

HOUSE OF ASSEMBLY

HANSARD
OF MEETING

HELD ON 8 MARCH 1977

VOL I

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23rd November 1977.

The Clerk,
House of Assembly,
GIBRALTAR.

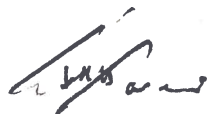
HOUSE OF ASSEMBLY MEETING: 8TH MARCH 1977

Mr Clerk,

I beg to give notice of the following amendments -

- PAGE 57: line 1 (first word): delete "would" and substitute "push".
- PAGE 70: (my second paragraph) line 2: the date is 1938:
line 6: the date is 1948.
- PAGE 71: lines 33/34: delete "foregoing paragraphs;" and substitute
"foregoing paragraphs,";
line 46: delete "order" and substitute "disposition".
- PAGE 72: delete the whole of the sentence beginning "It does seem to me" and
substitute "It does seem to me to be a Bill which is in the interests
of the community in that it provides that persons who are parties to
a marriage and the dependents of those parties shall be fairly treated:
I commend the Bill to the House."
- PAGE 74: Main paragraph: line 12: delete "rules" and substitute "ruled".
- PAGE 75: lines 3/4. Put a full stop after the word "part" in line 3: delete
the word "and" at the beginning of line 4 and start a new sentence
with the word "What".
- PAGE 104: line 6: delete "the one" and substitute "for one";
line 8: delete "employment by" and substitute "employment cycle of".
- PAGE 105: last line: delete "I could" and substitute "I would".
- PAGE 106: line 18: delete "the Bill" and substitute "the Ordinance";
line 27: the last word should be in quotations with an exclamation
mark - "No!";
line 47: delete "in clause 10" and substitute "amended by Clause 10".
- PAGE 277: (my paragraph): line 2: delete "the lyre" and substitute "the byre".
- PAGE 627: line 9: delete "I have not" and substitute "I had not".
- PAGE 641: (my paragraph) delete "what was said before" and substitute "what has
been said already".

Yours sincerely,



J K HAVERS
ATTORNEY GENERAL

REPORT OF THE PROCEEDINGS OF THE HOUSE OF ASSEMBLY

The Fourth Meeting of the First House of Assembly held in the Assembly Chamber on Tuesday the 8th March 1977, at the hour of 10.30 o'clock in the forenoon.

PRESENT

Mr Speaker (In the Chair)
(The Hon A J Vasquez CBE, MA)

GOVERNMENT:

The Hon Sir Joshua Hassan, CBE, MVO, QC, JP - Chief Minister
The Hon A J Canepa - Minister for Labour and Social Security
The Hon H J Zammitt - Minister for Housing and Sport
The Hon A P Montegriffo, OBE - Minister for Medical and Health Services
The Hon Major F J Dellipiani, ED - Minister for Municipal Services
The Hon I Abecasis - Minister for Postal Services
The Hon A W Serfaty, OBE, JP - Minister for Tourism, Trade and Economic Development
The Hon M K Featherstone - Minister for Education and Public Works
The Hon J K Havers, OBE, QC - Attorney General
The Hon A Collings - Financial & Development Secretary

OPPOSITION:

The Hon J Bossano - Leader of the Opposition
The Hon Dr R G Valarino
The Hon J B Perez
The Hon G T Restano

INDEPENDENT MEMBERS:

The Hon M Xiberras
The Hon P J Isola, OBE
The Hon Major R Peliza

IN ATTENDANCE:

P J Garbarino, Esq, ED - Clerk of the House of Assembly.

PRAYER

Mr Speaker recited the prayer.

CONFIRMATION OF MINUTES

The Minutes of the Meeting held on the 25th January 1977, having been previously circulated, were taken as read and confirmed.

DOCUMENTS LAID

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

- (1) The Charities Ordinance - Report for 1976.
- (2) The Lotteries (Amendment) Regulations, 1977.
- (3) Written Answer to Question No.131 of 1977 by the Hon M Xiberras.
- (4) Report of the Standing Rules Committee.

Ordered to lie.

The Honourable the Minister for Postal Services laid on the table the following document:

The Local Post (Amendment) Regulations, 1977.

Ordered to lie.

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

- (1) The Building (Development Control) Regulations, 1977
- (2) The Pilotage Administration Charge (Amendment) Rules 1977.
- (3) The Oil Pollution (Compulsory Insurance) (Amendment) Regulations 1977.

Ordered to lie.

The Honourable the Minister for Education and Public Works laid on the table the following document:

The School for Handicapped Children (Public Donations) Fund Regulations, 1977.

Ordered to lie.

The Honourable the Attorney General laid on the table the following document:

The United States of America (Extradition) Order, 1976.

Ordered to lie.

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

- (1) The Electricity Undertaking Fund Regulations, 1977.
- (2) The Potable Water Fund Regulations, 1977.
- (3) The Telephone Service Fund Regulations, 1977.
- (4) The Licensing (Amendment) Rules, 1977.
- (5) The Pensions (Special Allowances) Notice, 1977.
- (6) Supplementary Estimates No.6 of 1976/77.
- (7) Supplementary Estimates Improvement and Development Fund No.4 of 1976/77.
- (8) Statement of Virement Warrants approved by the Financial and Development Secretary 1976/77.
- (9) Draft Estimates of Revenue and Expenditure for 1977/78.

Ordered to lie.

ANSWERS TO QUESTIONS

The House recessed at 1.00 p.m.

The House resumed at 3.35 p.m.

Answers to Questions continued.

MINISTERIAL STATEMENTS

MR SPEAKER

The Hon the Minister for Labour and Social Security has given notice that he wishes to make a statement and I therefore call on the Minister to do so.

HON A J CANEPA

Mr Speaker, since I last made a statement on the subject of industrial training at this time last year, steady progress on a broad front has been maintained.

Training in the Retail Trade, continues at introductory, basic and rather more advanced level for shop assistants and, so far, twenty eight employees have benefitted from these courses. Six young unemployed persons have also attended a special introductory course designed to assist in placing them in suitable employment and, with the co-operation of the Youth and Careers Office, a further such course will be held within the next month or so.

Also towards the end of last year, fourteen shop proprietors or managers attended a course for management

on stock control, financial control and display, held in conjunction with the Chamber of Commerce. The course has proved very successful and a request has been received for it to be repeated. Arrangements are therefore being made for it to be held as soon as convenient to the trade.

Last June, the local Tutor attended a one-month course in the United Kingdom, where she was attached to the London College for the Distributive Trades to familiarise herself with new training courses and techniques used there and which are now being introduced in Gibraltar.

On the Construction Industry, it is gratifying to report that two more first-year apprentices from the private sector are at present attending the Training Centre at Landport, where they are receiving training similar to that given to apprentices employed by the Official Employers. However, no request has been received from the private sector to participate in other specific courses available which can be offered to them, and I once more appeal to employers to take advantage of these courses which can only be conducive to better standards in the industry.

Still on the Construction Industry, a report proposing the extension of adult craft training was prepared by the Productivity and Training Unit and is now being considered. The Official Employers have at present some 160 craft operatives (formerly called Craftsmen B) to whom the opportunity of training leading to full craft status must be given, and I can inform the House that we anticipate being able to offer this type of adult craft training within the next six or eight weeks, once we have overcome the practical difficulties, such as the selection and appointment of additional instructors, training capacity vis-a-vis the facilities available and other administrative details.

Another scheme which it is intended to introduce within the next months is one for training labourers to full craft status in the four construction trades of carpenter, mason, painter and plumber.

Turning to another field of training, I am glad to say that two apprentices from a local firm are now attending the Gibraltar and Dockyard Technical College, on a day release taking a course of instruction in repairing and servicing television sets and electro-domestic

appliances, leading to the appropriate City and Guilds of London Institute Certificate. Here again I would like to extend to local firms in this line of business the facilities available and sincerely hope they will take advantage of this offer.

The House will recall that last year I stated that Government had approved a training scheme for apprentice gardeners, and I anticipated we would be in a position to recruit three young people after seeking allocation of the necessary funds. I am now glad to inform Honourable Members that an apprenticeship scheme was commenced last May, in conjunction with the Property Services Agency of the Department of the Environment, involving nine young persons and which included, for the first time in Gibraltar, female apprentices. Authority has now been received from the City and Guilds of London Institute for the Gibraltar and Dockyard Technical College to run and conduct examinations on their Horticulture Course, Part I, locally. All apprentices are required to attend the College on day release, and the first examination on Principles of Horticulture will be taken in June 1977. A second and third examination, on Practice of Horticulture and Machinery, will take place in June of next year. It is intended that a new intake of apprentices will be recruited this year and once again young girls will be encouraged to come forward.

With regard to the Hotel and Catering Industry, the third apprenticeship scheme which commenced in September 1974 has now been completed. In all, five trainees have been involved and nine certificates awarded.

It will also be recalled that provision was made in the current year's estimates for three Industrial Training awards for young ex-apprentices employed by the hotels. Three young men, ex-apprentices to the Industry, are now in the United Kingdom where they will be taking their advanced food preparation and service techniques examination this coming June. I am glad to say that the reports on their progress are very encouraging. Arrangements have also been made for these young men to take up, after their year at College, an eight-week period of attachment to a group of hotels in Britain in order to gain practical experience. This attachment also includes an instructor's course, at the end of which, if successful, they will receive - in addition to their academic qualifications - certificates from the Hotel and Catering Industry Training Board in the United Kingdom, as on-job trainers. On their return to Gibraltar, expected to be at the end of August, they

will be available as instructors to undertake training functions in any scheme which the industry in Gibraltar may require. I would like to add that Government has once more made provision in the Draft Estimates for this coming year for two more similar Industrial Training Awards.

I should draw the attention of the House, as may have been observed from the Draft Estimates for 1977/78, now in the possession of Honourable Members, that it is intended, as from April this year, to transfer responsibility for the Industrial Training Section of the PTU, including Landport Training Centre, to the Department of Labour & Social Security.

Experience over the years has indicated that Industrial Training is, as in the UK, an activity more properly falling under the umbrella of a Department concerned with wider aspects of labour and employment. I should, however, like to assure the House that this will not entail any departure from the policy that has been unfolding since a more positive and wider approach to Industrial Training, was adopted with the enactment of the Industrial Training Ordinance in 1970.

HON M XIBERRAS

The statement is not unexpected, it is almost a yearly event, but it is very welcome indeed. It shows, I think, as the Minister just ended by saying, that the provisions of the Industrial Training Ordinance have been gathering practical effectiveness over the years. The most disturbing part of the Honourable Member's statement, however, was the last part but I think we might leave that until the budget to discuss. May I ask the Honourable Member, however, when the PTU disappears what will happen to the PU? In other words what will the Productivity Unit become if the training part of the Productivity and Training Unit is now to come under Labour and Social Security?

HON A J CANEPA

The Honourable Member is not quite correct, Mr Speaker. Civil Service training will continue to be under the wing of the Productivity & Training Unit and in fact the activities of the Unit in this respect are being widened considerably because they are now going to be responsible for secretarial training, a secretarial and typing

training centre is going to be set up by Government. In fact, we are probably going to take over further accommodation in Secretary's Lane for this purpose and the scheme is going to be financed jointly by Government and the other Official Employers because they will also be participating and this will continue to be part of the training aspects of the Unit. So it is only industrial training, the Unit will still be responsible for some aspects of training.

HON M XIBERRAS

As the Honourable Member knows it has been my very great concern to the point that we sometime ago tried to vote a token reduction in the vote of the Productivity and Training Manager that the productivity not the Civil Service part, but the productivity part of the PTU was being taken over by Establishment and that the Minister for Labour who used to have some rights in respect of PTU and in respect of both Productivity and Civil Service training at a particular stage was, in fact, losing those rights. I would ask the Minister therefore whether the Productivity, not the Civil Service, but the Productivity side of the PTU will continue?

MR SPEAKER

We are not going to debate the statement. You are entitled to ask questions to clarify anything you have not understood but we must be careful not to debate the statement.

HON M XIBERRAS

I was asking whether the Productivity side of the PTU is going to continue not as in the past few years, without being critical of that, but how it is going to continue, in fact?

HON A J CANEPA

Sir, I think the Honourable Member seems to forget that it was in 1973 that the attempt was made to vote a reduction in the salary of the PTM. I think that

since then there has been clear evidence of the fact that the PTU has been working to me most definitely under my direction and responsible to me directly, on aspects of productivity. They were involved with the attempts that proved to be abortive when the issue of parity came up back in 1974.

MR SPEAKER

We are beginning to debate. When a statement is made by a Minister Members are only entitled to raise a point which they have failed to understand in the statement for the purposes of clarification. I think I have been liberal.

HON M XIBERRAS

It is a very simple one, it is what is going to happen to the productivity side of the PTU when, as the Honourable Member has said, industrial training goes to the Labour and Social Security Department?

HON A J CANEPA

The Unit will continue to work to the Minister of Labour and Social Security as they are doing at present as per the fact that they have been very closely involved in the negotiating of the efficiency agreements.

HON G T RESTANO

May I on a point of clarification, Mr Speaker, ask whether the training in the retail trade is for those already employed as shop assistants or those who may wish to be employed as shop assistants?

HON A J CANEPA

Both, Mr Speaker. Initially, when we introduced training in the retail trade two or three years ago, it was for those who were already employees but when problems arose just over a year ago, problems in tracing would-be shop assistants in employment, I thought myself of this idea, at the time it was not very

well received by the TGWU, I think it is fair to say, but we nevertheless persevered and the idea was that we should train would-be shop assistants because there-
by employers

MR SPEAKER

No, the answer is a simple one. You must give the answer because otherwise it is not fair on the Opposition because we start debating. The answer is simple, it deals with both, new ones and people who have already been shop assistants.

HON G T RESTANO

Is the ratio more on those already employed?

HON A J CANEPA

With those already in employment the numbers are higher.

HON J BOSSANO

Could I ask the Honourable Member whether there is an implication in his statement that the course for craft operatives will, in fact, be introduced first rather than the course for labourers to craftsman?

HON A J CANEPA

Yes, there is greater urgency on that and we have got definite proposals which are currently being studied by the Official Employers.

HON J BOSSANO

Is the Honourable Member aware that in the discussions that have taken place in JIC on this matter, the view of the Trade Union Side has been and still is to my knowledge that it is more important to press ahead with the training of labourers to craftsman since, in fact, the craft operatives are in most cases doing the work of craftsman already and it is a question of pay more than of skill that is involved in their actually being graded as Craftsman "A".

HON A J CANEPA

Mr Speaker, I was under the impression myself that the TGWU at JIC were pressing for the former. I would be only too happy to give the latter one, adult labourer to full adult craft training priority because we have had to discontinue what was a very successful scheme introduced in 1970 or 1971 when the Honourable Mr Xiberras was Minister for Labour of training labourers to craftsman "B". That has had to be discontinued, there is now a vacuum and I would be quite happy to fill it but I was under the impression that it was the former. I certainly will make enquiries as a result of this exchange.

HON J BOSSANO

If the Honourable Member will make enquiries Mr Speaker, perhaps he will be able to establish that the trade union side has been complaining precisely about the vacuum that he is talking about for well over a year now.

HON A J CANEPA

I shall certainly make the necessary enquiries.

HON J BOSSANO

Could I ask on the question of new intake of apprentices for gardeners whether the Government could consider the possibility of any increase in their own proportions since in the first intake it was six apprentices employed by DOE and 3 by the Gibraltar Government and on that occasion the TGWU was pressing for the Gibraltar Government to match the DOE. Will the Government be able to make any improvement on the three that they have?

HON A J CANEPA

I will pass it on to my colleague the Minister for Public Works who has more responsibility in this respect than I have. It is his Department really that must make up its mind as to how many they wish but bearing in mind that I have an overall interest in employing as many young people as possible, I will certainly bear that in mind as well.

HON M XIBERRAS

Of the 160 craft operatives, are these Gibraltarians or what is the proportion of Gibraltarians to others?

HON A J CANEPA

Both, but I would imagine given the experience of the extent to which the former labourer to Craftsman "B" course was weighted rather heavily on the side of the alien employees, I would imagine that there are more aliens than Gibraltarians, but all will be given an opportunity.

HON M XIBERRAS

It was very heavily weighted in favour of, say, Moroccans before. Speak a number now, 160

HON A J CANEPA

116 including the PSA. I would not be surprised if it were to be as much as 2: 1.

HON M XIBERRAS

Mr Speaker, does the Honourable Member have any information about wastage in the odd people who have been trained before?

HON A J CANEPA

Very little wastage.

SUPPLEMENTARY ESTIMATES NO. 6 OF 1976/77.

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Speaker, Sir, I have the honour to move that this House resolves itself into Committee to consider Supplementary Estimates No.6 of 1976/77.

MR SPEAKER

I have instructed the Clerk to call out the Item and the Head and I will pause just in case any Member wishes to touch on any of the Subheads.

ITEM 1 Head 1 Audit was agreed to and passed.

ITEM 2 Head 3 Consumer Protection Unit was agreed to and passed.

ITEM 3 Head 6 Fire Service was agreed to and passed.

ITEM 4 Head 7 The Governor was agreed to and passed.

ITEM 5 HEAD House of Assembly was agreed to and passed.

ITEM 6 Head 9 Housing was agreed to and passed.

ITEM 7 Head 10 Judicial (2) Supreme Court was agreed to and passed.

ITEM Head.11 Labour and Social Security

HON J BOSSANO

Could I ask

MR SPEAKER

It is not subversive, it is subvention.

HON J BOSSANO

I think we will have to travel quite a long way before we get to the stage of that, to subsidise subversion in Gibraltar. Could I ask the Honourable Member how it is that money paid out of the contingency fund in 1975/76

was not brought into an Appropriation Bill at a previous time in the House either at Budget time last year or in any previous supplementary? It seems an awful long time between the findings on the contingencies fund and the time that the House has had to approve it.

HON FINANCIAL AND DEVELOPMENT SECRETARY

Complete oversight.

ITEM Head 11 - Labour and Social Security was agreed to and passed.

ITEM 9 Head 12 Law Officers was agreed to and passed.

ITEM 10 Head 13 Medical and Public Health

HON M XIBERRAS

Item 5. Increased costs of drugs and dressings, a sum of £33,000. Are the dressings for the Hospital.

HON A P MONTEGRIFFO

That includes a number of things. The bandages, oxygen, etc., has gone up which is under the subhead of bandages and dressings etc. In some cases from 40 to 50%. X-ray films which come out of this vote have gone up by about 100%. On the drugs themselves £23,000 are for the Health Centre which involves the increase in price given to the chemists of 5p plus an increase of about 16% roughly, amounting throughout the year to 16% in the price of drugs supplied by the chemists. £10,000 is for drugs supplied to the Hospitals which includes, as I said before, oxygen, etc., plus the very expensive drugs that are now being used by hospitals, and they have gone up tremendously. Since the Estimates were prepared I can tell you that from the beginning of February the price of drugs by certain firms like ICI and others have gone up by at least 27%.

HON M XIBERRAS

Does this amount reflect in any way certain conversations I know the Minister was having with the chemists, generally?

HON A P MONTEGRIFFO

Not the full amount.

HON M XIBERRAS

But it does reflect something, and can we take it that such part of it which is reflected here involves a settlement for the future?

HON A P MONTEGRIFFO

It is not a long term settlement as you know since you came into the picture. They wanted 10p, we gave 5p and there is another 5p I succeeded in persuading them to wait until next December to decide after consulting with the Costing Department of the Ministry of Health whether they are entitled to have an extra 5p or not, but that is a long way off.

HON M XIBERRAS

So, in fact, the nature of the settlement which was proposed then which would have taken into I think August of next year or something of that kind, that has not been affected and you are still negotiating on that?

HON A P MONTEGRIFFO

The second stage of that.

HON J BOSSANO

Mr Speaker, could I ask about the use of the contingencies fund because as I understand it I believe this fund is intended to deal with emergencies, really. I could understand it, for example, on the previous item if there

is a wage settlement and the wages have got to be met, then people are going to be kept unnecessarily awaiting for their money until there is a meeting of the House but I can hardly visualise the situation where we run out completely of dressings and we have to rush an order through and use the contingencies fund.

HON A P MONTEGRIFFO

No, that is not so. You see, we have got the commitment to pay the chemist weekly and there is the stage where we only had about two week's money left. As there was not going to be a House of Assembly until now we had to at least get the money that would cover us for 4 or 5 weeks, that is, the period during which money was going to be short till the time we had the meeting of the House of Assembly. That, I understand, is the reason it was taken out of the contingencies fund.

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Speaker, I think I can just amplify that. The Department reported to me that they had these very definite commitments in accordance with the agreement with the chemists to make these payments and they had no money from which they could pay. Now, under those circumstances either the Government temporarily breaks its agreement and keeps the chemists waiting, or the contingencies Fund is used for a purpose which it is considered to be in the public interest to pay the chemists until this House can make provision for the funds required and the House will notice that of the supplementary only a part came from the Contingencies Fund and it was that part which I was informed by the Department was the amount required to pay the chemists. The remainder could wait until this House had appropriated the money, the remainder being for, as I understand it, the additional cost of drugs, dressings, bandages and what have you.

HON CHIEF MINISTER

I would like to add something to this which is of importance to Honourable Members opposite. The practice has been in my experience before this Financial Secretary arrived, that when there was need for supplementary provision approval by Council of Ministers

in anticipation of consent by the House was normally accepted. This Financial Secretary, with his stringent methods, has made us disuse that practice which had been inherited from before, it was not just ours, ever since Finance Committee was originally put in the House of Assembly, and that is why the Contingencies Fund comes more into play. Previously one would have authorised the extraordinary expenditure in Council of Ministers and had come to seek the approval of the House. The control of the expenditure by the House now is that much tighter by the method introduced by the Financial Secretary which I have not disputed because I think it is fair but the other one was an inherited system which had always been done.

ITEM 10 Head 13 - Medical and Public Health was agreed to and passed.

ITEM 11 Head 15 Port was agreed to and passed.

ITEM 12 Head 16 Post Office and Savings Bank was agreed to and passed.

ITEM 13 Head 20 Public Works Non-Recurrent was agreed to and passed.

ITEM 14 Head 21 Recreation and Sport was agreed to and passed.

ITEM 15 Head 22 Revenue

HON M XIBERRAS

Mr Speaker, am I to understand that in Item 1 - Personal Emoluments - that the provision voted for the year was £392,000 and something and that the total supplementary provision approved in the course of the Biennial Review is £330,000.

MR SPEAKER

Well, if you include the £120,000 which you are being asked to approve now, yes.

HON M XIBERRAS

Could I ask in respect of the £330,000 over what period that extends?

MR SPEAKER

The financial year.

HON FINANCIAL AND DEVELOPMENT SECRETARY

Exactly, Mr Speaker, you are perfectly correct of course. There has been a previous supplementary to the value of £210,000. This particular supplementary is £120,000, so the total supplement to the vote would be £330,000 which, I trust, will be the provision for the current year.

HON M XIBERRAS

The £210,000 was for one stage of Scamp and the £120,000 for another stage?

HON FINANCIAL AND DEVELOPMENT SECRETARY

The £210,000, and I am speaking from memory, referred at any rate in part, to the uniformed staff.

HON M XIBERRAS

And the £120,000 now is for the non-uniformed?

HON FINANCIAL AND DEVELOPMENT SECRETARY

Yes, for the non-uniformed staff.

HON MAJOR R J PELIZA

Did I hear the Honourable Financial and Development Secretary say this is the last one that we shall get?

HON FINANCIAL AND DEVELOPMENT SECRETARY

No, you did not hear that.

HON G T RESTANO

Mr Speaker, may I ask on Item 16 - Sundries - to whom these fees are, in fact, paid?

HON ATTORNEY GENERAL

They are paid to the Chairman of the tribunal. The rate which has been suggested is £25 for a half day.

HON G T RESTANO

I hope it is not a productivity bonus.

HON MAJOR R J PELIZA

On Item 20, Mr Speaker - Contribution to John Mackintosh Hall - I see again that we are paying more for this and I was wondering if the Minister for Education can report any progress as to whether or not if there is another election or bye-election the candidates will be able to use the Hall?

HON M K FEATHERSTONE

Sir, I am not sure that the question is absolutely relevant but we have had a Board meeting and the decision of the Board has been the same as of all previous Boards that it should not be used for election campaigns.

HON MAJOR R J PELIZA

Well, Mr Speaker, I will take the matter up at the time of the Estimates rather than waste the time of the House at this moment.

ITEM 15 Head 22 Revenue was agreed to and passed.

ITEM 16 Head 23 Secretariat was agreed to and passed.

ITEM 17 Head 24 Telephone Service was agreed to and passed.

ITEM 18 Head 25 Tourist Office was agreed to and passed.

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Speaker, Sir, I now propose that the votes detailed in Supplementary Estimates No.6 of 1976/77 be approved.

Mr Speaker proposed the question in the terms of the Honourable the Financial and Development Secretary's motion.

Mr Speaker then proposed the question which was resolved in the affirmative and Supplementary Estimates No.6 of 1976/77 were agreed to.

