

HOUSE OF ASSEMBLY

HANSARD
OF MEETING

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VOL II

HON FINANCIAL & DEVELOPMENT SECRETARY:

Mr Chairman, no, we had envisaged that for that further loan, that further borrowing which would come late in '74/'75, we would not have any loan charges falling in '74/'75.

HON M D XIBERRAS:

Mr Speaker, perhaps the House might profit from the view of the Attorney-General as to the exact position of the Consolidated Fund. Since this comes to us in this document of proposed expenditure before the House, I would have said that it required the approval of the House and perhaps the Attorney-General could say a few words on this.

HON ATTORNEY-GENERAL:

I think the Honourable Financial & Development Secretary, if I could repeat from his budget speech, said: "Finally, although these charges are not themselves subject to further approval by the House during the budget session, or under the Appropriation Bill, they are of course included in the summary figure of expenditure shown in the financial statement, which on page 2 accompanies the draft estimates."

HON P J ISOLA:

The only thing on that, Mr Speaker, is that there is a motion before the House in which the House is being asked to approve expenditure. This is one of the items

MR SPEAKER:

No, no there is no motion for the Consolidated Fund.

HON P J ISOLA:

I beg

MR SPEAKER:

There is no motion to approve

HON P J ISOLA:

There is a motion before the House that the House approves the Estimates of Expenditure. That is the motion before the House, and we are in Committee dealing with the details of the estimates, the Heads under expenditure, and this is one of them.

MR SPEAKER:

It is not a Head under expenditure. It is an explanatory note.

HON P J ISOLA:

I know, but we are being asked to vote this. The point is this, Mr Speaker, that either we are approving expenditure or we are not. If it does not require expenditure, then perhaps this should have been circulated separately so that Members were in the know, but the House in passing the motion is approving all the expenditure and this is one of the items.

MR SPEAKER:

No, no, that is not so.

HON P J ISOLA:

Well, then there is no point in putting it among the estimates that we are being asked to approve.

HON CHIEF MINISTER:

If all the details were not given, then they would say we don't know what is in the Consolidated Fund, Sir.

HON FINANCIAL & DEVELOPMENT SECRETARY

Sir, I think in the budget speech I made this very very clear indeed, and I did refer to page 9 of the draft estimates before us where the Heads of expenditure which required the approval of this House and are covered by the Appropriation Bill are set out and numbered I to XXVI. For convenience there I did show, but quite separately and not as a numbered Head at the foot of the page, the total expenditure for appropriation, and then separately, the Consolidated Fund Charges, and I explained quite clearly that the Consolidated Fund Charges, in accordance with the Constitution, are not subject to the approval of the House. They are approved by other laws.

HON ATTORNEY-GENERAL:

Sir, if I could perhaps turn to Section 64 of the Constitution: "No money shall be withdrawn from the Consolidated Fund except; (a) to meet expenditure that is charged upon the Fund by this Constitution or by any other law in force in Gibraltar or (b) where the issue of those monies has been authorised by an Appropriation Law" and it is only in (b) that we are dealing with it at the moment.

MR SPEAKER:

So perhaps the answer to Mr Isola's question is that he has got to wait for the Appropriation Bill. Is that correct? The answer to Mr Isola's question is that he has got to wait to debate the expenditure charged to the Consolidated Fund until such time as the Appropriation Bill comes along to the House. Is that correct?

HON ATTORNEY-GENERAL:

No, no, Mr Chairman, Sir. The charges upon the Consolidated Fund will not be contained in the Appropriation Bill. There is no need to contain them in the Appropriation Bill, they are provided for under another law.

HON M D XIBERRAS:

Sir, since details of expenditure in the Consolidated Fund have been made available to Members of the House, does this imply that the House does have the right to discuss the matters contained in the Consolidated Fund?

MR SPEAKER:

No, I think I made myself clear when I opened this particular discussion, that since it was the first year that matters had been transferred to the Consolidated Fund which had appeared in Heads of Expenditure last year, and that since the Financial and Development Secretary had offered to make an explanation as to the transfer of these particular Heads of Expenditure, that we could have what one might call perhaps an informal discussion.

HON M D XIBERRAS:

Sir, we appreciate that in accepting the legislation we also are accepting the consequences of it. However, is there no time, I am not talking about this year, is there no time at which the House can discuss matters in the Consolidated Fund?

MR SPEAKER:

That is not for me to answer but for the Government, but I do not feel that there is, as a matter of fact. That is the way the Constitution is drafted.

HON ATTORNEY-GENERAL:

When any Bill is placed before this House - I am not talking about an Appropriation Bill - when any Bill is placed before this House which makes a charge upon the Consolidated Fund, as for example the recent Loan Ordinance, as to whether it should or should not be charged upon the Consolidated Fund or whether the amount of the charge is adequate, it can be debated at that time, but once the House has passed such a Bill and it has become an Ordinance, then the House cannot at any later stage, in my opinion, debate that particular charge upon the Fund. Equally, there are charges under the Constitution and they can be debated, but no vote arises on them whatsoever.

HON M D XIBERRAS:

Sir, we are talking in rather sort of black and white terms. Does that mean that the salaries of officers who are now in the Consolidated Fund cannot be discussed at all, or does it mean that if there is an increase in those salaries the House can discuss them at the time when the Bill is put forward?

HON ATTORNEY-GENERAL:

We can certainly debate an increase. The provisions of the Constitution are that the salary of any of the named officers cannot be decreased without his consent. If there is a Bill to increase then of course that can be debated, yes.

HON M D XIBERRAS:

That is a more satisfactory position than not discussing it at all. Now, the other points, Sir, is the minor points which I raised earlier on and that is the allowance of both yourself, Mr Speaker, and the Leader of the Opposition, which I think is something which is not terribly important in itself, but the principle of it is important, and I wonder what the Government's reaction to this is. Whether this should be put into the Consolidated Fund.

HON CHIEF MINISTER:

Mr Speaker, Sir, this seems to have been, if I may say so, an afterthought, in the course of this other important change of procedure, which I am prepared to look at and see what the practice is elsewhere such as in the United Kingdom as in other places. I will certainly agree to, without the legislation, that the allowance to the Leader of the Opposition and the Speaker should not be reduced without their consent.

MR SPEAKER:

May I perhaps in fairness to everyone say that perhaps the salary of the Clerk to the House, who appointment is a Governor's appointment, should also be considered. (hear, hear). This is just a suggestion since we are talking on that.

HON CHIEF MINISTER:

We will certainly look at the implications of this, Sir.

MR SPEAKER:

We will go to Appendic G then, which starts at page 80.

HON P J ISOLA:

Mr Speaker, this is the Development and Improvement Fund. Before we talk about the Improvement and Development Fund, there are some appendices that are missing. Are these going to be provided to the House or are they not. I think Appendix 'H' and Appendix 'J' are missing.

HON FINANCIAL & DEVELOPMENT SECRETARY:

Mr Chairman, yes, appendix 'H' will be supplied. It is expenditure out of Loan Funds. Last year there was no provision because there were no Funds available to spend. In the coming year there will be expenditure from the loan we propose to raise. Appendix 'J' is Notional Housing Account and that certainly will be made available.

HON P J ISOLA:

We certainly on this side of the House would not like to see anything shown as approved without our having seen it and had the opportunity to discuss it.

MR SPEAKER:

The motion is the Heads of expenditure and Appendix G, which have been approved. Nothing else has been approved.

HON CHIEF MINISTER:

Sir, any information which was given last year and which has not been given this year, even though it may not require the vote, will be made available to Honourable Members as soon as they are ready. I don't know why they have not been circulated.

HON P J ISOLA:

The custom is, Mr Speaker, to provide these before the House meets. Yes we had it last year and every year in my living recollection, which goes back some years, we have always been provided with the Housing Account and the Loan Account.

HON CHIEF MINISTER:

Honourable Members have had this for a fortnight before we started to discuss this and if there are mistakes, and there are no doubts mistakes in many places when we are dealing with an assignment of this nature, and they draw our attention to it we will get it.

HON P J ISOLA:

Mr Speaker, it is something new for this side of the House to tell the other side of the House what they have forgotten in their estimates.

HON CHIEF MINISTER:

Well, you can thank God it is.

HON P J ISOLA:

Well, I know we may well thank God it isn't and it isn't, and we have not had them and we are asking why. I think it is a perfectly reasonable question to ask.

MR SPEAKER:

Genetlemen, I think the position is clear. We are now debating the Heads of Expenditure in Appendix G. I take the point made by the Members of the Opposition that on other occasions we have had other Appendices which are not under consideration in this motion circulated. I think there is an undertaking from the Government that they will be made available, but it does not affect the issue before the House.

HON P J ISOLA:

Mr Speaker, they will be made available, but when?

HON FINANCIAL & DEVELOPMENT SECRETARY:

As soon as possible.

HON P J ISOLA:

As soon as possible thank you.

HON CHIEF MINISTER:

If they have not been typed and properly prepared, then steps will be taken to start now. And if we can have it after lunch we will have it.

HON M D XIBERRAS:

Sir, it is not a question of starting now, surely, because I draw the attention - if the Honourable and Learned Member will allow me - I draw attention to this when we remarked on the absence of the first Appendix, and I said there are other Appendices which are not there. I would have thought that the Honourable Member opposite would have taken notice of this.

MR SPEAKER:

Could we have an undertaking from Government that they will be made available before the end of this sitting? Will that satisfy the Opposition?

HON CHIEF MINISTER:

I thought a little earlier, but I daresay yes, I will try a little earlier.

HON P J ISOLA:

We would certainly want to have it before the Revenue Raising Measures are announced.

MR SPEAKER:

Right, Appendix G then. Page 80 of the Draft Estimates.

HON P J ISOLA:

Page 77.

MR SPEAKER:

Am I wrong? That is 'F' I am doing Appendix 'G'. That is the one that we are considering exclusively.

HON P J ISOLA:

We have not considered 'F'.

MR SPEAKER:

No, because it is "receipts."

HON P J ISOLA:

I see.

Well, but can we raise some queries on receipts?

MR SPEAKER:

I think it has been the practice over the years to raise queries on the other Appendices, but we are not taking a vote on them.

HON P J ISOLA:

I have a query on page 78, that is the Repayment of Loans , Gibraltar Broadcasting Corporation. I notice that it was estimated last year that £4,619 would be repaid during '73/'74 and I notice they have not been repaid. Actual receipts to 31 of March was £10,187; actual estimated receipts to 31st of March '74 is the same amount, so the estimate last year of £4,619 repayment of the loan has not been paid, and I noticed for 74/75 there is a lower estimate for repayment than that one estimated for 73/74. Has there been some agreement on the part of the Government with the corporation?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, Sir, as the House was informed at the relevant time in each of the past two years, we have agreed in negotiations with the Corporation to postpone to the end of the loan schedule the year's payment falling due. We have not for the coming year, provided for such deferment out of 74/75.

HON P J ISOLA:

I notice that in last year's estimate we were told that they were going to be paid £4,619. Yes, it is there, original estimates. So at 31 of March '73 it was the intention that they should pay and it is since then that you have decided to waive it, is that the position?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, in respect of that year's instalment.

MR SPEAKER:

Right, appendix G. Anything on page 80, which covers Housing items 1 to 5.

HON J BOSSANO:

Of the Viaduct, Mr Speaker, the estimate for 74/75 of £1,900,000 can the Financial and Development Secretary, in view of what he had to say in his budget speech, give an indication to the House as to whether this in any way reflects his views of the physical capacity to build. That is the sum is higher in money terms than the revised estimate for 73/74, but how does it compare in terms of actual work.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, as I think we can well realise, we have to make an assessment, and we have to make it some little time before this, of what work can be carried out in the course of the forthcoming year. We cannot give any assurance that that amount of work will be carried out,.....

HON J BOSSANO:

No, I didn't ask for an assurance that it will be carried out, I asked for an indication about whether the figures, the assessment, reflects the ideas of the Financial and Development Secretary about our capacity to do the work.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The answer to that is, no.

MR SPEAKER:

Right, page 81.

HON P J ISOLA:

In housing at the top, the conversion of the Police Club into three

flats, is this meant as additional quarters for police officers, or is it going into general housing?

HON FINANCIAL & DEVELOPMENT SECRETARY:

Out of this conversion three new flats will be provided for police officers.

HON P J ISOLA:

Could we then ask on that, what is the position as far as police officer quarters are concerned. Is this due to recruitment from abroad. As far as I know there are police quarters in the old police quarters, there is as a block that has been allocated to the police, and now there is additional police quarters. What is the reason for this apparent increase in allocation of quarters for police officers as against the rest of the populations.

HON FINANCIAL & DEVELOPMENT SECRETARY:

Mr Chairman, Sir, there is a very severe inadequacy of satisfactory quarters for police officers. I think there is a shortage of quarters altogether but certainly there are police officers in unsatisfactory quarters.

HON P J ISOLA:

Could the Financial and Development Secretary tell the House how many persons who are not police officers are in living police quarters. The reason for this is that we are being asked to spend more money on police quarters exclusively for police officers, but we are not being told how many there are in fact in the market. I don't know whether the Minister for Housing can help on this, but he is not here!

HON FINANCIAL & DEVELOPMENT SECRETARY:

The suggestion is that other people then serving police officers are occupying police quarters, well now, are they Police pensioners?

HON P J ISOLA:

No, we are talking of persons who have left the service and are still in police quarters. Is the idea that they stay there and we go on creating more police quarters. Is that the policy.

HON A P MONTEGRIFFO:

That is not the policy because the Honourable Member well knows that this is a difficult process. If you start taking out, as we are trying to do gradually and it has got to be a gradual process, too many people from the police quarters who have not got points, and put in houses from the Housing pool, which is the responsibility of the Housing Minister, you find that the situation is not solved. All that you are doing is putting a pensioner into a House that could have been occupied by someone in the priority list. It is a difficult problem, but I will say that there are already some policemen leaving in those premises. These premises are now going to be properly converted and will, provide three more flats. And we hope that perhaps it will now be easier to get three other people out from the police quarters and place them somewhere else.

HON P J ISOLA:

Mr Speaker, what concerns us, is how far people are "enticed," if I may use the word, into the Police Force with a hope of a quarter: they come, in they get the quarter, and they leave. Has Government got any policy on this. This is obviously a back entrance into Housing, not that we do not support adequate housing to the police, we do, but we are concerned that monies, which are public monies, and which we are told we have to be very careful on, are being diverted for police quarters without giving us an idea of how far the back entrance into housing is being blocked or not by the Government. This is something which is, I think, of concern to the House.

HON I ABECASIS:

Sir, one of the safeguards that we have is that a policeman must be at least two years in the Police Force before he can even contemplate applying for a police quarter. This was introduced in order to protect this side of the Housing Unit.

MR SPEAKER:

Right, any other matters on page 81?

HON P J ISOLA:

Schools. The Government places no new schools for 1974/75, is that the position? We did hear something about it in the budget speech, but looking at it now, there is only £6,000, which I presume is to complete the Boys Comprehensive School. There is no planning for next year, that's all. Is that the position?

HON CHIEF MINISTER:

There is no provision in Appendix 'G'. I said earlier that I would be making a general statement about the question of development and that will be covered by those remarks. These are the works which we ourselves are going to pay out to the I and D Fund this year.

HON MAJOR R J PELIZA:

Could we be told at what stage in the proceeding we are likely to hear that statement please.

HON CHIEF MINISTER

At the general debate.

HON J BOSSANO:

Mr Speaker, the general statement that we are likely to hear is not reflected in concrete form in anything new appearing in appendix 'G', this is right is it?

HON FINANCIAL & DEVELOPMENT SECRETARY:

That is correct, Sir. There is in the coming year, apart from whatever expenditure there is on schools in the Education Head and in the Public Works Head, there is no plan for capital projects. Appendix 'G' deals with capital projects in the main. There is no proposed capital expenditure on schools in 1974/75 at this point of time.

HON M D XIBERRAS:

Sir, the only difficulty is that before this side of the House can judge the Government programme for the coming year, we shall have to wait until the Chief Minister decides to make a statement. Because otherwise, Sir, we can't fairly judge whether Government is doing enough or is not doing enough.

HON CHIEF MINISTER:

I think it is quite clear that my statement will just say the progress that is being made with regard to the development plan.

MR SPEAKER:

Right, any further matters on page 81. Page 82, Page 83.

HON W M ISOLA:

Mr Speaker, I notice that no provision in the estimate has been made for the Moorish Castle Improvement. Is this scheme for which £32,000 was originally voted has now been shelved, and if so, for how long?

HON FINANCIAL & DEVELOPMENT SECRETARY:

Mr Chairman, I can only repeat, we are in a very difficult year, we have to restrain public expenditure, this is one of the items that we considered could be held over for this difficult year.

HON P J ISOLA:

There are other works which are apparently also being deferred: Waterport - completion, and Artillery House - public gardens. I notice no provision is being made for the current year for those either. Is it the same explanation - hard times.

HON FINANCIAL & DEVELOPMENT SECRETARY:

Yes, Sir, these are projects which have been in mind, there was no expenditure on them in the past two years, we do not propose that they should be undertaken in the coming year either.

HON J BOSSANO:

Would this be finance from local funds.

HON FINANCIAL & DEVELOPMENT SECRETARY:

Mr Chairman, yes, Sir.

MR SPEAKER:

Page 84.

HON W M ISOLA:

Mr Speaker, I notice that we have been asked to vote £4000 for the extension of the bathing pier at Camp Bay. Will the Minister state whether this money will be used before the bathing season? Again, this extension of the bathing pier is a very important one in view of the amount of stones that exist in that particular area, and the Bathing pier would certainly facilitate many of the people who use that particular beach during the summer season. If we are going to spend this sum of money, which is quite substantial, could the Minister assure this side of the House that the extension of the bathing pier will be completed by the summer season, or will we have people working there and inconveniencing the bathers during the bathing period.

HON FINANCIAL & DEVELOPMENT SECRETARY:

Mr Chairman, before the Minister speaks may I just point out that it is a British Government Aid Project.

HON LT COL J L HOARE:

Mr Speaker, the bathing season starts on 1st May. Is he really suggesting that we can do this before the 1st of May? This will be done after this bathing season, there will be no interference with bathers this year. It will be done during the off-seasons and it will be ready for next year.

HON W M ISOLA:

I must say, I do admire the attitude of the Minister when he asks whether I expect this to be ready by the 1st May. Of course I do not. I was just asking a simple question, but I am surprised that if that is so, why didn't they put this sum of money, which has been on the grapevine for some time, and done this during the winter months, and not come now and ask it for last year. This question of the bathing pier has been going on for the last two or three years. Well, I am glad they are going to work on this and they are not going to do it during the summer season.

HON P J ISOLA:

Mr Chairman, I am surprised that the Minister can't spend £4000 before June. I seem to remember him at the last estimate telling us he was going to spend about £150,000 in three days on the Refuse Destructor before the end of the month.

MR SPEAKER:

Page 85.

HON P J ISOLA:

Mr Speaker, one point. The Financial and Development Secretary has mentioned that this is a Commonwealth Development and Welfare Scheme, aided by the British Government, which we welcome of course. In the previous page we talked of Waterport and Artillery House and that is also a Commonwealth Development and Welfare Scheme. Am I right in thinking that that was also British Government Aid and we are economising there as well? I am not sure, I thought the £4000 was from local funds but the Financial and Development Secretary has reminded us that it isn't, and it seems to be the same position as the other one. Am I right in thinking that?

HON FINANCIAL & DEVELOPMENT SECRETARY:

Mr Chairman, yes these would be aid funds and that was deferred, as I said, had not been undertaken last year, and the constraint there is then not finance.

MR SPEAKER:

Page 85.

HON J BOSSANO:

Sir, I had the answer to that question and the reason why I didn't pursue the matter was because I was told it was local funds and not aid funds. If it isn't a question that we cannot get the money, what is the problem with going ahead with the project?

HON CHIEF MINISTER:

As far as I am told the funds have not yet been transferred to us and we are therefore unable to spend them. Provision was made in anticipation to this becoming available.

HON MAJOR R J PELIZA:

Is there any reason why it has not been made available?

HON CHIEF MINISTER:

There may be a very good reason but perhaps we may have something to say on the matter.

HON MAJOR R J PELIZA:

When you say perhaps I suppose you mean you are going to say something.

HON CHIEF MINISTER:

Indirectly.

HON MAJOR R J PELIZA:

Well, I mean it is important, because we are seeking information and if the Honourable the Chief Minister gives the impression that he is going to say something, I keep quiet because he is going to do so, and then he doesn't speak then obviously it is very dissappointing. I would like to know whether he is going to say something or not.

HON CHIEF MINISTER:

I think the remark is for once very reasonable from the Honourable Major Peliza. No, I wasn't going to say anything about the Artillery Gardens at all, but if I am told now that this was going to become available and has not become available, then something I say later may have a bearing on it.

HON FINANCIAL & DEVELOPMENT SECRETARY:

Mr Chairman, there is method in our apparent madness, on the Waterport completion also. Not dependant on what I said in the budget speech, which was something I said myself, I have discussed these matters with Public Works Department and with the Minister. But not dependant on that, but prior to that, we had of course considered what scale of capital works programme we could reasonably carry out in '74/'75, and there were labour constraint. It is the labour constraint that has held back the small embellishment scheme at the Waterport throughout these years.

HON MAJOR R J PELIZA:

Nonsense.

HON FINANCIAL & DEVELOPMENT SECRETARY:

Call it nonsense if you like.

MR SPEAKER:

Order, order.

HON M D XIBERRAS:

Is the Honourable the Financial Secretary referring to a project of £2500, and is he telling us that there are constraints on the labour force?

HON FINANCIAL & DEVELOPMENT SECRETARY:

Yes, Sir, I am. If you assess what scale of programme the work force is capable of carrying out without getting into inefficiency and waste of money then you can arrive at a work level reflected in cash. You will find that it is more than the desirable things that you want to do, even with British money, because we don't want to waste British money any more than we want to do so with our own money.

HON M XIBERRAS:

Sir, we don't want to waste Her Majesty's Government's money, and we don't want to lose Her Majesty's Government's money either. I would have said that a project of this kind, the first phase of which apparently was, as I recall, undertaken at the height of the blockade with all the shortage of labour and with a development programme that was something like £10 million on our hands, that such work cannot be done now. Has the possibility of tender work been explored? Is this part of a very great development programme which is going to show up our incapacity to build? Is not the philosophy of the Government committed to economic expansion? Expansion of every kind?

HON CHIEF MINISTER:

Well, I will not answer any of those question because they are all rhetorical, but I will say that it also has something to do with the fact that it is connected with the approaches to the Varyl Begg Estate at Waterport and it is not either suitable to complete it this year.

HON M D XIBERRAS

Mr Chairman, if that is the argument - why must we spend about a quarter of an hour finding out the proper reason, if that is the reason then let us talk about that. Let's not talk about the capacity to build, an argument that can be applied by the Government to other schemes. What is the difficulty there, could I ask the Honourable and Learned the Chief Minister, since he seems to know about this.

HON LT COL J L HOARE:

Isn't it the same reason why the gentlemen on that side of the House didn't do it when the money was first allotted? Because it was dependant on this road? Surely he should know this?

HON J BOSSANO:

Mr Speaker, I think that if the House is going to be concerned with doing a good job of looking at these figures, however long it takes us, to the displeasure of the Honourable and Learned the Chief Minister, we must have accurate answers. First of all we were told that this was because of the general economic situation and that it was financed from local funds. Then we are told that it isn't finance from local funds, we must look after Her Majesty's Government's money but we have not got the capacity to spend an additional £2500 in spite of the fact that we are planning to spend £ $\frac{1}{2}$ million less. And now we are told that it is neither money nor capacity but the fact of the physical planning of the approaches to the Varyl Begg Estate. Now perhaps the Government can have a little confab between the three Ministers involved, the Honourable the Financial and Development Secretary, the Honourable and Learned the Attorney-General and the Honourable and Gallant Minister for Public Works, and come up with a consensus of opinion and tell the Opposition which or what is the reason.

HON J CARUANA:

Sir, I think I ought to contribute here because I was responsible for this project. The approach to Viaduct has nothing to do with the vote in question. The approach to Viaduct is completely separate vote which includes the beautification of Deveil's Tongue and the road thereto. This vote refers, Mr Speaker, and I am very surprised at the ignorance of all members of the Government, to a cleaning up operation on top of the Bastion and adjacent to the Rootes Garages. This is that vote and it was not possible to do that in our year because we were doing the beautification of the Waterport entrance below, which had priority in our opinion over this. This is the reason for that.

MR SPEAKER:

Well, we have got the answer. Shall we go to page 85 now.

HON M D XIBERRAS:

We haven't. Mr Chairman, apparently the Government thinks that this should be cancelled because it has something to do with the approach to the Viaduct Estate. Our Honourable colleague, Mr Caruana, has said that this money was for something quite different, quite removed, from the approach to the Viaduct Estate. Now, does the Government maintain that this has to do with the approach to Viaduct Estate still, or is it incapacity to build, or lack of money, or what is it?

HON CHIEF MINISTER:

Sir, I have given the information that has become available, If it is incorrect I shall correct it before the end of the session.

MR SPEAKER:

Right Page 85.

HON J CARUANA:

Development Aid Gib 17, the Sports Centre, Mr Speaker. Can Government say whether the whole of this vote comes from CDW Funds or whether there is an element of local funds in that vote? I seem to remember Mr Speaker, that there was some problem to settle between ODA and the Gibraltar Government as to the grandstand and to the availability of the

HON FINANCIAL & DEVELOPMENT SECRETARY:

Sir, the provision for expenditure in 1974/75, Sir, is entirely from British Government Aid Funds. The Gibraltar Government has from the outset undertaken to finance the cost of the terracing of the Stadium itself, but that will not incur expenditure in 1974/75.

HON J CARUANA:

Sir, the project in itself, to clarify matters, will simply be the Sports Centre, when it is finished this year, and not the Grandstand which will not be done this year.

HON M D XIBERRAS:

Mr Chairman, still dealing with the Sports Centre. I understand that the main hall as planned made no allowance for Handball, and that even though an effort has been made to include Handball, because it has become a popular sport now, it does not seem as if the Handball Court is going to fit into the building as it was designed. I wonder if the Minister for Sport could give an indication whether this is in fact the case and whether there is any hope of having a suitable, a proper, Handball Court there.

HON H J ZAMMITT:

Mr Chairman, Sir, the Handball Court in the multi-purpose hall was considered when we revised the plan sometime last year. However, we find that the overall international dimensions for Handball Courts are 38 metres in length by 18 metres in width. The building is 38 metres in length but of course it is very difficult because goalposts cannot be painted on the walls! We are looking into the possibility of extending the building slightly and I am sure the Honourable the Financial and Development Secretary will be putting this forward.

HON M D XIBERRAS:

If there is going to be a Handball Court the goals should be painted on the wall and I think that the reduction of size of the court is not compatible with the expenditure on the building. Does the Minister for Sport have any indication of the cost of enlarging the Court so as to allow for the proper space behind the touch line and the base line?

HON H J ZAMMITT:

Mr Chairman, yes Sir. I think the estimated cost of this extension is something in the region of about £20,000. This is being looked into at the moment.

HON M D XIBERRAS:

We on this side of the House would certainly not like to see a project with which we were associated not to be as perfect as it could be because of this expenditure of £20,000, which is a small proportion of £¹/₃ million which we are spending there, and specially in view that we are also delaying the cantilever and grandstand.

HON H J ZAMMITT:

/who Sir, there really is no delay at all because the termination of the building should come about April 1975. Most of the grandstand is being precast in England and is being sent out here just to be fitted. Those of you go round there will find that there is pretty good progress already. However, I agree entirely with the Leader of the Opposition that in a project of this magnitude, and I am not trying to cast aspersions on the previous administration, because of course Handball was not considered, not played at the time when these plans were originally made, and of course we will do our utmost to try and accommodate all possible sports. Of course we would take all sports into consideration for the betterment of the project in general.

HON MAJOR R J PELIZA:

Is the Financial Secretary hopeful that we shall get that money?

HON FINANCIAL & DEVELOPMENT SECRETARY:

We have been back for increased costs on the Sports Centre, and this additional cost will serve to raise what we are asking HMG for the Sports Centre to a sum of over £300,000.

HON MAJOR R J PELIZA:

I think, Mr Speaker, the Financial Secretary does not sound very hopeful but I do hope that he impresses upon CDA - and luckily we now have Mrs Hart there who I think was most helpful to Gibraltar at another time when she was also the Minister responsible - how strongly this House feels about a thing like that, particularly in the circumstances the people of Gibraltar are living in, and I do not think a penny should be spared on projects of that nature which help to keep the morale of the people going.

HON CHIEF MINISTER:

I think ODA have clearly shown their interest in this matter since they have provided funds away from the Development Programme, in addition, in order to get it done, because there had not been any money before the last one. If it is justified and we will need to fight a battle we will do so. There have been other difficulties in connection with the increase in cost even up to very recently, and the response has been quite good and sympathetic. I do not see any reason why we should.

HON P J ISOLA:

Mr Chairman, on page 85 there seems to be an omission. I do not know whether this is intentional, a mistake, inadvertent or if it is a case of the Minister for Economic Development again not having his say. I ask that because I noticed that schemes that have already been completed are down there. I am referring to the Cargo Handling Shed at the Air Terminal, which came under Other Development on this. In 1973/74 we were told there was an estimate for £20,000 on a £35,000 original and revised estimate, and it does not appear here. Is it that it is somewhere else or is it that the Government is not going ahead with this. What is it?

HON FINANCIAL & DEVELOPMENT SECRETARY:

Mr Chairman, in our scrutiny of the things that we would like to do, the constraint of our own financial position and of the labour force, we decided to ask HMG to finance this project on aid and we are hopeful that we shall succeed in it.

HON P J ISOLA:

Yes, I see. But last year you told us you were going to spend £20,000. We had a long speech about the urgent need for this and then nothing has been spent on that. The £20,000 we estimated for and approved for work has not been done. There is not one break-up and at the moment the position is that you are hopeful of getting HMG aid. Despite the constraint on the labour force you are hopeful of building it. When? Is this going to be another one in the future?

Well you see, Mr Speaker, last year we were told that no less than £20,000 of the estimate of £35,000 was going to be spent, provision was made and taxes were raised to be able to do these things. Is the position that the Government through lack of funds, or lack of labour, or what, has decided not to go on with it? Secondly, will it now cost £35,000 or will it cost more?

HON CHIEF MINISTER:

First of all I do not think it is fair. I am sorry that I did not realise that the Minister for Economic Development, whom I have allowed to go and do some other urgent business in connection with this session, would be better fit to answer. I think it would

for
 be less unfair, him if I did not say that a lot of work has gone into this matter. There has been a question also of an element of MOD land having to be handed over to include it. When we started on the plans, immediately everybody immediately wanted the ideal and the cost was mounting up. There has had to be a certain restraint, otherwise we would have had a very considerable expense, much more than anticipated, and we are more than hopeful that this, and two other small matters on which we have asked aid for, not in connection with any development programme, will be forthcoming. This is certainly a project worthy of aid because it enhances the economic activity in the Airport in connection with airfreight which is increasing and which is so important for us. So there is no question of delay at all. The delay this year has been because the plan could not be completed. The obtention of the ideal equipment required could not be finalised, and having reached that stage of the time when the estimates were being prepared we thought this would be a good opportunity of getting help and removing from the requirements this year in our own budget the money required for the purpose.

HON P J ISOLA:

There is another item which has been left out. I presume that was the Workers' Hostel, Gib 5, in which it was estimated that £28,500 were going to be spent in 1973/1974. Am I right in assuming that that has been completed and spent? That was the estimate for 1972/73/74. It was under Other Developments, paragraph E. It is the same sub-heading and it may be somewhere else, I don't know, I may be wrong. I was just wondering whether that was completed.

MR SPEAKER:

It does not appear.

HON P J ISOLA:

Sorry, it doesn't appear on this page. I don't know whether it might be somewhere else. Page 82 in the old estimates.

HON CHIEF MINISTER:

There is no provision there, it is only a sub-total of the other figures.

HON P J ISOLA:

There is a provision in the estimate 73/74, £28,500, I may be wrong.

HON A J CANEPA:

If he were to look under actual expenditure column £31,372 he will see that the total for the Workers Hostel was £225,994. It was exactly the same March '73, no expenditure.

MR SPEAKER:

Page 86.

HON J CARUANA:

No 4 on Municipal services, Mr Speaker, in the improvement and

MR SPEAKER:

Any matters before that, may I ask.

HON J CARUANA:

In the Improvement and Development Fund, Appendix 'G', there are very few projects which bring back the capital expense, that is, where the Government recovers the money. May I ask, Mr Speaker, whether in the case of the services to Gardiners Road, it is anticipated that this money will be recovered, and if the answer is yes, should this project rightly come under the Improvement and Development Fund, since they will be shown, no doubt, in other stages, the recovered money for these services.

HON FINANCIAL & DEVELOPMENT SECRETARY:

Mr Chairman, Sir, yes. This is for the provision of services at the Gardiners Road development. The expenditure of £57,000 will certainly be recovered from the leasees. £49,000 is included for that purpose in the local receipts to the Improvement and Development Fund, which are shown in the paper which I circulated with the budget speech.

MR SPEAKER:

Right, 87, 88.

HON L DEVINCENZI:

Page 88, this modification to Sea Water Intake. I was wondering, when something of this nature goes wrong, whether there is anything in the contract with the manufacturers whereby they would have to pay for these modification, or does the Government have to foot the bill everytime something goes wrong which is not the normal wear and tee.

HON ATTORNEY-GENERAL:

Mr Chairman, it depends entirely on what needs to be done. If of course the contractors are in breach, and the modification is required because of their breach, then there is recourse against them. If, however, they have carried out the terms of their contract, and then by agreement between Government and the contractors, suggestions are put forward for improving a particular part of the works, then of course if the contractors are going to do that the cost falls on Government. If it is something new and the contractors have not fallen down on their requirement, the Government pays. If they have fallen down then of course the contractors pays. But I understand that when you carry out a project of this nature both sides can in the normal course of events find something which both of them agree would improve it, which ~~hadn't~~ been thought of before. I won't say it is a trivial error, but experience shows that things could be done in a better way and they are done in a better way, then of course Government will pay.

HON L DEVINCENZI:

Sir, as far as this item is concerned, the manufacturers will not be paying anything, it is all coming out of Government Funds.

HON LT COL J L HOARE:

This is a modification to the sea water intake of the North Face Distiller. Not the new one, the old one.

MR SPEAKER:

Right, 89, 90, 91.

HON P J ISOLA:

I am sorry the Minister for the Port is not here because this directly concerns him. I am raising the very first item, purchase of two mobile cranes for use at the Port. Honourable Members will recollect that we were told two weeks ago in answer to a question the Minister told us that the Port Advisory Committee had recommended that instead of purchasing one mobile crane, we should purchase two mobile cranes. And he told us that the Government had agreed to this. I would like to call Member's attention to last years estimates, last years' estimate where we dealt, if I can find it with mechanisation, at page 86, where the Government estimated that it would buy one mobile crane/. This year, apparently, the Minister for Economic Development has been told: alright we can have two cranes, but, Mr Speaker, we apparently haven't even bought the first crane, which the Government last year said they would buy. I don't think purchasing a mobile crane involves any labour at all, as far as I know, it just involves writing out a cheque. Now, could I be told, in view of the fact that we didn't buy the crane last year, and I notice now that to buy two cranes is going to cost £34,000, instead of the £10,000 estimated last year. I note that no provision is being made for 74/75 so, therefore, the Government obviously doesn't intend not only not to buy the mobile crane estimated for last year, but not to buy any this year, and leave it for next year. I presume 75/76 when I suppose instead of £34,000 the estimate will have to be revised up again somewhat. Does this mean really that the Government doesn't take seriously the recommendations of the Port Advisory Committee, or does it mean that the Government doesn't take seriously the Minister of the Port, when he made statements in this House telling us that he is going to buy two cranes.

He told us last year, and he managed to get his colleagues to agree to buy one crane, he actually got them to agree to make provision in the estimates: the Financial Secretary doesn't buy the crane. He told us two weeks ago that he was making provision for two cranes, and now we are told that this year that the Government is not only not spending the £10,000 they voted last year, they are not spending anything at all this year. Really, Sir, what is happening. Is it, Sir, that the Minister for Port has absolutely no influence on his colleagues. Is it constraint on labour, is it constraint on the Financial and Development Secretary.

HON FINANCIAL & DEVELOPMENT SECRETARY:

Mr Chairman, Sir, had my Honourable Friend the Minister for Tourism and the Port been here present at this moment, I am sure that he could have made just as lengthy and able a speech on

this matter as has been made from the other side. I, however, only mean to say that, as the Minister said recently, two cranes are on order. Such, however, is the anticipated delivery delay that my assessment is that we shall not have to pay for these cranes in 74/75.

HON P J ISOLA:

May I welcome the conservatism of the Financial and Development Secretary as against the optimism of the Minister for Public Works last year at this time. But could I ask the Financial and Development Secretary why an order was not placed last year when we voted the £10,000 for one mobile crane. Is it that delivery takes more than two years. Was the order made last year when we voted the money?

HON FINANCIAL & DEVELOPMENT SECRETARY:

No, Sir, a great deal of consideration has been given and the experts have discussed what were the more suitable types of cranes for this purpose at the port. We have thought about a lot of different types of cranes.

HON P J ISOLA:

I am very impressed with the urgency with which the Government proceeds with such money making projects as mobile cranes and Cargo Handling Sheds at the Air Terminal.

HON FINANCIAL & DEVELOPMENT SECRETARY:

Sir, I would also like to add this. That while we have come to the conclusion now that we do need new cranes at the Port, the old cranes were remarkably good equipment and kept on quite marvellously doing the job under repair until they got rather too expensive to keep going.

MR SPEAKER:

Now, any other matters on

HON J CARUANA:

Mr Speaker, I would like to refer to item H, Car Park and record this side's disappointment at the rate at which the car parking problem is being tackled by the Government. This was a new Head introduced by our Government when we were in office in order to give a start to the remedy to one of the most serious problems facing Gibraltar today, and so far very little inroads have been made into the car parking problem. In this year's estimate we see that £45,000 will be spent on car parks and that at the average cost of £500 per car park this will only produce 90 spaces which can hardly be said to be tackling the problem of car parking with any seriousness whatsoever. Last year's vote

MR SPEAKER:

Yes, but we are not going to make a speech. That you can make within the next half hour or so when we start the general debate. If there is anything you want to know on the actual vote that we are tabling, then by all means do ask. If you are talking on general principles you will have an opportunity to speak on that very soon now, but if you want to have any information on the vote, then of course you are entitled to ask.

HON J CARUANA:

May I ask the Government, Mr Speaker, then whether the £52,800 spent on car parks last year comprised mainly of the Town Range Car Park and the Governor's Parade Car Park which our administration started, and what will the £45,000 estimated for this year produce in terms of car parks.

HON LT COL J L HOARE:

I cannot give you an exact breakdown of what was spent last year, I didn't anticipate that question, but I can give it to the Honourable Questioner this afternoon.

The £45,000 for this year is split up as follows: Governor's Parade, £3000 to finish that off, street lighting and so forth; The Fish Market, £1900. *Added* to that is the re-provision of the Cleansing Depot which must take place before the rest of the major work carries on. That is under contract and the work is started. That contract is £12,200, £6000 of levelling off

and road surfacing that is the surface water drainage.. There is another £20,000 worth of work to be done by the developer himself, he has already done £5,000 towards his contribution of £25,000. That accounts for £19,000. We will be building a new car park at Arengo's Palace at a cost of £20,000, which will take over 50 cars, and we are reserving £3000 for further car parks wherever we can find space. But, we are not only dealing with car parks when we think of the car parking problem, Mr Speaker. I will answer that question, that remark, when we come to general debate.

HON J CARUANA:

I am very pleased to know that the Minister has seen the light in connection with the Arengo's Palace car park, which I announced in 1971/72, and on which the Minister last year made a statement saying that they were going to defer indefinitely such a project. Any contribution on car parking I'll pass on to the Government.

HON LT COL J L HOARE:

I think he is quite wrong, again. The project that we have is not the same. The previous administration's project was to knock down eight buildings which are occupied by families, and build a small car park there. This we were not prepared to do. We are levelling and making a new car park on the site of the old Arengo's Palace itself, where the ruins are becoming dangerous, and we are utilising this and putting this to a good purpose.

HON L DEVINCENZI:

Mr Speaker, there is one item here I would like to ask a question on. Let me say that if it was possible to do so, I would certainly contribute towards that car park in the fines that I would be saving.

School for Handicapped Children, there is a provision here of £5,000. Could the Minister say whether this is intended to be used for repairs to the existing school or is it to be used to make a start on a new one.

HON M K FEATHERSTONE:

Sir, I am glad this was brought up. This is not for repairs, Sir, this is a token vote for a new school. By a token vote it doesn't mean that it is just going to be there as a figure and we are not

going to get on with the job. The school is already being planned and a start will be made this year. If it should be that we spend the whole £5,000 that we have put towards this before the end of the year, we will come for a supplementary and I am also happy to say that part of the cost is going to be defrayed by the Society for Handicapped Children. They have a special fund for it and we are going into this on a co-operative basis. Government is of course paying by far the major share but we are very happy to have this officer from the Society. The site has already been agreed upon and we hope that something practical in the way of at least

a Board going there saying: this where it is going to be, will be visible to the public within the next three or four months.

HON L DEVINCENZI

I welcome the statement by the Minister and I hope they do not need cranes to build it.

HON P J ISOLA

Could I just ask on that, will it be sited near an existing school or is it intended to make it a completely independant institution?

HON M K FEATHERSTONE

Sir, in Gibraltar near is a rather peculiar word. It will be a completely independant school on its own. The nearest school to it will be perhaps 200 or 300 yards.

HON MAJOR R J PELIZA

Could we know the actual site, now that you are getting so near.

HON M K FEATHERSTONE

Yes, its the southern end of the waste ground between Smith Dorrien Avenue and Glacis Road.

HON MAJOR R J PELIZA

Does that mean that we are going to lose another playground when we do that?

HON M K FEATHERSTONE

No, there will not be the loss of a playground, Sir. That waste ground I believe was earmarked on the development plan for a swimming pool eventually.

HON MAJOR R J PELIZA

That is the little bit of open ground isn't it, where children go and play and people.....

HON M K FEATHERSTONE

Well, at the moment it is a piece of waste ground, Sir, but there were development projects planned for it. When they come into effect of course it will no longer be open ground. One might say that the "jungle" is open ground but if tomorrow there were to be a development project it wouldn't be.

HON MAJOR R J PELIZA

I think that if the Minister looks at the activities around that area, and this is by no means at all political, please,

he will find I think, and certainly I have noticed it when I have gone past that place, that quite a number of little children kick a ball around there and so on. Since there is so little room in Gibraltar for that sort of thing - in fact people are now having to go either to Europa Point - there is no place at all for children to run around. Is it possible to have another site which will not deprive the children of that area in which to play around?

HON M K FEATHERSTONE

No, Sir, If the Honourable Major Peliza would like to go down to the Bridge at Smith Dorrien Avenue, he will see that a certain company is building a motel there on the high part of that waste ground. A road has been already constructed there, and it is the far end of that high part which will be used for/Handicapped Childrens' School. Most of the playing, the kicking about that is taking place at the moment is on the low part of the ground. The School wouldn't interfere with that at all.

/the

HON P J ISOLA

Mr Chairman, the Refuse Destructor, I want to...

MR SPEAKER

You are going back to refuse destructor.

HON P J ISOLA

Well, Mr Chairman, my Friend.....

MR SPEAKER

Fair enough, we were dealing with the last item, that is why.....

HON P J ISOLA

I notice that the amount to be spent to the 31 March '74 is reached mathematically by adding the revised estimate for 73/74 to the actual expenditure up to the 31 March '73. Could I ask, because the revised estimate for 73/74 is £ $\frac{1}{2}$ million pounds, can the Financial Secretary state how much in fact has been spent on the Refuse Destructor to date. What is the actual figure of expenditure they have. I mean, he will recollect that this was an item, which was the subject of some controversy last year. It is rather a substantial figure affecting the whole Improvement and Development Fund.

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Chairman, I don't carry these figures in my head. I am told that our latest information is that in 1973/74 there was spent £376,662.

HON LT COL J L HOARE

If I can intervene here, because my figures are obviously much more up to date than those of my colleague the Honourable Financial and Development Secretary. We have passed for payment, up to the end of last week already, £416,000 this year, which with the £136,700 last year, comes to £552,800. There is in process at the moment another bill for £90,000. So as near as it is possible to gauge that figure of £643,400 is correct. Whether we can get this last £90,000 checked in detail in the few days which are left of this financial year and get them paid, is a matter of conjecture, but the liability is there already.

HON P J ISOLA

I quite appreciate the liability being there, but it does appear that there is something like £100,000 that is unlikely to be paid before the end of March, we are not complaining about it. We are dealing here with actual expenditure and I appreciate the full amount will have to be paid, obviously, but the actual amount paid, am I right in thinking is £373,000 up to £416,000 has been passed for payment, and you are in the process of preparing bills for another £90,000. This is the position, isn't it?

HON LT COL J L HOARE

Actual bills passed by my department for payment: whether they had been actually paid in cash or not they amount to £416,100 for this year. There is another one in the process of being checked and passed for £90,000. That would bring this year's expenditure to £506,100, which with the £136,700 paid up to the 31 March last year, would give us a total of £643,400, leaving roughly £20,000, which is the figure there, to be done next year. And may I say that the Refuse Destructor is in a very good advanced stage. The plant is in and we hope to be able to start our first trial burning either at the end of this week or in the following. But there is still some engineering work to finish which should be finished by the end of May. So the Destructor should be once again fully operational by the end of May as predicted. It is not behind schedule.

HON P J ISOLA

I am sure, we welcome that news, Mr Chairman, but its quite obvious to me that when it comes to next year's estimates, the column for actual expenditure to 31 March 1974 will not be £506,000, it will be about £90,000 less, because we are already on the 27 of March, thats quite obvious.

HON FINANCIAL AND DEVELOPMENT SECRETARY

If any inference is to be drawn from what the Honourable Member has said in regard to the need for taxation, then I

must point out that there is no question whatsoever. Whether we pay this money - I have said this fifty times and I will say it again - whether we pay it before the 31 March or shortly after the 31 March it will make not the slightest difference to the state of our finances.

HON P J ISOLA

It is quite obvious, Mr Chairman, that there will be a need for taxation.

MR SPEAKER

We can deal with that at a later stage. We will now take a vote on Appendix 'G'.

Appendix 'G' was agreed to and passed.

The House Resumed.

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Speaker, Sir, I now have the honour to report that the Estimates of Expenditure for the year 1st April 1974 to 31 March 1975 have been considered in Committee, together with Appendix 'G', and agreed to without amendment.

MR SPEAKER

I now propose the question which is that this House approve the Estimates of Expenditure for the year 1st April 1974 to 31 March 1975, together with Appendix 'G', which means that we are now back at full meeting of the House and we will open the debate. I will remind Members that they are each entitled to speak once. I am not so optimistic as to think that no one wishes to speak, but may I....

HON MAJOR R J PELIZA

Mr Speaker, its very easy to speak, but I would like to hear the statement from the Chief Minister before I can speak because he's got a statement which has got apparently extremely important information, particularly on development, which has to do...

MR SPEAKER

We are not going to have a debate as to who should speak first, that is nothing to do with it. All I am doing is inviting...

HON CHIEF MINISTER

Mr Speaker, I propose to wind up, not to speak first. The debate has been started by the Financial Secretary.

HON J BOSSANO

Well, Mr Speaker, in the absence of any information from the Honourable and Learned the Chief Minister, the view of the Opposition must be limited to the budget speech of the

Government through the medium of the Financial and Development Secretary. So that we can take it, Mr Speaker, that the Honourable and Learned the Chief Minister has spoken already through the Financial and Development Secretary.

Well, Mr Speaker, as far as the contribution of the Financial and Development Secretary is concerned I would like to bring to the notice of Members that this year's budget speech is different in character and tone from that of previous years, in introducing a new emphasis on economic analysis. A new professionalism which we feel on this side of the House is most important in guiding Gibraltar's economic future. There is in that speech reference to broad generalisations about economic theory with which I can associate myself completely on behalf of the Opposition. But at the same time I must make it explicitly clear that the implications of the proposals intimated in the budget speech are matters of policy and do not necessarily follow from economic analysis, and to the extent that they are matters of policy they are entirely and exclusively the responsibility of elected members, and in particular of the Honourable and Learned the Chief Minister even, if he talks last. And, Mr Speaker, we disassociate ourselves entirely from those policies.

The Financial and Development Secretary highlights the role of the budget and of public expenditure in the management of the economy and brings to the notice of the House the fact that there are two things involved: economic management, and financial management. And it is with financial management that successive Governments of Gibraltar have concerned themselves primarily. But, nevertheless, economic management must also bear an important part in the decisions taken at budget time, and as far as finance is concerned, Mr Speaker, clearly the Government has got a range of items that it provides for the community - what the Financial and Development Secretary has called the share that is provided through public consumption - and this has got to be financed. It can be financed either by charging directly the individual consumers of those items, or by charging the community as a whole. And in order to produce these goods items of capital expenditure are undertaken, and again there are choices as to how capital expenditure can be financed. One can attempt to raise more or less in one particular financial year, or more or less over the life of a project by long term financing through loans. We have had differences of opinions in the past as to this, and I think it is quite remarkable to think that the last time that any money was put into the I & D Fund from local funds was in respect of the financial year 71/72.

If Members will cast their memories back to October 1972, we were told about the urgency of putting an additional £200,000 in the I & D Fund as otherwise all our capital projects would come to an end. And now we find that we have managed to carry

on since then without putting in anything extra, Mr Speaker. We have managed somehow, in some peculiar way, in spite of what I remember Mr Gomez saying in the House at one stage, in answer to my questions when he was standing in for the Honourable the Financial and Development Secretary. He said in the House, could suggest to him how he could carry on with his projects if he didn't have the money there beforehand when he was using local funds to meet deficit in Her Majesty's Government's contributions due to the question of an insurance bond having to be paid. He couldn't understand how this should be done. Well, he seems to have managed very well because we learn today, Mr Speaker, from the Financial and Development Secretary, that he has managed to spend in the current financial year out of the I & D Fund, financed from local funds, something like £300,000 for which provision will be made in 74/75, but which one understands has already been spent in 73/74. I don't know the exact figure, I think it is £300,000 or £400,000, Mr Speaker. So I am now the person who is intrigued on this side of the House, and I look forward to the opportunity of meeting Mr Gomez so that he can explain to me now how he has managed to do what was totally impossible before. And in dealing with financial management the Government of Gibraltar has generally speaking adopted a position which in terms of economic management can be at best described as neutral. A balancing of revenue and expenditure, but in fact in most cases has been found in retrospect to have been in economic terms, deflationary, in that there have been successive budgets surpluses. There have been successive marking down of estimates of expenditure and marking up of estimates of revenue. It appears in fact that the estimating has got much much accurate in recent times, which is welcome to Members of the House, because with more accurate figures one can come to more accurate conclusions, Mr Speaker.

But there are a great many points in the budget speech which Members in the House would not wish to take at face value without having them questioned. We have already seen the way that people can be misled into making wrong assumptions and arriving at wrong conclusions in respect of our capacity to spend an additional £2,500 in capital projects when we were considering the estimates in Appendix 'G'. And I would like to start, when I come to consider economic policy, from the point that is made by the Financial and Development Secretary, the phrase that he uses, that Gibraltar's economy is not conventional. On the first page of the Budget speech, in the first paragraph he says: "in a more conventional economy it would be a crucial function", and, therefore, implicit in that is the fact that our economy is not conventional. And if it is not conventional then we cannot make assumptions and draw conventional conclusions from those assumptions.

But before I consider the question of the economic management, I would like to look back on the question of financial management

and the relationship between income and expenditure, not just for the Government, Mr Speaker, but for the individual workers, for the people of Gibraltar. And we can see that an over-emphasis on cash flow is a very dangerous thing. The Honourable and Learned the Chief Minister found this out when he said in August 1972 that there was going to be a £68,000 deficit in 1972-73, even without paying the 40p. And in the event the actual cost in 1972-73 of meeting the Biennial Review for industrials and non-industrials has turned out to be in the region of £300,000, and instead of coming out with a deficit of £368,000 he has come out with a surplus of £7,000.

HON A J CANEPA:

Nonsense.

HON J BOSSANO:

I am sorry that the Honourable Minister for Labour and Social Security can shout "Nonsense" sitting down and not have the courage to stand up and provide any evidence.

HON A J CANEPA:

If there is one thing that I am not lacking in it is in courage. That figure of £300,000 for the Biennial Review is nonsense. It is much more like £ $\frac{1}{2}$ million.

MR SPEAKER:

Order. You mustn't be surprised if the Government disagrees with your point of view.

