of the House have had to say about my introductory speech does not at all tally with what the Chief Minister has described as a dismal failure to create unanimity. I was extremely restrained in introducing the motion and I was working on previous contacts with the Chief Minister on this very important matter. In the course of my intervention I made it clear that I was aware of the immediate problem facing Gibraltar. But at the same time I tried to create a consensus which would give a permanent solution to the economic difficulties which faced us. And to this respect, to the extent that the Chief Minister and Honourable members opposite have recognised publicly that we are going through a most critical period, I feel that the motion has been successful as framed. Therefore, Sir, I was very surprised when the Chief Minister, after the Honourable Mr Montegriffo's intervention this morning, in which he was nodding his head all the time I was proposing a solution of contribution

MR SPEAKER:

You will have your time to reply afterwards to the original motion. You can now say what you like on the amendment but nothing else.

HON M. XIBERRAS:

Speaking on the amendment, then, the Honourable Mr Montegriffo just now reversed completely what he had to say earlier on and his arguments in support of the Chief Minister's amendment bear no resemblance to what he had to say in response to my introductory intervention. It is quite clear that the Chief Minister's amendment seeks to give the Chief Minister support in his visit. It does not seek a permanent solution to the critical problems affecting Gibraltar. It seeks to gain for the Chief Minister's elbow more power and having described my intervention as theoretical and impractical he finished off just before he introduced his amendment by making two very brief remarks in support of his own amendment.

All he had to say, having said that I had nothing to say really constructive, that it was woolly or it was theoretical, all he had to say in support of his amendment - I have a note here - the British Government has a very special political responsibility - and then he said: "an economic relationship might evolve." But he has not told this House neither did the Honourable Mr Montegriffo when I questioned him specifically, as to what aid the Government is seeking and why it is seeking the support of the Opposition for this amendment. He does not want budgetary aid because he said that this is charity. Grant aid and control from the United Kingdom he does not want either. He wants aid in a very general sense. He scrubs out with his amendment any reference to parity of standards. He scrubs out the idea of a constitutional conference which might very well be the proper forum in which Gibraltar's constitutional and economic problems could be properly thrashed out as they were in 1969. He simply asks us because he is the Chief Minister and because he is who he is, to give him a blank cheque and support. Now this proposition in the Chief Minister's amendment might be a little more palatable had the Chief Minister been consistent in his desire to obtain a certain degree of aid from Her Majesty's Government. But everybody in Gibraltar knows that he resisted this consistently and what the Chief Minister now does in this amendment is a tremendous climbdown and a tremendous change of attitude. A change of attitude by which he now seeks aid from the United Kingdom at the cost of £1¹/₂m to the Gibraltar taxpayer. Where is the consistency of the Chief Minister? I am sorry that this debate appears to have gone awry and the original feelings that has been expressed by Honourable members opposite have led to the intervention of the Chief Minister to which my Honourable and Gallant Friend Major Peliza replied like for like. Because it was quite clear from the Chief Minister's intervention that he had no thought in his mind except to defeat the notion without giving arguments for defeating it.

HON CHIEF MINISTER:

I think it is unfair to say that I have been inconsistent. Indeed at the time of the budget, on television, and at every possible opportunity where the question of possible budgetary aid was raised I did say that this would be raised when I went to London for the overall talks; that it was better to do that and not to prejudice the outcome of the talks at which the whole economy would be discussed by going cap in hand for a small amount at that time when, as I said this morning, the whole political situation in England was not that stable. If I may say so, with respect, I have been consistent even if not acceptable to the other side but I have been saying exactly the same thing I said in June, 1973.

HON M XIBERRAS:

The Honourable and Learned Member claims to be consistent whatever he says and he says many different things about the same subject. May I quote to him what Joe Garcia had to say - and he knows Mr Joe Garcia well - in the Financial Times article: "The Government is not too sure about seeking budgetary aid and instead prefers the retention of British goodwill in terms of development aid to improve the social services and bolster the economy".

MR SPEAKER:

You must not make members of the House responsible for statements made by the press.

HON M XIBERRAS:

No, I am not for one moment saying that. At least it can be said that Mr Joe Garcia has completely misinterpreted the intentions of the Government. Mr Speaker, in introducing his amendment, the Chief Minister said there was a right to disagree. Of course there is a right to disagree but, equally, there is a duty to say why you disagree with a proposition. Not just because it comes from the Opposition benches and this is precisely what the Chief Minister has done. The Honourable Member has said that the British Government's commitment has been effective. Indeed it has been effective to a degree but not effective enough to prevent a tremendous level of taxation in Gibraltar. The timing of the budget was a matter of judgment, there was political uncertainty, there was a general election, added to my own judgement.

MR SPEAKER:

We are now repeating ourselves. All that was covered this morning.

HON M XIBERRAS:

Well I haven't said this, Mr Speaker, the Honourable and Learned the Chief Minister has. Well, the political uncertainty may carry on. Does that mean that the Chief Minister is going to delay things further? Are we going to put the constitutional conference off further yet? It would have been had business, said the Chief Minister, to have gone then and settled for £200,000 or £300,000. Is it going to be better business now? Yes, perhaps, because the people of Gibraltar now pay £900,000 more and, therefore, perhaps he might get £500,000 now after we have contributed £900,000. And then he went this distinction about grant aid, budgetary aid, and assistance. Assistance is the new term which covers almost anything. But the Chief Minister with his customary ambiguity has not told the House what he means by assistance. If what is meant by assistance is what Professor Clayton had to tell me, that is not assistance at all. That would be very, very poor. We decide what our expenditure is going to be - and the Honourable and Learned the Chief Minister made great play upon this attacking the Opposition's idea of parity of standards with the United Kingdom. Of course we decide what our standards are going to be, but wouldn't it be good for Gibraltar to decide in conjunction with Her Majesty's Government what those standards should be and that those standards should be the same as British standards,

however much the Chief Minister has said to denigrate British standards, and could this not be agreed and included in our constitutional relationship. The Chief Minister has not faced this point on this occasion but he has in his talks with us. He has in a very definite manner and the way he speaks today in this House is completely different to the way he spoke to us on the 2nd of August. Well, I am going to invent some phrases which will, perhaps, jog the Honourable and Learned the Chief Minister's memory. Perhaps he can refer to whatever papers he has in front of him as I quote from them. This is theoretical, this is integration by the back door. Why, because the honourable and gallant Major Peliza has said so? May I remind this House that the Honourable and Learned the Chief Minister spoke before Major Peliza did, and Honourable members opposite have complimented me in the non-partisan way I put forward the argument earlier. But it was the Chief Minister who said before Major Peliza spoke: "this is theoretical, this is integration through the back door." The Chief Minister had said nothing against the notion. The Chief Minister only scrubbed the notion. He has not really given it a chance. He has not really been concerned about what the notion has had to say on this occasion though he was on the 2nd of August as I shall show.

HON CHIEF MINISTER:

I am sorry. I said that in so far as he was dealing with the problem he was making a very good and clear exposition of it, but in so far as the solution for it I differed when he was very doctrinaire. I didn't say theoretical, I said he was doctrinaire and on that I did not agree. And then I had the four points I made on the notion itself and how I described it, in detail.

HON M XIBERRAS:

I have a distinct note here which says "theoretical" although the Chief Minister also added the epithet "doctrinaire" as he usually does when I speak. There are some virtues in having some sort of doctrine and some sort of policy rather than live from day to day changing your coat every two minutes. He said I confuse the economic with the constitutional. Well, the Honourable and Learned the Chief Minister did not make that point to me on the 2nd August as I shall show. Obviously the whole of Gibraltar would favour guarantees of our standard of living enshrined in our constitution. This is what the Union would call a permanent solution, one which we can appeal to and, therefore, the two things are very much linked and what is happening in Gibraltar is that the economic crisis is leading to a constitutional and political crisis in which people are beginning to doubt as my Honourable Friend Mr Caruana said very forcefully some time ago in this House. That is the problem that we must solve, the

the problem of the future and a permanent solution. The Chief Minister went on to say a lot about the poverty stricken army in the United Kingdom. It was 1,800,000 below the poverty line. If there is any justice and any sense amongst people in Gibraltar.....

MR SPEAKER:

You see you are confusing the issue. The Chief Minister spoke as he was entitled to do in answer to the mover and applied himself to the actual question before the House. To that extent you are not entitled to reply to him now. You will be entitled to reply once we have dealt with this present amendment which is the question before the House. You must direct yourself exclusively now to the merit of the amendment before the House and whether it should be carried or not.

HON M XIBERRAS:

Thank you, Mr Speaker. There are many more points which I would like to raise and perhaps I shall raise them if this amendment which I am about to read is not carried and the motion eventually reverts. But, of course, if the Chief Minister's amendment is carried then I still have the right of reply, I think, Mr Speaker the Chief Minister's amendment excludes many important considerations and I am

MR SPEAKER:

May I say that you cannot bring an amendment which will reverse the amendment of the Chief Minister and put the question back to its original form.