SUPPLEMENTARY ESTIMATES IMPROVEMENT AND DEVELOPMENT FUND
NO.4 OF 1976/77

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Speaker, Sir, I have the honour to move that this House resolves itself into Committee to consider Supplementary Estimates Improvement and Development Fund No.4 of 1976/77.

IMPROVEMENT AND DEVELOPMENT FUND (N) NEW - PURCHASE OF
ELECTRA FLATS

HON M XIBERRAS

Will the Honourable Member make a statement about this?

HON FINANCIAL AND DEVELOPMENT FUND

The only statement I am prepared to make on this is that as the Honourable and Learned Chief Minister has already said, it was apparently and it had been for a long time the practice that, we will call it, Supplementary Estimates were accepted and approved in Council of Ministers and that I discovered some time after I took over, had been accepted in my office as being the only approval necessary, notwithstanding that the funds had come from the Contingencies Fund. Well, as the Honourable and Learned the Chief Minister has explained I take a contrary view. It is my view, reading the Constitution and the existing Financial Procedure Ordinance, that the Contingencies Fund is used under my authority and that at the first opportunity thereafter a supplementary estimate is presented to this House to appropriate the funds which I have authorised to be issued from the Consolidated Fund under the delegated powers from this House which I have in the Constitution and in the Financial Procedure Ordinance. As I told the Honourable Mr Bossano earlier, the fact that this money was paid over and was not at the first opportunity brought to the House for reimbursement is a complete oversight and I take responsibility for not having ascertained that the Contingencies Fund had made advances which had not been cleared in accordance with the legal and constitutional procedure and having discovered it, however, there is only one thing to do and that is to bring it to the House.

HON M XIBERRAS

Mr Speaker, I know that it is a bit late and accepting entirely what the Financial and Development Secretary has said, what has the Government bought with these £40,000?

HON CHIEF MINISTER

That is the residue of a lease of a property belonging to the Government which was held by Cable & Wireless and which had, I think, 38 years to run which eventually would have been surrendered to the Government. It was

our considered view having regard to the high rents that we have to pay for furnished flats and so on for officers who come out here on technical assistance that it would relieve a number of these commitments if we took over this building which I think has about 6 quite good flats and in quite good condition without having to spend too much money in repairing them and after a lot of negotiations we were able to take it over for this amount which I think in these circumstances was a good investment in the sense that now we have a freehold property belonging to the Government permanently and able to be used in the course of the commitments of the administration.

HON M XIBERRAS

I think it is bad practice for the House to go just through the motions of voting £40,000 just like that. Mr Speaker, we have acquired this property 30 years before we could have had it and this is going to be used to accommodate Government officers who come here for a while, or what is it for?

HON CHIEF MINISTER

No, for Government officers, not who come here for a while but because of the pressure of other properties we have not got enough of them. It is for permanent local officers.

HON M XIBERRAS

Mr Speaker, my point is that these are flats which are already being occupied, all of them? So in fact we are paying £40,000 and instead of paying rent in the future for 30 years we have paid these £40,000?

HON CHIEF MINISTER

We have purchased the remainder of the lease for that amount.

HON M XIBERRAS

So that is the advantage, that we will not pay rent?

HON CHIEF MINISTER

And that the property is ours as from now.

HON M XIBERRAS

Yes, but it would have reverted to us in any case in 34 years.

HON G T RESTANO

Have some repairs had to be done to the flats?

HON CHIEF MINISTER

Some improvements had to be carried out but they were in a pretty good condition. Rehabilitation was minimal and after having been occupied, I think, for about 30 or 40 years of course they had to be refurbished but not substantially, they are very good flats, I understand, and senior officers who have been waiting for many many years for a flat are now properly housed.

HON M XIBERRAS

Were the flats in occupation?

HON CHIEF MINISTER

No, they were not. When he asked whether they were in occupation I said that they are in occupation now but the point is that we got it empty from Cable and Wireless. Cable and Wireless was given a lease for the purpose of housing their officers, whenever it was, 50 years ago. Then they started, I understand, sub-letting it and we called their attention to the fact that if the property was not being used for the purpose for which it had been granted the Government had a first choice to have it back, naturally paying for the surrender of the lease. But at the time it was handed to us it was handed completely empty and we then were able to house 7 officers.

HON G T RESTANO

One flat is occupied by a retired civil servant and the

other by the widow and family of a civil servant who at the same time released much more valuable property for use by other civil servants.

HON J B PEREZ

What rents were Cable and Wireless paying for these flats?

HON CHIEF MINISTER

I am afraid I do not know.

HON J BOSSANO

I thought the Honourable the Chief Minister had started by saying that it was a good investment because it was so expensive to rent furnished accommodation for expatriate officers and now it seems that there are no expatriate officers living there.

HON CHIEF MINISTER

I am sorry. I appreciate that what I said may have been misunderstood and that led to the question by the Honourable Mr Xiberras. What I said was that we have a very big commitment of housing people. These flats are going to permanent civil servants who may well have left some property which is allowed to some other civil servant and then somebody else takes the other one which becomes vacant and it is one furnished flat less that we have to take. It is 7 flats more in our stock for our commitments with civil servants and, naturally, the more permanent ones go to the people on the permanent service.

HON J BOSSANO

I am not questioning the fact that it may be a good price to pay for 7 flats for 30 years, what I am questioning is whether in fact the flats have been put to the best use once the Government has had them. That is what I am asking.

HON CHIEF MINISTER

Well, we think we have. They have been allocated in

accordance with the system of allocation having regard to the established machinery between the administration and the Federation of Senior Civil Servants and so on.

HON J BOSSANO

But is Government not, in the context of the Scamp introduction of relating wages and conditions of service on to UK, looking at whether the provision of Government quarters is any longer a necessity?

HON CHIEF MINISTER

No, we are looking at the question of the rent that officers should pay. That is one of the things that Mr Morgan recommended should be looked into, that the rent should be a realistic rent having regard to the rents paid by ordinary members of the public who are tenants of the Government in other kinds of accommodation, that is what we are looking for. In respect of certain classes of quarters we have considered the matter recently, and it is quite clear that if we want to keep here particularly the young people of Gibraltar who qualify to take appointments in the Government, if they have not got some incentive in respect of housing we shall have to bring expatriates and then have to house them, and I think it is better that the people who are committed to Gibraltar should be in Gibraltar and should be given proper houses.

HON M XIBERRAS

Mr Speaker, could I ask the Chief Minister whether there is any other property in the area which is still leased out to Cable and Wireless?

HON CHIEF MINISTER

The only other one that I can think of is the one that I mentioned before but that I do not think is leased, that, I think, is a freehold and that was the property which was mentioned as possible premises for colour television. I think that is a freehold.

HON DR R G VALARINO

I do not know whether this is relevant but is there any

other property which the Government is considering buying at this time.

HON CHIEF MINISTER

If it is beneficial, if it is a good buy, and it is going to be the relics of a lease, yes, the Government is not out on the market, though it has many commitments, it is not out on the market to buy property from developers unless it is absolutely necessary, but in the case of unexpired leases that become vacant we certainly feel that if the terms of taking over are good, whether it be for officials or for housing, I think we should do it.

HON J BOSSANO

Mr Speaker, could I just ask the Financial and Development Secretary how it is, in fact, that the money was first debited to the Contingencies Fund, was it that there was no unallocated cash in the Improvement and Development Fund or is it that one cannot use money from the Improvement and Development Fund without prior approval of the House?

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Speaker, Sir, again I have got to speak from memory here but as I recall it, firstly, there was indeed some degree of urgency about making this money over. Secondly there was certainly no appropriate head in the Improvement and Development Fund from which it could be charged and I exceeded all the statutory authority here. I seem to remember this was one of the first contingency warrants that I ever signed because to my astonishment shortly after I signed it I realised, and you will see it for yourself if you look through the Ordinance very carefully, there is no provision at all anywhere either in the Ordinance or in the Constitution for emergency expenditure from the Improvement and Development Fund.

The House recessed.

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Speaker, Sir, I now propose the proposed details in

Supplementary Estimates Improvement and Development Fund No.4 of 1976/77 be approved and that the sum of £40,000 be appropriated to meet the expenditure detailed therein.

Mr Speaker proposed the question in the terms of the Honourable the Financial and Development Secretary's motion.

Mr Speaker then put the question which was resolved in the affirmative and it was agreed that Supplementary Estimates Improvement and Development Fund No.4 of 1976/77 be approved and that the sum of £40,000 be appropriated to meet the expenditure detailed therein.

MR SPEAKER

Before we proceed with the motion on the Order Paper I will inform the House that the Hon and Gallant Major Peliza has given notice that he wishes to raise on the adjournment the question of the European Passports. Of course I am sure that Major Peliza realises that the adjournment refers to the final adjournment of the House which will be at the end of the second part of this meeting.

HON CHIEF MINISTER

Mr Speaker, Sir, I have given notice of my proposal to move the suspension of Standing Order No.19 to deal with a motion of which I have given notice; "that the House approves the recommendations in the report of the Standing Rules Committee dated the 4th March 1977, and resolves that the Standing Rules and Orders be amended in accordance with these recommendations.

Mr Speaker put the question in the terms of the Honourable Chief Minister's motion and Standing Order No.19 was accordingly suspended.

HON CHIEF MINISTER

Mr Speaker, I beg to move in the terms of the motion standing in my name: "That this House approves the

recommendations in the Report of the Standing Rules Committee dated the 4th March 1977 and resolves that the Standing Rules and Orders be amended in accordance with these recommendations". The Report of the Standing Rules Committee was tabled earlier in these proceedings and it was accompanied by a letter dated the 23rd November which I circulated to all Honourable Members in which I stated that I had been considering for some time the representations made in the last 2 or 3 years regarding the procedure at Budget time and also we had already taken in this House in pursuance of that policy, steps to pass certain legislation that would rationalise a little more the procedure at Budget time both in dealing with the expenditure Budget as well as dealing with the Revenue Budget and proposals were made and I am glad to say that subject to one or two reservations, no doubt that will come from the other side regarding a revision of this at a later date, I have met with the general approval of members for which I am very grateful. When I originally circulated the letter of the 23rd November, I suggested a way in which we should deal with the expenditure budget and the Honourable Mr Peter Isola agreed, in principle, to the proposals suggested that we should follow exactly the same procedure in the Revenue raising measures budget in order that the same procedure should follow and the idea is that what has been criticised in the past has been the fact that the statement by the Financial Secretary followed a Committee Stage of the Budget of expenditure and then there was a general debate and then there was a little jockeying for position as to who spoke last, not as to who spoke first and naturally being matters of policy one hoped to be able to deal with any criticisms that arose out of the debate and one tended to wait until other members spoke whilst others wanted to hear one and so on. I think it has been recognised that if, apart from the Financial Secretary's statement of financial policy or financial management, let us put it this way, if it is to be followed by a statement of financial policy both in the expenditure and in the revenue debate, if there is going to be a political statement there should be an opportunity of answering criticisms at the end of the debate on the political aspects of it. The rules therefore provide for the procedure to be followed which is set out in the Report and the Standing Orders provide that following the statement by the Financial Secretary - in both cases I will not repeat both of them - there shall be a statement by the

Chief Minister on the political side of either measure and the right to reply at the end in the usual terms of right to reply which is not to start new things but to deal with matters of criticism that may have been raised during the debate. Mr Speaker, I hope this ad hoc quick arrangement to deal with this year's budget will serve as a purpose to try and bring our general Standing Orders which we have had a draft printed for a long time and we have never had the time to get down to them, to get the Standing Rules Committee to look at them generally to see whether we can rationalise and to some extent simplify part of the procedures which after quite a number of years since they were last revised require to be looked at because naturally with experience of what is better in respect of proper and ample debate on all measures, we can improve the proceedings of this House. Earlier on today I stated something which has really nothing to do with Standing Orders but which has to do with procedure and control of expenditure of the matters regarding the Supplementary Expenditure which the Financial Secretary later concerned himself as to changes that are taking place, and I hope that it will be appreciated that the elected Government do not look at these matters purely from the selfish point of view of making life easier for them but very much the opposite. The Government is prepared to take advice as indeed we have in respect of the Financial Secretary and if it is a matter of giving more control to the House so long as it follows patterns on which we have our democratic institutions we do so gladly and not reluctantly even if we have to. In this case there has been a bit of a hurry to get these Standing Orders through in order that they would be ready and applicable when we come to the Budget debate but since there has been no great controversy about them it has been possible, perhaps in the speediest time in my experience in this House, to get a Report of the Committee that never met but agreed to its terms and I therefore commend the motion to the House.

MR SPEAKER

Your motion proposes the amendment in accordance with the recommendations. I have been exceptionally busy the last ten or 12 days and I have not had time to give this matter my complete and undivided consideration but there is only one thing which does worry me but I think is

slightly superfluous and might confuse the issue later on and that is sub rule 3 of 32A which reads: "In exercising the right to reply the Chief Minister and the Financial and Development Secretary shall be restricted to dealing with matters raised during the debate and shall not introduce any new matter". I feel that that is perhaps superfluous because the right to reply is a right of reply and should be governed by the same rules. In other words by putting this in we may be trying to differentiate.

HON CHIEF MINISTER

I can give you, Mr Speaker, a very quick reply to that and that is that that is how I would have had it but I wanted to make sure because the Honourable Mr Xiberras was very careful about this matter and suspicious to some extent not perhaps in the way we wanted to implement it, I think he was a bit worried that it could be used for something for which it was not really meant and we have gone out of our way to assure him by putting those words there but as I told him from the beginning a right of reply is a right of reply and nothing more.

MR SPEAKER

Particularly when one takes it in the context ⁱⁿ ^{it} which is taken here when you are speaking on the Second Reading and it is the general principles of the Bill which is being debated at this particular time. I am just saying that perhaps to try and do some good we may be confusing the issue at a later stage.

HON CHIEF MINISTER

Yes, in any case you could have a proposition put later on to you in respect of the right to reply in other matters which are not affected here. but it is much wider because otherwise it would carry the same wording as this one and that therefore the right of reply should be a standard one. Well, I entirely agree with those sentiments, Mr Speaker, and I am glad you have raised them. I would be quite happy to take away the superfluous words so long as my friend opposite realises that they do not come with any other purpose than for good order. I did put them in very much because of his

concern about the fact that he thought we were trying to gain something.

MR SPEAKER

Could I have the views of the Honourable and Learned Attorney General on this one.

HON ATTORNEY GENERAL

Mr Speaker, there is of course great merit in the point that you make. The reason that these particular words were put in here were twofold. Firstly, as the Honourable and Learned the Chief Minister has said, it is to dispel any fears which members of the Opposition might have that the right of reply might be used to adduce further arguments and, secondly, because this is a specific case where a right of reply is given to two people and for that reason I thought it proper to put in these specific words not to differentiate from other cases but to make it quite clear that both the Chief Minister and the Financial and Development Secretary were bound.

MR SPEAKER

Then I will say no more and leave it as it stands. I know now the reason why and therefore when I apply my rulings on other cases I know exactly what the position is. Perhaps you will then move.

HON CHIEF MINISTER

I commend the motion to the House.

Mr Speaker proposed the question in the terms of the Honourable the Chief Minister's motion.

HON J BOSSANO

Mr Speaker, I wonder if I could ask the Financial and Development Secretary in regard to the Estimates the

point I have made both verbally and in writing to the Chief Minister but in fact I have not had a reply yet, I think I would like to have it now if it is possible to have it now. In respect of the Estimates as I understand it following the new procedure, the expenditure estimates are debated as a Schedule to the Appropriation Bill and at the Committee Stage following the standard procedure of debating Head by Head but now it is in fact part of the Bill and therefore we will not be having first a motion on the Estimates and then a Bill. If that is the case I would like to know at what stage is it envisaged that the Opposition will have the opportunity of questioning estimates of revenue preferably before new revenue raising measures are introduced?

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Speaker, all that has really happened is that the general debate on the Estimates has been brought forward immediately after the erstwhile Budget stage. Last year, in the general debate of the Estimates, the Honourable the Leader of the Opposition speaking as an independent Member, concentrated his debate and his discussion largely on revenue. As far as I am concerned and this would have been my intention the whole way through of my interpretation but if he so chose to do that under the new procedure in his main speech on the motion that the Bill be read a second time I would have thought that that was perfectly acceptable because we are in fact debating the Budget. I ^{know} that it has now been phrased that we are moving a Bill a second time, the Appropriation Bill, but the Appropriation Bill, Mr Speaker, merely gives legal legislative effect to the votes of this House on what is contained in the Estimates after they have been debated and considered in Committee and, therefore, certainly I would be myself astonished if the substance of any Member's speech in the general debate on the second reading were in any way different from what it would have been under our old procedure. I hope that that statement makes it quite clear and it is certainly not attempting to anticipate the Honourable Member's approach in this year's budget but certainly if, and far be it for me to suggest the line that he takes, but were he to come to the conclusion that that would be a similar line this year to the one that he followed last,

I would certainly think it would be perfectly in order subject to your ruling naturally, Mr Speaker, but from my point of view it would be certainly anticipated.

MR SPEAKER

The only thing is that the position will be inversed to the extent that the general debate will take place before consideration of the detailed estimates of expenditure.

HON FINANCIAL AND DEVELOPMENT SECRETARY

Yes, Mr Speaker, that is perfectly correct but if I may carry on. In the past, ^{previous} Financial Secretaries have made what has been known as the Budget Speech or the Budget Statement. Immediately following, the House has considered in Committee, head by head, expenditure and the whole point was that they did so before they had any inkling whatsoever of the policy behind the expenditure reflected in those various heads. Not only did they consider it but they voted the Head, so that at the end of the Committee Stage they had in fact voted the money. The House then resumed and there was a general debate on something which they had already agreed to and, finally, at the end of the day, of course, what they agreed to was legislated in the Appropriation Bill for the year which, by and large, naturally under those circumstances went through as they say "on the nod" because it was all water under the bridge. Now all that is happening, as far as I understand the position, is that a Financial Statement on the Government Estimates of Revenue and Expenditure, because that has always been the tradition, that the Financial Secretary has made certain comments about the revenue as well as about the expenditure, but the Financial Statement on the Government's Estimates of Revenue and Expenditure will be made by the Financial and Development Secretary as previously and then we will have from the Honourable and Learned Chief Minister a policy statement.

MR SPEAKER

May I interrupt so that we may be clear on this one. The financial statement will take the form of the moving of the Second Reading of the Bill. That is the way I understand it.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Certainly, Mr Speaker, this is the way that I understand it. But I shall move the Bill in terms of making a Financial Statement.

MR SPEAKER:

And your Budget Statement will come then.

HON FINANCIAL AND DEVELOPMENT SECRETARY

Certainly, Sir. If there is any other doubt perhaps Mr Speaker will allow me to stand up and try and explain them but as I see it, apart from pulling the general debate forward, in front of the Committee consideration of Head by Head, the substance of what is going to be said will broadly be as it has always been.

HON J BOSSANO

Except that the Government intention is that we should have the same opportunity as we have had in the past and in fact I was looking through the 1974 Budget where I said: "the problems so far as the House is concerned is that although we have an opportunity of looking at expenditure estimates in detail"

MR SPEAKER

May I say that you are still going to be asked to vote money in a different way for the purposes of the needs of the running of the Government and of Gibraltar without ^{debating} the revenue raising matters.

HON J BOSSANO

Well, the point that I want to make, Mr Speaker, is that the Appropriation Bill from now on will, in fact, contain the details of the expenditure estimates whereas before the expenditure estimates have been the subject of a motion, and the motion was that the detailed expenditure Heads should be approved. Now they are in a Bill and it would seem to me inconsistent with the fact that it is a Schedule to the Bill when one is debating the Bill to treat the revenue estimates as part of that Schedule. I do not see how you can ^{consider} estimates of revenue in the Schedule to an Appropriation Bill. Therefore, if they are not in the Bill how can one ask questions about the revenue estimates when the revenue estimates, . . . do not form part of the Appropriation Bill that is being debated.

HON CHIEF MINISTER

May I just make one point clear on this. First of all I

would like to explain that I did not reply to the Leader of the Opposition confirming what the Financial Secretary said because I had asked him to be in touch with him and I had discussed the matter with him and I thought he had, but I thought he was just safeguarding the position that is why I did not reply to the note he sent me about that. But there is something wrong, if I may say so with respect Mr Speaker, in the way you put it because it is not that the House is being asked to vote money without knowing where the revenue is going to come from, no, the House is being asked to vote money and the House knows from the Draft Estimates what money is already expected and therefore this is where the Leader of the Opposition wants to probe.

MR SPEAKER

I think you have misunderstood me, I have said that the House will know the requirements, they will not know the measures to raise the money.

HON CHIEF MINISTER

Yes, they do, what they do not know is the difference between one and the other because that is all that remains unknown till the last moment. They will see from the Income Tax that on present form you get so much, on other forms you get licences and so on and they know at the end of the Appropriation Bill that the present revenue measures produce so much and it is a matter of saying: "there is a gap according to the policy of the Government as to the amount of reserves that they keep in the consolidated fund plus the amount that may be different from the amount that has been voted". That is when the measures for revenue raising come and that is done the same everywhere because what happens in England is that you start looking at expenditure estimates 6 months before the time because there are such vast sums of money but here you can very quickly find what is expected of present revenue, unless we want to reduce taxation or knock it out and then something else must be put in its place, e.g., if we were to take away income tax, as was advocated by an Honourable Member opposite apparently at the Tax Payers Association. So that either that in substitution or you can assume that nothing is going to go down, and you may be right, and that the balance must be made

up in the Finance Bill which will be passed later on. Therefore the Honourable Member will, in my view, have every right to refer to matters from which the Government^{proposes} to obtain revenue.

HON J BOSSANO

I am glad the Honourable and Learned the Chief Minister has intervened because he has got me absolutely right in what I am trying to get clear, Mr Speaker. What is still not clear to me is at what stage this will be done because it seems to me that in the Appropriation Bill, looking at it logically, we have only expenditure estimates if those estimates are in the body of the Bill, if they are part of the Bill I do not see how one can be said to be looking at revenue estimates in an Appropriation Bill. He is quite right in thinking that what I want to do is what I have done in the past, i.e., to question the size of the gap and that has nothing to do with approving or disapproving of the expenditure. Assuming the expenditure is approved that puts a certain commitment which has got to be met in the forthcoming year. The amount of revenue raising measures that have to be introduced are in the results of two things, of the expenditure commitment on the one hand and the estimates of income based on an unchanged budget. If, in fact, one believes the estimates of income to be either too high or too low, it would change the revenue requirement and consequently I feel that there is a need, if one has got any queries concerning the accuracy of those estimates, to query them before one comes to the revenue raising measures.

HON CHIEF MINISTER

And that was on the basis on which I spoke to the Financial Secretary and on the basis on which he has made his statement, that you would want to know or reasons for saying that it is going to be only, for example, a 10% increase in income tax, why not 20%, therefore you need less money later on when it comes. So, really, you could have two bites at the cherry, you could discuss the question of revenue estimates in general debate in view of the fact that you are being asked to vote for the expenditure and you could also deal with them when you come to the revenue raising measures.

HON MAJOR R J PELIZA

I think the new procedure should help in getting through the business more expeditiously and avoid a lot of repetition which obviously has been the case in the past which only leads to confusion. There is one point, Mr Speaker, which I think is very important and perhaps one should bring it to the House now, and that is that if the Ministers were able at that stage of the proceedings to stand up and give the policy of their own department.

MR SPEAKER

That will be on the second reading.

HON MAJOR R J PELIZA

Yes, on the second reading, rather than at the Committee Stage. I think that would help very considerably if when standing up to speak those of us who have any points to raise on any department would make the point there and then and enable the Chief Minister at the end perhaps to wind-up the debate as is intended on the political side and equally, also the Honourable the Financial Secretary to clear up any points on the financial side. I think that might help to speed up the proceedings and on the whole help to make the points with greater clarity, there is one more point and this I think is where one comes to the Committee Stage and I do not see how this is going to be avoided. There might be instances when the only way in which one can show definite disagreement with any particular policy, with any particular vote which I reckon, unless Mr Speaker can suggest any other, any other way of doing it, which can only be done I imagine at the Committee Stage, I think Mr Speaker it would be helpful if you could give me an idea of how that can be done, if at all, at the initial stage or whether in fact one has to wait. Generally, one may agree with the estimates, on the other hand there might be of any particular department, on any particular vote, some disagreement in which case one might feel so strongly about it that one may wish to do the normal thing of moving a reduction in the vote.

MR SPEAKER

You will then amend the Schedule to either delete or add any amount.

HON MAJOR R J PELIZA

At the Committee Stage?

This is what I am told.

MR SPEAKER

When we consider it clause by clause. Basically, I think the greatest complaint that I have heard from Opposition Members for the last 7 years is the fact that you were debating, in committee, Estimates of Expenditure and Ministers were not standing up when their departmental votes were called to give a statement on general policy and therefore you were being asked to vote items without the full knowledge of what it was wanted for. With this new procedure, at the Second Reading of the Appropriation Bill, each Minister, I assume, will speak on the general principles and will give a reasonable and detailed exposition of the workings of the Department and what he wants his money for, for the forthcoming year. That will be at the Second Reading. Once we go into Committee, the Bill will be considered clause by clause including the Schedule which will include the Estimates of Expenditure and then you will be able to ask in Committee without limitation as to how many times you speak, whatever you want to know on expenditure.