HON J BOSSANO:

I am grateful, Mr Speaker, to the Honourable Minister of Labour and Social Security for making my argument stronger, because in fact I am suggesting that the Honourable and Learned the Chief Minister was out by £300,000. But if the Minister for Labour and Social Security says that the Chief Minister was out by £ $\frac{1}{2}$ million, I accept that his mistake is that much greater. After all he is closer to the Honourable and Learned the Chief Minister, so he ought to be more aware than I am of the magnitude of the statement the Honourable and Learned the Chief Minister made. I was under the impression, Mr Speaker, by looking at the figures, that in the nine months of 72/73, the cost had been £300,000. And it is 72/73 that I am talking about. In 73/74, however, the cost is more than £ $\frac{1}{2}$ m. In fact in 73/74

we have a wage bill for non-industrials, and this is an important economic consideration because the Honourable Financial and Development Secretary has expressed concern about the size of the non-industrial labour force and the relationship between the non-industrial and the industrial, in fact the wage Bill in 73/74 comes to £2,200,000, Mr Speaker, and this is made up of an increase over the wage bill in 71/72, I think, that is before any Biennial Review had any effect on the wage bill, an increase of £400,000, plus £95,000 of back payment in respect of 72/73. So that using these figures I have come to the conclusion that for a full year the Biennial Review for non-industrials came to £400,000. Now this may not be an entirely accurate figure because in this £400,000 there will be the result of increments and the result of changes in the composition of the Service. But it is something that reflects very closely the Biennial Review, if we look at the total cost of the wages of non-industrials before and after the Biennial Review in two years, that is, 71/72 and in 73/74, and we forget 72/73, because that was only affected partly, and it is difficult to divide the part where it was affected from the part where it was not.

The importance of this figure is twofold. First that it suggests that non-industrials managed to obtain from the Government what they had been led to expect they could ask for by my Honourable and Gallant Friend, Major Peliza, when he mentioned the figure of £5 to £6 a week. I am always willing to give way to the Honourable and Learned the Chief Minister Mr Speaker if he would like to elaborate on his comment. I am always willing to sit down and listen to him: I am enthralled by his arguments. After the election or before the election, nevertheless, Mr Speaker, whenever it might have been, the AACR Government managed to implement this figure of £5 to £6 for non-industrials, and we are glad that this is so. We think that wages....

HON A P MONTEGRIFIO:

Will he have the honour of allowing me also to make a comment. Can the Honourable Member imagine that if we are given the £5 to the lower grades, how much we would have had to give to those who got the £5-6 at the top.

MR SPEAKER:

Yes, having made that remark we are not going to open this particular subject.

HON J BOSSANO:

Mr Speaker, I am sure you would not wish me to indulge in

imagining what would have happened at the top or at the bottom. I know that the AACR Government have always been committed to giving more at the bottom than at the top, so it should not have proved to be too difficult an exercise for them. They could have given £1.85 to the Honourable the Financial and Development Secretary, or to the Honourable and Learned the Attorney-General, and £5 to the poor Sewerworker without any problems.

MR SPEAKER:

Order, we must not speak across the House.

HON J BOSSANO:

Be that as it may, Mr Speaker, the fact is that the cost of the wage review accounts for a major part of the difference in the estimates of expenditure. And if we take out the element of salaries, and this is the only element we can take because in fact the wages of non-industrials are not shown as a separate item, whereas personal emoluments are, we take this out we are left with expenditure in 73/74 using the revised figures, which I am glad to see the Honourable the Financial and Development Secretary making greater use of now than he used to before, because I think those are the most significant figures, using the revised figures we are left with £4.6 millions. And if we take cost of personal emoluments out of the 74/75 estimates of expenditure we are left with £5.5 millions. That is a difference of £900,000, which is accounted for almost in its entirety by £300,000 of COLA, and £600,000 of fuel increase. So, therefore, we see that as far as the current expenditure is concerned we are budgetting for a nil rate of growth in real terms. And if in fact we are not budgetting for inflation we are budgetting for a recession. That is, if we are going to maintain this level of expenditure in money terms we must of necessity decrease the volume of services that we provide. We cannot associate ourselves in any way whatever with the economic theories the Honourable the Financial and Development Secretary wishes to introduce into his Budget speech.

Now, Mr Speaker, this reduction in real terms on recurrent expenditure of course does not in any way allow for improvement in the standard of living this year which will be looked for by the working people of Gibraltar when the Biennial Review comes to be negotiated. That also is an item that is absent from the estimates of expenditure for 74/75, and I for one do not accept the statement in the budget speech that we have to accept a reduction in our standard of living. It is not good enough to say that in UK they have to accept a reduction in the standard of living and, therefore, we have to accept it, because we know that

the present Government is not interested in comparison with UK, do not believe that in UK the standard of living is higher than in Gibraltar, they don't accept an aim towards parity all the way up, and, therefore, consequently they cannot accept as an aim of policy parity all the way down. And in any case the Honourable and Learned the Chief Minister has told us a great deal about the intimate details of the life of his close friend Mr McMahon in Newcastle, so we are not very interested in...

HON CHIEF MINISTER:

He is worse off now.

HON J BOSSANO:

He is worse off now Mr Speaker, well I understand that the Social Security Benefits are going to be introduced at a higher level in UK, and that the bulk of the UK taxation is going to hit people with an income of over £4,500, so if Mr McMahon is worse off as a result of the Budget measures in UK, he must be very well off to start with.

So, we do not accept that we have to take a cut in our standard of living because our standard of living has in fact been on the way down for some time now, Mr Speaker. And what is needed at the level of economic planning is the courage and the conviction to go for economic expansion to enable us to meet the economic difficulties which we face, in the same way as other people face. The fact of the matter, Mr Speaker, is that what we have here now is nothing new: it is not a once and for all catastrophe that has hit us out of the blue, a fuel crisis that we have to meet and can only be met in one particular way: it is a crisis that can only be met in one particular way because the Government in power have got one particular policy. And what they have done is that they have adjusted the old policy of tightening your belt and brought it out into the limelight as the answer to our problem. It is an answer that we in the Opposition do not accept and that the people of Gibraltar cannot accept.

I would put it to the Government that the advice that Mr Michael Foot gave the now defunct Heath Government applies equally to their ideas on how to manage the economy of Gibraltar. He suggested to Mr Heath before the Labour Government came in that what they had to do was to take their half baked economic theories and worn out policies to the soup kitchens of the Conservative Central Office. And I put it to the AACR that they should do the same, particularly once the T & G gets its new headquarters and has moved out of the place. Because as long as they are there their worn out economic policies will not receive a very warm reception.

So the explanation for the policy that is being put forward is not acceptable

- (a) because we think that there is a better alternative;
- (b) because it isn't anything new, it is something that the AACR has tried before.

It has failed before and it will fail now to solve our economic problems. It will fail to solve our economic problems, Mr Speaker, because the reasons why the Budget is used, for example, in the United Kingdom in economic management, in facing the sort of problems that Britain has got, is because in the United Kingdom there is an attempt to cut down on public expenditure, to allow the capacity that is freed by the cutting down of public expenditure, by the private sector to export, Mr Speaker, to export. And perhaps the Honourable Minister for Medical Services will tell us what he plans to export from Gibraltar when we have given him this spare capacity.

HON A P MONTEGRIFFO:

I will tell you.

HON J BOSSANO:

He will tell us, I will be delighted to hear it, Mr Speaker. So now we have the Minister for Medical Services in charge of our export industry. When the Minister for Economic Development gets back as I hope he gets back in time to find out what the new export industries are, I wouldn't like him to be left in the dark.

So this is the purpose, Mr Speaker, of using the Budget in economic management in UK, and it has been used, it is being used precisely now, this very week, in UK, on the one hand to promote the export industry.

MR SPEAKER:

But let us not debate the UK Budget please, let us debate ours. It is relevant, but once we go into what he is going to say now, we are debating the UK Budget, and that we are not interested in.

HON M XIBERRAS:

I always rise on these occasions

MR SPEAKER:

I know you do. I have ruled and whatever you say will not make any difference.

HON M XIBERRAS:

May I say on this particular occasion that the Honourable the Financial and Development Secretary has made a very very close connection, close link, between events in the United Kingdom and the economic theories

MR SPEAKER:

But I reckon that the Honourable Member who is speaking has spent 50% of his time so far referring to the British budget. Anyway I have ruled and that is it. I will not have my rulings questioned.

HON J BOSSANO:

Thank you, Mr Speaker, I am willing to defer discussion on Britain Budget until we are integrated.

But what I would like to bring to the notice of members of the House is simply that whatever is done in UK is not strictly applicable to our economy, because as the Financial and Development Secretary said originally, our economy is not a conventional one. We do not have a private sector industry that exports, we have a private sector industry that serves the public sector. And if we cut down on the public sector then we create an unemployment in the private sector as well, Mr Speaker. We do not release resources for the private sector to use, what we do is we create unemployment in the private sector, because the private sector lives off Government project in the main, or it lives off the expenditure that results from the earnings from Government employees. And tourism: 1% increase in bed nights sold, or whatever it was, Mr Speaker, I do not doubt my Honourable and Learned friend, Mr Isola, will have more to say about the growth in tourism which we are experiencing.

Now, Mr Speaker, the Financial and Development Secretary told us in the Budget speech that increased productivity was of the essence to our approach in solving our economic problems, and with this we are in complete agreement. We have felt for a long time that increased productivity, bringing about higher wages and keeping down the size of our labour force, is an essential element in the economic prosperity of Gibraltar. But we cannot accept that the references to self-generated inflation, which he made

on page 5, holds any water at all. The Financial and Development Secretary said that it has been remarked in the past that Gibraltar imports but does not of itself create inflation. There is no doubt that this is true because we ourselves have been told today that it is the increased cost of the price of oil that is going to be our major inflationary problem this year. So with that nobody could argue. But he wishes to name another way of generating inflation, and that is, that too much demands have been placed on the construction industry, and that efficiency and so on have fallen down. Well I don't know, Mr Speaker, whether efficiency has gone down or not, and I don't know what measure the Financial and Development Secretary has used to measure efficiency in different period of time and relate it to increased volume of work, but I can tell him that the information that I have, that is, the only statistics the Government has published so far that relates specifically to the construction industry - and I am at a disadvantage in this respect, Mr Speaker, in that I have to go by what is published which is what I have available, this is why you will recall, Mr Speaker, that in Expenditure Estimate we asked detailed questions about what work the Statistics Department was doing, because if the Statistics Department is doing work which can tell the Financial and Development Secretary that supervision and efficiency has fallen and real costs have gone up, I would like to know about that work. But to my knowledge the last Employment Survey figures that have been published related to October 1972, and April '72, and October '71. And in that period of time, when the Construction Industry was operating on a very high volume of work, Mr Speaker, we find that building workers in that period of time, in October 1972, had average earnings of £19.75 a week, and in a working week of 52 hours, that is with 12 hours overtime. So in October 1972, the construction worker was, for example, doing 6 hours more than workers in ship building and repairing, and earning £2 less. Now I put it to the Financial and Development Secretary that if he thinks we are having an inflationary spiral in wages due to too high a demand, then he ought to cut down on shipbuilding and repairing, which is where wages are highest in relation to the number of hours worked according to his published statistics. He may have more up to date statistics which have not yet been published, and I stand to be corrected on this, but on the figures I have before me, Mr Speaker, between 71/72 the numbers of hours worked went down from 51.7 to 51.3, and the wages went up from £19.33 to £19.75. This is the average weekly earning in the construction industry. Hardly a situation that would qualify as rampant inflation due to excess demand. And to chop down by half the I and D projects from local funds in order to cure an increase between 71/72 of 40p an hour seems to me, to put it mildly, taking a sledge hammer to crack a peanut.

So I don't know, Mr Speaker, what are the facts from which the Financial and Development Secretary has come to this

conclusion that we have too high a demand in the construction industry, which is reflected in an increase in wages which is then creating inflation in the rest of the economy. In any case, Mr Speaker, we are fortunate in Gibraltar in that we can do something else other than cut down the size of our building programme, because we are not talking even of maintaining what we are doing now. I would have liked the Government to go for more expansion, but I would have accepted with regret, Mr Speaker, maintaining the present level. But the Financial and Development Secretary says that we can't afford to carry on building at the rate we have done up to now. I am glad the Honourable Minister for Housing has come in, because I am sure that that is something that cannot be to his liking. That we should build less houses than we have been doing up to now. I think we can carry on, indeed I feel that in order to sort Gibraltar's housing problem we must maintain the present rate of building. And if we have shortages of skilled workers in order to maintain it, then what we use is the provisions of the Control of Employment Ordinance, we change the quota for construction workers; we use the hostel which is half empty, Mr Speaker; we increase, in other words the supply of labour instead of cutting down on the demand for labour, if it is the case that it is needed.

I haven't seen any evidence in anything that has been published by Government that there is such a need, but if there is such a need, then the right way to go about it is to maintain a high level of economic activity, because the more money we earn in Gibraltar obviously the more revenue the Government will get. If there is a high level of economic activity, if people are doing a lot of overtime, if they are getting bonuses, then they will have high incomes, the Government will be able to budget not only for an increase of £400,000 in income tax in this year without even raising the rates, which they are doing, but for even more than that if the earnings are higher. If the earnings are higher not only will people be paying more income tax but they will have more take home pay after income tax, they will spend more money and the Government revenue will benefit through duties on imports. So it is in the Government's own interest to have a bouyant economy, because by having a bouyant economy the result is that there is a bigger national cake. And the importance is, Mr Speaker, that in order to decide how much taxation is needed, and how much public expenditure is needed, we don't only have to look at the size of the existing cake and say, if you have a bigger share in the public sector you must necessarily have a smaller share in the private sector. We must also consider whether we cannot have a bigger national cake, whether we cannot increase the total output of goods and services that Gibraltar produces, and

out of that bigger share both can have bigger shares. If we increase the gross national product by 10% then clearly both the public sector and the private sector can increase by 10% without changing the relationship between the two. If we are going to have stagnation, if we are going to have nil growth, then public expenditure of necessity can only increase by 10% if you decrease private by 10%. And if we are going to go down the hill, if we are going to make the national cake smaller, then the bigger the share of Government expenditure the smaller the share of private expenditure. And we will be in a vicious circle, in a downward spiral, Mr Speaker. We will find ourselves in a downward spiral, because as private sector income goes down, as wages go down, as earnings go down, Government revenue will go down, and the Government will need to tax more just to maintain the existing level of services. This is sheer economic lunacy. I cannot understand how the Honourable the Financial Secretary could have been induced to make a statement with these implications by the Honourable and Learned the Chief Minister, who wishes to have the last word and keep his little recipe for success until it is too late to be able to point out that it is full of holes.

We on our side do not agree that the policy enunciated in this budget speech is either necessary or desirable. And if we are going to talk about an application of economic theory to Gibraltar's economic problems, if the Financial and Development Secretary wishes to have us believe that we are encountering self-generated inflation because there is a dislocation between supply and demand in the labour force, which he can only think of curing by cutting down on demand, then I would welcome his ideas on what is the effect on the inflation in Gibraltar of the changes that have been produced in recent times on the money supply. Because no doubt the Financial and Development Secretary is aware that there are some economists who feel that the growth of the money supply is the most important element in inducing inflation. Now it is not a view that I myself am very sympathetic to, but I think Honourable Members will be interested to learn that between March '71 and March '72 the money supply in Gibraltar was increased by £45,000. That is when the previous administration was in power, Mr Speaker. And then since March '72 we found that it was increased by £88,000 in the six months from March to September; then to March '73 it went up by another £195,000; then between March '73 and September '73 it went up by another £145,000. Now this enormous increase in money supply is something that has not been brought to the attention of Members.

It has been gazetted but I don't suppose many people have noticed the implication of these huge increases in the money supply in Gibraltar, and if we are talking about the effect on inflation of demand and supply, then I think the House is entitled to have the views of the Government. Perhaps the Honourable and Learned the Chief Minister would give the House his views on what he thinks increasing the money supply in the space of two years by almost £ $\frac{1}{2}$ million has on inflation, because if we are going to have the Government printing money at that rate, then I think we ought to know that there has been a fundamental change of policy in this respect, and we ought to have some indication of what is the expected impact. And, as I said, Mr Speaker, it is most important that members should know that there are many prominent economists who hold that this element, the increase in the money supply, is one of the most important factors in controlling inflation. Indeed in yesterday's financial press there was comment about the fact that in UK it is expected that the money supply this year will be allowed to grow at a much slower pace than it has done in the past, in an attempt to control inflation.

Now, I don't know whether this is valid at all in the context of Gibraltar's own economy. As I say, in any case, I myself am not very favourably impressed by the arguments, but this is something that has changed in our economic set up: the money supply used to grow very slowly in the past, and it has grown very rapidly over the last two years, and I would certainly welcome some indication from the Government side whether this is just a chance event, or deliberate policy, and in what way the growth of the money supply is related to inflation.

Mr Speaker, the only other item really in the budget speech which I would like to pass comment on is, that given, as we have been told on so many occasions in the past, that the Government is there to govern and that we are not likely to be able to influence it in the way it is set on governing, however much Gibraltar has to suffer as a consequence, given that, then the only other matter which we can be associated with is, that having decided to spend a certain amount of money and having decided to raise a certain amount of money when the revenue raising measures come, we will go as far as possible with the Government in ensuring that the money that needs raising is raised in the most equitable manner and in keeping with a

commitment to social justice. The Financial and Development Secretary referred to the need to do this, to the need to protect the lowest income group, I don't know how low they have to be before he considered them to be low enough to need protection. My own estimation

is that a great many people who are not protected at present need protection in Gibraltar. But I would, if you will allow me, remind members on the Government side of the sort of measures that are being taken in

UK to protect those in the lower income group. Particularly the question of Social Security Benefits and so on, the question of food subsidy, and the question of alterations in personal allowances to bring those personal allowances in line with the rate of inflation,

so that there isn't an automatic widening of the tax net as a result of people moving into a higher income band, which is purely nominal, whereas in effect the real income has not improved at all and the real standard of living has not improved at all. I would put this thought out at this stage, Mr Speaker, and it is something that we will follow up when the Revenue Raising Measures are taken.

HON A P MONTEGRIFFO:

Mr Speaker, I don't know whether you consider this to be a reasonable time to adjourn, because certainly I am going to take about 20 minutes or half an hour.

MR SPEAKER:

Well, having established the right to speak now, I will, perhaps recess now until later on. We will recess as usual until 3.15 this afternoon.

The House recessed at 12.50 p.m.

The House resumed at 3.25 p.m.

HON A P MONTEGRIFFO:

Mr Speaker, I would like to know how it is that I always manage at every Budget debate to get to speak after lunch.

Perhaps this will give me a little bit of indigestion, but I hope the same doesn't happen to the Honourable Members opposite.

I am going to try and divide my speech in two parts. The first will deal exclusively with the Medical and Health Department, how we spent the money last year and how we intend it this year, and look at the expenditure in a much more detailed manner than I did during the detailed look at that expenditure, and I will do so as briefly as possible.

The estimates for the Medical and Health Department reflect a considerable increase in expenditure over and above that approved in the original estimates for 73-74. It also reflects, unfortunately, the pattern of spending which other departments have undergone particularly in this very inflationary age. It is true that we all become elated when Ministers particularly have got more money to spend, but I think that whatever amount of money we may have available, the essential thing is that we should spend it as efficiently as possible and at the same time achieve some basic progress.

The financial year which is now ending has indeed - and I say this in all humility - seen a certain amount of progress within the Medical and Health Department. We have implemented the first phase of the Johnston Report; introduced a 24-hour Dispensary Service; opened our Intensive Recovery Unit; obtained a reciprocal agreement with the UK on Health matters; our Ambulance is now properly manned, and for the first time is supplied with oxygen; the Group Practice Medical Scheme got off the ground despite considerable difficulties both visible and invisible. Furthermore, most of the old part of the hospital has been painted and re-decorated, and I am pleased to say that the establishment of doctors is practically complete.

For the next financial year we want to make our Maternity Department more than just a Labour Ward. And for that purpose we are starting a programme of obtaining modern sophisticated equipment which will enhance the facilities given in this part of the hospital. The same applies to the facilities at present being provided for Geriatric patients. It is our intention to bring new equipment, and for the first time it will be the equipment that a Ward of this nature requires. We are buying the equipment which will make the stay of our Senior Citizens in the Geriatric Ward if not more pleasant, at least less depressing. A survey in depth of the older part of the hospital is being completed in an effort to find out what improvement, if any, can be effected, and this again will be reflected in the next development plan. The X-Ray

department will be expanded and the second phase of the Johnston Report completed.

It is also hoped, if the equipment arrives in time, to start during the forthcoming year, a programme of pollution detection to find out the level of pollution in Gibraltar. We have also increased the vote for more equipment for the different wards, and it is hoped that the painting programme will be accelerated, though here I would like to pay special tribute to the Public Works Department for the great help which they so readily give at any time when this is required in the Medical Department.

The new Laboratory is expected to function quite soon, and the premises earmarked for the Isolation Unit may well be converted into a further Geriatric Ward. Here I am taking note not only of the recommendations being made by the Medical Staff, but also by some remarks made in this connection by the Honourable Member opposite, Mr Caruana, as to the need of more geriatric beds.

The anti-smoking campaign will be in full swing by mid May, so Honourable Members who are smokers please take note in case cigarettes go up during the budget. They might indulge in some saving and thus perhaps help the anti-smoking campaign. I am also hoping to bring into this House some amendments to the Medical Health Ordinance to bring it into line with legislation in the UK. However, when everything is said and done no undertaking, however modern or well equipped, can function properly without the human element inside. And I think the House will agree that the human element working within the Medical and Health Department is something we should all be grateful to and Gibraltar should be very proud of. I would not like to end this speech on the Medical side of the Budget without recording the great help given to me by the Board of Management and the Medical Committee. They have served as a centralised forum for divergent views, and God knows there are a few in the hospital, and they are indeed a great help to any Minister.

My thanks are due very specially to the Royal Naval Hospital authorities, who, as I explained before, are now engaged with ours in an exercise to see what better utilisation of manpower and equipment can be made for the benefit of the whole of the community, and that includes the services and ourselves. My gratitude also to the Rotarians, the League of Friends, and other anonymous donors who have in one way or another supported and contributed financially towards enhancing the facilities we can offer in the Medical and Health Department. And that, Sir, as I said, briefly concludes the first part of my Speech.

Now, Sir, let us go to what I would call the projection and the

general principles which have motivated the Government in the Budget that has been brought before the House. I think it must be obvious to all Members that had it not been for what the Financial and Development Secretary described as a devastating increase in price of fuel, this would have been a rather dull Budget. A Budget that any Government would have loved and that any Opposition would have hated, because they would have felt at not having such an opportunity of launching rockets, and broadsides against the Government. But the fact remains that we were faced with this very high increase in the cost of oil, which not only throws Gibraltar but many other countries throughout the world out of balance. Nevertheless, by way of consolation - I know that sometimes I am called a philosopher, I don't think I am, I am a very average man - but this is a challenge to the world. As I see it, it is by way of being a consolation to know that other people are suffering as well as we are. But on the other side of the coin we do hope - it may be a pious hope - that the wealth that is now being transferred from what we now call the affluent society to the underdeveloped countries, will allow them to share in the prosperity that to a very great extent we have been sharing in this part of the world at their expense.

Anyhow, Gibraltar has a problem, forgetting whatever problems the world may have and we have got to try and solve it in our own way. And I think I must categorically and unequivocally state that it is not the Government's intention to have any recession at all. I want to make this very clear, and I hope it is understood both inside the House and outside the House. And I will explain why. Other Governments, or any Government would probably have been tempted to have retrenched, being as they were, faced with this great quantity of money to raise. But the attitude that we have taken is one of moderate progress. For that purpose we have carried out a very close scrutiny this year of every item in the expenditure side, increasing living standards, and also taking care of those who can least afford it in order to protect them from the ravishes of inflation. And that, Sir, whatever economic theories Honourable Members opposite may put forward, figures speak louder than words. Already, Sir, we have indicated to this House that in accordance with the principles we enunciated in our political manifesto - and going no further than on the tickets that we were elected on we are increasing Family Allowances from the rate they were at a particular date by 40% to take into account the increase in the cost of living and perhaps a little bit more. This was what we stated in the manifesto, we were elected on that ticket, and we do not presume to do more than what we told the people we were going to do. Then, Sir, as an interim measure, pending a revision of the scheme for Supplementary Benefits later on in the year, we have given a rise in Supplementary Benefits to people living on their own. I think the Minister mentioned that this would come sometime in May. Then, Sir, we have given a firm commitment that pensions too will be

increased substantially during this financial year. We will be asking this House when we raise revenue raising measures to take into account that we have a Biennial Review. So, Sir, if we are going to have a Biennial Review it is by no means stagnation, we are going to move forward in improving the standard of living, even though wealthier nations in other parts of the world may be lowering them. As I said before we are in Gibraltar and we have got to do what we think is in the best interest of Gibraltar. And it should not be forgotten we have in Gibraltar something that not many countries in the world have and that is what we call a Cost of Living Allowances, for which we are providing, quite apart from what we are already paying up to the end of March 1974, an extra £310,000. Plus, and maybe this could be as an opportune leak, another £100,000 which we shall be asking this House to vote, in order to cushion the effect that the measures that we shall be proposing at a later stage in this debate might have in the cost of living.

Now, Sir, I go back to the point I mentioned about the very close scrutiny we have carried out. I think it is quite clear to this House, very clear, that we have in the past, and in fact this was the argument of the Opposition last year against the Government, that we were inflating expenditure. This year they are being a little bit inconsistent, and when we are trying really to make a much more realistic appraisal, we are told that we are not spending enough and that we should be spending more. But the fact remains that although we have been able to tackle quite a substantial backlog of revotes, we still find that some of last year's schemes which we were supposed to have completed have not been completed - (a) because of a shortage of labour; or (b) because materials are now taking a very long time to arrive in Gibraltar. This is what is happening, what has happened with the cranes, where we are told that it will take more than a year perhaps to get them. So there is no point, particularly in a year like this one, to be over generous in expenditure. We had had to make sure, as sure as it is humanly possible to be, that not a penny more than was going to be spent was going to go down in the estimates. But this does not necessarily mean that we are going to have unemployment, or recession. On the contrary. My Honourable Friend, the Minister for Public Works, would like another hundred workers if he could get them. This is not the point. The Minister of Labour has said that in the Hostel at the Devil's Tower Road he could put more people, but he could still reserve 50 places for workers that might be needed as a result of the next development plan. You must remember that at the moment we are completing a development plan that was supposed to extend up to 1976. Nevertheless, despite the difficulties that Britain is having, with an election and so on, we are trying to hasten the next

development programme that is supposed to start in 1976 so that the tempo is not lost and that there will be a dovetailing of both development programmes.

Sir, I must repeat, because it must sink into everybody's head, both here and outside, and I hope the information services as well, that it is not intended to have a recession, that the figures and the principle enunciated in the expenditure estimates prove that we are going to increase standards in Pensions, Supplementary Benefits, Family Allowances, in many other things, and that we are thinking very much of those less fortunate of the community by providing not only this COLA amount, but also by advancing the date by which we will increase Supplementary Benefit to May.

There was one point which I think I have left out, and that is that the Honourable the Leader of the Opposition asked me to bring to this House the question of the Hospital Rules and Charges Fees. I do not deny that they are outdated, they are unrealistic, and they certainly do not conform to the pattern that we want to see developed. It is difficult to change then now because they are a mixture of Hospital Fees, of moieties for private patients, which are now in a way irrelevant to what is developing from the Health Centre. But I will give a commitment to the Honourable the Leader of the Opposition. That if within six months I am not able, by force of circumstances or any other reasons, to bring to the House the more comprehensive Health Service which I would like to see introduced, and I am sure this is shared by the other side of the House, I will patch up the best I can that part of the Hospital Rules and Charges Fees which the Honourable the Leader of the Opposition brought to my notice. I do hope that after the explanation that I have given, the Opposition will look less unkindly on the Budget the Government has brought before the House.

HON MAJOR R J PELIZA:

Mr Speaker, after listening to our Honourable Friend, the Minister for Medical and Health Services, Mr Montegriffo, I would suggest that the Honourable the Financial and Development Secretary should re-write his speech. Or is it in fact that there is disagreement inside the Government itself, and that the Honourable Member who has just spoken is speaking with one voice and one purpose, and the Honourable the Financial Secretary is pursuing a completely different policy. To me it is absurd to stand up there and say: there is no recession, and then produce figures which clearly shows that there is going to be considerably less spending.

And how my Honourable Friend expects to stop recession of that nature without putting the money into the economy, I just do not know. It is one of those miracles perhaps that can be produced in the Medical and Health Services and perhaps it has done it there, but I doubt...

HON A P MONTEGRIFFO:

I think he has missed the point. I did say that we were cutting revotes, and there has been a considerable amount of revotes, and this year we have been more careful in not putting schemes or projects that we know are going to be brought forward to the following year.

HON MAJOR R J PELIZA:

Not only figures prove it, but the statement made by the Financial and Development Secretary. I don't want to read it again, and I am sure the House doesn't want to hear it: it is too unpalatable for anybody to be able to swallow it for the second time, but if the Minister wants to put up with it I certainly will read it. And he will see that one of the things he said was that there was going to be a lowering of the standard of living. That is not recession. Oh no, not in the mind of my friend the Honourable Mr Montegriffo. Of course there is going to be a recession, and what I am hoping is that by the time I finish talking today I shall have been able to change the mind of the Financial Secretary. It seems as if the Government is quite in favour of not having a recession, but he has obviously encouraged the Government to do what I think is going to do a considerable amount of damage to the economy of Gibraltar. Not just in the near future but also in the long term.

Now, my Honourable Friend says that the problem is oil. That is the only problem that we have. If there had been no oil problem there would have been no problem at all. Well, I say that life goes on from one crisis to another: personal life and international life. This has been demonstrated throughout history, from one crisis to another, and luckily because men have dared to face those crisis, we are improving and not getting worse. What I find in this Budget is lack of imagination on the part of the Government to overcome the problem, and courage to face the crisis. And it is no use blaming the shortage of oil. Today it is oil, yesterday it might have been the coal, tomorrow it might be flour. We do not know what it is going to be next. All materials are going to go up, but one thing we must understand is that we are going to carry on living in this world from one crisis after another, as it has been right through history. There is no use blaming oil for lack of initiative, and lack of imagination, and lack of

policy: and that is what the Government is trying to do now.

I think the real problem is not oil but labour. Labour is the real problem, and labour is something that the Minister for Labour has got to tackle. I think the Minister for Labour cannot blame me for being critical of him unless I believe I have to be so. Hours ago I praised him. I praise and I press, and depending on how the situation is, Sir, I express my opinion freely as I think I should. Now, I said before that I welcomed the improvement that he had introduced in the social services, particularly with regard to Old Age Pensions. Of course I now press him to give more to that. And I also say in that context that there are a number of old people who are not receiving the Supplementary Benefits and Pensions because apparently they have to go to the office to collect them. I just wonder - this is a minor point but it has come to my mind - I wonder if the Minister could do something to ensure that those people who are entitled to it and not receiving it do receive it. But on the question of labour - I have heard this before, this is why I am coming to it, and I think I will make it public because I have heard all this about not having the capacity to build. The first encounter with that argument was in December 1969 in the United Kingdom, when I had the honour to lead the delegation to the United Kingdom to obtain aid under "support and sustain", from the British Government. We had already worked very hard here in Gibraltar and produced what we thought was a very reasonable development programme, with the emphasis, of course, on the social betterment of the people of Gibraltar, amongst which were Housing and better Education. When we faced the ODA team the obstruction was that we were incapable of carrying out the development programme that we were asking for: we did not have the capacity to build. And of course in those days the great difficulty was much greater than it is today, because it was soon after the Spanish labour had been completely withdrawn. In fact this had happened 3 months before. So when I believed that I was knocking my head against the wall, and this was against officials not Ministers, I made it quite clear that unless they dropped that lot of silly nonsense I personally would return to Gibraltar without a penny. And of course they realised that this was contrary to the spirit of "support and sustain" and happily we came back with £10m as you all know.

Unhappily we haven't had much more to this day since this Government took over.

Now, on the question of the Comprehensive School, there it was a 'no' from the officials, even right to the end. And there we asked to see the Minister, Mrs Judith Hart, who naturally, when we approached her, realised the necessity of that for Gibraltar and conceded that too. To her of

course we are most grateful. But we are not prepared to accept the argument from whatever quarter it may come, that Gibraltar cannot have any more development because we haven't got the capacity to build. That is pure nonsense. And it is a way of getting around the principle of support and sustain. This side of the House will not take that as an argument valid for the purpose. The real problem therefore is labour. Labour apparently is the answer to our problem. If we can get the labour we can get the money. Therefore, I suggest to the Government that the first thing they have got to do, if they want to get the money, is to get the labour, this argument that we are having here today, that there can be no more development because we haven't got the labour and because then we will have an inflationary effect, will then fall by the way. What will happen, I say, is the opposite; if we have no development, and the Honourable the Financial and Development Secretary admits that development is a source of income for Gibraltar...

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No development? A great deal of development.

HON MAJOR R J PELIZA:

But much less, I think, than we should have. At least that is what he said. I can quote to him what he says. "Half a million less this year, which I think is a considerable sum...." If you will put up with me for a second I will find it.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I am sorry for this interruption, Sir, and to cause this, but to talk of no development is really so unrealistic.

HON MAJOR R J PELIZA:

Well, a decrease, a considerable decrease in development, if we want to be accurate. Well, it will have a very adverse effect when the opposite should be the case. We should be increasing our development, if we are going to follow the policy of growth. "All our fine development legislation, our careful plans for the shape of Gibraltar to come is in contrast to the inability of our workforce to do more than patch up the worse faults in the Government housing stock." And even that as we know has gone down, the amount of money on maintenance further down: "Organising an efficient labour force to

construct the second Comprehensive School within any reasonable cost is a real problem." These are the words that I am thinking about, there they are, there are more as we go along. Well if that is not painting a gloomy picture what is it then?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

If the Honourable Member will give way, Sir. Are my points so incapable of understanding. I am referring to the actual situation that goes on, the inability to supervise and carry out work. That is what is being talked about there.

HON MAJOR R J PELIZA:

To the extent that we have to cut down the development programme by £¹/₂m. So the problem still comes back to the problem of labour. It is necessary to find...

HON FINANCIAL AND DEVELOPMENT SECRETARY:

And management and supervision, I beg your pardon.

MR SPEAKER:

We mustn't have a debate within a debate.

HON MAJOR R J PELIZA:

I am prepared to give way to any member who stands up, Mr Speaker, because I think we have a clear cut case.

We haven't got to keep our statements to the end to be able to put a case. It would have been much better, I think, if the Honourable the Chief Minister had come out with his statement before I spoke, but if there is anything contradictory to what he is going to say, he has only himself to blame, because he should have come out with the information before. But I hope that some of my friends here will be able to speak after. I think that the answer, the real answer, to our problem is very much in the hands of our Minister for Labour who should concentrate, above everything else, in making sure that we have an efficient labour force in Gibraltar. To say that to increase our development is going to be inflationary I say is wrong. If we have the labour in Gibraltar, as we should have, it would not have such an effect to start with, and we would have the money pouring in for development. To say that even if we have the labour here we would have to pay more for that labour is being realistic and has got to be faced by the Department that is supposed to support and sustain Gibraltar, because the cost

of labour is increasing all over the world. And if we say that here we have a hostel which is empty, or half empty, because we cannot find the labour, clearly it is because we are not prepared to give that labour the wages that are being paid in Europe and in the surrounding countries to Gibraltar today. We have got to see that realistically, and whoever is supporting and sustaining Gibraltar must see it in that way as well, otherwise, as I say, the principle of support and sustain is bunkum.

I certainly wonder how the Chief Minister, when I stood here some months ago suggesting that it should be the aim of this Government to attain parity with the United Kingdom, could have the audacity to say 'No, we can go it alone'. So now we are going to go it alone. That is what he said, Mr Speaker. Unfortunately we haven't got the Hansards because as we know it has not been printed to this day, but if we had it I think I would prove to the Honourable Chief Minister that that is the case. That is what he said, or words to that effect. Here we now find the Honourable the Financial Secretary saying that we hardly have any natural resources of our own and, therefore

HON CHIEF MINISTER:

I thought we had a gold mine.

HON MAJOR R J PELIZA:

I know where the gold mine is. I will tell you the secret in a moment. But here we are being told now that we have no resources of our own, no resources of our own at all. And, therefore, because of that, we have to face a lowering of our standard of living. Had we been wise, from time back, and merge our economy with the economy of the United Kingdom, as is the policy of integration - yes, I am talking of integration and I am very proud doing so - now, when the economic pressure is forcing us to either look across the frontier for some economic development, or join ourselves to the United Kingdom's economy to be able to keep up with the standard of living, I am told 'don't talk about integration', by the Chief Minister. What does he expect: stagnation, the status quo. Does he think that it is possible to survive in this way? Does he believe that the people of Gibraltar, who even today, after ten years, have put up a heroic fight for their principles, their British principles, are now going to submit to a lowering of standard, not because of the oil crisis by any means, but because that frontier is closed and because the British Government at the time was not firm, and that in

return for our firmness they said they would support and sustain us; and now there is going to be no support and sustenance for our standard of living. That is the position that in this House we must never accept.

I have been looking at the price of oil in the estimates and I notice that it has gone up by about 400%. I am just going by what I pay in petrol in the United Kingdom and the price petrol as far as I can remember was about 40p and it is now 50p, so I have been paying about 25% more. I wonder if the Financial and Development Secretary can give an explanation of why in this case it has gone up by 400%? Is it that we pay a special price for this oil.

HON CHIEF MINISTER:

Fuel oil.

HON MAJOR R J PELIZA:

Fuel oil has gone up by all that much.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Nearly four times as much as in the United Kingdom.

HON MAJOR R J PELIZA:

Thank you very much. I just wondered. I thought the disparity was so great that I wanted to bring it to the notice of the Financial Secretary.

So we find that the policy of this Government at the moment is one of stagnation and retrogression. There will be little hope of the growth that the Minister for Tourism, and now Economic Development, always used to pray and hope for from this side of the House. Suddenly he has now accepted the situation. I hear of no plan for any hotels going up. It is all pie in the sky. Next year we are going to have an increase - no not next year - in two years' time we shall see the effect. Pie in the sky but not pie on the table, ever. And because that is the real situation we now find that the Government is looking towards the Dockyard economy. They say 'no'. Well, if the answer is 'no', we shall see even a greater lowering of the standard of living, because if there is going to be no improvement until two years' time, and there is a rate of inflation of at least 15%, I just don't know how we are going to carry on through these two years. So now we are not looking at the Dockyard economy. Well I recommend that they do look at the Dockyard

economy, because one of the things that in my view did help considerably to see us through these couple of years back has been our insistence that this is the primary source of income in Gibraltar. And because labour as a service is something that we give away, that that labour should be properly remunerated. If I look back, of all the statements that I have made and that I think has contributed most to the economy of Gibraltar, is that which I delivered here when we opened this Parliament, when I said that the wages should go up by at least £5. And as I said it then I say it today, and it has been impossible for the United Kingdom Officials to pay that amount of money, the economic position of Gibraltar today would be much better than it is. So looking back, I think that was one of the most important statements that I have ever made. The General Strike did bring about an improvement in pay, and perhaps without the General Strike there would have been no improvement at all, and Gibraltar today would be all that worse off. Let us avoid another General Strike, by all means, nobody wants general strikes, but let us see that labour in Gibraltar is equitably remunerated. If those who are providing a service get a fair deal Gibraltar too will get a fair deal. Admittedly, that all the other employers in Gibraltar would have to raise their wage, but that is only natural. But if it happened that the United Kingdom Employers can provide that income, then of course the private sector in Gibraltar is in a position, through an increase in trade, to make a contribution as well. If this does not happen I really just do not see how Gibraltar will be able to progress at the level that we are today, - and hopefully better than we are today - unless that is done. I think it has been clearly proved now that to rely on the Tourist trade will not produce the income that Gibraltar needs to be able to keep up with the standard of living the people of Gibraltar aspire to.

So I say again, that it is vital that the Minister for Labour concentrates on this vital and crucial subject of labour as such, and the remuneration of labour in Gibraltar. That to me is the most important factor in our economy that has got to be nursed and encouraged. We hear the Honourable the Financial Secretary say that because of the complexity and sophistication of our Government we have quite a substantial number of Government employees who are non-industrials, and he goes as far as suggesting that we have got to put a halt to more legislation, we have got to put a halt to investigations unless these are absolutely necessary, because the machine just cannot take it. This proves how difficult it is for a small society like ours to try and run like a big State, and how logical it is for us to link up with Britain, wherever possible. I must say that slowly but surely it seems to be

getting there. For instance we find that the Minister for Education has withdrawn School Buses because he says that they have no buses in England. That is a form of integration for him, I suppose. We then find that the Minister for Medical Services has come to an agreement with the United Kingdom on the Medical and Health side. There is something which I have today seen in the Chronicle about how we fit in with the Common Market and Great Britain on the social service. That process may not be complete but it is a step in the right direction. We also have a person qualified in Public Health who is now working jointly for the Naval Hospital and our own Medical Services. There is some agreement to that effect and there is obviously a coming together, so it looks as if the point has got gradually to be accepted whether we like it or not. Again and this is the time to reflect and think how vital it is for us, if we really want to make sure that we are going to continue to exist of a community and move with the rest of Europe, particularly with Britain, that we should in this House become united on some form of union with Britain. This is vital, this is vital. And to get behind us a united people for a Gibraltar united with Britain. This is vital not only for our economic well being and for our political progress, but essentially for our existence. I see that we are heading for very difficult times. This economic depression, which unfortunately this Government is getting Gibraltar into, is going to be a very - not the Sheiks. No, no, let us not blame the Sheiks. This is what our friend Mr Heath was doing in England as well. Let us not have the same thing. The people in Britain discovered that and that is why he is out of office today. Let us not talk about the Sheiks, no, no, this is another crisis. What we have to do is to unite on the principal issues, for which I think there is plenty of room for unity, face the inflation that the world has got to face, not with inflationary policies which would be disastrous for Gibraltar, not with that, which will bring depression and from depression demoralisation, and if you are not careful, even exodus; this is what we want to avoid. This crisis is going to be, I fear, of two or three years' duration. We must make sure that we outlive it, we must make sure not only that we outlive it but that we come out of this crisis better than when we had to face it. I do not believe that this Government, if it pursues the policies that they have enunciated here today, will be able to get Gibraltar through satisfactorily. And I do hope that what we have said here today will have some effect on them, and perhaps in the not too distant future you come forward with a mini-Budget, which I suppose you will have to face one way or another, since I still maintain that the figures that we have seen in the Estimates are not quite the figures that reflect what the position is likely to be in six months' time, unless it is intentional by omitting those figures in fact to do nothing about it and, therefore, even get Gibraltar in a worse position than the estimates indicate.

HON M K FEATHERSTONE:

Sir, yesterday Mr Healy said that he would be introducing his second Budget later this year. Fortunately he can do that because he knows he hasn't got to listen to such a lot of rubbish from his Opposition as we have to from ours. If we had a second Budget - well, one dose of this is enough, Sir: to have two doeses would be just the end. Sir, I do not want to speak very much in general terms; we hear enough about money supplies, inflation, deflation, reflection, hiperflation, GNP, GDR, all these wonderful high sounding terms so beloved by economists like the Honourable Mr Bossano. You know Sir, I really admire economists. They have

a very happy ability. It does not matter what the problem is they, can accept it, they can come to a solution. The interesting thing, Sir, is that you can get half-a-dozen economists, each one assesses differently, each one gives you a different solution. Perhaps, Sir, in economics Hamlet had the answer, if I might paraphrase Shakespeare a little: "There are more things in Heaven and earth," Honourable Mr Joe Bossano, "than are dreamt of in your philosophy." We have of course also had in this debate on this Budget, as we have had on every debate on every Budget over the last five years, the philosophy of the Honourable Major Peliza on Integration. He has got the gramophone record, he churns it out every time: the only answer, the only salvation, is integration. We get it at every opportunity: yes, perhaps we could put that on son-e-lumiere in the Cave. It might be a very good idea. He still will not get it into his head that integration is not the solution for Gibraltar because he doesn't believe in integration. He wants integration a la Gibraltarian! He wants in one breath to be integrated, but everything must be done the way we want it. And although we are integrated we will still be able to say to ODA.....

HON MAJOR R J PELIZA:

I have never said that at all.

HON M K FEATHERSTONE:

But his remarks do give the impression that that is what he wants. He wants to have integration, but at the same time say to ODA: you have still got to support and sustain us to the tune of I do not know how much in the I & D Fund: all sorts of wonderful things have got to come to us. Britain may be told that they will have to face a bit of cutting down, but we mustn't do it even if we were integrated. I prefer, Sir, to go back to my own Department, the Education Department. I have got to give some ammunition to the Honourable Peter Isola, the Honourable Mr Devincenzi, the Honourable Mr Xiberras to talk about, because we are all worn out on the old theories of economics that they have given us. They cannot say many more stupid things, I think they have

said enough already. So Sir let me return to Education.

Looking at the figures, Sir, we are going to spend more than ever before on this Head, this essential service. Today perhaps the service that takes most money out of Government because very little comes back in revenue. There are other Heads which take a little more money but also produce money, so perhaps the Education Department, in some ways, is the biggest spending Head of all. Now, Sir, some of this increase is due to the cost of oil fuel, but not all. I am not going to say that all of our expenditure has been increased because of the increase in the price of oil fuel. Some is because the cost of the items we have to import has gone up for various reasons, and they may go up further because of the price of oil fuel all sorts of things. Some of the increase is because we are improving the service, and the more the percentage of the increase is due to improvement, the happier I shall be and I hope the happier the Opposition will be and will be willing to support me in it.

Now, Sir, whether we like it or not inflation is going to continue, even the Honourable Major Peliza said it was going to go on for two or three years. Just for the Honourable Mr Bossano, perhaps the reason that inflation is going to continue is that the western world has been very greedy over the past 100 years and the other part of the world which has been living at a starvation level are beginning to wake up to the fact and are demanding their reasonable share of the cake. And if this means that the western world is going to suffer a certain amount of deflation, or a certain amount of lowering of its standards to help the third world to progress, then I think we are in duty bound to be willing to accept it. It isn't simply as easy as they would have us believe, that it is a matter within ourselves, it is that there are other nations who we read about in the newspapers are even today living, I won't say at starvation level, but below starvation level. We have places like Ethiopia and Mali where they are literally starving by the hundreds, and we worry about a little bit of tightening off our belts. Perhaps, Sir, if we are able in the future to educate our citizens more into the facts of life and not just writing and arithmetic then the world may become a better place that we hope it will become one day.

As I have said, Sir, because of inflation, whatever extra money we have must go on essentials. There are other very laudable projects that we have always had: holidays for school children, very laudable, but these, Sir, are the frills in education, they are not the basics. When money is not as free and not as easy to come by then perhaps these must mark time or suffer cuts. It is not a pleasant

thing to have to cut these frills, but we must face the facts.

Now, Sir, let us look at the actual centre of education, the Education Department. We have started to strengthen the department, and when we have a new Director, and I would like at this time, Sir, to pay tribute to the last Director. As far as education went he was very hard working, very knowledgeable, of very great assistance to me, and I am very sorry that he had to leave us for personal reasons. But he has gone and we must await, not too long I hope, a new Director. When we have a new Director, and when he has had time to settle in, I shall be discussing with him the further reorganisation of the department. There is a need to improve liaison between the department and the schools, perhaps, as it might be said, the workers in the field. We are already far advanced, Sir, on the reorganisation of the set up in the Comprehensive School, we will have a stronger chain of command, we will have fuller utilisation of staff and rationalisation and these of course, Sir, must be adequately supported by ancillary staff, both on the academic side, people like librarians, laboratory Assistants - and by Laboratory Assistants I mean somebody who knows what he is doing in the laboratory other than just cleaning test tubes etc - and also, Sir, on the secretarial side. All this has been the subject of the closest study, the Headmaster and Headmistress and their assistants has been involved, and we are hoping that by next September a good plan will be in operation to give us the maximum benefit from the staff available. I won't say at the minimum cost but at a reasonable cost and to the benefit of the student.

But, Sir, however good our Comprehensive Schools and our Comprehensive set up is it will be no good if our Primary and Middle Schools let them down. At the moment, Sir, the present staff in the Primary and Middle Schools are doing a marvellous job, and that perhaps not in the best of circumstances. One knows, Sir, that teaching is a vocation: it is not unreasonable to expect teachers to look forward to some tangible material reward for their efforts, and we shall be looking this year, as a matter of urgent policy, into the improvement of career prospect in Primary and Middle Schools and other ways of making teaching in the lower schools more attractive to, in particular, the youngsters who decide to devote their lives to teaching, apply to be students, but who at the moment in the main seem to be aiming only at the Comprehensive Schools. You need to channel some of these youngsters into our Primary and Middle Schools, but of course it is unfair to channel them in that direction unless they do get an adequate return for their efforts. Nor, Sir, must we forget our Nursery Schools. We have plans to

increase our Nursery School scheme and in particular, Sir, we want to make big efforts in helping those children, who through no fault of their own, but partly through circumstances of their family set up, would on going first to school at the age of 5, the compulsory age, be entering an environment, a life, in almost a language they have never come across to any extent. I am speaking of course, Sir, of those children who are mainly Spanish speaking and who at the age of 5 find extreme difficulty in coping with the new life in school which is basically in English. And our Nursery Schools will work harder to help these children to get a grasp of English so that when they do go to school at 5 they are at no or at slight disadvantage to all the other children in the class. Sir, this is not casting aspersions at anybody but it is a fact of life and we must face it.

The other day, Sir, our Teachers' Centre was officially opened. It had been working beforehand, it was doing very good work under its Warden, and we have high hopes, Sir, that this will become a central point, a focus point, for teachers to meet to discuss and exchange ideas, to plan together, to improve standards. You often find the instance in which the Primary and Middle Schools have difficulties and these never fully filter through to the senior school and vice versa. We are already arranging, Sir, that this Centre, which at the moment is open only until 5.30, m will be open in the evenings and will provide I think an essential service for the teaching profession.

On Books and Equipments, Sir, there was a great fuss last year. I was asked at the time to make comparisons. I know it is said that comparisons are invidious, I didn't have very much information from the UK available, but I did produce a few little figures and I did promise to look into it. This year, Sir, as I have already said, we have increased the basic capitation by 20% and then upgraded it to 25% to allow for increased prices, and this means, Sir, that we are spending in round figures about £11 per head for every child in the Primary School, Primary including Middle, and about £25 for Secondary Schools.

Sir, one of the difficulties, with the United Kingdom being so large, is that before they manage to produce any statistics they are almost out of date. I have managed to find some statistics on what are called "Learning Resources Materials" that go back to 1971/72, and if one were to allow an improvement of the United Kingdom over the last 3 years of 100%, that would be a very generous basis I would think, if they had improved from 71/72 by 100%, then, Sir, on average in Britain, their Primary Education would be £9.68, whereas we are spending £11: and their Secondary would spend £21.50, whereas we are spending £25. This would be the average in Britain, Sir, and of course not everybody gives the same figures as others, in fact they do

have a league table, some very much better than others, but we would - and again I am allowing for the old table being improved 100% - our figures would put us somewhere in 12th position in the league table, which runs down to some 105 places. So we are not doing too badly. I agree it is still never enough.

Now, Sir, we have already heard a great deal about labour, and we, Sir, employ rather a large industrial labour force, mainly for caretaking and cleaning. They take quite a lot of our financial cake of "Other Charges," practically 20 to 25%. We have certain worries, Sir, as to whether this labour force is being used to the best advantage, the best advantage I may add of either the Government or of the person who is actually employed. So, Sir, we have got the Productivity and Training Unit - the Honourable Mr Xiberras will be very happy to hear this - to look into the whole question, try and find a solution that will improve productivity, that will put more into the pay packet, that will be a saving to Government. But as much more experienced and capable person than myself has said, Sir, that any such bargain must be genuine, must contain a real element of improved output. That, Sir, in my philosophy, is perhaps the big enigma, the big answer, to our labour question: improved output. If labour improves its output its wages can go up tremendously. It is nothing new, Sir, that is the tragedy. It is not new, it has been said several years ago and unfortunately we have not yet seen that put to very great effect. We are going to try, Sir, at least as far as our cleaning staff and our caretakers are concerned. In fact, Sir, we are going to look into the situation of caretakers and we are considering a new job description and an enhanced pay of course in which the caretaker will become more like a School Janitor. He will be able to carry out odd jobs and more items of maintenance. It is a tragedy, Sir, to go round our schools and see small jobs that are left because Public Works have not got the manpower to deal with them. You see the paint flaking off in a room, you go back three months later and half the wall has now flaked off. You go back a year later and the whole wall is in a disastrous state, and someone who sees this for the first time makes a comment: "And do people get used to living in these conditions". Unfortunately, Sir, they do. And all this could be saved if one had a little bit of work carried out at the right time. It is rather a question of a stitch in time. If we had an improved quality of Caretaker or Janitor, who can lend his hand to these small jobs, then I think any extra money that may be paid for this new job would be more than offset to Government's benefit by the saving in maintenance and the halts of

deterioration which is happening today.