HON M XIBERRAS:

Mr Speaker, in this amendment the Chief Minister has done away with many considerations and I shall give an indication as to why we cannot support the amendment. Does the Chief Minister recall the following: "A paper should be prepared for political reasons for aid since the restrictions began", "the probability of a continuation of the present situation over a number of years to come;" "the limitation on Gibraltar's ability to expand its economy," "The danger of a deterioration in living standards as a result of inflation outside Gibraltar."

MR SPEAKER:

You are now speaking without a question before the House. What you are now saying is not relevant to the amendment which has been proposed by the Chief Minister. You can move an amendment to that amendment and

in support of your amendment to the amendment you can develop an argument, but you cannot develop an argument before you have moved your question.

HON M XIBERRAS:

Mr Speaker, in that case I beg to move the following amendment to the Chief Minister's amendment. I beg to move that the amendment to the motion be further amended by the deletion of all words after the word "House" in the first line and substituted by the following: "alarmed by the heavy burden that recent measures of taxation have placed on the people of Gibraltar, concerned about the taxable capacity of Gibraltar and bearing in mind the need and right of Gibraltarians as British Subjects and members of EEC to maintain and improve their standard of living in the face of the Spanish economic blockade and siege, demands of the British Government in pursuance of their avowed policy to sustain and support Gibraltar, during the forthcoming talks in London, to discuss with and provide Gibraltar's representatives with such economic assistance as may be necessary to safeguard and improve the standard of living of the people of Gibraltar on a permanent basis and capital aid for the development programme." I have copies of this which are being distributed.

MR SPEAKER:

Will you take long in moving this amendment? Because if you are we will recess until tomorrow at 10.30.

HON M XIBERRAS:

I think I should take about 10 minutes or so.

MR SPEAKER:

Then it will be alright.

HON M XIBERRAS:

The Chief Minister knows that from this side of the House we have consistently supported any attempt to get extra money into Gibraltar. It is a pity that the Chief Minister has not listened to this side of the House earlier, that it has taken a rather big demonstration, that it has taken threats of a general strike and it has taken this motion to get the Chief Minister to come out rather more openly than he did.

But we in the Opposition owe our loyalty first and foremost to Gibraltar as a whole. And this was in evidence when we moved the original motion.

MR SPEAKER:

We are not going to go on and on repeating ourselves. We will speak on the virtues of this amendment to the amendment and nothing else. I will not have any sort of repetition at all.

HON M XIBERRAS:

Mr Speaker, we have dropped certain phrases which Honourable members opposite considered were not acceptable to them. We have dropped the phrase of "failure of the AACR policy of economic expansion" and the question of the Constitutional Conference. We still think that the AACR policy has been a failure and we will still press for a Constitutional Conference from which something more substantial will come. Thus the motion makes it clear that what we ask of the Chief Minister is a permanent solution for our economic problem. We do not want a patching up. He has the support of this House in so far as he is able to come from London with a permanent solution to Gibraltar's economic problem. We do not want to be accused of being partisan, we do not want to be accused of cashing in on the situation. But we will take the Chief Minister to task, if necessary, when he returns from the United Kingdom if he returns with something less than this motion asks for. The motion as can be seen is strongly worded because we do not wish the Chief Minister to underestimate the feeling about these issues in Gibraltar. And I ask him to bear in mind particularly the phrase "a permanent solution". That is the operative phrase, that is the phrase used by the Union in its petition, that is the gist of what we have been saying all along. If the Chief Minister is unable to come with a permanent solution to our economic problem then we shall most certainly take him to task about it. He has all the strength that he might require from the people of Gibraltar. He has the most favourable circumstances imaginable. Therefore, let us have results or we shall have to ask him to get out of the way and let other people try if he has failed. It is a question of leading or getting out. It is a question of producing the result or getting out. because the situation is serious and the morale of the people of Gibraltar is very much at risk.

MR SPEAKER:

I was going to ask whether if it is acceptable to the Government then we might perhaps be able to end the debate since everything that has to be said I am sure has been said on the general topic to be discussed.

HON CHIEF MINISTER:

Just on a point of clarification. I just want to make quite sure that "Gibraltar's representatives" in this amendment means exactly the people who are going to go to the aid talks. There is no question of anything else at this stage.

Mr Speaker invited discussion on the Honourable M Xiberras' amendment.

HON CHIEF MINISTER:

Mr Speaker, Sir, there are certain implications for the Government in this amendment and we would like an opportunity to look at this. I would certainly like to say that as far as I see it, purely as a politician, this is exactly what we were saying in stronger words, exactly what was contained in my motion, but there are parts of it that we as Government must take care before we allow it to be there. Perhaps we might have a word with the other side and see whether we can come to terms in order to avoid having to put an amendment and a word here and a word there which would be endless. But, in principle, I do not mind the fact that there is an amendment which more or less reflects our amendment without the points that were objectionable because it doesn't speak about things which were political and this is very important that it should be made clear. But there are aspects of it which we have to defend and not the other side. We have to make quite sure that they are the right things and that we can go and defend them. Therefore, I think perhaps we should recess now.

MR SPEAKER:

There is notice from the Honourable the Leader of the Opposition that he is raising a matter on the adjournment so we will now recess until tomorrow morning at 10.30.

HON CHIEF MINISTER:

Mr Speaker, when we adjourned yesterday the Honourable the Leader of the Opposition had proposed his amendment to my amendment and I explained at the time, that although couched in what he himself described as stronger language it certainly had the same aims as the amendment, I originally proposed. I would not, let me say this quite clearly, I would not have used some of the phrases used here, myself if I was drafting it but that is a matter of approach. But the spirit behind it and that is that Gibraltar is undergoing a difficult economic situation, that we had already indicated that our forthcoming talks we would be raising the question of the economy as a whole, is one thing which I made clear from the very beginning. However, the amendment proposed by the Honourable Leader of the Opposition to my amendment has got some one word which we cannot

share insofar as it is supposed to read: "that this House alarmed by the heavy burden that recent measures of taxation had placed on the people of Gibraltar." Well, as far as we were concerned we proposed the measures in full knowledge of their implications and they were not opposed on the other side so we cannot say that we were alarmed at the measures that we produced, and which were generally accepted. But on the other hand we do accept that the measures have caused anxiety. Of course we accept that, this was the whole purpose of the discussions that we had yesterday about going to England and the point I made in that interview to which the Honourable Leader of the Opposition referred, where I said that we could not go on taxing ourselves and so on. Therefore, I propose to move that the first word in the amendment to the amendment be deleted, that is the first six words "alarmed by the heavy burden that" should be deleted and in lieu should be substituted "in view of the public anxiety caused by the burden which". Now, as I said earlier, we accept the amendment except for that small thing but the Honourable Leader of the Opposition said certain things last night which, of course, I must qualify because whilst it is true and in fact I am happy about the way we can leave this debate for a consensus for support for the forthcoming talks, what I think should be put in its proper perspective is that it is not simply because the Opposition has supported or rather because there is a consensus notion that that means that the work is finished. In fact, this is really the beginning of the work because I asked for a hansard of the last remarks of the Leader of the Opposition last night and I must certainly not let go unchallenged some of the things he said. He said: "and if the Chief Minister is unable to come with a permanent solution to our economic problem then we shall most certainly take him to task about it". Fair enough. Ask no why. I hope it doesn't arise but if it arose you would have to judge whether we did our work well or not. I can accept his continuing remarks "he had all the strength that might be required from the people of Gibraltar". I accept that and I am grateful that we have reached this kind of consensus and that I will go and speak on behalf of all the people of Gibraltar as expressed in this House. The next one is a matter of opinion" we have the most favourable circumstances imaginable." If I may say so, I accept that insofar as the Gibraltar side is concerned, that I accept. With what is happening that is what is happening in England now it may or not be the most favourable circumstances imaginable. There ~~it is~~ is a matter of concern. And then he says: "Therefore let us have results or we shall have to ask him to get out of the way and let other people try if he has failed." Well, of course he can do that. He can tell us to go. But I am not by subscribing to the notion, accepting that it necessarily follows. We may for all we know wish to go before we are asked to go not because we may not have done our work, and I hope it never arises but because we haven't found the response that both sides of the House would wish. But the point is that there are certain circumstances that may well be entirely outside our hands and we would not be able then to accept responsibility for the results

and we may take other action which may be perhaps to some extent more effective. But we could not accept responsibility for the result that we are going to ask for many things which have not been asked before such as a permanent solution and, say, a semi-permanent solution is found or some kind of solution is found. This is the thing that I cannot accept. It is a question of leaving or getting out." Well, that is again a matter of opinion which the Leader of the Opposition is perfectly entitled to express an opinion, and I would not for one moment interfere in the way he expresses it. "It is a question of producing the result of getting out because the situation is serious and the morale of the people of Gibraltar is very much at risk." Well, if it is a question of producing the results it is a very serious matter because the results are not entirely in our hands. It could be - I hope it doesn't arise - but it could be the most imaginable and the most forthcoming brief and representations that anybody could expect was presented and still the results were not what Honourable Members either on that side or on this side would expect. That again is the different situation. What I do not want and I want to make it quite clear that whilst we are doing our best to try and have this consensus because I think it is very important, I do not, of course, accept the explanation given by the Leader of the Opposition when he proposed the amendment. I accept the amendment for the sake of unanimity subject to that amendment which I understand will be acceptable and no more. After that, of course, the burden as it was before the motion is ours to see what we can get from the United Kingdom. Of course it is and it is nobody else's. And that is why I asked for clarification on the motion when he spoke about Gibraltar's representative. If there is to be a change in the pattern or some kind of an overall conference at a later stage the Constitution or something else, that is another matter that is the whole of Gibraltar that is the whole of Gibraltar that would be represented. It is the Government's responsibility to put up a case and the Government will do it to the best of its ability. It may or may not satisfy members opposite, that is our privilege. But what I do not want under any circumstances is to go by default to say that because the words were left unanswered and said at the end of a very long debate, that they were accepted by silence.