HON CHIEF MINISTER

What we have to guard ourselves is that we do not get precisely the repetition we are trying to avoid. If a Minister makes a statement of policy of his Department, when we come down to the individual items of his Head he should be asked questions of detail, but not to make another statement, generally, as to the policy of his Department.

MR SPEAKER

You will rely on my discretion and on my ruling to the extent that since a general policy statement has been made on the Second Reading what we consider in Committee will be the actual expenditure, item by item, and they will be entitled to ask questions on the particular item and nothing else.

HON CHIEF MINISTER

There is another point which of course does not deal with expenditure but with revenue which has an added advantage in respect of the Finance Bill and that is that before - the new Members are not aware of this - before, in the final resolution of a number of items there was a general debate and people spoke against them, they were in the very awkward position of having to say yes and make reservations when in fact they had 15 items but they only agreed with 12. Now, in the Committee Stage of the Finance Bill, each item will be separately voted on and people will be able to say yes or no to this one or to the other one. In that way it is also an advantage because it is very awkward to have to say no to 15 items because you do not like one or to have to say yes because you like all except one or two.

HON MAJOR R J PELIZA

Mr Speaker, that is precisely why I raised the point on whether this should be done at the Committee Stage or on the Second Reading of the Bill because obviously in making a case, one may have to refer once again to a particular subject which one may have touched before.

MR SPEAKER

Which is, of course, completely and utterly acceptable provided the rules are not abused.

HON M XIBERRAS

Mr Speaker, there are a number of points and the Chief Minister is quite right in saying that I looked at this very carefully because after all we have a budget of, I think it is something like £16,000,000 and I think that this budget session is in fact the highlight of our legislative year. Therefore my reservation in the discussions that have taken place, in writing, have been conditioned by the fact that it is not just a question of the rules of the House but the application, the practice of this House, which is important. The change is too radical for any Honourable Member to be able to say with any degree of certainty as to how it is going

to work. Therefore my suggestion is that even though we do not put this consideration into Standing Orders nonetheless Honourable Members should be prepared to look at this again after we have seen it working this year. I would raise as an example, what has just been said about Ministerial statements. I think that the Bill procedure as opposed to the resolution procedure places an obligation on individual ministers to make their general statements before the individual items of their department are considered by the House. This would certainly be welcomed by Members, as you have said, Mr Speaker, who have been in Opposition before this time. I thought I caught a hint of discretion rather than almost obligation. I feel that the Bill procedure does place an obligation on the Minister to make use of this second reading in order to put forward the general views about their department. Another reservation which I have is in fact one which gives the Chief Minister in Standing Orders quite an extraordinary privilege, or gives the Government, generally, an extraordinary privilege of having two people with the right of reply on a proposition before the House and this as far as I know is allowed on no other occasion. I think it is justified solely because the Financial and Development Secretary is, in fact, not an elected member of this House whereas the major responsibility for the Budget is in fact one of elected members and therefore for a year at least I, as far as I am concerned, am prepared to have this in Standing Orders but I do not think it is a good proposition in itself because I think it is too radical a departure from Standing Orders, generally. The third point is the point which I am glad to have heard the Attorney General say is a necessary one, the inclusion of the safeguards in Standing Orders and follows from the second point I made, namely, that if one is going to depart radically from Standing Orders and give the Chief Minister an extra right of reply for the Government, then one is entitled to put in extraordinary safeguards for members of the Opposition so that, not the present Honourable and Learned Member but any future Honourable and Learned or Honourable and Gallant Member would be able to take advantage of. But I think on the other hand there might be other alternatives open to the House. For instance, even though it is the custom that the Financial and Development Secretary should present the Budget, I do not think that it is obligatory that he should do so, I do not know, and that is a

matter also for consideration. The House, I think, needs to be very careful about the Budget now. Things which have not been done by the present motion are, for instance, the detailed consideration of expenditure which has been the subject matter of some discussion by Honourable Members in relation to the Finance Bill. As Honourable Members are aware I have proposed some sort of a committee to look into expenditure and I was glad to hear the Chief Minister offer some encouragement to this proposal. I would say, Mr Speaker, that the major part of the problem has not been dealt with but I approve of the rationalisation which is taking place until experience, I hope, does not prove me wrong or does prove me wrong in this matter. As regards the UK procedure which was mentioned by the Chief Minister, there the situation is much more complicated and I think it has to do with what the Honourable the Leader of the Opposition was saying that in fact in the UK, the consideration of revenue raising measures is done by the House before the Appropriation Bill is finally taken because the Appropriation Bill is not taken till August whereas the Budget, as Honourable Members know, is considered in March. Therefore there is a period of overlap and a system of votes on account is taken for the period March to August which allows various committees of the House, and the House itself, to consider the estimates of revenue in the light not only of the revenue raising measures but on how the revenue raising measures are working and therefore one of the major complaints which I, for instance had that we were asked to vote expenditure without the consequences, that major complaint has in fact not been met. Theoretically it is possible to do it, as the Honourable and Learned the Attorney General told the House, it is not necessary to approve the Estimates of Expenditure by the time the revenue raising measures are taken. I think I recall him saying this in relation to the Finance Bill but there are pressures on the House to do so. I think there is popular pressure that this should be done to get the matter out of the way. I think we have a size to budget now which would certainly justify detailed consideration of these matters in the Standing Rules Committee of this House in the light of our experience in the present Budget. Therefore, Mr Speaker, my reservation is that it does look an improvement but the House should accept it for only one year.

MR SPEAKER

If there are no further contributors I will ask the

Chief Minister to exercise his right of reply. On this particular instance he has got it.

HON CHIEF MINISTER

Well, Mr Speaker, there has not been much controversy. I think the Honourable Mr Xiberras was complicating matters a little at the beginning of his intervention by trying to link up with this the control of expenditure which is another aspect of the matter and that is the matter on which he said he received some encouraging remarks from me last time. I am not reneging on that but I do not think that may be a consequence of a bigger budget or perhaps in real terms of money and value of money we might be able to make the same analysis that was made recently about the number of hours required to buy a bottle of whisky now than it was in 1950, or the number of hours required to buy a gallon of petrol in 1960, a man's average working hours, to obtain it now, so it is all very well relative. But of course the size is one which imposes and which brings with it certain responsibilities which is a matter of looking at it. I do not quarrel with the reservation made by the Honourable Mr Xiberras about looking at this again. We will look at this again, this is a new experiment which we are all trying to make it work and if there are defects in the working of it we will all want to make a contribution to make it work smoother, I think it is to the benefit of the new Members that they are going to find themselves with a much tidier House than we have had for the last 26 years. Therefore I do not quarrel with his suggestion that he wants to look at it next year but this is the way we are going to do at it and unless there is something very wrong that is the way we shall go through it. With regard to the obligation of making statements by Ministers, there is no obligation what I think is a procedural requirement if they want to say anything in general terms that they do not say so in committee but they say so in the Second Reading of the Bill. To that extent of course either they talk of their policy then or they can only talk about details after. To that extent, yes, there is a general principle. If they do not want to talk that is a matter for them and a matter for comment on the other side.

HON M XIBERRAS

I am talking about almost a moral obligation. The fact is that if . . .

MR SPEAKER

If I may interrupt here. You cannot legislate compelling a person to make a statement. Whereas before they did it in committee, they did it in committee if they wanted to so the matter has not been changed.

HON M XIBERRAS

It is not necessarily an advantage of this system that we will get statements or even statements at the right time. If any particular Minister refuses to make a statement until what I might loosely call his "shadow" has made a statement, then the virtue really of having that statement before the House is not as far as members of the Opposition are concerned. I am saying that there needs to be a lot of co-operation.

HON CHIEF MINISTER

What I am saying is that there may be Ministers, according to the kind of expenditure of their Department, who may have more to say than others because there is more versatility or more scope for developing a policy than others who do more management side of it than others who have changes of policy and so on and therefore I am not going to put any obligation on them except to make a good case for themselves which is what they are here for. How they do it is a matter for them. Mr Speaker, I commend the motion.

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

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Speaker, Sir, before I move the first of four motions standing in my name I would ask for your guidance. We have four long motions and I was wondering whether or not you would accept with the approval of the House if in moving them I merely read the citation of each one, rather than went right through the entire text.

MR SPEAKER

Are you really asking for my guidance or are you

appealing to my better nature?

HON ATTORNEY GENERAL

I would not assume that you had two natures, your nature is the best, Mr Speaker.

MR SPEAKER

I am much obliged to the Honourable and Learned the Attorney-General. I think I will ask for the leave of the House for the Honourable the Financial and Development who has a very lengthy motion before him not to have to read the motion. It has been circulated and time has been given to Members to see it. It is basically of a procedural nature. It is amendments to the Statistics (Employment Survey) Order, 1971 and if the be amended as per notice of motion given, I think that will suffice if the House will give him the leave to do that.

Hon Financial &
Development
Secretary moves
that the Statistics
(Employment Survey)
Order, 1971

HON FINANCIAL AND DEVELOPMENT SECRETARY

Thank you, Mr Speaker. I have the honour to move that this House do approve the making by His Excellency the Governor of the Statistics (Employment Survey) (Amendment) Order, 1977 and that the same shall be deemed to have come into force on the 25th June 1971.

Mr Speaker, what I shall say in support of this particular motion applies equally to the three subsequent motions standing in my name in the Order Paper. A number of Orders were made under Section 5 of the Statistics Ordinance to enable the Government Statistician to conduct surveys on employment, on hotel occupancy, on air traffic and on tourism. It was intended that such surveys should be carried out at regular intervals but in the event the various Orders made inadvertently provided only for single surveys. The orders referred to are: firstly, the Statistics Employment Survey Order, 1971, that is the exceptional subject of the particular motion which I now move; secondly the Statistics Tourist Survey Order, 1972; thirdly, the Statistics Hotel Occupancy Survey Order, 1971, and, fourthly, the Statistics Air Traffic Survey Order, 1971. The fact that those Orders were for once only surveys has only recently come to light and the Honourable and Learned Attorney General to

whom the matter was referred, has confirmed that in effect those Orders provided for one survey of each type only. That, Mr Speaker, was quite clearly not the intention when the Orders were first made. In order to regularise the position it is therefore proposed to make the Orders which are the subject of these four motions. There is an amendment in the Employment Survey Order to which I must draw the attention of the House. As regards the Employment Survey Order the opportunity is being taken to include an amendment which will allow for flexibility in the timing of employment surveys. To conduct such surveys at a time when for any reason the employment situation is abnormal is valueless because the results will be seriously misleading. It should be possible for the Government Statistician to conduct surveys at 6 monthly intervals, this is the intention, but he should not be obliged to stick rigidly to a 6 monthly timetable if the situation were to exist at any time where a survey were due where in his opinion the results if he did it then, would be misleading or valueless. Mr Speaker, Sir, I beg to move.

Mr Speaker proposed the question in the terms of the motion moved by the Honourable the Financial and Development Secretary

HON P J ISOLA

Mr Speaker, I would like to speak on this motion. I am glad that the Financial and Development Secretary has dealt with all the motions at the same time which I think is appropriate he should do so. I have got very little to say on the first motion. I appreciate the need for this motion but I would like to make an observation about when the actual reports comes out. The words used are "as soon as practicable after the expiry of six months" in this case, and of one year in the other cases. I think that if these statistics are to be of any use they must come out fairly soon after the expiration of the year. I do not know how far the Statistics Office is set up to be able to produce a report fairly quickly. When dealing with the tourist survey motion perhaps the Honourable the Financial and Development Secretary will deal with this point which is common to the other three or even this one, I do not know how far. I notice that these Orders are deemed

to have come into effect to cover previous years on a particular date. I am just wondering whether with the Hotel Occupancy Order, the Tourist Survey Order and the Air Traffic Survey Order we ought not to choose a more appropriate date than the ones that are actually down. I will give an example. In Air Traffic it is important to get a survey report out roughly in January or February of every year so that you get the full year before in preparation for the summer season coming on. This affects applications of air fares, it affects dealing with hotel statistics for the following year and all sorts of Government policy that might result as a result of the facts that these particular surveys produce. I do not know how long they take after the end of a year to actually produce the Survey Report but if, for example, they take a month or they take two months I think it would be a good idea if it is one or two months, to make the date that it is deemed to have come into force January in any year so that in the middle of January the Statistics Office closes its books and produces a Report between February and March which I think would be very useful for the Minister for Tourism, for people connected with the Tourist trade, people connected in air communications who want to know actual certified statistics before there is an application for the summer fares and so forth. I think that choosing June in the case of air traffic and hotel occupancy and May, in respect of Tourist Survey, would neutralise the beneficial results of having these statistics.

HON ATTORNEY GENERAL

If the Honourable Member will give way. The reason, of course, as he must have appreciated is that they have been ante dated to the respective dates of the original Order. I appreciate the point so long as he has got that.

HON P J ISOLA

Yes, I have got that. I appreciate that that is the reason why these particular dates have been put up but once that we are correcting I was wondering whether we might not correct in a way that in future these statistics Reports come out at the time we want them

and I think June is much too late. It will come out in August, people have already done their winter planning and so forth and you are losing, I think, very valuable information. I would suggest if it can be done, that there should be some amendment so as to get these survey Reports coming out at the time of the year that we want them.

HON A W SERFATY

The Honourable and Learned Mr Isola must appreciate that I am very interested at least in the three last mentioned reports and I must confess I have always wondered and I have always been asking the Director of Tourism why do these statistics reports start in July and end in June, and the Reports are always headed 1974/75 whereas I would have thought it would have been neater if they were for the calendar year. On the other hand it also should be said that the year of air traffic begins on the first April rather than the 1st January to take the summer followed by the winter period. But I am completely in agreement that these Reports should not start in July and end in June. I rather they were for a calendar year in spite of what I have said about air traffic.

HON MAJOR R J PELIZA

Mr Speaker, I would just like to have a point clarified. The Honourable Financial and Development Secretary stated that under the amendment the Statistician would more or less be free, if he thought it necessary, to postpone the survey until such day and time as he thought that he could produce a more accurate picture

HON FINANCIAL AND DEVELOPMENT SECRETARY

If the Honourable and Gallant Member will give way. I think that is construing very, very widely something which indeed I did say which was that if at the time when any particular employment survey was due, and it relates only of course to the employment survey, then he could defer carrying out the survey while that abnormal situation persisted. It does not give him unfettered discretion.

HON MAJOR R J PELIZA

Perhaps I should have been more precise in what I said.

All that I wanted to clarify is if in the context of the "Governor" here, it means the Gibraltar Council under the Constitution or does it mean the Governor himself in person. This is the point I would like to clear.

HON ATTORNEY GENERAL

It is a defined domestic matter. It will be the Governor acting on the advice of Council of Ministers.

MR SPEAKER

I will call on the mover to reply.

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Speaker, Sir, we on this side have taken due note of the points made by the Honourable Peter Isola. However, I think that we must have a little time to see whether or not it is actually necessary to amend the orders in any way or whether it can be done merely by an administrative direction, but the point is well taken. On the other aspect of the same point that he made which was that statistics take some time to be produced, while the Government has taken no firm decision on the matter, we do have in Gibraltar at the moment a computer and to the extent that it is possible to do so, I certainly intend to say that the Government Statistician takes as much advantage of the computer as is possible. We have not got to the stage of considering whether there should be a hiring arrangement but certainly I have already given directions that he should, naturally with the consent and agreement of those who run the computer and subject to the agreement of a reasonable rate, use the computer to the maximum extent in reducing statistical abstracts. Mr Speaker, Sir, I beg to move.

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

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Speaker, Sir, I have the Honour to move that this House approve the making by His Excellency the Governor

of the Statistics (Tourist Survey) (Amendment) Order, 1977, and that the same shall be deemed to have come into force on the 19th May, 1972.

Mr Speaker proposed the question in the terms of the motion moved by the Honourable the Financial and Development Secretary.

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

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Speaker, Sir, I have the honour to move that this House do approve the making by His Excellency the Governor of the Statistics (Hotel Occupancy Survey) (Amendment) Order, 1977. Mr Speaker, I have been advised by legal counsel that I need not mention the date when it shall be deemed to come into force.

Mr Speaker proposed the question in the terms of the Honourable the Financial and Development Secretary's motion.

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

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Speaker, Sir, I have the honour to move that this House do approve the making by His Excellency the Governor of the Statistics (Air Traffic Survey) (Amendment) Order 1977.

Mr Speaker proposed the question in the terms of the motion moved by the Honourable the Financial and Development Secretary.

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

MR SPEAKER

We have now finished with Government motions. The next item on the Order Paper is Bills and I think this will be a good moment to recess until tomorrow morning at 10.30 a.m.

The House recessed at 7.00 p.m.

WEDNESDAY THE 9TH MARCH 1977

The House resumed at 10.30 a.m.

BILLS: FIRST AND SECOND READINGS

THE CRIMINAL JUSTICE ADMINISTRATION (AMENDMENT) ORDINANCE 1977

The Honourable the Chief Minister moved that a Bill for an Ordinance to amend the Criminal Justice Administration Ordinance (Chapter 36) by abolishing Corporal Punishment be read a first time.

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

SECOND READING

HON CHIEF MINISTER

Mr Speaker, Sir, it will be recalled that at the last meeting, the Honourable the Leader of the Opposition proposed a private motion for leave to introduce a Bill in which he attempted to do away with corporal punishment. The Bill in itself was not satisfactory and in any case I said that I would like to have time to consider it. The matter was referred to the Child Care and Probation Committee who at their first meeting had a draw and therefore came to no recommendation and at the subsequent meeting it was approved with a majority. This is of course an advisory Board but we wanted to have their views on the matter. As far as I am concerned I think that something that has stood in the Statute Books for

years without any implementation is really not that important or necessary though I appreciate that in view of the lack of other kinds of manners or disposing with juvenile offenders it might be something good to hold up your sleeve for the occasional hard case. But my information of the way in which, and without any criticism, the punishment which gave rise to this call for a change in the legislation was rather more comic than cruel and perhaps there is much more sentiment in this than practicability. I have never been in favour of corporal punishment and I undertook to look into the matter. As far as my colleagues are concerned this is a completely free vote, it is a matter of conscience where people feel differently in different ways and we have no whip on this matter, not even the whip with which to carry out the punishment, and as far as we are concerned Members can vote whichever way they feel like it. It is a matter of general public interest and Members should be free to explain and give their views on the matter entirely on their personal conscience and in no way directed by any particular policy. There was no policy in the manifestos of any of the Parties in this matter, it was something that was dormant and nobody thought about it and therefore as far as we are concerned we are perfectly happy to be guided by the majority of the House and it is not a Government measure but an opportunity of dealing with the matter which would have been dealt with anyhow, Mr Bossano having already obtained leave to introduce the Bill and it would have been discussed here. We considered it better that the Attorney General should prepare the draft of the Bill as had to be appeared before the House and I commend the Bill to the House.

Mr Speaker then invited Members to speak on the general principles and merits of the Bill.

HON M XIBERRAS

Mr Speaker, I welcome the proposal of the Chief Minister that this should be a free vote for Honourable Members on his side of the House and I rise therefore to express my own views on the matter feeling sure that Members on this side of the House, as far as the Independents are concerned, will also vote on their consciences in this matter. The Bill is important, I think, for two reasons, one, because there will be individual Members in the

House who are opposed to seeing corporal punishment continue on our Statute Book and, secondly, because this is the kind of measure which is symptomatic of the society in which we live. The fact that corporal punishment had not been used over a long period of time, it was eight or ten years, and that the courts had had no reason to have recourse to it shows that as a deterrent to crime amongst juveniles in our society it is either not required, or not required to the extent that it is used often as are fines and commitment to prison and so forth. I am still rather hazy as to why the Chief Justice choose this particular punishment in this particular case. I am afraid I must confess that I have not inquired deeply enough into the reasons but in my experience as Minister for Labour and Social Security and no doubt Mr Canepa will have something to say about this, there were a number of measures on the statute book which were there because our facilities for dealing with young offenders were not the same or comparable to those in the UK and I wonder if the Minister for Labour might, in the course of his intervention, I hope does speak on the Bill, will tell the House whether we are leaving a lacuna, a gap of some sort, in the statute book which might prejudice the work of the courts if we do away with corporal punishment though I do gather that the situation is somewhat better now than it was. I am referring, of course, to the lack of a place of detention, not that I particularly favour Borstal type of institutions, but it is a factor to be borne in mind I am sure by Honourable Members and I look forward with interest to hearing the Honourable Mr Canepa speak on this matter. Mr Speaker, I do not think it is inconsistent with controlled corporal punishment either in schools or even in the home to advocate the disappearance of corporal punishment from the statute book. There is a social stigma attached to corporal punishment as prescribed by the courts which is not to be found in other context of the home or of the school. It is a matter of psychological fact, I think, and Honourable Members would not be inconsistent in saying; "Well, I think that a good slap does a boy very good"; or even that the cane or the strap in school should continue to be allowed. This punishment by the State in a physical manner is something quite serious and since we are dealing with the young offenders it is not in my view, and I hope in the view of Honourable Members, the best way of dealing with such offenders. A parallel comes to mind with the abolition of conscription.

There is when one removes corporal punishment from the statute book an accompanying responsibility to ensure that the courts are left with enough options and that the House is aware that in extreme circumstances which might arise it might be necessary to replace this type of corporal punishment, birching, by something perhaps remedial, corrective and we cannot discard one responsibility without taking on another. As far as I am concerned I support the Bill. I am glad that it has not been done in haste though I must confess my immediate reaction was exactly the same as that of the Honourable the Leader of the Opposition, it was to move a motion. He beat me to it I think by five minutes and I think that Honourable Members, individually, and the House collectively, would be well advised to give its support to this Bill.

HON A J CANEPA

Mr Speaker, I support the introduction of this Bill and I will be voting in favour, in other words, I shall be voting with a view to abolishing corporal punishment and I do so purely as a matter of conscience because it is true to say that when I heard about the imposition of this punishment I was somewhat shocked because quite honestly it never entered my mind that we still had corporal punishment in Gibraltar. I was not aware that it was still on the statute book and not only do I feel for the victims concerned perhaps given the nature of the kind of punishment which was in fact meted out and which the Chief Minister has perhaps rightly described as having been somewhat comic, I also feel very strongly about the person who may be required to administer this punishment. I think it is a rather unsavoury and undesirable business for the individual concerned to have to carry this out, so I shall be voting in favour. I have been invited to comment about alternative or intermediate methods of treatment and to explain what the position is in the United Kingdom as compared to Gibraltar and this I do gladly. In doing so I want to make it clear that I shall be drawing heavily upon the advice which the Director of Labour and Social Security has tendered in a memorandum to the Administrative Secretary and, therefore, to the Government. The position in the United Kingdom, Sir, is that over the years the Courts have had a number of alternatives when sentencing young offenders and these have ranged from custodial sentences in institutions such as Borstal, detention centres and so on, to fines, probation and

absolute or conditional discharge. Under the 1969 Children and Young Persons Act, the Local Authorities were called upon to provide community homes for young offenders in order to replace remand homes, Borstals and approved schools and as my colleague on my left has rightly commented, this has not been done. The intention was that a child should only be detained in prison in very serious cases but because of the financial aspects and because of the economic situation, in fact, very little progress has been made in the United Kingdom in this respect and therefore it could be said that the situation is very much as it has always been. In Gibraltar I think that even less than in Britain can be afforded to provide, given the very small numbers that we are dealing with, the very wide range of intermediate methods of treatment which are advocated by social workers. In any case it is true to say that they do not appear to have been singularly successful elsewhere in bringing down the criminal rate. When the Edmund Rice Home was opened in Gibraltar in 1966, it was intended to be a sort of a half-way house between probation on the one hand and a prison sentence on the other. In fact what has happened is that experience over the years has tended to indicate that the use that we have been making of these Homes has been more in the nature of care and protection cases rather than young persons with a criminal record. It must be borne in mind, Mr Speaker, that the number of what could be described as hardened young criminals or young offenders in Gibraltar is not particularly high. That would appear to be borne out not only by the number of actual prison sentences that have been imposed but also by the fact that it has not been necessary to have any recourse to corporal punishment for 9 or 10 years or thereabouts. The Director of Labour and Social Security also advises Government that greater use could perhaps be made of the Attendance Centre Orders than has been done at present. In the past the Fire Station has been used as an Attendance Centre and more recently the Youth and Careers Officer is being involved from this respect and young people sometimes are being required to take on social work of some nature or other such as involvement with the youth organisations as a form and as a means of rehabilitation. So this is something that perhaps could be looked at in more detail, the Director of Labour informs me that he intends to do this and it could be that though perhaps the fairly hardened young offenders may not benefit directly, those who are on that road perhaps could be helped before they reach the stage of imprisonment and I hope that that outlines

what the position is, Mr Speaker, and takes care of the points that were raised by my Honourable Friend opposite.