I did mention last year that we had started a small flying squad to do such work and they have done excellent work throughout the year, Sir. They keep a comprehensive list of all the work they have done and the time it takes them to do it, and we have had several instances of a Headteacher ringing up in the morning and the job has been done the same afternoon. This is what I want to get done, this is what we intend to continue doing, to increase this flying squad, if with our productivity agreement we can get sufficient savings so that we can take on extra hands and so that we can be, at least for the small jobs, far more independent of the Public Works Department.

Handicapped Children's School. The House did hear the welcomed news that at last we are getting a new school started this coming year, but I must praise the present staff for the fine work they have done in the school that they have at present. I am sure the House will be interested to know, Sir, that we had two visitors the other day, the Headmaster and Headmistress of a Handicapped Children's School in Hampshire. They commented that our staff and the work that they were doing was of the highest standard. They had nothing but praise for it and they put forward a suggestion, Sir, which we are going to pursue, that perhaps one or two of the children, who would be able to benefit from such an idea, might go to Hampshire with one of the teachers for a short holiday. If we have some money under Educational Holidays for Children, and I do not think, Sir, one should be too strict about the interpretation of the word "educational" one could allow a few handicapped children to benefit from this scheme and we are actively pursuing that idea this year. At the same time, Sir, this school does have children who go on holiday themselves, and they have suggested that perhaps in the future we might like to consider the idea of one or two of their children coming here. Although in principle we are happy to accept the idea we have thought that until our new school is built it would be preferable if we did not pursue that too far.

There was a visit recently, Sir, by an Educational Psychologist of the Ministry of Defence schools and the MOD and our department have held discussions as to whether it would be a good idea to cooperate in this field and provide a regular service of this educational Psychologist. Apparently Sir the Services find that there is need for this in their Schools, and we feel that there is also need in ours; we could benefit from such a service. It is a complex field and there would be many people involved. My Friend the Minister for Medical and Health Services, the School Medical Officer, School Counsellors and the Department's Welfare Officer would all need to be involved. These people, Sir, especially of course the Civil Servants, could provide the back up to periodic visits

by such a specialist. We are looking into this as we feel that we do have need for some screening by a Child Psychologist to identify at the earliest opportunity those children who, perhaps for minor reasons which can easily be cured, tend to be backward, tend later on to be persons in need of our remedial classes and who perhaps could be treated and cured much earlier on in their life.

At the same time, Sir, our Medical Service Scheme is getting under way with the cooperation of the Medical Department. We have a Speech Therapist who is starting to screen all children, not simply for speech, but more important, ability to hear, because speech follows hearing. This lady who came to see us recently is starting screening small children, especially in the Primary Schools, next April. She is in need of some equipment which our department is going to provide and once again this can provide a very good service, something which is very much needed.

Scholarships, Sir. We are fully alive to the idea of sending as many students as possible for further education to the United Kingdom. But because we are alive to this idea, Sir, it does not mean that we can subscribe to the suggestion which is often been mooted by the other side of the House that anybody who finds a place in a UK establishment must of necessity get a scholarship. Our aim, Sir, will in the future be twofold. A standard will be set and anybody who achieves this standard will mandatorily get a scholarship. Those who do not qualify, Sir, are of course not debarred but they will have to go through the old system of a selection procedure. So you have what you might call, a two-tier system: those who do meet the standard, and the standard is to start with reasonably high, not nearly as high as the Gibraltar scholarship was, will automatically qualify. As time goes by we can see if we can lower the standard to widen the range of people who go automatically. The second part of this, Sir, is the amount of money involved in respect of any one person. I was, I won't say challenged, I think, by the Honourable Mr Peter Isola, but he did make the comment that: "Oh, you are probably going to give less money, so there you are, you are only sort of taking away from one to give to another". This is true, this is the thinking. As I have said, Sir, this thinking emanated in the beginning from some of the students themselves. But I feel the House should appreciate one point, because I wouldn't like anybody to think that we are doing this simply as an idea without any great foundation. Today, Sir, the student is getting - I am not sure about the exact figure - but about £66 maintenance monthly, 12 months of the year. Now, Sir, when the long summer holiday comes in the first week or so in July, and the students have received £66 at the beginning of July for his July maintenance. It is not impossible

that he may work on this idea: "I will use £40-odd of my £66 to fly back to Gibraltar. There I will live for August, September and some of October with my parents, who will, because parents in Gibraltar are extremely indulgent, pay everything for me. But I will continue to receive from the kind Gibraltar Government £66 a month." So for July, August, September and October they will collect about £260, of which £40-odd has gone on air trips, and another £30 or £40 must be paid for maintenance for the beginning of July and the end of October. One is left with £150 on hand, which is not bad when one gets back to England to buy a hi-fi set, a small car. This is what might happen - I am not saying it has happened. This has been put to me by more than one student who has gone on our scholarships and who has commented frankly they do very well out of the Gibraltar Scholarship Scheme. If anything we are over generous.

So, Sir, the Scheme scheme that we are thinking about will be closer to the UK scheme, much better than the UK Scheme. If we had integration they would be worse off, they are going to be better off with our system. The other part of the scheme, Sir, will be that parents will have to make a reasonable contribution. And this does not mean, Sir, a means test, because if it means a means test then in Britain, where they have an identical scheme, they must have a means test. If a means test is establishing how much one earns, and because of what one earns one has to pay so much, then you might as well say that the income tax structure is a means test. Means tests the way it is normally used is rather derogatory. This will be a type of means test, and if the Honourable Mr. Bossano is enslaved by this word, well, we will allow him to have it. At least it will mean that a parent will face up to some of the responsibilities that should devolve upon him to pay for his child's further education in the United Kingdom. And the way it has been thought out will not present any undue hardship.

Gibraltar and Dockyard Technical College. We shall be continuing this year, Sir, discussions with MOD on both the plans for the immediate future and the long term future. And in the long term future our plans envisage the eventual full Gibraltarianisation of the College. We look forward, Sir, to a civilian Principal and we must, if we are going to aim at this end, Sir, start now to build up a local cadre of teachers, while of course still safeguarding the present teachers and given them security of tenure. This long term future, Sir, has many and complicated factors involved which we shall have to investigate them, in cooperation with MOD, and press them strongly over the whole question of the ownership of the land and buildings, which should be vested in the Government of Gibraltar, or at least leased to them at a nominal rent. In more immediate terms, Sir, we are looking

into a new structure of how the College is financed. One suggestion which is being actively pursued is that the financial contribution should be on a per capita basis. And of course once the College is finally vested in the Gibraltar Government we will then make a similar type of charge to users such as MOD etc. We also hope to expand courses for students, Sir, and it is our aim to move as soon as possible into the OND field. Exploratory discussions have already started on this and they will be continued.

I have a few details, Sir, of College at the moment. The UK departments have 215 people in the College on day release; the Gibraltar Government have 66; and the private sector 20, and there are also 37 full-time students of the College taking City and Guilds Engineering Courses I am assured, Sir, that the technical education given at the College by UK standards is very economic indeed, that the same standard of education given in Britain would cost considerably more, and I think, Sir, that we are getting value for money. But to be even more sure of this, as soon as the Education Ordinance is finally on our Statute Books, we will be setting up a Committee for the College, a Committee composed mainly of Gibraltarians. They will be doing I am sure a great deal of work to see that we get good value. The Youth Services, Sir. As I have already said we have looked at the Corban Report and put into effect some of its recommendations: the upgrading of the Youth Officer to Principal Youth and Careers Officer; and taken on a Female Youth Officer. I am happy to state here, Sir, that we are going to publish, on a restricted circulation, the Corban Report and we shall be very happy to give a copy to the Honourable the Leader of the Opposition who I know will read it with great interest. It will go to the majority of those interested in the subject, including the GYA. It will be on a confidential basis, but we feel that if it is necessary to put certain of these things into effect that they should know some of Mr Corban's thoughts on the matter. Under the new Ordinance, Sir, a Youth Employment and Welfare Council will be set up, and the thinking at the moment is that this should be a rather small Committee, perhaps of only some 5 or 7 persons, but stemming from that Committee there should be two sub-committees: one entirely devoted to the Employment side and one entirely devoted to the Welfare side. In the past there were certain difficulties because the Committee was rather too large and those people who were only interested in the employment side, or tended to be so worried less about the welfare side and vice versa. It was unwieldy and it didn't work as well as it might have done.

On the Welfare side, Sir, I am sure the Opposition will be happy to know, there will be strong representations given to the Gibraltar Youth Association. Government's policy towards Youth is basically, Sir, to help those who help themselves, and one thing I feel should be brought to the attention of the House in this respect. One often gets an application from a club for the grant of a reasonable sum of money from Government to help, something in the region of £200, £300 or £400. They have premises which are given to them free, and when one starts to enquire one finds that there are 100 to 150 members and that they pay a subscription of 5p a month. They say they are youths, but some of their members' ages go up to 23, 24, 25. We have certain misgivings that a club whose subscription is so low, who work a little bit on the cheap as far as they are concerned, should not come too strongly to Government and ask for large sums of money as subsidies. If they are willing to put in their share, then Government is willing to put in its share, but we do not feel that it is Government's duty to spoon feed youth: we must help them. This is why, Sir, a club that is composed of very young persons and has few financial resources, tends to get a bigger share of the cake and will continue to do so.

Since it is under my wing I would like to mention the John Mackintosh Hall. I think that this year we have made a little bit of a break through in getting a far larger figure allowed for building up the library etc and I hope this will be continued and increased in future years. As I have said, Sir, we want to make this Gibraltar's library. I have obtained figures on what is spent on libraries in our twin town, Goole, Sir and find that they spend about £16,000 a year on their Public Library. So I don't think that the figures I have asked for this year are exorbitant and I hope I am going to have, not only the sympathy of the Opposition but of the Financial Secretary, when I come back next year for the same or more.

Lastly, Sir, I would make three references to the I & D Fund. I think, Sir, it was rather a futile criticism to say that in this year's provision for the I & D Fund we see nothing down for new schools: "Does this mean that you are doing nothing, that ODA is not going to help you, that you couldn't care less etc." The Opposition, Sir, well knows that ODA has already promised that they will assist us to build our second Comprehensive School, but I would ask them to be realistic that we have not yet made up our minds what sort of schools we want. If we did not know yet what sort of school we wanted, how could

we have put into our estimates how much we are going to spend on this school. A school, the construction of which ODA is going to pay for, about which they know nothing so far, other than having told through, Mr Collister, their Adviser to set up a Committee, work out what we want, and as soon as we have said what we want they will send their Experts to start planning. I think, Sir, that that criticism that there was nothing to be seen was somewhat futile. The Honourable Major Peliza is also a little futile when he talks about labour etc, because they started a school at Bayside which was going to be finished, I believed in September 1973, and we are still struggling along. If we are lucky it may be finished by September, 1974. And it isn't because we took over, Sir, because this is not being done by Government, it is being done by a private contractor to whom they gave the tender. And I am sure that they must have vetted very carefully that the job was going to be done in time; or perhaps they didn't take quite as much care as they would have us believed.

I think, Sir, that that finishes the basic review I have on educational policy, except one last comment, again referring to the Ordinance. As soon as it is through we will be setting up all the various committees, the School Committees, to get the general public as much involved in our Education system. Not only because I feel they should be or because they claim they should be, but because I think this will redound to the benefit of education in general. The only slight warning that one must, I think, keep in one's head is that this is a difficult year, we have to face threats of continual rising costs and I do hope that should I have to come to supplementary for things beyond our control, they will be treated with sympathy.

Thank you, Sir.

HON L DEVINCENZI:

Mr Speaker, the Honourable Mr Featherstone even sounded human when he was going through his Budget speech. I think he has done so in a sober fashion, apart from his brief and ineffective attack on this side when he started by saying that a lot of rubbish had been said. But I would not indulge in that very extensively.

Mr Speaker, if we go very briefly over the figures for Education, we find that the overall increase from the Revised Estimates 1973/74 to the draft Estimates for 74/75, there is only an increase of 3%. In personal emoluments, Mr Speaker, there is a decrease of the interesting sum of £6,666, but of course we have already

heard an explanation why this is so, and this is accepted by this side.

On 'Other Charges', Mr Speaker, the Revised Estimates 73/74 were £311,037, and in the Draft Estimates for 74/75 it is £337,935. Here there is an increase of 8½%. Now, Mr Speaker, one grants that it might be a difficult year, perhaps it is, although one should also look at the reasons why it is a difficult year and we should not put all the blame either on the cost of fuel or the Biennial Review. Perhaps a bit, or perhaps more than a bit of mismanagement might have made its contribution as well. But even if we accept in part that it is a difficult year, and without in any way wanting to be nasty about it or to make any undue demands, I do feel that the increases that have taken place are not as big or as desirable as one would have liked. And I say this because the Financial Secretary did say that we have no natural resources. This is true. But precisely because we haven't got any natural resources is a very good reason why the only natural resource that we have is in fact on the education of our children. This is something which we owe them. Their future we hope is secure, but if this were not to be the case, what least can we give our children than a very firm and good education so that come what may they can fend for themselves wherever they may go. So in Education although it is in fact a department which does not produce any revenue, I always hate to use the word "spending" on Education, and I would like to use the word "investing", because we are in fact investing in the future. But of course it is true that very few people are able to see this in its true perspective because the returns that one gets from Education are not immediately visible. And of course if a Government decide that some cuts in expenditure have to be made, naturally a department like the Education Department is one of those that they tend to make the bigger cuts in. Now, I will grant the Minister that there have been improvements, some good improvements. We have Books and Equipment and here I think a very reasonable amount has been provided. In fact I think it is the third phase of the recommendation made by Mr Brown.

HON M K FEATHERSTONE:

This has nothing to do with the Brown recommendations. The third was last year and there should not have been any increase this year according to Mr Brown. It has been a "Featherstone" increase, if I may put it that way.

HON L DEVINCENZI:

Fine, so this is an improvement on Mr Brown's recommendation and this is certainly welcomed.

I have made a few notes to follow the Honourable Mr Featherstone's comments, and he praised the Director of Education who has left. I would also like, Mr Speaker, to take this opportunity to associate myself with the words of the Honourable Mr Featherstone and to say that Gibraltar owes quite a lot to that Director. He was undoubtedly a good Director and he knew his job. It is a great pity that he left for personal reasons and knowing that he was also a very religious man, they may also have been spiritual.

Now, the Teachers' Centre. Here again I am glad to note that it has now opened and I can have no doubt that this will form a place where teachers can meet and discuss the curriculum for their schools, and in fact in many ways, although it is not in a club, it is a meeting place, I think it will do a great deal of good to improve teachers' relationship with each other. I think Mr Featherstone will accept that the idea of the Teachers' Centre originated during my term of office, and if I remember correctly, we in fact went as far as to buy the building from the Ministry of Defence. I am glad that this has come to a very satisfactory conclusion. Another thing about which I am very happy, Mr Speaker, is that there seems to be a move now to start the school for Handicapped Children. I can only hope that these £5,000 which you have there as a token vote will in fact lead to a good School for Handicapped Children, I sincerely hope that this will be started at an early date because to my mind this has been long overdue and now that a start has been made we hope that we shall not see these £5,000 coming as a re-vote for next year.

Touching very briefly on the Dockyard College, I have noted that the Services have 215 students there, while the Gibraltar Government and the private sector, including 37 full-time students, only come to 123. I know that we are paying on a 50-50 basis now, but of course one has to accept that the Ministry of Defence do provide the equipment. They also in fact do provide equipment which has been brought from other Dockyards which might not have been of much use for them which I don't think is charged to us. I think, nevertheless, that there is room for improvement and I am certainly glad that this Government is also thinking along the lines of eventually taking over the running of the

Gibraltar and Dockyard Technical College.

Now on the Girls' Comprehensive School it does look from the Financial Secretary's speech that this might not be forthcoming in the foreseeable future.

HON M K FEATHERSTONE:

Mr Speaker, I don't really want to correct him, but I would prefer that he said "a Second Comprehensive School," rather than to prejudge the recommendations of the Collister Committees' Report.

HON L DEVINCENZI:

Yes, of course. I accept this. One cannot talk of the Boys' School or the girls' School, of co-education or other things. True enough. The Second Comprehensive School. When the Minister said in his speech something to the effect that the British Government had said that they would assist us in this I thought I saw the Honourable and Learned the Chief Minister make a gesture as to say: "I don't think so," as if he doubts that this would be the case. Anyhow, I would like to see the Government coming out and saying not just that the ODA will assist us, but that there is in fact a firm commitment to do so. In fact as far back as 1969, when the then administration under the leadership of the Honourable and Gallant Major Peliza went to London, the commitment from the British Government was to go Comprehensive, and that commitment to go Comprehensive entailed the building of the schools that are necessary, whether it be one, two or three. This commitment to my mind is there, or should be there, and I urge the Government to make sure that there is no dilution of this commitment.

Mr Speaker, turning very briefly to the budget generally, the Honourable and Gallant Major Bob Peliza called it a budget without imagination, and I think he also said that this budget might lead us into a recession. We have of course our economist, the Honourable Mr Bossano, and I would not indulge in detailing this, this is for our spokesman on this subject and also I am sure the Leader of the Opposition to go into in detail, but I would like to say, Mr Speaker, once again that I do not believe for a moment that the fuel crisis and the Biennial Review are to be blamed entirely for the way in which we find ourselves now.

There does seem to be some confusion between what the Honourable the Financial Secretary had said and what the Honourable Mr Montegriffo has said. The Honourable Mr Montegriffo went as far as to say, or to give the impression, that there would be no recession and no lowering of standards, that the standards would even increase, whilst from the speech of the Honourable the Financial and Development Secretary it is very clear that he said: "The recent steep rise in the cost of oil and other basic commodities and foodstuffs must have adverse effect on real income". Now by that, Mr Speaker, I understand that whatever the Biennial Review might bring about, whatever improvement in wages there might be, because of rising costs of food and other commodities, at the end of the day the man in the street will have less spending money, less spending power. And if that is the case either the Financial Secretary is wrong or the Honourable Mr Montegriffo is wrong. Perhaps before they come here they should make sure that they do not make conflicting statements on such an important issue. In fact, I think that as far back as November 1973, in answer to a supplementary from Mr Bossano, the Honourable the Financial and Development Secretary said that an improvement in the standard of living is by itself inflationary. To that extent I think that the Government of the day will have to give very careful consideration to all the pros and cons, and obviously no government can in anticipation commit itself to a line of action which it may not be possible to carry out in the light of prevailing circumstances. I think perhaps because of this and other considerations it has been thought fit by the Government to cut down on development, certainly on the building side of development.

I think my friend, the Honourable Major Peliza, has already dealt with this subject, but I would like before ending to say that surely much as one looks forward to that sector of the economy which has of course some growth potential, that is the private sector, tourism, I think one should concentrate mostly in ensuring that the UK Departments do not cut their spending, their budget, on Gibraltar. It is obvious that the many thousands of pounds that come every week from United Kingdom sources could not be replaced by the visit of even thousands of tourists. So even if one were to increase on the Tourism side, and one would welcome this, one would only welcome it provided that it was never at the expense of a truly effective, a very firm, commitment from the British Government that even though they may be cutting their defence spending by £200 million because of their commitment of support and sustain, Gibraltar would not suffer in the least. We have already seen,

even if they are perhaps slight, indications where defence spending has been cut, and it has certainly affected the Gibraltarian population. I am referring to the Meteorological Office and to the Lloyd's Signal Station, and there are the odd rumours around town that perhaps the Dockyard Fire Brigade and also the RAF Fire Brigade, who are manned by Gibraltarians - I am saying this is a rumour - but again there might be some cuts there as well. And one should urge the Government to take this very very seriously. I am sure that they will do so and that there will be no cut whatsoever in the UK Departments.

Mr Speaker, I think it should not be very difficult for anyone to see that if the UK Departments have to pay up more in higher wages, and that even if the private sector has to follow suit - and this I know is not very welcome in some sectors - the fact remains that again at the end of the day, because of the very huge amount of money that comes from UK, those increases will in turn reflect a higher spending power. And even if one has to pay higher wages in the private sector, because of the bigger spending power of the individual, this will allow for the higher wages that have to be paid. Gibraltar generally would certainly be better off and this is in fact my contribution to this budget. Now we will see how the Government proposes to bring in the tax measures, which all Gibraltar is awaiting, and I hope that we will be given ample opportunity to be able to study them if not in detail at least we shall be given at least an hour or two to see what our comments are to be.

Thank you, Mr Speaker.

MR SPEAKER:

We will now recess for approximately twenty minutes.

The House recessed at 5.15 p.m.

The House resumed at 5.45 p.m.

HON I ABECASIS:

Mr Speaker, at budget time I always find myself in the dilemma that although I am responsible for two Ministries, Housing and Postal Services, there is very little I have to say when considering the expenditure. But in any case I

don't speak much. As a matter of fact I speak very little, and perhaps if my Honourable Friend the Leader of the Opposition and perhaps my Honourable Friend the Minister for Education could follow my advice, if they spoke less, perhaps this House could get on with its business much quicker, the Speaker's Office would be much happier, we would spend less money, Hansards would be available perhaps the next morning, not only stencilled but perhaps even printed like they do in the House of Commons. But as Votaire said: "Although I disagree with ~~them~~, I will fight tooth and nail to make sure that they have the right to say what they want to say."

I said a moment ago, Mr Speaker, that the responsibility of the expenditure for Housing is not mine, it comes under the Minister for Public Works, but this situation may not be with us for a long time. Although I have nothing against him and he has nothing against me, we are considering divorcing ourselves. But this will be a divorce by mutual consent, Mr Speaker, and it will be a divorce because, I believe, Mr Speaker, that the Housing Unit is now big enough to be on its own. Perhaps this will be an appropriate moment to say that we are moving, perhaps next month, from the Haven to City Hall. At the City Hall it will be sited on the ground floor and, therefore, it will be more accessible to the general public, specially to our old ladies and our old citizens who have to climb as many as five flights of stairs to go to the Housing Unit because invariably the left is out of order. Although we tried to keep it in working conditions sometimes it does not work.

Housing, Mr Speaker, is not a department where politics play a big role, and I refer to politics in the sense of the people, the applicants. The applicants could not care less whether Abeca is the Minister for Housing or whether it is Xiberras, Caruana, Bossano or anybody else. All they want is a house, and they will try every way to obtain it. They will go first to the Housing Manager and then to me. And if no joy comes to them they will approach the Opposition. They will go to the Chief Minister, they will write to the Press, they will write to Mr Heath or Mr Wilson, - no political affinities - even to Her Majesty the Queen. We had someone recently writing to her telling her about

his housing problem.

Since I took office in July 1972, I have interviewed in the region of 1,000 applicants. I know that many people, and many members on the other side, are not very happy about this state of affairs. Neither am I in love with the idea of staying in the City Hall till ten o'clock at night interviewing people. But I think it is only fair that they should come and see the Minister: after all they want to get it off their chest. They want to put the problem to the Government and it is very important to listen to the applicant, not only to give him the satisfaction of having said what he had to say, but it is also important, as far as I am concerned, because it is through interviewing applicants that one gets the knowledge and one understands the problem as it is. It is through these interviews that one gets the ideas for amending the Scheme. It is through meeting different applicants that one gets to see the loopholes in the Scheme and one tries to plug them. As the House is aware, I have produced a few amendments which are now being considered by the Housing Allocation Committee, and once this has been considered by them it will be approved by the Council of Ministers. They will then be tabled in this House.

Now, of course the new scheme will be applicable to the allocation of the Varyl Begg Estate, to the 652 flats under construction at the Varyl Begg Estate. I have changed the breakdown of these 652 flats, and I have changed it to meet today's requirements and my Government's policy, because we are convinced that a lot of the problems existing today could be solved if one applied a little commonsense in the scheme. At present there are just over 1,500 applicants in the priority list and the housing problem will be with us for many years to come irrespective of who is in office. One of the ways in which I believe we could solve many problems, and as a matter of fact there is a substantially high number of problems, is by allowing people to exchange from three rooms and a kitchen into four rooms and a kitchen. With that in mind, I have changed the breakdown of the Varyl Begg flats, at the expense of flats of three rooms and a kitchen, to build another 100 flats of four rooms and a kitchen, by means of partitions. In this way we could transfer 100 families from three rooms into four rooms, and still have 100 flats available.

Now I know that the Leader of the Opposition does not want me to take more responsibilities. I am not particularly concerned about the responsibilities, all I am interested in

is to get the job done. Whether it is my responsibility or the Housing Allocation's responsibility, I am not particularly worried. What I want is to introduce a bit of commonsense and try to solve as many problems as possible with as few houses as possible.

Another project that we have in mind, and you have heard about this before, is the rehabilitation of houses. And when I say the rehabilitation I mean rehabilitation. To introduce water, toilets and bathrooms, just the basic essentials, into some of our houses in the upper area. There are quite a few people who would remain where they are if only they had these facilities in their flats. Unfortunately, there is lack of these amenities and everybody in the priority list is trying to get a new house. But it is not because they want to move from the area, it is not because they want a new house, they just want to have the bare minimum facilities. We have a big programme, we have an expert adviser from the UK who has come here, has prepared a report and the Government is now considering it.

Another project we also have in mind that is well-known to the House is the question of the Housing Corporation. So far we have not got it off the ground. We have to go very carefully into that because we want to make sure that whatever scheme we prepare must be a scheme that the ordinary Gibraltarrian may be able to afford.

On the Post Office side, Mr Speaker, there is very little. The Post Office is a self-supporting department. One of the things I am very unhappy about the Post Office is the building itself. It is ideally situated in Main Street but it is totally inadequate for today's requirements. We find it very difficult on the Irish Town side to find a place in which lorries bringing or taking our mail can park, and so on, and I am looking round to see whether I can find a suitable building to which we can transfer the Post Office. The Post Office is expanding every day. The Philatelic Office is increasing, there is always a big demand for stamps from philatelists all over the world, especially Germany, and there are many collectors because we stick to three or four issues per annum. And it is our intention to keep that way. Collectors are not interested in Countries which produce any amount of series of stamps every year because they just cannot keep pace with them.

During the year we have increased the commission to stamp vendors. Not a great deal but perhaps enough. It is 100% for the statistician opposite, 100% increase from 1 to 2, but still 100. We have also increased the value

of the stamps Stamp Vendors could sell. The maximum stamp was 5p, and that we increased it to 25p which is also a little help. We have also increased the value of the postal order to a maximum of £10.

A novelty which we intend to introduce, we are considering it very carefully, is to employ Postwomen. I know this is revolutionary as far as Gibraltar is concerned but so was it when we employed Policewomen, and they are doing a very good job. I understand that they are experts at issuing parking tickets!! I cannot confirm that because I have not got a car, but I am told by my Honourable Friend Mr Lloyd Devincenzi opposite, who subsidises the roads by paying fines, that they are very good at it. And I am sure that our Postwomen will be as good as our Policewomen in delivering mail.

Mr Speaker, as a part-time politician, I do not expect praise from either side, I do as much as I can, bearing in mind that I have to work for my living, and I do as much as I can to serve the people who elected me, both on the Housing side and on the Post Office side, and I hope that I will be able to carry on for the next two years on Housing at least, which is killing.

Thank you, Mr Speaker.

HON J CARUANA:

Mr Speaker, I am also a victim of the parking tickets and I congratulate the efficient way in which the Policewomen are doing it. I hope that the Post ladies are as efficient in the sorting of mail and possibly delivering, if that is contemplated. I am a great believer in the liberalisation of women, which seems to be the fashion today.

I shall take up a few of the points that the Honourable Minister for Housing has put before the House in referring to the budget in front of us today, since this is most fresh in our minds. And I would like to say that I concur with the Minister when he says that all the people want to hear when they go to an interview, irrespective of what Government is in power, is whether they have a house or do not have a house. Regrettably, in connection with today's programme, today's budget and programme, at the rate that this Government is going, they will not have houses to allocate. Still on the question of interviews, Mr Speaker, I also concur with the Minister that people have to be listened to, and I am glad to remind the Honourable Minister that in his statement he was giving the impression that this had not been done before.

This system of interviews, of periodic interviews, was initiated by one of our colleagues, Miss Conchita Anes, with a regularity which had never been seen before in Gibraltar. And in view, especially in view of the fact that for about three years we did not have a Minister for Housing, because he was absent from this House through ill health. He could perhaps have done a better service to the Government by vacating his place and left it for a better person. But political influence ruled at the time and expediency was layed in not allowing the Integration with Britain Party to fight a by-election.

HON A J CANEPA:

There was one and they lost one!

MR SPEAKER:

Order.

HON J CARUANA:

There was one, Mr Speaker, and then there was an election which we won. Then there was one which we lost.

MR SPEAKER:

Let us not have a historical account.

HON J CARUANA:

Coming back to the Housing Unit, Mr Speaker, it was also this side of the House who revised the Housing Scheme, which had not been revised since 1960, and it was ten years since that Housing Scheme had not been revised by the administration which, according to the Honourable and Learned the Chief Minister, gave interviews. We did this, we revised it after ten years and brought it up to date. I am very pleased to hear that the Minister is proposing some amendments, all of which we do not agree with, but no doubt we shall discuss that at the proper time.

We also instituted an impartial Allocation Committee, and here we are also in agreement with the Minister that what is important is that the job gets done and the houses get allocated. But the job must be done and it must

be done impartially and without Ministerial interference. This is what this side of the House is most concerned with. We are not imputing any improper motive on the part of the Minister but we are most concerned that such a serious and important thing as the allocation of housing should appear to be, and be seen to be impartial, and not lead to conflict with the public.

On the question of rehabilitation, Mr Speaker, a programme which the Government has now initiated, I am very pleased to hear that this is also the case. We started the rehabilitation programme in 1973 when we voted £30,000, but at the same time in 1972 we started the Varyl Begg Estate of 650 units. And if it were not for the Varyl Begg Estate of 650 units it would not be possible to do a rehabilitation programme of the magnitude envisaged by the Minister now. This was why at the time we said that the Varyl Begg Estate would break the back of the problem, because there were so many possibilities, so many permutations, which could be done with 650 units in Gibraltar, that things like rehabilitation and decanting or what have you could be done to the benefit of the whole community, whereas piecemeal constructions of the type that we have had in the past since Humphrey's did not lead to an improvement in the town centre and, therefore, we have for everyone to witness a sorry state of affairs in pre-war housing in the town area. These are facts which cannot be disputed.

I would like also to comment whilst on the subject, to the Honourable the Minister for Education's reference on an aside, to the fact that we started construction of the Comprehensive School at Bayside, for which we would like to take credit and will not allow the other side to forget about it, and that it has taken two years to construct. Well two years is not a long period in a school of nearly £ $\frac{1}{2}$ million cost, especially when in fact the delay at this stage is about six months behind schedule. So it is not the two years that count but the six months behind the programme. The Minister is responsible today, has been responsible in fact for almost the last two years, so it might be to his discredit whether the Minister of Education or the Minister for Public Works is concerned I am not too particularly interested, it is a collective responsibility, and, therefore, they must all take the responsibility. It is probably to their discredit that the thing has fallen back. I do not blame contractors, if one does not do the job of being on top of the contractor. I know what I used to do when I went around a building site on my weekly programme. If it took two years to complete the school, Mr Speaker, at least we have

the school. But it has taken the Government two years to get to the stage where the Minister has now said that ODA does not even know about the next school, and he has got to say that they do not know what type of school they are going to do, and no brick is even ready for the school. And this is after two years in Government (Hear, hear). I am not sure that they know the exact location of the school!

HON A J CANEPA:

The Collister Working Party....

HON J CARUANA:

The Collister Working Party? We did not need the Collister Working Party to do this.

HON CHIEF MINISTER:

That is why you had the crisis last year.

MR SPEAKER:

Order, order.

HON J CARUANA:

We had the crisis last year all at the instigation of the Honourable Minister for Education.

MR SPEAKER:

Order. We will not talk across the House. We will address the chair, please.

HON J CARUANA:

Mr Speaker, we had a crisis last year which was all confused and counterconfused, and confused again, and again, with contradictions from the Honourable Minister for Education. And we have today in fact the Headteacher of the Comprehensive School saying that that school is an example to schools in England and that that school is not worthy of being criticised by any means.

HON M K FEATHERSTONE:

The previous Head said the opposite.

MR SPEAKER:

Order.

HON J CARUANA:

The previous Head did not say any such thing. What the previous Head said, Mr Speaker, was in fact that he did not know what way the Government was thinking. That it was a matter of Government Policy.

MR SPEAKER:

Order, order.

HON J CARUANA:

This is, Mr Speaker, what the last Headteacher of the Comprehensive School said. That, Mr Speaker, is in reply to two Honourable Members, and I would like to go back a little further and tackle some of the points raised by the Honourable the Financial Secretary. But as I have said before, it is a question of collective responsibility and my criticisms are purely political and directed at the Government and not at the Honourable Financial Secretary personally. But in his speech it has been said, and it has been pointed out that the Financial Secretary has said that we cannot continue to develop at the rate we are building now. This is a sorry state of affairs, because as my Honourable Friend reminded us earlier on, when we went to England for money the first things we were told - and I think we were asking at the time for about £6 million, we were asking for £6 million - 'How can you expect to get £6 million if during the 1967/1970 Development Programme the British Government gave in grants £2½ million and you return £1.8 million? How can you spend £6 million, if in the previous Development Programme only £1.7 million had been spent by the Government of Gibraltar?' It was black upon white, Mr Speaker, that the Government of Gibraltar of the day, of 1967/1970, was incapable of developing. And we said, and I remind the House, 'You give us the money,

there are such things as concurrent contracts, such things as new building methods, Give us the money and we will do it'. And by golly we have done it. It is there, and you are finishing it now. (Hear, hear) I will give you credit even if you finish it late, I give you credit for finishing what we started, but it is there for everybody to see. This is, Mr Speaker, comparing this year's Development Programme with last year's to show precisely why we say that we are going into a repressive type of economy. What were we doing then, and contrast the statements made in this House today by the Government side with what was being done in the Development Programme 1970/1973.

We tackled the Hostel in the first five months of our administration; we did the first phase of the Victoria Stadium; we started the Comprehensive School; we did the Catalan Bay project; we did the extension to the Hospital

Even if it pains the Honourable Minister for Labour to hear exactly what can be done in three years (Hear, Hear), which he is not capable of doing, he is going to hear it Mr Speaker, with your leave. (Hear Hear) We did the Health Centre - I am not losing my temper, I might get a bit excited and carried away, but I would like to say how very ungrateful....

MR SPEAKER:

Order. I would like to remind the House that the Member holding the floor is entitled to be heard without interruption.

(Hear Hear)

HON J CARUANA:

Mr Speaker, the people of Gibraltar are most grateful for what I did since my personal vote, Mr Speaker, went up by over 1,000 votes at the last election, (Well done, hear, hear) from 3,600 to 4,600. And in fact the votes of the Honourable and Learned the Chief Minister went down by 2,000 votes.

MR SPEAKER:

We are not going to have a review on the elections results, that is not relevant.

HON J CARUANA:

The Health Centre; the Varyl Begg Estate. On top of that we committed ourselves to the Refuse Destructor and the Desalination Plant. We committed ourselves to do this. This was a matter of policy, a matter of spending money. The Honourable Member opposite was not in this House when we came to the House to start these projects when we were on the other side of the House. On top of that

HON ATTORNEY-GENERAL:

It was 964 votes (laughter)

HON J CARUANA:

964. Almost a thousand votes. I wasn't far off. I was just doing acrobatics in my mind. I am most grateful to the Honourable and Learned the Attorney-General for that correction.

MR SPEAKER:

Order! I have said it three times already that I will not have a free for all. Now you will continue to speak and there will be no further interruptions.

HON J CARUANA:

The Refuse Destructor was thrown into the development programme and the Desalination Plant. On top of it we introduced heads of expenditure into the Improvement and Development Fund never before catered for as single items, which were car parks, and road constructions, even though roads obviously had been done before, but that is a special

MR SPEAKER

You have now proved the case that development can be done and

we are not going to have a review. We will now come back to....

HON J CARUANA:

Mr Speaker, when we get statistics from the other side concerning the increased load of bulk cargo imported into Gibraltar, you can imagine where it is all going. Virtually all of it went into the construction of our development programme. (Hear, Hear) Now what did the Government facing us, the Government that wants to say that today's budget is not an impressive budget, what did they do when they went to England in 1973? They came back virtually emptyhanded. The only thing they did not come with was any money.

MR SPEAKER:

This was discussed at last year's budget. You are entitled to follow the line you are following as to whether this is a regressive budget or not and whether there should be development, but let us not start on these arguments.

HON M XIBERRAS:

Mr Speaker, this particular item my colleague is about to mention is an item in the Improvement and Development Fund, even though the others are not.

MR SPEAKER:

I am not saying it isn't, what I am saying is that it is one from last year's Improvement and Development Fund obviously.

HON M XIBERRAS:

The one that he is about to mention is no doubt the Victoria Stadium.

HON J CARUANA:

Even the Sports Centre, Mr Speaker, and I do not wish to detract from any effort made on the part of the Honourable

Minister for Sport and Information. In our joint communique with the Foreign Office in 1969, it was specifically and categorically said that money would be provided for a Sports Centre. Money will be provided for a Sports Centre. Now, what happened was that we built so much between 1970 and 1973 that we used up the whole vote of that term of £4.8 million, which did not include the Varyl Begg Estate and, therefore, we could not commit ourselves to the Sports Centre being put forward at that time. But had we continued in Government I am sure that it would have...

MR SPEAKER:

Yes, but you are giving an apology for the things you didn't do. We are here debating this year's estimates and that is what I am getting at.

HON J CARUANA:

I am a bit concerned also, Mr Speaker, with the much used phrase that labour is the restraint of today's budget and that manpower is the crucial point in Gibraltar. The Financial and Development Secretary mentioned in his speech, that we should never lose sight of the role of the policy for the use of manpower in Gibraltar which goes back to Beeching, but is as important today as ever it was. Of course it was important, the question of Beeching. It was so important that Beeching came over here and he was tackled very ably by, I might say, all concerned in Gibraltar, and specially the then Minister for Labour, the Leader of the Opposition, my colleague Mr Xiberras, and inroads were made and no efforts were spared to bring up and meet the inefficiencies mentioned by Beeching. And I am sure that the Financial and Development Secretary, though he came a bit later on into the picture, was very aware of the great efforts we were making throughout our term of introducing the idea of the high wage high productivity economy for Gibraltar, which was the whole crux. But all we could get in the House in those days was ridicule from this side. (Hear, hear). They laughed and they published this in their own press media, in their own propaganda media, ridiculing productivity. They used to have little caricatures of my Honourable Friend Mr Xiberras shouting "productivity". Well it was a fact then, as it is today, and I am glad that the Government has seen this. But we made the effort, we made the efforts. There were contractors in Gibraltar who became most annoyed at the time with our administration.

MR SPEAKER:

Yes but let us discuss the present, please, and the future. That is what we are talking about.

HON J CARUANA:

The question is, Mr Speaker, that if we admit that there is no labour and we do nothing about it, then we get into the position that we have today in Gibraltar. What I am trying to say is that by saying that the projects in Gibraltar have to be curtailed because of lack of manpower, it is an admission of failure on the part of the Government. (Hear, hear) Because in every contract that was issued, Mr Speaker, even in the development programme of today, it is a condition of the contract that they have to provide labour and accommodation for their labour. And we made a point that no contract was awarded until they gave an assurance of how many masons, of how many bricklayers, how many plumbers they were given. And if they wanted a contract they had to pull their fingers out and bring labour to Gibraltar. (Hear, hear) And this we do not see from the Government today. (Hear, hear). Irrespective of how high a horse the Honourable Minister for Labour wants to get on, this is not seen today.

MR SPEAKER:

Order, order, order.

HON J CARUANA:

Hence, Mr Speaker, what we are getting in today's Budget is nothing but a very slowed down continuation of capital works which were in existence about three years ago, with a very small scatter of little projects which are revotes. Other revotes have been cut back and this we decry because we feel that not only is it unimaginative and repressive, but it is conducive, Mr Speaker, to introducing into the people of Gibraltar more apathy than now exists in town. And the other thing which exists in Gibraltar today is not something which we should sweep under the carpet and pretend it does not exist, because it does exist. The apathy is brought to the people's minds by the actions of the Government, by the initiative of the Government and you cannot lead a people with repressive measures and hard controls. The economy of Gibraltar today moves from foot to

foot on the basis of robbing Peter to pay Paul, and I don't mean robbing in the criminal sense, Mr Speaker. It is a matter that people can develop in one line at the expense of another, and this is a fact that the Minister for Economic Development should very much acquaint himself with. And if he is not acquainted he should take a walk around Main Street and listen to the people in Main Street.

The effects of last year's taxes and electricity bills are now being realised by the public of Gibraltar: add to this this repressive budget which we have, this unimaginative cutting back on the economic activity of Gibraltar, and we get a further degree of apathy. And it does not matter how much the Honourable Minister for Medical Services, Mr Montegriffo, repeats himself in saying that it is not the intention to bring a recession - and he repeated this about three or four times trying to get it through that this was not the case. Well I am sure that no Government intentionally goes into a recession. No Government goes intentionally into a recession. It is the mistaken policies of the Government that takes a country into recession, and we are trying to point out to the Government exactly where they are going wrong in this field. The priorities are also we feel haywire in the Budget. Not only is there lack of imagination but some of the priorities are haywire. I pointed out something, and I shall say it again, that in my view this year in Gibraltar there are certain things which cannot be done. In other things, there are many things which can be done. Economic activity must be maintained at its higher level, as has been explained by this side, but wastage of public money cannot be excused. And I said that if the Union - as was said by the Honourable and Gallant Minister for Public Works that the Union was pressing for a motor vehicle - I say that I don't care whether the Union presses for it or not. This year in Gibraltar, if we cannot afford a car, whether the Union likes it or not, we don't supply that car. But we must maintain our economic activities at its highest level because it is through the wages that the worker will benefit. And not necessarily through the pleasure of having a car because the Minister has been pressed for this. So I cannot accept that excuse. (Hear hear)

I would like to say, Mr Speaker, in so far as this is concerned, that neither do we agree with the Minister for Medical and Health Services, and I think the House is very much aware of how constructive and how delicately I believe - if delicate is the word - that I have always been throughout this session on the question of

Medical and Health Services. I have always been very restrained and I have not criticised for the sake of criticism, but there is one issue which I would like to take the opportunity to tackle at this stage, Mr Speaker, with your leave, since the Minister mentioned it. And that is the question of the reciprocal agreement with the United Kingdom. This side of the House does not agree in principle with such reciprocal agreements with the United Kingdom on Medical and Health Services. It is not integration, Mr Speaker, it is not. That reciprocal agreement with the United Kingdom can exist between Turkey, Greece, Sweden and whatever countries you like. Such reciprocal agreements still exist. More to our liking could have been an agreement such as the one we heard earlier on on social security, where a person in Gibraltar can benefit from the social security in England, and persons in England can have similar benefits in Gibraltar with no limitations whatsoever. And where it is said, as we read this morning I believe or yesterday in the Press Release, that for the purpose of the EEC, Gibraltar is part of the United Kingdom. But the reciprocal agreement does not say that. Great Britain has many reciprocal agreements on Medical and Health Services with a lot of other alien countries in the Far East and where have you. We are not in agreement with that we vow that when our Party comes into power - it won't be long - we give an assurance that we shall review this agreement and try to get the same type of agreement which exists with Social Insurance and take an advantage of the rights which exists through the EEC with Great Britain as a further step to integrating our way of life with that of the United Kingdom and Europe. (Hear, hear).

Mr Speaker, the Honourable Minister for Medical and Health Services is always fond at budget time to come out with one selective little slogan, and it is typical that in this one he said: "But what we are doing is we are taking care of those who can least afford it." Well, he has been a bit premature because we have not yet heard the tax measures. I remember last year when he took the electricity increases I was contradicted that this would not affect the lower classes in Gibraltar, but it has affected the lower classes in Gibraltar. And this is as much a pious hope as any.

One can only describe this budget like Turkish coffee: indigestive, black, and bitter to the end! (Hear, hear).

HON A W SERFATY:

Sir, before I go into my subject, which is Tourism and allied subjects, I would like to take the Honourable Mr Caruana to task on some of the things he has mentioned. I do not think it is fair on Sir Peter Russo and the Coalition Government to say that the scheme for the construction of the Varyl Begg Estate is the first scheme that has not been planned in a piecemeal fashion. I think it is pretty obvious for all to see that the schemes at Laguna, Moorish Castle and Glacis were certainly not planned in a piecemeal fashion. I think I should put the record right.

As to Varyl Begg, the Honourable Member knows only too well that we never opposed this scheme when we were in Opposition. Let us hope that the people who get those houses like them. But I would like to mention a couple of things which I am now finding out as Chairman of the Development Commission. The question of space for Schools and whether or not there will be ample provision for parking in that estate. We are trying to put matters right at this eleventh hour. I am told that there are no windows in the kitchen, and I do not know how the Gibraltarian housewife will react to that. That time will come and I do hope for the sake of the Gibraltarians that they enjoy being in those kitchens.

Coming to what the Honourable Mr Caruana said about the speech of the Honourable Financial and Development Secretary on this question of labour and inflation. I am sure that it was in the time of the past administration that a certain clause in the contract - maybe I should declare an interest in this, Mr Speaker, since I am a builder.

A certain clause in the contract with Taylor Woodrow was removed whereby they were obliged to import labour to do that work. The fact that they did not do so to the extent that we thought has had inflationary results in the cost of building in Gibraltar. And I think I have a right to say that. I would just like to mention one more point on this question of the tonnage that Mr Caruana was making fun about when I mentioned it yesterday. I would just like him to think a little and to appreciate that in the previous years, when the tonnage was smaller, there were also building materials being imported in quantity for Glacis Estate and other housing schemes. And to finalise on the intervention of Mr Caruana, I also say that I do hope that the Desalination Plant is a real asset. I think it will be, but it must also be accepted

that it was a prototype model and I do hope we are not going to have trouble with it. We have had a little trouble already with it.

I am now going to come to my main subject - Tourism.

I do not think I said as the Honourable and Gallant....

HON P J ISOLA:

I am surprised to hear him say that his main subject is Tourism? I thought it was "and Economic Development".

HON A W SERFATY:

I shall talk about Economic Development in a moment.

HON P J ISOLA:

and Planning.

HON A W SERFATY:

The Honourable and Gallant Major Peliza said that I had said that Tourism was not growing in Gibraltar. Well, it is a well known fact that in 1973 we had a 10% increase in tourist arrivals over 1972. This is a fact, and these are the figures given by the Statistician. These are not my figures but the Statistician's figure. 10% increase in tourist arrivals over the previous year. There was an increase of 4% in bed nights sold and a 10% increase in tourist arrivals, and I would rather have it that way from the point of view of the economy than a 10% increase in bed nights sold and the 4% increase in tourist arrival. And I am sure the Opposition is bound to agree with me on that point at least.

HON J BOSSANO:

No, I do not agree.

HON A W SERFATY:

Oh, well, if the Honourable Economist on the other side does not agree, well, it is his privilege. It is common

sense, I would have thought, that from the hoteliers' point of view it is better that there should be an increase in bed nights rather than in arrivals, but from the point of view of the economy of Gibraltar and the Main Street traders, which reflects itself very well in the economy of the Government, it is better that we should have tourists, an increase in tourist arrivals. I don't know what the laugh is about: why, because I have an interest in a shop or two in Main Street? All right, but it cannot be denied that an increase in tourist arrivals represents more to the economy of the Government of Gibraltar and, therefore, the people, than an increase in bed nights.

I should have started by saying that normally I get up after my Honourable Shadow makes his speech, but he has been averse this year to making his speech before I have, and of course I am only too pleased to speak now, even if I do not have an opportunity of answering his criticisms afterwards.

Coming back to the London Office, I would just very speedily, as speedily as I can, go over the whole operation of marketing, because the Tourist Office job is that of marketing - and this I want to stress - of selling Gibraltar as a holiday resort rather than converting Gibraltar into a holiday resort. This is my other job in a way, and that of my colleagues, particularly the Honourable and Gallant Member on my left, the Minister for Public Works. But I will say this, that several years ago when I walked into the little office that Mr John Joe Gomez had at the Airport, the Tourist Office vote was about £25,000: less than that. I do not know why I am criticised if I have now brought it up to £156,000, which percentage wise perhaps represents a higher increase than any other Department of Government. Mr Isola I do not have any doubts about that, I am giving you the figures, £156,000 for selling Gibraltar, not for improving Gibraltar, is a pretty good sum of money. There is no doubt about that.

Now I was perhaps criticised for the vote of £10,500 that we have for improving some of the sites. My colleague on my left said that I had asked for £ $\frac{1}{2}$ million: well, I did not ask for £ $\frac{1}{2}$ million, but I asked for much more. That I agree. Let us get the right perspective of this tourism business that I am talking about. The tourism industry, as we call it, the super structure in Gibraltar, must be increased and I have always criticised the last administration for not doing enough about it. But this is where the private sector must come in, like the Holiday Inn, and other things which are the real super structure of tourism. That we plant a few flowers here and there and improve Gibraltar: I have always supported my Honourable Shadow when he was in Government in doing this kind of thing, but let us get our view and perspective right on these things. There is much more than £10,500 and much more than a hundred and much

more than half a million, much more, if we are to convert Gibraltar into a holiday resort. Like somebody said this morning: what have we got to offer in Gibraltar, what have we got to sell? We have got to sell the sun: Gibraltar's temperature, gentlemen, is second only to Athens in the Mediterranean. That is something worth selling and I will do my best to sell it, even if the Opposition laughs about it.

Now for the first time we have a fully-staffed office in London on the ground floor, with three Gibraltarians working there and two very able UK young ladies doing field sales. One of them is a Gibraltarian and the other is doing public relations, and we are tackling the job of marketing Gibraltar in London. The fact that we have 58.6% increase in callers is only one minor point that I mentioned in passing yesterday. This is not the object, the object of the exercise is to sell Gibraltar and bring more people here. And that is why I think I have a right to say that last year we increased our figures by 10% over the previous year.

Now, the question of advertising which was mentioned yesterday too when the vote was considered is a very interesting exercise. I remember a few years ago we had no figures, except just about the people who came into Gibraltar and those who left. Now we have a quasi-scientific knowledge of the tourists that come to Gibraltar, the people who are prone to come. The House may be interested to know that somehow or other 16% of the adult population of Britain has already visited Gibraltar in one way or another. 7% because they have been here with the Services, some on cruise, some on holiday, but already 1 in 6 of the adult population of Great Britain has been to Gibraltar. And all these things are very interesting to know. As I mentioned yesterday the first exercise was to find out what the response to our advertising was. Now we have got a little more sophisticated and we know the conversion of those responses. This is all very interesting, I am sure my Shadow will agree, when planning the advertising on which the taxpayer in Gibraltar spends quite a little penny. In fact virtually half our vote goes in actual advertising and promotion in one form or another. I think I have a right to say that the film we produced last year was a great success. I do not accept the Honourable Shadow's criticism that we over-sold Gibraltar because we never drew anything into the picture. We just took a film of Gibraltar and showed it at its best. And let us now, the people of Gibraltar and the Government try to keep Gibraltar at its best as it should be. As nature made it. I was glad to hear my Shadow

say yesterday that there was quite a good brochure - I think he implied it anyhow. It is the biggest brochure, a 14-page brochure, that Gibraltar ever had, so I think we are improving. And I will just very lightly touch on the question of the joint campaign.

Several criticisms were levelled, some justified, several years ago when we were allowing, in my time and in the previous administration's time, Morocco to find its way into our response pack. I have during the past two years tried to put the matter right and I can say that the response pack that is being distributed now as from last Christmas has got got Morocco featured, except as a two-centre holiday - Tangier-Gibraltar. I have had no end of trouble with the Tour Operators on this matter, as the House can well imagine, but I can give an assurance to the House that in future Gibraltar money will be spent in promoting Gibraltar and Gibraltar-Tangier, as a two-centre holiday. In fact for the first time this year the Tour Operators, as I mentioned yesterday, produced a joint brochure at their expense, and we are now starting, I have already in London last week started to have discussions with our advertising agency, in consultation also with PA consultants, as to the best way of investing about £40,000. I have spoken to the executives of both British Caledonian and British Airways. I have told them the kind of contribution I think they should make and they have said that they are considering it favourably. So let us leave the matter at that at the moment.