The Speaker proposed the question in the terms of the Hon Chief Minister's Amendment.

HON M XIBERRAS:

Mr Speaker, these eleven words of the Chief Minister's amendment is indeed a very slight amendment to what the Chief Minister has chosen to call a consensus motion. The amendment which was produced by this side and moved by myself remains as it was, with the exception of these 11 words. It in no sense weakens the burden of the amendment and it in no sense should minimise the importance which this amendment should have in the coming discussions of the Chief Minister in London. However, in producing these eleven words the Chief Minister has explained that it is because his side of the House introduced the Budget measures referred to that he could not accept the original

amendment in its entirety because the original amendment spoke of this House being "alarmed". He added that this side of the House had not opposed it. It is an unfortunate choice of words for the Chief Minister because this side of the House most vehemently opposed the measures of taxation brought by the Chief Minister at the last Budget. Most vehemently and most generally from one side of this Opposition bench to the other we chastised the Government for not going for Budgetary aid to Britain. The Chief Minister has admitted this when he has tried to modify his position now in this debate to say that that was not the right time. That it was better to have the taxation measures and then do - with some afterthought I might add - what he is doing today by agreeing basically to this amendment. None of this I would have said but for these eleven words. It has been the line of the Government to emphasise since the Union demonstration that this side of the House voted in favour of the measures. There was a little allusion to this in reply to a Union communique. This side of the House was morally bound to do this because the Government flatly refused to accept the vehement representations of the Opposition that they should have gone for aid on the specific question of electricity on the Budget as a whole and Honourable Members if they are honest with themselves can be in absolutely no doubt as to what the line and the attitude of the Opposition is. It is most unfair that the Chief Minister in order to put forward this amendment now should have recourse to that particular argument. How much better if he would have limited his words to saying: "I accept responsibility", as he has said in the course of this meeting and as he has said on television. "I cannot put my name to this amendment. I require this change." No. He has to bring the Opposition into it and he has to forget, conveniently, all he was told at the time of the Budget - and may I say very much in passing not only this Budget but the last Budget when at the very last moment the Chief Minister accepted amendments from this side on the income tax because our line was again the same. We are glad that we did the people of Gibraltar a service in that Budget of income tax measures and we are glad that we did a service to them in the last Budget by starting and pioneering the fight for aid from Britain, which was taken up by the Chamber of Commerce, which was taken up by the Union and which was brought by us to this very House. So the Chief Minister should not try to throw up a smokescreen now of eleven words to say that his attitude has been consistent. There are many virtues in being in Government and there are some drawbacks as the Chief Minister well knows. One of the drawbacks is that unless you tell the people what you are thinking, don't come at a later stage and say: "Ah, yes, about 5 years ago I said that to so and so and so on. Because if you stand by a policy then you must make it public or take the blame for not having spoken in time.

I shall send the Chief Minister a little copy of "Progress", the IWBP magazine, in which the attitude of the IWBP to the Budget is clearly illustrated. I shall not bore him with quoting it now. Perhaps we can invite him at our next public meeting. We did hold one on the Budget and made our views clear. At least I got a report on the press. I don't think the last AACR workers' meeting got any report in the press. Perhaps nothing of importance was said. Mr Speaker, the Chief Minister has referred to something I said earlier - he quoted from Hansard - and I confirmed that my remark - if he is interested in hearing what I have to say. It was a matter of serious importance not five minutes ago but, perhaps, he is more interested in chatting with his neighbour having criticised me for looking at the gallery when he was speaking even though my ear was tuned in his direction consistently. The Chief Minister is now ready to listen once again. I confirm that when I said he had the most favourable circumstances imaginable I was referring to the local situation. About the rest it is my prerogative to say and that is that. I would, however, generally comment on what the Chief Minister has said in these terms. But let us have no dilution of this amendment as it is going to stand. Let us not have the ifs and the buts on the amendment or beside the amendment. Let us accept the amendment for what it is, a strong amendment, which is power to the Chief Minister's elbow and which creates locally the best circumstances imaginable. And let us have no excuses. We on this side know what the difficulties are. But we also know the fund of goodwill that exists and we know also the best way of exploiting it and this is why we propose a constitutional conference, because that would have been the best way. That would have been the best way to rally support for Gibraltar in London, having a constitutional conference in London on these issues. The Chief Minister is not ready for that league yet, he chooses to play in second division and then move up to first. Very well, if we fail in second division - and pardon the inconsistencies of the metaphoric - then let us move quickly into first division. Let him on the spot if he gets no satisfaction say immediately that the Opposition wants a constitutional conference in London straight away. Otherwise all that has been said in this House is as nothing. If the Chief Minister is going to come back saying: "Ah, it was difficult, we could do nothing". And we ask him: "Well, what did you say in reply?" And he says that he did not ask for the constitutional conference, then the whole spirit of this amendment which is a giving way on the constitutional conference for the sake of this motion and solely for the sake of this motion; would be lost. The Chief Minister spoke about "if I come back with a permanent or a semi-permanent, or" - I don't know what half of semi- is - a quarter permanent solution. What we need is a permanent solution. What the Union wants is a permanent solution. What he is charged with bringing back from England is a permanent solution. If the Hansard is available to the Foreign and Commonwealth Office and the Hansard says that the Chief Minister before he left was talking about a semi-permanent solution, let the Foreign and Commonwealth Office man also read that we on this side say a permanent solution. And the Honourable Mr Montegriffo who was

nodding his head in agreement when I was speaking about £5 or £3. £5 of ours for so many from Britain, showing complete agreement, an agreement which he subsequently diluted quite considerably in speaking to the Government's own amendment. If the Honourable Mr Montegriffo has any influence over the Chief Minister, then I hope he will convince him that nothing short of a permanent agreement is going to create the climate of confidence and allay the public anxiety to which the eleven words made reference. Therefore, Mr Speaker, at the risk of at a later stage having the Evening Post saying: "There you are, the Chief Minister got his way in the end." At the risk of the Chief Minister saying: "Ah, but there is much in eleven words. There is a lot in eleven words." At the risk of all that and in the interest of Gibraltar which we have put foremost in the whole of this debate, we have no hesitation at all but many qualifications in taking this decision of supporting these eleven words. Of course, it would be ungracious of me not to tell the Government that we too appreciate that they have been able to see their way to supporting the rest of this very lengthy and, I think, very powerful amendment which has emanated from the Opposition bench.

HON A J CANEPA:

Mr Speaker, in the course of the last 24 hours

MR SPEAKER:

You can now speak exclusively on the amendment to the amendment to the amendment.

HON A J CANEPA:

I am going to speak on the amendment to the amendment Mr Speaker. I am only saying a few words of introduction.

MR SPEAKER:

The point I would like to make quite clear is that you will have an opportunity if you want to say more once this vote has been taken.

HON A J CANEPA:

Sir, this is the first occasion in the last 24 hours when I rise to speak and it is my intention to be brief and to speak on the amendment now before the House. I was just going to say that in the course of those 24 hours I have acquired pages of notes which are, by and large, largely irrelevant, possibly and which I certainly

have no intention of using ~~and~~ ^{also} I have experienced very many different feelings and emotions since 10.50 yesterday morning. Feelings, initially, of elation and happiness, in a way, to see ~~that~~ the tone in which the debate was being conducted, the way in which the debate had been opened by the Honourable Leader of the Opposition, the seriousness ^{and} the constructiveness with which the matters before the House were being discussed. Then, later on in the afternoon, ~~passing~~ ^{even} emotions of anger and despair to see the way in which the whole tone of the debate was being lowered by one or two very unfortunate interventions, interventions which in a way played into the hands of more than one organisation in Gibraltar which would like to see Gibraltar run differently to the manner in which it is being run through the medium of our democratic institutions. Then again, this morning, perhaps, in spite of one or two harsh words from the Honourable the Leader of the Opposition, which I shall forget about, the concrete fact ^{emerged} ~~is~~ that we have succeeded after a whole day of debate, in having before the House a consensus motion which will strengthen the case not just for the Government Delegation which will be going shortly to the United Kingdom, but also, the case, generally, for the people of Gibraltar. And it is, after all, their welfare that, in spite of what people may go around our streets in the evenings saying through the medium of loudspeakers, it is their welfare that we are here to uphold and safeguard. Sir, in spite of the consensus that has been reached I don't think it is ~~not~~ quite correct to say that the need for Budgetary Aid or that the need for aid, generally, was pioneered in this House at the recent Budget session. Perhaps the need for budgetary aid, in connection with the measures of taxation, was made apparent to the other side. This was the view that they took and we differed on that. We say, Sir, over 16 months ago, that there was a need for a definite and continuing commitment by HMG to aid our development programme. That was why in March 1973 a delegation went to the United Kingdom and when we returned we were told in this House by members opposite that, perhaps, we had been somewhat precipitate in going; it had been too soon and we should have left it till later. And what we were trying to get was a commitment that once the current development programme, or before, ~~in fact~~, ^{in fact} the current development programme came to an end in 1976, there would be continuing aid for another development programme. Then when it became clear, Sir, a few months later, with the collapse of the talks on Gibraltar it was likely that the present political situation of Gibraltar would be with us for at least another decade, the Chief Minister wrote to His Excellency the Governor in the terms which have already been mentioned in the debate, making it clear that there was a need now for a new concept, political aid over and above merely aid, to assist in the development programme. That awakening, that viewpoint has been made public by the Chief Minister since June, 1973 and I refer, of course, to a public conference of the Party in office today, attended by 200 members