HON A W SERFATY

Mr Speaker, I think that one should apply to this matter certain philosophical considerations. What policy does one adopt, putting the other cheek? Or eye for an eye and a tooth for a tooth? I think that these though not directly related to this matter are two different philosophies that we should consider and I am sure that both have their advantages and disadvantages. I personally do not believe in violence. I never remember ever slapping any of my children, never, and I believe more in persuasion rather than in violence. No violence by the individual and no violence by the State.

HON ATTORNEY GENERAL

It may well be that the Honourable Member's children were as good as himself and they never deserved punishment.

HON A W SERFATY

As I believe in persuasion I certainly will vote for the Bill.

HON H J ZAMMITT

Mr Speaker, Sir, I feel somewhat different to the speakers so far on this particular motion for quite simple reasons and may I say from the outset that it is as the Chief Minister has said a matter purely of conscience and therefore I think that I would like more consideration than merely just saying a few words to be popular. Mr Speaker, we know that the law has provided certain rules as regards juveniles. I think I am correct in saying that when we are talking of juveniles we refer to people under the age of 17. I think it is at 17 years of age that a person can do absolutely no wrong and therefore he cannot be punished but the whole issue has evolved purely because someone was birched only a few weeks ago and of course because it had not been done for a considerable number of years there was much more concern given to this particular treatment than if we had had a continuation of this

because it had not been done for a considerable number of years there was much more concern given to this particular treatment than if we had had a continuation of this treatment during the time that it has been abandoned. Mr Speaker, I think everybody tries to improve methods and there must always be a line or an aim to try and better every person's position but I must say, Mr Speaker, that in the case of juveniles and in particular with regard to the United Kingdom a tremendous amount of money has been spent in constructing Borstals and other Homes and may I say to absolutely no avail. As my colleague the Minister for Labour has explained, we have quite a reduced number of this kind of offender. We know there are certain methods also how juveniles can be dealt with and I would ask Honourable Members to consider the methods which the Courts can today impose. Before one goes to Court there is such a thing as a Liverpool system which is merely a telling off by a senior Police Officer in the day-to-day sort of offences. Secondly, we also know that the Court's powers as regards juveniles is basically static inasmuch as they can only be put on probation or the family or the father has to make good through no fault of their own in many cases, a certain amount of indemnities and we find that a youngster is taken to Court time and time again and time and time again he is put on probation or bound over for a further year, he comes back and he is bound over for a further year. There is absolutely nothing gained by the question of being on probation or being bound over. Mr Speaker, I think no doubt some people are thinking that I must be a sadist or extremely cruel, I do not for one moment suggest or even want to insinuate that I advocate the birch to be there ad lib but I certainly advocate the birch for the kind of constant offender that goes to court time and time again and the courts can do absolutely nothing but the only thing we could do is construct, or find a Home at taxpayers tremendous expense for the small number of persons that would warrant this particular treatment. Mr Speaker, a few weeks ago I was in England and by sheer coincidence I saw a programme on television of youngsters having had a very rough upbringing and all through their lives from the age of possibly 12 or 11 they had been picked up by the Police time and time again, had been taken to the Juvenile Court and dealt with and the two girls and one boy that were interviewed only said that they had actually pulled their socks up when they had acquired the adult age of over 17 and were actually put in prison otherwise they

were referred to as Butlin Holiday Camps. Mr Speaker I must repeat this so that there is absolutely no misunderstanding. I would strongly support that the birch should not be dispensed with. I think it should be kept there for the offender for which there is absolutely no other treatment but I think experience has shown that even on this last occasion, Sir, the occasion that has brought about this motion - and let us not forget too that many juveniles go to court and the public never get to know about it because it is a case that is not publicised in the press or not even open to public hearing - that the birch was used after this particular youngster was had an armlength of convictions. I would certainly oppose the courts having the power to have the birch for the first offence but when a youngster is taken to court far too often then the only remedial thing to try and bring the youngster back is unfortunately by the administering of the birch.

Mr Speaker, the Minister for Labour did mention the fact of how unsuccessful the House or even Borstal for that matter have been in the United Kingdom and he did use the words "the hardened young offenders". That is the individual, Mr Speaker, that I am concerned with. I think that the only way that there can be some form of maintenance of law and order in the case of hardened young offenders is unfortunately today, because of our dimensions, because of our small number of offenders, is the ultimate power with the court to be able to administer the birch and I think we all know that the Magistrate or the Judge is not the kind of individual that would administer that as a first offence. Therefore, Mr Speaker, I regrettably have to vote against the motion.

HON ATTORNEY GENERAL

Mr Speaker, Sir, if I could deal just with one point to start with which the Honourable Mr Xiberras made. He said that he did not know why the Chief Justice chose to impose the sentence of corporal punishment in this particular case. I was not in court but I think the reason was that probation had been tried and failed, the young man in question had been sent to prison and although this had had effect at first, subsequently the Chief Justice was advised that a further spell in prison would

would him back, if I might put it that way, down the road, that it would do no good at all and so in those circumstances corporal punishment was imposed. There are really, I think, four reasons for punishment. The first is retribution, the eye for an eye, a tooth for a tooth principle which I think is generally not acceptable anywhere certainly in a civilised world today. The next reason is reformatory and perhaps Borstal training is one example, perhaps even training and work in a normal prison. The third reason is preventative and of course the only example of that nowadays is imprisonment. Once a chap is in prison he of course cannot commit any further offences against the community and, lastly, is the reason of deterrence. A person because he knows that a particular punishment may be inflicted, is unwilling to commit a particular offence. I think it is fair to say that in most cases all three reasons to a certain extent come into force in any punishment. Prison, of course, it is both a deterrent and it is a preventative, it may be a reformatory as well. I think in deciding whether any punishment is justifiable one has to look at the reasons for that particular form of punishment and its effect. Let us look at corporal punishment. It is clearly not preventative. It may well be reformatory and the vital question is, are we justified in using that particular form in order to protect society? No corporal punishment can be inflicted on a person by the court over the age of 17 but does it deter persons under that age and in deciding that point I think one must look at one's own experience. If one's children have misbehaved does the threat of the parental slipper or a box of ears, does it persuade them to behave better? Those of you who have been teachers, my Friend the Minister for Labour and Social Security and the Honourable Mr Xiberras both to my knowledge have been teachers. They, I think, would be able to say, I do not propose to hazard a view, whether the knowledge of children in a school that they may receive the strap or the cane, makes them behave better. If it does, and I would think it does, then it would seem that such a punishment is justifiable and I would urge the House, in considering this particular Bill, not to be ruled by their hearts but to use their heads. If Members sincerely feel that the threat of corporal punishment is not a deterrent then by all means vote for the Bill. If you feel that it is a deterrent, that one is justified in imposing such a deterrent to protect society, then vote against the Bill. That, I think, is the vital point. Society has as much right to be protected as an individual and may take proper action against an individual. That is the test.

HON P J ISOLA

Mr Speaker, I get up with some trepidation to speak on this particular Bill for the simple reason that I have not heard the arguments that have been adduced in favour or against as unfortunately I have just come into the House.

MR SPEAKER

May I say that the Chief Minister has given members of the Government a free vote on this matter.

HON P J ISOLA

I am much obliged, Mr Speaker, for that information. I just wonder as far as this particular Bill is concerned whether we are not being a little too hasty in abolishing corporal punishment. I think it is a matter of principle. I think I would agree that corporal punishment should not be administered by the state. I think that a distinction has to be made between corporal punishment administered by parents which I think is a very useful weapon in the home, corporal punishment administered by teachers, which I think, although some people object to it, also highly desirable and used properly can be a useful adjunct to maintaining discipline in the school and people must learn discipline I think from an early age. I think there is a distinction to be made between that the corporal punishment administered by the state which is so much more impersonal and to a certain extent to be regarded as vindictive. I think in certain circumstances unless you have the whole set up not only as deterrent but of educative or reformatory establishments to replace corporal punishment it may be dangerous to do away with it. I notice that as far as the Gibraltar judiciary is concerned corporal punishment has only been awarded on about 2 or 3 occasions in the past number of years - I do not have the statistics - so it is a punishment which I think the judiciary seems to be conscious should not be imposed freely or frequently. In the recent case that it was imposed and which was of course all the halabaloo and of the move to abolish corporal punishment, I think very few people realised it was still in our statute book, in that particular case from what I read, I have no personal knowledge of the case, almost every

form of punishment, deterrent or otherwise, had been tried out and failed and I suppose the judge there said: "This chap does not change, this is a hopeless case. Let us just use the only form of punishment that has not been tried in this case", and he ordered corporal punishment. And if you do not have alternatives, Mr Speaker, it is not just a question of protecting society which is something that has to be borne in mind always, really, it is not just that, it is a question also of trying to change the persistent offender and in England of course there are many ways in which this is done, there are many establishments that deal with this sort of situation, it is a bigger country and has the money, the capacity, the resources and so forth to deal with the situation. In Gibraltar, unfortunately, as far as I can see under 17's or under 16's all you can do is probation, attendance orders or imprisonment, apart from the Home and it appears that this particular case was not suitable for that sort of establishment. I certainly think that although in principle I would like to see corporal punishment done away with, I would not like to do away with it without having some alternative that can fulfil the purpose of either reform or deterrent. So my own inclination on this Bill is because I object to corporal punishment, in principle, I equally object that nothing is being substituted for the penalty that is being taken away. My own feeling on this would be to abstain on the Bill, I do not think I could agree to abolish corporal punishment in Gibraltar without knowing what arrangements were being done to replace it by some other form of punishment or reformatory treatment. My own feeling on this is that I think I would be inclined to abstain on this Bill.

HON J B PEREZ

Mr Speaker, I would like to say that I welcome and support the Bill introduced by the Honourable and Learned the Chief Minister for the reason that I do not believe that flogging, in fact, achieves the purpose of punishment. I say the purpose of punishment because society must have some authority on which to inflict punishment on individuals and I believe that the proper end of punishment is the prevention of crime and in this context I would like to say that I ascribe to the view that crimes are in fact more effectively prevented by the certainty

rather than the severity of punishment and by certainty I mean better and more efficient police force with up to date methods of detection. This is the basis, not the severity of the punishment but the certainty. I also do not believe that flogging is in fact a deterrent since I believe that it hardens the youngsters and does not lead to their reform. I think one must also remember that in the United Kingdom it was abolished in 1947 as no doubt the Honourable Attorney General would agree with me or would correct me if I am wrong. I believe it was Section 2 of the Criminal Justice Act, 1947.

HON ATTORNEY GENERAL

Flogging was abolished in 1947 but not corporal punishment.

HON J B PEREZ

United Kingdom legislation in fact stopped corporal punishment some time ago. I welcome the Bill and I will be voting in favour.

HON MAJOR R J PELIZA

Mr Speaker, I believe that this is perhaps one of the few occasions when I have really come here with a very open mind and it seems to me that most of the Members have come in this way which reflects the uninhibited and objective contributions that are being made here today. Even now I find difficulty in deciding which way to vote and I think I know the reason why perhaps I am going to vote against the Bill and I will put my case in case what I have to say may influence other Members here. I am rather hopeful in this occasion, more in fact than on any other question that has been debated in this House. First of all, I think, if one looks back it seems that in the past more attention was taken of the physical than of the mental. For instance, if someone stole the answer was cut his hands so that he never steals again, and no doubt very effective, but I would say not very humane, or if someone committed perjury I think his tongue went off. Politicians, of course, would not be able to talk after that and it might be a jolly good thing.

MR SPEAKER

I hope you are not going to give any further examples.

HON MAJOR R J PELIZA

No, I will not go into the question of adultery, Mr Speaker, if that is what you were thinking about. I think that as time goes by we are beginning to realise that it is not physical, that it is really mental, that offenders sometimes are not really in the full sense responsible for their acts and it has a lot to do with their biochemistry and also with the environment which starts from birth and there it goes into the upbringing in the home and in the society that he lives. I think we would not be acting in a very humane manner if we were not to take those points into consideration whilst we are deliberating here today. On the other hand one might say that the birch is not so much like flogging or punishment in the sense that I think I heard my friend Brian Perez say just now. It could also be interpreted as treatment rather than punishment in that I do not believe that it is the pain suffered by the youngster that makes him perhaps change his way but more the psychological effect of the humiliation of at the age of 16 or 17 being birched by another person. I think that, more than the pain suffered, is the effect. If one looks back at one's own upbringing. I remember as a child I was not slapped very often because I was not a very naughty boy but I think on one or two occasions I remember my father spanking my bottom and I now look back and I am not at all offended by what he did to me, on the contrary, I think even then after that I realised that I had done something wrong and that I deserved it perhaps by the way it was done. It was done there on the spur of the moment, 5 minutes later my father was kissing me and we were again very friendly. I think at that age no amount of talking would have convinced me that going near the fire was going to burn my finger, the only thing that kept me away from the fire was the slap that my father gave me and in that respect you see I do not think there was anything cruel in that. That is in fact being cruel to be kind and if he had not slapped me perhaps I would have had a burnt hand the following day and suffered much more for it. The birch can also have the similar effect whereby you are being cruel to be kind, not only to society but to the individual himself and if one thinks in that way one might think that after all that is the best way of doing away with that kind of offender where

no amount of other treatment or talking or probation or whatever you may call it, suspended sentence, going even into jail, will stop it. So I think that there is a very strong argument for keeping the birch. I think the Honourable Mr Zammit has put a very good case. Quite honestly I find great difficulty in deciding which way to go. But I tell you why I think I am going to vote against the Bill. My Honourable Friend Peter Isola says that if we do away with the birch we have nothing to substitute it, but I knowing the way that Government works, if we are going to rely on the birch we are never going to find something to substitute it and therefore if we do away with the birch then we shall have to find a substitution and this, Mr Speaker, is the only reason which, finally, has made up my mind to vote in favour of the Bill. I am sorry I think I got myself mixed up.

MR SPEAKER

If you are voting against the abolition you are voting against the Bill.

HON MAJOR R J PELIZA

No, the Bill is to abolish. I am voting for the Bill against abolition.

MR SPEAKER

Therefore by voting against the Bill you will keep corporal punishment.

HON MAJOR R J PELIZA

No, no I am voting against abolishing and in favour of the Bill.

MR SPEAKER

No, I am afraid you cannot do that.

HON MAJOR R J PELIZA

Well, perhaps the Chief Minister will tell me the way to vote.

MR SPEAKER

You are voting against the Bill so that corporal punishment will remain. The Bill is to abolish corporal punishment.

HON MAJOR R J PELIZA

I know. I am going to vote for the Bill. I said why because if we do not do away with the birch then we will not be able to find a substitute. I am sorry I confused you, Mr Speaker.

MR SPEAKER

I now realise what you mean.

HON A P MONTEGRIFFO

Mr Speaker, I rise to speak and I am rather confused because it is a complex problem, an emotive one and one that perhaps one is inclined to swim with the tide in all sincerity simply because modern trends of experts teach us that corporal punishment which is recorded even in the first chapter of the old Testament is something that does not help anybody. My view and my experience, and I ought to have some having dealt with six children at home, is that corporal punishment provided it is not abused because otherwise it brings contempt, can serve a useful purpose particularly when it is administered by parents. I also remember the more rough punishment at schools which some Honourable Members sitting on both sides of the House used to suffer and looking back at those old days we never loved our teachers ^{less} for that. In fact I find that the old generation with all our faults and with all our old fashioned ideas, have had much more feeling for those teachers used to punish very severely than perhaps children have now for their own teachers though they are given less of the strap, etc. I feel that in the home the child does not suffer psychologically because it is the parent who is administering this punishment and he accepts it and in the school where the teacher is in a way acting on behalf of the parent if he has got that delegated authority the children are not so much psychologically affected by the punishment meted out to them. I think as a deterrent for a hardened criminal it is not effective. If you go to the Borstal

institutions, if you go to all the other probation systems that exist, if you go to any other sort of psychiatric treatment or call it what you may, the hardened criminal, unfortunately 99 times out of 100 remains a hardened criminal and therefore because I am against institutional punishment and because I feel as a deterrent it is not going to serve a useful purpose I am voting in favour of the Bill.

HON MAJOR F J DELLIPIANI

Mr Speaker, what looks to me a fairly simple case of either for or against the more I listen to Honourable Members the more complicated it becomes. It is, as the Honourable Mr Montegriffo has said, quite a complex situation we are facing. I think most of us have experienced some form of corporal punishment either in the home or in school. Unlike the Honourable and Gallant Major Peliza who claims he was never really a naughty boy I have been a naughty boy both at home and at school and I suffered for it. But the thing that strikes me about corporal punishment in the home and in the school is that it is an immediate punishment, it is not done in cold blood and this is basically what I have against corporal punishment within the law, the cold and deliberate punishing of somebody after the offence has been committed, a week, two weeks, three weeks ago, there is something inhuman about it. To take the other extreme, capital punishment. There is something terrible about a society getting together to deliberately and coldly kill somebody after an offence that has happened a year in America, 3, 4 or 5 years ago. This is what makes me, I think, feel inclined to vote the abolition of corporal punishment, not because I do not believe in corporal punishment, I believe in instant corporal punishment, but in law we cannot have this and it is only the cold deliberate inhumane act of punishing a person after an offence has been committed a month, 6 weeks, 3 weeks ago that will make me vote for this Bill.

HON M K FEATHERSTONE

Mr Speaker, the victorians used to think that there could be no form of discipline without chastisement and they were great believers in spare the rod and spoil the child and later on in one of their comic operas "The Mikado", we had the Mikado himself advocating that the punishment should fit the crime and to some people there may be

some merit in this were a youngster to steal an old woman's handbag, has punched her in the nose and left her on the ground then some people feel that the only way to teach that person is to inflict some sort of physical pain upon the person as well. But the thing that strikes me most in the question of whether a person should be birched or not is the question of whether it would act as a deterrent. In many instances the persons who resort to a life of juvenile crime come from homes where they themselves are often the object of violence and one more beating whether it is from the state or from the parent is not going to make very much effect. I remember at school when we were ten years old there was one boy who sat in the front row who was afflicted with a nervous disease and fiddled with his hands like this all the time, who used to get six or the cane every lesson from a certain master. Whether the master was feeling satisfied that he had done something or not I do not know, but it never acted as a deterrent whatsoever on this poor boy. Every lesson he got his six of the cane and yet he still fiddled with his hands time after time and I feel that if we are going to inflict the birch on one of these young offenders it is not going to act as a deterrent at all, in fact, it may go the opposite way, it may make him from the juvenile offender into the potential hardened criminal with a desire to have his own back against the state for having inflicted this punishment on him. I think the only answer that we have got to find for these juvenile offenders has got to be some process other than the inflicting of corporal punishment which through the years has never been shown to really make very much effect or work very much to the benefit of reforming these criminals. I will support the Bill.

MR. SPEAKER

Are there any other contributors?

HON J BOSSANO

Mr Speaker, I want to welcome the Bill and the fact that it will not require a Private Members Bill to achieve this, that it is a Government measure. I think two very important points have already been made by speakers on Government benches, one made by the Honourable Mr Mr Dellipiani that in fact when we are talking about the State administering corporal punishment, we are not :

the equivalent situation of a father chastising his child because in a situation in the home or even in the classroom we have a personal relationship between the person administering the punishment and the recipient and there is no alienation of the individual in the sense that a child knows that if his father hits him it does not mean that the father, in normal circumstances, it does not mean that the father has ceased to love the child. I think the situation of an unknown person beating another unknown person is a completely different thing and it is something that is unacceptable in modern society and in my view not only is it not a deterrent which can be patently proved to be the case, but it fails to question the essence of the problem that any society faces when it has a situation where its young people, its future citizens, indulge in anti social behaviour. I do not think it is a question of punishing those who depart from what society requires of them in order to be good citizens, I think what we need to look at is whether the way we conduct our affairs as a community, the way we formulate our laws, is doing the right job, is producing citizens for the future who will value the institutions of a society in which they have been born and who will wish to defend them and preserve them and for me anti social behaviour is of course a symptom of an illness that goes much deeper. I believe that the solution lies in a particular road but I am convinced that whatever evolution society has to go through certainly it is the conflict, the gap between what we preach as a society and the manner in which we all conduct ourselves, that is in fact the greatest breeder of anti social behaviour in society and I think that if we devote our attention as legislators and as politicians towards creating a better society we shall be doing much more to minimise anti social behaviour than any amount of birching could do.

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Speaker, Sir, I came here this morning with some fairly firm views and I have been quite intrigued by listening to Honourable Members expressing both the views which I held fairly firmly when I came to the House and the opposite views and I must also confess that like the Honourable and Gallant Major Peliza I find myself slightly confused or perhaps should I say slightly less certain of how I really deeply down feel on this motion than I did before. I found myself in the position of

agreeing that a great deal of what has been said by Honourable Members who have indicated very clearly whether they are for or against and I do not think that I have got very much fresh or new to contribute. Unfortunately, we live in an age of violence, we live in an age where violence is now common entertainment. We also live in an age where ordinary social discipline no longer exists and I question in my own mind something which the Honourable and Learned Attorney General said when he described our society as being civilised. I am not at all certain that it is civilised

MR SPEAKER

Order. I must call the attention of the public gallery to the fact that they have got a right to come in to listen to the proceedings of the House but what they cannot do is do it in such a way as to interrupt and interfere with the proceedings of this House. I will have to be the sole judge when this happens and I will not tolerate numbers of people coming in and out in a concerted manner every quarter of an hour. Whilst they are entitled to come in and to listen they are not entitled to do so in such a manner which it is blatantly obvious is a form of demonstration which is not allowed in the House. I must say this so that the gentlemen who are aware of what I am talking about should take the necessary action to stop this form of demonstration before we have to take further action. Will you please continue.

HON FINANCIAL AND DEVELOPMENT SECRETARY

It seems to me, and it is a very depressing thought, that modern society that we live in is materialistic, greedy selfish and often malicious and as Mr Bossano said, the sickness

MR SPEAKER

Order. Will the Constable at the door make sure that no more than 5 persons come into the House at one and the same time. Will you please continue.

HON FINANCIAL AND DEVELOPMENT SECRETARY

The sickness goes deep. Whether we should go on

tolerating by not reacting to some extent with violence, if corporal punishment judicially administered can be called violence. I am not sure. The only thing, however, I would leave with the House is that in one society which is more or less comparable certainly in size to Gibraltar, corporal punishment of juveniles seems from all accounts that one can read perhaps to have contributed to, by comparison with other places, a law abiding society amongst its juvenile population, and I refer to the Isle of Man. I seem to remember, and Honourable Members will undoubtedly correct me if I am completely wrong, but I seem to remember reading some years ago, and this may of course have changed, that corporal punishment awarded by a juvenile court, and I believe it can only be awarded by a juvenile court, was administered there and then in the precincts of the court before the child left and I believe also reading that where the court pronounced a sentence of corporal punishment the parent was invited to administer it.

MR SPEAKER

Are there any further contributors? If not, I will call on the mover to reply.

HON CHIEF MINISTER

Mr Speaker, the Honourable the Leader of the Opposition was not here when I opened and said that this law was introduced as a measure from the Government and prompted of course by the fact that he had moved the introduction of a private Bill. I did say that as far as we were concerned this was not a matter of policy but a matter of conscience and I was leaving it entirely open for Members of the House to vote the way they thought but insofar as I was concerned I was not just a mere spokesman I was supporting it myself personally. It has produced a rather interesting debate for an hour and a half and it shows when matters of conscience and not of policies are brought to the House, that the contributions are much wider and one can see the different views that are in existence. One of the points made about the fact that the main purpose of punishment should be a deterrent, with which I agree, would quite clearly indicate that the presence of the provisions of corporal punishment in our law has not been a deterrent or otherwise because it has not been used for more than 12 or 14 years

and I am sure that there is no youngster, no juvenile, who can remember having heard anybody having been sentenced to corporal punishment. So that, in fact, that aspect of the deterrent on the mind of the young people could not have existed and it is for this reason that I think the effect is really non-existent. So many views have been expressed that really it has been a free vote and there is very little for me to add except to commend the Bill to the House.

Mr Speaker then put the question and on a division being taken the following Honourable Members voted in favour:

The Honourable J Bossano
 The Honourable A J Canepa
 The Honourable Major F J Dellipiani
 The Honourable M K Featherstone
 The Honourable Sir Joshua Hassan
 The Honourable A P Montegriffo
 The Honourable Major R J Peliza
 The Honourable J B Perez
 The Honourable G T Restano
 The Honourable A W Serfaty
 The Honourable Dr R G Valarino
 The Honourable M Xiberras

The following Honourable Member voted against:

The Honourable H J Zammitt

The following Honourable Members abstained:

The Honourable P J Isola
 The Honourable J K Havers
 The Honourable A Collings

The following Honourable Member was absent from the Chamber:

The Honourable I Abecasis

The Bill was read a second time.

HON CHIEF MINISTER

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

This was agreed to.

THE INHERITANCE (PROVISION FOR FAMILY AND DEPENDANTS)
ORDINANCE, 1977

HON ATTORNEY GENERAL

Mr Speaker, Sir, I have the Honour to move that a Bill for an Ordinance to make fresh provision for empowering the Supreme Court to make orders for the making out of the estate of a deceased person of provision for the spouse, former spouse, child, child of the family or dependant of that person; and for matters incidental thereto be read a first time.