I do not know whether I mentioned it yesterday, but it is very interesting for people to know that people who come here on package tours are worth promoting. Surprisingly enough the tourist who comes here on a package tour spends more per day in Gibraltar, apart from the hotel and the cost of the air fare, than the tourist who makes his own arrangements. I myself was rather surprised at this, but I thought the House might like to know that the package tourist is an important tourist. It is a fact that we are perhaps too dependent on UK tourism as we have always been. We carry on promoting tourism in UK for all we are worth because it is the best market we have, but it is not a good thing to depend too much on one particular market, and that is why I sent my Director two or three months ago to Germany to try and probe into the German market. We shall extend our investigation into the Netherlands, Belgium and France because I feel that we should not be too dependant on the UK market. All sorts of things happens, crises - it happened in Germany too and other places - but I am sure that the Opposition will agree with me - I hope so anyhow - that we

should enlarge our market into Europe. This is not going to be an easy matter because we would like to get our tourist direct from Frankfurt on a chartered plane or a scheduled weekly plane to Gibraltar, and that is not proving very easy though Lufthansa is apparently quite helpful about it, but of course the scheduled airlines would prefer to bring them via London and I don't like the idea very much. I don't think people will fly to London and change planes in London to come and have a holiday in Gibraltar, but they certainly might if they were able to fly from their own points of departure in Germany or anywhere else in Europe, direct to Gibraltar. This we are trying to do because this I think is very important for the future, and we are not going to leave the matter at that.

I did say last year - though we have not got the hansard I am happy I was able to keep my notes of my last year's budget speech. In fact I remember starting by saying that I was very glad to hear the Honourable and Gallant Major Peliza agree with the Government that MOD spending and tourism should go together in growth in Gibraltar to provide a better living for the Gibraltarians. And as the PA report says, there was not very much hope of MOD spending in Gibraltar increasing in this period of time and that the Gibraltarians would do very well indeed, and it was the duty of the Government to try and get growth in the private sector, which is mainly tourism, and that is why we have been elected to try and do our best for the people of Gibraltar.

Anyhow we are trying to improve. Do not forget we have only been one and a half years in office. We have taken the reins. I do not want to criticise my Honourable Shadow, but it takes a long time, as I said yesterday, to make progress in this business. Two years, yes, Sir.

MR SPEAKER:

Order.

HON A W SERFATY:

I am meeting the Shipping Companies in three weeks' time to try and convince them to send more cruise liners next year. It was in 1973 that we did the work for this year, and I am sorry to say in passing, that already this year because of the fuel crisis, we have had eight cancellations. But let us hope that at least we can get the number of cruise visits to about eighty.

Now, where I am happier this year than I was last year is on conferences. Conferences are developing very well. Since Major Gache left the Government (laughter) we have - I am sure Freddie Gache did his best but we are trying to tackle this problem of conferences, we have done a lot of work and quite a number of conferences have been held in Gibraltar already. Quite a number. We have invested a little in bringing to Gibraltar people who deal in this question so that they can see Gibraltar for themselves, and I am happy to report that in the Tourist Office we are very optimistic in fact in the conference business.

Now, the House will know that last week I attended a meeting of the Civil Aviation Authority in London. This is the first time - I know that Sir Joshua Hassan went last year - but I think this is the first time that a Minister for Tourism has actually given evidence there. I have resisted the attempts of the Airlines to have an increase of $12\frac{1}{2}\%$ as from the 1st of April. I do not yet know the result of the hearing, although, I hope to be hearing within the next few days, but I thought it was worthwhile, and the Government thought it was worthwhile, sending me to London to resist these increases. We had an increase of 6% on the 1st of January and an increase of 7% on the 1st of March all due to the increase in the cost of oil, and which we can well understand. On this question of oil, the increases are not going to be that big, but I would like to mention in passing for a minute, that of course the increase in the cost of aviation oil is lower percentagewise. For the information of the Honourable and Gallant Member, it is the raw material that has increased enormously: when you get to the very refined spirits where there is a lot of labour involved, that has not gone up. That is why aviation spirit has not gone up to that extent and that is why the increases have been 6 and 7% this year, I have done my best anyhow to have this increase of $12\frac{1}{2}\%$ reduced to less, put it that way. But of course I also took the opportunity of mentioning in the Civil Aviation Authority the question of charters, which was turned down. We did request the Foreign Office to intervene, and they did so very ably. I must give full marks to Mr Donohoe for trying to get Gibraltar on the list of open general licences so that people could fly to Gibraltar on charters, which is all very well and very welcome. But of course the main trouble with Gibraltar where we are going to have big tour operators wanting to fly charters to Gibraltar is what I have been saying for a number of years, both when I was sitting opposite and from this side now.

that we have got to have the beds. If we do not have beds what is the use of thinking about charters. But if and when - I should not say 'if' I should say 'when' - the Parcar Hotel becomes operational there may be a case for charters, and I have been assured that when there are applications for charters to Gibraltar these will be sympathetically received by the Civil Aviation Authority. I have no doubt that when we can make a case, and we have the beds, and there are people who want to come here and operate in Gibraltar, charter flights will be possible, if the airline do not want to increase their seat capacity. All these exercises of requesting the Civil Aviation Authority to put us on the free list for charter flights was one way of twisting their arm. I do not mind saying so quite openly because I told the executives of British Airways and British Caledonian that this is one way of twisting their arm so that they increase their seat capacity from London to Gibraltar, and to provide other points of departure in the North of England, particularly Manchester and perhaps Scotland. I have been given the assurance, as I said before, that when there are applications for charters they will consider them. What I do not think I have succeeded to do so far is to get British Airways and British Caledonian to increase their seat capacity. That will remain to be seen. We may have some flight increases if we do not take into account the stopover at Gibraltar for Marrakesh and Agadir, but I have been given assurances that if there is a demand for seats extra flights will be put on from London to Gibraltar. In fact last year, the House may wish to know, there were 31 of these extra flights. But my point is that it is all right to put on an extra flight when there is a heavy demand, but these must be scheduled properly in time so that the Tour Operators and the public in general knows where they stand as to the time they want to come to Gibraltar. Because in 1972, from figures which I have recently seen, 1,400 people did not come to Gibraltar because they could not find the seats on the day of their choice. At least 1,400. So this is a very serious matter which I have been engaging my attention continuously, inside and outside the Select Committee of this House, and I do hope that we get the scripts of the Select Committee, which may I say in passing are now awaiting typing and printing. Anyhow this has engaged my attention. I have already talked about the question of prices. I also put to the Civil Aviation Authority, because students fares have been recently increased, that Gibraltar has not got institutions of higher learning and many of our students have to go to UK for higher learning. It is only fair, therefore, that there should be special rates, and the airlines at the hearing said they would consider sympathetically a scheme which they would discuss with the Government of Gibraltar, and of course I have

already started the ball rolling to enable Gibraltarian students to pay lower fares, and these they will be paying as from the 1st of April. (Hear, hear).

I already said yesterday, and I think this is indeed good news and a breakthrough in tourism, that two major operators - I am not in a position to reveal their names - but one of them is already committed to the operation of package holidays to Gibraltar, and another one is thinking about it. We have spoken to them and the Director and I will be seeing them again in my next visit to London towards the end of April. I think that we are making headway and this is the way to put Gibraltar on the tourist map, to get the big operators, to take an interest in Gibraltar and to send people here.

As to the product, I already said yesterday that we are going to have a smaller fare, but we are going to increase the expenditure of money in promoting fishing and fashion shows and things like that. My friend already knows that we are going to provide twelve band concerts.

On the question of the Air Cargo Shed, I have had discussions with the Foreign Office and the matter is now being considered. It is high time that the Air Cargo Shed was built and I think I can safely say that we shall soon see the start of the ordering of materials and the start of the construction of that Air Cargo Shed which has been another breakthrough in connection with the importation of goods generally from the United Kingdom into Gibraltar.

One of my pet subject, as you know, one Marina. I believe I was criticised on television by Mr Stagnetto yesterday that: "Who wants three Marinas in Gibraltar. What about the poor fellow who has pioneered a small marina and is working it". Of course it has meant quite a lot to the economy. Well, I do not want to drive a steamroller over the interests of anybody, and I can assure this House that I will within reason do my best to protect the interests and in fact encourage the interest of the present Marina. But that does not mean that we must not look ahead and we must not encourage the construction of another one. I think this is most important for Gibraltar and I think that two Marinas can be accommodated, and eventually three if necessary, because Gibraltar is one of the ideal ports for marinas. We should not deprive the people of Gibraltar of what Marinas can represent to the economy. We should not deprive them and we would be failing in our duty if we did not promote the idea.

That is why I am going ahead with the full support of the Government to see what we can do to get the setting up of a larger Marina off the ground as well as to improve the present Marina. I am all out to help if everybody plays ball and sticks to the rules.

As to the hotels, we put the Napier Battery site out to tender. There were no takers and I am now holding talks with a developer for the construction of a hotel. Whether anything will come out of that I do not know, but I am doing my best to get a new hotel started in Gibraltar. It is going to take $2\frac{1}{2}$ years before we see a hotel operational from the date when we reach agreement in principle, so the planning should be this. Let us hope that the Parcar Hotel, with nearly 500 beds, will be operational this summer, I do not really know, but some time in the near future, if the words 'near future' mean anything, but let us look a bit ahead so that at least within a couple of years or eighteen months of the commencement of operation of that hotel we have another one. Because we shall never get off the ground as a resort unless we can increase our bed capacity from the present - including the Parcar - number or about 2,300 beds to at least double that. Then we can talk to the Airlines and we can talk to the CAA. All this is economic development: Marinas are very much economic development, and hotels are very much economic development. As Chairman of the Development Commission I have been quite busy, and my professional background as an architect served me in good stead on the question of designs and the preparation of housing schemes for the future, and the Government has not forgotten the owner/occupier type of house. I have had talks with the Commonwealth Development Corporation only a few days ago about this matter. The CDC is not going to solve all our problems that easily, but I am sure the Government will find a way to get the scheme for constructing the owner/occupier houses off the ground, and I am sure that ODA will look sympathetically at the arguments that will undoubtedly be put by the Chief Minister on this question of owner/occupier houses and rehabilitation of houses, if I may go a bit further, the maintenance of houses. Maybe I am sticking my neck out a little, and Mr Peter Isola is very doubtful, but what I say is this, if our housing stock is worth £30,000,000, and we cannot afford at this moment of time to maintain those houses, as I have said in the Foreign Office, what does sustain and support means, and what is the use of spending more money in new houses if we are letting the old houses rot, £30,000,000 worth of it. So something will have to be done about it and if we cannot do it I do hope Britain will. (Hear, hear).

I will finish now with a reference to the Port. I am not going to say very much about the Port except that I am very pleased, from a study of the minutes of the Port Advisory Committee, which meets every three weeks, that they are making headway. Of course there is not going to be a revolution in the Port in a year or two and I do not see a point in having it. I know we are going to have containerisation within the next few months and, this will be a great thing. And on the question of containerisation the fact that small cargoes come by air is going to help containerisation. We are going into the matter, and we shall do anything that needs to be done in the Port to make containerisation a fact. It is going to be whether they like it or not. Some ships within the next few months will be fully containerised and we must be in a position to tackle these cargoes, and I am pleased to say that we will be in a position to do so without spending millions of pounds. (Hear, hear).

MR SPEAKER:

We will now recess until tomorrow morning at 10.30.

The House recessed at 6.55 p.m.

Thursday 28th March, 1974.

The House resumed at 10.50 a.m.

MR SPEAKER:

I will remind the House that we are still on the debate of the Estimates of Expenditure and Appendix G.

HON W M ISOLA:

Mr Speaker, I was very interested in listening to the Minister for Tourism and I was very glad that he was able to speak first. I listened very carefully to hear the policy he was adopting in the coming year. Let me say at the start, because I am going to criticise him a little, but let me say that I am sure that there is nobody on the other side of the House who could do better in the

Ministry of Tourism than the present Minister.

I was very interested when he spoke about the growth in tourism, which I am afraid at this particular stage is not really flourishing as it should. Mr Serfaty said that it was better for the economy of Gibraltar to have more tourist arrivals than guest nights sold in hotels, and yet in the budget speech last year he said, and I quote: "I don't care whether the hotel now have an occupancy of 60, 70 or 56%, if we build more hotels." Again he has come to this House with the idea of wishing to build more hotels, but how can he encourage more hotels to be built in Gibraltar when he says that he is not interested in the tourist guest nights sold. Now, I would imagine, Mr Speaker, that the most important thing for an hotel is the guest nights sold, not the tourist arrivals. If we want to encourage more hotels to be built in Gibraltar the guest nights sold must increase considerably. Now the guest nights sold in the three main hotels last year as compared with 1972, and I am quoting the Caleta Palace, the Rock, and Both Worlds, because the Holiday Inn was not yet built, 157,018 guest nights sold in 1972 and in 1973 159,618: a mere 1.7%, which, Mr Speaker, is absolutely negligible. And when you compare 1973 to 1972 in all hotels, the guest night sold was only 3.9%, and that, Mr Speaker, is negligible, because we must realise that in 1973, or the last four months of 1973, Holiday Inn was operating and there were 250 beds more to be sold each night. So, Mr Speaker, how can the Minister want to build more hotels, how can he encourage more developers to come to Gibraltar, when he comes to this House and says that he is not interested in the tourist nights sold, he is interested in the tourist arrivals. I say one thing, Mr Speaker: that no hotel developer will come to Gibraltar unless the guest nights sold are good, and unless the Minister is prepared to encourage length of stay in Gibraltar as opposed to arrivals.

Now, of course he says that tourist arrivals is better for the economy as a whole and of course with that I agree, but if we are talking about hotel developments and the hotels themselves, what they want is guest nights sold. On the question of the economy of Gibraltar as a whole there is one thing which could be done and has not yet been done, and which is vital for the economy of Gibraltar, and on this, Mr Speaker, I refer to attracting cruise liners to Gibraltar. That is vital for the trade, Main Street, and the economy of Gibraltar as a whole.

Now, let us see what has been done over the last year to

attract cruise liners. And if I might quote the Minister for Tourism at his Budget speech last year, he said: "We are contributing £2500. I hope the shipping companies agree with our scheme, they have not answered yet, for a joint campaign for promoting Gibraltar as a port of call." These words were spoken, Mr Speaker, by the Minister for Tourism in March, 1973. But yet, unfortunately, to a question which I asked in the House a month or so ago, we were informed that in actual fact nothing had been done over the past year to attract ships to Gibraltar. Now I consider, and I am sure we all consider the question of cruise liners as being of vital importance to Gibraltar. And when we consider the number of liners that cross the Strait every day, the percentage that we get in Gibraltar is minimal. Now, we all know, Mr Speaker, that cruise liners prepare their schedule of ports of call about one year ahead. So, when, Mr Speaker, the Minister said that he was hoping to spend £2,500 this year on shipping, this is now too late for 1974. And when he is talking about promoting Gibraltar as a port of call and spending £2,500, if he is successful, and we all wish him the very best of Gibraltar luck, it will not be until 1975. And as a result of not spending any money in advertising for calls of ships to Gibraltar, it might be of interest to this House to learn that the P & O are actually having four cruises into the Mediterranean and not one of them is calling at Gibraltar. In fact I understand that about 80 ships will be calling at Gibraltar this coming year, which is negligible, and there is where we can also help the economy of Gibraltar enormously. By making cruise liners call at Gibraltar. But, Mr Speaker, when we call on them and when they come, we must also make Gibraltar more attractive for these people to come ashore. There is where our economies lie in Main Street, on cruise liners. That is where the taxi drivers make their money, and that is where the shops make their money in Main Street. And I am sorry to say that nothing was done to attract cruise liners last year, and it seems that whatever they are going to do this year it will be too late for 1974, and now the Minister must work for 1975.

I was very interested to learn, Mr Speaker, that the Minister about 3 months ago sent Mr Vaughan, the Director, to Germany. But I would like to remind the Minister of what he again said in his Budget speech last year, and I quote him: "One new thing of our thinking in Tourism is that we are taking initial action this year to see how we can tap the Scandinavian and German market for package tours to Gibraltar". I would have imagined that in his speech the

Minister would have given up some information on the new lines he was thinking. It appears to me, Mr Speaker, that his new thinking on that Budget day stopped there and nothing else was done until 3 months ago when the Director went to Germany. I still believe, Mr Speaker, that we cannot tap the Scandinavian and German market like that. With a budget £156,000 we cannot advertise Germany and Scandinavia. Our market at this stage of life is the British market, and 98%, Mr Speaker, of our tourism come from the United Kingdom.

I was interested, Mr Speaker, to listen to my friend the Minister on the question of advertising, and his policy on advertising Gibraltar in the coming year, which if I remember rightly, the word was: "the public image Gibraltar." I was surprised to learn that very quickly we had changed from spending 2/3rds of our income on advertising on television, to another market. Has something gone wrong in advertising that we should change so very quickly from one thing to another? In 1972, Mr Speaker, we spent £118,977 to sell 157,018 beds at the three principal hotels: in 1973 and part of 1974, we had £156,000 to sell 159,618 beds. I also note, Mr Speaker, that the Public Relations Consultants, whom I inherited from the previous Government and who had, been the Public Relations Consultants to the Government for a considerable number of years, have now been dropped and we now have a young lady who is fully qualified working in the Tourist Office in London. From a staff, Mr Speaker, of three which we had nearly a year ago, we now have a staff of five. And yet guest nights sold in 1973 as opposed to 1972 went up only by a mere 3.9 per cent, and we take into account that in 1973 Holiday Inn was operational. Figures, Mr Speaker, speak for themselves.

I find that when we are advertising, and I do not know who is to blame, we are to a certain extent misleading the public in the United Kingdom. And if I may refer, Mr Speaker, to the Gibraltar brochure, and for those, Mr Speaker, who do not know about the brochure, let me say one thing: that the Tourist Office, in common with other Countries, prepares a brochure yearly. It comes out normally in December. The following December we get a new brochure. So this particular brochure which has come out for 1974 it is only for 1974, because by 1975 there will be another one. This is done every year. But let me refer to certain things here. What is very important, Mr Speaker, is that when you get a tourist to buy a package tour to Gibraltar - I am incidentally very

pleased also to learn straight from Mr Serfaty that he has now realised the importance of package tours to Gibraltar, for which, when I was encouraging them not so many years ago, I was severely criticised by certain sections, saying that package tours were the poor working class people, they had no money. Now we know that it is package tours all the time, and they are the people who spend the money. But once we bring them here it is equally important that we do not disappoint them, because Gibraltar being so small, words gets around very quickly and the last thing we want to do is to create such an impression of Gibraltar that they would immediately fall for it, book a tour, come to Gibraltar, and be bitterly disappointed with the product. And on this again, Mr Speaker, I refer to the film about Gibraltar.

It was a brilliant Film, but it was misleading. Anyone who sees that film and then comes to Gibraltar, unfortunately, must be disappointed. To say in the film that Gibraltar is practically duty free, or tax free, I forget those words, is misleading. Most of the goods in Gibraltar now are practically the same price as in the United Kingdom. Let us be basic. But to go back to the brochure, I would just ask Members of this House to close their eyes for one moment whilst I read these four lines: "And there are clubs and discotheques and dancing: star lit, flood lit, spot lit, and cabaret and flamenco to stun your eyes and please your ears, as you sip a long cool drink at your table". Mr Speaker, where do we have all these star lit, floodlit, spot lit cabaret and flamenco to stun your eyes! I mean, Mr Speaker, if that is not misleading, I don't know what is. Let us be basic. I know that the Minister is very keen to have more night life in Gibraltar for the tourists, who are always complaining that there is no night life. I sympathise with him that it is difficult to have floor shows galore in Gibraltar because there are not enough people, but to say this in a brochure, that these things exist and we know they don't, if that is not misleading, Mr Speaker, I don't know what else it is. And again let us imagine that another visitor to Gibraltar turns to page 3 - mind you it is a brilliant brochure, it is marvellously coloured, I mean, my congratulations and all that - and they see the Rock Hotel. This enormous big building, brilliant, about 1,000 or 2,000 rooms, and they say: we will book a room at the Rock Hotel. So they come here and what do they see? A 1930 hotel, about a quarter of the size, not like that, with a top floor recently built. This is not the way, Mr Speaker, of getting tourists to Gibraltar. But let me go again to something which I quoted the other day. Now that we all know that this brochure is for one year, what I am

going to read to you now might make a little more sense. "Opera, ballet, music concerts, drama, son et lumiere, all look and sound much as they do in London, but they happen in a mighty cavern, an auditorium carved out by nature". Now, Mr Speaker, anyone reading this brochure, and we all know now that this brochure is only for one year, that is from December 1973 to December 1974, must expect by reading that that in St Michael's Cave we have opera in this coming year, ballet, music concerts, drama. This must, it is there. And the only thing that the Minister could have there is the Miss Gibraltar Contest, and he says he will not have it there. Now I would have expected, Mr Speaker, when he gave his outline policy on tourism, in view of these remarks here, that he would say that this coming year the tourists were going to have opera, ballet, music concerts etc. Mr Speaker, if that is not misleading I do not know what else is. We are very fortunate, Mr Speaker, that in Gibraltar we do not have something called the Trade Description Act, like we have in the United Kingdom, because if we did the Minister would have to go to his lawyers to defend him. But really, Mr Speaker, it is one thing to bring tourists to Gibraltar, and that is why I place such great importance to the product in Gibraltar, and that is, the product is making Gibraltar a nicer place for the tourists.

And to this, Mr Speaker, I had to refer to the Public Works Department. And if we are honest with ourselves, when we say that we are going to spend this coming year on the upkeep of gardens and parks £33,440, for what? The Minister for Public Works is always trying, is never satisfied with the state of the gardens. Well, if you are not satisfied, do something. Go round Devil's Tower Road, Mr Speaker.

Again I was severely criticised for the state of Devil's Tower Road. Something was done, but what has the present Government done in Devil's Tower Road, the gateway to two of our main hotels, and, Mr Speaker, the answer is nothing. It looks worse now than it ever did before. When we consider that we are spending £33,000, an awful lot of money, we would expect Gibraltar, with its climate, to be blooming with flowers all over the place. But what do we get? To give you a simple incident, all you have to do is pass by the Cathedral of the Holy Trinity and you will see the state of that garden. And that is right in the centre of our town. When we consider, Mr Speaker, that we are spending £39,950 in maintaining our beaches and Montagu Bathing Pavilion, I feel that we deserve a better deal for our beaches and Montague.

Now I would like to say something on the question of the

marina at Montagu Bastion. May I remind the Minister again of what he said last year. The Marina at Montagu Bastion and I know these things take a long time, so I assume that he is still pursuing the question of a Marina at Montagu Bastion, but if that is so we have not heard anything in his policy statement this year of what is happening, if anything at all. All the Minister said was that he would like to encourage a Marina there. But obviously there is nothing concrete at this present moment of time because otherwise I am sure, Mr Speaker, that the Minister for Public Works would not be spending vast sums of money at Montagu to improve the product there.

Mr Speaker, the Minister stated that he was spending £156,490 this year as big news, a big deal, but in actual fact, Mr Speaker, if we analyse this, you see only two major increases in 1974/75 as opposed to the previous year. There is nothing marvellous about it. It so happens that £7,000 has come from the Public Works Department to his vote to paint the Air Terminal, and another £5,800-odd has come in to keep the London Office going. Add these two figures and it comes to about, say, £13,000, which is the net increase for 1974/75, as opposed to last year. So really there is nothing marvellous except that our Tourist Office in London is costing the Gibraltar taxpayer in 1974/75 £22,697, as opposed to £13,455 when I was in office.

HON A W SERFATY:

On a point of order, Mr Speaker, this sum now includes our expenditure on Public Relations, which had not been included previously.

MR SPEAKER:

I must say that we have fallen into bad habits again. That was not a point of order, but of course if the speaker gives way you are entitled to say what you have said.

HON W M ISOLA:

Mr Speaker, if he had just let me go on a little longer I would have explained. The London Office is costing us £22,697 and of course I agree it takes in the public relations consultant, which is one girl, but even if she gets - which I am sure she does not - £3,000, she gets £2500, it is an increase of about £8,000 or £9,000. And yet, Mr Speaker, an increase last year on guest nights

sold of 3.9%. I feel, Mr Speaker, that the most important thing in tourism is first of all not to mislead potential tourists to Gibraltar, and that when they come to Gibraltar they find that they get value for money. That is the only way in which Gibraltar can become economically viable. I was expecting the Minister to give us some new policy ideas in his speech, but, unfortunately, I heard none, except of course that he had sent the Director to Germany. I feel, Mr Speaker that it is vitally important for Gibraltar that he should not think in terms, or be a dreamer, of just building more hotels, more hotels, more hotels. That will not get us anywhere. What we want in Gibraltar for the tourists, I am talking purely on tourism, is a period of entrenchment a period of beautifying Gibraltar, of making Gibraltar more attractive, and not as it is at present. And that is where the Minister of Public Works and the Minister of Tourism can get together and see how they can improve the product, because certainly we are spending an enormous amount of money in the Public Works Department to justify having more beautification schemes. I think that, Mr Speaker, is vitally important.

Now, I was glad to hear, Mr Speaker, of the efforts the Minister is making - because I like to give credit where credit is due, let's face it - on the question of the planes, but I still feel that British Airways is not giving Gibraltar the deal that Gibraltar deserves. There is no doubt in my mind. I mean, let us face it, we still have this Vanguard running around Gibraltar. I was told, Mr Speaker, when I was Minister, that it was going to be withdrawn about a year ago, and we still have it. I wish the Minister success in his venture with British Airways in trying to reduce the fares. It is nothing to do with tourism, but he did mention he was trying to reduce a certain fare which I feel is high enough in Gibraltar as it is.

I think, Mr Speaker, that I have more or less come to the end, and I hope, Mr Speaker, that the Minister, when preparing his future brochures and advertising Gibraltar, will bear in mind some of the things I have said about not trying to mislead the potential tourists, because I feel that in the long run the place which will really suffer is Gibraltar, it will give us a bad name and tourists will go back and say "Good Lord, this was a very nice advertisement, but when I went it was completely different" I hope that he bears that in mind. Thank you.

HON LT COL J L HOARE:

Mr Speaker, I shall be brief on this since I will be dealing primarily with the Departments for which I am responsible. But there are two or three items that I want to clear up which were left pending during the detailed examination of the estimates.

First of all the work at 5 Mount Road. Now, this is a quarter which has now been taken over by the Director of Public Works, having been recently vacated by the Director of Education who was in there a very short time. I am satisfied that the works which are being carried out there are essential and of a minor nature. They arise primarily because the Director of Public Works, being a professional, has gone around and spotted some dry rot which exists on two floors, and the tiling in the kitchen which has been lifting because the bed is bad. In addition to that, because the members of his family are older he has brought into use a couple more bedrooms that were not used by the previous tenant. But it is a tradition of the Service that anybody going into a new quarter has it completely redecorated. Therefore he has chosen not to do because he of all people knows exactly what the position is regarding labour and labour costs in Gibraltar at the moment.

The second item which I want to clear up is the one that I was asked about, that is, car parks. The figure I was asked to give a breakdown on was for £52,800, I think. But another look at that figure will show that it is the accumulated total up to the 31st March 1974 which represents £8,600 for 1972/73, and that was Fish Market Road £3,600; Eastern Beach, or the Slaughter House, £3,700; the Gorbals, £1,200; and this year, Governor's Parade £37,000; Fish Market, £2,200; and the Miscellaneous car parking, which also includes Town Range of course and general making up of roads, another £5,000. So I hope that that figure is satisfactory. But I will just limit myself to this comment, Mr Speaker, that this is what has been done in 1972/73 and 1973/74. There was no expenditure on car parks in the estimates before that date.

HON J BOSSANO:

Mr Speaker, I wonder if the Honourable Member would like to give me an opportunity to ask him about the figures he has given me in respect of 5 Mount Road. If he will give way I would like him to specify precisely how it is that in the replacement of Marley tiles and of ceramic tiles, he has found that the Director of Public Works, as a professional, has found dry rot. This seems to be a new phenomenon. Can he

explain whether he has investigated that particular thing. Can he explain why it is that brand new kitchen cupboards are being redone because apparently the colour scheme is not to the taste of the professional man. Does he think that this is in keeping with the supposed austerity of the present economic problems of Gibraltar?

HON LT COL J L HOARE:

This is the information I have from the Director. The Marley tiling is to replace the broken tiles and lifted tiles in the kitchen. The dry rot has been found in other rooms, not in the kitchen. Now, he has something about kitchen cupboards and I will look into this. But even if this was so, if it is an improvement to the kitchen, is this to be denied because it happens to be the Director of Public Works. I don't accept this.

If I can now carry on, Mr Speaker, there was also some hesitation, some uncertainty, about the Waterport scheme of which £2,500 is not being used, and we said that it was because of the overtaking of events by the road to the Varyl Begg Estate. I have ~~had~~ brought our, Mr Speaker, the plan, the scheme, covered by these £2,500, and, with your indulgence, I will just run quickly through the preamble of the scheme and then some of the items. This proposal is the final phase of the Waterport Improvement Scheme already carried out to reveal the ancient Mole and to form a paved public area at the entrance to the town from the Harbour. The completion of the project was delayed by a court case, now settled in Government's favour, relating to the use of a Nissen Hut for chicken breeding contrary to zoning and town planning proposals. The Funds now asked for include the construction of the honeycomb wall at the eastern end of the area, the levelling and the paving of the ground for a car park, now occupied by the nissen hut, and the general landscaping of the locality as indicated in the enclosed plan. I am sure the Honourable Mr Caruana must have been thinking of some other scheme at the time. And this scheme, in fact, Mr Speaker, was based on plans drawn up in August, 1968. The scheme was approved in 1970, so it should have been done in 1970/71, or at the latest 1971/72. But it wasn't, it has been overtaken by those events because the approach road to the Varyl Begg Estate overlaps with the land which is to be used for some of that scheme. I hope I can now bury this little dead duck.

Now if I may, Mr Speaker, I will deal with a few of the departments for which I am responsible.

Firstly the Cemetery. I don't think there can be any doubt in the minds of anybody who has been to the Cemetery either on the traditional visiting days, as a matter of religion, or to funerals that there have been improvements in the Cemetery. I will not go beyond that, but what I will say is that we are now looking forward, plans are on the drawing board at the moment before we go into costs and availabilities, to build a new Mortuary, with a small chapel attached, which will remove from St Bernards Hospital the lying of the corpses overnight, and the holding of wakes. And we will so plan this that eventually we may be able to add a crematorium to it, because space at the cemetery is beginning to get a little bit hard to find.

The Fire Brigade is the other one. There were very little comments on it, so I am taking it that it does provide a good service. In my opinion this is a very silent, very efficient, very highly trained Corps, and the money we spend on it is a very worthwhile insurance.

Electricity is another service which is taken very much for granted. People press a switch and the light comes on, and that ends there as far as they are concerned. Very little thought is given to how it is produced, how it is got there and the rest of it. The Electricity Department is doing jolly good work. Last year they carried out a great number of improvements to the street lighting and an important one of course was the landport tunnel area, which was crying out for better lighting, and the great deal of the northern area from Turnbull's Lane, Lynch's Lane upwards, and of course the other bad area which was Upper Sandpits. This year, I wasn't asked to produce the details but I could have given them, we are continuing this improvement in selected areas. One note of warning here is that we have had a certain amount of anxiety with the water cooling system in the generator, particularly at extremely low tides. We have had a number of abnormally low tides lately, and this has interfered somewhat with the supply of sea water which acts as a coolant to the engines. We are looking into this, into various ways of improving this, but it may be a bit costly. We have allowed, I think, £1,200 this year.

HON J CARUANA:

Mr Speaker, if I could just clarify a point. Is that in respect of Viaduct Desalination Plant?

HON LT COL J L HOARE:

No, this was the Generating Station.

Telephones. The demand for new telephones, connections and re-siting continues unabated and we are planning for the continuance of the duration of this expansion. We are catching up on the arrears, but we have worked out a scheme for piece time work, for some of the items - it isn't all of them which are amenable to this kind of action. It is now ready and we are on the verge of entering into negotiations with the Union to get them to accept this. We hope to see inter-dialling a fait accompli some time this year. Provision has been made in the Estimates this year for the necessary machinery, the agreement of the Services has been obtained, and all the hu-ha about security has been brought to its proper perspective. I am sorry to see the Honourable Mr William Isola away because I wanted to say that I am as sorry as he is that we have not been able to get extra lines to the UK, despite the fact that we have made every effort, including personal visits. Now let me say quite clearly that the impediments are not at this end, either in our own exchange or in Cable and Wireless. They are wholly and solely at the GPO International set up in London. They say they could perhaps let us have an extra line through Spain but we have put this on one side, gently, so as not to close the door completely, but it would have to be the very last resort. But, really, Mr Speaker, we mustn't be too despondent about calls from Gibraltar to the outside world. There is minimum delay here and absolutely nothing compared to the delay which occurs in England trying to get here. This very week I have had my daughter staying with me, and my son in law tried for 12 hours to get a call from Penarth in Wales to Gibraltar. From midday it eventually came through at midnight. It takes us on an average half an hour and if we take the precaution of booking our calls an hour before we need them, they come through almost totally on the dot. I would also like to say that we have been able to take over from the Dockyard, at their request, which brings us more revenue, a block of 40 lines to their civilian employees who are on call and live throughout the town. We are hoping that we will get more requests like this from the Services because eventually there will be one exchange Gibraltar and that is ours. But we are using up our lines, and I give a warning now that in a year or two we may have to start thinking and planning for another extension to the exchange, for which there is ample room in the top floor of the Haven.

Now, Mr Speaker, I come to that very much maligned department, the Public Works Department. It has the most thankless job, because it deals with the every day problems of living, and it covers a very wide aspect of our life. From building to water, to sewage, to cleansing, car parking, the little

things that count. But let us go to what has in fact been done. I know there has been dissatisfaction expressed: that we are not doing enough, but let us just look at what we have already done this year. The Glacis Estate has been finished and occupied. This has been a terrible burden. It has been a succession of calamities, not only in my time, but in my predecessor's time. But at last we have got them occupied. They are giving some trouble but this we are used to and we do what we can to alleviate it. We finished the Catalan Bay flats, I think, to the satisfaction of most people. I think it is a very nice little complex that has been built there. I think it is common knowledge that a little while ago it was discovered that there was no salt water in the kitchens, and this matter was put right as soon as I heard about it because in Gibraltar it is really....

MR SPEAKER:

We must only speak on principles and not on details.
That we did at Committee Stage.

HON LT COL J L HOARE:

Alright. We have finished the rewiring of the Transit Centre; the rehabilitation of flats; water to tenements, which I put very high on my priority list, 43 done although the programme was only 30. We have done, despite the dissatisfaction expressed by two or three Members at the state of Devil's Tower Road, we have done a general good clean up there. In particular around the car dump area and the X-Y line, meeting a commitment of the previous administration to make certain land available to handing back to the MOD for them to put their aeriels, which they had taken away from the Reclamation. And of course the traditional dumping areas around Gibraltar have received regular and frequent attention. We have also done a great deal about leaking roofs. There have been very very few complaints of leaking roofs and if one looks around there are less green tarpaulins nowadays than there were a year ago. I was also chided because we do not improve the beaches enough. Mr Speaker, last year we did the Toddler's Pool at Little Bay, this year we are finishing another Toddler's Pool at Camp Bay, and another Toddler's Pool at Montagu. I am chided for spending too much money at Montagu and yet I am chided because I am not doing enough to the beaches. Really it is most difficult to know how to please people. We are also making additional limited facilities available for storage at Sandy Bay this year so that mothers with children do not have to carry their tents and umbrellas backwards and forwards. We do try and keep up and improve the

standards of the little things that count, even though they are mostly unglamourised and taken for granted. I was also brought to task that I was not doing enough for car parks. Well, I gave a few months ago, Mr Speaker, details of the car parks that we have done and completed brought into being in 72/73; and 73/74, and during the estimates, what we are going to do in 74/75. I didn't mention of course the temporary car parks that we set up during the summer months, especially for the beach, and it is with some regret that I have been informed recently that I cannot have the whole of the area behind the Mediterranean Hotel this year because part of it is being used to put a pylon which has been removed from the Reclamation site. It is all part and parcel of that exercise. But, Mr Speaker, I have never thought that providing new car parks is the only way of easing our car parking problem. I will come to that in a minute.

/of In 1973 we removed over 400 derelict cars, and each one of those derelict cars provided another parking space. Last year, in the year 1973, we moved 507 derelict cars, and so far this year we have removed 100 in round figures, despite the great difficulties that we are having with the car shute. Now, thanks to the Royal Engineers we hope that by June they will have a Regiment of Territorials coming out over a period of eight weeks, and they are going to undertake some projects for us. One very large project and a number of small ones. We are going to extend the Europa promenade almost up to the car shute, which will really make a splendid tourist attraction and recreational area for the residents, for us Gibraltarians, because this is used extensively, and they are also going to extend the shute so that we do not get this bother / cars skewing round, because most people take the wheels off before they dump them, and improve the dumping facilities. I am also hoping that they will be able to finish the task at the Rosia Guard Room.

/of

And here and now I would like to pay another tribute, which is becoming an annual occupation, to the Sappers for the sterling work that they do for us in all spheres in Gibraltar. (Hear, hear).

Coming now to the Destructor, Mr Speaker, I gave a certain amount of details when we were discussing the detailed estimate, and I did say that I hoped we would be having trial burnings next week there, and that we hoped to have it fully operational by May. I also want to say now that we have undertaken to burn the rubbish for the Dockyard, and in fact this year's revenue estimates include £7,000 for this service.

We have also had very serious enquiries regarding the recovery of cardboard and its exportation from a firm in the UK. Now this we have accepted in principle, but we have not committed ourselves finally until we see what cardboard is in fact required to keep the cumbustibility of the Destructor going. It could be madness to sell our cardboard and then have to supply fuel to keep the Destructor going. But I am hoping that this will be another fait accompli next year which will also be a fairly good revenue producing item. There were no comments at all in the detailed examination of the estimates on the roadworks that we did last year. I take this as a compliment, and a compliment to the staff, not only to myself, because they do the work. And I take it that the work done on the Reclamation Road and Rosia Road and Governor's Parade and in Catalan Bay Road meets general approval. In this connection, Mr Speaker, I would like to say that one of our impediments has been the availability of materials, because the asphalt plant that we have been using is very, very old, very worn out and kept on breaking down. I am very pleased to be able to say that we are getting a new asphalt plant, and this is being paid for from aid from UK. The plant is already on order and should be here before the end of this financial year, I am hoping before the end of the summer.

Now for major building. The Varyl Begg Estate is going as well as can be expected, taking into consideration the two tragedies that they have had in connection with stores coming out to them. First of all a shipload of stores for the blocks that are completed but cannot be finalised went aground. The contractors, after a great deal of effort both in England and in the continent, were able to get replacements. A great amount of that was on the top deck of another ship which met a very heavy storm in the Bay of Biscay and that had to be jettisoned because they sprung a leak. So, we haven't had the best of luck at the Varyl Begg Estate and I am keeping my fingers crossed that we haven't got another Glacis. But one of the points which has been raised, and which we have not been able to do, is that all the kitchens are interior kitchens and that they have no outside windows. Now, this had gone too far and we couldn't do much about it. I had consulted the Consulting Engineers and experts, and they assure me that the ventilation system which is being installed will provide adequate through draft. But it will deprive the normal housewife of a traditional way of spending her mornings by leaning out of her kitchen window and talking to the neighbour across the road, unfortunately.

Victoria Stadium, Mr Speaker, is going well, and my honourable colleague, the Minister for Sport, will deal in more detail with that.

The North Comprehensive School is also going well and it should be finished completely before the next scholastic year.

Our thoughts for the future, Mr Speaker. First of all we are looking very closely, and here we have been perhaps more fortunate than the previous administration in that we have been able to interest both the DOE and the Master Builders into a joint venture, in looking around for better sites for quarries. A number of desirable sites were taboo to us because they were earmarked for Service use. We are trying to get closer and closer and closer working with the Service Department because we have one common aim, and that is to produce as much locally as we can. And I must pay tribute to the DOE that we do see eye to eye, we do help each other on many occasions, and I will do my best to ensure that that happy state of relationship carries on. And not only are we looking at new quarries, but I also mentioned in connection with the protection of rockfalls on the eastern side of the Rock, that we were going to cut a plateau sloping inwards and that we would be winning some sand. We feel that next year, 1974/75, we can win enough sand from there for the PWD requirements. It is what is known as zone ~~four~~ sand, which is usable for most of the works in Gibraltar. I am hoping that in two or three years' time we may be able to meet most of the requirements of Gibraltar from that catchment, if I can call it that, at the top of the Rock.

Water, Mr Speaker. It has been a most difficult year, not only because of the disappointment through the VTE which hasn't come up to scratch, but allied to this there is the fact that we have had a very very dry summer. It is only now that we are seeing a little bit of rain, and even now, up to this last week, it has been the driest winter since 1875, and the second driest since 1801. And although it seems that we have had a lot of rain this week it is still very very little. And of course we have had to deal with increasing consumption. During the financial year we have imported £91,000 worth of water, of which £57,000 was local importation. That ceased when the vessel was sold by the owner, in his own interest obviously, because he I think saw that the time was near when there would be no continuing need for this, and he took the best opportunity available to him. But because of the unexpectedly dry winter, the lack of rain, we have imported 2 half tankers: one

in June, which cost us £14,650; and then in January another half tanker which cost us £19,000. I was looking round for new tankers round about February/March particularly, and the price which was quoted to me, Mr Speaker, for freightage alone was £50,000 for 5 million gallons. In other words, the freightage was at the rate of £1 per 100 gallons, and, therefore, despite a great deal of pressure, of concern, I was able to resist getting panicky and ordering this, although at one time it was touch and go that we would have to do this.

Once again the gentlemen of the DOE came to our aid which we promptly repaid by the second half tanker. But I think it is wrong to look at the importation of water, Mr Speaker, on a financial year basis. One should have a sense of perspective in this and the only way to do it of course is the way water is imported during a rainy season. And this I have taken from September to August. From September 71 to August 72, the importation of water amounted to £108,359; from September 72 to August 73, it was £85,493; from September this year to date we have spent £19,087. And, I hope, Mr Speaker, that this is the only amount of money we will spend in importing water, because despite all the bugs, and at times I have used the noun in describing the VTE, we are gradually getting rid of these bugs. And may I say that we are now getting to the stage when our own staff here are more knowledgeable about the working of that desalinator than our experts from UK. As a matter of interest we supplied 150 million tons of water last year, this year we hope to supply about 170 million, but we can supply much more if the demand is there. In other words, I am only planning on running the two distillers for a limited period next year, because that will be sufficient to meet the demand, and I don't believe in wasting money for fuel.

I think that gives a runaround of what my department has done and what it intends to do this year. There are lot of schemes being bandied around, but I am not prepared to bring any of these schemes here till they are in such a state that they are likely to get off the ground. Mr Speaker, so many ideas start in one mind and they finish in the second mind and so on, and I do not want to waste people's time by telling them about things that may never happen. I only bring ideas here when I am fairly certain they will be viable efforts.

In short, Mr Speaker, my aim during the next year is to maintain

and improve the standards in all those little things that count. They are unglamorous, they get all the kicks, and I will pay tribute to the staff of the Public Works Department that despite all this they do a jolly good job of work.

Finally, the other aim is to make ourselves self sufficient in fresh water, in sand, and in aggregate. These we have available here and I want to make sure that we exploit them as far as we can to save ourselves money.

I cannot end, Mr Speaker, without paying a tribute to the labour force in all departments. We have a large labour force, our relations with them on the whole are very good, and we listen to the Union even though we do not always agree with what they say. But we do listen to them, we respect their views and if we can meet them we do meet them.

With that, Mr Speaker - I am afraid I said I was going to be brief but I have been a little bit longer than I had hoped.

Thank you, Sir.

MR SPEAKER:

Are there any other contributors to the debate? If there are no other contributors I will most certainly put the question. I will wait two minutes just in case there are volunteers.

Right, if there are no other contributors I will now put the question.

I now put the question which is that this House approves the Estimates of Expenditure for the year 1st April, 1974 to the 31st March, 1975, together with Appendix G.

On a vote being taken the motion was resolved in the affirmative.

Improvement and Development Fund. 1974/75.

HON CHIEF MINISTER:

Mr Speaker, Sir, in accordance with House of Commons practice

I propose to move the

MR SPEAKER:

Before you proceed I would like to give an explanation to the House. I was approached by the Chief Minister for advise as he wished to move this motion which appears in the order paper in the name of the Financial and Development Secretary. I advised that the motion in the name of the Financial and Development Secretary would then have to be withdrawn and that the Chief Minister would have to give notice of his intention under Order 61 of our Standing Orders for the suspension of Standing Order No 19 to enable him to move a similar motion without the need of giving 5 days notice. I told him that I would not be prepared to exercise my discretion to enable him to move the motion to suspend Standing Order No 19, without the need of giving one day's notice, and he did give me notice.

I informed the Leader of the Opposition that this was what was happening.

Since entering the House I have made further research and I would like to read to Members from Ersbine May, at page 367. It says: "Proposals of Motions. In the Lords a motion of which notice has been given may be moved in the absence of the Lord in whose name the motion stands, if he has authorised another Lord to take his place. In the Commons, which is equivalent to our House of Assembly, such motion may be moved only by one of the Members in whose name it stands, but a motion standing in the name of a Minister may be moved by any other Minister, in accordance with the constitutional practice which permits Ministers to act for each other." As you may know this is in our Standing Orders provision in Rule 57 making applicable the rules of practice of the House of Commons in those instances where there are no provisions in our Standing Orders.

Now my attention has been drawn to the fact that perhaps the Financial and Development Secretary is not a Minister in the proper sense of the word. I had anticipated that that objection might be raised and may I say that it is my duty to give the widest interpretation to the word 'Minister'. I consider that the word 'Minister' here is used in addition to a person who is in charge of a certain section of the administration of Government, and, therefore, I do feel that the Financial and Development Secretary can be considered a 'Minister' for the

interpretation of this practice rule and I rule that it is in order for the Chief Minister to move this motion, if he so desires.

HON M W XIBERRAS:

Mr Speaker we are grateful for your ruling on this and it is a pity that it has arisen, or that a need for it has arisen. I think it is fair to inform the House that the whole cause of...

MR SPEAKER:

No, I will not object to your referring to this once the debate has started, when you speak in the debate. All I have done at this stage is to make a ruling on facts, a statement, not even a ruling, that it is in order for the Chief Minister to move the motion which appears in the Order Paper in the name of the Financial and Development Secretary.

HON M W XIBERRAS:

Very well, Sir. At the appropriate time I shall explain to the House what the Opposition's point of view is on this.

MR SPEAKER:

Most certainly.

HON MAJOR R J PELIZA:

On the ruling itself, Mr Speaker, could you tell the House whether you have taken into consideration the fact that the Honourable the Financial and Development Secretary, under the Constitution, is not entitled to vote on a matter of confidence, and doesn't this restrict his category as a Minister in the House?

MR SPEAKER:

I have taken into consideration what I have stated, that the Financial and Development Secretary is a person who is in charge of part of the administration and, therefore, that he must be for the purposes - and I am sure that this is the common sense rule which exists in the House of Commons as it

exists in Gibraltar too - to facilitate the machinery of Government, and that in the light of that, without any restrictions or limitations for the future, in this particular case I hold that it is in order for the Chief Minister to move a motion appearing in the name of the Financial and Development Secretary.

HON M W XIBERRAS:

Sir, perhaps the point might be made: I was intending to raise it later: perhaps the point should also be made that even though we have a Standing Order which says that the practice in the House of Commons is followed here generally, it is also true to say that in these Chamber, the status of the Minister who is an elected Member of this House and the status of the Financial and Development Secretary....

MR SPEAKER:

May I say straight away, and I am not going to have any further arguments on this one, I have made a ruling, I have not made a ruling on the status of the Financial and Development Secretary, I am ruling that in the circumstances it is right for the Chief Minister to move the motion which appears in the Order Paper in the name of the Financial and Development Secretary. That is all I am ruling.

HON CHIEF MINISTER:

Thank you, Mr Speaker.

As the House will be aware, approval of expenditure related to the annual estimates is given in two ways. In the case of the recurrent Budget it is necessary for the House, after considering the estimates, to pass an Appropriation Ordinance, and a Bill for this purpose is down in the Order Papers to go through all stages later in this meeting. In the case of the Improvement and Development Fund no expenditure can be incurred unless the House has passed a resolution giving their approval. Accordingly, I now propose to move that this House approves expenditure of £2,695,814 from the Improvement and Development Fund for the year ending on the 31st March, 1975, for the purposes set out in Appendix G to the Estimates of Expenditure for the year 1974/75.

Since it is the expenditure on this Head on which we mainly rely for Development aid from Her Majesty's Government in the United Kingdom, I think it would be appropriate if I made a small statement on what the position with regard to such aid is in respect of the Government of Gibraltar. It is of course concerned in formulating the next Development Programme which we hope will commence in 1975/76. Following on the fruitful talks we had on aid in February 1973, Her Majesty's Government agrees that the first step should be to make available as soon as possible expert advice to help the Government in preparing what will be Gibraltar's Third Development Programme.

As Members will know Professor Clayton from Sheffield University was appointed, and in 1973 he visited Gibraltar on three different occasions. During these fact finding visits he was able to discuss in full with Ministers their plan for development. He was able also to have useful meetings - I hope they were useful - with members of the Opposition and with representatives from all sectors of the economy. Members will agree that Housing must be given high priority in any development programme.

If the Honourable Member wants to say anything I will give way.

HON M W XIBERRAS:

I believe there was a small get together by quite a number of people at the House of the Administrative Secretary some time at which I shook Professor Clayton by the hand, said 'cheers' to him once and downed a whisky in the course of five minutes, before he was whisked away. I don't think the Honourable and Learned Member is right in saying that he had useful meetings. I don't think that any other Member of the Opposition was allowed to meet him, and I should hardly call this a meeting, more of an introduction, a social five minutes, but certainly not a useful meeting. Therefore the Opposition does not at all accept, if the Honourable Member will allow me a second more, cannot at all accept that we have had useful meetings with Professor Clayton.

HON CHIEF MINISTER:

I am very sorry about this. If in fact this was not the

case I apologise. I had understood that at least the Leader of the Opposition was given an opportunity to speak to him or to pursue the matter further once he had met him. If that is not the case I am sorry. That was stated on what I considered to be reliable information, but as I said, I am the first to apologise if any factual statement here is proved not to be so factual. Anyhow, it will still be possible for Members opposite to agree that Housing must be given high priority in any Development Programme. The Government has moreover been concerned in drawing up development plans for Housing to take account of all aspects of the problem, including not only new constructions, but also rehabilitation of existing dwellings, home ownership, improvement to private sector housing, rents and future rents policy, and any other related matters. For this reason a second adviser Mr H G F Weaver, from the Commonwealth Housing Corporation, was also appointed. His terms of reference were to investigate and assess the current Housing situation in Gibraltar and to assist the Government in formulating a comprehensive policy towards Housing. He was asked also to advise on the expert assistance required to supplement Government's own technical and administrative resources in order to implement this policy. With regard to this last point, Mr Weaver has pointed to the urgent need for a detailed survey of all Government housing in order to establish as soon as possible a properly planned and costed programme of maintenance, and in order to cost and plan a phased programme for rehabilitation of all properties which are amenable to economic conversion.

This housing survey, which may take up to a year to complete, is already being planned, and we expect that Housing Maintenance Surveyors will be made available to do this work on Technical Assistance. The Weaver Report itself is now complete and its recommendations have been incorporated by Professor Clayton into the main Development Programme.

Of equal priority in development of course is Education, with the Second Comprehensive School heading the list of projects. The Collister Working Party is at present examining in depth the form that this second school should take, and we hope that when the Committee has produced its report we shall be in a position to draw up a design brief for the project. But our educational needs do not end there. Also of great importance is the new primary school for the Varyl Begg Estate, an extension of the middle school facilities at Glacis, and a new Infant School in the South District. Then at the end of this spectrum is the need for nursery schools. While at the other end

the Government is equally concerned to expand facilities for further education. There are finally other projects to do with the public utilities, tourism, and general amenities, which have all now been included in the programme.

The Development Programme for the period 75/78 - Mr Speaker, I hope I can be listened to in silence, if they have to hold any conversation, it could be better conducted outside the House -

HON P J ISOLA:

We are just wondering, Mr Speaker, whether all this is relevant to the question before the House.

HON CHIEF MINISTER:

That is a matter for the Speaker. You may wonder what you like, but it is a matter for the Speaker who has not called me to order, however clever you may think you are.