MR SPEAKER:

I did say at the beginning that you had to speak on the amendment to the amendment to the amendment otherwise we will not clear our decks at all and we are going to get completely and utterly out of hand. That is precisely what I was warning you about that you would have an opportunity to say all you are saying perhaps at a later stage. If I allow you to go on other Honourable Members, quite rightly, will be entitled to do exactly the same all along the line. I hate to interrupt but I was trying to avoid having to interrupt in the middle of a speech and not at the beginning.

HON A J CANEPA:

Let me just say, Sir, that there has over the months been an awareness of the need to update our thinking on the kind of aid that Gibraltar should receive, a thinking which is amply reflected and amply phrased in the terms of the amendment to the motion now before the House. Sir, I am heartened also to see that in the consensus motion before the House it has been possible to agree that the economic problem is by far of greater importance than the constitutional one, because the economic problem is one which is a reality now. The people of Gibraltar are concerned about economic problems about inflation, about prices and about taxes, for more than they are about the nature of our constitutional relationship with Britain, be it Free Association or Integration or what have you. I am happy to see that members on the other side have seen that a constitutional conference which, by its nature, would take time to prepare and to evolve, would only have delayed the permanent solution that Gibraltar needs to find, over the next few months, to problems which will otherwise, with us, not for the lifetime of this Government, but for the lifetime of Governments to come. So in that sense, Sir, that is something very positive which has emerged from the debate of the last day or so. An awareness, Sir, that constitutional development does not in itself bring about economic development, is something which I think is to the good because whether it is integration or what have you, if we link ourselves in that manner with another country - in this case with Britain - we are going to continue to suffer the problems which they have. Let us not imagine that it is only the standard of living of the people of Gibraltar, which, is under seige, which is being affected. We are having our problems of inflation and very serious they are - figures of 6.22% mentioned - but Britain is having similar problems, if anything, ~~graver~~ *more grave*. When the figure for this month is published in the United Kingdom I am sure we shall find that their level of inflation is ~~even~~ *has been even* higher than Gibraltar's in the present quarter, because the immediate effects of their budget have put up inflation more so than in Gibraltar. In May and in June their level of inflation was higher than in Gibraltar and, therefore, if we merely string along with them through a constitutional link and an economic link allied to it, shall only be laying ourselves open to whatever ups and downs the British economy may have over the years. Obviously, if constitutional links

are necessary one should go it within the Common Market with the country at the top of the league and not necessarily with the country which is 9th in the league. I will not say any more about this, Sir, because I do not want to be disruptive. I want to try and be positive. Let us say then that ideas have been clarified, barriers which would otherwise have made it difficult to get the maximum amount of aid for the people of Gibraltar have been set aside in the last two days, and the best and the most constructive solution, I think, will emerge. Finally, Sir, I just want to say this; that the debate, as the Leader of the Opposition said yesterday, has been the response of this legislature to the needs of the people of Gibraltar, to the needs of the people of Gibraltar. It has also seen in a way an instinctive drawing together of members on both sides of the House - because after all we are political animals - against those who would change our democratic set-up, who would substitute it by a Board of Directors, perhaps against those who would introduce vertical a type of type of institutions which do not have the legal backing of the electorate, of nearly 5,000 votes, but which have the backing of a mere 40 or 50 people that attend meetings and happen to put certain people in certain offices. There is that other aspect then. There is a danger in Gibraltar today that certain elements

MR SPEAKER:

I have allowed you to go further than you should have but I cannot allow you to go any further on this one.

HON A J CANEPA:

There is a danger, Sir, that the dignity of this House will be undermined and I ^{trust} hope this debate should be a lesson to those outside, a lesson ~~about~~ ^{and} the evidence of the concern that we have for the welfare of Gibraltar and the fact that good work can be done in this House, and is being done for the ultimate benefit of all.

HON P J ISOLA:

Mr Speaker, in rising to support the amendment to the amendment to the amendment I would fully endorse just the last sentence of the last speaker. I think it is good for Gibraltar, definitely, that a motion should have been arrived at that expresses the strong feelings of the people of Gibraltar on this matter and that goes out to the United Kingdom Government as the voice of the people of Gibraltar. I think it is important too that the way the case is put over in London is exactly in the terms of the amendment to the amendment to the amendment of the motion and in no other terms. I suspect, Mr Speaker, that the last speaker was not speaking on the amendment to the amendment to

the amendment for a considerable length of time and, therefore, it would not be in order for me to reply. But, Mr Speaker, I would just like to say one thing: We on this side of the House believe sincerely and fully that eventually the only solution is in constitutional change, in the enshrining of any arrangement in a constitutional instrument. We sincerely believe that. But in this particular way in order to arrive at a notion that gives the Government strength in their forthcoming talks in Britain we have sought not to divide the House on this issue, not because we do not believe in it but because we believe that today what Gibraltar needs and needs badly is economic assistance from Her Majesty's Government in the United Kingdom. That's one thing. The other thing, Sir, in supporting the amendment that I would like to say very clearly is this; that I do not think that it helps our case - and perhaps I should have said this when I first spoke - I don't think it helps our case at all if we start off saying to the other side whom we are seeking to get help from or we are demanding help from in the terms of the notion, that they are themselves in a very weak position and we must understand how weak they are. It is no use saying as well and it does not help our case to admit that instead of one McMahon there are now 1,700,000 McMahons in the United Kingdom, Mr Speaker. I won't say anything more on that except that I would like to say this and I think this is of vital importance from this side of the House and I am sure from the Government side of the House. That is that the Government should keep to the letter and spirit of this amended notion in London. That the Government will carry out the spirit, to the best of their ability of course, should carry out the spirit purport and strong stand that this notion of the whole House demands. That is what I think is vital and if the Government are to have any sort of success they must carry this out to the spirit and the letter because only by telling Her Majesty's Government that this is not just the feeling of the House of Assembly, this is the feeling and the spirit of every single member of the House of Assembly elected by the people of Gibraltar and through them by the people of Gibraltar. It is only by the Government keeping to that commitment that the dignity of this House will be maintained and the people of Gibraltar will realise that their elected representatives are ready and prepared to fight and fight to the last man when the vital interests of the people of Gibraltar are concerned. On this side of the House we would ask the Government not to accept this just as a sort of consensus notion, something that somehow or other we have all agreed on, but something which both sides of the House are firmly determined to see succeed and both sides of the House firmly believe in, because if you don't believe in it you cannot carry it through.

HON A W SERFATY:

Mr Speaker, I think I can safely say that the spirit of the members of the Government

MR SPEAKER:

May I interrupt. Let us make one thing clear. I know that the matter is complicated and I would like to have the agreement of the House that any member who has as yet not spoken to the debate at any time at all should be given the right to do so now before we take a vote. I think like this we will not deprive any member who wishes to express any view on any matters touched upon during the debate to do so. Otherwise it is going to be difficult. And, of course, there might be the right of reply to the Chief Minister now and if the amendment is carried there will be the right to reply to the Leader of the Opposition on his amendment. I think that is the equitable thing to do.

HON A W SERFATY:

As I was saying, Mr Speaker, the spirit behind the Government thinking is in agreement with this consensus and the Opposition need not have any qualms that this is just an agreement to white-wash the whole thing. We are sincerely in agreement with the spirit behind it and I think the Opposition have done very well as one of my colleagues said a little while ago, to step down from the pedestal of the original notion if only on the basis that if we want a Comprehensive School by September, 1977, there is hardly time for constitutional talks. Let us be practical. Let us stick to this spirit. I would like to say that no mention has been made of the kind of development - and I am certainly not going to go into the aid programme because we haven't even discussed it yet - but let us distinguish between economic development and social development. We had such a backlog of social development in the last 20 years that we have had very little opportunity - the previous administration and other administrations before then - to really go for economic development. We have done more social development in the last 20 years than we have done economic development. I am not going to say that this future aid programme is going to include a lot of economic development, but I do hope that part of the programme will be aimed at economic development and I am the first to admit that social development is paramount and we still have a long way to go in the question of education and housing, particularly, and amenities. I am completely in agreement that something should be attempted to solve the problems that we have year to year in addition to social development and in addition to economic development. Nothing has been said of what the Chief Minister and the Government were able to get out of the British Government on the question of land which is coming back free to the people of Gibraltar. I am talking of a very large sum of money but don't for a moment think that because we should be thankful to the Gibraltar Government and to the British Government that an agreement has been reached on this that this should in any way inhibit our efforts to do a good job during our next visit to UK. I would like to say something about what the

Honourable the Leader of the Opposition said yesterday. If I remember rightly he said that we would be falling into the hands of the "dovish" element if we were to insist on tourism promotion.