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

SECOND READING

HON ATTORNEY GENERAL

Mr Speaker, Sir, I have the honour to move that this Bill be read a second time. In 193 , England legislated for the first time to enable application to be made to the court where a testator had died leaving a will which did not make reasonable provision for his or her spouse or children. Gibraltar followed suit in 194 and the relevant provisions are at present contained in the Administration of Estates Ordinance. Although this original legislation was amended from time to time it still contains, in Gibraltar, certain weaknesses. Those weaknesses have now been removed in the United Kingdom by a 1975 Act of Parliament which came into force in 1976. The weaknesses were that provision was limited to maintenance, there could be no lump sum payment. It was only to existing spouses, existing at the time of

deaths. A divorced spouse could get no provision at all and, thirdly, it was restricted to male children under 21 or who over that age could not support themselves by reason of mental or physical disability, or unmarried female children of any age or, if married, who could not so support themselves. It did not cover persons treated as children of the family, step-children, illegitimate children or other persons being maintained by the deceased and, lastly, nothing could be done if the testator had disposed of his property before his death with the intention of defeating the provisions of the Ordinance. By the present Bill we are removing these weaknesses and, in fact, bringing in a comprehensive code to deal with this matter together with extensive guidelines laid down for the court to decide in which cases and how it is going to make provision. For the first time in the case of a spouse or ex-spouse a lump sum payment can be ordered. It may be a payment of money or it could, in fact, be a transfer of a particular piece of property. The persons who are eligible to apply to the Court are also widened and these are to be found in Clause 3. If I might go briefly through it, it is the wife or husband of the deceased, a former wife or former husband and a child. The child certainly exists at the moment and the wife or husband. Any person not being a child of the deceased who in the case of any marriage to which the deceased was at any time a party was treated by the deceased as a child of the family in relation to that marriage. It could be a step-child, it could be an illegitimate child of the mother who the father had taken into the family, that class of person can make application. Lastly, any person, not being a person included in the foregoing paragraphs; who immediately before the death of the deceased was being maintained either wholly or partly by the deceased. It might be an aged parent who is being looked after by a son and the son died making no provision, then in a case like that application can be made on behalf of the parent. The somewhat radical provision, and this is the only one with which I wish to deal, that transactions made before the date of death can be set aside is not, in fact, new in Gibraltar and it can be done under the Matrimonial Causes Ordinance where property is disposed of during life with intention of defeating any order made by a Court. In those cases any order made within 3 years before the date of divorce can be, I will not say set aside, but the Court can follow up the property. In this case any disposal of property 6 years before death which is not made for

valuable consideration can be set aside although there are certain safeguards to persons who acquired the property. It does seem to me to be a Bill which is indicative of the interests of the community that persons passes to a marriage, dependents on those parties should be fairly treated and I would commend the Bill to the House.

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

HON P J ISOLA

Mr Speaker, I welcome this Bill. This Bill is quite a radical change to the existing law as to the freedom of people to leave money in their will, or leave their estate in any manner they feel fit and I think is a considerable improvement on the existing provisions in the law for making family provision. I think the Bill deals with every possible problem, as far as I can read it, that could arise in the administration of an estate in Gibraltar in order to make reasonable provision for those people who, subject to them justifying their case to the court, should be entitled to have provision made for them. As a whole I think this Bill makes a very profound change to our law but I think certainly in the right direction. The only point I would like to make on the practical side I think really refers to Section 21 of the Bill. Under this proposed Bill, of course, former husbands, former wives, children and so forth can come along and get an Order for provision to be made out of the estate for their maintenance and so forth, and it is, I think, proper that there should also be provision for changing of the Order from time to time, in fact, carrying on as if the deceased was still alive, all this I think is good and desirable. The only worry I have with regard to Section 21 is with regard to the personal representatives of the estate and as to their responsibilities. Section 21 does spell them out fairly clearly but I think the tendency with personal representatives would be to worry as to whether they can dispose of the estate because somebody might make an application to alter the bequests in the will or rather might make an application either to have an Order made in their favour under Section 4 or for an application to alter the Order under Section . I notice that it does not make them liable for distributing once the six months are up. That part is carefully spelt out but then I

notice at the end it says "that this subsection shall not prejudice any power to recover by reason of the making of an Order under this Ordinance any part of the estate so distributed". Presumably that means of course in the hands of the person who received it. I would like to consider seeing some further words there actually spelling this out absolutely clearly so that we do not get the situation of personal representatives although realising that they are not going to be responsible nevertheless being afraid when they see a situation like this arising of distributing and I think one must try and get into a situation where estates are distributed and if any changes are made that it is the people who receive the money who will have to answer for it so that it is in the hands of the beneficiaries or the persons who receive the estate without any responsibility whatsoever on the part of the personal representatives. I am just a little afraid that unless personal representatives actually see this clearly in the law they are going to be worried about moving. So, Mr Speaker, certainly on this Bill I think this is a very welcome introduction to the laws of Gibraltar and I think this will help a lot of people for whom provision may not have been made in a will.

HON ATTORNEY GENERAL

Mr Speaker, I understand the fears which the Honourable and Learned Mr Peter Isola says may be felt by personal representatives and as the Committee Stage is not being taken at this meeting I will certainly give consideration as to whether we can move a short amendment to meet the point which he makes. I think we both agree that legally it is entirely in order but it might give an unfortunate impression and I would have no objection to making a brief amendment.

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

The Bill was read a second time.

The Honourable the Attorney General gave notice that the Committee Stage and third reading of the Bill should be taken at a subsequent meeting of the House.

THE MISUSE OF DRUGS (AMENDMENT) ORDINANCE 1977

HON ATTORNEY GENERAL

Mr Speaker, Sir, I have the honour to move that a Bill for an Ordinance to amend the Misuse of Drugs Ordinance 1973 (No.6 of 1973) be read a first time.

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

The Bill was read a first time.

SECOND READING

HON ATTORNEY GENERAL

Mr Speaker, Sir, I have the honour to move that this Bill be read a second time. In 1971 the UK enacted comprehensive new legislation dealing with the misuse of drugs and in 1973 I, as Attorney General, drafted and introduced into this House a Bill which subsequently became the Misuse of Drugs Ordinance which followed very closely the United Kingdom legislation. In January of this year in a case in the United Kingdom a loophole was found in the United Kingdom legislation which also as we follow them, exists in Gibraltar. I say a loophole was found, the position is that the Court of Appeal in the United Kingdom has ruled that the Act did not say what it was supposed to say or what it was thought to say. There is, in fact, an Appeal to the House of Lords which may change the position. They may say that what was believed to be in the Act was in fact in the Act in which case there will be no problem. But it would seem that it is preferable to amend the legislation here to give clear effect to what has always been intended. One of the drugs, a class B Drug which is listed and which it is forbidden to possess, to import or to export is cannabis and cannabis is defined in the definition section as meaning the flowering or fruiting tops of any plant of the genus cannabis from which the resin has not been extracted by whatever name designated. It had always been assumed that fruiting or flowering tops included leaves, seeds and the stalk and there was no reason why it should not include them because the leaves, seed and stalk contain the derivative tetrahydrocannabinol which is the derivative which causes the trouble. But quite

recently the Court of Appeal held that leaves are not included in fruiting or flowering tops so it is no offence to possess leaves or stalk or any other part and what we are now doing is amending the definition section of our Ordinance to make it quite clear that the mischief which we had always attempted to remedy is included in the Section and now cannabis will mean any part of the plant cannabis from which resin has not been extracted by whatever name designated.

There is no doubt that the leaves constitute just as great a danger as any other part of the plant and if we are going to legislate against drugs then we must provide that the possession, smoking, whatever you like, of leaves is also prohibited. Mr Speaker, I commend the Bill to this House.

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

HON M XIBERRAS

I am concerned about the application of the laws on the matter. I wonder whether the Attorney General has already or whether he would, if he has not, given an indication as to how effective the law is in this respect. There were some doubts expressed about this earlier.

MR SPEAKER

I will call on the Honourable the Attorney General to reply.

HON ATTORNEY GENERAL

My understanding is that it is working extremely well. The Revenue and the Police are doing an extremely good job in controlling as far as the Revenue are concerned the importation and the exportation and the Police as far as the general misuse of the drug in Gibraltar is concerned.

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

HON ATTORNEY GENERAL

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

This was agreed to.

THE INCOME TAX (AMENDMENT) ORDINANCE, 1977

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Speaker, Sir, I have the honour to move that a Bill for an Ordinance to amend the Income Tax Ordinance (Chapter 76) be read a first time.

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

SECOND READING

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Speaker, Sir, I now have the honour to move that the Bill be now read a second time.

The purpose of this Bill is firstly to give effect to the Government's undertaking announced in its election manifesto, namely, to grant additional relief to one parent families and to allow a working wife to claim against her earned income for an insurance premium on her own life. Secondly, the Bill introduces five other significant changes. Firstly, it exempts certain gratuities from tax, secondly it allows mortgage interest to be deducted from assessable income. Thirdly, it provides that any pension received by a wife in respect of her own past services shall be treated as her own income and taxed separately from her husband's income, Fourthly it extends the relief in respect of an unmarried child, to any person who maintains that child provided that the child is resident in Gibraltar, and finally, of the significant changes, it tightens up the provisions relating to companies in two respects. First of all it amends the obsolescence allowance and secondly it restricts the set off for losses. In addition the Bill proposes a number of other amendments which can be described as of a tidying-up nature. One parent families and the maintenance of the unmarried child are dealt with in Section 21 of the Ordinance and subsection 3 of that section provides that an individual who maintains an unmarried child under the age of 16 is entitled to an allowance in respect of that child. There are in Gibraltar a very small number of cases of elder brothers

maintaining orphaned younger brothers and sisters but as the law stands they are not eligible for children's allowances. The Government considers that they should be and it is therefore proposed in paragraph 2 of Clause 9 to extend the allowance to an individual who maintains a child other than his own provided that the child is resident in Gibraltar. The relief for one parent families is provided for in a new sub-section 5 of section 21 introduced by paragraph 4 of Clause 9. The proposed allowance of £300 will apply to widows and widowers as well as to husbands and wives who are separated from their respective spouses who are left with the responsibility of bringing up a child. The House will note that for the purposes of this subsection the expression "child" includes an illegitimate child of the person claiming the allowance. A wife's earned income is defined in section 21 sub-section 2 of the Ordinance and the definition excludes any pension which he receives in respect of her previous employment. Paragraph 1 of Clause 9 seeks to correct this anomaly. A working married woman is treated as unmarried during the time that she is in employment and is receiving a wife's earned income allowance and it is clearly right that when she retires any pension which she may receive in respect of that employment should be treated for tax purposes as her own earned income. Provision for a married woman who is treated as unmarried for the purposes of her earned income and who pays insurance premiums on her own life, provision is made to deduct the amount of these premiums or contributions which she pays, the pension scheme from her assessable income. This is done by paragraph 2 of Clause 5. As the law stands a capital sum payable by way of a gratuity on retirement, injury or death is exempted from income tax under the provisions of the existing sub paragraph H of section 7 (1) of the Ordinance. All other gratuities, however, are taxable. Thus the gratuity received by an employee of the Official Employers who resigns after 20 years of service because further service will not enhance the amount of the gratuity which will become payable is also taxable. It has been represented that such gratuities are terminal gratuities and should be relieved of liability to tax, notwithstanding that the individual concerned may recommence employment or take up new employment immediately after receiving his gratuity. As things stand at the moment as I said such gratuities are not treated as terminal gratuities and are therefore liable to tax. In future these gratuities will be exempted from tax, the exemption being provided in the new subparagraph H (h) of Section 7 (1) for which

provision is made in Clause 3 of the Bill. There is no provision in the Ordinance as it stands at the moment for any relief from tax in respect of mortgage interest, that is to say, mortgage interest paid. The present relief only extends to the income generated by the investment of a capital sum in respect of which interest is payable. There is thus a positive disincentive to borrow for the purpose of house purchase. It is the Government's view that this disincentive should be removed and that persons wishing to purchase their own houses should be encouraged to do so. The new section 15A which is introduced by Clause 7 will, it is hoped, provide some measure of encouragement. The relief will, however, only apply to owner/occupier. Moreover, it will not be allowed where there is a close relationship between the mortgagee and the mortgager, nor will it be allowed in cases where the Commissioner is of the opinion that the sum paid to acquire the property substantially exceeds its value. These are sensible safeguards without which there could be abuse. The final amendment of substance concerns the treatment of the value of obsolescent plant and equipment and the treatment of business losses for tax purposes. Paragraph D of Section 15 of the Ordinance provides that where an item of plant or equipment is sold or scrapped or is replaced an allowance can be claimed for the written down value of the asset disposed of less any sum which may have been realised by its sale. There can be cases, however, especially in this age of inflation where the asset which is sold realises more than its written down value. In such cases the excess should be charged to tax and Clause 6 of the Bill so provides. Losses incurred in a trade, business, profession or vocation in any year which cannot be set off against income from other sources in that particular year can be carried forward to subsequent years. This permits a taxpayer to take over a loss company and set off those losses against future profits of a totally different business or trade. Clause 8 of the Bill seeks to amend Section 17 so that no relief will be given for losses or change of ownership of a company if within any period of 3 years there is both a change in the ownership of the company and a major change in the nature or conduct of the trade or business carried on by the company. The remaining amendments are dealt with in the Explanatory Memorandum and only three, I think, need further comment. Besides serving no useful purpose the definition of "permitted person" also conflicts with the provision that was introduced last year for the apportionment of personal

allowances. To leave the definition it would mean that an individual who comes to Gibraltar and takes up employment for only a short period of time could claim to be treated as a permitted person and as such to qualify for full allowances for that year. However, the deletion of the definition removes the benefit conferred on non-resident directors of certain tax exempt companies. This is not the intention and it is proposed therefore to restore this benefit by an appropriate amendment to section 23. This is effected by Clause 10. Employed persons whose tax is automatically deducted from their earnings in accordance with the PAYE arrangements, enjoy no latitude in making tax payments. While it is obviously impossible to bring the self-employed and companies within the scope of the PAYE system it is neither equitable nor is it acceptable that they should enjoy relatively unrestricted latitude in making payments of tax. Clause 16 therefore seeks to provide that such persons and companies who are unable to submit a return of income within the prescribed time may apply for an extension and provided that the application is supported by a provisional return of what they consider to be their assessable income and by such details as may be available to them, the Commissioner may grant an extension. But if he does so he must make and serve on the person or company concerned a provisional notice of assessment. Clause 17 completes the new procedure. The new Section 49A which it introduces requires payment of the tax on the basis of the provisional assessment within the year. There can be no objection to a provisional assessment. The tax paid on the basis of a provisional assessment will, of course, be set off against the final assessment when raised and any over collection will of course, be refunded. The new procedure will not only bring tax treatment of companies and self-employed more into line with employees who are subject to PAYE arrangements but it will also ensure a more regular and even flow of revenue. Finally, Clause 18 seeks to repair the omission from the Ordinance to provide that any failure to comply with any of the provisions of the Ordinance is an offence. Mr Speaker, Sir, I commend the Bill to the House and beg to move.

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

HON J BOSSANO

Mr Speaker, there are two clauses in particular that I

would like to make some points about, and I hope that the Government will be able to clarify the situation. In regard to the question of relief of interest on mortgage payments I would like to know whether this, in fact, would apply to existing owner/occupiers who own a house which they have already bought and paid for, or whether it will only apply to those who take out a mortgage prior to the purchase of the house. I think the situation in the UK at one stage was that one could take out a mortgage on one's existing property, for example, take a second mortgage if one already had one or top up the first mortgage and get tax relief and this was subsequently changed so that you had to make the application for tax relief and get a mortgage whilst you were negotiating the purchase of the house but if you made the application after the transaction had been completed, in fact, you could not obtain tax relief. I would like to know whether as the clause is drafted at the moment its application would mean that existing owner/occupiers could now go out and take mortgages or not. I can see arguments for and against it. One could say that it fails to provide an incentive if the existing owner/occupiers get it because they have only got the house, anyway. On the other hand if you do not give it to them you could say that they are being discriminated against because they have gone ahead and bought a house before the law was changed but at this stage what I am asking is which way does the Government intend to play. On the question of Clause 3, the section on gratuities, I appreciate that the Government has, in fact, attempted to meet the representations made by the TGWU I think it was something like three years ago, but I think without wishing to sound over critical, that it is too little and too late. As regards the provisions of the clause the actual wording of it is applicable to the existing arrangements for the payment of gratuities in the Official Employers but those existing arrangements have been under negotiation for the last 9 months and the final outcome of those negotiations may well be a drastically changed situation in view of the fact that the negotiations are taking place on the basis of the UK Superannuation Act which would not produce a situation where people would want to retire at the end of 20 years because then they would get their gratuity but they would lose 20 years service for the purpose of a pension. So I think the law could very well become a dead letter by the time it is passed in view of the negotiations that are taking place in JIC between the Official Employers and all the Unions. The

new proposals is something that applies to all workers, industrials and non industrials, whereas the old proposals of the 20 years was something that the industrial workers who were non-established in MOD and DOE used to have. I would therefore like to see this provision put in the law in a less restricted sense so that it could be adapted without the need to change the law if in fact the circumstances for the payment of gratuities altered in the case of the Official Employers. I also think it is wrong, Mr Speaker, to limit the tax relief to employees of the Crown in the employment of the Gibraltar Government and of the United Kingdom because in fact there are at least two institutions in Gibraltar who are para-official, if one may use the term. They are not, in fact, United Kingdom Departments but they are in effect owned by the British Government. One is NAAFI and the other one is Cable and Wireless. In both cases employees in those two firms do have agreements with their employers which stipulates for the payment of gratuities. On a strict reading of this clause as it is drafted presumably they are not employees of the UK because these two firms are international firms but are private firms not Government employment, but they have a pension scheme and they have gratuities and therefore I think those are two clear cases. In addition to that I do not think it is right although it is not very common if there are private sector firms who provide gratuities or if there were to be some in the future that employees of the private sector firms should not be able to get tax relief just because they happen to be employees of private sector firms. I think in addition, Mr Speaker, the question of the 20 years in itself fails to meet one of the grievances that has been put forward by a number of people and I think there is one particular type of situation which the Government should recognise and provide for and that is where there is compulsory termination of employment, compulsory redundancy, where an employee through no fault of his own may have to accept a gratuity not because he wants to give up his employment but because he is declared redundant and he has, in fact, worked perhaps say for 15 years. It would not apply here because in fact we are taxing anybody who is not in Government but if we were to agree, for example, to provide relief for those who are in Government I do not think who would have a situation of compulsory redundancy but if we were to provide relief for those in private employment we would still need to look at the problem of somebody who is made compulsorily redundant. I had a case that I brought to the attention of the Chief Minister of

somebody in NAAFI who was made compulsorily redundant after 27 years service and in fact was taxed on the gratuity. I think it is wrong that a person who is forced to take a gratuity because he has to leave his employment because the firm can no longer afford through changed commercial circumstances to continue to keep him in employment, to have something like 30% or 40% of his gratuity taken off him in tax because it is considered to be the income of the year in which he receives it. So we have the case where people find themselves in a situation where they have to take a gratuity and we have also the situation that they are taxed at their top rate of tax and that the gratuity in fact has been accumulated over a working life. I think that is also an important thing. I can understand the principle of taxation of gratuity because if one were to look at it from the point of view of the individual saving himself for his gratuity then he would save out of taxed income, he would be saving out of his net income so that if in fact the employer in effect is doing the saving for him, paying him less weekly and putting some money aside for his gratuity, then logically there is an argument for the taxation of that income when it eventually gets to the recipient but in fact it is taxed much more heavily because it is allocated to the year in which the person receives it and does not take into account that if the person was saving himself for his gratuity the amount of tax that he would be paying would be at a marginal rate which would logically be less than the rate he would pay on the year that he receives it. I would like the Government to consider these points in relation to the clause and to see whether in fact it might be possible to redraft it in a way that makes provision perhaps for the Commissioner to be able to give relief either partially or totally from tax on the payment of gratuity taking into account all the circumstances of the employee rather than to try and tie him down to being able to do it only in one particular case when there might be other cases which merit equal treatment and which would have to be discriminated against if the clause were to be passed as it is drafted at the moment.

HON A P MONTEGRIFFO

When this amendment to the Income Tax Ordinance was brought to us it was, as the Honourable Member well said, prompted by some representations that were made some time during 1973 and we committed ourselves to look into it against the

background of what yield of income tax we were going to get and other factors. We thought then this was an opportune moment to bring this into operation taking into account both the representations of the Honourable the Leader of the Opposition at the time as well as applying it to people who we know were not entitled to pensions. It is the first time we have heard that negotiations are taking place presumably to cover the employees employed with the United Kingdom Departments to get such pensions and perhaps that is why he said it had come too late and too little. But I think myself it may be worthwhile leaving the thing as it is at the moment just in case, because if you do not get quickly enough what you think you are going to get and sometimes things take longer than one expects, this will do some good to the people who get a gratuity after 20 years and another to look forward again and at the moment they are being taxed. Why it cannot be made of much wider application, why the Government cannot accept the principle of applying to the private sector is because whereas in the Official Employers we know how the thing stands and we know there is no hanky panky, there is the danger that if you apply it to the private sector as in fact it happened and we had to put our brakes on on gratuities given to expatriate officers, whereas they get the exemption the local ones do not and the reason being that if you open this loophole you may have some firms, perhaps a few, I am not saying that the trade is unscrupulous but you may tempt some firms to give instead of a £2,000 salary, a £1,000 salary and a £1,000 gratuity which would then put no tax, and for that reason and that reason alone the Government is very reluctant to apply it to the private sector. The other point that the Honourable Member has raised about giving exemption to gratuities of people who have been made redundant is a question of course that involves less money coming in etc. etc., and I would leave this part to be answered by the experts.

HON P J ISOLA

Mr Speaker, I would like to say a few words on the general principles of the Bill and I hope the Government will consider not taking this Bill at its Committee Stage straight away. I think there are a number of things that would have to be looked at by Honourable Members; I do not see the urgency of it and I think we should desist from the practice of passing legislation through all its stages in one meeting unless it is absolutely essential. The

point may be made that the Income Tax year begins on April 1st, but not everybody goes rushing putting in returns and so forth on April 1st and I do not think that if it became law with effect from April 1st in the April session or in the May session it was going to affect us that much, I think there are a number of things that has to be considered. The Honourable the Financial and Development Secretary has highlighted a number of good things in the Bill but he has not highlighted a number of bad things in the Bill and I would like, Mr Speaker, just to make a few comments for consideration. I would like first of all to comment on the abolition of the permitted person definition. I know that there are not that many I should imagine who take advantage of this provision and I think there are grounds for tightening up the position of a permitted person but I think it might be unwise to do away with it altogether for this reason, Mr Speaker. As I understand the position of permitted persons, and I have not really understood it very much over the years, I think I more or less understand it now, under the provisions of permitted person I think the position is that somebody who has got a business in Gibraltar or a company or produces something within Gibraltar or has an investment in Gibraltar, by paying not less than 4 visits, or spending not less than 30 days in Gibraltar, even though he is not ordinarily resident in Gibraltar he can then claim the allowances applicable to residents of Gibraltar. I appreciate that if you keep the definition of not less than 4 visits it would be a way of somebody getting all the allowances without residing in Gibraltar and without paying tax on income received outside Gibraltar where his business is, I appreciate all that. On the other hand I wonder how much tax is lost by allowing these privileges of permitted person. I put the position of somebody who has got some money in a company in Gibraltar or got property or invests in Gibraltar and becomes a permitted person. Obviously he is not ordinarily resident in Gibraltar and accordingly that person must spend money in an hotel or in a furnished flat, he must contribute to the economy something and all he is getting in return is the allowances which any Gibraltarian gets. I am sure that the saving to the Government must be minimal but if we want to get possibly some more positive benefit than just 4 visits a year, can I suggest that we cross out the not less than 4 visits and we say not less than 30 days in Gibraltar during the year. Or if you like not less than 60 days or not less than 45 days in Gibraltar. But I think somebody who spends that amount of time in Gibraltar and who has investments in Gibraltar

and who pays out and contributes to the economy may be through an hotel, through a telephone, I do not know how, that might be an incentive. The doing away of a permitted person may be an incentive for that person to sell whatever interest he has, take his money out and not bother to visit Gibraltar.