The development programme for the period 75/78 is, therefore, now at an advanced stage of preparation. Following a further visit by Professor Clayton in April, the Government hopes shortly afterwards to be in a position to put its considered proposals on aid projects to Her Majesty's Government. I have already written to the new Minister of Overseas Development in this sense, and having been closely associated with her in the preparation of the Referendum, I have no doubt that will be helpful and understanding.

I think perhaps it should be a proper place now to say why I have had to take over the motion from the Financial Secretary. And that is because there is an insistance on the other side....

MR SPEAKER:

You will continue, and I will allow you to continue, and I will allow the Leader of the Opposition to reply, but we are not going to debate this matter. I will allow both the Chief Minister and the Leader of the Opposition to make a statement on their stand on this particular issue, which although not relevant to the point under discussion, is relevant to the extent that this necessitated a ruling

from the Chair, and that the motion has been moved by a different person than that of which notice was given. I will allow the Chief Minister and the Leader of the Opposition, but I will not allow the matter to be debated.

HON CHIEF MINISTER:

Mr Speaker, Sir, I think it is normal practice in the House of Commons and everywhere that when a debate starts Members of both sides of the House follow each other, and in fact in the House of Commons practice a list is prepared of speakers long in advance, and everybody knows who are the main speakers on any debate. I know that we haven't got a big enough House to have to do this here because everybody normally talks, but so long as the normal procedure of debate is that one speaker of one side is followed by one of the other it doesn't matter who speaks first or who speaks last. But the insistance last year and the year before of the Honourable Mr Peter Isola, whose last hopes of becoming Chief Minister faded long ago, still seems to remain to have the idea that he can have the last word, even after the Chief Minister, and even after all the other Ministers and Members of the Opposition have followed each other. And it would then mean that three members of this side would have to speak one after the other in order to give the Honourable Mr Peter Isola the great opportunity of having the last word in the matter. Well, if that is all the strength that Members opposite have in debate, and not on the merits of it, I can well understand the inability of all the other Members to be able to reply, and their reliance on the latest acquisition to the Integration with Britain Party to back them up in the fight for integration. I can well understand that being very useful for the other Members, but so long as we have a Government run in a democratic way I am not going to allow any dictation from the other side. Therefore, rather than have allowed Mr Peter Isola to speak last in order to be able to have all his irony, all his political malice, all his venom and all his poison put into the atmosphere, I have decided to deprive him of that pleasure and I have decided to move the motion and thus to have the opportunity that one is entitled to under the rules of the House of Commons and the rules here, to reply as is the proper position of the Government to reply and have the last word in the winding up of any debate.

Members opposite who are so keen on integration should at least have the decency to follow the practice in the House of Commons. If they do not follow it they will have to learn to do so since this Government is not going to give way in such matters. I commend the motion to the House.

Mr Speaker then proposed the question.

HON M W XIBERRAS:

Mr Speaker, if there is one thing which upsets and distracts the Honourable and Learned the Chief Minister, - I should not call him a thing, because he is a most valuable person in this House - is the Honourable Mr Peter Isola. It is even a great pity, Sir, that this distraction of the Chief Minister is not limited to this House, but it has come into play at various times, critical times in the history of Gibraltar, in which he has chosen to attack my Honourable and very Learned Colleague to the detriment of Gibraltar and in derogation of his own stature as an elected Member of this House, and as Chief Minister of Gibraltar.

The Honourable and Learned the Chief Minister has worked too long with my Honourable and Learned Colleague for him to launch the type of really venomous accusation which he has levelled at my Honourable and Learned Friend. Much more, Sir, in explanation of a point of order: But we all know that the Honourable and Learned the Chief Minister can be petty when it comes to dealing with my Honourable and Learned Friend, who has made very valuable contributions, not only to this House, but also to Gibraltar. And I wonder what he had to say to my Honourable and Learned Friend when he was at the United Nations with him defending the cause of Gibraltar not so very long ago.

But the Honourable and Learned the Chief Minister must have the briefest memory of any Member in this House. In fact, Sir, in moving this motion, he seems to have forgotten what the motion is about, and, therefore, one cannot be surprised that a political alliance form in the interest of Gibraltar not so very long ago, could have deteriorated to the point where the Chief Minister stands up and charges full tilt like some mad animal at my Honourable and Learned Friend. It is completely uncalled for because the Honourable and Learned Member on my right was not going to reply to Honourable Members opposite, I mean Honourable Elected Members opposite, I was going to have that pleasure. More ad rem, Mr Speaker, you have ruled, and we accept your ruling of course,

that the Honourable the Financial and Development Secretary is a Minister for the purpose of the present ruling. I accept entirely that he has a Ministerial function.....

MR SPEAKER:

I will put you in order straight away on this point. You are completely and utterly free to question the propriety of the Chief Minister to take the course he has taken. You are not under any circumstances free to question my ruling. I will not have it.

HON M W XIBERRAS:

What I am saying, Sir, is that if the Honourable and Learned the Chief Minister thinks that the Financial and Development Secretary and his position are interchangeable for the purpose of moving this motion, as he has represented to the Chair, then, Sir, I would remind the Honourable and Learned Member that the Government did have the right of reply in the previous motion before the House because the Honourable the Financial and Development Secretary is perfectly capable of replying to Honourable Members opposite. Sir, the Honourable and Learned the Chief Minister did not want the last word, he wanted the last word for his Government, and he wanted the last but one word for his Government, and ~~if my mathematics~~ are right the last but last last word. Now, that no doubt is democracy for the Honourable and Learned Member.

Throughout the debate on the estimates, Sir, may I say an explanation of this point, I have been saying that we would like general indications of policy at the Committee Stage from Honourable Members opposite, so that the Opposition would have an opportunity of discussing matters in full. Well, Sir, in the case of some Ministers we did get such a statement, the Honourable Mr Montegriffo, the Honourable Mr Canepa. But there are some Ministers who have been promising statements and have not given them yet at this stage.

The Honourable Mr Zammit, whom I was pleased to assist at an earlier stage in these proceedings, said that he would be making a statement. Well, that statement has not come before the House or before the people of Gibraltar because the Chief Minister has not wanted it to be so. And here we have

had the Honourable Minister for Sport sitting there, not having made his statement at all, not having made any comprehensive exposition of the work of his department, such as it is, and I would have liked to have said something about the distribution of work in the Government at an earlier stage, and if he had done so, and if the Honourable and Learned Member had had his way, we in the Opposition would have had no chance of replying to the Honourable Member. All Gibraltar is the loser, and the Honourable Minister for Sport is the loser, though no doubt his speech, such as it was, will be reproduced, I should say produced, by a certain newspaper in due course but Members here will not have the benefit of his intervention.

Sir, the reason why I was reluctant to speak before the Honourable and Learned the Chief Minister was because in discussing at Committee Stage the estimates of expenditure we dealt at great length with the estimates for the Improvement and Development Fund. I am aware, Sir, that there are two separate motions before the House, and that there is a separate motion for the Improvement and Development Fund, which the Honourable and Learned Member has now moved. But in past years, according to the practice in this House, it has been customary to discuss the Improvement and Development Fund in the general context of the Estimates of Expenditure, rather than take it as a separate item under a separate motion before the House. I think reference to Hansards will bear me out. It has further been the practice of this House, when the Opposition was in Government, for the Chief Minister of the day to make a political statement on behalf of the Government of the day, which could be criticised on political grounds by Honourable Members opposite when they were in Opposition. Therefore, my Honourable Friend led off always, allowed Members of the opposition to criticise and had confidence in his colleagues that they could defend the political position he had adopted. Apparently the Honourable and Learned the Chief Minister does not have confidence in his colleagues and is not prepared to see his position defended by his Honourable Colleagues on the other side. What has aggravated the matter this year has been that the Honourable and Learned the Chief Minister has been promising a statement on the Improvement and Development Fund, which the House has now had the honour to hear, by your leave, Sir.

Most of the criticism of the Government by the Opposition on the estimates has been levelled at the Improvement and Development Fund, and it was only fair that the Opposition should know in full what the Government propose to do in this respect. But as Mr Healy has spent the most exhausting three weeks of his life in preparing the Budget, I am sure the Honourable and Learned the Chief Minister has spent the most exhausting day and night in preparing his statement on the

Improvement and Development Fund. We have seen him moving around the House consulting everybody, he has come back to his seat, he has left for the lobby. Yes, consulted everybody within range. And, therefore, Sir, with these ~~crens~~ we could hardly wait to hear what the Honourable and Learned Member was going to say on the Improvement and Development Fund. We thought that perhaps the disastrous programme of the Government for the year 74/75 was going to be converted by the hard work, in 24 hours, of the Chief Minister into something quite inspiring and quite worthy of the circumstances of Gibraltar. Instead, Sir, we have had a statement which pertained in its entirety to next year and nothing at all of this year, except the now certain knowledge that we are going to spend half as much as we might have in the Improvement and Development Fund. So that the Honourable and Learned member has not only had his onslaught against my Honourable and Learned Colleague, he has not only deprived at least two of his Colleagues of putting forward their point of view, he has not only deprived the House of the benefit of the reply of the Honourable the Financial and Development Secretary to which we feel entitled to because this man is responsible for the finances of Gibraltar, but he has completely mucked up a very good debate up to now. He has initiated another debate on a basis which cannot possibly be followed because what he has had to say has absolutely nothing to do with expenditure from the Improvement and Development Fund next year, and finally, he has sunk in the estimation of Honourable Members on this side of the House. I know he does not care, Sir, I know he does not care.

Well, Sir, on the Improvement and Development Fund, may I say, Sir, and perhaps I have left one point out, and that is the point I was going to make earlier, and I ask for your guidance whether this is in order or not. May I say, Sir, that there is, as Honourable Members are aware, a very essential difference between the position of the Financial and Development Secretary - and I am not for a moment questioning your ruling, Sir, - and may I say the Honourable the Attorney-General, and other Honourable Members on that side of the House as indeed on this side of the House. And that is, perfectly constitutionally for the present, that the Honourable the Financial and Development Secretary, and the Honourable and Learned the Attorney-General are not elected Members, whereas the rest of us in this House, except for yourself, Sir, who are not elected directly by the public but in consultation between the Chief Minister and the Leader of the Opposition and then confirmed by the House, Sir, there is this essential difference between the Financial and Development Secretary and Ministers.

We on this side of the House have often complained that the Honourable the Financial and Development Secretary and the Honourable the Attorney-General are doing a lot of work in this House which we think might properly be done....

MR SPEAKER:

Yes, but I am not going to allow under the guise of a ruling on a particular issue, for the work of the Attorney-General and the Financial and Development Secretary, and their status under the Constitution, to be discussed.

HON M W XIBERRAS:

I must say in explanation, Sir, that we do not feel that we are on the grounds as criticising the Financial and Development Secretary because of the way he puts forward his facts. He puts forward his facts in the manner of an official, but the facts that he puts forward are obviously of great political importance to Gibraltar, and, therefore, we feel more at home bandying arguments with the Honourable and Learned Member, the Chief Minister, or his colleagues, and other selected colleagues, than we do attacking the Financial and Development Secretary. Now, unfortunately it has been necessary from time to time to attack the Financial and Development Secretary precisely because the Honourable and Learned the Chief Minister has not stood up to take punishment when it was necessary to dish it out. And it was for this reason that we had been pressing all along that somebody should take the political responsibility of the measures to be taken, and in fact the Honourable Member accepted this political responsibility at revenue raising time last year, after some pressure from Members on this side.

So, Sir, if the Honourable the Financial and Development Secretary is good enough to act as a Minister then we must take him as a Minister all the time. But it appears that for this time, in replying to that motion, the last motion before the House, he was not good enough in the estimation of the Chief Minister to be able to reply to the motion before the House.

Sir, on the Improvement and Development Fund, we have had a very big cut. We know that the Government has been faced with difficulties and we have heard the arguments for this. We have heard the argument presented by the Honourable the Financial and Development Secretary tacitly

admitted by the Honourable the Minister for Labour and Social Security, though we still have not had a full explanation of why it is that the labour situation is playing such an important part in determining the large cut back in expenditure on the Improvement and Development Fund. We have not had a really reasoned explanation from the Minister for Labour, and it is on this point that I feel I can contribute considerably, and on this point that I shall speak most.

Sir, if Honourable Members had been in Government - I might just cast my mind back a little bit, - in 1969, they would have known that there were two masons left, in fact they were in Government, two masons left in the whole of the Public Works Department. They would have known, Sir, that we lost about 48% of the total labour force of Gibraltar, and they would have known that we lost practically 95% of all our building labour overnight. They would have known, Sir, that the building labour even today in the construction industry, the productive labour in the construction industry, is almost entirely from abroad. If they had stayed on in Government for a little while they would have known that the provisions of the Ordinance which prevented people from changing from one job to another, and which was allowed to lapse by this Government I believe it was on the 11th of December, 1969, was not really needed because there was a minimal shift from the Government to the private sector, even in the construction trade where there was a very high demand. And, therefore, Honourable Members would have been faced with a situation very much graver than it is today, where there was no legislation to deal with the problem and there were no ideas to deal with the problem. And Honourable Members would have known if they had stayed in Government that by December of 1969 a delegation of the Gibraltar Government went to the United Kingdom and brought back commitment to £10m, the vast majority of this in direct grants, for a multiplicity of projects which my Honourable Friend Mr Caruana has outlined to this House I shall not repeat. But that was 3 months after the Government had taken over, and 6 months after the complete withdrawal of Spanish labour.

I believe firmly that the Government has done one of its greatest disservices to Gibraltar by allowing the arguments to be used in the present circumstances of Gibraltar that it is for want of labour, for want of labour gentlemen, that we are unable to have any great expenditure this year. Let me inform the Minister for Labour that not only was it difficult to recruit that labour of the right quality with pressure from the Honourable Members on the other side against it, talking about the cost of Portuguese, talking about the ban on Moroccans, talking about the importation of

Spanish labour: not only was it difficult to Honourable Members - the Honourable Member laughs, but he was the sly person who was asking about Spanish labour

MR SPEAKER:

No, no, not "sly".

HON M W XIBERRAS:

I withdraw that word, Sir. Putting his questions in a circumventory manner. And not only was it difficult to recruit - Yes, the Hansard will show it, the Hansard will show it. We want diversification of labour, we want diversification of labour, he said, sitting on this seat here on my right. "We want a diversification". Why, is there no discrimination, doesn't the Constitution say that there is no discrimination?" Yes it was the Honourable Mr Featherstone alright, who was putting these questions and he wasn't talking about Moroccans.

Not only was it necessary to get the contractors - and the Honourable Member sitting to the left of the Honourable Mr Featherstone will notice, and he has declared an interest in these matters earlier in the proceedings and I believe was involved in certain works not far from here, and further afield where this difficulty arose. Not only was it difficult to encourage contractors to have faith in Gibraltar, not only was it difficult to convince Her Majesty's Government to have faith in contractors in Gibraltar, not only was it difficult to recruit the labour, it was also vitally necessary to keep the labour here. And to illustrate this point may I turn to the Humphreys question, where the men at Humphreys when Humphreys collapsed were paid two weeks of wages because the Portuguese craftsmen were scampering off very quickly...

MR SPEAKER:

We are not departing from one point and I have been very liberal.

HON M W XIBERRAS:

I am saying that in the 1974/75 Improvement and Development Fund, if there is a shortage of craftsmen, surely the fact that the future for these craftsmen, the future for these contractors has not been assured by the illfated visit of

the Honourable and Learned Chief Minister to London last year has had something to do with it. Surely, contractors, who can sniff the wind the same as anybody else, have seen there is going to be a period when nothing is going to be done, and they have sensed this wind that we are discussing today coming, and you can talk to the Moroccans in streets and on the site and they know it is either Taylor Woodrow or nothing. I have spoken to them and I know why it is. And, therefore, the Honourable the Minister for Labour, apart from giving due attention, and he has been praised by this House for it, to the question of social security, should realise that even though it may give him a warmer feeling around the heart to provide these pensions, it is the hard job that he needs to do and he has not done in respect of labour. He has to stand up to whoever tells him labour is an impediment to building in Gibraltar. He has to fill that Hostel by hook or by crook, because we got that Hostel by hook or by crook. It was empty but not because there were no projects in Gibraltar. The Honourable Mr Montegriffo may call the Health Centre a white elephant, but he is making use of it today to bring very laudible things to this House. So, Sir, I hope you will excuse me for speaking in these strong terms, but I think they are deserved.

And then we have heard, Sir, we have heard, that labour is an impediment. Well, is there a ban into the importation of labour?

MR SPEAKER:

I would like to remind the speaker now that we have gone through the estimates of expenditure in the other debate and we are doing it again now. I am saying it after I think - the Honourable the Leader of the Opposition started his speech at 12.58. I think I have given him a fair amount of latitude, but we mustn't repeat.

HON M W XIBERRAS:

Perhaps I spent rather too long on a point of order.

MR SPEAKER:

No, no I am referring now on this repetition exclusively

HON M W XIBERRAS:

Sir, what I am calling for is an explanation of this essential argument. I am sure the Chair and the House is well aware of the importance of this. I recall saying in 1969 in London: "Labour is the economy", and labour is the economy today. I am chastising the Minister for Labour in not seeing this, despite all the indications, all the prodding from Honourable members on this side. Therefore, labour has left because there is no future forthcoming from the Government. Now I would like to ask the Minister for Labour, and I would like to ask the Honourable the Financial and Development Secretary, or I would like to ask the Honourable the Attorney-General, has there been any restriction of labour into Gibraltar? Why is it that we do not have this labour? Surely it is the responsibility of the Government to provide the conditions necessary to attract that labour here. And there are projects in the Improvement and Development Fund which relate not only to the private sector but to the public sector on which I also want to say something. Has there been such restrictions? Honourable Members did not put on kid gloves when we were dealing with this question in the House. before when dealing with the question of labour from abroad, as the records will show. Therefore, I ask Honourable Members opposite: is there any restriction on labour from Morocco? Is any vast impediments such as the ones we had where there was no accommodation, no suitable accommodation? Honourable Members on the other side should know that provided the rates are right, provided you have the accommodation available, then there is always labour to be found, if not from one place from another. If the work is here, the accommodation is here, and the rate is the going rate, then you can bring people in here. And alright, we may not like the differential in wages, and Honourable Members on the other side criticised this, we may not like the different standards, we on this side of the House certainly do not. We are integrationists and we believe in the same standards, and this is very much to the point with what I am going to say. But even though there was a differential, even if the Portuguese craftsman was making £50, the building was going on - Humphreys carried on. The money was coming into Gibraltar through the Improvement and Development Fund, and the contribution of Her Majesty's Government. The economy was buoyant and the people of Gibraltar were doing very well.

Honourable members will say: but we lost the election. Yes, we lost the election and I had the electoral manifesto of the AACR to comment on had I had the chance to speak after the Chief Minister in the previous debate. Perhaps Honourable Members are tired of hearing how

misleading the AACR was at election time. There is of course something else connected with attracting labour to Gibraltar, one other factor, and that is Her Majesty's Government. Her Majesty's Government undoubtedly - we heard it from Mr Kish in ODA we had it very clearly when we went in 1969 - "you haven't got the capacity to build. Impossible, how could you possibly build if the frontier has just been closed and you have lost 48% of all your labour, 95% of all your constructions labour, you are mad!! how can you ask for all this, you just want political advantage." "Don't worry we will do it." It is done and Honourable Members opposite said: you haven't laid a brick. The Honourable and Learned the Chief Minister said: you haven't laid a brick. He hasn't mixed the mortar yet! (laughter) Or perhaps he is mixing it and he will take a year to mix it and we will start the development a year later.

Now, Sir, not only was there a question of £10m but there was also the Rowly visit. There was the Rowly visit to Gibraltar in 1972. It was accepted that the Varyl Begg Estate would be the major development in the Development Programme 1973/76, it was accepted, and there was agreement in principle from Mr Rowly of ODA with his team in Gibraltar, to the Comprehensive School. And there was something more than agreement in principle for the Honourable Member's Victoria Stadium, and there was a submission before the last Government left office. I am glad to see, Sir, by the way, that the Honourable Member is now supervising the work at Victoria Stadium, which I think is to the point now, Sir. I honestly hate to see him - I like to see him very much in the touch line of the playing field - though I do feel he is also on the touch line of the Government. On the other hand I do think, Sir, that the Honourable Minister for Public Works.....

MR SPEAKER:

We are departing from the point at issue - it is £2,695,000 you are voting here now, not the general principle. I think I am entitled now to say it again.

HON M W XIBERRAS:

Yes, Sir. I got a bit carried away with the Minister of Public Works.

MR SPEAKER:

Yes, provided it is on the expenditure that we are voting,

not on what he did not do before.

HON M W XIBERRAS:

Well, let me turn now to those projects in the Improvement and Development Fund which are to be carried out by the Public Works Department. Now, the capacity to take on work has been a major argument in cutting a very big slice of the Improvement and Development Fund for this year. I was very intrigued by something the Financial and Development Secretary had to say in relation to the movement of labour. I think it was the Financial and Development Secretary who said that the Minister for Public Works could not recruit labour for the Public Works Department, and the Financial and Development Secretary it was who said that the Government employees did not have to be such as would put in jeopardy the private sector. I think that was actually more in my favour than all that.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I remember what I said perfectly well. I said we have got to keep the rates of wages and price inflation in the public sector within the rates that can be borne by other sectors of the economy.

HON M W XIBERRAS:

I am most grateful to the Honourable Member. Now, this, Sir, is very good UK thinking. It is indeed very good thinking in Belgium, I imagine, it is very good thinking in other parts of the world - before Mr Featherstone stands up and says "integration". Well, he has said it. He will go down shouting "integration", I am quite certain of that. The weight of tax on him but he will go down shouting "integration".

Sir, this is a very important thing, because the economy of Gibraltar, as Honourable Members are aware, worked rather the other way round. It is the public sector that set the standard, and most of our standard are set by the public sector, in pensions, in this, that and the other thing. It is the private sector that follows, and individuals in the private sector aim at conditions in the Government Service. Now, when we get the philosophy of: "let the Government drag its heels, let Government slow down a bit, and let the private sector set the pace." Then the Honourable Member on the extreme right, I don't want to miss the Minister for Public Works, is going to be in trouble, especially if he starts cutting his overtime at

the same time. That is ~~where~~ he is going to start losing people who do not want to leave the Government service any more than they want to leave the Dockyard or want to leave DOE, because there is security in that employment.

HON H J ZAMMITT:

Mr Speaker, I cannot see very much reliance when we have had a £210m defence out spending in UK, and a further £50m by this Government in UK now.

HON M W XIBERRAS:

Let us make sure that people know about it before it happens if there is anything. I have been assured that there isn't, but if there is something let the people know about it. That is why I am grateful to the Honourable Member.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Will you wait just for one moment, because I ought to clarify what I said a couple of moments ago. In this connection I was speaking of our public expenditure, and our Government expenditure, and the Dockyard and Tourism were the other main sectors of the economy.

MR SPEAKER:

Yes but we are now falling, and I am going to say it once more only. We are now falling into the trap of debating what we have already debated once. It is obvious that this has nothing to do with it. I apply the rules and we mustn't open the general debate on expenditure.

HON M W XIBERRAS:

No, Sir, I am talking about...

MR SPEAKER:

You are talking about excluding the expenditure from the Improvement and Development Fund.

HON M W XIBERRAS:

I am talking about Improvement and Development Fund, for

instance, the project of £2,500 on which the reason was adduced at one time, and it has been generally I think the attitude of the Government to the Improvement and Development Fund, that the labour was not available. And I am afraid I will have some time to go because I have still not dealt with other aspects of what the Financial and Development Secretary has had to say.

MR SPEAKER:

Perhaps we will recess now and continue at 3.15 this afternoon.

The House recessed at 1.05 p.m.

The House resumed at 3.25 p.m.

HON M W XIBERRAS:

Mr Speaker, talking about the Improvement and Development Fund, I had something to say this morning on the question of labour, which was adduced by the Financial and Development Secretary, in the introductory speech on the estimates of expenditure as a reason for the cuts that have taken place on the Improvement and Development Fund for the year 1974/75. I would like to develop one or two more points, because as the House is aware the Improvement and Development Fund, particularly the money that comes from HMG into the economy through the Improvement and Development Fund, has played a vital part in Gibraltar's ability to resist a siege

MR SPEAKER:

No, No, we are not going to talk about that, definitely. We are talking about the expenditure £2,695,000.

HON M W XIBERRAS:

....since 1969. Now, the fact that this particular vote is not as large as one would have hoped for, or might have

expected, following the Chief Minister's visit to London that year, is a matter which is going to have great repercussions on Gibraltar. I think it was the Chief Minister' on television who said, borrowing a phrase used by the previous administration, that it was very important to keep up the momentum of the economy. And we welcome this change of heart even though, I think it was in the same programme, we decried his reference to charity from HMG. Whatever one calls it, we are not getting much of that. And I think the Chief Minister by now, the Honourable and Learned the Chief Minister, must be aware that in the year 1974/75 the economy is going to suffer because the momentum is not going to be kept up, and is not going to be kept up because of the Improvement & Development Fund being as low as it is for this year. The Honourable and Learned the Financial and Development Secretary said in his introductory speech, in reference to development project, that there might be inflation - I believe this is what was the gist of his argument - if more money were put into the Improvement and Development Fund in what he reads as the present situation of Gibraltar. I hope that the Honourable the Financial and Development Secretary, who is responsible constitutionally for the financial affairs of Gibraltar, along of course with the rest of the Government, but he has a special responsibility, is aware that if the labour from abroad diminishes very substantially as a result of Government's planning for development in 1974/75, or I might say lack of plans, then the economic affects, the adverse economic effects, are going to be serious as well, insofar as those construction workers from the United Kingdom, those construction workers from Morocco, other people involved in the construction projects for Gibraltarians, building houses and so on, for Gibraltarians as they have been in the past, will not be here, and the construction workers from the United Kingdom is not going to spend money in our bars, and the Moroccan workers is not going to spend money on food or on clothes, and that there is at least - this is putting it charitably - an indication that the effect of not having much development for 1974/75 is going to be one of recession, which might very well hit particular establishments. I wonder whether the Minister for Tourism has computed how this could affect his guest nights. It might very well be that some construction workers might be involved in major development projects one might have wanted to see, will not be staying at one or two of the smaller hotels of the locality and I am sure that this is not going to be appreciated very much by the people who run these establishments.

The Honourable the Financial and Development Secretary, talking I believe about the Improvement and Development Fund, referred to the inflationary effects. Obviously in all situations one has to balance one thing against the other. In this situation, we would be balancing, what one might conceive even for a second, but I don't believe this is so, an inflationary effect as a result of more building, with a deflationary effect to the absence of the workers involved in these construction projects. I would ask the Honourable the Financial and Development Secretary honestly to tell this House whether he believes the unprecedented rate of inflation in Gibraltar can be laid, at the door of the boom in construction which was experienced under the Integrationalist administration, or whether the inflation is due to other reasons. I would have expected the Minister who was in charge of Consumer Protection to have told this House that it was caused other than a boom in construction that has caused inflation to rocket. And, therefore, I think the validity of the argument that has been adduced against having rather more substantial funds for Improvement and Development is highly questionable. I would have said that even if we had to take on a measure of inflation, because of a boom in construction, it was on the social interest of the people of Gibraltar that this should happen. It was in the economic interest of the people of Gibraltar that this should happen. And it was in the interest of building up a labour force capable of tackling progressively more and more as funds became available. Therefore, Sir, what I am saying is that the argument brought to this House by the Financial and Development Secretary, the twin arguments of inflation and availability of labour, are obscuring the real nature of the Government's problem, and that is, that they have not been able to acquire the necessary funds. This has been presented to the House fairly and squarely, and if Honourable Members on the other side, in their term in Opposition, had not divided so much the great programme of integrationalist administration in our time, then perhaps it would have been in a better mood to discuss sensibly what was in the best interest of Gibraltar to do. But we had instead a camouflage statement about development in the year 1975/76 by the Honourable and Learned the Chief Minister, and we had comments directed at my Honourable Friend on my left, which again had nothing to do with what development is going to take place in Gibraltar in this coming year, about which we are supposed to be talking. Sir, the Honourable the Financial and Development Secretary mentioned the Beeching Report in talking about development. If I remember the Beeching Report.

MR SPEAKER:

Yes but we are not going to discuss the Beeching Report. I am terribly sorry, we are wandering more and more from the point at issue. I am being liberal, but there is a limit to where we can go. We are not discussing - that is why we are making a mistake - we are not discussing general development we are discussing the particular sum which is going to be expended. That we did in the other vote, when we tackled Appendix 'G', in the estimate of expenditure.

HON M W XIBERRAS:

I was just going to say, Sir, that if we follow, as this vote indicates, we are going to follow a deflationary trend in development, then one of the basic tenets of Beeching, which was that it was important to raise wages in consonance with productivity....

MR SPEAKER:

No, I am ruling you out of order on that one. I have no doubt in my mind. We are not talking about that. We are talking about the particular expenditure of £2,695,000, and we have to direct our minds as to whether this particular money should be spent for the particular purpose that we need them.

HON P J ISOLA:

I am not in any way questioning your point of order, by any means, but may I seek guidance on the fact that in proposing the motion, the mover of the motion, apart from his initial tirade, only referred to Government policy on development and in fact not 1974/75, but 1975/76. And I would have thought it a bit difficult for the Opposition, the question hasn't been put in that manner by the Government, its difficult for the Opposition not to have a little talk about policy as well.

MR SPEAKER:

I am delighted that you have used the word "little", because

the Honourable the Leader of the Opposition started at 12.28 this morning talking about this particular expenditure, and so far we haven't had anything on the particular expenditure. I think I have been liberal but there are limits where we must all arrive. We must be relevant and I must be liberal, and I don't think I can be accused of not being liberal, but there is a time when one must call attention. By all means do continue.

HON M W XIBERRAS:

I was going to say, Sir, that if we follow a deflationary trend then the workers are not going to come from anywhere around, from Morocco from Britain, or from anywhere else, to Gibraltar to build what the Honourable and Learned the Chief Minister hopes to build next year or the year after that. And that was what Beeching said.

Sir, I don't see much in the Improvement and Development Fund to give effect to what the Honourable Mr Serfaty was telling the House, under his votes on expenditure in Tourism. All Mr Serfaty, like his leader, has talked about is the future. He has done so very charmingly as did the Minister for Housing, who was very charming in the exposition, amusing, but really talking about 1974/75, which is the substance of this debate. What has the Minister had to say about something to follow in 1974/75, what preference is there in the Improvement and Development Fund to this. And from the Tourism point of view I would ask the same question. What has the Honourable Mr Serfaty told the people of Gibraltar he is putting into this particular vote to justify his expansionist statements, made not just one year ago, but made in Opposition repeatedly, made in the Government, he will probably be out of Government again, and he will probably still be making acts of faith in the future, which is very good, very good. But as regards this particular vote for this coming year, what has been said? What has he told the House? Mr Speaker, the answer to that is very little, much less than the Integrationalist administration did, despite the fact that we are not flamboyant in our statements about Tourism. The Government Public Works Department have had difficulties in recruitment in the past, recruiting a labour force. I seem to recall that in respect to one or two projects it was said that the work could not be completed, or the extra work could not be taken on, because of non-availability of labour, and that labour was drifting from the Government department into the private sector. I would ask the Minister to consider whether the level of overtime in his Department has anything to do with it. If the workers in

the Public Works Department do not get enough money to live on by staying in the Public Works Department, then obviously they are going to drift into the Private Sector. And they'll drift whether or not there is much development or not because the numbers involved are particularly small. Therefore, perhaps the Minister could look at his overtime rates, look forward to productivity agreements, look for a way of retaining his workers so that we can have more developments, more work in the Public Works Department, without having to introduce a law which was objectionable, namely that forbid workers from moving from one job to another. Perhaps indeed we could have the two job society, or the three job society, if that is our last resort, but for the Minister, or for the Government, to come and say that the Public Works Department cannot take on more work as minimal as the £2,500 for the Waterport Scheme, on which he gave an explanation this morning, does not augur very well for the Public Works Department, or for beautification or for people in Gibraltar generally.

HON LT COL J L HOARE:

Mr Speaker, on a point of order.

MR SPEAKER:

You can speak because the Honourable Member has given way, but I must insist that it is not a point of order.

HON LT COL J L HOARE:

What I said this morning that the scheme originally planned in 1968, for which funds were approved in 1970, was not carried out in 1970/71, or 1971/72; that it did in fact relate to part of the land on which we are doing the approach road to Varyl Begg, and this is why we haven't carried it on. So that's completely quite far from the interpretation which is being placed now, that I can't find work to do, even if I did find the labour and I am sure I could find the labour to do that project, I couldn't do it until the roads are finished.

HON M W XIBERRAS:

Well, Sir, that is all I have to say on this motion, and to sum up, the mover of the motion has spoken on the 1975/76 programme which hopefully Gibraltar will have. He has not said a single word about the motion which is before the

House, that is, Expenditure for 1974/75.

HON A J CANEPA:

A great deal of this debate, and the debate on the estimates of expenditure, has hinged around the question of the supply of labour, or rather, what has been talked of as being the lack of labour, and the relationship which this has with the programme of works, which can be undertaken now under the Improvement and Development Fund that we are discussing, and which is reflected in the expenditure which the House has been asked to approve, ~~the relationship between the two, and~~ a number of accusations have been made against me in particular for the lack of labour. It is the only point, Mr Speaker, that I wish to dwell on in my contribution to the debate, and I would hope that if it is not entirely within the motion being discussed, you will be slightly liberal with me. It was a theme that I wanted to elaborate on this morning.

HON M W XIBERRAS:

But the Chief Minister did not allow you to.

HON A J CANEPA:

The Chief Minister allows me to say as much as I want to in this House and I very often commit my colleagues in this House to a number of things because I know, that what I ask for, I get. Yes, Mr Caruana?

HON J CARUANA:

I wish we had had the benefit of hearing the Honourable Member speak this morning in the debate.

HON A J CANEPA:

It might have been somewhat more illuminating than what we had to hear from him yesterday. The same old record: "Those Were The Days My Friend".

MR SPEAKER:

Order.

HON A J CANEPA:

And in fact, Sir, there was something that the Honourable Mr Caruana said that hinges very closely to the problem of labour, and which the Members of the Opposition, and he himself, certainly do not seem to understand. He dwelt on the development of the Comprehensive School. It should have been ready in September 1973, it isn't ready, yet. He Hoped that it would be ready for September 1974. That point, the fact that we have been slipping behind constantly, the fact that our labour is not able to meet the targets which are set, is the point that was made by the Honourable the Financial and Development Secretary when he said that there is no point in tackling an unrealistic programme of development, if those deadlines cannot be met. If there are frequent delays what is the point of inflating expenditure if we just have to raise taxes to meet that expenditure, which in the event doesn't materialise in the year under consideration, and there are these constant revotes. That was the point which was being made, and that was the point which they do not wish to accept. The problems that we are facing, Sir, by and large, are the legacy of what has been left to us by what I would generously describe as the misguided but haphazard enthusiasm of the previous administration. One point which the Honourable Mr Bossano in his earlier intervention also hinged on was the question of the quota. ~~The quota which regulates our supply of alien labour.~~ And it was his argument, Sir, that, the decrease in the quota has been - I'll say partly only - responsible, ~~he certainly gave it as one of the reasons for this lack of supply.~~ That, Sir, is not really the case. In November, Sir, when the current....

HON J BOSSANO:

Mr Speaker, what I questioned was, that if there is a dislocation between supply and demand in economic analysis, one can either cut back on demand or do something to increase supply, and I suggested that the question of increasing supply had not been looked at and there were provisions things in Gibraltar's laws to do something about it on that side.

HON A J CANEPA:

The position was in November, and I think that if I give these figures they may be helpful in what is to follow in this debate, the position was that there were under the quota, 3,450 permits available. That was just before November. Of those work permits, Sir, only 3,150 had actually been taken up. In other words there were well over 300 work permits not taken up. And as far as the Construction Industry was concerned, out of a possible 820 work permits, only 650 were taken up prior to November. And, therefore, Sir, when the Manpower Planning Commission met to review the quota and to recommend the figures for the next period of 6 months ending this coming April, the overall quota was set at 3,330, and the quota for the construction industry was set at 760. In other words, it still allowed for about another 100 over and above the number of work permits for the building industry on issue at the time. And I think, Sir, that the Honourable Mr Bossano will confirm that there were difficulties round about this time, certainly prior to October and November of last year, in recruiting alien labour, and in recruiting labour from Morocco. I think I am right in saying that he himself sallied forth to Morocco, and it would be useful if he were to tell the House how many workers he succeeded, through no fault of his own, ~~but how many he actually succeeded in recruiting.~~ The position was difficult and that is why the quota was cut in November. But since then, Sir, we find in fact, in the last couple of months or so, that the position has improved substantially. Nearly all the work permits have now been taken up, there is only a handful available. And no doubt when the Manpower Planning Commission meets in April, to make a recommendation on the quota figure for the next few months, they will have to take into account what the current situation is as far as demand is concerned, what is the demand, and they will have to plan accordingly. But the quota, Sir, only regulates the importation of alien labour. It doesn't do so in respect of Common Market Nationals. Employers are still free to import, within limitations of accommodation and what have you, whatever numbers of Europeans, certainly EEC Nationals, as they wish. And it is, Sir, the fact that they haven't succeeded in doing this, and in particular the contractor who has been working at the Varyl Begg, that this contractor has not done this, which as I see it really, is the whole crux of the matter. The problem to my mind stems from that. And let it not be forgotten, Sir, that even at Varyl Begg, the works are well behind schedule, and the ~~lack~~ ^{delay in} arrival of materials is not the whole problem. Yes Sir, they are well behind schedule. When I took office in July 1972, I went round the Hostels,

and at Devil's Tower I found the Hostel was practically completely empty. There were only a handful of residents there; 20 no more in a Hostel that can accommodate 300. And I was told that that Hostel was being reserved for the European Labour Force that would be imported via Taylor Woodrow to undertake the work at Varyl Begg. In fact Sir, I was shown graphs which purported to show what the labour situation would be in succeeding months, the numbers that would be imported, the peak period that would be arrived at, and the number of beds that we had to make available at Varyl Begg to accommodate that labour. The months went by, Sir, and in the event, nothing seemed to happen. That labour was not materialising, the hostel was still practically empty, and I was under the impression, Sir, although this is certainly not a matter which is the direct responsibility of the Minister of Labour but of the Government generally, I was under the impression that, Taylor Woodrow were required to bring European skilled labour. And I believe I am right in saying that when that Hostel was opened by the Honourable Mr Xiberras, he did say that it was being reserved for European skilled labour for the Viaduct. What happened? Why hasn't that labour materialised? Where is the clause in the contract enjoining on the contractor Taylor Woodrow to bring that European labour to Gibraltar? That is the problem, Sir, that ~~that~~ is the corner stone of the problem that we have been discussing here for the last few days. And, what has been the direct result of that, Sir? It has been that this contractor has poached labour from the other contractors in Gibraltar. Certainly he was doing so up to about November 1973, because since then about another 100 alien workers have come in to Gibraltar. But all in all one can say that in the last twelve months local contractors have lost a very considerable proportion of their labour to Taylor Woodrow, and that has happened because, I imagine, ~~that~~ the costings that were worked out for Varyl Begg included this element of European labour, they, therefore, had the money to poach from the local contractors because they could pay the skilled workers, aliens that they have there, much higher wages than what the local contractors could do. And, Honourable Members opposite talk about protecting local contractors. Of course we want to protect local contractors, I think as a Gibraltar it is ...

MR SPEAKER:

Now, we are beginning to depart from the point at issue. You are proving the reason why we've got lack of labour, that's fair enough, but let's not go beyond that.

HON A J CANEPA:

It is shameful, Sir, that local contractors that have served the Government in very many development projects for a number of years, now find themselves unable to tender for many of the work which I am sure are included in the Development programme for next year, because they just don't have the labour available any longer.

Sir, that is why the Honourable the Financial and Development Secretary referred to inflationary costs in the building industry. And when the Honourable Mr Bossano, in the earlier debate referred to the figures given in the employment survey, for October 1972, he should have realised that obviously that was not necessarily the situation in October 1972. The interesting one would be October 1973. When they are published I am sure they will indicate a very different situation. And so, Sir, because this European labour was not coming to Gibraltar, the Government also found itself under enormous pressure to put up the labour force that Taylor Woodrow was taking on at our other Hostels, and in particular at Casemates. And there is another clause in the contract, which requires the Government to reserve accommodation for that contractor, and because we have to honour such a contract, otherwise there could be litigation proceedings later on, because we have to honour it, my Department has found itself *finding* an intolerable situation, trying to find these beds in the other Hostels for alien labour, which doesn't want to be put up at Devil's Tower in spite of the fact that we offer the accommodation.

Sir, the fact of the matter is, that at the moment at Devil's Tower, they are paying £3 weekly, whereas these alien workers prefer to pay the charge of £1 at Casemates.

There is, Sir, this commitment to reserve beds, and we've done our best. At Casemates about 150 extra beds have been provided in the last twelve to sixteen months. But it means that the Hostel is under enormous strain, because where it had about 770, when I came into office, there are well over 900 there now and perhaps we just don't have the set up to cope with these pressures. But those are the realities, Sir, and those are the things which perhaps one doesn't want to have to say, but when one is under attack, Sir, certainly, then one has got to lay the blame right where the blame lies from the word go. Sir, the problems which we are facing in our own development programme, and which are undoubtedly aggravated by rising costs, are I repeat, the legacy of a way of thinking, of a way of going about things by an administration which tried to tackle far too much. *result of their* ~~In an~~ *of* ~~this was a~~ exhuberance, at their enthusiasm at finding themselves in power

unexpectedly, because let it not be forgotten that the IWP only had six candidates in 1969, they never expected to be in office. Sir, there is a need and there was a need then to cut one's suit according to one's cloth, otherwise the suit is too small, and when you wear it, it looks ridiculous, or it bursts at the seams, and this is what is happening. Sir, our development programme is suffering from that. It is suffering from the dreams of an administration that dreamt the unattainable and today Gibraltar is reaping the benefits of mismanagement for two years and ten months. And it is not to be wondered that the electorate gave them the order of the boot.

HON MAJOR R J PELIZA:

Mr Speaker, it was not my intention at all to talk on this motion, because I wanted to show my contempt to the Chief Minister for the manner in which he handled the previous debate, and for depriving the Financial Secretary of giving answers to the arguments that I put forward. So it was not my intention at all to rise, but as certain accusations have been made against the previous administration, I had the honour to lead, and to which Gibraltar can be thankful for £10,000,000, and because I can understand the terrible damage that the words uttered by the Labour Minister at this stage can do to future delegations who go to England asking for money, I think I must stand up and defend the point that I made at ODA when I asked for the money. If the Labour Minister had been the official that I had to face when I was asking for the money for Gibraltar, he could not have done the work better, in trying to prevent us from bringing that money to Gibraltar. And now he has the audacity and cheek, I would say, of saying that we were wrong in asking for that money, that we had dreams, that we asked for too much, for so much that in fact we couldn't do what we asked for. And today....

MR SPEAKER:

No, No, he hasn't said anything of the sort.

HON MAJOR R J PELIZA:

Mr Speaker, he said very much that we were dreamers.

MR SPEAKER:

He referred to the £10,000,000 and he said, if I remember rightly, that you had to cut your suit according to your cloth.

HON MAJOR R J PELIZA:

But before that, Mr Speaker, he said that we were suffering now from the dreams of the previous administration, of their legacy, because we had asked for more than we could tackle. And this is when he mentioned the question of cutting the suit according to the cloth. Therefore, in other words, we've got too much money, we've asked for too much, and in fact we couldn't build that amount. Well, that's what he said and we will see it when the Hansard comes out. I hope it won't be in two year's time, I hope it will be in two weeks time.

MR SPEAKER:

May I give an assurance that it will neither be in two weeks or two years. It will be sooner than before, anyway.

HON MAJOR R J PELIZA:

Yes, Mr Speaker, and I do hope, coming to this, that when we do get back to normality, it will be possible to have it within two weeks. Now, I said before, and I've got to repeat it now, that the crux of the matter is Labour, and I forgot to mention yesterday in fact was that what I always used to say was a goldmine, was in fact labour, and it still is a goldmine, not only in Gibraltar but anywhere else in the world. That is a goldmine, labour. And this is the goldmine that I was trying to exploit and develop through productivity, which unfortunately was dropped since we unfortunately left that side of the House.

But coming back now to this point of trying too far. Well, it is because I asked for a general election. At least I had the courage of my conviction, which is more / what can be said for other Members of this House. than

But talking now on the importance of labour, and to try and pass the baby on to us, I think is most unfair. It is most unfair because when we did go to ask for money for a development plan, in fact there was hardly any labour in Gibraltar at all. The doors had been opened, there was a flood of labour of all descriptions completely disorganised, and to some extent ODA had really an argument there. And

it was through the valuable contribution and hard work of my Honourable Friend on my left Maurice Xiberras, who brought some kind of order into the labour force in Gibraltar, and managed very hard to bring labour to Gibraltar. He literally brought that labour to Gibraltar, and one of the first things that was required were plenty of Hostels. At least we got one which I think is as good as can be found anywhere else in the world, ready to accommodate the skilled labour that was so essential to carry out at least the work at Viaduct, and also to provide for the chaos that came on us when the company building Glacis collapsed. Through the ability of my friend, the Honourable Mr Caruana, we got over that difficult hurdle with flying colours. We did not scream and say that there was no contract or labour from the previous Government to get that done. We did not scream when we came here we found complete disorganisation, no plan at all, for the eventuality of Spanish labour being withdrawn from Gibraltar. We just tackled the job with imagination, which is I think what the Labour Minister should have done as soon as he took over, if he felt that there was something wrong with what we were doing. But instead he waited two years for the whole thing to become the chaotic state it is now, and then his administration passed the blame on to us. That, I would say, is hardly the thing that one can expect from a responsible member of the Government. And now unfortunately he sits and he supports a statement to this House, that Gibraltar hasn't got the ability to develop more at this stage. And if he were to try, it would be inflation, without considering at all the adverse effect that that will have on the economy, how much this will affect the pockets of every individual in Gibraltar, and how much this will discourage developers to come to Gibraltar. How can the Minister for Economic Development allow such a statement to be made in this House? How is it possible? I just cannot understand it. It is really burying Gibraltar. And what we are trying to do now is to stop that interment. This is what we are doing here today.

How can the Chief Minister go to England now and ask for money, when he himself is approving, with the support of his own Minister, that Gibraltar cannot afford any more development. I think I have made my point. I could say much more, Mr Speaker, but I know that I have said enough. In any case I think it is falling on deaf ears.

MR SPEAKER:

Are there any other contributors to the debate?

HON J BOSSANO:

Mr Speaker, the House is considering the estimated expenditure for the Improvement and Development Fund in 1974/75, and the motion has been moved by the Honourable and Learned the Chief Minister. A change in practice which makes it difficult for the Opposition, when we move on to the Revenue Raising Measures to give any credence to the arguments that might be put forward in support of the measures it is intended to take. On this side of the House it is my function, Mr Speaker, to advise my colleagues on matters of finance. And when the original motion on the expenditure had been moved, I put forward a number of queries which I had hoped could be answered by the mover of the motion in the closing speech. And indeed I myself, at that time, suggested that if we had had the benefit of listening to the Honourable and Learned the Chief Minister at an earlier stage in the proceedings, we might have been able to put other queries. The House has been deprived of the opportunity of hearing either the Financial and Development Secretary or the Honourable and Learned Chief Minister make any support for the expenditure on the recurrent Budget, and this means that in a forum where we are supposed to discuss democratically - and at a fairly sophisticated level I would say - the finances of Gibraltar, the Opposition has been given no opportunity to have its questions answered. And now we find that the Honourable and Learned the Chief Minister has moved the motion on the Improvement and Development Fund and, therefore, I would put to him questions about the Improvement and Development Fund which I hope that when he makes the closing speech, he will be able to answer.

I am glad, Mr Speaker, that we have succeeded in unmasking the real culprit behind the economic mismanagement of Gibraltar, because I have long contended that it was the responsibility of the Honourable and Learned the Chief Minister that was at the root of the economic policies that are being implemented. And now that responsibility ...

MR SPEAKER:

We are not going to discuss that now.

HON J BOSSANO:

That responsibility has been recognised by the fact that I am addressing my questions, my misgivings about the policies that are being implemented in the Improvement and

Development Fund, to the Honourable and Learned the Chief Minister. There are other things that will have to go unanswered, presumably, Mr Speaker, because I know that although you always tried to be extremely lenient in allowing speakers to make the utmost of their right to speak in the forum, you have to abide by a strict interpretation of the Rules of the House, and you will not be able to give the Honourable and Learned the Chief Minister the opportunity of expounding on the increase in the money supply which I would have been delighted to hear. And he might even have succeeded in enlightening the Honourable Minister of Education, who seems to be mystified by economic analysis, Perhaps he should..

MR SPEAKER:

All this he should have done before, not now.

HON J BOSSANO:

Not now. That is why it is a great pity, Mr Speaker, that because you will not allow him to do it now we have been denied this opportunity of hearing the wisdom....

MR SPEAKER:

No, I will not take the blame. There were opportunities to have it done before and if they didn't choose to it's not my fault.

HON J BOSSANO:

No, Mr Speaker, it is not your fault at all. It is the fault of the Chief Minister for not having the courage to stand up earlier. And now even if he gets his courage back you will not be able to allow him because of the rules

HON M K FEATHERSTONE:

I never said I was mystified by the money supply etc, I was mystified by why economists could never agree.

HON J. BOSSANO:

Well, Mr Speaker, if he is not mystified then perhaps the Honourable the Minister for Education can come to the aid of the Chief Minister at a later stage. But as regards the Improvement and Development Fund, Mr Speaker, we have heard, I think, a valiant effort by the Minister for Labour and Social Security to put forward some sort of sound argument in support of the contention that there are capacity constraints that justify the reduction in the volume of work that is to be undertaken in the forthcoming year. And that is the sort of argument that on this side of the House we welcome and we would like to see more of. But of course this aside about the venom of Members will not get us anywhere towards finding out what is Government policy in respect of the Improvement and Development Fund. And if the Honourable and Learned the Chief Minister is so frightened of venom, he can always use the Revenue Raising Measures to put a special tax on this, Mr Speaker. He could even make it specific in keeping with other legislations. But Mr Speaker when one talks about venom it tends to produce that sort of reaction.

You see, when one talks about figures and economic policies, then it produces a different sort of reaction. And in the Improvement and Development Fund, Mr Speaker, what concerns me is the short memories of members of the House, because we have talked about the Improvement and Development Fund in detail ever since this Government came in. And if we've got slippage - I think the word the Honourable Financial and Development Secretary used was "slippage" - what we have is slippage as between revised figures that I contended were grossly over-estimated, and realistic final figures which I contended would show the accurate position. So the only slippage is in the figure work of the Honourable Financial and Development Secretary, Mr Speaker. What we have is a contention, a year ago that the total capital expenditure in 1972/73 in the I & D Fund would be £3.59 million. A year ago, Mr Speaker, there were no labour constraints apparently. The amount of money that was going to be spent by the Improvement and Development Fund was raised considerably. It was stated in the House that £1.2 million was going to be spent out of local funds. No problem then, Mr Speaker. We had half of Morocco knocking on our doors ready to come in and do all the work we wanted, a year ago. And now we have suddenly discovered that we weren't able to finish the projects within the estimated time, and that we are finishing some of them in the current Financial year. But of course, if we said a year ago, if the Government said a year ago in the House that they would be able to finish the Refuse Destructor, the Desalination Plant and

half a dozen other projects in one year, and now they come and tell us they weren't able to, that is not slippage, Mr Speaker, that is slip in economic thinking, that's what that is.

Well, Mr Speaker, I am always ready to give way to hear some sort of information, but the figures are there for Members of the House to look at. We've got in the House at the moment figures that give us a breakdown of the Receipts and Expenditure from the Improvement and Development Fund.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, Sir, I just wanted to intervene to say that this is part of the explanation of the case I have made, that the slippage takes place, and why does the slippage takes place. Because the machinery, the execution, the capacity for execution is overloaded.

HON J BOSSANO:

Well, Mr Speaker, it is unfortunate that the House does not have available the actual expenditure figures for the Improvement and Development Fund for 1972/73. We have estimates for 1973/74 and we have last year's estimate for 1972/73 but we don't have the actual figures for 1972/73, because although these figures are in the draft estimate they are not totalled up and I haven't had the opportunity of adding them up. But I think that we will find that the final figures are very close to the original figures and that, therefore, the slippage only occurs as between the revised figures and the actual figures, but there is no slippage if one compares the original with the final figures. That is, the original figures were an accurate estimate of the work that was going to be done, and the final figures will show that this is so. And if Members had last year's figures here before them, they would see that the original estimate for the I & D Fund in 1972/73 was a total of £3,200,000, and that this was revised upwards by £300,000. And this year we've got an original figure of £3,300,000 and this has been revised downwards by £100,000. But in the coming year, we've got a drop of half a million pounds, which is not justified by reference to anything that has happened in the last two years in the Improvement and Development Fund.