HON M XIBERRAS:

If the Honourable Member will give way. I will be as brief as I can. The Honourable Member will recall that I said this in the course of an almost historical approach to the idea of economic development. I was linking this up with constitutional expression which had been given to this sort of economy, an economy based on a very large turnover on very large development and, generally, low taxation. What I am saying is that if in the present circumstances of Gibraltar when we can only have this type of big turnover economy if the frontier is open, in my humble view, then, if we insist in maintaining this stand rather than what the other side has chosen to call the Dockyard economy or the Defence spending economy, if that is the case and if that should be the policy of the Government then it would encourage support for the "dovish" element.

HON A W SERFATY:

Thank you for the explanation. I think, of course, talking for the present that the ideal solution is a combination of what we call the Dockyard economy (Ministry of Defence expenditure in Gibraltar) with growth in the private sector. When I was in the Opposition I remember criticising the past administration for not doing enough for growth in the private sector. I think that

MR SPEAKER:

We are not going to discuss now how to solve the economic problems of Gibraltar under any circumstances.

HON A W SERFATY:

Mr Speaker, I respect your ruling but I just wanted to say that in the future development of Gibraltar and in consideration of the development aid programme sight should not be lost of the fact that the future economy of Gibraltar must be a combination of Ministry of Defence expenditure and the private sector which all the experts have said we can control ourselves whereas we cannot control MOD expenditure.

MR SPEAKER:

We will now give the right of reply to the Chief Minister to the small amendment and then we will vote on the amendment to the amendment proposed by the Leader of the Opposition which has already been amended in itself.

HON. L. DEVINCENZI:

Mr Speaker, may I, perhaps, in support of the amendment to the amendment to the amendment say that I do so because my colleagues think so and I also think so but somehow I am not entirely satisfied and I do hope that when the Chief Minister and some of his colleagues go to UK that they will express the true feelings of the House and the public and that is that we are in fact alarmed although it does not appear as such in the motion. I am also, Mr Speaker, somewhat concerned that from the other side of the House we are already hearing some noises of "if we are not all that successful, if we don't get all that much" I think this in a way gives an impression - and this gets to the Foreign Office very very quickly - that there is already an element of acceptance that perhaps we will not be all that successful. I am not thinking for a moment, Mr Speaker, that our Chief Minister or any other member of the Government should become "Mintoffs". No, Sir, not even a "little Mintoff" but, perhaps, a "minor Mintoff". I was going to say to the Government: "Wake up and face realities". Perhaps I will not do so now as I think they are beginning to do so, Mr Speaker. I think they are beginning to do so because in proposing this amendment to the amendment to the amendment they have to a very large extent accepted the realities of the situation in Gibraltar now. On the question of constitutional talks I think it is now fully agreed by everyone that there is a need for permanency and I don't think that really it was expected from this House that when the delegation goes to the United Kingdom that they should have tied the present economic situation or the present aid that we now seek to constitutional links. Of course there is a need for immediate aid into the economy but I think it should be made very clear to the British Government that there is a need for constitutional talks, that these should take place the sooner the better and that at those talks the link between the economic and the political side of Gibraltar should be discussed. Another aspect, Mr Speaker, which has been mentioned but I feel that I also want to mention is that I for one never think of any money coming from UK as charity, aid, begging, or what have you. I think we have a perfect right to get not what we are getting but at least twice as much. Figures don't really count here because of inflation or what have you. What we must apply is a structure whereby we are tied to the mother country and where our standards should be those of the mother country. I don't mind being No 9. May I just remind my mathematician friend, the Honourable Mr Canepa, that even if inflation rises quicker in the United Kingdom than in Gibraltar it does not necessarily mean that the standard of living in England is lower than here. Because the gap between their salaries and wages is much bigger so we can rise by 5% they can rise by 6% and still the standard of living in England would be cheaper there than here. So it does not make sense to me. May I say for the benefit of those members of the Government who might not be fully in touch with the problems we have in Gibraltar now that I for the last three or four weeks have been going round the shops visiting clients and what I have seen I do not like. I think that the situation in Gibraltar now is very,

very bad certainly at a certain level. Certainly from the middle class down, it is very bad. The purchasing power has come down very much and even in grocery shops, Mr Speaker, you see that they are not well stocked, in fact they are pretty empty. This is noticeable throughout. There was a time, Mr Speaker, when one could go to at least a dozen grocers shop and for a discount they would pay cash. Now you offer this to them and there are no takers. Why? Because they haven't got the money to pay. They want it but they haven't got it. It is as simple as that, Mr Speaker. When we got to that stage in our little Gibraltar then, Mr Speaker, I think that the situation is much more serious than some of us realise. In ending I would just say that I hope that the Government side when they visit England will be very forceful in the full knowledge that not only the Opposition but Gibraltar, generally, is behind them. Thank you, Mr Speaker.

HON W M ISOLA:

Mr Speaker, I am going to speak on a certain aspect which hasn't been touched upon. I think we must all be pleased with the fact that at long last we have now reached a certain form of consensus with which to go to the British Government. The question of the high cost of living in Gibraltar will no doubt be touched by the Government but there is one aspect which has not been spoken about in the House and that is the question of the tourist figures.

MR SPEAKER:

No, we are not going to speak about the tourist figures.

HON W M ISOLA:

On the economic side.

MR SPEAKER:

We are not going to go into specifics on the economic side under any circumstances. We are talking about aid but we are not going into specifics in any department.

HON W M ISOLA:

When we are talking about aid we are talking about

MR SPEAKER:

With all due respect we are not going to go into any specifics. We can talk about tourist figures as a guideline that the economy is not doing well, but we are not going to go into specifics of tourists figures.

HON W M ISOLA:

That is exactly what we are going to do. I think it is very relevant, Sir, when the Government go to the United Kingdom that they should take with them the statistics of the tourist figures as a guideline and we must not give the British Government the impression that tourism in Gibraltar is booming because it is not. If we look at the figures produced by the Statistics Office it shows that there is, in fact, no real growth in the tourist economy and we must be very careful. That is why when we are talking about the question of electricity, water, etc, we obviously can refer to the question of tourism because it does affect the economy. If these figures remain that high without economic aid then our figures will inevitably come down because we would not be competitive.

MR SPEAKER:

Yes, but we must not go into specifics.

HON W M ISOLA:

No. I was only speaking generally. The figures are contained in the statistics published by the Statistician, which unfortunately also show that in that particular field Gibraltar is not on up because unfortunately, Mr Speaker, percentages can be somewhat misleading. Assuming we were up in 1974 as opposed to 1973 that does not necessarily mean they were booming because it may be - and it looks like it from these figures - that 1973 was a bad year. When the Government delegation goes to England the question of tourism in Gibraltar must be pressed and HMG must not be given the impression that Gibraltar as a tourist resort is booming. One must bear in mind when we are talking about tourism that charges for electricity water etc affect the economy of Gibraltar vis a vis tourism.

HON CHIEF MINISTER:

Mr Speaker, I don't want to say very much. Just two things. First of all whilst I appreciate that the Opposition did oppose in this debate the measures and so on and my remark when I said "did not oppose" I was trying precisely to keep the temperature down and did not want to say that they had voted in favour. I put it at

the lowest and I was doing no more than doing exactly what the Opposition did when they were in office and there was an outcry against their measures. They publicised quite widely that the measures had been supported by the then Opposition. It is no more than that. Be that as it may the amendment has been generally accepted. I don't want to say anything more than that. I just have one point on this. We have not accepted this overall amendment subject to the amendment for the sake of bringing this debate to an end. We have accepted it because we realise - although I said that I might have framed it differently - we accepted it because we realise that it expresses the feelings and we were fully conscious before we came to this House as Mr Canopy has said, that we had to have a new approach to this matter. Mr Speaker, I commend the amendment to the amendment to the amendment.

MR SPEAKER:

I will now put the question which is that the amendment moved by the Honourable Leader of the Opposition be further amended by the substitution of the words "in view of the public anxiety caused by the burden which" for the words "alarmed by the heavy burden that". Those in favour? those against? Carried. I will now remind the House that the question before the House now is the motion moved by the Honourable the Leader of the Opposition, as amended. I will not read the whole thing. I think I said that everyone who wanted to have a word on the general debate could do so and I think every single member except the ex-officio members has spoken. Before putting the question to the House I will ask the Leader of the Opposition, as the mover of the amendment to reply to it. The small amendment has been carried unanimously and there has not been a division. I will say that in my opinion the original motion was not a motion of no confidence though it was critical of the Government and its policy. Therefore, the ex officio members were entitled to vote. I take it that as far as this particular amendment is concerned they have voted in favour of the amendment, or have they abstained?