It is something that can help in a small way, I am not saying that it is an enormous contribution to the economy but I think we are taking away possibly an incentive which I wonder whether if it remains there, really affects the tax revenues of Gibraltar and I would suggest to the Government that they consider leaving in the definition of permitted person and possibly tightening up on the qualification so as to make sure there is more benefit to the economy. I would suggest that we delete the not less than 4 visits which could be really 4 visits from Tangier on the Mons Calpe, I suppose, which would not really contribute that much, and say "spends not less than either 30 days or 45 days", I do not know but anyway an amount that would probably compensate for any allowances. That is the first point. Mr Speaker, the second point I would like to make the Bill has already been made by the Honourable Mr Bossano and that is Clause 3 of the Bill which relieves gratuities from the payment of Tax. That is a clause with which I agree, I think this is only fair that a gratuity is really in the nature of a capital payment but I agree with the Honourable Mr Bossano and I think Honourable Members must agree that this is a sort of clause that should have general application and not be restricted to employees of the Crown. It seems to me sensible and fair that we should do it that way. I appreciate there may be problems with private employers getting round the position but I wonder whether that could not be met by defining capital sum, by enlarging the definition of capital sum in such a way that it would not be easy for this to be used as a ruse for escaping tax. I think it is desirable that it should be applicable to all employees. Any gratuity of a capital nature made to employees wherever they may be employed should be exempt from tax. I appreciate the problem but I think it is something that should be gone into further because frankly I do not think that it is fair that an employee, because he is an employee of the Crown, should have an advantage which a person who is not an employee of the Crown does not share and I would agree that is a matter which I would suggest Government should look into further. The next one on the question of the mortgage, Clause 7 of the Bill, the Honourable Mr Bossano has, in

in passing, dealt with that Section and I too welcome it. I think this is a great improvement in our law and one that should have been there for some time because I may say, Mr Speaker, a simple way of getting out of the law up till now has been for the individual to put the property or the flat in the name of a limited company and that would be a deductible expense, a mortgage interest, whereas it was not for an individual and this seems to be unfair and I am very glad this provision has come in because apart from encouraging house purchase and not only encouraging it but giving the man who laid out money and borrowed money to buy a house where he is going to live, it enables him to get some relief from that investment. I think with the point that the Honourable Mr Bossano has made as to this is going to apply to existing mortgages in respect of individual occupiers, I would have thought it would be fair to do that. I would have thought that anybody who can show that he had in fact borrowed the money to buy the flat . .

MR SPEAKER

Mr Bossano said that it should only be made applicable if the mortgage was created at the time of the purchase of the House and the mortgage was wanted for the purposes of financing.

HON P J ISOLA

Yes, I think if you just borrowed just for the sake of getting more money then I agree that it should not apply, it should be in connection with the purchase, I presume, of the house. Mr Speaker, I now come to Clause 2 and that is the one that in the Explanatory Memorandum talk about an unscrupulous taxpayer taking over a loss company, that particular section, and I would like to say a few words on this, Mr Speaker. It is true that the chap who buys takes the advantage of a tax loss company and you wish to remove that advantage but I am inclined in this particular sort of situation to look at it the other way, Mr Speaker. Where there is a tax loss company it is because the blighter who has got the company has been incurring losses, has in fact lost money on it and this buying a company with tax losses is something that increases the value of the company to the chap who is selling. In other words the purchaser is prepared to pay a little more because the company has losses and that

is a benefit that a person selling the company takes advantage of as well. My sympathy of course is with the chap who is selling a company that has a loss because that person is in trouble and the question of being able to offer the tax loss to the prospective purchaser enables him to get a little out of that trouble, they do not pay that much extra but they do pay extra, there is no question about it. So when you are looking at this particular section one should not just look at the unscrupulous man, he may be unscrupulous, he may take advantage of the fact that the fellow is down to pay him less, but on the other hand if you do not give the fellow who is down even the opportunity of getting a little extra for the tax loss you are kicking him down more. I agree you are stopping the other fellow from getting the advantage of it but the chap who is selling, who is already in trouble is kicked more into the depths of despair, if I might put it that way, Mr Speaker, and I notice that in Clause 8 of the Bill there are two alternatives put forward and the one that really hits is the second one, I think. The first one may not be an unreasonable suggestion, that is, when the chap who buys in fact has a major change in the nature or conduct of the trade carried on by the company. If that occurs perhaps there is a case there for not allowing him those losses but the second one is where it hits, where it says: "after the scale of activities in a trade carried on by a company has become small or negligible and before any considerable revival of that trade, there is a change in the ownership of the company". So it means that a chap who is down, who has got a tax loss, who is in absolute despair, who cannot borrow any money from the bank to put any more stock into that business or anything, he suddenly finds somebody who is prepared to buy because he has got a tax advantage or is going to be able to rebuild and get some tax advantage for some time until he has recovered losses, that chap is no longer interested in buying because of that then that fellow is finished. So you are really, in trying to prevent somebody from taking unfair advantage, you are committing else to ruin absolute, entire and complete. Mr Speaker, I would certainly ask the Government to reconsider the phrasing of that Bill so that it meets in some way the evil they are trying to, but without kicking the fellow who is down further down than he is already and I would suggest that the Government has another rethink on that one. The next one, Mr Speaker, Clause 9, I notice that in (ii) "an unmarried child", we are saying "and where such child is resident in Gibraltar whether such child is the child of the individual or not". I notice that we are

restricting it to residents in Gibraltar and this is good but I notice, Mr Speaker, that in (iv), new subsection 5, that is in the case of a person who shows that that he has the custody of and maintains during the year of assessment an unmarried child for whom a deduction is allowable he should be entitled to claim a deduction of £300. I wonder whether there should not be the same provision there for that and where that unmarried resides in Gibraltar because otherwise are we not going to get a number of people claiming that they have obligations of custody in respect of children not resident in Gibraltar and would not that bring problems? I just wonder whether there should not be a restriction of residence in Gibraltar or some discretion in some particular case on some grounds or other, it seems to me to be a possible loophole. Mr Speaker I then go to Clause 10. I do not know whether that new Section 23 or the new subsection (1) does not conflict with the Companies (Taxation and Concessions) Ordinance. Under that new section (1) it says "The Director of a Company which is an exempt company who is non-resident in Gibraltar shall be entitled to deductions, allowances etc." I think under the Companies (Taxation and Concessions) Ordinance he is not liable to any tax at all in Gibraltar. It says: "while an exemption certificate remains in force no tax is charged on or payable from the profits of the exempt company or upon any dividend or interest or director's fees or annual payment". If there is a non-resident director of a company and he gets fees from an exempt company and those fees are sent to England or wherever it is they are sent, surely that is not liable to tax at all. What I really want to know is are we having a change of the law in which directors of exempt companies who are not residents of Gibraltar are being made liable to tax in Gibraltar? If that is the case that surely conflicts with the exemption certificates and with the provisions of another law because that particular section I read to you, Mr Speaker, says "notwithstanding the provisions of the Income Tax Ordinance". Perhaps we could get some explanation of this because it does seem to me to conflict with the other law and as I understood an exempt company they pay their flat rate and the Government does not want to know anything more about them at all and just gets its fixed tax a year. If any resident of Gibraltar, of course, receives any income or any money from an exempt company he has got to pay tax like anybody else. But I thought that anybody who was non-resident of an exempt company, any remuneration received through an exempt company was tax free. Perhaps one

could have clarification of that. Mr Speaker there are other amendments in the Bill which of course relate to permitted persons and so forth and I do not really have much to say on that but I have made points on a number of sections and I really wonder whether it would not be appropriate really to take the Committee Stage of the Bill at another session to enable the Government to give consideration to these points.

The House recessed at 1.00 p.m.

The House resumed at 3.00 p.m.

MR SPEAKER

We were at the second reading of the Income Tax (Amendment) Ordinance and I believe that the Honourable Minister for Labour and Social Security was going to speak.

HON A J CANEPA

Mr Speaker, a number of points have been raised in the debate on the second reading of this Bill which we are quite happy on the Government side to go into detail at some length to give further consideration. It does not mean that we are committing ourselves in any way necessarily with the view to introducing amendments to give ourselves some more time to look into it and therefore we are prepared to delay the Committee Stage and Third Reading of this Bill to a subsequent meeting of the House, probably the next meeting, say, in May. I myself have a few points that I would like to put across which will indicate to the House what my reaction is to some of these points and which will be the attitude that I shall adopt in further discussion. Let me take the question of gratuities first of all. There is a definite need to distinguish between a terminal gratuity, that is, a gratuity which an individual may get after three, four, five, six years service with an employer, and a retirement gratuity, a gratuity which an individual will get either in lieu of a pension when he retires or in addition to a pension, it can be a combination of the two. At present the position is that already retirement gratuities are not subject to tax but the terminal gratuities are and in the clause in the Bill that provided for employees of the Crown after 20 years service, the reason why this

concession was being made was not really to discriminate but because these are akin to retirement gratuities. An individual employed at present by the MOD or DOE who is not established does not derive any benefit from working beyond 20 years. His gratuity is worked out on 20 years, if he works for another 10 or 30 years he still gets the same gratuity and therefore the practice is for a number of people to resign, get their gratuity, and come back into employment. We wanted therefore, to treat these gratuities as if they were retirement gratuities because for all intents and purposes they are. We need to part, therefore, against the possibility of abuse, primarily in the private sector, where an employer and an employee enter into a contract of employment that would provide for a lower rate of pay and a higher gratuity at the end of his short term contract. This is what we wanted to guard against. It is not that we do not wish to treat favourably the gratuity that an individual would get in the private sector as a result of joint contributions by himself and by his employer or by himself only into a pension scheme. There is already provision for that, the Commissioner of Income Tax has discretion to treat such gratuities as normal retirement gratuities and they are not subject to tax. So there is no problem where a gratuity is obtained as a result of contributions into an approved pension scheme. Now for the question of compulsory redundancy. In the United Kingdom gratuities as a result of compulsory redundancy, payments for instance made under the Redundancy Payment Act are not liable to tax. In Gibraltar we do not have any similar legislation and therefore it would not be easy to ascertain as you would as a result of a payment arising statutorily from such legislation, whether in fact a person had been made compulsorily redundant or not. I think the Honourable Mr Bossano mentioned a case of a NAAFI employee who was made compulsorily redundant after 27 years. I imagine that that redundancy cannot have arisen under the Redundancy Payments Act, it must have been a local administrative arrangement and no doubt in such a case the Commissioner of Income Tax would want to be satisfied that this was a genuine and a compulsory redundancy. This is the sort of case that we want to consider further. We are not unsympathetic to the proposal, we want to look at it again, see what are the possible repercussions because when you are dealing with income tax legislation it is very easy to open all sorts of loopholes and likewise with other points that have been mentioned we want to look at it again. There are three

matters in this Bill which if we delay the passing of the Bill beyond April the 1st will not come immediately into force, but I am assured by the Commissioner of Tax that administrative arrangements can be made. I am referring to the more favourable coding that a one parent family would receive, that a working wife paying life insurance premiums would receive and also the rather more favourable coding of a person who claims and gets relief in respect of an unmarried child. These were really the main reasons why we wanted to take the Bill through all stages so that these matters could come into effect on April 1st but after discussion it is clear that there are not any undue administrative difficulties and therefore we are happy to delay further consideration of the Bill until a subsequent meeting in May. Thank you.

HON G T RESTANO

Mr Speaker, may I first of all say that I welcome the statement by the Honourable Member that the Government sees its way to delaying the Committee Stage of this Bill until it has reconsidered some of the aspects which have been brought up by this side of the House. I would like to speak first of all on the gratuities and I must say that I was outraged this morning to hear the Honourable Mr Montegriffo arguing against the very sensible suggestion of Mr Bossano that there should be no discrimination and that the same benefits which are derived by Government employees should not be derived by private sector employees. I think quite frankly that this sort of discrimination and sort of statement that I heard this morning is not the sort of statement that I would have expected to hear from a Member of so many years standing in this House of Assembly

HON A P MONTEGRIFFO

If the Honourable Member will give way.

I did explain quite clearly why the discrimination existed. My Honourable Friend on my right has done exactly the same thing now. He has pointed out the loopholes this could bring about.

HON G T RESTANO

Mr Speaker, if loopholes are there then they should be

blocked but not as the Honourable Minister said this morning just completely deny all employees in the private sector the benefits that might be derived by employees in the public sector. If there are loopholes there, well, let us block those loopholes but not just say across the board as the Honourable Member said this morning, no concessions of this nature for employees of the private sector. It seems to me that if any benefit is going to be derived by anyone and there should be no discrimination of any sort. I would like to pass on now to a matter which was also raised this morning and which I think is of great importance and that is the matter of permitted persons. Permitted persons are very often friends of Gibraltar, they have certain interests in Gibraltar, they invest in Gibraltar and they re-invest in Gibraltar from the benefits they have obtained here and the Bill as I see it discourages this sort of person from continuing to invest in Gibraltar and in a number of places within the Bill advantages which permitted persons had before they no longer have today - this is the proposal which is being put before the House - and I think, quite frankly, that it is exactly the opposite which we should be aiming at in Gibraltar, it is not to discourage people from coming and investing in Gibraltar, it is to encourage them, not to discourage them, and I would be grateful if the Government would give this very serious consideration before the Committee Stage.

The last point which I would like to raise, Mr Speaker, is again a point which was raised by the Honourable Mr Peter Isola but which is I think very important and that is the question of unmarried children. I think the Government should look very carefully into this one in Clause 9 where we may be getting claims for tax deductions from possible employees in Gibraltar who may have a lot of dependent children outside Gibraltar and this clause may very well deprive the Treasury of income which they should be getting.

HON A W SERFATY

I can well understand the fears of the last speaker on this question of the exemption of gratuities from the payment of income tax in the private sector in comparison with those in the public sector and it looks like discrimination. But the point is that if the Opposition can bring forward ways and means of effectively blocking

any difficulties about which the Government have fears, for example, we all know in the private sector that employers are subjected to pressures from employees and some have even gone to the extent of suggesting why is not Income Tax - I am referring to Pay as You Earn - paid by the employer. There are many ways of getting around it if we give this facility, such as part of the salary being incorporated on the basis of a gratuity payable after a certain period in which case then income tax would not be paid and this is the great difficulty. The Government have fears that this could lend itself to some kind of manipulation. If the Opposition can suggest ways and means of effectively preventing this kind of manipulation we shall definitely consider it.

HON MAJOR R J PELIZA

Mr Speaker, I suppose no matter how we go round this Bill we shall all have to pay in the end but perhaps the problem here is that some will have to pay sooner than later and others will probably go through a number of generations before they pay up. I think that since in fact there are anomalies as the discussions around this Chamber is beginning to prove, we should give perhaps a look at the foundations of the exemption of taxation in the instances not only of gratuity but also on sums on retirement which as the Minister for Labour pointed out is already exempt from taxation because of their nature, such as injury or death gratuity. That sort of thing, I think, obviously should receive special consideration as indeed I think the question of redundancy is something similar, is accidental in a sense and therefore we are all subject to that kind of accident and we do not know under what circumstances that might happen. However, on the question of retirement and gratuity as we can see we run into serious difficulties if we exempt any particular class of citizen which is, in fact, what we are doing. There are those employed by the Crown who now need not pay any tax on their gratuities on retirement and yet there are people who are making an equal contribution perhaps in a different way to society and yet they are not exempt and if we try to exempt it we obviously run into difficulties as has already been explained by two Ministers on the other side of this House and no matter how very willingly we may want to try and overcome the difficulty the fact remains that if we make the exemption perhaps we shall just provide the loophole through which all sort of people will escape. I believe

that the answer lies in giving very careful consideration to do away with all sorts of exceptions so that we come back to what it should be. We should all be treated equally regardless of our status and if, in fact, the employees of the Crown are entitled to a higher gratuity after tax deduction then that gratuity or that retirement pay should be increased proportionately but to try and get something through the back door which is in fact what is happening - and if I might say so that applies to Members of this House where we are also exempt from tax in respect of our allowance - I think is to go the wrong way about it. I believe that this is the time to give the matter careful consideration. We are very close to the estimates where I think we can juggle about and make the necessary adjustments. Let us put our house in order, let us see that every man in Gibraltar regardless of his employment is subject to tax in the same way as anybody else. There should be no discrimination, we should all be treated alike. However, I agree entirely that there are now officers of the Crown and other employees of the Crown who have been given that gratuity or retirement capital sum based on the remuneration they would get without having to pay tax and that in my view we should honour but we should adjust to the future so that anyone entitled subsequently will get what is fair for him after deduction of tax. I believe that this is the right time to look at this. We have the time, in my view, to look carefully at it and put our house in order. I fully agree with what my friend Mr Peter Isola and also Mr Restano said about the permitted person. Perhaps an idea can be given how much would be recovered by doing away with them and if the sum is substantial then I suppose taking it in balance it might be a good idea to do what is suggested in the Bill that we should do. But if on the other hand what we are going to lose are future investors in Gibraltar or perhaps even lose some of the present investors not so much because of the amount of money that they themselves are going to lose but through annoyance as sometimes people do get annoyed, then I would suggest that it should not be done. I believe the idea of the interest of mortgages being exempt. I think it is an encouragement for people to invest money in property. I have always been of the view that it makes the individual much more responsible when he owns property. It also, I think, makes him much more dedicated to the community in which he lives because he has got something solid there that belongs to him which is not so easy to carry away with him although of course we all agree he can sell but you have a sense of permanence

when the place where you live in belongs to you and this in my view should be encouraged. I do hope the Government in other spheres will do the necessary to encourage people to buy property and this is a good step in the right direction. I welcome the idea and certainly I would go with that. I think we ought to pay attention too, to what my Honourable friend Peter Isola said about the directors which I will not go into because I think he made all the points. I welcome the idea of the Government of not rushing this Bill through the House, of giving it some more thought, and I do hope that they will come up with new amendments and changes in the Bill which will make it much more effective than it is now.

HON CHIEF MINISTER

Mr Speaker, I think the Attorney General will of course deal with a number of legal points that have been raised. I was unfortunately due to other duties unable to be here in the early part of the proceedings when the Financial Secretary opened and the Honourable the Leader of the Opposition raised the matter. I wanted very much to hear what he had to say but I have had a pretty good account of what he said and I would like to say that whether we have succeeded or not that the reference to gratuities was as a result of an undertaking I gave at the time when representations were made to the Unions that I looked at it sympathetically and that I would see what could be done. In fact we had not made any changes I think in the Income Tax legislation since those representations were made. In general, of course, income tax is aimed at getting a percentage of the total revenue required for the public administration and it is a continuing attempt at being as equitable as possible and in distributing it as equitably as possible. Since there are conflicting interests in society there will never be a general agreement of what is really equitable because it cannot be satisfactory to one side if there is something that relieves another side. So it is a continuing attempt and no amount of consideration that can be given will find once and for all the answer to the problems and again at times, and I am not suggesting anything at this stage, at times when more money is required out of tax then of course the point arises, a rehash of the fairer distribution of the extra amount that has to be obtained. So that really this is a continuing effort and I am glad to see that some of the proposals have been welcomed by Members opposite because having regard to the burden placed on people who are wage earners and

earners of regular income from employment and not self-employed who have to fork out the money every week, that it is only fair and proper that we should see what other ways there are for other people to be much more regular in the payment of their taxes and this is one of the main purposes of some of the provisions of the Bill. On the clear understanding, and we have had this before, on the clear understanding that even though we may take this Bill at a subsequent meeting of the House, it will have effect from the 1st April because it could not be otherwise, on that understanding and because we are advised that it does not present any administrative difficulties if we do delay the implementation, we are as the Minister for Labour has said, quite ready to leave the matter over for the Committee Stage at a subsequent meeting and perhaps we could have informal talks and ideas about this matter. Let it be quite clear - and I will have a word to say about this question of discrimination which has been mentioned before - what you give away in some way you have to get it back in another way so that it is no use making generous allowances now that is going to cost the vote half a million pounds if you are not going to make provision for that amount in another way because that would not be prudent even on present form and present estimates which we spoke about yesterday of the ability to speak about that in the general debate. There was no attempt at discrimination. I just cannot put my finger on the particular piece of legislation which make me feel that we were justified in going it this way and none of my colleagues remember but I will find out between now and the next meeting. Of course the main basis of that was that either this must be a scheme which has the prior approval of the Commissioner of Income Tax or it must be gratuities of people in the official sector who cannot and will not make any possible arrangements in order to avoid payment of tax in the future, that is all we are interested in. My Honourable colleague Mr Serfaty was speaking about this question when you give bonuses at Christmas and so on and of course you spread out and you do it under PAYE. It would well be said: "Leave it, do not give it to me, give it to me as a gratuity", and at the end of a few years you could say you had a gratuity which was completely exempt from income tax had you been paid at the time you would have had your share. These are the things we want to avoid.

HON G T RESTANO

If the Honourable Member will give way. May I make just

one point clear on what he has just said. Of course a Christmas bonus is not taxable anyway.

HON CHIEF MINISTER

Of course it is taxable.

HON G T RESTANO

I am referring to employees from around town who go round to businesses and collect Christmas bonuses.

HON CHIEF MINISTER

Strictly speaking if it is deducted as Christmas bonus as an expense from the petty cash which no doubt the Commissioner of Income Tax does not query very much because it is certified as being the custom of the trade, strictly speaking the receivers of it should account for it for income tax. But let us not speak about that because then we are getting into an area which we might give a few tips to the Commissioner of Income Tax and I think none of us want to make him too aware of these matters. Of course a bonus if you want to have it deducted regularly from your books in order to be able to say that it is a proper expense because it is part of the remuneration of one of the employees, of course it is taxed. There is a provision I am told by a person who does this in my Chambers that if you spread it out for 3 weeks or over the month, if it is a weekly bonus, you pay that little less and that is authorised by the PAYE regulations. So let there be no misunderstanding about that. The other idea behind this question of the 20 years was precisely the argument that was put by the Honourable the Leader of the Opposition at this meeting some time ago, if he will agree with me, that whereas under Subsection H on retirement that was exempt from taxation whether it comes from official employment or not, on retirement you get it. The representation that was made was that in the Ministry of Defence employment you never got more than you got for 20 years service and therefore it could be said that you were finishing and starting again but that was retirement and that way why we pinpointed that matter which was raised because in the other sector, in the old City Council which has been merged with the Government you get a pension and therefore you get a reduced gratuity but you get that benefit of the pension on which you do not pay on the lump

sum basis but in the MOD other than those who are established which are a very small proportion having regard to the numbers employed, when you have done your 20 years, you can do another 20 years if you do not ask for your gratuity and you will not get a penny more. So, naturally, people at the end of 20 years get their money and carry on working and hopefully they could have another five years or another 10 years if they do that, and good luck to them, that is the system and that is why we made that provision to meet that point raised by the Leader of the Opposition. We do not want to discriminate but what we do not want is to open the back door as the Honourable Major Peliza rightly said, to anybody to avoid that because eventually that less money that is collected one way will have to be collected another. Therefore we are quite happy to look at the details of it but please may I say let us have the representations early enough. Let us not think about it two days before the Bill comes before the Committee Stage because then it could be too late and because these matters are of such a delicate nature and they have such repercussions that ad hoc amendments thought of in the course of the committee really do not lead to either good administrative practice nor really to good legislation as we have had reasons to see here in practice. It is an attempt to make income tax more equitable than it was before giving away a little here and making sure that other people pay quicker and in that respect of course we are glad that it has received the general assent of Members opposite apart from the particular points raised.

HON M XIBERRAS

Mr Speaker, it has been a very thorough debate on this Bill and I shall not go through all the points that have been raised by Honourable Members on this side of the House all of which bear very close attention by the Government and most of which appear to me to be very substantial points. I certainly welcome the intention of the Bill, I think it is an attempt to do away with one or two outstanding anomalies or areas of injustice or generally speaking whatever the pattern has been to bring a more refined consideration to bear on income tax legislation. However, the points on which the Government appeared for a while certainly to hesitate most is the one I would like to speak about and that is the question of the gratuities and the non-application of the exemption to the private sector. The difficulties under which the Government labour are

fully appreciated. I do not think Honourable Members on this side can accept the responsibilities of meeting these difficulties. I think it is up to the Government to find ways and means of blocking the possible loopholes but I first should congratulate I think the Honourable and Gallant Major Pel iza for a very brave suggestion. I think that if it is not applicable in this particular case, it is I think redolent of the feeling in certain quarters that by the time we finish making allowances here and there and everywhere we might get people in crossfire, as it were, and we might end up by exempting some more than we want to and others not as much as we would wish. I think this is characteristic of legislation not only here but in many other places and I think his suggestion needs to be borne in mind.

Coming to the question of terminal gratuities I think I am right in saying that United Kingdom recruited Civil Servants at present, have, without the provisions of this Bill becoming law, already exempted terminal gratuities. Also I think this was the rough order of events in my mind because there has been discussion about making up salaries at one time or another, say, for the UK recruited Civil Servants in respect of terminal gratuities and it has been a consideration that they were tax free. Also we have our own exemption. This Bill would widen the net somewhat more and I wonder whether there is not an echo of the discrimination that does exist already in respect of certain Government servants in this Bill in widening its provisions to others. I should warn the House that even though it is right and proper that Government servants should be properly looked after it is not in the interest even of Government servants that the concessions or privileges which they enjoy should reach such a point that there is public reaction against this. I feel that we are in danger of doing this in certain areas on which I shall be no doubt addressing the House later on and I feel that for the House to endorse at this particular time a practice for however good the reasons which increases the area of privilege, to my mind is not tactful of the House and the House should refrain from doing it especially in legislation of this kind. Agreed that there is a bigger opportunity, or less control should I say, over sharp practice in the private sector than in the public sector, this is agreed, but I do not think that any Member of this House can be happy with this sort of legislation which almost imputes a fault of the private sector and works on that particular basis. If it were not such a big imputation and allegation then, perhaps, one could cover it up under the mantle of expediency and

say: "Well, we at least can favour some of our citizens". I do not feel that this is the case on this occasion and I do not think that what the Honourable Mr Ganepa had to say about provisions for joint contributions to pension schemes being exempt by arrangement with the Commissioner of Income Tax is enough justification of the present legislation before the House and therefore I was very much attracted to what my Honourable and Galland Friend had to say on this matter. It appears to be an inequitable piece of legislation in this respect and I feel that the House should not give its approval to it. I think we are quite deliberately, though for good reason no doubt but quite deliberately and quite blatantly discriminating against private sector employees and if this is a fact of life as Honourable Members say then I am sure that there are other facts of life in the private sector, some of which we have already heard, where people might be able to get round the provisions of income tax but not because of that do we have one income tax law for the public sector and another income tax law for the private sector. It is poor legislation if we approach the matter on the basis of this consideration and therefore I think that this is the part of the Bill which is unacceptable certainly to me as drafted and I would almost be inclined to vote against it if there is not a means of providing more equitable treatment for all the citizens of Gibraltar. The Honourable and Learned the Chief Minister mentioned, in passing, a sum of £1m as the end of this Bill. No doubt that was just a manner of speaking.