The estimate of the capacity for work from the Improvement and Development Fund in 1974/75, which is put in respect of local projects, at £411,000, is not supported, Mr Speaker, by any slippage in 1973/74, or in 1972/73, because the revised figures for 1973/74 for the local projects is an upward revision of £100,000. So where is the slippage there? Perhaps it is that the Honourable and Learned the Chief Minister has lost his way and instead of slipping up he is slipping down. Well, I can assure him of one thing, Mr Speaker, that he is on a very slippery slope. And we will not throw it to his face if we find him on this side of the House in a few years time because it is part of the normal democratic life of Parliamentary Democracies, that Governments come and Governments go, Mr Speaker, nothing unusual about it.

But, what concerns the House, is whether there is any justification in fact for the reduction in the volume of work on capital projects that is going to be done in 1974/75. And if there is any justification, is the justification due to shortage of materials, which is something that has been thrown about without putting this as a major cause, is it due to lack of labour, and is this lack of labour due to lack of specific skills in the labour force? Or is it lack of quantity of labour that is at fault? Again, no clear detailed analysis of the problem appears to have been done, because to my knowledge, Mr Speaker, the Labour Department was not very forthcoming when there were requests for additional permits last November, from builders in the Viaduct Estate. I was closely involved in that situation, and there seemed to be much reluctance from the Labour and Social Security Department to issue any more permits. But, if it is a question of skill, then I think we do have a problem. I know personally that it was difficult to find people who were able to do a highly skilled job in finishing internal plastering on the Viaduct Estate. But this was something that affected half a dozen men, Mr Speaker, and this is the sort of problem that requires a scientific approach. If what we need is half a dozen highly skilled plasterers, then that is all we need. We don't need to chop off half a million pounds of development projects just because we haven't got half a dozen skilled plasterers. And if this is the only reason why the projects are being cut down then it is lack of sound work on the part of the Government that is bringing about this situation. And there are serious inconsistencies between the contributions of different Members and the contributions of the Honourable Financial and Development Secretary on behalf of the Honourable and Learned the Chief Minister, since we now know that he is responsible for finance. Because Mr Montegriffo wants to reassure the House there was no question of a cut back, no question of a cut back, no question of a recession, no drop in anybody's standard of living, in contradiction to the clear statement made by the Financial and Development Secretary, that we had to be prepared to accept a cut down in our standard of living. The Honourable the Financial and Development Secretary mentioned the labour problem as one of the major

issues as regards our ability to produce projects. He said, on page 11 of his statement, that in contrast with all our fine development legislation and careful drawing board planning, there is the inability of our work force to do more than patch up the worst fault in the Government housing stock. Is this the reason why we have half a million pounds less in the Improvement and Development Fund? And if this is the reason, what right has the Honourable and Gallant Minister for Public Works to be so full of praise for the Public Works Department if they can do no more than patch up the worse faults in the Government Housing stock? They have got no right to come to the House and ask for a million pounds, to do no more than that. We expect a hell of a lot more on that, Mr Speaker, for that amount of tax payer's money. So perhaps, they ought to get together before they come to the House. We know that they speak with one voice because everybody is silent whenever the Honourable and Learned the Chief Minister wants to silence them, and we would prefer to have him speak with one voice because they all know what they are talking about. And that would do a great deal to improve the constructive thinking of this House.

We had, Mr Speaker, the argument, last year about the famous £200,000 which needed to be put into the Improvement and Development Fund, because otherwise the work would come to a halt. Then it was lack of money, no problem of capacity then. Everything was going to be done. We just needed to transfer the money urgently, Mr Speaker, in October 1972, and they are still using the same money, because they have not put another penny in since. I would certainly like some clarification, Mr Speaker, as to the legality of the present situation, because my reading of the Financial Procedures Ordinance, Section 33, which refers to expenditure of funds from the Improvement and Development Fund, is that it is the House that has got to approve proposed expenditure from the Fund, and to vote the money that is needed. And I would like to know how it is that the Financial and Development Secretary estimates that the Fund, by the end of this month, will have a deficit of £437,000.

MR SPEAKER:

No, No, now we are getting out of order again.

HON J BOSSANO:

No, Mr Speaker, I am talking about the estimates in the Improvement and Development Fund.

MR SPEAKER:

Yes, but we are talking about the expenditure and not how the Fund stands. All this has been done before.

HON J BOSSANO:

Well, Mr Speaker, the difficulty is that there was no opportunity during the debate to talk about revenue. We have just talked about expenditure.

MR SPEAKER:

Well, there would have been an opportunity in the last debate, the debate on the expenditure.

HON J BOSSANO:

The last debate was about the expenditure for the current Budget and this is about the Improvement and Development Fund.

MR SPEAKER:

And Appendix 'G'.

HON J BOSSANO:

I am sorry, Mr Speaker, if you rule me out of order, but it is most important

MR SPEAKER:

No, I will not, I will let you make a general remark.

HON J BOSSANO:

Well, It is more than a general remark, I want a specific explanation, Mr Speaker, as to how the Fund operates, because originally there was insistant demand that money had to be voted in because the Fund could not operate unless the money was put there by the House. And now we have a situation where the House has been asked for approval to raise a loan, which you will recall, I questioned the Financial and Development Secretary earlier on and he said that it was estimated that the finance for this current years expenditure - that is the year ending now - would be raised in 1974/75, and finance for the estimates we are approving now, the Improvement and Development expenditure for the forthcoming year, the finance for that would not be raised until the end of the Financial Year, and consequently the financing charges would fall on to 1975/76. This was an explanation that was given to me, and this business of financing projects in retrospect which applies to the expenditure for

this year, as well as to the expenditure for last year, puzzles me, Mr Speaker, (a) because it is in clear contradiction to the argument that was used before in the House, when I was arguing that there was no need to transfer that money, and (b) because it seems to be in contradiction with what the law requires that we should do. And the law says that the Financial and Development Secretary may use money from the Consolidated Fund for the purpose

MR SPEAKER:

Is this Constitution?

HON J BOSSANO:

It refers to Section 66 of the Constitution, Mr Speaker, where there is authority for the Financial and Development Secretary to use money from the Consolidated Fund for the Improvement and Development Fund, provided the money is needed in order to carry out a project for which funds are not available. But Section 66 of the Constitution lays down quite rigid criteria of how business should be done. It says that

MR SPEAKER:

This is the Appropriation Law, is it not?

HON J BOSSANO:

This is the Appropriation Law, yes, Mr Speaker. In respect of the Improvement and Development Fund we have before the House now an estimate of expenditure for the coming year of £411,000, and this produces a deficit of £343,000 in the coming year. The Financial and Development Secretary has told us that he is going to use the authority under the recent Loan Ordinance to raise a loan to finance this towards the end of the Financial Year. And that in respect of 1973/74, where we have a deficit also because no transfer has taken place during the current year and no loan has been raised during the current year, in contrast to what was said a year ago, where there was quite a categorical statement that it was financially prudent to transfer £200,000. When it was financially prudent a year ago, and it has not been done, Mr Speaker. But now we find ourselves entering a new financial year with the prospects of a deficit in the Improvement and Development Fund and an existing deficit as regards the financing of local projects. Any my query is: "How can this be so when the House has given approval for the raising of the loan, but the loan has not been raised." Where has the money come from that was used during

the last year, during the current Financial Year, to Pay for this project? And under what authority was that money obtained? Was it obtained from the Consolidated Fund? Was it under Section 66 of the Constitution? These are important matters that should be brought to the notice of the House, Mr. Speaker, and I would willingly give way and hear an explanation, if there is one. If there is no Member willing to take my offer from the Government side, Mr. Speaker, then I assume that the Chief Minister wants to use the prerogative of his last words to give an answer that I can not contest at the end.

HON FINANCIAL & DEVELOPMENT SECRETARY:

Mr Speaker, what I did say in the Budget speech, it is quite true, is that whereas we had planned earlier in the year to raise loan money, we did not. We have only come to the House now. The question is, how did we finance Improvement and Development Funds expenditure during 1973/74, and how are we going to raise the Loan Fund which will be the source of that. And the answer is the one which was given in Appendix H when it was, I am sorry to say, belatedly circulated, that we had drawn this money in advance from the Consolidated Fund.

HON J BOSSANO:

Drawn in advance from the Consolidated Fund, I see, Mr Speaker. Well, I am glad the Consolidated Fund is there to be drawn on now. And then the Financial and Development Secretary will not be in such a tight corner as he was in October 1972, when he had to transfer the money from the General Revenue Reserve, which he could not repay after he had transferred it because it was a transfer and not a loan. Well, Mr Speaker, I am still

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I had specific authority to draw on the Consolidated Fund in advance of loan finance. I hope that that is not in question.

HON J BOSSANO:

Well, Mr Speaker, as I said, this information is something that I wanted clarified. I would certainly want to look further into the matter of Section 66 of the Constitution, if it is under the authority of Section 66 that the Consolidated Fund has been used. But I think the matter can rest there for the time being until I have had a chance to clear it up. Obviously on the spot I cannot make a decision, as to how satisfied I am by that answer.

So, quite apart from the question of how it is being financed, obviously, finance is not the obstacle. There is no indication in the Budget speech, I think the Financial and Development Secretary will agree, that in his Budget speech, there is no indication that the major constraint which has brought about a cut back in respect of locally financed projects is inability to finance a more extensive programme. It is not inability of money, but rather a concern about the capacity to build. Now, as regards physical volume of work, the accompanying detailed breakdown of the expenditure that we are approving from the Improvement and Development Fund is very useful, Mr Speaker, because there we see the physical reality of the work we are planning to do, and this is the important thing. Because if we talk about slippage from one year to another because of figures, then we are talking about what it is estimated to spend in money terms. And of course in money terms, the proposal to spend £400,000 in 1974/75 is even worse than in physical terms, because we are talking about spending that amount of money, at what are likely to be 1974/75 prices. So when comparing the programme for the coming year with the programme for the year we are now ending, and that of previous years, we have to take into account that the volume of work is not just likely to be half in respect of local projects, than what it was before, but even less than half. Because, for a given amount of money, we are likely to get less because of inflation.

Now, the importance is that in dealing with the problem of inflation in Gibraltar, we cannot apply conventional economic analysis. Because, Mr Speaker, in other places it is considered a sound policy to deflate the economy to reduce excess demand because inflation is generally, at least, to a large measure, due to demand pull forces. That is, it is the fact that there are too many demands put on a fixed amount of resources that causes prices to rise. Now, this analysis appears to

have played a part in the thinking of the Government, or at least in the explanations they have put forward in the House, and it seems to have been accepted by the Minister for Labour and Social Security who has talked about firms poaching from other firms. About a contractor on the Varyl Begg Estate poaching workers from other local building contractors, presumably by paying them higher wages. And apparently he considers this to be at the root of the inflation of wages that is supposed to be taking place, and which will be

HON A J CANEPA:

No, Sir, I did not say inflation at all. I was just talking about the difficulty that local contractors were experiencing because this contractor at Varyl Begg had this money available to pay much higher wages. I did not link it with inflation at all. I was purely talking about the supply of labour.

HON J BOSSANO

Well, Mr Speaker I am grateful for that explanation

HON A J CANEPA

In other words, Sir, I was not decrying the fact that higher wages were being paid per se, because I have nothing obviously against higher wages being paid. This is desirable in itself.

HON J BOSSANO

I am delighted to hear that. I did not think the Financial and Development Secretary shares the view. I would say that there is a clear indication in the budget speech that he views with misgivings increases in wages due to what he considers to be an insufficient supply of labour and to the greater demand made on labour. And I think this is what he meant when he said that in Gibraltar there is another type of inflation, self-generated inflation, I think he calls it, and I stand to be corrected. But I think that when he said this he meant what I have just attributed to the Honourable Minister for Labour and Social Security. But what I am glad to learn is that the Minister does not accept that any more than I do. Clearly, although we sit on different sides of the House, in this respect we are both on the same side. So, Mr Speaker, like the Minister for Labour and Social Security, I do not accept that there is self-generated inflation in Gibraltar because there is a scrambling for labour and one contractor is taking labour from other contractors. It may well be that the

profits that can be earned on the Varyl Begg Estate are more substantial and that consequently the employer there is able to give a better remuneration to his employees and the job there is more attractive. This may be something that may be happening. But I do not think this amounts to a case for saying that this produces self-generated inflation, that the Official Employers are losing workers to the Private Sector because of this self-generated inflation and that consequently we must cut down on the volume of work to prevent this from happening. It is a case I do not accept. It has not been argued to my satisfaction and apparently it has not been argued to the satisfaction of the Honourable Minister for Labour and Social Security, for which I am very glad.

So, Mr Speaker, if we do not have self-generated inflation then this is not one of the reasons that has induced the Government to cut down on the volume of work they are planning to do in 1974/75. Now, there is a hint that something else may be happening. There is a hint that Gibraltar may need some of the labour that would be used for projects from the Improvement and Development Fund, on another project, the DOE project. There is just a slight hint that this might have been one of the considerations which led to a cut back on the development programme. Perhaps this was what the Honourable Minister for Medical Services was thinking of when he said he was going to elaborate on the export industry we were setting up. I do not know, he had me intrigued, Mr Speaker, and we did not get a chance to hear him. Well, Mr Speaker, I do not recall any elaboration of what was the export industry. Perhaps I was not paying sufficient attention or I was out at the time when he mentioned this. But there is in this report, and I thought, in this budget speech, a reference to a welcome addition to our gross national product by the DOE project which will require presumably a substantial construction labour force and this is something that we are very glad of. We are glad that we are going to have a substantial addition to our gross national product by the fact that the DOE is going to build houses for Service personnel. We are delighted to hear that, but if this has been the consideration which had made the Government decide to cut down on building for the people of Gibraltar, then we are very surprised. We are very surprised that it should be so. It is hardly compatible with the right to our land: that not only should we be willing to give away our land but also our building workers and our capacity to build. So, this is not the reason either. The Honourable and Learned the Chief Minister says "of course": so it can not be the reason if he says of course not. So I am still looking for an explanation, Mr Speaker, and I am not getting it.

It is not money, because there is another flexibility to borrow in advance of loans. At one stage, Mr Speaker, we had the problem that we could not carry on unless we transferred money. Now we have this

flexibility in our system that the Government can go ahead quite happily, using the resources of the Consolidated Fund to expand the budget in the Improvement and Development Fund as much as they want in advance of loans, guaranteeing that they will be able to raise the loans in the future. This is a good thing, this flexibility, but it is a good thing if it is going to be used to improve on the situation or at least to maintain the situation. But what is the use of having this flexibility if the economic situation is allowed to deteriorate; if the volume of work is going to be brought down.

So, Mr Speaker, we support the Improvement and Development Fund vote, but we have to support it with great regret that it should be as limited as it is: that it should lack the commitment to expansion which is so vital to Gibraltar's economy, that it should reflect a clear understanding of the way money flows in Gibraltar from one recipient of income to another. That if we expand the volume of work, if we expand output, and the Financial and Development Secretary has admitted that the expansion of output is desirable. He has said that we could do this by increased productivity with the same size of labour force, or by having a bigger labour force, by bringing a bigger share of the female population into work. He has said that this is one way of meeting our economic problems. Of course it is one way of meeting our economic problems, and if we have a problem with regard to capacity to build, then we have to look at how we are to encourage people to go into the construction industry. And one effective way of doing so in a capitalist society is by letting people earn more money. This is not necessarily inflationary, any more than it is inflationary to allow the standard of living of the people to go up. In spite of what the Financial Secretary said in November 1973 when he said in the House that an improvement in the standard of living was of itself inflationary. If that is the sort of philosophy behind the thinking of the Government

HON FINANCIAL AND DEVELOPMENT SECRETARY:

If I may, Sir, that is the second time that a quotation has been made to me and I do not recall or understand it.

HON J BOSSANO:

Well, Mr Speaker, I am not surprised that the Financial and Development Secretary does not recall it because he was absent and his substitute made it. And I am even less surprised that he should not understand it because it is equally incomprehensible to me. Perhaps he would like to say whether he, now that he has the opportunity, No? I am sorry. Perhaps at another time he can tell the House whether he thinks an improvement in the standard of living is inflationary by itself or not.

But one takes it that whoever is sitting on that side of the House, speaking on behalf of the Government, is enunciating policy, and I take this to be a statement of policy which is reflected in the estimate of expenditure both in the recurrent budget and in the Improvement and Development Fund that have been brought to the House at this session. Effects, Mr Speaker, if it is not true, if that philosophy is not accepted then I am glad to have an opportunity to hear it, just as I was glad to hear the Minister for Labour and Social Security make quite clear that he did not share the view that excess capacity demand in the construction industry was producing inflation.

But, Mr Speaker, we cannot escape the reality of the figures before us, that the Government is planning in recurrent expenditure nil growth in real terms, and in the Improvement and Development a cut back, a cut back for which not one single solid argument has been put forward. And introducing the figures to the House the Honourable and Learned the Chief Minister gave a statement which theoretically was supposed to be in support of the sort of expenditure which we are going to have out of the Improvement and Development Fund. Now, I would have liked to have had a copy of that statement so that I could consider it in detail and soak in the pearls of wisdom that it contains. Perhaps in time, when the House has finished, through the Hansard, they can give the Honourable and Learned the Chief Minister a hand with producing a copy of his statement, Mr Speaker, so that we can all benefit from this grandiose scheme for the future. Because in that statement there was nothing in support of the expenditure from the Fund in 1974/75. I believe that the only thing that is going to happen that is directly related to the Improvement and Development Fund in 1974/75 is that we are going to get a surveyor to look at the Housing Stock and at our houses in need and this surveyor is going to be paid by ODA. I do not know if his salary is included here under the aid projects or not, but it seems to be very meagre aid to me, Mr Speaker.

And we learn that because of the close association with a member of the new Government in the United Kingdom who is going to be associated with the question of aid to Gibraltar, we learn that the Honourable and Learned the Chief Minister has got a close association with this dear lady, and that he hopes to use this of benefit to Gibraltar, in spite of the fact that the new Government of the United Kingdom, although welcome to me, is not welcome to him.

Mr Speaker, the Chief Minister does not talk, does not hear, and does not see, like the three wise monkeys, Mr Speaker. And when he does talk, Mr Speaker, he makes such blunders that it is better if he did not. I would certainly welcome, Mr Speaker, that the Honourable and Learned the Chief Minister, in closing the debate on

the Improvement and Development Fund, makes some attempt to explain to the House why he is cutting down on the Improvement and Development projects this year, in view of the fact that there appears to be complete disarray among the Members of his Government as to whether it is money, capacity, or materials: whether the labour force in the Public Works Department is doing excellent work or whether it is incapable of doing any patching up. In view of all this, he should explain to the House what is behind this decision, and he should also explain to the House whether all the other things that he mentioned, whether all the other things that he mentioned in support of his opening speech on the Improvement and Development Fund: the question of the home ownership, the rehabilitation of Government property, the looking at the Housing Stock

MR SPEAKER:

We are now repeating ourselves. If there is anything further that you want to say, you are free to do so, but let's not repeat.

HON J BOSSANO

I am repeating the things that the Chief Minister said from memory, Mr Speaker.

MR SPEAKER:

You have a good memory, you are repeating the same ones all the time.

HON J BOSSANO

I agree, Mr Speaker, that there was not a lot in it, and I have to keep on saying the same thing again, yes. But, Mr Speaker, I would welcome an indication from the Chief Minister whether we can look forward to a mini-budget in 1974/75 when all these plans are going to be brought into fruition. Whether we have to wait until the eve of the next general elections for him to start taking concrete steps to translate the ideas that are being floated around into actual projects which can benefit the standard of living of the people of Gibraltar.

MR SPEAKER

Are there any other contributors to the debate?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I, in spite of everything, I feel gratified at the discussion that has followed from my perhaps rather provocative opening statement, although I do not detract one word from what I said in that statement. I have got to train myself to realise that our discussions which become political discussions, do rather tend to make things black or white, all or nothing, there is a great deal of exaggeration for emphasis. I am not accustomed to that, so I do not take it too kindly. That is why sometimes I get a little impatient and the House would perhaps forgive me, and I suggest that that has been happening.

You see, I said amongst the statements I made in the budget statement, if I may go back, that we must all recognise what it means when we make additional demands on Government. Whether for better social services, or higher standards of subsidised housing, or higher wages and salaries to Government employees. Now at that point I was speaking about the recurrent budget, but what I was saying would hold equally good if I had added to the list making fine improvements, tourist improvements, or building an additional school, or whatever: the same would have applied.

Throughout the debate the words: "recession", "deflation", "repression", have been bandied about, but I do not see it is true. We are not going to see real growth in Gibraltar in my estimation in the coming year, real growth and improvement in real incomes. I think we shall do well if we hold pretty well on to what we have got, and we will be in company with many other countries who will be very glad if they can come out of this immediately difficult period no worse than that. But, as Honourable Mr Bossano said, we are doing nothing more in the recurrent budget than maintaining it in real terms. Right, but that's 12%, and we are not finished yet. You see the estimates of the expenditure that I have put forward are £800,000 up on last years expenditure. Now that is twice as much as the comparable figure a year ago. But with this £800,000, as you see, we are not finished yet, because there is no provision at that point for a Biennial Review or any supplementary expenditure, or anything else unforeseen that may happen. And the unforeseen always happens. So, you see, we are not by any means cutting back on the recurrent Budget. On the capital budget, as fast as we can go ahead with the aid projects, the aid money flows. We are being urged by HMG not to let our capital projects slip, because we create difficulties for them if we do that. They plan their expenditure, and if we let our work slip into the next year, and want to have that money spent next year together with the allocation that in their planning have made for us, that cause difficulties. But it is happening, it is happening inevitably. We are pushing ahead with the major part of our capital programme,

that we can, and that is the part that is financed by HMG.

Now what I have considered that it is in our interest this year to do, is to moderate our own capital expenditure from Funds which derive from taxes, because I think we are going to spend as much out of borrowing as we prudently can, now and in the next 12 months, up to £800,000. All I have said, and all that leads to all the talk we have had about deflation is to say that there is, of course, a monetary constraint. The Honourable Mr Bossano sees that in my speech as well as everyone else, the money constraint on our own capital expenditure.

There is also a labour constraint, and there is furthermore, as I said, a delivery constraint, planning, everything. We have got lots of items, as the Minister for Public Works has said, there is nothing we can do about it but 6, 10, 12 month's delay. No, if ever there was a point in time when we would just take stock and moderate on our own finance - it is not a matter of asking HMG for the money. The previous Government, like this one - I worked for them too - we worked I am rather proud to say, a couple of years ago at this time, we were planning to spend, we are planning to match £2. something million worth from HMG, with £1.2 million of our money, and we are proud of that, and that is what we are going to do. In fact it did not come out in the end, that £1.2 million, it came out more like £800,000 in the actual expenditure, that was 1972/73. And in the following year we spoke also of £800,000, and that is what we are doing. But I do maintain still that if there was a time when we just take stock and moderate on that bit of it, this is the time to do it, now. I say furthermore that this coincides with the time - we have seen it coming, I knew, our officials have seen it for many years. But we are concerned in the Government by the fact that our administration, our management, our supervision is overloaded, and we know perfectly well that the answer to all our problems is greater efficiency and greater productivity. We know that very well. We know also, however, that it means more than anything that we shall secure through productivity agreements. It means that we have got to relieve our management of some of the overload and give them a little more time to think and organise their resources. And there is far too little time. Heads of departments do not have the time and opportunity to plan their work, to plan their supervision. Now, I am saying this without any consultation with other heads of departments, without any consultations with Ministers, but I know it to be a fact, and I take it on myself to say this. Now I think all these things, money, difficult resources, long delivery, which upsets everything anyway, the load on the administration, all these are factors which combine to make it sensible for us this year. And finally that the monetary one you will see when we come to the taxation measures. Had we put in not the £400,000 requirement for capital works on our own Gibraltar Government account, but £800,000,

that would of course have raised the revenue requirement by another £400,000. Now I think that would not be the viable thing this year.

Sirs, having said this, I would like just to add one other point. I am sure that Honourable Members opposite would not believe that I do not appreciate as much as anyone the restrictions within which we have to manage an economy in Gibraltar. I do realise that, and let me say that I would never hold that because in the very peculiar circumstances we have here, that if it were the case that we could not do a job, build a building, whatever it might be, as efficiently, as cost effectively you may say, as can be done in a bigger country, then we ought not to try to do it at all. I would never say so at all. On the other hand when, as it seems to me, there are clear indications that the demand is such that we are not getting value for money, then whether it is our own Gibraltarian money, or HMG's money, we have got to go a bit slow and see if we can get that right.

Sir, I think that DOE, not but conscious or intended reference at all, but they are of course operating here, and I think it is not for me to say this on their behalf, but I think we know that they know that they will be expected to bring in the labour force for their work. Now, there was a reference to money supply. The Honourable, Mr Bossano - really, if I may say so, and I do not mean to be rude, but it really is a red herring. It does not matter here. The money supply grows in Gibraltar because the commercial Banks find that they need more money to push around, and they come to the Treasury and they buy Gibraltar notes effectively from us with sterling assets which we put into the Note Security Fund as securities in London and we cover our note issue 100% with sterling assets. Now, what has been happening, this large increase in the volume of notes circulating, is just a symptom, is a reflection, that there have been higher wages paid, things are costing more in shops, but more of this medium of exchange needed because more money is being spent. That is all the significance that there is to it here. The difference in a country like the UK: well, the Government can finance a budget deficit in effect by printing more notes, by issuing

HON J BOSSANO:

If I may interrupt the Honourable the Financial and Development Secretary. I asked for an explanation. I do not know if that qualifies for the query being called a "red herring" or not. What I would like further the Financial and Development Secretary to clarify is whether the increase that has taken place, which I think is very dramatic historically for the last two years, in the money supply, whether that has any effect of any sort on the finance, on the question of financing on the Government revenue.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No, I answered that. It is simply, none at all. We issue notes but they are covered 100% by the deposits in the Note Securities Fund.

I think I have no more points to make, Mr Speaker, save for just this one. I say to this House

HON MAJOR R J PELIZA:

On the question of the issuing of pound notes. Is it in fact - I think it is probably in our interest, is it? It means that we have sterling to invest, is that right?

HON CHIEF MINISTER:

Of course, £109,000 a year.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I was going to say one other thing, I am not wearing Honourable Members opposite. And the other thing is that I take upon myself, as the Financial Secretary, of course, a considerable responsibility for the financial policy here, that goes without saying, that is my responsibility, but I also consider myself - I do obviously have a responsibility for the management of the finances in the way they are brought to this House, and I acknowledge the restraint with which Honourable Members on the other side have referred to the fact that we have been slow in bring to the House both supplementary estimates and annual accounts. And I can only say that that is one more example of the overload that there is on the administration, because the number of payments - as I stated, the Budget expenses have gone up by £2m in a couple of years, and the number of payments has gone up enormously, and the number of our staff has not gone up enormously. We are not highly mechanised, and we have got to improve all this too. But again, part of the reason for the irritations and frustration that Honourable Members feel at our slowness in this thing is part of the same problem. But we will make the best we can of it.

MR SPEAKER:

Well, we will now recess for about 20 minutes and then we will continue the debate.

The House recessed at 5.15 p.m.

The House resumed at 5.45 p.m.

HON J ISOLA:

Mr Speaker, there are many reasons why I rise to speak on this motion, not least of them that I would not like the Honourable and Learned Chief Minister to get the impression that I only speak when I speak after him. I would not like him to run away with the idea that vitriolic speeches, such as the one to which he subjected us, can silence an Opposition in democratic Gibraltar. So we are not silenced, Mr Speaker, and I would pray your indulgence to say a little about the first part of the speech of the Honourable and Learned the Chief Minister, which I must confess took me rather by surprise.

I did not know that he considered that the whole tactics of the Opposition are directed and carried out just to have the pleasure of having a speaker after him. I think the Honourable and Learned the Chief Minister does not understand the rules of debate, and does not understand the way in which democracy has to be run in Gibraltar. At the time the debate this morning was closed abruptly there were still three ministers, one of which was the Chief Minister, who had not spoken, and the Financial and Development Secretary who had not exercised his right of reply, and indeed who did not in the event as they occurred.

The Honourable and Learned the Chief Minister was speaking on a number of items in detail; kept informing the House that he was making a statement on the Development Programme, and that he would make it in the general debate. And right at the beginning of the general debate the Opposition enquired about this statement, when was it to be made, and asked for it to be made. We were then told the extraordinary story that it would be made by the Chief Minister when he wound up the debate, thus giving the Opposition not a single opportunity to talk about it or to deal with it. Is that the brand of democracy that the Honourable and Learned the Chief Minister would like to see carried on in Gibraltar? Actually, Mr Speaker, we did not know about the contents of the statement that was to be made. If we had known, I think we would have realised that it was not so important to have a right to reply to it. But at that time we did not know that. And is it unreasonable for two members of the Opposition to wish to hear more about Government policy from other Ministers so that they can comment on it on such an important matter as the Budgetary situation for Gibraltar for the coming year. Does the Honourable and Learned the Chief Minister expect myself, because I have been the object of the attack, and my Honourable

Friend the Leader of the Opposition to give out two little speeches and then allow three Ministers of the Government and the Financial and Development Secretary a free House. That is not democracy, Mr Speaker, and certainly as long as we are on this side of the House, and I speak there I am sure, for all Members of the Opposition, we are not prepared to be dictated to by the Honourable and Learned the Chief Minister, whether his majority is one or whether it is 6.

The Honourable and Learned the Chief Minister seems to be haunted by the fobia that I had aspirations to be Chief Minister, and is very happy to be able to say now they are at an end. Well, Mr Speaker, I am not going to go into an argument. I am not going to examine his reasons for thinking that I had aspirations to be Chief Minister of Gibraltar because that would involve me in giving consideration and speaking a matter that would affect the feelings of parties entirely innocent to the proceedings of the House of Assembly. And of course it is highly irrelevant. But perhaps if provoked enough, perhaps, whatever, the position may be, whoever is present in the House, it may be necessary to examine the reasons why the Honourable and learned the Chief Minister thinks I had aspirations to be Chief Minister of Gibraltar. Then he says that I am venomous - no he did not say I was sarcastic, that is one of the things I am told I am, and I do quite well here, I talk with a certain amount of sarcasm, but that accusation was not pointed at me: just venomous and other expressions were used. I do not think it is necessary for me to deal with them and really, Sir, when it comes to venom, when it comes to sarcasm, when it comes to irony, the Honourable and Learned the Chief Minister I think I can say in fairness to him, that he is quite a notable exponent of the art himself. But I think it is necessary to state quite clearly, to say quite clearly, that perhaps because of the inhibitions of the rules of debate, which only allows Members to speak once, it is necessary for Members of the Opposition to hold themselves back on occasions to be able to answer argument on the other side, and more especially, when the other side has intimated that a statement of Government policy is to be made. And this quite simply is the reason why we held ourselves back. For the Honourable and Learned Chief Minister to deprive the people of Gibraltar of hearing the Chief Minister's, should we call it, State of the Nation message, because he does not want to be followed by anybody. Mr Speaker, it is childish, and I might add, does not bear scrutiny, because the Honourable and Learned the Chief Minister has it very much in his power to see what comes out in certain sections of the media in Gibraltar. And I am not just talking of the Gibraltar Evening Post, which had the good fortune, Mr Speaker, of getting the Honourable and Learned the Chief Minister's statement in full, whilst we Members of the House, who are being asked to discuss it and to speak on it, have not received it to this moment. But I am grateful to the Editor of the Gibraltar Evening Post for his asidurity and his productivity, if I may borrow a phrase now involved on the Government side, in producing it in time for us to be able to

look at it. At least I can not say, Mr Speaker, that I have been able to study it in the short time that it has been made available to them.

Mr Speaker, as I said when I was commenting on the reluctance on the part of the Government to make this statement at an earlier stage of the proceedings, I had commented that I did not think it amounted to much. I am not trying to belittle in any way, in saying this, the sincerity or the feelings possibly held by Members on the Government side on the matter. There is a statement of policy that Housing will have priority. Well, on that statement of policy of course the House concurs, and I think it has already been said very ably by my Friend, the Honourable and Gallant Major Peliza, that this was very much in his mind in 1969 when he got a commitment in cash from the British Government to help Gibraltar in its housing problem. So there was nothing new in that, as indeed there was nothing new on the Comprehensive School and other matters relating to economic development. But what is, Mr Speaker, alarming from the point of view of the Opposition, and from the point of view of Gibraltar in this statement, is that exactly a year more, just over a year after the Honourable and Learned the Chief Minister went to London, we are told of plans that are being made. We have been told about slippage. What we find in the Government output is considerably slippage in everything, not just in expenditure, which apparently there has not been, but slippage in planning, in activity, in action. And what we object, it has been dealt with so much by everybody, what we object so much with the substantial cut, very substantial cut in the expenditure for the Improvement and Development Fund for the year 1974 to 1975, is that this of itself, and I think the Honourable and Financial Secretary has agreed to this, this of itself will bring recession. This of itself will certainly bring depression, and this of itself will certainly bring, in the mind of many people who read through the lines in all these programmes, will bring an admission of failure on the part of the Government to keep the momentum so necessary for Gibraltar's survival, and so necessary for Gibraltar's conquest of the siege of Gibraltar currently in force. The admissions contained in the address of the Financial and Development Secretary, which he has just told us he does not go back on one word of them, amount, Mr Speaker, to a capitulation or to the beginning of a capitulation to the Spanish siege. And possibly, unfortunately, it may well be a capitulation to the pressures of the United Kingdom Government, and that of course is why, Mr Speaker, as far as Gibraltar is concerned, we have an undertaking from Her Majesty's Government of sustaining and supporting Gibraltar. That is an undertaking that must be meaningful, and the Government's job is not to stand up against us so much, and they do that in varying ways, but to stand up to the British Government on this point: "You are the biggest employer in Gibraltar, the United Kingdom Department. You have said you will support and sustain Gibraltar. We demand from you, as of right, that as the largest employer in Gibraltar, you pay the right wage, you keep your undertaking on standards of living to the people of Gibraltar. Because only by

you doing so can we get out of situations such as the one that we are sadly faced with today in this contraction of the economy as a deliberate act of policy. And we say the contraction of the economy as a deliberate act of policy, Mr Speaker, because we do not find substance in the arguments that have been put forward by the Honourable the Financial and Development Secretary on the slippage issue, and that has been put forward on question of labour constraint by the Minister for Labour.

Mr Speaker, how are we expected to believe that you must cut down in your capital projects because of slippage, because we are not spending or we are not doing what we say we are going to do, we are getting behind in the Comprehensive School as was mentioned and so forth. But I think, as my Honourable Friend, Mr Bossano, has said, we have to look at the facts. Not at what we are told or what they are saying on the pinching of workers and so forth. And the facts, Mr Speaker, are that in 1973 to 1974 we are told that the Government, out of the Improvement and Development Fund, the local expenditure, is going to spend £925,000 odd, having estimated in 1973/74 originally, that it would only spend £832,000. We find that we are in fact spending another £100,000 more. So that the Government has been able to spend over the estimated expenditure for the year. Where is the slippage? And if you look at the British Government project side, we find that there the Government has lagged, insofar as in the approved estimate they were going to spend nearly £2½ million, and in fact it is only expected that they will have spent £2,325,000, and the Financial and Development Secretary said quite rightly, quite rightly, that we must push the UK project ahead. And we would agree with that, and we would agree that it is important, it is vital. If the Government is to have any credibility with the UK Government it is vital that the spending rate there is kept up, but then we find, Mr Speaker, that the estimate of expenditure for British Government Aid for 1974 and 1975, despite the inflationary trend, despite the increases that are expected over the year, is expected to be less than the expenditure for the current year. So that not only is there a contraction in the Gibraltar Government Aid Fund projected by the Government, but there is also a contraction in United Kingdom Government spending in Gibraltar. And that must be alarming, and it must cause problems in the minds of many people as to Gibraltar and confidence in it. We have been told that you cannot get labour, it is non-existent, they are being poached. What sort of conditions are Ministers creating for outside developers whom they say should come to Gibraltar and do development in Gibraltar. They are frightening them all away. The Gibraltar Government has no confidence in its ability to spend in 1974/75 the same as they did in 1973/74. It has not got confidence in its ability to carry out its programmes. How can that generate confidence in outside developers of whom the Honourable Mr Serfaty speaks always so optimistically and so ruefully.

Mr Speaker, if we are to create conditions of confidence in Gibraltar, the Government must give the lead. The Government cannot accept the statement which the Honourable the Financial and Development Secretary has given, if there is going to be, put bluntly, a drop in the standard of living of the people of Gibraltar on average. This sort of statements are statements that a Government cannot accept, and if it does accept it, it is admitting failure. It is admitting defeat, and certainly from this side of the House we would protest at the interpretation of events as far as Gibraltar is concerned. And certainly from this side of the House, we would give any assistance necessary, insofar as we can give assistance in this respect, to ensure a different standpoint. We all know what the economy of Gibraltar needs. As the Financial and Development Secretary has said, it is different to the UK and other countries. It depends on its services, and one of the bigger factors, as I said, is the United Kingdom Government as an employer. We surely cannot have a United Kingdom saying we will support and sustain you on the one side, and on the other side expect a drop in the standards of living while themselves as employers. Because they have not done that to their own people. Even the late Prime Minister of England, with his tighten your belts policy and his phases, always allowed for increases in wages and so forth. It was the extent of the increases that brought about a crisis in the British Government and the General Elections and so forth. Is it reasonable for the British Government to expect the Gibraltar Government, or the Gibraltar people, to suffer a real loss in their standard of living, in a situation which is not of their own making, and after their own solemn pledges which continue to be made, as Honourable Members are aware, from time to time in the House of Commons. And we believe that the British Government stands by those pledges, but we also believe that people have to be reminded of them and have to be pushed along to them, and that we cannot accept in Gibraltar an economic policy or a budgetary statement that calls for a contraction of the economy.

And this Mr Speaker, is the fundamental objection that we have to the proposed vote in the Improvement and Development Fund which proposes a cut by half, by no less than a half, a 100% cut that is what it amounts to, in the Improvement and Development Fund. We cannot believe that the labour situation in Gibraltar has worsened so much in the current year, we just cannot believe it. We are told of the position of Taylor Woodrow who are poaching labour from other contractors and so forth. Well, in the same way as a statement has been made by somebody on that side of the House, I think it was perhaps the Financial and Development Secretary, in which the Department of the Environment were being asked to bring their own labour. I would have thought that there are ways and means by which the Government can pressurise Taylor Woodrow on the question of labour. I mean this is a big company, it has got a certain amount of public responsibility, a certain amount of public image in the matter, and I am sure that if tackled at a high enough level Government should not be without its means to pressurise them on this.

And, insofar as the Hostel is concerned, maybe the Government require a rethink. It may be that the charges there are too high, it maybe, I do not know, but you got the Hostel, the Government has the Hostel, and as long as it keeps to the policy of housing skilled labour in it - well, I would have thought rethinking can be done on that. But I do not think it is right or fair to allow contraction of the economy for reasons of labour. I know this means higher wages, and I think the Honourable Minister for Labour told us the last administration had left some problems for the present administration. I do not know whether it was their wages policy, of higher wages, higher productivity, which was laughed at so much, but which is obviously what has kept Gibraltar going since the total closure of all communications with Spain. I think it says a lot for an administration which came in at such a difficult time, that they stood up for this policy, or stood out for it, and stood up which is more important, stood up to the main employers in order to achieve it. It is a problem which perhaps they have left behind but I think we are lucky that that problem was left behind, otherwise we would be in a much more serious position today than we actually are.

Mr Speaker, what worries us is the rate of conversion of the present Government in terms of their development, their own programme for development, and in respect of their plan for the development of the economy. I mean, it is no use the Minister for Economic Development telling us of his plans and his future and his ideals and so forth, and when it comes to rate of conversion we find that even the Air Terminal Cargo Shed, which was meant to have started last year, is not yet even on its way, and we thought there might have been a mention of that in the Chief Minister's statement today. There is nothing about that at all. We find it difficult to see how one can have development in Gibraltar, it is difficult to see how we can have progress, when you do not create the machinery necessary for that progress. We have the instance of the mobile crane for which we voted £10,000 last year. Now we are not even voting this year, we have been given an explanation why there is a twenty-one months delay. Has the Government paused to consider one moment the sort of delay there is going to be in 1975/76? Have the Government paused to consider for one moment the sort of delay there is going to be as a result of the failure on the part of Government to make positive decisions now and make orders now? This is the worrying part of the programme of the Government in the Improvement and Development Fund. This is what worries us on this side of the House, that although we have heard some high hopes expressed by Ministers about how we are going to develop in the private sector and so forth, we have heard very little of how they propose to ensure that this takes place.

Mr Speaker, I am looking at notes of quite a number of things that were said during the general debate, and I think it would be impinging too much on your indulgence if I were to address myself to those matters. In saying what I have said, and in making the

contribution that I have made to the debate, I think I have as far as possible kept within the terms of the motion, and I certainly would urge the Government, I would certainly urge the Government, to have a good re-think on this policy of theirs in the Improvement and Development Fund. I would urge the Government to face the problem that obviously exists, the problems that obviously distress them, and the people of Gibraltar, because of the inflationary effects of world crisis on Gibraltar, and other countries, but I would urge them to dissist from any slowing down on economic growth in Gibraltar. To fight it tooth and nail, because prices are going up everywhere in the world, every country in the western world is facing this problem, and every country is having to meet it. And whereas some countries cannot afford contraction, some countries can afford slowing down, Gibraltar, because of its political situation, because of its seige situation, because of the attack that is constantly made on its economy, Gibraltar cannot afford a contraction. Because contractions bring with it a great number of byproducts and effects, and in terms of morale for the people of Gibraltar it can be fatal.

Mr Speaker, the message that the Government should give out in this Budget to the people of Gibraltar should be one of confidence and not one of depression, one of expansion and not one of contraction, one of hope and not of pessimism. The only Minister who gives us hope is the Minister for Economic Development, but his conversion rate, Mr Speaker, is appalling!

Thank you.

MR SPEAKER:

Are there any other contributors before I ask the mover to reply? Then I call on the mover to reply.

HON CHIEF MINISTER:

I would like to start by saying that I very much regret that my opening remarks in this debate has been wrongly interpreted. I do not mince my words, and although I may not be a master of sarcasm, I can indulge in it in reply whenever required. Whether the last speaker believes it or not perhaps matters little, but I would like those who have heard him to accept for what it is worth, that my introductory remarks at the opening of this debate were

purely political, not of a personal nature whatsoever, and references to the words to which he has objected were purely political, which I consider to be the main role that the Honourable Member, amongst his new-found political colleagues, always exercises in this House. And that is, to try and upset the work, to try and bring hatred against the Government. I say that in all sincerity. That does not mean that if one is attacked personally, I will not respond: I will do that every time, but I did not on this occasion, have anything in mind other than the political. And I had the political thing in mind because in my view the strategy of the Opposition in this debate warranted another strategy within the Standing Orders to be able to do what we think was right. That I think is the essence of the democracy, to use the Standing Orders to the best advantage of the case you advocate. And, therefore, I will just say that at the close of play, as they say in cricket, none of our Ministers I hope I will be listened to I have listened very carefully to the last speaker and nobody has interfered with him. That is democracy, to be heard in silence and not with continued interruption. And if the Honourable Member cannot restrain his nerves he can go outside and take a Librium.

Now, at the close of play the Honourable Minister for Municipal Services and Public Works had given a very detailed exposition of his department. And naturally one expected that to be followed by one of the other Members of the Opposition who had not yet spoken. There were two: the Leader of the Opposition and the last speaker, the Honourable Mr Peter Isola. But no, there was complete silence: what did they expect? Did they expect Mr Canepa to speak and still silence from them; did they expect Mr Zammit to speak and still silence from them; and then wait and expect me to speak and still remain silent; and then have all the attacks - according to the Leader of the Opposition all the punishment - that I would have to take. Is that the system of democracy? That a Chief Minister enunciating policy must be subjected to punishment and not have the right to reply? And let me say quite clearly too: first of all you yourself know, Mr Speaker, that there were attempts to try and see whether we could find a way out - what in the House of Commons is called the usual channels which we have not got, we have only got one channel - in order to see whether a system could be found to iron out difficulties on this matter. And that in fact my intention for dealing with it in this way were communicated to the other side before they were put into effect. This was done because I was not prepared, and I repeat, even if it had only been the

Leader of the Opposition, I was not prepared to have a system whereby it was the turn of the other side to speak - because a debate is a debate, it is not just a question of hearing three or four people, it is a matter of dialogue - for us to carry on speaking so that they could have their grand slam at the end. I am not going to allow that because I do not think that it is either democratic or in accordance with the standard of the House of Commons, by which we apparently guide ourselves. This was communicated to the other side and the suggestion was turned down I had no option, therefore, but to do, in the interests of justice and in the interest of presentation of the case, to do it the way I did it.

Now I am delighted. I am delighted because normally, though the Improvement and Development Fund has been discussed very, very widely in the individual items of expenditure all along the whole of the two days we have been debating this matter, normally after the general debate, when it comes to the Improvement and Development Fund, there is very little debate on it because it has already been absorbed into the general debate. But we have had this debate, and I am delighted that that has been the case, because a lot of interesting things have been said on both sides of the House. Now, there are one or two matters which I would like to raise in respect of that. There has been no suggestion at all that we are contracting at all. What we have done, as the Financial Secretary very clearly stated in his first speech, and if I may say so very lucidly, debunked all the things that have been said by Members opposite on the whole of the economy, has put matters in their right perspectives. Now, he spoke on the general debate on Monday - the Chancellor of the Exchequer in the United Kingdom spoke on Tuesday - and we got the papers on Wednesday, so it could not be said either that the Chancellor of the Exchequer told the Financial Secretary what to say, or that the Financial Secretary told the Chancellor of the Exchequer what to say. But they seem to have spoken in the same language. This is perhaps

MR SPEAKER:

Order. I have seen your reading. I have taken consideration of the fact that there is a statement in that paper referring to the House, but that does not entitle you to speak across the House or to interfere with the Member who is using the right to speak.

HON CHIEF MINISTER:

Thank you, Mr Speaker.

He said: in shaping the Budget he has guided himself by four crucially important principles, the others talk about the balance of payment with which we are not affected. The first one is where he elaborates his policy. He said: "The fullest possible use had to be made of the available manpower and resources. I totally reject the philosophy that would cure high blood pressure in the economy by bleeding to death. This principle means more than simply a level of employment. I mean a resolute attack on waste in every area of the economy and of our society too. We must not waste manpower or resources by leaving unused what we should use, or by treating scarce and expensive resources as if they were cheap and abundant, or by diverting resources to press these projects which brings the nation little material benefit. An attack on the waste which has come to disfigure so much of modern industrial society must be a central theme in many areas of our national policies for years ahead."

This is exactly, if I understood and I am sure I have understood the Financial Secretary properly, what the Financial Secretary's message meant. Let us make the very best use of our resources in this difficult year, because, however many crisis there may be - and the Honourable Major Peliza spoke that there is always a crisis; maybe there is always a crisis, the world is living in a crisis, but I challenge him to say whether in the last few years, certainly since the war, there has been the present crisis

HON MAJOR R J PELIZA:

The crisis in Gibraltar was the withdrawal of the Spanish labour out of which I think we came with flying colours.

HON CHIEF MINISTER:

Very good. That I do not consider a world crisis, it was a "Gibraltar world crisis", but it was not a world crisis. And this is reflected in us precisely because in one way or another both sides of the House are determined to maintain the British connections. So it is because Britain is having the biggest crisis it has had since the war, that is clearly stated, and anybody

who does not understand that is blind, that we are in the difficulties that we are this year with the Budget, and we have harnessed our resources and we have

HON J BOSSANO:

Sir, is the Chief Minister suggesting that we are having difficulties in obtaining aid? Because this is a new reason, if this is what is being suggested.

HON CHIEF MINISTER:

No, nothing to do with aid. I will come to aid in a moment. I am saying, and I said it in my New Year's message, and I made no bones about it, that if Britain's economy suffered we suffer directly or indirectly. Not because of aid but because we are linked with Britain, we are in the Sterling area, we have this connection with Britain, because we look to nobody but to Britain. And it is because we are a small partner of Britain's that if Britain is having a very glorious time Gibraltar must share that; and if Britain is having a rough time Gibraltar must equally share that. That is our policy, and that is our view. Integration for the goodies only, no. Clowning and looking at the gallery does not take us very far, and I would say now that I will not give way to anybody any more. I am not going to sit down anymore and I hope to be listened to in silence with your protection, Mr Speaker. I have given way long enough.

Now, one thing is quite certain from what the Financial Secretary said and from the figures: that we are not going to suffer a recession at all. Estimates are always varied, particularly when you do them over a period and you have not got the final figures. I have just been afraid that in fact because of these difficulties £200,000 of the expenditure in the Improvement and Development Fund, which was estimated as a revised estimates in the papers in the hands of Honourable Members as £925,000, the actual expenditure will be £725,000, so there will be another £200,000 more coming into this year's expenditure. And that of course narrows the gap between last year and this year. So that really, in terms of actual expenditure, we will be very near, and if we take into account the very illuminating figures given by the Minister for Public Works about revotes you will see how we have been catching up. And because we have been catching up we have been able to put this impetus. The revotes to 1971/72 were £278,138; 1971/72 to 1972/73 £254,000 unspent of monies voted; 1972/73 to 1973/74 £93,596; and 1973/74 to

1974/75 £49,730. So that it shows that we have been putting much more work and much more development into the economy than it has been presented by the other side.

Now, there is another aspect of spending and that is that development aid is not always reflected in labour costs by the size of the amount spent. There is a lot of it and some of the big developments that boost up the figures spent in any particular year do not directly benefit the economy to the extent that it would if the money were spent here, like on building projects. And two examples of this are the Destructor and the Distiller. These are expenditure projects the bulk of which is spent in machinery and not in labour costs and it carries on. The expenditure takes place at the time the machinery arrives or has to be paid for. So that really it is very difficult as the Financial Secretary so rightly said; it is not all black or white, there are many many changes, I am afraid. And this is where we may differ in our approach to the matter.

Now, I would like to say a word about aid. First of all, the second phase of the development programme has slipped considerably. Much more than was anticipated. Moreover, because of the increased costs of the projects from the time they were planned to the time they were carried out, the Sports Centre was left out because there was no money. And as a result of our visit last February that commitment was undertaken by providing fresh money in development aid, and at an increased cost because in fact the delay in carrying it out had increased the cost and we had to obtain additional help for that as well. Now there were other small items last year - just to show that the question of development aid is continuously in our minds - there were other small items last year for which we got £164,000 in bits and pieces here and there: furniture and equipment for Laboratories of the Comprehensive School; the floodlighting of the Victoria Stadium; a number of additional class-rooms for the Laguna Primary Schools, and so on. These are just an indication; and we could have further boosted the Improvement and Development Fund this year by adding another £100,000 for an Asphalt Plant that was ordered during the year and which was important for us; costing £45,000, plus the £60,000 odd for the Transit Shed at the Air Terminal. But because we have made our own contribution to this we have called upon the British Government for aid for those two items and we are very hopeful that we will get a separate item now for this coming year. It is in this way, in my estimation, it is in this way of helping ourselves, that we can best convince others to help us. These are small matters, I agree, but they carry us along.

Now, with regard to aid. I very much regret, Sir, that Honourable Members opposite, particularly the Honourable Major Peliza, has taken umbrage at the fact that my statement was released to the press and the media and not Honourable Members opposite. I regret it, I have

copies here, but it was created with such contempt, and such irresponsible contempt on the other side, that I did not really think it was worth giving them copies. It is no excuse, it is a fact. I am very glad that at the expense of 4p they can now read it in one of the local papers. But I can still give them free copies!

MR SPEAKER:

May I clear a matter which is rather boggling me. This is rather obvious and I know exactly what the answer is. It is not a Ministerial statement that was made, it was a statement made during the course of a debate. There is no entitlement for any Members to have copies, otherwise the Government would be entitled to copies of the speeches made by Members of the Opposition. To that extent I must really add, so that there may be no misunderstanding, that the Chair had no authority at all to interfere in this. It was a statement made in the course of a debate.

HON P J ISOLA:

Mr Speaker, on a point of order. It may be a mistake, but we were told that there was a statement going to be made on development, and we assumed that this was the statement.

MR SPEAKER:

What Honourable Members assume is not for me to decide.

What I am saying is that whether copies of the statement should have been passed to the Opposition is not a matter for the House to decide, but a matter for the individual Member.

HON MAJOR R J PELIZA:

Mr Speaker, you will recall that as early as the Committee Stage I asked the Chief Minister for an explanation of an item, and he said with great courtesy then that he would be making a statement later in the proceedings.