HON ATTORNEY-GENERAL:

We abstain.

MR SPEAKER:

Then I will ask the Leader of the Opposition to reply to the motion standing in his name.

HON M XIBERRAS:

Mr Speaker, it is with great pleasure that I wind up this debate on the motion which was before the House and I know that Honourable members have all had a contribution to make. I am sorry that our two ex-officio colleagues in this House have not spoken on the motion although the Chief Minister indicated at an earlier stage that we might have had the benefit of a contribution by the Honourable the Financial and Development Secretary at least of an explanatory nature. I am also sorry that it has not been possible for everybody in the House to vote in favour of the motion despite the fact that this is not a motion of confidence or no confidence.

MR SPEAKER:

I don't think that is relevant to the debate. The ex-officio members are entitled to take a stand without their position being questioned.

HON M XIBERRAS:

I am sorry if this is the case because I think it is important and this might very well be one of the points that should be clarified in a Constitutional Conference.

MR SPEAKER:

Yes, but the abstension has been on an amendment, not on the motion. We have not yet taken the vote of the motion.

HON M XIBERRAS:

I have two basic points to make. The first is to correct a statement that was made from the Government benches - I think it was the Honourable Mr Featherstone but I am not absolutely certain about it - and that was that there were difficulties in launching or even in making representations about the development programme which the Chief Minister and his colleagues are to go to London to discuss with Her Majesty's Government because the last Government had left that gap. It may have been the Honourable Mr Montgriffo but it was certainly said. This is not at all accurate because Honourable members opposite will recall that on an earlier occasion, in fact earlier occasions, I have offered to acquaint Honourable Members opposite with the decision that was taken here by the Gibraltar Government at the time of the Rowley mission to Gibraltar from ODA in November, 1972. And the purpose of this highpowered mission from ODA was precisely to prevent a hiatus.....

HON CHIEF MINISTER:

May I interrupt. I think he must be wrong in mentioning November, 1972.

HON M XIBERRAS:

1971. I have a communique here from that time.

HON CHIEF MINISTER:

Yes, but it was not November, 1972. We were already in office by that time.

HON M XIBERRAS:

It was around November and it was I think the year of the change in Government.

HON CHIEF MINISTER:

Perhaps if we have some details. We want to be accurate.

HON M XIBERRAS:

Well, I will not mention any date at all. I will just say that Mr Rowley and his colleagues were here once the development programme was under way and there are papers which I have in my possession about this visit. These gentlemen came to discuss the continuation of the development programme because whereas the original communique 1969 set out a series of general aims like 750 flats and so forth, there had been a continuation because Varyl Begg Estate did not get under way until somewhat later and the Government of the day was concerned that the Varyl Begg Estate would be considered by ODA as the sole item for that time - whilst it was being built. Therefore, anxious as we were at the time to have the second comprehensive school built as early as possible we asked to go to UK and they said: "No, we shall send a team out to Gibraltar." The result of those talks which I have mentioned in the House, was agreement that the Varyl Begg Estate would not be the sole item in that programme. I mention this, Sir, because it is going to be very relevant to the talks in London given that the Minister for Tourism has said: "Let us not delay because the comprehensive school might be delayed further." This is a very important fact that the Honourable the Chief Minister should bear in mind. It was as a result of that visit that it was possible to make a submission for the Sports Centre which is now being built. That is one point on which the cooperation of the Opposition is still open. The

other point which has recurred throughout the debate is this question in the original notion, of standards. We have heard from the Government benches consistently an attitude that standards in the United Kingdom may not be so high after all. We have had "McMahon"; we have had the 1,800,000 people below the poverty line. This was a very important part of the original notion and it will continue to be a very important consideration for the people of Gibraltar. We are talking about status and we are talking about entitlement rights. The Chief Minister's colleagues who were present at the meeting of the 2nd August should know - the Honourable Mr Canepa particularly - that it was accepted by them that the standard of living in the United Kingdom was something to be pursued actively by politicians and by the people of Gibraltar. There was in fact talk of beginning to quantify the differences between Gibraltar and the United Kingdom and do this in a systematic manner. There was also tentative agreement that we should pursue the standards which obtained in the United Kingdom and this was on the second of August, I feel free to mention this because it is not fair on the people of Gibraltar and it is not fair to Honourable Members on this side of the House to have this said by the Honourable the Chief Minister, the Honourable Mr Canepa and the Honourable Mr Featherstone, talking on behalf of the Government, that UK standards should be achieved or should be sought by the people of Gibraltar presumably because they are higher than ours. And then to have the Honourable Mr Featherstone stand up in this House and say: "Well, we are not too sure whether they are higher or lower," or the Honourable Mr Canepa saying: "the cost of living is rising faster in the United Kingdom than in Gibraltar." And the Honourable the Chief Minister talking to us consistently about McMahon and so forth. It is important, Mr Speaker, that the elected members on the Government side should be consistent in this. If Gibraltar in their view has a right to enjoy the same standards of living; if they think it is possible to achieve the same standards of living and if they think all these things and can put them down on paper on the 2nd of August, today the 12th of July, they should not say a different thing. Mr Speaker, there is no need for me to say that obviously we hold and hold dearly and hold sincerely our view as to what the future of Gibraltar should be. We feel, despite all that has been said in this debate, and often encouraged by things that have been said in this debate by Government members, by their analysis of the situation; by their agreement to our analysis of the situation; by the direction which has been taken by the final result of this debate, and by the forecast of what might be the likely next step should things go wrong in London, we are encouraged to think that we are on the right track. I would like to end on this note, that this House can be at its most effective when it is united. But the unity must be the unity of sincere people trying to reach a solution in the best interest of the community. It must be the unity of sincere people who are able to read the message of the times and to read, especially, each others minds. There can be no genuine, sincere, unity and therefore no strong unity in this House if we are going

to change our minds every so often. Then the debate will be long, longer than this one, because what we are trying to do in this House is to see how we stand ^{on a} particular day and this, as Honourable members are aware, is the most difficult thing to do in debate. Therefore, I appeal for consistency of views and I appeal for realism and a willingness to adapt to the times because Gibraltar is small and has survived by its ability to adapt to the times and the message of Europe to my mind despite all the shortcomings; despite all the ups and downs, the general message of Europe is that the little people must get together. And when I talk about little people I am talking about countries like England. How much more so for Gibraltar

MR SPEAKER:

We must not deviate. We are not talking about the point at issue now.

HON M XIBERRAS:

Mr Speaker, obviously despite the merits of this notion which has been arrived at as a result of a long debate, we are not going to cease in our endeavours in seeking a constitutional conference irrespective of the result of the visit. I shall be writing within the next few days, formally, to the Honourable and Learned the Chief Minister asking him for a constitutional conference. We wish to place this view on record. We have been talking about it, we have been asking questions about it and it was down on the original notion. Therefore, as far as this side of the House is concerned because we are persuaded this is necessary to start the wheels turning as early as possible, I shall be writing to the Chief Minister within the next few days. We feel in the Opposition - and we are grateful for what the Honourable Mr Serfaty had to say - that we have contributed decisively to focussing the attention of Gibraltar and the attention of the Government on the vital issues which have been our concern. Mr Speaker, there is one thing I must do and that is obviously that it is my duty now to withdraw the original notion.

MR SPEAKER:

There is no need for that. We will take a vote on this notion. If it is carried that is the end of the matter. That is the procedural position. I will now put the question which I will read so that members are very clear on what they are voting, which is as follows: "That this House in view of the public anxiety caused by the burden which recent measures of taxation have placed on the people of Gibraltar, concerned about the taxable capacity of Gibraltar and bearing in mind the need

and right of Gibraltarians as British Subjects and members of the EEC to maintain and improve their standard of living in the face of the Spanish economic blockade and seige, demands of the British Government in pursuance of their avowed policy to sustain and support Gibraltar, during the forthcoming talks in London, to discuss with and provide Gibraltar's representatives with such economic assistance as may be necessary to safeguard and improve the standard of living of the people of Gibraltar on a permanent basis and capital aid for their development programme."

On a division being taken the following Honourable Members voted in favour:-

The Hon I Abecasis
 The Hon A J Canepa
 The Hon J Caruana
 The Hon L Devincenzi
 The Hon MK Featherstone
 The Hon Sir Joshua Hassan
 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 H G Zannitt

The following Honourable Members abstained:-

The Hon J K Havers
 The Hon A Mackay

The following Honourable Members were absent:

The Hon J Bossano
 The Hon Lt Col J L Hoare

The motion was accordingly carried.

The Hon the Chief Minister moved the adjournment of the House sine die.

HON M XIBERRAS:

I would like to raise on the adjournment, Mr Speaker, the unsatisfactory statement of the Minister for Housing on the allocation of the Varyl Begg Estate.

MR SPEAKER:

It is now approximately 12.20 so we will finish this debate at exactly 1.00 o'clock.