HON CHIEF MINISTER

If the Honourable Member will give way. No, we have not priced this Bill but I am glad I am able to clear that because I want to clear another point the Honourable Member has mentioned. I said, for example, if we were to make provisions that would cost \$1m, we would have to get the \$1m from the taxpayers in another way. We have not priced this and we do not expect that this will cost much but if I may just be allowed for one moment, I think some of the remarks that the Honourable Mr Xiberras has made are too hard for the facts as they have happened and unfair. The Honourable the Leader of the Opposition will bear me out that it arose out of the specific provisions made not in respect of retirement for which there is provision but for those who did not retire because they did not benefit

by retiring. The provision on retirement is there, what we tried to meet was the point made by him that people suffered by not retiring because they could not get more than a gratuity after 20 years service. It was a specific problem put to us which we tried to solve. It does not mean that the Union asked for it; it is right and the others wrong, it is not that, but the point was raised in that manner and it was that evil that we were trying to cure in this provision. That is the point.

HON M XIBERRAS

I have heard representations made in this House, I think, also in respect of the exemption of gratuities themselves and I accept what the Honourable Member has said and I apologise to this House for a bit of sharp practice in throwing in this £1m which has not produced the intended results and that was for the Government to explain or to give an indication of what we would be giving up in revenue by the provisions of this Bill. There are a number of amendments which are considered desirable and I think it is for this House to decide which of the amendments on the basis of cost and the good that they would do are the more desirable. For instance we have a suggestion made in the course of this meeting that allowances should be increased and there is the question of the loss in yield of income tax but I do think that the House should not pass the Second Reading without some indication of the cost of these measures.

HON CHIEF MINISTER

We have not costed it because we do not think that it costs anything substantial at all. It only stops abuse in certain respects and in that respect of course it will be welcome and also in expediting the time within which money is available from people who are self employed and so on but we are not saying that we are giving away anything in this Bill of any substance. We have not costed them in that sense and we have not been looking for pennies in this Bill at all. It has been a Bill to try and make the thing more equitable and what you lose in one respect you might win in another in getting a quicker cash flow. We are not pretending that we are either raising any money or giving away any money.

HON M XIBERRAS

I see. Well, that again, Mr Speaker, gives allowance for greater flexibility in considering the provisions of the Bill because it might cost more. I think the Honourable Mr Restano it was who mentioned the possibility of a certain clause leading to a drain on revenue, the one on dependent children. Again if there is no substantial revenue loss it gives greater flexibility. Mr Speaker, I think, returning to the main point of gratuities, if the private sector wants to get around paying income tax on gratuities then transactions can be made and the Income Tax Commissioner would be none the wiser. It need not be declared at all if it is given as a bonus and then I would imagine that the Income Tax Commissioner would not know that this has happened.

MR SPEAKER

It would be known to the extent that it would be a deductible expense.

HON M XIBERRAS

Mr Speaker, what I am saying is of course not encouraging it for one minute but what I am saying is that if we are going to work on the basis that the private sector employee is going to misbehave, well the Honourable and Learned the Chief Minister may say no but this is, in fact, the case.

HON CHIEF MINISTER

In respect of schemes, not in respect of administration. It is inability to follow up and to secure the exemption that could be got out of systems of gratuity. There has been no aspersion on the part of anybody to say that the private sector is in any way attempting to avoid the payment of income tax.

HON M XIBERRAS

Well, Mr Speaker, I am glad to hear that because I think again this allows the Government greater flexibility in applying this to the private sector. And so, Mr Speaker, when the consultations and so forth take place and when the Honourable Gentlemen on the other side put on their

thinking caps I am sure that they will take note of the feeling of the House on this particular clause. I sympathise very much on what has been said about the investors or present investors or would be investors. If there is no financial consideration involved in this matter then I do not think one should be harsh or over strict with them. I do not think there is a point of equity, a point of fairness here which could not be found in the parent legislation itself, that is, in the Exempt Companies Ordinance and if that is considered fair then a minor concession of this nature should not be considered unfair either and if there are no financial considerations then why put this particular one in. I would imagine that the House cannot expect, since it is not included in this Bill, any major review in the immediate future of personal allowances otherwise it would have been incorporated here and this is an omission which I think most Honourable Members on this side would decry since allowances are, in fact, somewhat below the United Kingdom allowances and Income Tax as we know is producing quite a yield for Gibraltar and its omission from this particular Bill is unwelcome. I hope that what I have said even though as the Chief Minister has said may have gone rather further than the circumstances merit but nonetheless convince the other side that there is strength of feeling on this question of the gratuities.

HON ATTORNEY GENERAL

Mr Speaker, Sir, we voted to abolish the birch this morning but this question of gratuities has really been flogged to death. I would just say on/discrimination in the Ordinance against the private sector, there is no question of imputation of bad faith. All we are doing here is legislating the one very peculiar set of circumstances that is the 20 year employment by particular employees where after 20 years you cannot enhance your gratuity. So anybody who retires after 10 years their gratuity is certainly not ^{tax} free. They are caught whether they work in the private sector, whether they work for MOD or whether they work for Government. Now, the mortgage point raised by the Honourable

HON J BOSSANO

If the Honourable Member will give way. Perhaps I can

use this juncture just to confirm what the Honourable and Learned the Chief Minister has said. The point about the anomaly that existed and exists at the moment until another arrangement is negotiated in MOD and DOE is that you could have a worker doing 40 years and he would get a gratuity based on 20 years. But if that worker did 20 years, collected his 20 years on the Friday and started work on the Monday morning, he would then be able to get two lots of 20 years, that is, 2 gratuities which would compensate him for 40 years service. He is only able to do that if in fact he retired on the Friday and was re-employed on the Monday and until the introduction of PAYE he was not taxed on that gratuity. When the PAYE started being introduced the people who had traditionally worked 20 years, taken their gratuity and been immediately re-employed and this was a standard thing in the Dockyard, suddenly found that their 20 year gratuity was taxed quite unexpectedly. That situation has meant that people have either got to give up and let the MOD keep their gratuity which they are entitled to have if they seek retirement and re-employment or else take their gratuity and pay 40% of it to the Gibraltar Government. So either they let the MOD pocket 100% or they let the Gibraltar Government pocket 40%. I accept that what the Chief Minister has done is to let them keep the 40% that was taken away from them and I am grateful for that but I think the point that I wanted to make in my earlier intervention, part of which he missed, was that this thing is on the way out anyway, because at the moment it is under negotiation and, secondly, that in fact if we are going to do something about gratuities then I think it is a useful thing to look perhaps at doing something more radical than just looking after this problem and perhaps making provision for other circumstances. For example in the United Kingdom shop service payments in the MOD and in the DOE under the Civil Service Pension Scheme are tax free. So that in the United Kingdom for example a worker who leaves after 4 years gets a gratuity which is tax free. In Gibraltar he does not get a gratuity unless he leaves at the age of 65 and is not going to be re-employed any more. But, for example, a worker who moves from DOE to the Gibraltar Government at the moment and who has done 10 years in the DOE gets taxed on those 10 years. Those cases would not be cured by the Governments proposals and I think if we are going to do something it might be worth seeing if we can do something better than what is being proposed.

HON ATTORNEY GENERAL

I could correct the Honourable Leader of the Opposition.

He stated that the taxation of gratuities was consequent upon the introduction of PAYE. No, Sir, it was not. It was I think the eagle eye of the new Deputy Commissioner of Income Tax who is now the Commissioner who caught up. The law which has been the same for a very long time. On the question of mortgages, it matters not when the mortgage was taken out, whether before or after the introduction of the amendment, provided the mortgage was taken out for the purpose of acquiring the house the interest will be tax free. I am introducing an amendment at the Committee Stage of which I think Members have notice to make a further provision that where money has been borrowed after the house has been acquired, money has been borrowed to improve or develop and a mortgage is taken, the interest on that will be tax free. May I deal with the point raised by the Honourable and Learned Mr Peter Isola on Clause 9, dealing with section 21 of the Bill. The amendment to subsection 3, I think, is quite clear. It deals with the case where a person is maintaining a child other than his own and there are, as we were told, a few cases in Gibraltar of this, in that case we have given him the allowance under the subsection provided the child is resident in Gibraltar. The point raised by the Honourable and Learned Mr Peter Isola in subsection 5 was, should we not provide in that subsection that the child must be resident in Gibraltar. As I understood him that was the point he made. The answer is, no, "child" here is either a child of the taxpayer or a child for whom allowance is made under subsection 3 which in the case of a child who is not a child of the taxpayer must be resident. So you read into subsection 5 for the child who does not belong to the taxpayer, who is not his own child, he has still got to be resident in order to get the benefit because it refers back to subsection 3 and subsection 3 only gives the benefit to a child who is not the child of a taxpayer if he is resident in Gibraltar. On the question of fees of directors of exempt companies the Honourable and Learned Member is quite right, they are of course exempt under the Companies (Taxation and Concessions) Ordinance. We were not purporting to re-exempt them afresh under this, but if such a person has other income in Gibraltar, if he has invested, then we feel that he should be given the normal allowances on that income and that is why we have adopted that approach. And, lastly, the question of permitted persons. Members will, of course, have seen that in section 23, which is in Clause 10, we have given to Directors of Companies who we have dealt with, any non-resident British Subjects and any non-resident individual whether a British Subject or

not who draws a pension from Gibraltar, they get allowances. So most permitted persons now fall within that particular clause. I do not think there were any other points which need dealing with on a legal basis.

MR SPEAKER

If there are no other contributors I will ask the Honourable the Financial and Development Secretary to reply.

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Speaker, it does not seem to me to be very much that I can add to what has already been contributed to this debate and far be it from me, continuing the phraseology used by my Honourable and Learned colleague on my right, to flog to death a dead horse. But in relation of gratuities it has seemed to me, listening to contributions from Members on the other side, that what they have really failed to do in their talk of discrimination is that they have failed to compare like with like. If in the private sector there were circumstances which could be considered to be equal and comparable to the particular circumstances which this Bill legislates for, or equal and comparable to such circumstances as may or may not take the place of this provision after the consultations which we are going to have, then I feel quite certain that naturally they would be treated accordingly. The point is, however, it seems to me, that not one shred of evidence exists that any comparable situation exists in the private sector, nor that gratuities of the kind which we have been talking about would be in any way comparable to the kind of gratuity which the Honourable Mr Bossano has very clearly explained exists in the MOD. All we, in fact, have done is to accept on the basis of recommendations made, that the terminal gratuity payable to MOD employees after 20 years equals and is deemed to be a retirement gratuity for precisely the reasons which the Honourable Leader of the Opposition explained so well. That is all we have done.

HON M XIBERRAS

If the Honourable Member will give way. It may well be,

Mr Speaker, in this interpretation of this matter, but whether the reason for the Bill is representations made on behalf of the TGWU and MOD or not, I think what most Members here have interpreted as bringing it to light, if not actually creating, is the fact that gratuities are taxable in the private sector when they occur but they are not taxable in other areas. Am I right in saying that gratuities in the private sector are taxable.

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Speaker, Sir, any gratuity is taxable. The only one that I am advised is not in fact taxable is the gratuity payable to an officer of the Government who is recruited from outside Gibraltar in terms of the agreement which he enters into, but any other gratuity is taxable.

MR SPEAKER

Perhaps the misunderstanding which is arising is due to the fact that in the private sector there are such things as the commutation of a pension, a 50% commutation under the Pension Scheme which is withdrawn on retirement which is taken as a gratuity but in fact is not a gratuity and that is why that is not taxable.

HON J BOSSANO

Mr Speaker, the situation is that the gratuity that a person gets at the end of his working life is not taxable anywhere. Until, in fact, either the PAYE or the eagle eye of the new Commissioner or a combination of both produced a change in circumstances no gratuity was taxed. Even if a person only worked for five years in a place he left with a gratuity and that gratuity was not taxed. At present all gratuities are taxed unless people are retiring at the end of their working life, but I think the MOD/DOE situation was a specific one where people were caught in a cleft stick, either they took their 20 years and risked being taxed or they did not take the 20 years and lost them. That was the only thing that needed to be cured and I think that is what the Government has tried to do. The point that I made earlier was that for example there are places like Cable and Wireless and NAAFI which are not strictly speaking UK Departments but have got arrangements that are not very different from the UK Departments, and

that in fact if we put in our legislation that it just applies to the UK Departments and for example the Union were to be able to negotiate a similar sort of scheme with a big employer, then we would need to change the law again and that it makes more sense to frame the law so that it applies wherever the scheme is to be found.

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Speaker, that point has been well taken on this side. I was merely trying to correct what it seemed to me was a misunderstanding and a misinterpretation on the part of certain speakers to this debate of indeed what kind of gratuity we are talking about. The other point which I think I would mention is that of non-resident directors. I am advised that under the terms of the amendment, non-resident directors will in fact be treated in exactly the same way as they are treated under the present legislation and I think that that merely confirms and supports the legal position as inunciated by my learned colleague. The other point which the Honourable and Learned Mr Peter Isola made ^{not} related of course to tax loss companies. Since we are/proceeding with the Committee Stage of this Bill, quite clearly it is not merely only in connection with gratuities but we will turn our minds to a reconsideration. On the other hand I would not like him to be unduly optimistic about the Government's ability to accept any change in the amendment as it appears at the present moment. Revenue: An exercise of this character is just too complicated to be able to arrive at any reasonable figure. All I can say is that of the amendments which are introduced roughly half might be expected, given certain circumstances, ~~to produce a little~~ to produce something less than happens at the moment and I cannot go any further than that. Finally, two small points which the Honourable Mr Xiberras made. First of all, of course I am quite certain that when it comes to his ears officially the Commissioner of Income Tax will be most interested to hear the gist of some of the remarks regarding the payment of bonuses. This I feel is something which would interest him quite considerably. And the other thing is of course, that it would not be necessary for the Government, whether it wished to or not under our new procedure, to introduce any question of amending allowances in this amendment Bill. Under our new procedure, of course, we shall be having, of some description, a Finance Bill.

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

The Bill was read a second time.

HON FINANCIAL AND DEVELOPMENT SECRETARY

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

THE SUPPLEMENTARY APPROPRIATION :1976-77: (No.4) ORDINANCE 1977

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Speaker, Sir, first I have the honour to move the suspension of Standing Order No.30 in respect of this Bill. The reason it was not circulated with the usual 7 days was the desire on the part of the Government to include in it everything in the way of supplementary expenditure of which we had notice right up to the last day in order that the House could consider appropriating in this Financial Year and not when a proper request had been made not forced the Department to go into over expenditure because there will be no other opportunity.

Mr Speaker then put the question which was resolved in the affirmative and Standing Order No.30 was accordingly suspended.

HON FINANCIAL AND DEVELOPMENT SECRETARY

Sir, I have the honour to move that a Bill for an Ordinance to apply further sums of money to the service of the year ending on the 31st March 1977 be read a first time.

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

The Bill was read a first time.

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Speaker, Sir, I have the honour to move that the Bill be now read a second time. I do not think, Mr Speaker, that there is any necessity on my part to use once again the formal words that I used before, namely, that this Bill is to authorise, by law, the appropriation of the necessary moneys out of the Consolidated Fund.

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

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

The Bill was read a second time.

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Speaker, I beg to give notice that the Committee Stage and Third Reading of this Bill will be taken at a later stage of this meeting and if the House agrees and we reach that stage, today.

This was agreed to.

COMMITTEE STAGE

HON ATTORNEY GENERAL

Mr Speaker, Sir, I beg to move that this House should resolve itself into Committee to consider the following Bills clause by clause: The Public Finance (Control and Audit) Bill, 1977;

the Criminal Justice Administration (Amendment) Bill, 1977; The Misuse of Drugs (Amendment) Bill, 1977, and the Supplementary Appropriation (1976/77) (No.4) Bill, 1977.

THE PUBLIC FINANCE (CONTROL AND AUDIT) BILL, 1977

Clauses 1 to 9 were agreed to and stood part of the Bill.

Clause 10

MR SPEAKER

The Honourable the Financial and Development Fund has given notice that he wishes to move an amendment to Clause 10(1).

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Speaker, the reason for this amendment stems from the fact that it has been the practice for a number of years, for the Director of Labour and Social Security to make occasional payments in relation to needy families and also to render such other assistance such as, I believe, help in kind such as shoes or something of this nature and as the present Ordinance stands and as this Bill was worded those monies could not have been advanced to him out of the Consolidated Fund and we have therefore, moved this amendment to bring those advances made to the Director of Labour and Social Security within the scope of the Bill the purposes will be subsequently prescribed and laid down in Financial Regulations.

MR SPEAKER

I will now propose the question which is that Clause 10(1) of the Bill be amended by the deletion of the full stop at the end of paragraph (e) and the substitution therefor of a semi-colon and by the addition of a new paragraph as follows: "(f) to the Director of Labour and Social Security for use by him in such cases as may be prescribed by Financial Regulations."

Mr Speaker then put the question in the terms of the above amendment which was resolved in the affirmative and Clause 10 as amended, was agreed to and stood part of the Bill.

HON J BOSSANO

Mr Speaker, can the Honourable Member say whether under the existing Financial Procedures Ordinance there is power for him to authorise advances from the Consolidated Fund to special funds under the Improvement and Development Fund or not? Is it a new thing or is this something that we are incorporating from the old Ordinance in the new one?

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Speaker we are incorporating it. The present Ordinance provides that advances may be made to or on account of any special fund and of course by the Schedule to the Ordinance the Improvement and Development Fund is a special fund so that authorises it. Where such advances are recoverable

before the close of the financial year in which such advances are made. So it is merely a continuation of the existing power.

Clauses 11 to 20 were agreed to and stood part of the Bill

Clause 21

HON FINANCIAL AND DEVELOPMENT SECRETARY

Sir, I have the honour to move that Clause 21 (1) of the Bill be amended by the deletion of the word and figures "Section 15" in line 1 thereof and by the substitution therefor of the word and figures "Section 14".

Mr Speaker proposed the question in the terms of the above amendment.

Mr Speaker then put the question which was resolved in the affirmative and Clause 21, as amended, was agreed to and stood part of the Bill.

Clauses 22 to 49 were agreed to and stood part of the Bill.

Clause 50

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Speaker, I beg to move that Clause 50 (1) of the Bill be amended by the insertion immediately after the words "each financial year" appearing in line 3 thereof of the word "sign and".

Mr Speaker then proposed the question in the terms of the above amendment.

Mr Speaker then put the question which was resolved in the affirmative and Clause 50, as amended, was agreed to and stood part of the Bill.

Clauses 51 and 52 were agreed to and stood part of the Bill.

Clause 53

HON J BOSSANO

On Clause 53 I think in the first reading of the Bill the point is made about the Principal Auditor being the officer who would have to exercise his discretion as to whether his duties conflicted with the duties of the office. I believe the Honourable and Learned Mr Isola made that point and reminded the House of the situation we had had once when the Principal Auditor was, in fact, on the Board of Directors of GBC and that in fact although Members of the House thought that that was a duty which could conflict with his office the Auditor himself did not share that opinion otherwise he would have refused to accept office. I thought it was a very valid point that the Honourable and Learned Member made and I had hoped the Government would in fact have produced an amendment at this stage not to leave the discretion entirely in the hands of the Principal Auditor himself to judge whether he should accept a particular post or not which might or might not conflict with his duties as auditor in the view of other Members of the House or some other body.

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Speaker, the only problem there that we see is, who is in fact to be the judge?

HON ATTORNEY GENERAL

That is the point, I think. Supposing the Principal Auditor is required to do something which clearly as far as he is concerned is incompatible with his responsibilities, he would say "no". Now, somebody has got to be the decider and it is considered by Government it should be the Principal Auditor. Rightly or wrongly the position which existed prior to 1973, that has been done away with. I do not think - I think I can say this with absolute confidence - that we shall go back to a similar situation. I would advise that we should leave this as it is, leave it to the good common sense of the Principal Auditor to say: "No, you cannot require me to do this, this is incompatible with the responsibilities of my office." If somebody else should be the decider, let us say it is the Financial and Development Secretary, he could say:

"Principal Auditor, you go and do that. I do not think it is incompatible." But the Principal Auditor must have the last word and I would advise that we should leave this provision as it is.

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Speaker, I think it is only right to tell the House that naturally these provisions have been discussed with the present incumbent who is entirely happy with them and who I think, without wishing to make any kind of value judgement, would be very strict in interpreting what might conflict with his duties or not and I think that that would apply also to any Principal Auditor.

HON P J ISOLA

Mr Speaker, while I accept entirely what the Financial and Development Secretary says that the present Principal Auditor would not dream of undertaking any duties outside his office if they were incompatible with the responsibilities and duties of his office, one cannot say that this would be the case with any other Auditor because we have had experience of an Auditor who has in fact undertaken duties which in the opinion of some Members of the House were incompatible with the office that he held. I see the problem as to in whose discretion it should be or who should decide this point and I see that there is a problem there, but I would have thought that certainly the Principal Auditor should not decide whether it is compatible there must surely be some other authority. If one leaves the words "in his opinion" out and just say "if such duties are incompatible with the responsibilities and duties of that office" then obviously one presumably would have to take an objective view of the position and a Principal Auditor who took on duties which could be incompatible with his office would do so at his own risk and the matter could be raised in the House and presumably eventually it would be a court that would decide. Alternatively one could put in "if in the opinion of the Governor such duties are incompatible." I would have thought that if one said "if such duties are incompatible with the responsibilities and duties of that office" then I think it would be, I suppose, a matter for this House or for the Court to decide. That would surely make an auditor very cautious about taking anything that is strictly outside his sphere which is auditing the public accounts of the Government or any other accounts. If one passes

legislation based on the assurance of the present Auditor this is fine for the present Auditor, but not for any subsequent one, that is the only problem.

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Speaker, let us not go back into history and start trying to speculate as to why this and why that but there was no corresponding provision in the previous Ordinance. The previous Ordinance, if I may quote it simply said: "the Principal Auditor shall not hold any office of profit under the Crown". There was nothing in the present Ordinance which we are now amending which offered any kind of guidance to the Principal Auditor as to what he could do or what he could not do. There was absolutely nothing at all which in any way reminded him that a number of outside functions, not big things as directorships of the GBC but quite small things like the audit, for example of a club could indeed infringe possibly on his duties. There are a number of things which auditors, because of their profession, are sometimes called upon to do as part time jobs which could infringe his particular responsibilities under this Ordinance and that is why this particular provision has been written in. As I say, in the previous Ordinance there was no such stipulation at all, nothing to remind him, it was merely that he could not take any other office of profit under the Crown.

On a vote being taken on Clause 53 the following Honourable Members abstained:-

The Honourable J Bossano
The Honourable J T Restano
The Honourable P J Isola

Clause 53 was agreed to and stood part of the Bill.

Clauses 54 to 77 were agreed to and stood part of the Bill.

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

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

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

THE CRIMINAL JUSTICE ADMINISTRATION (AMENDMENT) BILL, 1977

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

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

THE MISUSE OF DRUGS (AMENDMENT) BILL, 1977

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

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

THE SUPPLEMENTARY APPROPRIATION (1976-77)(No.4) BILL, 1977

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

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

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

THIRD READING

HON ATTORNEY GENERAL

Mr Speaker, Sir, I have the honour to report that the Public Finance (Control and Audit) Bill 1977; the Criminal Justice Administration (Amendment) Bill 1977; the Misuse of Drugs (Amendment) Bill 1977; and the Supplementary Appropriation (1976/77)(No.4) Bill, 1977, have been considered in Committee and agreed to. In the case of the Public Finance (Control and Audit) Bill, 1977, with amendment, and I now move that they be read a third time and do pass.

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

The House recessed at 5.05 p.m.

The House resumed at 5.30 p.m.