MR SPEAKER:

Yes, but perhaps the Member has not caught my intimation.

HON MAJOR R J PELIZA:

I have. All I want to say is, since I have been mentioned by the Honourable Member as being the one that has been most insulted by this, which I think I am quite entitled to, to point out that if I felt so much offended, it was precisely because of the manner and the tone in which

MR SPEAKER:

Yes, but that is out of order. What I would like to clear is that Ministers are entitled to make statements during the course of the meeting. To do so they have got to give notice to the Speaker. This was not a statement made under those conditions, it was a statement under a promise and during the course of a debate.

HON CHIEF MINISTER:

Mr Speaker, it is simpler than that, if I may say so. Hoping to take part in the general debate in various aspects of the matter, naturally I had one or two bits of paper and notes of matters that I had to raise. And in fact the statement which I made at the beginning of this particular motion, which was prepared for the general debate, said: "Notes by the Chief Minister on the Development Programme in the expenditure debate". So it is not a statement proper, but a statement that I was going to talk about: It was a statement, if I may put it this way, with a small 's' and not a capital 'S'. It was not a statement of which I had given notice and which would be passed over to Members. I very much regret that, but if it had not been, as I say, treated the way it was treated, I would have passed it on as a matter of normal courtesy to the other side.

HON MAJOR R J PELIZA:

Mr Speaker, you have enlightened me, and I am most grateful, of the difference between a statement and a statement.

MR SPEAKER:

No, I have enlightened you on the difference between a Ministerial Statement made in accordance with the Standing Orders and a statement made by a member of the House in the course of a debate.

HON MAJOR R J PELIZA:

Is the member entitled under Standing Orders to make a statement which is not a Ministerial Statement by reading from it, or is the rule applicable to copious notes. This is what I am trying to get at.

MR SPEAKER:

Well, I would rather not have to say when Members are reading from copious notes, and when speaking from memory, ex tempore, because otherwise I would have to interfere more often than I do. I think I had better leave matters as they stand.

HON MAJOR R J PELIZA:

Is it relevant in the sense that if not, I think, the Honourable the Chief Minister was not acting in accordance with the Standing Order.

MR SPEAKER:

If the Chief Minister had not been acting in accordance with the Standing Rules I would have called his attention at the proper time.

HON CHIEF MINISTER:

So, Mr Speaker, I was saying that we had earmarked these two big projects which had appeared originally, because I think it would have been unfair, if there was a chance of getting aid on these two projects from the British Government, from ODA, on an ad hoc basis, on two projects which are identifiable, one of them we could even say that it had something to do with the Varyl Begg Estate because the Asphalt Plant was required there and so on, we thought it was good policy to put them up now for approval separately. But as I say, this is something which we did. We could have boosted the Improvement and Development Fund by another £100,000, put in additional taxation or another £100,000 and then to find that we were going to get the help of the ODA. There would then have been accusations that we have taxed the people for something on which in fact we got the aid of the United Kingdom. So, really, it is a matter of approach. We feel that this is the

right way of doing it and therefore this was the way it was done.

Now the Honourable Mr Bossano was so personal today, though I said nothing against him, in fact I have not spoken until now, that he probably forgets that last year he invited me to a drink after the Budget because he said it was the most democratic Budget Gibraltar had ever had. Eventually he was probably made to change his views by his colleagues. His views about giving me drink or about the Budget I do not know, but he has never given me one since. But let me tell the Honourable Mr Bossano that when I stated earlier that I had written to the Minister of Overseas Development and that I had been closely associated with her, I was not stating - and I make this very clear because I think it is in the interest of Gibraltar particularly when one is in Government, that we look to the Government of the day in the United Kingdom to help Gibraltar, without taking sides in their politics, no more than they should concern themselves in our internal politics which is purely in our hands. And, therefore, it is for me a particular pleasure that when we go to the United Kingdom to resume these talks in May or June - the report will be available in April so it could be in June, if this is convenient both to ourselves and to the Overseas Development Minister - I am sure that it will be of great satisfaction not only to myself but to the people of Gibraltar that these representations are being made to a Minister, who came here as Minister for State for Foreign Affairs, who became very popular, and who took a great deal of interest in Gibraltar. I am not saying that she took a greater amount of interest because she was Labour or she would not have taken this interest because she was Conservative. As far as we are concerned, in so far as aid from the United Kingdom is concerned, we look to the Government of the day, and our views and particular satisfaction or otherwise with the Government is a matter for us. It is not here when one would have to discuss that because I do not think that it is proper to do so. Anyhow whether it was she or any other Minister who had been here and who had shown an interest in Gibraltar, even if he had been a Conservative, the same remarks would have been made. What we do want, and this is a thing I am sure everybody desires, is that we should have as many friends as possible in the corridors of power in the United Kingdom, in Parliament, and in the particular Ministries that affect Gibraltar. And it is because she made this important statement on the Referendum, and was particularly associated in the preparation of that with us, that I say

that it could be a good omen, because at least she knows what Gibraltar is suffering without having to come out here again to see things and get taken the rounds, and so on.

Now we come to the very very important question of development aid. It may be that I shall not get so excited as did my Honourable and temporary predecessor when I go to the United Kingdom, but I will fight as strongly as I can, and as I have always done wherever I have been, helped by whoever has accompanied me. That does not make any difference to me in this respect. We have now prepared what we agreed we should prepare when we went to London in February. We have carried out the study which they suggested was necessary before pursuing the claim, we have now done our homework, we are now in a position to talk business. In fact I said at the time that I was going a year ahead of time because of the dovetailing of one development programme into the other, and I have every expectation that despite the difficulties in the United Kingdom, I am sure that Gibraltar has a very special claim in the heart of the people of Britain, and in particular the Government, and that we will get the aid that we deserve in order that we can carry on with the very much needed social project: with Housing, with the Schools - I have mentioned the Second Comprehensive School - with the various other small schools, and a number of other projects we have prepared.

I am confident, and I have never ceased to be confident, that the policy of sustaining and supporting Gibraltar will be honoured by the British Government - this Government or any other Government - and that we shall get the support from Britain for us to survive our difficulties in the manner which we hope, having regard to our own contribution, to our stand in response to attacks which have never been provoked and for which we are not responsible, and that the British Government will hold themselves ready to help us, as they have always done. And I am sure that if nothing else comes out of this debate, at least there will come a general voice to say that we in this House, both from the side of Government and from that of the Opposition, must look forward to the British Government for continuing aid which we hope, whichever Government is in office, we will get because I am quite sure that the last thing the British Government would want to do is to give aid to a particular Government in Gibraltar.

Mr Speaker then put the question which was resolved in the affirmative. The motion was accordingly carried.

MR SPEAKER:

We will now recess until tomorrow morning at 10.30 a.m.

The House recessed at 7.50 p.m.

Friday 27th March 1974.

The House resumed at 10.40 a.m.

HON CHIEF MINISTER:

Mr Speaker, before we start the proceedings of this House, as I intimated just before we came in, I would like to draw the attention of the House to an article in the front page of this morning's Gibraltar Chronicle under the heading "Grumblings in the House". I would ask you to consider whether it either borders on contempt or if it is indeed something which should be gone into.

I think that according to normal Parliamentary procedure I should hand the copy over and ask the Clerk to read it in order to draw the attention of Honourable Members of the contents of the article.

MR SPEAKER:

That is what the practice requires. Will you now read the article which appears in the Chronicle.

CLERK:

The Article appears under the headlines: "Grumblings in the House". "Honourable Members of the House of Assembly all but dishonoured the House yesterday with their squabblings and grumblings. Yesterday's important session, during which the debate on the serious issue of the Budget continued started about half an hour late because Members could not see eye to eye on who should wind up the debate. Then when there were five members

still to make their contribution, none of them wanted to take on the role of next speaker, fearing that their side would lose having the last word. This resulted in the debate being closed without contributions from the Chief and two Ministers, and without contributions from the Leader of the Opposition and another member of his side of the House. In addition, Standing Orders had to be suspended so that the Chief Minister could take advantage of the introduction of a motion to make a statement on the Development Programme. All this while the people of Gibraltar waited patiently to the announcing of Budget measures which are bound to affect their lives during the coming year, already termed as a difficult one by members themselves. The disruptive behaviour comes from the elected members at a time when the role of local politicians generally has been coming under criticism. For the majority of people who put faith in our political system, yesterday's affair could only be a considerable let down."

HON CHIEF MINISTER:

Sir, apart from the comments which I leave to you to look into, there are three inaccuracies of fact, three statements which are wrong in fact. In the first place the House did not meet half-an-hour late, the House met at 10.50, if I remember rightly, and the bulk of the time for that delay was not taken by the question mentioned in the paper. The third inaccuracy is that there was no suspension of the Standing Orders.

That, Mr Speaker, together with the comments, about which I will not comment at this stage, deserves study. I would like to add that the article was first brought to my notice before I even came down to town this morning and read the paper by a member of the Garrison Library Committee who had told me that he is prepared to state his name and to be disassociated with it. He is Mr Sam Benady, the leader of the Bar, who is a member of that Committee. He was most indignant about it. I would now ask my colleague the Leader of the Opposition to make his views known on the matter.

HON M D XIBERRAS:

Sir, I would simply like to agree, on behalf of the Opposition that Mr Speaker should enquire into this matter. The Chief Minister has pointed out the inaccuracies of the article which the Clerk has read out, and the Opposition

cannot accept the sort of statement that has been made in this article by the Chronicle.

MR SPEAKER:

Does any other member wish to say anything on the matter? Well, I will say the article surprised me too. I am most grateful to both the Chief Minister and the Leader of the Opposition for bringing it to my notice. Having done this it is now my duty to make a ruling on the matter. It is a serious matter which necessitates careful consideration. I will give the matter my consideration and I will report to the House in due course within the course of today's sitting as to what procedure we should carry out for the purpose of dealing with the situation which has caused this.

HON P J ISOLA:

Mr Speaker, before we go onto the business of the day, could I refer to a report of the proceedings yesterday by the Gibraltar Broadcasting Corporation last night, which contained, apart from other inaccuracies two that I should clarify my position on. One as far as I am concerned, and I think, one as far as the Chair is concerned which I think ought to be brought to the notice of the House.

One was referring to my contribution to the Improvement and Development Fund debate. The news editor, whoever it is that writes the script for the Gibraltar Broadcasting Corporation, referring to my speech, said that I had said this was the beginning of the capitulation of the Spanish seige and of the British Government.

Mr Speaker, normally I would not rise and clarify what I but it is clear that it was never said by me that the British Government was going to capitulate as a result of the Budget of Gibraltar. Nor indeed any insinuation there might have been, in the way it was reported, that the British Government was going to capitulate to the Spanish seige. What I said - and I think all members will recall - was that the Improvement and Development Fund vote was creating conditions of recession and that this could be, in my view, a capitulation of the present Government of Gibraltar to the Spanish seige, or possibly capitulation of the Gibraltar Government to the British Government. I think there is a lot of difference in this. Whatever views

Members may have on the matter there is a considerable difference in this, and I am rather surprised that such an able organisation as the Gibraltar Broadcasting Corporation should have indulged in this bit of mis-reporting. I hope this will be put right.

But another point, which I think is important, from the point of view of the House, is the statement also made over Gibraltar Broadcasting Corporation that you Mr Speaker had ruled that the Financial and Development Secretary was a Minister. Again I think the Chair was at great pain to point out to all Honourable Members that the Cinancial and Development Secretary was not a Minister under the Constitution, but that he was put in the same position insofar as moving motions and interchange of members, and you were referring to the constitutional practice or position in the United Kingdom. Again I think that that is something that merits some correction because I am afraid it does rather mislead the public.

MR. SPEAKER:

I feel sure that the representative of GBC, who is in the House, will take note, and I feel sure that Members will accept that this was an error in reporting and that the necessary correction will be made.

Brackish Water and General Rates Charges.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, Sir, before I move the resolution in question it will be appropriate for me to indicate the additional revenue requirement which I shall be seeking in 1974-75, and broadly my proposals for meeting it. Sir, since I must be precise both as to words and figures, I seek

indulgence that I may read this statement.

HON M D XIBERRAS:

Sir, if I may interrupt the Honorable Member just for a second. I approached the Honourable and Learned the Chief Minister on the way in which matters will proceed from now onwards; and in respect of the Opposition's reply to whatever statement the Honourable the Financial and Development Secretary is to make on behalf of the Government. I wonder whether it might not be a good thing for the Honourable and Learned the Chief Minister to make some sort of a statement as to what his views are.

HON CHIEF MINISTER:

I agree. I spoke with the Leader of the Opposition about this matter and if the Leader of the Opposition will bear with me a little he will see that in this motion on the Brackish Water and General Rates Charges, the Financial Secretary, as I promised was a reasonable request; will be putting the general proposals for increased taxation in toto. He has to do it under the guise of one motion, but as I undertook to the Leader of the Opposition, he will be saying broadly what the measures to come are in this statement.

MR SPEAKER:

Do I understand that under the guise of this particular motion before the House, which is the Brackish Water and General Rates motion, the Financial and Development Secretary will outline in toto the legislation or the measures to be introduced for the revenue raising measures; and in due course we will be presenting before the House motions for the different legislation which will enable the Opposition to deal with each and every one separately. Is that correct?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Yes, Sir.

HON M D XIBERRAS:

I am most grateful for that, Sir. May I enquire further about both the brief adjournment which I asked the Honourable Member for and from you, Mr Speaker, about the rules of debate, so that we can get everything absolutely straight right from the start.

MR SPEAKER:

As far as recessing and adjourning the House, it is not a matter for me, it is a matter for the Chief Minister; and; therefore; if the Chief Minister wishes to adjourn the House to give the Opposition an opportunity to consider what the Financial and Development Secretary is now about to expound, it is for him to decide. In so far as the second part of your proposal is concerned, the rules of debate will be applied as we proceed.

HON CHIEF MINISTER:

Mr Speaker, Sir, reference was made yesterday by the Honourable Major Peliza about his practice when he was Chief Minister. His practice when he was Chief Minister certainly did not give the Opposition then any time to consider any of the proposals put forward. And I remember particularly in the 1971/72 or 1972/73 Budget we had quite a number of measures and proposals which we had to improvise our reactions to immediately. I am not adverse, however, to giving a short brief interval for the measures to sort of sink in, but I certainly do not agree, nor can it be possible, to have any long adjournment for the consideration of these posts. I appreciate that last year the difficulty was that one member supported one of the measures and had to change his mind later on and they want to avoid this happening this year

MR SPEAKER:

May I say from the very start of today's proceedings that I have on many occasions read to Members the rules as to debate, and as to the right of the person who is holding the floor to be heard without interruptions. I am entitled to warn Members several times; there are other measures that I can take; there is no need for me to state then; and I do propose to warn Members that I will not allow consistent interruptions and I do intend to take further steps if I am compelled to do so.

So we will have debate without interruptions.

HON CHIEF MINISTER:

Thank you, Mr Speaker. I was just saying that at the end of - I do not know when it would be most appropriate but we certainly cannot have a recess every time there is a new proposal: I would not mind having a brief recess of not more than half an hour, we have a lot to do today, to give the Honourable Members an opportunity of looking at the matter. If this is acceptable then I am happy to agree. If it

is not acceptable then we will have to proceed as before.

HON M D XIBERRAS:

I am most grateful for that, Mr Speaker.

HON MAJOR R J PELIZA:

Mr Speaker, I would like to add that I do not remember the Chief Minister ever asking me for an adjournment. I would just like to clear the point. The point when he said that his predecessor had the practice - which I did not mention yesterday in any case - and he gave the impression that he had asked for this adjournment and it had not been granted. I just want to clear the point and say that it was never asked for.

MR SPEAKER:

Right, the Honourable the Financial and Development Secretary.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, Sir, I will go back and repeat the first sentence that I read earlier.

Before I move the resolution in question it will be appropriate for me to indicate the additional revenue requirement which I shall be seeking in 1974/75, and broadly my proposals for meeting it.

Sir, the deficit on recurrent account, as it stands, and was approved in the expenditure estimates, is at present £405,000. As I have previously stated, to this must be added a sum of the order of £40,000 representing the cost of servicing the Loan Funds necessary to finance the deficit on the Improvement and Development Fund in 1973/74. Also, the revenue measures which I must take will inevitably have some effect on the Index of Retail Prices and lead to COLA payments over and above the provision of £310,000 included in the estimates. This extra cost is very much a matter of judgement, but to be realistic I would not put it at less than £100,000 in the full year, particularly since the £310,000 estimate is based on the assumption that the Index will not rise by more than 3.

points in each quarter.

Sir, I have already said that I propose to meet the entire deficit in the Improvement and Development Fund in 1973/74 from borrowing. I am also prepared this year to finance a large part of the 1974/75 commitments on the Development Fund from borrowing. There are, however, constraints on the extent to which we can and should finance our capital works by borrowing alone. There are limits to the willingness of the public to subscribe, and to the financial statutory ability of the Fund managed by the Government to take up more Government debt year after year. Public debts must also be kept within a reasonable relation to the growth of the Budget, if rising servicing costs are not to place an undue burden on the recurrent Budget. I may say that looking ahead public debt charges, which are already £400,000 in the coming year's estimates, will in any event in 1978/79 rise to about £600,000 per annum, once the Varyl Begg Housing Estate loan is being amortised in full. I recognise, Sir, that Loan Funds can rightly take a substantial part in development financing but a balance, I repeat I said earlier, must be kept, and provision from revenue must take its share too.

In this particularly difficult year, however, it will be a small share of the order of £50,000. So £50,000 has to be added to the build up of the revenue requirement. This brings the revenue requirement, Sir, at this point to around £600,000. But with no provision yet for foreseeable commitments, including the 1974 review of wages and salaries, nor for unforeseen supplementary requirements. In this situation, Sir, the revenue requirement I am aiming for at £900,000 is in my judgement minimal.

In the choice of measures first consideration must be given to the Notional Municipal Account, which shows a combined deficit of £746,000. The deficit on the Electricity Account stands at £416,000 and I shall later be proposing a revised tariff which will raise sufficient funds to cover this. Sir, in parenthesis, I may say that the Government itself is an electricity consumer and these increased charges will of course lead to increased expenditure on the recurrent budget, and I shall have to make provision for an additional £40,000 accordingly. The deficit on the Potable Water Account is £174,000, and on the Brackish Water Account £40,000. Together with a deficit of £132,000 on other rates services, the combined deficit on the General Rate Account is £346,000. I do not, Sir, consider that this amount can be covered entirely by

increased charges in the coming year. By a revised Potable Water tariff I propose, however, to raise £67,000, and by an increase in the General Brackish Water Rates, £146,000, together making £213,000 against the deficit of £346,000 in the General Municipal Services Rate Account. Sir, these three measures in the Municipal Accounts affecting Electricity, Water and the General Rate, will together provide £629,000, against the revenue requirement of £900,000. The balance will be met from increases in Import Duties, which I shall come later to enumerate.

Mr Speaker, Sir, I did however very deliberately say that put at the figure of £900,000 the additional revenue requirement was minimal. Honourable Members may share this view when we remind ourselves of the extent of supplementary expenditure which is always found unavoidable. For example, the moment after I named the figure, I went on to say that there was already one known item of £40,000 for additional Government expenditure on electricity. The Government has, however, Sir, two further revenue raising measures in mind. Attacks on the luxury of gambling and duty free sales of single bottles of liquor and cigarettes in cartons of 200 at a Duty Free Shop to be established at the Airport. It is not yet possible to give a realistic estimates of the yield from either of these measures. They will, however, be a useful buttress against unforeseeable commitments, though their scale cannot be such as to affect my present proposals. Sir, the necessary legislation on Gaming will be brought to the House at the next meeting, and I shall later in these proceedings be introducing the Bill for the establishment of a Duty Free Shop.

Mr Speaker, Sir, with regard to additional import duties I shall be proposing a 5p increase in the duty on petrol - 5p per gallon not per litre - estimated to yield £47,000. On the import of motor vehicles, a new two-tier rate of duty, at the rate of 20% or 22½%, will replace the present single rate of 15% for all vehicles other than commercial vehicles on which the duty will not be raised. The two-tier duty will be such as to favour the importation of smaller vehicles. The yield is estimated at £41,000.

Sir, there will be an increase in the duty on beer, which will raise the price of a full pint by 1½p, yielding an additional revenue of £45,000. Sir, in considering further indirect tax measures it is only right that we look to less essentials and in this respect the Government has chosen to increase the duty on cigarettes and tobacco. The proposals, which will yield £105,000, will mean an

extra 3p per packet of 20 cigarettes, and corresponding increases on other forms of manufactured tobacco, including cigars.

Finally, Sir, there will be an increase of $2\frac{1}{3}\%$ ad valorem on those which are termed "specified items" in the Schedule to the Imports and Exports Ordinance currently attracting duty at 10%, and a similar $2\frac{1}{3}\%$ increase for "jewellery" currently dutiable at 15% ad valorem.

Sir, the specified items to which I have referred, include: cameras, watches and clocks, pens, radios, and other electronic equipment. Together these increases in the ad valorem duties will yield an additional £30,000.

Sir, I now return to the first motion which concerns the General and Brackish Water Rates. The general rate is at present 15p in the pound. On top of this the Brackish Water Rate is 1.67 pence in the pound for commercial premises and 10.42 pence in the pound for private dwellings. I propose a 10p increase in the General Rate, bringing it to 60p in the pound. This will yield additional Rate income of £138,000. A similar proportionate increase in each of the Brackish Water Rates would maintain existing relativities with the General Rate, and will produce an additional income of £8,400. With this increase the Brackish Water Rate for commercial properties would rise to 2p in the pound whilst that for private dwellings would rise to 12.5 pence in the pound. Taken together Sir, these increases would produce additional revenue of £146,400.

Mr Speaker, Sir, I now beg to move the following motion standing in my name :

RESOLUTION - BRACKISH WATER AND GENERAL RATE CHARGES

In exercise of the powers conferred by Sections 116, 289 and 295 of the Public Health Ordinance this House resolves as follows:

1. A brackish water rate for the year ending 31 March 1975 is made and levied as follows:

- (i) in respect of officers, stores, cafes, bars and other like premises at the rate of 2p in the pound,
- (ii) in respect of tenement buildings, flats and other dwelling houses, at the rate of 12.5p in the pound;

such brackish water rate to be collected by equal quarterly instalments payable in advance.

2. Subject to the provisions of the Public Health Ordinance, a general rate for the year ending 31 March 1975 is made and levied at the rate of 60p per pound on the full net annual value of each hereditament in Gibraltar, and such rate shall be collected by equal quarterly instalments payable in advance on the dates specified in Section 295. The charges approved by this Resolution supersede the charges approved by Part A of the Resolution of the House of Assembly dated the 30th March 1973 and published as Government Notice No.268 of 1973 of the 31st March 1973.

Thank you Sir.

MR SPEAKER:

I will now propose the question in the terms of the motion proposed by the Honourable the Financial and Development Secretary. I will remind Members that this is now a debate and that each has the right to speak once.

HON CHIEF MINISTER:

I was wondering at what time it would be convenient - we can certainly not recess for each of the other measures. If the Opposition have enough with the statement made by the Honourable the Financial and Development Secretary, it would be alright, but this of course will not give them a complete picture in so far as the individual rates of, for example, electricity and so on are concerned, though the basis is here. That you would have to discuss as it comes along. I may, if the Honourable Members opposite wish a recess at this stage then I would be quite happy to adjourn for about half an hour.

MR SPEAKER:

May I explain so that there may be no misunderstanding later on. Since the Honourable the Financial and Development Secretary has opted to generalise on the revenue raising matters in this particular motion, Honourable Members of the Opposition and Honourable Members

of the Government too will have an opportunity to speak generally in this particular motion about all the revenue raising matters, but once we start considering legislation to implement this motion they will be limited to the particular topic of legislation that we are dealing with.

HON CHIEF MINISTER:

We can now adjourn for half-an-hour.

MR SPEAKER:

We will then recess, to be exact, so that the members of the public may know that we are coming back again, which is only fair. It is now 10 minutes past 11: we will recess until a quarter to twelve, giving 35 minutes only.

The House recessed at 11.10 a.m.

The House resumed at 11.45 a.m.

MR SPEAKER:

I will remind Members that I am now proposing the question and that we are proceeding with the Brackish Water General Rates motion.

HON J BOSSANO:

Mr Speaker, the essential feature in our approach to the need to raise revenue to the extent that has been suggested by the Hon the Financial and Development Secretary is the question of whether the estimates of revenue are likely to be in the event accurate or not. And in this respect the problem as far as the House is concerned is that although we have an opportunity of looking at the expenditure estimates in detail and although the Opposition has now made quite clear its reaction to the Estimates of expenditure on the recurrent Budget, the same is not true for the estimates of revenue. And, therefore, just like last year we had to preface our remarks on the question of the revenue raising measures by referring to the reservations we had about the accuracy of the estimates, I feel that it is necessary for Members to consider the apparent anomalies which have not been explained and which the Hon the Financial and Development Secretary may wish to give an explanation of as regards the estimated revenue for 1974/75.

and indeed the revised estimates for 1973/74. The House will recall, and no doubt the Honourable and Learned the Chief Minister will recall, that last year, after he announced the increases in the Electricity Account and after I approved of the way he had done it, I went on to say that as regards the relationship between expenditure and income on the Electricity Account we were not convinced that the final outcome was accurately predicted by the estimates given in the draft estimates of 1973/74. Nevertheless we felt that if they proved to be accurate then the Government had little choice but to meet the deficit that would thus be created. It is unfortunate that we do not have in fact in the House now the final figures, or even the revised figures for 1973/74 in respect of the Notional Account on the Electricity, and, therefore, it is impossible to say whether last year's increases could have been justified in the absence of any increase in fuel which was not predicted at the time of the last Budget. That we do not know, but I do note, Mr Speaker, that there has been a change in the Municipal Accounts in that the previous practice of including an element known as "contributions to the Improvement and Development Fund", does not appear this year. And in the case of the Electricity Account, Mr Speaker, this amounted last year to £47,000. And of course if it is permissible by proper accounting practice and by the law of Gibraltar that this element should be left out of the Notional Accounts, then it would have been equally permissible to leave it out of last year's account, then the theoretical deficit would have been that much smaller, and this is where policy decisions come into the picture. If it is decided to introduce something into the Notional Accounts which is not particularly required by law then the decision to include something in the account which is then presented to the House as something that can be done only in that way, puts the Opposition at a disadvantage, in that we are willing to support the Government, when the Government has got no choice in the matter, but when the Government got the freedom of choice then we have to reserve the right to express our view as to whether we would have done the same thing in their place, as to whether we would have exercised the choice in the same manner. And the questioning that I normally put to the Honourable the Financial and Development Secretary on behalf of the Opposition is precisely in order to elicit specific answers to specific questions, Mr Speaker. So it is something that I would like to clarify when the Honourable the Financial and Development Secretary has an opportunity to close on the question of the motion to increase charges in respect of the Municipal Services.

/And if
this had
been so,/

As regards other Heads of Revenue, the Government is estimating that the revised figure for the current year is very close to what they originally anticipated, a mere difference of £20,000, which shows, Mr Speaker, if this is indeed the case, what can be done when there is a will. Because I remember the Financial and Development Secretary saying that £1¹/₂m this way or that way was fairly good estimating. Well, if that was fairly good estimating, to be out by £20,000 on an estimated revenue of over £6¹/₂m is really to go to the top of the class. But, we note, Mr Speaker, that there are two things here which would have produced more money if in fact the points that I made at last year's Budget had materialised. One was the question of income tax, where I put forward the view last year that the expected yield from the measures introduced by the Government last year was an under-estimation. And if Members will look to page 4 of the Draft Estimates they will see there that the Government believes that in the current Financial Year, 1973/74, they will actually succeed collecting from income tax £20,000 more than they estimated last year. Now, what is surprising about this, Mr Speaker, is that without any further changes in the rate of income tax they nevertheless expect to collect an additional £400,000, in 1974/75. Now, I appreciate that with rising incomes as a result of inflation the trend in direct taxation is bound to be a rising one, particularly with a progressive system of taxation where as income rises the share paid in income tax increases. But even if we take account of the fact that the Biennial Review would have been in for twelve months instead of nine months, when the income tax for 1974/75 is paid on the income assessment based on earnings of 1 73/74, and even if we take account of the fact that in respect of the last six months of 1973/74 there has been a COLA payment of £60,000, which is shown at the beginning of the Draft Estimates, even if we take account of those two factors, Mr Speaker, you cannot possibly expect these factors to produce an improvement of £400,000, because those two factors themselves do not come to £400,000. And unless we have a marginal rate of taxation of over 100%, which would be even 3% better than the top rate in UK - or worse of course depending on one's income group - even if we have that, Mr Speaker, it could not possibly produce this magnitude of increase. So I can only suppose that part of the £400,000 improvement in yield from income tax expected in 1974/75 must be due to the collection of arrears of tax due in respect of the year 1973/74. And if this is indeed the case, and it may well be because I know the Government had made great efforts to increase the efficiency

and revenue collecting capacity of the income tax office so that everybody shares the burden of tax, which nobody likes to share at all, but it is fair that we should attempt to have a tax system that has as few loopholes as possible, it is impossible to devise a fool proof one. But if this is indeed the case, that the increase in yield is due in a substantial degree to the collection in 1974/75 of money that would have been collected in 1973/74 had it been physically possible to collect it, then it does suggest that the figure originally put in the estimates was, as I suggested last year, an underestimation.

In another of the Heads, Mr Speaker, where there is to my mind an anomaly is on the question of Interests Receipts. If Members will look to page y of the Draft Estimates they will see that the Interest Receipts in respect of Surplus Funds were higher in 1972/73 than either the approved or the revised estimates or the estimates for 1974/75. And this, Mr Speaker, does not tie up with the fact that in the details of the sums in the balance sheet, for example, show of the assets and liabilities in March, 1973, we see that the investments in the Surplus Fund were virtually the same as in March, 1972. Now, I cannot understand why we had virtually the same amount of money invested in Surplus Funds in 1972 as we had in 1973, and in 1973 we have had interests rates at a much higher level than we had in the previous year. We expect this to produce a smaller income and we expect the smaller income to continue into 1974/75.

Another peculiar assessment as to probable income is on the same page 7 as regards Rents of Government Properties, where the estimated income from House Rents is £340,000 in 1974/75, as opposed to the estimate last year of £338,000. And the odd thing about this is that the explanation for this increase is new construction at Varyl Begg Estate. So it suggests that the new construction at Varyl Begg Estate is expected to produce a minimal increase in income in 1974/75. And they will also see, Mr Speaker, that in 1973/74 we have a revised estimate which is lower than the original approved estimate at the beginning of the year. The Honourable Minister for Housing will recall that he stated quite categorically in this House that it was no question of any loss of rent due to the delay in the allocation of the Glacis Estate because rent could not be produced until the houses were occupied, which is a totology, it is an obvious fact. Until a tenant is in there you cannot expect him to pay rent for the tenancy. Nevertheless, it is odd that Government Rents should have produced £13,000 less in 1973/74 than

was originally expected, and I put this to him: that if this is so it must be because it was originally expected that the houses would have been occupied earlier and that, therefore, my question as to the estimated loss of rent was quite legitimate at the time that I put it, and he must admit now that not only was this legitimate

but it was accurate and correct. That because there was delay - I do not know to what extent he could have overcome those delays - but because there was delay, there was a loss of revenue. And because there was loss of revenue there was quite a good reason why, apart from all the other reasons as regards the discomfort that it causes to people to have to stay in inadequate accommodation and see empty houses, quite apart from that element, the fact that we were losing income which would have to be met later on by a need for Government to find that income from somewhere else, because this is the most important factor that I want to make on behalf of the Opposition in this respect, Mr Speaker. The reason why I am going back to this Revenue Head is that I have said on behalf of the Opposition that we are critical of the management of the economy. Now the management of the economy has an effect on the revenue that the Government obtains, and to the extent that there is less revenue than there could be because of Government policies, to that extent, it is Government's responsibility, and, therefore, the revenue requirement could be greater or less, depending on how well the economy is being managed. And, therefore, when we point to specific things where we think there could have been more money if the Government had managed things better there would have had that extra money and they would have had less need to come to the House with new measures for increasing revenue.

Also, Mr Speaker, going back for a minute to Head IX Miscellaneous Receipts, we have the Currency Notes Income Account, where Members will see that there is an estimate for revenue for 1974/75 of £190,000. Now, if I recall correctly, the income account transfers revenue to the Consolidated Fund as a result of surpluses produced on the working of the Currency Notes Fund due to income from investments, and we find that in the Approved Estimates for 1973/74 there is a figure of £135,000 which has been revised downwards, and that it is below the figure for 1972/73. Now, what is peculiar about this revision of income figures is that I asked earlier about the increase in the money supply; I asked for an explanation of the impact of an increase in the money supply on (a) the question of economic management; and (b) the question of Government finance, and I was accused, Mr Speaker, of bringing out a

red herring. I do not know why they always choose that colour whenever I come out with something, Mr Speaker, but it was not a red herring because I was thinking of what appears to me to be an anomaly in this Head, because if it is the case that we have been able to expand our money supplies due to demands from banks, as the Financial and Development Secretary said, for local bank notes, to the extent I think of something like £300,000, and if this means that in return for that money we got pound for pound sterling currency which the Government were able to invest, we were told, in UK securities, then those investments should have produced an improvement in revenue under this Head and not a decrease of £3,000. And I would welcome a word of explanation as to how it is the case that the Government expects, having invested more money in Gilt Edged Securities as a result of having increased the money supply, which I remember the Honourable and Learned the Chief Minister wisely shaking his head at the time to tell us that this would be good for the Government because we would earn more interest, if this is indeed the case then I would expect the interest to show up here. And the importance of having the interest showing up here, Mr Speaker, is that to the extent that the revenue position is better in 1973/74, and as I say I would expect it to be better unless there has been a very dramatic improvement in the accuracy of estimating, then the overall reserve position of the Consolidated Fund is stronger. And members will recall that in his Budget speech the Honourable the Financial and Development Secretary made the point that because the Consolidated Fund stood at the level it stood on the basis of the revised figures which are expected to produce a deficit in the current year of the order of £200,000, because it stood at the level it stood, which I think he said in his Budget speech was a reserve of eight weeks, it was necessary to raise revenue in the current year to meet in full the estimated short fall between expenditure and revenue. Now, if this is so, then it is in the interest of Members of the House that they should be fully satisfied as to the accuracy of the Estimate of Revenue for 1973/74, because if we find in fact that there may have been an oversight in one of these items, and the revenue position is better, then the Consolidated Fund will be better, the reason given by the Financial and Development Secretary in the Budget speech will apply, and it may be possible to meet part of the short-fall in estimated revenue over expenditure from the reserves. And no doubt the Honourable and Learned the Chief Minister, who dislikes so intensely raising taxation in spite of the magnificent job he has done in this respect in the last two Budgets, will be very glad not to have to raise as much as he has

intimated to the House that he needs to raise. And one final point I would like to make, Mr Speaker, in respect of this, if you will allow me a small amount of deviation from the revenue figures at the moment, this is that the

MR SPEAKER:

I will allow you a great amount of deviation.

HON J BOSSANO:

Well, Mr Speaker, you surprise me, you will allow me a great amount of deviation. I am delighted to hear that. This is a welcome innovation Mr Speaker.

MR SPEAKER:

What I am trying to intimate is that you have been deviating already.

HON J BOSSANO:

Oh, Mr Speaker, I am sorry to hear that!

If you will allow me, Mr Speaker, I would just like to make one small point, and this is that in respect of the Improvement and Development Fund the Financial and Development Secretary brought us some estimates to the House of receipts and expenditure in the Fund in 1973/74 and in 1974/75, and again he has referred now to the fact that he intends to cover estimated deficits in the Improvement and Development Fund from loan finance, which is very desirable. But I am wondering whether in view of the statement that was made in November, 1973 in the House in answer to a question of mine by Mr Gomez, who was standing in as Financial and Development Secretary at the time, that in September 1973, the Improvement and Development Fund was in debt to the extent of £313,000, but that in fact of this figure, £131,000 was due to a credit balance of local funds and £444,000 was a debit balance in respect of UK Funds. I would like to know how the Fund was operating at the time, in view of the fact that it was in debit due to UK Fund to that extent, and whether the shortfall in interests receipts, that I have pointed out, is in any way connected to the use of the

Gibraltar Government Funds at an interest free of rate to ODA because of non-arrival of UK Funds. I would certainly welcome clarification on this point because it is something that puzzles me. And I am even puzzled by the legality of the situation, since I have looked carefully at both the Financial Procedures Bill, and at Section 66 of the Constitution, and I can find no indication there that this is permissible.

So, Mr Speaker, my colleagues will deal with specific items of the proposals of the Government, but as regards the overall revenue requirement, as I say, we in the Opposition must reserve our position because we have to satisfy ourselves that an increased burden of this magnitude, which is as much as was raised in last year's budget, and 50% more now, is being put on the people of Gibraltar justifiably, and that if it is indeed necessary at this stage, we must make clear to what extent we think part of it is inevitable and to what extent we think it is due to policy decisions that have been taken by the Government as far back, as the House will recall, as October 1972, when they obstinately refused to raise loan finance at a time when the public debt of Gibraltar was being reduced, Mr Speaker, and when interest rates were much lower. The responsibility for that is a political decision and we cannot allow this to be hidden away under the coat of Arabs trying to make us pay more for our fuel or anything else. Red herrings or blue herrings or whatever herrings Arabs have.

HON CHIEF MINISTER:

Mr Speaker, Sir, of course what has happened now is that we have a solution on Brackish Water, but the Honourable Mr Bossano has made a general review.

MR SPEAKER:

The Honourable Mr Bossano has been replying to the General review of the revenue raising measures, as announced by the Financial and Development Secretary.

HON CHIEF MINISTER:

Yes, exactly.

MR SPEAKER:

Oh, I beg your pardon.

HON CHIEF MINISTER:

I said that though we are now in fact on the Brackis Water and the Rates motion the Honourable Mr Bossano has spoken about income tax and about other things, and not exclusively on the measure which we are now debating. I am not suggesting that it is wrong, the only point is that I preface my remarks in this way because I am going to say something now that I might have said in another part of the debate, regarding for example electricity charges and so on. I hope that if that is done at least it will not be necessary to repeat it in any detail, not that I can go to such a detailed extent in which he has gone into in this matter. I would certainly not like to emulate him as an economist, I am not one. But I would just like to talk about general principles on one or two aspects which are raised. I am sure that some of the points raised will be dealt with by the Financial Secretary, but though they are - I wonder whether instead of the words "economic management" it would not be more accurate to use the words, "financial management". Anyhow, be that as it may, a little of one and a little of the other.

Ever since we started in this House many years ago the difficulty that we have always had is that the estimates of revenue are really not estimates in the sense that they need the approval by the House. They are only there to give an indication to the House of what is expected to be raised in revenue. And it is very difficult to vouch for the accuracy of those statements because they come from the Departments: the expectations are worked out by Departments, having regard to the information available. And without in any way disclaiming the ultimate responsibility which of course must necessarily be ours, all I can tell Members of the House is that when we go into the consideration of the estimates, and I think the Financial Secretary said something in his general introduction to the estimates of expenditure, we have tried to calibrate and to put as much as what can be expected of all Heads of Revenue, because whatever may be said it is not pleasant, it would be sadistic to impose taxation for the sake of it.

But to show that there can be errors both ways perhaps

Honourable Members would look at page 3 of the Summary of Revenue. It will be seen that there was in particular one which is a decrease from the Approved Estimate for 1973/74 of £30,000. There are factors which cannot deal accurately. I felt at one stage of the intervention of Mr Bossano that he was going to deal with another matter. I myself would like to see a change. - I know it is difficult because of the ways the thing was done - but insofar as the Municipal Accounts are concerned, they are Notional Accounts. And I know the Minister for Municipal Services, who also has some experience in accounting procedures at least, would be very anxious to have real accounts both in respect of Rates and Electricity. Electricity can be more accurately gauged insofar as expenditure is concerned, the mode of expenditure and the cost of the different services provided by the electricity, as yet a little more accurately because there are still records that used to be kept separately under the City Council. I do not know to what extent - I am talking purely politically now - we will be able to persuade the Treasury, or what work will be entailed in having complete and separate accounts which will not be Notional, but real accounts. This came as a result of the merger and this is the way we found them, so to speak, in 1972, and we would hope to make some progress on that. The Minister has got very strong views on this matter: he has represented them to me, and we hope that that will be able to be done. But insofar as that aspect of the matter is concerned, it must right itself out in the end. That is to say, next year the Honourable Member may be able to speak with much more detail and accuracy, or to find out whether there has been good management, as he says, or proper calculations, because then he will have the final accounts of the year before last, which he has not got now. That is to say, the revised estimate will be real. That is why I say that eventually the Rates Accounts and the Electricity Account must necessarily work itself out right, though not at the time one would want them in order to make more accurate assessment of the situation. But this year, without in any way quering it, we have been able to get, as I think the Financial Secretary said, much nearer to the likely results. But there are factors: for example, there is another underestimate that perhaps was a bit hopeful, but I think now that we are on **steady** ground, and that was that the Lottery, which was doubled, took a little time to settle itself at quite a substantial increase, but not quite double. It just did not take it. Perhaps the tax on gambling might make it easier to get more lottery sold, if it has to be paid, because we will not tax gambling insofar as the lottery is concerned,

because the money would come to us anyhow. So that is that.

In respect of the Income Tax, I think the estimate for income tax in 1973/74 was £225,000, but that was only for a part of the year, because in any case you could never collect all that amount of the new measure in that year. A full year is £380,000. Then again in taxation there are occasional indications of windfalls. I remember some years ago when I enquired how the estimates on Estate Duties was calculated, and I was told that it was done on the speculations of the last three years, but one Financial Secretary, who is now dead, said: "but I have in mind a couple of people who might die this year!" So therefore he was more optimistic. The Government had no control over the date of his death, or of the date of the collection of the Estate Duty. So it happens in one or two cases in income tax. We are going to have a once and for all windfall of income tax this year, which most unfortunately will not recur again. We know that the assessment has been made and that it is a substantial amount. Now all this has been taken into account and that is why perhaps, looking at it coldly and perhaps with the eyes of an economist unaware of the surrounding factors, I am sure this is of necessity the position of the Honourable Mr Bossano, these matters do have an explanation.

Thank you.

HON W M ISOLA:

Mr Speaker, I would like to deal with certain items of the Revenue Raising measures, in the same way as my other colleagues will be dealing with the other matters. So I am just going to devote myself to about three or four items which I will be discussing at this particular moment.

The first thing that comes to my mind, Mr Speaker, is the question of petrol. Now, the largest group of people who buy most petrol is of course the normal man in the street, the private vehicle owners. But the increase of 5p a gallon has much greater repercussions than what a normal man in the street might think. He will say: "Well, I have got to pay 5p a gallon more if I want to use my car, and that's it." But I would have imagined that in increasing petrol quite substantially by 5p a gallon, the Government would have taken into consideration an allowance to Public Service Vehicles and Commercial Vehicles. The result of this increase to the normal man in the street, as

I said before, Mr Speaker, will be: "I have to pay 5p more." But will this not now increase the cost of transport? Transport for instance of sugar and essential commodities? Will this not give an excuse, a real excuse, to the transporters in Gibraltar to increase their charges? I would have imagined, Mr Speaker, that in considering the increase of petrol some allowance would have been given to the Public Service Vehicle. And by this, Mr Speaker, I am not just talking about transport, I am talking about the question of the normal man in the street who does not have a car and who will very likely now have to pay far more for in bus fares. So it is not really just a tax levied on the normal user of a vehicle, it is a tax which will spread right across the community as a whole, and will affect the cost of living in Gibraltar by increasing the cost of transport and public service vehicles. Perhaps some thought might be given by the Government to this particular matter of giving allowances to Public Service Vehicles and Commercial Vehicles. The duty, as the Honourable Financial and Development Secretary said, on petrol, was £47,000.

I would now like to touch on the import duty on cars, which is going up by $7\frac{1}{2}\%$ maximum from 15%. Now, I note, Mr Speaker, that in this particular instance Commercial Vehicles have been exempted from this extra duty, and of course on this side of the House we welcome the fact that Commercial Vehicles have been exempted. But we are surprised, or perhaps the definition may be wrong, that Public Service Vehicles have not been exempted. Now, by public service vehicles I mean buses and taxis. I hope I am not deceiving the House. Am I correct in giving that interpretation, that Commercial Vehicles do not include Public Service Vehicles and Taxis?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

They would not include Taxis, which are indistinguishable from private vehicles, but, Sir, there is a definition there yet to come.

Sir, for the purpose of this item, Commercial Vehicle means:

- (1) a vehicle built or adapted for the purpose of carrying goods, and
- (2) a vehicle designed to carry 8 or more passengers.

Thank you Sir.

HON W M ISOLA:

I am glad that he has actually said that, because like that I would not waste the House's time.

I am even more pleased now to hear from the Honourable the Financial and Development Secretary that it does not cover Buses. But I am surprised, Mr Speaker, that whilst covering buses it does not cover taxis brought to Gibraltar. And if I might say so, it is also very surprising that of this tortuous system, the taxi drivers will be even harder hit, because by and large a normal taxi driver buys a large car and would automatically be caught by the higher tax on his taxi. And again I would like the Financial and Development Secretary to take into consideration the question of exempting taxi owners. One can say: "Well, of course a taxi driver can buy a taxi and then he can resell it." But of course that would not happen because on the resale of his taxi the import duty would be payable or he would be stopped from selling it for a period of two years. But I do feel, Mr Speaker, and this is how the House feels, that a taxi driver, who after all is making a living, should be in the same position as a Bus owner, because he provides a service to the public and I feel that in view of the fact that the term Commercial Vehicle now covers a Bus or a car which carries more than 8 passengers, I also feel that taxi drivers should not be discriminated against in this particular Revenue Raising Measure.

We are also disappointed, Mr Speaker, that £45,000 is going to be imposed on beer drinkers. Now, we all know that beer has always been considered the drink of the working class man. And it is surprising that this £45,000 should not have been spread over to spirits and wines and not just a direct taxation on beer. Of course, it is at this stage too early to say whether this question of this Duty Free Shop, is a good thing or not. Mr Speaker, trade in Gibraltar is not that good at present, there are lots of people in Gibraltar who sell tobacco and spirits, and by having this Duty Free Shop at the Airport we are going to hit at the traders along Main Street very substantially. Now, the difference between the cost of a bottle of whisky bought in Main Street, and a bottle of whisky bought in the United Kingdom must be quite substantial in order for the particular person to buy his bottle of whisky in town, and I feel that this Duty Free Shop will be bad for local trade.

Mr Speaker, the Honourable the Financial and Development Secretary, in his opening remarks earlier on in the session said - I am now talking purely on Tourism, - that we must

ensure that the service we provide to the outside world remains competitive, and that we do not price ourselves out of the market. Mr Speaker, we have now increased the duty on such things as cameras, jewellery, transistor sets, watches, etc., which again many of the tourists who come to Gibraltar purchase, and with this increase of $17\frac{1}{2}\%$ on jewellery and 15% on most of these items, we are in effect, becoming completely uncompetitive. I am surprised that my friend the Minister for Tourism, who is so interested in making Gibraltar competitive, should have agreed to these measures which in actual fact are only going to bring in £30,000 but which will make a lot of difference if people coming to Gibraltar will not purchase these items because they are cheaper in the United Kingdom. I consider, Mr Speaker, that we are going to lose considerably on this: and all for the sum of £30,000. Is the question of a Duty Free Shop a sop for the Minister of Tourism/ Because again I feel that this is going to hit very much the traders in Main Street, who pay very high rents and very high rates. And now, of course with the further increase in Rates and in Brackish Water to the traders in Main Street, these measures of £30,000, which is a mere nothing, a drop in the ocean so to speak, is going to affect the traders, especially with the tourist who come to Gibraltar. And moreover, Mr Speaker, even of those few liners which are coming to Gibraltar. Even less will come because Gibraltar will no longer be the cheap place it was to buy these particular goods. And all, Mr Speaker, to collect a mere £30,000.

HON H J ZAMMITT:

Mr Speaker, I am just going to reply to the Honourable Mr William Isola, because the items that he has spoken about are to my mind very simply explained, and I think that if they go unanswered could be given an interpretation of acceptance. I think the Honourable, Mr William Isola well knows, regarding his first item, that of petrol, that all Buses in Gibraltar run on diesel and, therefore, there is no need for the poor man in the street to have to suffer increased fares - certainly not as a result of the increase in petrol. Secondly, on that, Sir, the transportation of sugar, again we find that most lorries are again diesel, so again they will not be affected. I am saying most, I am not saying all of them. I agree that they are not all diesel, but most of them are. So, the cost is not going to be all that much.

Now, Sir, as regards his second point of taxis, again, a

large amount of taxis in Gibraltar today are diesel. Again, I am not saying there is a great majority of them, but there are a good amount of taxis running on diesel. And of course I cannot accept his possibly sympathetic view that taxis should be incorporated as being Commercial vehicles. And I think that as a lawyer he knows that when one defines Commercial Vehicles, it means vehicles that are constructed for the conveyance of passengers, that is if we were to have the kind of taxi in Gibraltar that is common in London. That is a taxi which is considered a Commercial Vehicle.

The other point which the Honourable Mr Isola talked about was of course, to my mind, and I speak with a certain amount of knowledge, and I must declare an interest on it, is the poor men's drink, beer. It is, Sir, well known, and I am sure Members opposite, those who were in Government before us for a short spell, would know that beer is not the poor man's drink in Gibraltar today anymore. We in Gibraltar live a little more luxurious life and go in for the hard stuff in which my Honourable Friend, the Financial and Development Secretary tells me comes from Scotland.

HON W M ISOLA:

I am sorry, I did not say the poor man's drink, I said the working class man's drink.

HON H J ZAMMITT:

I accept that. I retract the words "poor man's pint". I will now say the workers beer. The pint is no longer, certainly not in Gibraltar, the workers drink. Today we find many workers with Bacardi and Coke, Vodkas and Limes, Whisky and other ingredients, so it is not logical to say today that it is the worker's drink. And of course he asked why had we not increased the tax on other spirits. Well I think, Sir, that I do know, and I am sure most people know, that the price of whisky was increased at source by 8p only a few weeks ago, and so were other spirits. This was not as a result of tax measures, these were increases at source. So, I do not think the argument stands today very much indeed. And may I say too, Sir, that there is a very cheap draught beer - I will not advertise - which is not very bad. I will not say we can drink it, but it does exist.

Now, Sir, the last point which the Honourable Mr Isola spoke about was the Duty Free Shop, and I am really surprised that he has not given this the merit which I think this particular

measure deserves. I am sure my colleague the Minister for Trade will elaborate on it but I will say this much, that I think it is a tremendous step forward that this decision has been taken, for only up to today the system is one which to my mind is a little ridiculous, that every non resident of Gibraltar was entitled to buy duty free stuff by a minimum of three bottles, and leaving Gibraltar. Now, it meant this, Mr Speaker, that we were really asking the tourist to break the law in the UK, or otherwise pay duty there, which meant they would not buy it. Or, as we have found, that people coming to Gibraltar would buy duty free whisky in London Airport, bring it to Gibraltar and then take it back to London, because it was impossible to them to strike down the minimum requirement of three bottles unless of course there was a group or a party, unless of course he wanted to pay duty on the extra two bottles he was conveying. But if you did that, Mr Speaker, well you must be really thick, because you are really getting nothing out of it.

This is a measure which I think should be at least well received because it alleviates an enormous amount of restriction to the tourist who come to Gibraltar, and I think we are now competitive with London Airport and BEA, who hitherto have made business from Tourism from Gibraltar.

Thank you, Sir.

HON J CARUANA:

Mr Speaker, I would like to answer a few unanswered points which the Honourable Minister for Sports and Information has tried to explain in putting the views of his Government for some of these measures. I would like to place some points of view which have not been covered by the explanation from the Minister, and which are very significant, before going into the general questions. It is a fact that there are a number of taxis, there are a number of buses, and that there are a number of lorries which use petrol. So, therefore, these few taxi drivers, lorry owners, and bus owners, who use petrol are immediately placed at a tremendous disadvantage to those who are not to pay the increase in prices, and this could be inadvertently discriminating against their economic viability in fact. Food, I can assure the Honourable Minister opposite, is likely to be affected by the increase in petrol because it is not only the delivery from the wharf to the Stores that count, but the delivery from the Stores to the shops. And this is the Distributive Trade, whose fleet of vehicles are invariably petrol driven.

Therefore, we can expect these people to be affected. The reason given, as I think the Minister hinted, that beer is not as popular today as whisky and other drinks, is in fact a counter argument the point that he is trying to make, because the Honourable and Learned the Financial Secretary has throughout made the point that the Revenue Raising Measures should fall on the widest possible field, and, therefore, on the things that are sold the most. So, therefore, if beer is being sold less than whisky you should tax in fact the things that you sell the most of, and not the things that you sell the least of.