HON M XIBERRAS:

Mr Speaker, when the question of the new housing scheme was discussed earlier in the proceedings, there were several points which were matters of considerable concern to members on this side of the House. I intend to give my colleagues on this side, the Honourable Mr Caruana and the Honourable Mr P J Isola, an opportunity of putting points to the Minister as well so I shall be very brief indeed. The Varyl Begg Estate as is known will consist, when it is finished, of some 650 houses and associated with this allocation - and perhaps the Minister could confirm this - there will be apart from these 652 a number of dwellings which will become vacant when people move into Varyl Begg Estate. This will bring the number up to anything like 900 dwellings, perhaps 850, but it is a massive allocation and it is of great concern to everybody in Gibraltar and to Honourable members on this side of this House, that this allocation is carried out in the fairest manner possible. We have not been convinced on this side of the House that the Minister has approached the allocation in the manner in which we on this side of the House would have approached it. We have had discussion, in fact, as to this new Housing Allocation Scheme even before it was presented by the Minister when he gave notice that he was doing this. I would like to ask the Minister as to how the Housing Allocation Committee - if it has been consulted - and the Housing Advisory Committee have reacted to the proposals which he made originally and I would like to ask the Minister to what degree the Housing Allocation Committee and the Housing Advisory Committee are in agreement with this new housing allocation scheme which he has laid before the House. The Minister has said earlier in this meeting that he will keep the right according to the new scheme, to allocate pre-war dwellings which are not deemed to be of a certain standard. We would be grateful to know what that standard is and we would tell the Minister that we do not agree that there should be a specific power to him in this scheme to allocate any category of houses whatsoever. This runs against the whole tenor of what the Opposition has been trying to say but Honourable Members on this side of the House will be expanding on this point. I should also like the Minister to answer the question of dates. He says that before the first three blocks of the Varyl Begg Estate is allocated, a full revision will have to take place and that he is satisfied

that he will be able to do this. The 1st August was mentioned, could he develop on this? There are some other changes in the scheme which the Honourable Mr Caruana will be dealing with but I should like myself to raise the point of percentage allocations to, particularly, the Transit Centre which the Honourable Mr Peter Isola touched upon and about which I asked the Minister how did he justify it? There have been percentage allocations for medical cases before, for instance, but there is a justification there. I would like to ask him on what grounds does he justify a separate allocation to the Transit Centre? Mr Speaker, we have limited time on this debate and my purpose in moving this motion was none other than to get the matter debated. It might have equally been raised by any other colleague on this side of the House. I know that I am voicing the views of the Honourable Mr Bossano in that this is important and needs going into. Unfortunately he is not here with us today. Without any further ado I will allow my colleagues a chance of expanding.

HON J CARUANA:

Mr Speaker, most of the points which were going to be raised have been briefly touched upon by my honourable friend the Leader of the Opposition in presenting this motion to this House. We welcome revisions of this nature generally speaking. We carried out one as soon as we came into Government in 1969 and prior to that the Housing Allocation Scheme had not been touched for about 12 years. What the Minister is doing with this revision is trying to improve on it. Regrettably there are a few things which it is our duty to point out to the Minister as not being to our liking and not in the best interest of performing the functions of a Minister for Housing because it puts the Minister for Housing in a enviable position vis a vis applicants. We are also glad to note Mr Speaker what we had indicated at the time when the Varyl Begg Estate was announced when I said a few years ago that with the continuation of the Glacis Project and the Varyl Begg Estate, and houses coming up for rehabilitation and improvement, that it was hoped that the back of the housing problem - one of the biggest social problems we have in Gibraltar - would be broken. Pointage revisions and eliminations have been carried out. At one time there were well over 2,500 applicants on the list in the housing section, today we are very pleased to see that there are only 1,500 though that, in itself, is a big number in Gibraltar. That figure, naturally, is not static. We would also like to say Mr Speaker, to correct the record and the impression which might have been given in yesterday's press after the Minister made his statement that this is not a new housing scheme as reported in the press, this is a revision of the Housing Allocation Scheme to guide the Housing Allocation Committee. On this side of the House we take exception to the terms of reference of this scheme and especially (d) though I notice that the Minister has also attempted to water down his original intention and this little (d) in the terms of reference says: "to recommend the housing of such government owned

accommodation except pre-war 1945 constructions which have not been certified by the Minister for Housing to have been rehabilitated to post war standards under a general scheme for rehabilitation as may become available to applicants on the priority list as provided in (c) above." We take exception to this, Mr Speaker, because this gives the Minister powers to allocate pre-1945 houses. We feel very strongly - and we have pointed this out on many occasions - that the Minister should not allocate houses except in an emergency and therefore we would advise the Minister that on the first opportunity he should revise this to include that the Housing Allocation Committee need not allocate a house except in an emergency. The reason we object to this is very simple. Not all pre-1945 houses are necessarily bad. There have been two instances recently, one at George's Lane which was not a Government quarter, and one previously occupied by the Chief Planning Officer which were pre-1945 houses not necessarily in bad condition and this kind of house under this criteria need not go to the Housing Allocation Committee. We don't know how many houses there are in Gibraltar which are pre-1945 and which do not necessarily need rehabilitation in the sense the Minister mentions in this scheme. Therefore it does put the Minister in the position of having in his hands power to allocate this kind of flat which are in perfectly good condition. What we would like paragraph (d) of the revised scheme to say is that all houses irrespective of the date should be allocated by the Housing Allocation Committee and must come to them for their advice. The discretionary powers of the Minister should only be retained in the event of an emergency. We do not impute any improper motives on the Minister but the public does see it that way and this puts not only the present Minister but any future Minister and past ministers in an invidious position and open to criticism. The other one which I would venture to suggest, Mr Speaker, and which is one of the points which the Minister has altered from the old scheme, is the waiting time period. We see here that the proviso includes - we are not quarrelling with the points in there, we are perfectly satisfied. It is an improvement from the 80 maximum and I think it is only a further improvement to what was in existence. But we do find that there is an anomaly in the proviso where it refers to applicants residing in Transit Centres and I make this reference to the Transit Centres because as the Leader of the Opposition has mentioned before the Minister has seen it necessary in his statement to give a discretionary 5% allocation at the next forthcoming allocation to people in Transit Centres. This not only goes against the pointage system and looks odd - though I will make the point, Mr Speaker, that this has been the case in the past vis a vis the Transit Centres - but we have debated in this House already and I have made a statement to the effect that we wanted to apply the same criteria as the rest of the public to applicants from Transit Centres and apply the same pointage. I remember the Honourable Minister for Housing on one occasion making a very strong case that he was departing from the discrimination which we had allowed to exist vis a vis the Transit Centres and that he was putting them on the same footing. We

find this is contradictory to what the Minister has said in this House and we would ask him to explain this because in view of that statement, in view of the efforts which have been made during the last 3 years to bring transit centre people to the same pointage and on the same criteria as the rest of applicants in the housing list and after the Minister made a very forceful statement a year and a half ago to that effect we fail to see why he sees it fit now to allocate 5% of all houses to people living in transit centres. That means, Mr Speaker, that in Varyl Begg Estate no less than over 35 houses will go directly to transit centre people but at the same time if the Minister holds to the view which he held in this House before, people in the Transit Centres with a high pointage can also get houses on the pointage system as well. So we find that this is another instance in which the Minister is going to face problems as was the case with the allocation of the new flats at Catalan Bay. The accusation might be levelled at the Minister that in this case he is discriminating against the general public in the application list because he is giving another set of people two kinds of priorities, one according to pointage and another through a direct 5% as of right which these people can claim. We do not in any way want to deprive any person from getting a house if it is due to them. But what we do not want to allow and it is our duty to point out is that, perhaps, in this instance what the Minister is doing is unconstitutional, and certainly contradictory to what he said in this House before. Whilst the Opposition always welcome changes and improvements we would like to point this out to the Minister and ask the Minister to correct what we consider to be anomalies.

HON P J ISOLA:

Mr Speaker, the Honourable Mr Caruana has put the points of objection of the Opposition to the ministerial statement that was made earlier in these proceedings and I certainly would like to endorse everything he has said and ask the Minister to explain how having specifically excluded pre-1945 constructions from allocation by the Housing Allocation Committee he can now proceed to exclude 35 flats of a modern estate also from the Housing Allocation Committee. I would like to ask the Minister to explain how he justifies this with the specific duty of the Housing Allocation Committee set down in an Ordinance in a law of Gibraltar where it is stated quite clearly that the Housing Allocation Committee shall administer any scheme on the allocation of government housing approved by the Government. It is under our law, Mr Speaker, and certainly we would welcome guidance from the Hon. and Learned the Attorney-General on this matter. It is under our law that the Housing Allocation Scheme is administered by the Housing Allocation Committee and here we have a scheme which has been laid before the House, approved by the Government of Gibraltar, called the Housing Allocation Scheme, 1974, which

states quite clearly and makes provision how the community of Gibraltar, generally, is to be treated in the allocation of houses on a fair basis. There is a pointage system which as the Honourable Mr Caruana said the Honourable Minister for Housing told this House at an earlier meeting of the House he was going to change in order to put the Transit Centre people on the same basis as the rest of the community. Apparently he has or he hasn't, I don't know, but apparently in the new Housing Allocation Scheme there is specific provision for people in transit or in decanting centres. Having done that, having given them a pointage like other people in Gibraltar and presumably if they are living in bad conditions which we have no doubt, on this side of the House they are, they will have their chance with the rest of the community. But not above those people who are needier than them in accordance with the Housing Allocation Scheme that has been approved by the Government of Gibraltar. We would certainly like to ask the Minister how he can justify separate allocation for the purposes of the transit centre and thus, in effect, push people who are on the housing priority list who may have a bigger case than them, push them behind. This, Mr Speaker, is clearly discrimination. We do not doubt for one minute that the needs of the Transit Centre are great but we equally do not doubt that there are many other people in Gibraltar whose needs are also equally if not greater. The only way that this side of the House and I think the ordinary community of Gibraltar can be sure that fairness is being done is by having a Housing Allocation Scheme under which all these conflicting claims of different people are settled by one body in a clear manner and in a way in which they are obliged to do by law. The Housing Allocation Committee are the people who shall administer any scheme approved by the Government. So, Mr Speaker, the questions that we put to the Minister for Housing - very shortly as has already been put are: Firstly by what justification does he reserve to himself the allocation of all housing pre-1945 despite the clear terms of the Housing Special Powers Ordinance? Secondly, how can he justify treating a section of the community of Gibraltar whose needs have been assessed already in the Housing Allocation Scheme approved by the Government of Gibraltar, how can he justify giving them under the Constitution, in law, and under the Housing Special Powers Ordinance, different treatment to other citizens of the community of Gibraltar all with equal rights to the general housing available to the people of Gibraltar? Mr Speaker, let us not confuse this giving of houses to the people in Transit Centres with Government Quarters Agreements, tied houses, government pensioners, who we consider to be in an entirely different category. This is giving citizens who have no other claim to housing other than their living in bad conditions, priority over citizens who have equally bad housing conditions but are being pushed to one side. How does the Minister and the Government justify such treatment of the people of Gibraltar?

HON I ABECASIS:

Sir, we have had three speakers from the other side commenting on the Housing Allocation Scheme and not one single one of them has made any suggestion to improve the scheme. I would have not minded if VOX had appeared in headlines "Scheme improved due to the suggestions made by the Opposition". I would have loved that. But not even that will happen. There is no suggestion to improve the scheme because, apparently, the suggestions and the amendments to the scheme are good enough. But I am very surprised, Sir, to listen to the Leader of the Opposition who was once upon a time the Minister for Housing asking me, Sir, whether I had consulted the Housing Allocation Committee on the revised scheme. How could he, as an ex Minister for Housing, ask me that? How did he read my statement which clearly states, in paragraph 2, "to implement with retrospective effect to that date the Housing Allocation Committee's recommendation"? How can he ask me if I had consulted the Housing Allocation Committee when, in fact, these are their recommendations. These are the recommendations of the Housing Allocation Committee. I produced a certain number of amendments and improvements to the scheme which I passed on to the Housing Allocation Committee as far back as November, 1973, for their consideration. They had considered the amendments, they had improved the amendments, they have produced their own amendments and now in July, 1974, a scheme, a revised scheme, is produced. So, please, don't come and ask whether I have consulted the Housing Allocation Committee. This is the product of seven months of discussion by the Housing Allocation Committee in the absence of the Minister. The Minister does not attend the meetings of the Housing Allocation Committee. The Minister never attends other than to meet them occasionally to see how things are going, but not for allocation at all. We have been talking about pre-1945 housing. This I think we have spoken about in this House ad nauseam. The Minister does not want to take any more responsibility than he already has. He doesn't want to have 1,500 applicants haunting him from morning till evening and at night, at home, in the office, in my work. Even in the House of Assembly I have to come out because somebody wants to know what his housing position is. We all know that at times we find the need to allocate pre-war housing. I must say - and the records are in the Housing Section for everyone to see - that invariably houses of a pre-war nature are allocated on the recommendation of the Family Care Unit, on the recommendation of the Housing Advisory Committee, on the recommendation of the Housing Allocation Committee, on the recommendation of the Housing Manager and his staff if they think there is a need to help a particular family in a particular "patch". When a room and a kitchen is left vacant in Flat Bastion Road or Prince Edwards Road and the next door neighbour is hard pressed and requires a little bit of expansion, then we consider it and if we think they deserve it we give it to them. There is no discrimination. I do not go looking for their membership card whether they are members of my Party or not before allocating a room and a kitchen. That is not my yardstick. At times I get letters from my shadow Minister, the Honourable Mr Bossano, asking me

whether I can help and give a room and kitchen to a particular family, this is quite normal and quite understandable in the situation we find ourselves. We said clearly that those houses which are rehabilitated to a certain standard will not be allocated directly by the Minister. They will also be allocated by the Housing Allocation Committee. A house of the standard of No 5, Wilson's Ramp, for example, will go to the Housing Allocation Committee. The Minister does not want to give it to Mr Piris. If Mr Piris is entitled he will get it. But not because he happens to be a friend of my Party. He will get it if he has the points and nothing else. We were talking about discrimination, Sir. If you care to look at the 1971 Scheme, the one improved by the Honourable Mr Caruana. He was discriminating against the people in the Transit Centres, because people outside the Transit Centres who did not have a kitchen would be entitled to 60 sq ft which could become 6 points for overcrowding. But the people in the Centre were awarded 10 points. Therefore, there was a discrimination against people who were in the Transit Centres some of whom have been there for 10 years. On the question of waiting time they were also discriminated against. It was only the date in which they came into the Centre that would count and not the date of application. Why? In every other case it is the date of application. Therefore I have amended that particular clause so that everyone has the same waiting time. If whoever was in office at the time accepted applications from La Linea, that application is valid otherwise they should not have accepted applications from La Linea. Their applications were accepted by the Housing Unit and the time will count as from that date. For the information of the members opposite there are a good number of them who had applied as far back as 1954 many years before the restrictions and many years before Franco decided to send them over. I do not want to talk about the houses at Catalan Bay because this matter is sub judice and I would never dream of saying anything on a matter which is now in the hands of the Supreme Court. I am not evading the issue. I gave the opportunity to the Opposition to come and talk about the Housing Allocation Scheme. I could have done it some other way but I would never do this. I would always bring it to this House and give the opportunity to my friends opposite to criticise. If you look at the proportion of the percentage allocation we will find that under (b) there is for the purpose of the Government Quarters Agreement 8%. The Agreement is the agreement between the Government, as an employer, and the civil servants, as employees. A civil servant is perfectly entitled to get a house under the scheme if he has sufficient points or under the agreement even if he is not an applicant. Because he is a civil servant a privilege is given to him. He may not be overcrowded, he may not be in the priority list, he may not be anywhere near. He just happens to be a civil servant and he will get a house. That is an agreement between the Government, as an employer, and the civil servant, as an employee. The Government besides being an employer is also a government which has to look after the wellbeing

of the community and we have, in my submission, to compensate for the number of years that they have been ignored. They have been ignored by the previous administration prior to the previous administration, by whoever was in Government. I cannot call it the AACR, the AACR came as a Government in 1972. But prior to that it was AACR/Russo, AACR/Isola, AACR/Stagnetto, and so on and so forth. The AACR came here in 1972. So the AACR cannot accept responsibility for what was happening in those days. All I say is that when the frontier was closed we had just demolished Glacis. Therefore there was much more need for housing than there is today and presumably because of that whoever was in office in those days ignored the people of the Transit Centres. They had to re-accommodate, Sir, those whose houses had just been demolished. When the situation settled a little then our friends opposite came into power for $2\frac{1}{2}$ years and amended the scheme. They did not however amend the scheme as it has been amended now to give them parity because the fact remains that only a handful of people have come out from the Transit Centre on their own pointage, a trickle of 5 or 6. All the others have come out either through the Government Quarters Agreement or through the medical category percentage but on pointage only a handful of people have come out. Therefore to compensate for the time that they had not been treated properly as anybody else in the community has, we are allowing a 5% which will be two-fold. It will compensate as I have just said for the time they have been ignored and will also provide needed space for those people whose houses have to be rehabilitated and they can go to the Transit Centre one, two, or three months while their houses are being rehabilitated and they can go back to their rehabilitated houses. We must have room in the Transit Centre so that our big programme of rehabilitation can proceed. It is not a programme of 1 or 2 houses, it is a programme involving a few 100 houses which will require ample room. We have done nothing contradictory to our way of thinking. Parties go to the people and say: "If we are elected we shall do (a), (b), (c), (d) and if they miss (d) they have not done what they said they would do and if they are elected on that ticket then the whole of Gibraltar were in agreement with the manifesto. We say here that the policy of accommodating those persons living in Transit Centres will be reviewed and it is now being reviewed, it has been accepted and will soon be implemented. Thank you, Sir.

Mr Speaker put the question and the House adjourned sine die.

The adjournment of the House was taken at 1.00 pm on Friday the 12th July, 1974.