On the question of the Duty Free Shop, I think my Honourable Friend here was very careful in saying that it was too early yet to judge but he wondered where the Government had taken into consideration his point of view. And I still wonder about this, and I would like to stress this, because I know the Honourable Minister for Tourism and Trade has an opportunity to speak on this matter. I would like to know the proportion of visitors which invariably come into Gibraltar year in and year out, who do not take advantage of the duty free facilities at London Airport, who do not take advantage of the facilities of buying the three bottles of spirits free of duty and collecting them at the Airport, and who have been buying these at Main Street. And if we were to look at these proportions - I do not know whether the statistics exist, but I have met with this instance many times. I would rather buy a bottle in Main Street because we always do this at the eleventh hour. People who travel always pack at the last moment and buy their drinks at the last moment. So, I wonder whether this proportion of visitors who have been contributing for many years to the economy of many many wine sellers and tobacconists will in fact be felt by Main Street. I am sure that the Main Street Traders will make their point of view felt in no time at all, and I am sure that their reaction will be most adverse to this measure, irrespective of whether the Government consider it is good for them or not. It might be good for the Government but it certainly does not look good for the traders.

And now, Mr Speaker, I would like to go generally to the measure outlined by the Financial and Development Secretary, and I must say that I am extremely disappointed and very very down-hearted with what I have had to hear, as I am sure he must have been when he made out these measures. But what the House and Gibraltar is being expected to pay out in taxes this year is no less than 50% more than we paid last year, and last year was 200% more than the year before that.

This year we have to raise £300,000 more than last year, and I think this is a tremendous increase the effects of which, I am sure, will be severe. I consider this budget unimaginative because throughout this week we have been debating the world situation, we have been debating the fuel crisis, we have been debating the effect of inflation on the world, and this budget does not tackle the inflationary effects in Gibraltar today. Far from it, and in fact the Honourable Financial and Development Secretary has admitted this today when he said that some measures will affect the Index of Retail Prices. So, therefore, far from this budget being deflationary, it is in fact intentionally inflationary. It does nothing in fact to tackle the problem at hand, and we have still to hear several other measures to come. The biggest of them is Electricity. The rates have not been announced yet, but if we have to raise £400,000 on Electricity, it indicates to me an increase of approximately between 30 and 40%. If that is the assumption I can draw from the figures presented by the Financial and Development Secretary then the immediate effect that today's measures will have on the housewife as from tomorrow is no less, from my reckoning, and I might be out a few pennies, I will give the Financial Secretary in fact 25p in his favour, but the immediate effect as from tomorrow I calculated as being a £1.25 per week cut on her housekeeping money. When the family has to drive, we know we want to economise because of the severe shortages of fuel, but certainly we do not want to deprive motorists of the pleasure of driving if there is petrol. The general rates of 10p in the £ more will add approximately between £15 and £20 to the ordinary household. Cigarettes could add about 10p, £10 per annum, to the housekeeping budget; Beer could also be about £10 per annum; and the electricity between £25 and £30 per annum more. So the housewife's shopping basket will be smaller as from tomorrow. And this in fact does not take into account the possible indirect effects that some measures in the United Kingdom Budget, taken only a few days ago, will have on certain commodities in Gibraltar, and this will be reflected in Gibraltar to our detriment, I am sure.

So Gibraltar's budget is a double one: one which we are discussing in this House, and another one, some of the effect of which will be rubbed off on to us from the UK budget in the certain field. The figure that I have mentioned does not even at this moment take account of the possible increase of overheads which the little shopkeepers will have to bear because of the proportion of extra rates that the shops will have to pay, the proportion of extra electricity that the shops will have to pay, and the proportion of extra petrol that will affect the little shop

which delivers groceries every Thursday and Friday afternoon. This will be so astronomical as to make it imperative for the small shopkeeper to consider increasing some of the items he sells irrespective of whatever measures are being placed directly on the housewife.

So, therefore, although the overall effect to the people of Gibraltar of the measures cannot be seen today, when they are in fact finding out the effects of last year's direct taxation coupled with the indirect taxation of today, severe indirect taxation of today, these will have an astronomical effect, I am sure, unless coupled with a substantial balancing in pay packets with miraculous effect on the living standards of a normal Gibraltarian family.

Thank you, Mr Speaker.

HON A P MONTEGRIFFO:

I am going to deal first with a minor point which has been raised by the Honourable Member, and this is the question of fuel for these lorries which consume petrol rather than diesel. The number is minimal, and one can accept the arguments of the Honourable Member Opposite, that they are going to be at a disadvantage as against the majority who are using diesel. I am certainly not going to suggest, though perhaps it is an idea worth pursuing, but the answer ought to be to become more efficient and use diesel themselves. We did think of this particular disadvantage, but the situation prevalent during the war came to mind, when exceptions were made precisely to those who were using petrol, and the result was - and I am not suggesting that this would be done by the present users of petrol - a black market. And a very severe one where those who were exempted were able to buy petrol were dishing it out at a higher price to other people who were not entitled to be exempted.

But coming back now to the realistic figure that the Honourable Member has mentioned of a decrease of about £1.25 to each household. I think he left out one very important factor: that we have taken that into account. We realised this from the very beginning, and in taking it into account we have provided, over and above the £310,000 that we shall be paying out in COLA to our own employees, another £100,000 in order to cushion-off the effects that the revenue raising measures will have on the Index of Retail Prices, and consequently in COLA payments. Though it is correct to say that it might represent from £1 to £1.25, our calculation

is a bit lower, but anyhow, even assuming that, if the Honourable Member divided £100,000 that we are going to dish out to our own employees he will see that we are not very far from the amount of £1.25 he has mentioned, or at least a substantial amount of that will be paid out of this £100,000 to cushion-off the effect. Though the figures he has mentioned are true, as regards the revenue raising measures, I think there was a greater vision of what the Government is intending to do by paying this COLA payment and asking the House to vote another extra £100,000 for it. It is a very important factor that must be taken into account when looking at the revenue raising measures so that we get the thing in its proper perspective.

HON A W SERFATY:

Sir, some of the things that I was going to say have already been said for me by two of my colleagues. But of course we are facing a very difficult situation, and I must insist that the increase in the cost of oil has made this budget a very difficult one. Of course there is always one answer and that is to try and economise in electricity. Gibraltar might not be as bright even now as it used to be a few months ago, but this is the answer: Gibraltar must economise in the use of oil. And the housewife will have to economise in the use of oil. I hate to say this, as a salesman of electric domestic appliances, but this is one of the answers to the increase in the cost of electricity. My honourable Friend on my right has just asked: how does one control the distribution of petrol if petrol to commercial vehicles is going to be cheaper than to the average private user? It is impossible to control, and that is why the cost of petrol will have to be the same for everybody.

Now coming to the Airport Duty Free Shop. I am symbolically the architect of this shop, and when we talk of this we talk of facilities to enable tourists and Gibraltarians to buy cigarettes and liquors like whisky and gin when leaving Gibraltar at a cheaper price than it can be found in Gibraltar. Let us compare the situation with the present one. At present, Tourists can buy three bottles of whisky at 75p a bottle at a Duty Free Shop at Heathrow at about half the price of the cost and the Government of Gibraltar, which is another way of saying the people of Gibraltar, are not seeing a penny profit on this. I have gone very carefully into the question of the price of whisky and cigarettes at Heathrow, at Gatwick and other airports; at the price of these commodities sold by the Airlines, and

I can say, because we have gone deeply into the matter, that the price of whisky and cigarettes to people living in Gibraltar will be competitive, even though it brings, I should say at least £30,000 into the exchequer, will be competitive with whatever prices can be found in the Airlines or the Duty Free Shops outside Gibraltar. So I think it makes sense. That we should have allowed for so many years whisky to be sold to tourists without a penny profit to the Government is something that does not make any sense to me. And I think it is high time that the tourist - and even as Minister for Tourism I will say this, the tourist must contribute to the economy of Gibraltar to a greater extent than they have done up to now. This facility is going to be made available to people leaving on cruises and aboard ships. Now having made a deep study of what the prices of these commodities is on ships we have devised a scheme whereby people leaving on ships will pay a lower price than those leaving by air, and the Government will take a smaller share of that price when it is a question of Gibraltarians or tourists leaving through Waterport. We have been realistic, we have brought the prices down to what is really competitive, after a very careful study of the matter, and we will be charging, in addition to the way leave that we will charge generally at Waterport and at the Airport, an additional sum at the Airport which we are calling "rent", because this is what it will be, for goods sold at the Airport.

Now I do not agree that many tourists buy Whisky and cigarettes in Main Street to export away from Gibraltar. I do not agree for a moment. The prices are too high already let alone after this budget. Even before this budget the prices were not competitive, and I do not agree that anybody was buying whisky or cigarettes in any quantity in Main Street to take away to UK, when they knew perfectly well that they could buy these goods from the Airline at lower prices. So, I would have thought that at least my Shadow would have been delighted that we are going to open a shop at the Airport. I can say this, that the Tourist Operators and the Airlines themselves are delighted that we are going to open this shop at the Airport. Perhaps this is only an assumption, but one of the advantages of opening a shop at the Airport is that the Airlines will not have to carry these loads of whisky and other things in the planes, leaving more space, weight-wise, in the planes for goods to be brought to Gibraltar at low freight charges, as I am sure the House knows, because goods are arriving every day, even in the scheduled flights, at freight charges which are less than a third of what they were only a couple of years ago. At the moment we are going

to limit this facility to drinks and tobacco, but I am thinking - and this will take time of course - of the possibility of this facility being extended - it is not easy - to other lines. There may be an element of competition with Main Street that may affect Main Street Trade, but I am convinced that in whisky, gin, wines and tobacco there is not the slightest risk that Main Street is going to suffer. And one advantage, before I finalize on this Duty Free concession that we are giving and which should bring money to the Government amounting to perhaps much more than £30,000, is that we shall be able to promote the sale of this in our advertising. This will to a small extent, or perhaps not to such a small extent, give a better image of Gibraltar as a so called duty free port.

Mr Caruana can laugh if he likes, but these are facts. Now I accept

MR SPEAKER:

I would like to ask the Honourable speaker if he is going to be much longer.

HON A W SERFATY:

Only two minutes, Mr Speaker.

MR SPEAKER:

That is alright, otherwise we would have recessed, but do continue.

HON A W SERFATY:

I accept that the increase on $2\frac{1}{2}\%$ on certain luxury goods - and everybody knows how my business is affected by this - is not perhaps desirable, but would it have been better to increase the duty on kitchen utensils and many other things that the housewife buys in Gibraltar? to say nothing of clothing, of footwear. These are luxury goods. I have reason to know that the traders will still be in a position to sell cameras and electronic equipment to the tourist. It is only a question of adapting themselves to the present prices in the UK, which are not that much lower, as some people think, than they are in Gibraltar.

Thank you very much, Mr Speaker.

MR SPEAKER:

Right, we will now recess until 3.15 this afternoon.

The House recessed at 1.10 pm

The House resumed at 3.25 pm

MR SPEAKER:

Before we continue with the debate I would like to refer to the matter brought to my attention by the Chief Minister this morning with reference to an article which appeared in the Gibraltar Chronicle. It is my duty at this stage to rule whether the article complained of constitutes prima facie a contempt of this House.

I have taken careful note of the matters brought to my attention by the Honourable the Chief Minister with the support of the Leader of the Opposition, and after reading the article complained of, which appeared in the front page of the Gibraltar Chronicle on the 29 of March, today, I rule that a prima facie case of contempt of this House has been established. It is now for me to advise the Honourable the Chief Minister as to what the procedure now is. And that is that it is for you to move a motion that this House considers whether the matters do constitute a contempt and what action should be taken in the circumstances.

HON CHIEF MINISTER:

I am grateful to you, Mr Speaker.

Mr Speaker, I have been a Member of this House and its predecessors since 1950 continuously, and this is the first time that there has been a ruling of this nature. And I would not like lightly to move a motion regarding the contempt of which you have found a prima facie case. But I propose to move a motion, which I will do, with your leave, at a later stage in these proceedings, as I want to be particularly careful about the wording of the motion, and I would also like to discuss the matter with my colleague, the Leader of the Opposition, to see whether we can agree on a motion that will be acceptable to all Members.

MR SPEAKER:

I have under the Standing Orders ruled that there is a prima facie contempt to the House and we will now await the terms of the motion which can be heard on Monday.

HON M D XIBERRAS:

Mr Speaker, the Opposition is grateful for the ruling from you, Mr Speaker, on this matter, which is a serious matter, appertaining to all Members of the House, and we will await the terms of the Chief Minister's motion, and discuss the matter on Monday or at any other subsequent stage of the meeting.

MR SPEAKER:

We will then continue with the debate on the Brackish Water and General Rates.

HON L DEVICENZI:

Mr Speaker, this is the second time that the present administration has presented a budget to this House. In the very short time that has been made available to us to study the tax measures, it appears to me that the Budget is not a good Budget. But let me, Mr Speaker, at this point say that one appreciates that the Honourable and Learned the Chief Minister did allow half an hour, and this is exactly half an hour more than was done on the previous occasions because it was not the practice to do so. It is not for me, Mr Speaker, to say at this stage what the procedure should be, but I sincerely trust that in the interest of Gibraltar the procedure should be changed so that whoever is in the Opposition will have ample time to study and to comment sensibly and effectively on those measures, as whatever the Opposition might say on such an occasion could have a considerable effect on what they might do when they are returned to power.

Having said that, Mr Speaker, I would say that it is the highest, and in fact the sacred duty of politicians and everybody in public life to do their utmost to ensure that those people who have put them in a position of trust, either by elections or by any other means, that the ultimate result of whatever tax measures they are taking should be a better and more equitable distribution of wealth. I criticise this Budget, Mr Speaker, because all Budgets by and large should be a question of give and take. In this

budget we notice that the Government is taking but is not giving anything in return. There is in fact no inducement whatsoever to try and ensure that Gibraltar as a whole; but certainly the workers generally and in particular the lower income groups, will not suffer as much as they will probably suffer as a result of the measures taken. Mr Speaker; we know from the Financial Secretary's speech that he is budgeting for tax measures in the region of £900,000. This is taking into consideration the Biennial Review; which apparently is going to account for about £300,000. This of course is going to be considerably less than it was last time. Mr Speaker, we know that we have the Cost of Living Formula introduced by the previous administration, but even that, with all that can be said for it, has some inherent shortcomings. One of them of course is that the Cost of Living Allowance is paid retrospectively - in fact, they are not even paid retrospectively. If the cost of living rises X-points now; it is only when there is a three point increase that employees get the allowance. But even if they were to be paid this retrospectively, and I sincerely hope that this can be the case in the future, because of inflationary causes the money that the worker gets would have decreased in value by then.

Mr Speaker, at the time of the expenditure debate a lot of things were said by both sides of the House. From this side we said that the ordinary man and Gibraltar generally can suffer as a result of what the Financial Secretary called a lowering of standards. I think that after these tax measures are taken, one can be left with no doubt that the lowering of the standards of Gibraltar will be considerably greater than were perhaps anticipated at the time of the expenditure speech. And of course, as it usually happens, it is usually the under-dog who usually pays more in proportion, if not in terms of money.

Mr Speaker, I will certainly not go into the whole aspect of what should be done to alleviate the position, perhaps other speakers who will follow me will do so but I would like to see with time a system whereby deficits in the law could be changed so that charges such as electricity, which plays such an extensive part in the home, could be met by drawing from the normal recurrent expenditure, rather than having to draw specifically from the Municipal Fund. I say this, Mr Speaker, because now that we are merged, there is no City Council as such, perhaps one could effectively devise a system of subsidies in order to alleviate the more needy. I can not see why this could not be done. I know this is easier said than done, that it will bring about complications and that this is a difficult exercise, but nevertheless if one is to be progressive, one should in fact try and experiment with specific items which cause hardship to the lower income groups, and one should try and alleviate the position by subsidising electricity, housing and what have you.

Since I have mentioned that - I in fact was not going to go into the

question of Housing at all, certainly not on the allocation of housing - but since we are on the tax measures, I have noticed with relief that there have been no tax measures on rents. Rents, apparently at least, are for the time being going to continue as they are. And as much as this is welcomed, I for one, would say quite clearly that one would want to see the rent of houses being brought up to a realistic level. Provided of course that the tenant is subsidised rather than the building itself. It is not an uncommon feature of Gibraltar today to see a very prominent and certainly wealthy citizen occupying a Government flat at a very heavily subsidised rent, and this to my mind is immoral.

Mr Speaker, I have talked at length about looking after the interest of the lower income group, which by and large, of course, are the workers. Let me say quite clearly, Mr Speaker, that when I talk of workers, I mean, exactly that, workers. I do not mean a person who has a job, but a person who is working. And I know, and I think we all know, that perhaps many workers could do perhaps more than they are doing. But before I criticise the workers I would have to criticise the Managements who themselves are not doing what they should be doing. There is, Mr Speaker, in the context of the tax measures taken - and again, this was talked about the expenditure part of the debate - the question of alien labour. I would like to see certainly an increase in skilled alien labour but I would ask the Government to use some imagination and not allow money to leave Gibraltar by effectively making use of the available Gibraltarian labour. To ensure that in the work that they produce they get productivity, thereby doing away with a certain amount of alien labour, who are merely here to take money away, and do not produce as they should.

Mr Speaker, before ending may I say that one of the reasons given by the Government for the £900,000 excess over the expenditure is of course the cost of fuel, of oil. I will not enlarge on this, but all I would say, briefly, Mr Speaker, that whether it is oil, or whatever it might be, perhaps one should have asked the British Government to have helped in the recurrent expenditure in this particular Budget. I know we have, as I said myself in the expenditure debate, sustain and support and all I will say at this juncture is that sustain and support should not just be an existing thing, it should be a living thing, it should be a thriving thing. In fact it should be made clear to everybody that the British Government is doing not only what they have to do, but to go even a bit further. Perhaps, Mr Speaker, since they cannot fight our enemy in a more aggressive manner, they could give us more help when it is needed. And of course, we have to ask for this, otherwise it is not given. That by being aggressive by the help they give us, and doing so very very openly, and in a fashion that is very very noticeable, that by increasing the living standards of Gibraltar the message would get home to the right quarter that they

should stop the nonsense that has been going on for so long.

Mr Speaker, in ending, I would say that the budget is certainly going to affect the people who can least afford it and I sincerely hope that the Government may find other means of taxation, not perhaps now, but at some other time, that will alleviate to a greater degree than what is being done now - in fact it is not being done now at all - the lot of the people who most need it.

Thank you, Mr Speaker.

HON A J CANEPA:

Mr Speaker, in speaking on the motion before the House, and in particular on the revenue raising measures announced by the Financial and Development Secretary, I would, with your leave, hope to range over a fairly wide ground in an effort to focus on what I consider to be the message which this budget has for Gibraltar generally. The way that I see the budget, Sir, and the way that I consider that it has been the attempt of the Government to present it.

I do find it, let me say right from the word go, very disappointing, and I am very down-hearted, as the Honourable Mr Caruana mentioned that he was this morning, to have just heard the last speaker suggest that we should go to Her Majesty's Government for budgetary aid. One would imagine, Sir, that insofar as recurrent expenditure is concerned, and insofar as the balancing of our budget is concerned; the people of Gibraltar who are being undoubtedly asked to make certain sacrifices will want to feel that they are paying their own way. Let us by all means clamour at the British Government in Parliament and wherever we can, for aid for our schools, for our housing and for our economic development in an effort to stand on our own feet, and in an effort to combat the blockade against Gibraltar. But to suggest that we should ask the British tax payer to subsidise the people of Gibraltar; to subsidise what: our electricity consumers, for instance, when they themselves only recently had television shut down at 10.30 in the evenings in an effort to cut down on electricity, with all that that meant, let me say, with all that that would mean in six or nine months time to the amount that they are going to have to pay out in increased family allowances following a possible population explosion. Honestly; Sir, from the word go, I find it very sad, and it is symptomatic of the approach of the other side of the House to the problems facing the people of Gibraltar. It is not the first time that this matter has come up before the House. Mr Speaker, I do not think that there can be a great deal of doubt that over the coming months Gibraltar is going to be in possibly for a fairly tough time. I think that is the import to a very considerable extent of what the Financial and Development Secretary has told the House. I do not think that I am as optimistic

as my Honourable Friend on my left Mr Serfaty, but I do not think that I am a pessimist by nature, and I do try to do my homework, and I do try to do my sums and find out exactly what the effect of things is going to be. And it is indeed my hope that inspite of the difficulties that undoubtedly lie ahead, I am very hopeful, not only that we are going to maintain living standards, and I say this sincerely, but it is very much my hope that come October 1974 in the Biennial Review we are actually going to be able to improve them. ~~Possibly not to the extent of the improvements that we had in the 1972 review, and possibly not as wide ranging as that was.~~ And that is why I think the Financial and Development Secretary talked in terms of average figures. But I think a very considerable number, and I am mainly by and large concerned with the lower paid, should have tangible improvements in their living standards. So, whilst the going will be rough, Sir, and whilst we must all pull together, I think the message that should get across from this budget session is that the outlook is not entirely bleak.

Sir, in determining what revenue raising measures we had to bring to the House, the Government, and Ministers in particular, were concerned to probe treasury officials as far as we could to satisfy ourselves that this very considerable sum that has to be raised of about £900,000 was necessary. We probed them in respect of the accuracy of their estimates of revenue expectation, and as a result of the probing they were in very many cases revised upwards. This we have done, Sir, and let me say it sincerely because we do not like to have to bring to the House measures calculated to raise this sum of money. They do not make us any more popular with the people and we had a fairly tough budget last year and another one again this year. But the fact, Sir, is that there are certain choices which one has, and those choices are limited. It is either a case of beer, or cigarettes, or electro-domestic appliances, or licenses perhaps. If it is not on import duty on motor vehicles, as we are introducing, it is licenses, and that again is not particularly popular with the people as we saw a couple of years ago. In fact possibly less popular because it hits their pockets in a much more direct manner. ~~The impact is much greater.~~ And, therefore, Sir, the job of the Government really is to exercise its judgement over those limitations and to the best of its ability try to produce a budget which will distribute the burden as equitably as possible, which will protect those who cannot protect themselves as much as possible, ~~that~~ will be the least inflationary budget possible. When I talk about the budget not being inflationary, the ideal thing is obviously direct taxation. We did a great deal of that last year and we all know how it has gone with the people. Obviously they are only beginning to get used to the effect of those measures. But let no one imagine Sir that ~~taxes are~~ raised by any Government in a lighthearted manner. This is a very serious business. ~~One requiring a great deal of that and a great deal of careful consideration.~~

We have, Sir, been accused of being unimaginative. I do not think, Sir, sincerely, that we have been unimaginative. We have proposed two novel measures: a gambling tax, something new to Gibraltar, and the Duty Free Packages as they are called. — Again something quite novel. Last year we had what was not a revenue raising measure, ~~but~~ *and which* ~~something that~~ brought in not as much money as we had hoped, namely the doubling of the lottery. Again that showed a little bit of imagination, a little bit of thinking, on other than the purely traditional ways of trying to raise revenue. But when one talks in terms of the kind of ~~figure~~ *figure* that has to be raised, then of course, no matter how imaginative one tries to be, one does have to include changes which hit people generally very very hard. And that is why I say, Sir, in respect of the careful consideration that we give, that with regard to petrol, which both the Honourable Mr Willy Isola and Mr Caruana mentioned, the question of exempting commercial vehicles obviously had to be uppermost in the minds of the Government. It is not the first time that duty has been levied on petrol. I do not wish to be controversial but I believe that in two out of the three budgets of the previous administration they levied duty on petrol, and I am sure that they gave some thought to the possibility of exempting commercial vehicles and public transport if at all possible. And certainly the fact that we have exempted commercial vehicles in respect of the import duty that is being levied is indicative of the fact that we do try to keep these considerations in mind. But there are the difficulties which other speakers have already referred to in respect of abuse and so on. Again, Sir, the effect of this budget on food, on sugar, in respect of transport, was a matter that was developed by one or two of the speakers on the other side. And let me say, Sir, that I have been looking through some breakdowns that I have been provided with by the Price Control Office on food prices, and I find that for instance, *in the case of* ~~tin~~ *tin*ned fruit, luncheon meat, items which are transported in boxes by lorries and vans and what have you, the effect of lighterage, landing and transport included on a case of tin~~ned~~ *tin*ned fruit, 24 tins, or luncheon meat, is 20p. 20p for a case of 24. And that is lighterage, ~~landing~~ *landing*, and transport. I cannot imagine, Sir, that for carrying one case of luncheon meat or tin~~ned~~ *tin*ned fruit the whole of the five pence per gallon are going to be passed on to the retailer or to the wholesaler. And, therefore, the direct effect of this particular measure on food prices will be minimal, not to say negligible. I know that every ~~bit~~ *bit* adds up, that all the pennies add up, I am well aware of that, but I would very much hope, Sir, that what I referred to earlier in the proceedings of this House, ~~that it is~~ *is* my intention to carry out very very shortly the extension of price control to foodstuffs will more than make up for this very very marginal increase.

One is aware, Sir, of the fact that inflation is cruel. It does grind down the weak and those who are economically defenceless, whilst the strong perhaps are able to protect themselves. And the Government does

see it as its paramount duty to protect those who cannot protect themselves. So that is why, Sir, we are introducing this extension of price control to foodstuffs, and I know that the margins of profit at the moment are such that we may be able to restore some of the purchasing power of the housewife's shopping basket.

Sir, in the figure of £900,000 that is to be raised by the revenue measures announced by the Financial and Development Secretary there is a considerable, quite a considerable sum earmarked for COLA payments that will arise primarily I should say from the effect of the electricity charges about which we shall be hearing more in these proceedings. In fact, I think that the direct effect on the Index of Retail Prices of these increases in the electricity charges will be to a very considerable extent nullified by the increased Cost of Living Allowances. And I do not think that it is entirely correct to say, Sir, that COLA is always retrospective. I say this, Sir, because I recall that when we came into office we paid a COLA payment on the 1st July 1972 even though COLA could be termed to have lapsed on June ~~the~~ 30th. Nevertheless, we did pay it and no doubt the same thing will happen in October 1974. Even though technically it ought to lapse on the 30 September, nevertheless there will be in the normal course of events a COLA payment on the 1 October. It continues beyond its normal life span, therefore, though COLA came into operation ~~on~~ July ~~the~~ 1st 1973, it could not be paid from that date, nevertheless, it will be paid for one quarter more, one quarter beyond the date of the Biennial Review. So I think that really what is lost at one end ~~is caught~~ up at the other.

Sir, what we have tried to do in the measures that have been brought to the House, in the improvements in Social Security Benefits, in the sums that are being allocated for Cost of Living Allowances and so on, has been to make provision to protect the living standard of those who most need to have their living standards protected. I am referring to the elderly, the needy, large families and the lower paid workers. And certainly, Sir, as far as the record of this Government is concerned with the lower paid workers I honestly believe that it is a very good one. Again I have been doing my calculations, my figures, and I now find that the Biennial Review of July 1972 brought a betterment factor of some 15%, over and above increases in the cost of living, in the real wages, in the basic wages, of the lower paid worker. This has been a definite improvement in real wages, and, therefore, a consequent raising of living standards for the lower paid. And one would very much hope, Sir, that the sum of money which is being allocated for the Biennial Review in October 1974, although as I have already said it may not go as far as the 1972 Review did and which we would very much have liked to see, will nevertheless make it possible for the Government to protect and improve the living standards, within the limitations, which are real.

One thing that I am concerned that should be done is to improve the status of the tradesman, of the craftsman. And that could go I think a very considerable way towards helping us ~~in~~ our labour difficulties. If there is a case that merits special consideration in the next Biennial Review it is the status of the craftsman. I would hope that the Unions generally could see this and not insist on a restoration of differentials throughout the whole scale following on whatever may be negotiated in respect of craftsmen. Let it also be said, Sir, that one is concerned to improve ~~the~~ wages within the 40 hour week of the Government employed industrial worker, and ~~see~~ the productivity increased. — Productivity, which will obviously bring about benefits to the Government and to the labour force will lead also to a bonus which will raise living standards by raising the basic wage of the worker within the 40 hour week. And I am confident, Sir, that these things taken together will see in the next Biennial Review for industrial workers a betterment factor which I have calculated, I do not pretend that it is absolutely correct, but which I have calculated in the region of 10%.

Sir, all in all then I would say that the picture may look pretty grim, but I do not certainly see it as an entirely desperate one. As I think my Honourable Friend Mr Montegriffo would say, eventually the river will find its course. — I think those ~~are~~ words favourite of his. Things will find their own level and one thing that I feel, without being too philosophical about it, is that I sincerely feel that the world which is going to emerge from this fuel crisis which is hitting us directly as we have seen today, will probably not be the same world again, certainly, but I say perhaps it is just as well that it will not be the same world. And what we must ensure in our Gibraltar is that during this period of difficulty and transition when the economic foundations of the leading nations in the western world are being shaken beyond recognition, the sacrifices and burdens ~~without~~ which our community is being called upon to share will be fairly and equitably distributed.

What we must ensure, Sir, is that we all recognise the seriousness of the situation and play our parts with a deep sense of brotherhood and with a sense of community, with a community spirit. And the challenge I think is there for all of us to face squarely without any complacency, for certainly on this side of the House there

can be none. if we have to take these unpleasant measures which we shall fight to ameliorate. If hard times lie ahead of us I do not think they herald the end of the world, but probably the emergence of a new world, of a better world which is going to have to change its way, its outlook, and its habits, in what we must all hope and pray will in the final analysis, and here again I borrow words from my colleague on my left, be globally a better and a more just society. Let us then, Sir, subscribe to the thought that if there was a time for not ~~to ask~~ Gibraltar what we can get from Gibraltar, but to think what we can put into Gibraltar, all pulling together, then, Sir, this is that time.

HON P J ISOLA:

Mr Speaker, we very much admire the idealism of the Minister for Labour and we very much share in many of the thoughts that he has put forward in this House, but if he wants us to be his brothers, which we are very happy to be, it is not to be brothers in depression, but brothers in optimism. We have already said on this side of the House when we were examining the expenditure estimate, that this was a budget or recession, a budget of depression. And the Government measures that have been announced today to remedy the situation fill us obviously with greater depression and with a greater feeling of recession. I think that where we quarrelled with the Government is in the approach to the problems that face us in Gibraltar today. Whereas we say we should stand up to them, whereas we say we should face them, whereas we say we must continue the momentum of expansion set when the frontier was finally closed and labour was finally withdrawn from Gibraltar, the message that comes from the Government side is one of pessimism, one of depression, one of: we cannot help it we have to do this.

Mr Speaker, the Minister for Labour has spoken about measures that have been taken that are not altogether unimaginative. He has mentioned two particular aspects: the tax on gambling, which we did not know what it is expected will be yielded from that, this is something for the future, and then the Duty Free Shop, on which the Minister for Tourism has talked to us about, and of which again we are not sure about the effects. Possibly those two particular announcements have a certain amount of imagination in them, possibly they have, I suppose they

are original in the Gibraltar context, but not necessarily in the context of other countries. But of course they do not go any way to meet the real problems that are posed by the budget. The Minister for Labour referred to the last budget as a fairly tough budget, and this one as a little tougher. Well, I think the Minister for Labour is a master in the art of understatement: "I would refer to the last budget as the toughest budget in the history of Gibraltar and this budget is tougher still." There is no fairly about it. The last budget was extremely tough, and only sought to get - well, I said only because we are now so used in this House to tough taxation since the new Government came in that, you know, one says only: to raise £600,000 which was double more than had ever been raised before. Anyway the last budget was £600,000 and this budget seeks to raise £900,000, and there is no question about it, it is an extremely tough budget. It is an extremely heavy strain on Gibraltar, on the people of Gibraltar. Much heavier than anything ever dreamt of, I should imagine.

I remember the days, Mr Speaker, when I was in the House then, when the whole of the Government expenditure was a million pounds a year. A million, one hundred thousand, I remember those days, I am not that old. And now we are going to raise £900,000, almost the full amount of those days. Of course it is a very tough budget. It is an extremely tough budget and one that is going to be felt almost straight away by the people of Gibraltar. The last budget of income tax took a few months before it was felt, and in fact the full effects of it are still being felt, if I may put it that way. But this budget let us make no bones about it, will be felt very very soon.

The Government propose to raise in electricity and water and in rates £600,000, which is the equivalent of the full amount that they hoped to raise last year on electricity, income tax and all the other measures of taxation put together. So the amount that the Government is seeking to raise, just on Municipal Services, is the same as all the taxes of last year put together. That is a very very heavy burden, and it is a very very heavy burden that is going to be felt by the people of Gibraltar almost immediately. And it is going to be felt far and wide. By the housewife, by the shopkeeper and by the trader, by the business man, by the Government, by every agency in Gibraltar. It is going to be felt very very directly.

Now, we know the price of fuel has gone up and we know in Gibraltar the price has to go up for Gibraltar as well as for anybody else. We know of all these factors. But we also know of the situation in which Gibraltar finds itself. And the situation in which Gibraltar finds itself is a situation which is peculiar to Gibraltar. Other countries, other places, have other ways of dealing with this particular crisis. They cut down on public expenditure to increase export, or they cut down on this to be able to increase on that, or they encourage a particular side of the economy. In Gibraltar we have none of these possibilities. And we know that if we cut on capital expenditure, if we cut the momentum, then the problem will be that much worse at the budget time next year, and considerably worse. Let us face it, Gibraltar needs a helping hand today. Let us not talk about that other countries also need a helping hand. Other countries may need it too and they get it from a lot of places, but Gibraltar needs a helping hand, today. And Gibraltar has been in this position of needing a helping hand in the last decade. It has been in a position of needing a helping hand in its recurrent budget. It is nothing new. I think on three occasions in the last ten years the British Government has lent Gibraltar a helping hand in its recurrent budget. It is no use the Minister for Labour getting up and telling us that we do not want to live on somebody else's help. I mean this we must not have and so forth because it was his own colleague, before he was in this House, who has sought a helping hand from the United Kingdom Government on the recurrent budget on previous occasions. And it was the last administration who went to England in 1969 or 1970, I have forgotten when it was, and they got a helping hand on the recurrent budget of £100,000. And when they got it, Honourable Members in this House did not get up and say: "We are ashamed that it should have come to this." When the Gibraltar Government got a helping hand from the United Kingdom Government five years ago, Members in this House did not get up and say: "We are ashamed of having to do this". The press did not blame us for doing this. This is a perfectly natural result of the situation in which Gibraltar finds itself. A situation of siege. A situation when both of its avenues of production, as far as the economy is concerned, have been closed and firmly shut. And that is why we are concerned about the attitude of pessimism of the Government to the present situation. And this is what worries us most. Not the taxes. You can go on taxing and taxing people and people will shout, people will scream, but you can go on doing it. But it is the attitude that worries us. The

philosophical approach to the taxation problem. It is in our view, on this side of the House it is our firm view that the Government having to come to raise from the people of Gibraltar £900,000, which is, what 1/6th of the total expenditure anticipated for next year

MR SPEAKER:

We must not debate on the manner in which they want to raise the £900,000

HON P J ISOLA:

Yes, but I was saying that they want to raise £900,000, which is approximately 13% or 14% of the total expenditure for next year. This, Mr Speaker, is an unprecedented level of taxation.

Now, if our economy is to thrive, if our economy is to develop, and we need this money and we have to raise it, we must regard as one of our sources for being able to raise this money as the United Kingdom Government. This is one of our sources. We have there a sustain and support pledge, understandable in the circumstances. It is not seeking charity. This is what to me is personally very annoying, to hear this phrase. It is seeking charity if we are going to expect the British Government to pay for everything. Of course it is. No one is suggesting that. No one in this House has ever suggested that. But it is seeking a helping hand in the circumstances of Gibraltar.

Mr Speaker, we are going to raise £600,000 in Municipal Services, which is a very very substantial amount, and it is going to be felt. Really it is no use saying it is not going to be because people are going to feel it and very very quick indeed. It is the view of this side of the House that it would not have been amiss to have sought British Government financial support on this to the extent of some £200,000, which would have lowered the burden. Eight years ago we got I think it was £100,000. Well, what was £100,000 eight years ago today. And we have had other monies since, another £100,000. This is not something that has never happened, and what certainly I would like to hear from the Government is whether in fact they

have asked for this support and it has been refused, whether they feel they should not ask for it, or whether they are going to ask for it. Because this is vitally important, not just to the economy, but it is vitally important to the morale of the people of Gibraltar who are being hit by last years budget in such a strong manner, and more strongly hit this year. This is a question which we would certainly like to see answered and it is something that worries this side of the House considerably.

Is the Government afraid to seep support? Is the Government ashamed to seek support in the situation of Gibraltar? We are not asking for £900,000 but just a sign of support, a sign of helping the Government in the very genuine difficulties they are in, let them have no doubt about it. They may speak pious words here, but they are in very very genuine difficulties insofar as Gibraltar is concerned, and in its people are concerned with this very very tough budget.

Of course I agree with the Minister for Tourism that it is preferable to tax jewellery and electronic equipment than household utensils. Of course we agree with that. We are going to vote for these measures, we have no choice. These are the measures that are presented to us and we are going to vote for them. But you have to pause for one minute and consider the general effect it may have on the economy, the general effect it may have on Government policy of expansion to be able to meet the economic needs of the people of Gibraltar. We do not object to the taxes on electronic equipment and jewellery and cigarettes and tobacco - anyway that is good for health we are told, although it is very much a working man's vice, but still, it is not a bad thing for people to have to pay a bit more for tobacco and cigarettes. We understand all this and we do not really object to them. We do not really object to them. What we object to is that the people of Gibraltar should be asked in this year of crisis, in this year of contraction in Government expenditure, and, therefore, in this year of contraction of the economy, to produce £900,000. And I think we would have been helped on our way to accepting these measures with more resignation to the problem if we had had some evidence of some help of some appreciation on the part of the United Kingdom Government of the very real difficulties that we are facing in our own peculiar way.

The United Kingdom Government has problems, this is true, and they have raised in no time £2,500 million from the International Bank. No problem, it is a big country, it has a big economy and it is a country that will come out of its problem, there is no question about it. But a place like Gibraltar: we are fighting for survival, we are really fighting for survival, because what happens next year? Last year it was £600,000, this year the Government asks for £900,000, next year, at the rate we are going, it will be £1,300,000. This is the problem I think that faces the people of Gibraltar and we feel, that having stuck it out as we have for ten years, having stuck out a siege for ten years as we have, with I think a considerable amount of fortitude, I think it is not amiss to ask the United Kingdom Government for a helping hand in our recurrent budget. It is nothing to be ashamed of, it is something that I feel the nobility and the fortitude of the people of Gibraltar deserve.

HON M K FEATHERSTONE:

Sir, we have had from the Opposition various epithets about this budget: perhaps the worst epithet was that it was "repressive". The other was that it is "depressive". I think, Sir, the correct epithet for this budget is "realistic". The Honourable Mr Peter Isola speaking with his usual enthusiasm and ability brings forward an idea which on the face of it appears to be very attractive. Let us go to the United Kingdom and say: "Help us out, give us budgetary aid". Now, Sir, when we had budgetary aid before the situation was somewhat different to today's. We could say to Britain: "Look, we are in a mess, we are in a difficult situation because of certain circumstances peculiar to Gibraltar". But what about 1974, can we go and say: "Look, we have got a bit of a tough situation financially because they put the price of oil up"? And Britain will say: "Well, isn't that funny, the same thing has happened to us, perhaps you would like to give up some budgetary aid instead".

If we were to go to Britain, Sir, and ask for budgetary aid today because we are facing a severe increase in our electricity bill because fuel has gone up, it would not be really honest to say or to tell the people of Gibraltar that this is simply a little aid we want to get through our present difficulty because this is going to be a recurrent situation. There is nobody, Sir, I am sure has the slightest idea that next year our friends, the oil shieks, are going to drop the price of oil. We are going to have

just the same situation next year: oil is going to be just as expensive. It is not, therefore, Sir, reasonably fair to go to Britain and ask for budgetary aid to get over a temporary difficulty when we know full well that this is no temporary difficulty, this is something that is going to remain with us for quite a long time. And not just Britain, Sir, the whole world. I agree they are a big country and they are able to get loans. Well, they will have to pay them back. But the success in Britain of these loans, the success of their pulling out of the very severe difficulties they are also facing, and they have had a very tough budget too. They have got the threat of another tough one coming later in the year. Their success will reflect on us. If they strengthen sterling, if they get bank rates lowered, all this will rebound to Gibraltar's benefit.

We are asking, Sir, for £900,000, but if one breaks it down, it is £450,000 odd directly for the cost of oil, plus another £40,000 odd which we will have to increase our own expenditure by, again because the electricity our own departments use will cost us more, plus about £100,000 we are putting for COLA that we have not yet taken into account, again due to the increases coming mainly through the rise in electricity and water costs, and the water cost is related to fuel, so some £600,000 of our £900,000 is directly related to oil fuel. Directly related to oil fuel. So that really, all that we are needing this year is £300,000 for other items etc, which is nothing tremendous, nothing out of the ordinary, but we have this oil fuel situation and we cannot escape it. And it is no good coming with pious ideas etc.

Now, Sir, the approach in this budget to the revenue raising measures, as the Honourable Financial Secretary has said, has been twofold. We must meet our commitment caused by the increase in the cost of oil fuel, and the taxation levied will be on the less essential items. Nobody, Sir, is going to convince me that gaming is an essential for the worker. Nobody is going to convince me, Sir, that it is needed to change one's car every two years to drive around the Rock on a Sunday fifteen times. I do not think, Sir, anybody is going to be tremendously deprived if they use a little less petrol. Perhaps, Sir, we will have a little less pollution. Perhaps the general health of the community might be improved if they went for a walk and saw some of the beauties of the Upper Rock, which you cannot see if you are driving along in a car nose to tail with other cars.

In Britain, Sir, when the economy tends to get over heated one of the efforts of the Chancellor is to channel the production of manufacturers into exports rather than into consumer goods. So, we do not have any export to speak of, yet when we do try to boost at least one possibility by putting a Duty Free Shop, this is even decryed. When we do try and improve our exports, perhaps to some extent at the expense of Britain, at the expense of British European Airways, this is not met with the appreciation and support that one would have thought the Opposition would have given to it. Perhaps, Sir, our only real hope is, as the Honourable Major Peliza, the then Chief Minister said, the gold mine: our labour.

If we improve our productivity, Sir, wages will improve. This is the one hope that we have. Now, Sir, it seems strange for me to be saying this, according to the Opposition, but then we did hear that 1970 was productivity Year, and it did not seem to work, in 1970 or 1971, or even until the time they left in 1972. But we at least are getting down to productivity deals. And if, Sir, they are, as I have already said, with real meaning, from which both sides benefit, then we can come out of this much better and with more optimism than the Opposition would have us believe. The aim in Gibraltar, Sir, must be originally to see that everybody has a decent house to live in. To see that everybody has adequate food, adequate clothing. The non-essentials can come after. I do not think, apart from our housing difficulty, that one can turn round and say that Gibraltar, however much one wants to be pessimistic, is on a starvation level or anywhere near to a starvation level. Our standard of living is not the highest in the world, we are not Sweden perhaps, but it is far from the lowest even in Western Europe.

This Sir, is not an easy budget. One man said, I do not know whether the Opposition will remember who he was: "It is the opposition's duty to ask, it is Government's duty to tax." It was the Honourable Major Peliza who said this, Sir. Well, Sir, it is our duty to tax. We have looked round, we have put taxes on the places where they will hurt the least. We know taxation must hurt, but however the Honourable Mr Isola would like to say this is a hard and terrible budget, a number of people I have already met have commented to me. "Well, it is not so bad after all." If we pull together we can see through this year. We can see it through entirely by Gibraltarian efforts without having to go to Britain - and I would use the word "begging" for budgetary aid, putting ourselves in

a position where such aid would have to be a recurrent aid, because it would have to meet a recurrent commitment. Already Britain is helping us a great deal. Already, because they have come into our COLA agreement, these increases of taxation will bring more money from the United Kingdom. Because this increase in electricity for example may mean extra COLA and the MOD departments pay all this. All this is improvement coming to us from Britain. Let us work together, Sir, and move ahead. There will be a brighter future, we will have to rough it for two or three years, but we must play the same part as the whole of Western Europe in overcoming our present difficulty.

HON M D XIBERRAS:

Mr Speaker, I think I am the last person who should attack any form of idealism because I have a share of it myself. But I think idealism is not what we have heard from the Honourable Mr Featherstone and the Honourable Mr Canepa, it is just a pathetic commentary on a situation which they appear powerless to resist. Sir, this is the second budget of the AACR administration, and in the two budgets put together, last year's and this year's, they have asked the people of Gibraltar for one and a half million pounds. One and a half million pounds in a budget of some £7 million in two years. I will not go into the record of one of the Members opposite in criticising the taxation measures of the Intergrationist administration because I did that last year, but the public now knows that the AACR administration is taxing way above and much harder than the Intergrationist administration ever taxed in our brief time in office. We have heard from the Financial and Development Secretary that it would be a lowering of standards. And whatever the Minister for Labour has said about the benefits of this budget to any sector of the community, and whatever pious exorcism the Honourable Mr Featherstone has tried to bring into play, wishing away the difficulties of Gibraltar and relying on a chauvinistic self-centred approach to the very real problems that face us, the problem of Gibraltar remains the same. And this is basically as illustrated by the tax measures before the House now. That our economy cannot function on its own, and that if we are blind enough to think that our economy can meet the world-wide inflation which is rampant and to which there will be no respite, then surely we will succumb because we are failing in our very instinct of

self-preservation in trying to do the impossible on our own without recourse to that very entity to which we owe our birth in Gibraltar, and that is Britain.

One and a half million pounds in a budget of £7 million in two years, and I am excluding Intergrationist taxes. What would the position be next year? Even with the Honourable Learned the Chief Minister's announced Development Programme for 1975/76, what will the position be then whichever side is in power? Will the taxes be less than they are today? What are we going to tax, to paraphrase the Minister for Labour, what are the choices opened to Gibraltar? This is a question which the public is asking itself today of all days. Where is it all going to end? That is the point. And we know very well, all of us in this House, that at the present rate of taxation, taking a starting point 1969, we will have to raise something in the region of £800,000 at least every year from our own resources.

I am glad that Honourable the Financial Secretary has not placed a larger burden in income tax in the wage group of £1,500 per annum downwards. I am glad. Because we are already paying very substantially more than the United Kingdom for a married couple and two children in that range. And those of us who doubt it, or those Honourable Members opposite who doubt it can consult the Daily Express, not of yesterday but of the day before, Wednesday, where there is a very nice table setting out the figures for all to see. The burden of income tax amongst the ordinary worker is a very heavy one. It is heavier than it is in the United Kingdom despite the fact that our wages are lower than in the United Kingdom. And on top of that budget which was heavier than any other integrationist budget, we have this year's budget which is perhaps heavier, and out of indirect taxation, which all Honourable Members of this House would wish to avoid. Therefore, Sir, it is a real fact that our standard of living is dropping and that this is a most defensive budget. It is a back to the wall budget. It is a budget which has no hope for the future for people in Gibraltar. What hope should have been offered and might have been offered? Perhaps the hope which the Honourable Mr Serfaty offered when he was in Opposition. The hope of economic expansion which all nations in the world rely on to meet their difficulties and to improve their standard of living. What economic expansion have we had proposed in our expenditure measures or in our revenue raising measures now before the House? The answer is, none. And the

answer is less than none, because we are facing a year of contraction in our building programme. So we have allied to the very heavy taxation of this budget, contraction in the activity of the private sector.

Our Tourism figures have been disputed. We have talked about a 1% increase, the Minister talks of a 10% increase. But I would ask the Minister what sort of a percentage increase would be needed to raise £800,000 in one year without having to go for quite substantial taxation? How many hotels would he have to build? By how much would the level of economic activity have to increase? And I challenge the Honourable Members opposite to undertake such expansion in their remaining two years in office, and to offer the same hopes today in the same direction as they did when they were in Opposition.

The other hope, Sir, that they might have offered Gibraltar is one of a real genuine faith in productivity. But how hollow the Minister for Education sounds today when he speaks of productivity. How hollow indeed, with the exclusion of the Financial and Development Secretary, who was a member of the previous administration, do Honourable Members opposite sound when they now talk of productivity. The Honourable Minister for Education is quite right in saying that 1972 was hopefully named by me Productivity Year. The Honourable Member is wrong in saying however, that nothing was achieved. I brought very lengthy statements for the benefit of his colleague, Mr Montegriffo, showing what progress had been made, and I left for the present Government the beginnings of a productivity agreement which applied to 66% of the Government's labour force, and a Unit, manned adequately for the promotion of productivity. And let the tax payers in the private sector know that this solution of the AACR Government of productivity, of rationalisation - as the word sometimes becomes with the AACR - that this is not an invention of the AACR. This was an invention of Lord Beeching on representations of Intergration with Britain Movement. And the very first speech of the last administration delivered by my Honourable and Gallant Friend, Major Peliza, on my right, was devoted to this. And nobody in Gibraltar will doubt for a second that our Government stood for productivity. But let me also mention the limitations of productivity.

MR SPEAKER:

You are not going to go into the question of productivity, under any circumstances. I have given you, I think, the opportunity to reply to what the Minister for Education has said, but let's not go into detail.

HON M D XIBERRAS:

Thank you, Sir, for your ruling.

My Honourable Friend on my left has pointed out the view of the Opposition, that Her Majesty's Government should have been approached. The Honourable and Learned the Chief Minister had ample opportunity for doing this. And if matters are totted up here in Gibraltar as to the effect of the people of Gibraltar, I think that the Honourable and Learned the Chief Minister would not call such help "charity", especially after Gibraltarians have taxed themselves one and a half million pounds in two years. I wonder whether he has calculated who has paid greater taxation: the people of Gibraltar individually, or the people in the United Kingdom. I think it works out to something like to £200 per household in two years that the people of Gibraltar have paid in taxation. But even if the Honourable Member had been successful in obtaining help from Her Majesty's Government, which I think the people of Gibraltar are increasingly feeling should be the case, even if he had been successful in obtaining that money for this year, what would happen to next year and to the year after that? Does the Honourable Member think that without some sort of economic relationship with Great Britain Gibraltar is going to be able to survive without a very drastic lowering of standards, not just the one announced for this year, for very long? The Honourable Member and myself had consultations on these matters, as the Honourable Member has mentioned earlier, and I had an indication that the Honourable Member was interested in achieving standards on a par with British standards. But I can assure the Honourable Member that we, both sides of the House, are going to get nowhere near achieving those standards unless we accept the committent proposition that the economy of Gibraltar and the economy of Britain must be integrated to a degree. Otherwise we shall have the philosophy of the Honourable Mr Featherstone and the Honourable Mr Canepa - so incompatible. The Honourable Mr Canepa: "The brotherhood of the people of Gibraltar", certainly: and the Honourable

Mr Featherstone: "The shieks are not going to go back on this. It is going to be a different world. It is going to be completely different and things shall never be what they were before!" Well, how are we in Gibraltar going to deal with this growing inflation? Despite all their promises at election time, the rate of inflation in Gibraltar is 20%. I shall accept 15% and say that the Government is banking on 20% for this year. Yes, perhaps, 20%. How can little Gibraltar, the little economy of Gibraltar, hope to stand up to a trend such as this. And would Members of this House not be better employed having a common cause to fight in a direction which is going to save Gibraltar. We have in common, Sir, a resolution to keep Gibraltar British. We have in common a desire for greater freedom in Gibraltar. We have in common a desire to achieve parity of standards. And I think it is not only Members of this House who have it in Common. I think the interest of the whole of Gibraltar points in the direction I am describing. The business man in the private sector, who has to pay more income tax: will he not be called to pay more income tax still in coming years in times to meet the inflation rate? The worker who is already paying more income tax and is now having to pay more than the United Kingdom: where do his interests lie? How is he going to face the situation? These divisions of left and right inside Gibraltar may obscure us, Sir, to our common predicament, and our common predicament is the smallness of the economy of Gibraltar. And it is a matter which is not hidden from the view of the Spanish Government. They know this very well. And if I may, to finalize this point, Sir, remind the House of what Mr Terence Prittie had to say some considerable time ago at the beginning of this blockade: that either Gibraltar's economy integrated with that of Spain, or it integrated with that of Britain, if not it would be a matter of time how long we could hold out.

Now, I am not going to give a message of gloom to the people of Gibraltar. I want to give them a message of realism. I am not telling them to lay down their arms and not fight. I am asking Honourable Members in this House to point in the right direction to do battle. Because if we quarrel amongst ourselves here in Gibraltar, if we try to produce a life belt between us in this House, when we are incapable of producing one amongst ourselves, then we are going to clutch at each other and both sides will drown. How much better to swim. . . .