PRIVATE MEMBERS' MOTIONS

MR SPEAKER

As Members will recall we allowed the debate on the motion moved by the Honourable the Leader of the Opposition at the last meeting "that this House considers that the soil of Gibraltar should belong to no-one but the people of Gibraltar" to continue at this meeting. I have circulated a stencilled state of play, as it were, as at the very moment when we adjourned the debate to this meeting. The Honourable the Leader of the Opposition the Honourable A P Montegriffo, the Honourable J B Perez, the Honourable M Xiberras and the Honourable the Chief Minister had spoken to the question and an amendment had then been moved by the Chief Minister to which amendment the Honourable J Bossano, the Honourable M Xiberras, the Honourable A J Canepa and the Honourable P J Isola had spoken and then while speaking to this amendment the Honourable Mr Isola had moved an amendment to the amendment moved by the Chief Minister and to this amendment to the amendment the Honourable Sir Joshua Hassan the Honourable J Bossano and the Honourable Major R J Peliza had spoken. So the position as I see it now is that we have an amendment to an amendment and the floor is open to anyone who wishes to speak on the amendment to the amendment if they remember what the amendment to the amendment was.

HON J BOSSANO

Could I just make a point Mr Speaker, before we start. Do we have to take the motion at this stage, because just before we recessed for tea the Honourable and Learned the Chief Minister let me have a copy of a proposal for amending the motion. The motion has in fact been pending for a long time and obviously the amount of time that we have had these new proposals is hardly sufficient for us to be able to decide one way or the other what our reaction is going to be.

MR SPEAKER

There is no reason why we should not leave this motion for a later stage if the House so wishes. If that is agreed we will proceed with the next motion in the Order Paper.

HON J BOSSANO

Mr Speaker, I beg to move that: "This House would welcome a visit by Her Majesty the Queen to her loyal subjects in Gibraltar as part of the Jubilee celebrations."

Mr Speaker, the last time Her Majesty the Queen visited Gibraltar was in 1954 and then we had of course a Government in power in our neighbouring state which took objection to Her Majesty visiting one of her territories because of the claim that Spain had to the sovereignty of the territory and it was then that the hardening of the Spanish attitude towards the people of Gibraltar commenced which eventually led to the imposition of the restrictions that we have had for a number of years. Of course now Spain is on the verge of a democratic process and there is no danger any longer that a visit by Her Majesty the Queen to Gibraltar could produce that reaction since the Generalissimo is now, fortunately, dead and buried. The question of a visit by Her Majesty to Gibraltar therefore can no longer be said to carry with it the potential of a hostile reaction from Spain because as we all know Spain is now democratised. I am just saying this, Mr Speaker, in case somebody should think of suggesting otherwise. Whether Her Majesty in fact would be able to visit Gibraltar in the current year one is not in a position to know and if she is not able to do so because the desire of the people of Gibraltar that she should do so has been brought to her notice too late, it is regrettable that this should not have been done earlier. But it seems appropriate that we should think of it, anyway, if we are celebrating the Queen's Jubilee. It is an appropriate time to think of inviting Her Majesty to come to Gibraltar after such a long absence even if we may have thought of it too late. I think that there is no likelihood, Mr Speaker, of any Member in the House not wishing Her Majesty to visit Gibraltar and therefore I commend the motion to the House confident that it will have the support of Members.

Mr Speaker then proposed the question in the terms of the

Honourable J Bossano's motion.

HON CHIEF MINISTER

Mr Speaker, I have really been overcome by the eloquence with which the Honourable Leader of the Opposition has elaborated a very difficult subject. The first thing that I would like to say is, so far as one has got a certain element of responsibility for initiating a certain thing, is that it has never entered my mind and certainly none of my colleagues, that the Queen should not have been asked to come to Gibraltar because it would embarrass anybody or embarrass our neighbours, that has never entered our minds. In fact in the 1954 visit that was very much a matter on which advice was taken before and we took all the risks and everything because we were so happy to see that the Queen was coming and those were elements that were taken into account. But I think that first of all I think the Honourable Mover has already indicated two things about which people were very worried. First of all what was his intention behind this, being an anti-establishment man, essentially an anti-establishment man, and making no apologies for it, to request the visit of the Head of the Establishment of all people. So that of course makes one wonder a little about that, not that I am going to attribute any bad motives, I am sure that the Honourable Member would be as ready to welcome the Queen as he will be to visit the Queen Mother in the course of the next few days as part of the arrangements for the CPA Regional Conference in London and it is rumoured that there have been changes of telegrams with Moss Brothers about a top hat and a morning coat. But, equally, a lot of people have asked "What are you going to do with Mr Bossano's motion?/ This was reflected in elements of the press. I am sure the Leader of the Opposition takes it in the spirit in which he takes all these funny things and therefore and let us say it would need a considerable amount of courage to say we do not want the Queen to come. But we all know that the Queen cannot come here in relation to the Jubilee Celebrations, that is as clear as daylight. First of all I gathered my own personal experience of the fact that in a previous visit it was announced 14 months before. In fact the Committee to make the arrangements for the Queen's visit was set up in April 1953 and the Queen came in the middle of May 1954 and she was only here for a day and a half and she did not sleep ashore which was one less headache to prepare because she had the Royal Yacht with her. I have taken the trouble to find out when the present arrangements or rather when the arrangements of

' You can not
vote against it
can you. And it
is still Mr
Bossano's
motion."

her present trip were started and I can say that I understand that the planning for the Queen's tour of the Commonwealth had been in progress since almost 2 years ago. So, however much we want to democratise the monarchy they have a busy schedule. It is probably as difficult, perhaps, to get the Queen here in a short time as sometimes it is to get the Honourable Member when one wants to contact him on something else in connection with the House of Assembly. Let me also say that I thank the Honourable Member for his initiative because in my capacity as Chairman of the Jubilee Committee Celebrations which was appointed 3 or 4 months ago I had not thought of this wonderful idea for the Jubilee and in fact I have tried to see whether she could come to the Garden Party but she is otherwise busily engaged. So that really one wonders what it is that is behind it and putting it at its very best since in fact it is not likely, as he himself has said, that she could come, I think that it is unreasonable. I think it is the right time to think about a visit. The next thing would be that if we do pass this motion without any comments and we so resolve and the Queen does not come then they would say: "There you are, what is the use of the House of Assembly, what are the people there for, they want the Queen to come and she does not come". So what is the way of dealing with this matter to the satisfaction of everybody? Well, by an amendment. And this is what I propose to do. I have not consulted the other Members of the Opposition who probably welcome the Queen as much as everybody else, if not more, and I have an amendment on which I am not very sticky about the actual wording of it as it was prepared in a bit of a hurry as I did not know it was coming up so quickly. First of all we should all rejoice about the Jubilee and I think that we should say "that this House takes the opportunity of Her Majesty's Silver Jubilee year to reiterate and re-affirm the loyalty of the people of Gibraltar to the British Crown and request His Excellency the Governor to communicate this sentiment to Her Majesty together with its warmest congratulations and expressions of deep affection; further, this House records its great desire to welcome Her Majesty on a visit to Gibraltar at whatever time such a visit might be thought convenient and appropriate." I think this would indicate to Her Majesty, and in fact we could even give a copy of the Resolution to the Honourable Leader of the Opposition and he could give it to the Queen Mother and use his influence, having obtained, of course, the adequate gear from Moss Brothers.

MR SPEAKER

I am afraid that the preparation of Hansards with all this laughter is going to be rather difficult.

HON CHIEF MINISTER

Is it not wonderful to be able to be united on this one.

Mr Speaker, I beg to move my amendment.

MR SPEAKER

May I have a copy of the amendment?

HON CHIEF MINISTER

Yes, I have two. It has been done in a hurry.

MR SPEAKER

I will then propose the question as moved by the Honourable Chief Minister which is that the motion before the House moved by the Honourable Leader of the Opposition should be amended as follows: By the deletion of all words after "House" and the substitution therefor of the following: "takes the opportunity of Her Majesty's Silver Jubilee Year to reiterate and re-affirm the loyalty of the people of Gibraltar to the British Crown and requests His Excellency the Governor to communicate this sentiment to Her Majesty together with its warmest congratulations and expressions of deep affection; further, this House records its great desire to welcome Her Majesty on a visit to Gibraltar at whatever time such a visit might be thought convenient and appropriate."

HON M XIBERRAS

Mr Speaker, I think I am about to make the shortest speech that I have ever made in this House. I merely want to say I support the amendment and congratulate the Honourable and Learned the Chief Minister on his speech.

HON MAJOR F J DELLIPIANI

Mr Speaker, when I read the motion by the Honourable Leader of the Opposition it caused me a great deal of annoyance, not because I do not want HM the Queen to visit Gibraltar but because I am very suspicious of whatever Mr Bossano does or says and it is only thanks to the Honourable Chief Minister's great sense of humour that he has toned me down and I thank the Chief Minister for that. I think it is good even though this is a very serious business to be able to laugh together over something that is important. As a result of this amendment we are now able to vote for a motion where we express loyalty to the Queen in her Jubilee year and we do not cause any kind of embarrassment to the British Crown.

HON J BOSSANO

Mr Speaker, perhaps I can just say that I am distressed to learn that my innocence in these matters is misinterpreted by suspicious characters like the Honourable Minister for Municipal Services. I hope that once I have voted on the motion all his suspicions will be overcome. Of course I would not vote on the motion if I was guilty of any of the subversive thoughts that he obviously thinks lurk at the back of my mind. But I must say at this stage that certainly during part of the Honourable and Learned Members' intervention I had second thoughts about the wisdom of inviting Her Majesty to Gibraltar

MR SPEAKER

Who are you referring to because we have Major Dellipiani speaking.

HON J BOSSANO

But he is not learned, Mr Speaker.

MR SPEAKER

Let it not be said that I suggested that.

HON J BOSSANO

I refer to the Honourable and Learned the Chief Minister's intervention. I had second thoughts, not let he hasten to assure the House, not because I do not wish Her Majesty to come but because when I appreciated how deeply moved the Honourable and Learned the Chief Minister was simply at the thought of Her Majesty coming I begun to worry that if we actually risk a visit by Her Majesty we might be taking the risk of losing the Honourable and Learned the Chief Minister and that was something I could not bear to think about with any degree of fortitude and consequently I was prepared in fact to rather risk being deprived of a visit by Her Majesty than being deprived of the Honourable and Learned the Chief Minister because the emotion of Her Majesty arriving in Gibraltar might be too much for him taking into account the degree of emotion to which he became subjected just at the thought of it when I noticed he had to wipe a discreet tear from his eye during his intervention. But I am glad that in any event it would appear that if Her Majesty's visit to Gibraltar should produce such catastrophic results it would not be in 1977 so at least we can contemplate the day as being further off than this year and the only thing, Mr Speaker, about his proposed amendment that I am not too happy about is in fact that I wonder if there is enough in the motion to record our desire that that visit should be in the not too distant future. By leaving it completely open and particularly by putting in that the time should be one where the visit might be thought "convenient and appropriate" I am sure that could be open to misinterpretation where some sections outside the House might well consider that either Her Majesty or those who advise Her Majesty might not consider it convenient for Her Majesty to come to Gibraltar. Notwithstanding our own views as to the irrelevant of the attitude of our neighbour there might be some who might advise Her Majesty that that attitude was not irrelevant and that it would not be convenient for her to come at a time when there was no other obstacle to her coming. I accept that these arrangements have got to be put into effect a great deal of time in advance but if we seriously would like Her Majesty to come then I think we ought not to leave it as wide open as it is there. That is the only point about the Honourable Member's amendment that I would like to question the wisdom of. I, of course, am quite happy to go along with the "warmest congratulations and expression of deep affection" and so on that any monarchist can be expected to support of course and indeed there are rumours, I may tell the Honourable and Learned

Chief Minister, there are rumours that the Queen Mother's arrangements have been in fact motivated in order to make up for the disappointment of her daughter not visiting Gibraltar out of regard, perhaps, for one of the members of the CPA delegation to the United Kingdom.

HON P J ISOLA

I am going to make a very short contribution. I, too, welcome the amendment wholeheartedly. The provision of Standing Order 46, sub paragraph 6, however, preclude me from letting the House have the thoughts of Chairman Isola on the original motion.

MR SPEAKER

Mr Bossano, you did refer in your contribution to a slight amendment to the motion as it stands. You have said nothing about moving an amendment to it. You might perhaps clarify this position so that we know whether you are going to move. If you leave it for your reply it is going to be too late. If someone else in the Government perhaps might suggest an amendment then the Chief Minister will have the right to reply on the amendment.

HON CHIEF MINISTER

Mr Speaker, on a point of order and in order to break the silence that has followed the wording, I would also draw the attention of Standing Order 46(12) which I think is not particularly applicable in this case which says that "Her Majesty's name shall not be used to influence the Assembly".

MR SPEAKER

I cannot see that it can be made applicable in this particular context. I do feel that perhaps we could have an amendment by a member of Government to meet Mr Bossano's point or by any other Honourable Member.

HON CHIEF MINISTER

The idea behind that was purely because it must be a matter of convenience to Her Majesty. It does not mean anything else and it must be appropriate to have something like that. There was no other motive other than when you ask for a thing like that it has got to be when it suits her not when it suits us. It always suits us but she must decide when it suits her. As far as we are concerned there was no other motive behind it. We do not accept that there can be any other interpretation in the terms in which the motion has been moved.

HON G T RESTANO

Well Mr Speaker I would then propose that the Chief Minister's amendment be amended by the deletion of all the words after "to Gibraltar". In other words the deletion "at whatever time such a visit might be thought convenient and appropriate" and the inclusion of: "as soon as such a visit might be convenient to Her Majesty".

HON J BOSSANO

Mr Speaker, surely if we just want to say that Her Majesty can come here whenever she pleases then we do not need to say. This happens to be Her Majesty's dominion and she can come whenever she pleases. We would like her to come as soon as she can, that is what we are saying.

HON M XIBERRAS

There was no need, in fact, to consider this matter because it is well known the people of Gibraltar would welcome Her Majesty whenever she comes.

MR SPEAKER

All I am interested in is to have an amendment in the amendment proposed.

HON DR R G VALARINO

I think in the interests of unanimty I propose this

amendment: That the words "to Her Majesty" should be added at the end of the Chief Minister's amendment.

Mr Speaker then proposed the question in the terms of the amendment by the Honourable Dr R G Valarino.

Mr Speaker then put the question which was resolved in the affirmative and the amendment to the amendment was passed.

MR SPEAKER

We now have the Chief Minister's amendment, as amended, to which the Chief Minister can reply if there are no other contributors.

HON CHIEF MINISTER

Mr Speaker, I do not want to say very much except that the tears I wiped in the course of the debate were tears of laughter and not of sorrow as I think others may have shared that feeling perhaps in the anticipated joy of the visit. I am sure the Honourable Member might also find his glasses a little clouded by the emotion as well.

MR SPEAKER

I will then remind the House that the question before the House is as follows: "That this House takes the opportunity of Her Majesty's Silver Jubilee year to reiterate and re-affirm the loyalty of the people of Gibraltar to the British Crown and requests His Excellency the Governor to communicate this sentiment to Her Majesty together with its warmest congratulations and expressions of deep affection; further, this House records its great desire to welcome Her Majesty on a visit to Gibraltar at whatever time such a visit might be thought convenient and appropriate to Her Majesty".

Mr Speaker then put the question in the terms of the Chief Minister's amendment, as amended, which was unanimously resolved in the affirmative and accordingly carried.

MR SPEAKER

It means that if the Honourable Leader of the Opposition wishes to reply to the original motion he can do and we can put it again to the vote or it can stay as it stands because the amendment itself supersedes the original motion.

HON J BOSSANO

I would like, Mr Speaker, to take the opportunity of saying that I think it would be desirable if the Honourable and Learned the Chief Minister were to communicate to the House at a later stage the reaction to the motion once it has been transmitted.

HON CHIEF MINISTER

Yes, of course.

Mr Speaker then put the question in the terms of the Honourable J Bossano's motion as amended by the Honourable the Chief Minister which was unanimously resolved in the affirmative and the motion was accordingly passed.

HON J BOSSANO

Mr Speaker, I beg to move "That this House calls upon the Honourable Financial and Development Secretary to give a full explanation of the manner in which transfers from the Gibraltar Savings Bank to the Consolidated Fund are effected". Mr Speaker, the reason why I have brought the motion to the House is in fact because I am not satisfied with the explanations that were given to the House at Budget time last year, nor am I satisfied with the opportunity for obtaining an explanation to this matter in the context of the Budget. The House will recall that last year I questioned the accuracy of the statement made by the Honourable the Financial and Development Secretary. I would refer Members of the House to page 123 of the Hansard of last year's Budget when the Honourable the Financial and Development Secretary said: "the other significant revenue increase arises from the operation of the Post Office Savings Bank. The original estimate of the Bank's profit for the year was put at £20,000. Given the many factors which can influence final profits on a year's operations in

particular the fluctuating level of deposits, the switching of investments in both directions between long, medium and short term gilts and changes in the market value of investments, generally, estimation of the operating profit is bound to involve a wide margin of errors. In the event the year's operation show a profit which after providing for the statutory reserve resulted in £305,000 being available for transfer to revenue." That statement, Mr Speaker, would have led any Member of the House and any member of the public to conclude that at the 1st April 1975, the Financial Secretary had no notion of how much money he would have available for transfer from the Savings Bank to the Consolidated Fund because the explanation was that at the end of the Financial Year he found that due to all this imponderables he was able to transfer £300,000 instead of £0,000. You will recall, Mr Speaker, that I said that his statement was untrue and you asked me to say "incorrect" which I did.

MR SPEAKER

Therefore you said "incorrect".

HON J BOSSANO

That is on page 633 of the Hansard. And the Honourable Financial and Development Secretary interrupted my intervention on page 637 in order to say that in fact the Ordinance provided that transfer should take place with the prior consent of the Secretary of State and he said: "the important omission which I wish to refer to just so that the House is aware of it are those words between the two commas, with the prior consent of the Secretary of State and any portion thereof". I do not know why the Financial Secretary chose to interrupt me at that point to say that, Mr Speaker, but I will put it to the House that the only possible connotation on his interruption was that he was saying that it was the Secretary of State who approved how much should be transferred and that consequently I was trying to pin the blame on him for something that the Secretary of State was responsible for. I would certainly like confirmation that every transfer that has taken place over the last 4 or 5 years has been done with the prior consent of a Secretary of State. I would be very surprised if this is the case but my reading of the Ordinance in fact had led me to think that the transfers are not being done in the way that is required by the Ordinance and I made

reference to this in my intervention in last year's budget and again I did not obtain a satisfactory answer. Right at the end when the Honourable Financial and Development Secretary exercised his right of reply, all that he said was - this is on page 729 of the Hansard of last year - he said: "Whatever interpretation there might be concerning Section 13 (2) of the Post Office Savings Bank Ordinance vis-a-vis Section 3 the practice has been for many years, and it has certainly been the practice since I have checked it and it was certainly the practice during the office of the previous administration, that no use is ever made of this particular subsection 2. It has been the practice to transfer to the Post Office Savings Bank the surplus arising in a given financial year in the following financial year after the account has been closed. Consequently, in 1973/74 when the accounts were closed there was £59,600 in excess of 115% of the liability to depositor and this was the sum transferred in 1974/75 and at the close of the accounts in 1974/75 there was £305,000 in excess and this is the amount that was transferred in 1975/76". Well, of course, that is accurate Mr Speaker, but that automatically makes the Honourable Member's explanation in his opening statement incorrect because if it was due to the previous year's working of the bank then it could not have been due to the current year's working of the bank, it could not have been due to unforeseen fluctuations and so on in the current year because it was the result of the year that ended the 31st March 1975, and not the year that ended 31st March, 1976. I have taken the trouble, Mr Speaker, in my usual thorough fashion, of going back to 1970/71 to check the figures and it would appear that the way the transfer has been effected has been at the 1st April of each financial year, in effect, a transfer taking place based on the closing balance of the previous year which requires the prior consent of the Secretary of State because what is taking place is a move out of the assets of the bank and not out of the recurrent income. Under Section 13 (2) the Financial and Development Secretary, if authorised by the Governor, can in fact make a transfer to general revenue of any income he obtains during the year which is not required for meeting the expenses of the bank. Section 13 (2) says: "If any year the Revenue of the Savings Bank shall be more than sufficient to defray the interest due to depositors and all expenses incurred in the execution of this Ordinance then the Governor may direct the transfer of the surplus or any portion thereof to general revenue provided that no set transfer shall be made unless the assets of the Savings Bank will thereafter exceed the liabilities by not less than 15%

of the liabilities to depositors". Therefore, my understanding of that section is that at the end of the year when the accounts are closed, the income of the year is used to increase the assets to the level of 115% of the liabilities should that be required otherwise the income is transferred to general revenue. In fact, in the year 1971/72 there was a transfer to general revenue of £171,97 which was the excess of the assets over liabilities in excess of 115% at the 1st April 1971, that is, after the closure of the 1970/71 accounts. It is my interpretation of the Ordinance that if the transfer is not taking place as indeed it should under Section 13 (2) and is taking place under Section 13 (3) then, in fact, it is being done at the wrong point in the year because if it is being done in respect of the closure of the account at the 31st March then it must be transferred within that financial year in order to comply with Section 13 (3).

If it is being done at the 1st April, Mr Speaker, then it is being done in the wrong financial year because the Ordinance says: "If on the 31st December - and that date was subsequently altered to the 31st March - in any year, the assets of the Savings Bank exceed the liabilities by more than 15% then the Governor with the prior consent of the Secretary of State may direct that the surplus over 15% or any portion thereof shall be transferred to general revenue". So that in fact if it is done under Section 13 (3) it requires the prior consent of the Secretary of State and I would like confirmation from the Honourable the Financial and Development Secretary or the Honourable and Learned the Chief Minister that has been done in every single year otherwise the law has not been complied with which is a serious thing and, ^{been} secondly, I would like an explanation as to why this has been done on the 1st April and not on the 31st March as required by the Ordinance. I would also like to know why Section 13 (2) is not used and since the Honourable the Financial and Development Secretary in his intervention last year on page 709 gave the impression that this was an almost automatic procedure, perhaps the Honourable and Learned the Chief Minister since the Financial Secretary was not in office at that time can explain why in a financial year 1972/73 there was no transfer notwithstanding the fact that there was a surplus in excess of 115% of liabilities to the tune of £130,000 in the Savings Bank in the 1972/73. So, Mr Speaker, I would now perhaps invite the Honourable Member to enlighten me as to the explanation for these apparent inconsistencies.

Mr Speaker then proposed the question in the terms of the Honourable J Bossano's motion.

MR SPEAKER

I might perhaps say that it is a motion which calls on the Honourable Financial and Development Secretary to give a full explanation. I think in fairness to the Honourable the Financial and Development Secretary whilst he has not got the right to reply but if any other Member wishes to say anything I think it should be said before the Honourable the Financial and Development Secretary will exercise his right, if he wishes to exercise his right.

HON MAJOR R J PELIZA

Mr Speaker, I did not intend to speak but I am very surprised that the indication that I have from the other side of the House is that they are not going to answer any of the points made by the Leader of the Opposition and this surprises me a good deal. I think it is owed to this House that if a Member stands up and asks questions of great relevance and of great importance to the finances of Gibraltar the least we can hear is the man responsible for this to speak up and at least give the facts that may be available to this House and also I think express his point of view and the point of view of the Government on the issue concerned. But to find a Government that goes down on matters of great seriousness which even concern, if the Leader of the Opposition is correct, the legality of some of the transactions. Perhaps if the Honourable Financial and Development Secretary has nothing to say I would have thought that the Honourable and Learned Attorney General would have come forward to refute or explain the points that have been raised by the Leader of the Opposition. I find it indeed disgusting - and I do not mince my words when it is necessary to say so - if it is the intention of the Government not to say a word on this motion.

HON CHIEF MINISTER

Mr Speaker, I might draw the last speaker's attention to the terms of the motion before the House.

HON M XIBERRAS

Mr Speaker, the Government may very well have a point but

would Honourable Members opposite please inform the House as to what the point is. We may be very ignorant on this side of the House. I have not paid particular attention to the motion or to the Honourable the Leader of the Opposition's exposition of it but if there is a point to be made then I think Honourable Members are entitled to hear from the Government bench what that point is. The motion has been accepted it is on the Order Paper and if the Honourable the Leader of the Opposition has said something untoward or there is a point to be made against it I would imagine that all Honourable Members would like to hear what the point is. I cannot see any reason for the Honourable Members on the other side remaining silent on the motion. I think it would probably be the first time that there has been no reply, in my experience, to a motion being proposed and I think that the general spirit of the House is such that even when Honourable Members on the other side disagree or they disagree violently with a proposition before the House it is their duty, not to Honourable Members on the opposite side, but to people in Gibraltar, generally, to explain what the position of the Government is. Of course if the motion had not been accepted then the situation would not have arisen so I call on any Honourable Member opposite, if the Financial and Development Secretary does not want to stand up and reply, to clarify why it is that the Government apparently is not making any contribution whatsoever to the debate. Is it a question of improper motives being imputed or is it something in the motion? I would not like to sit down until I have some indication from Government benches that there is going to be some sort of a reply to this motion. We might have a recess so that the Honourable Member can explain. We might have some Honourable Members walking out of the Chamber and the point being made to the other side but to remain silent on this I cannot understand. It may be another joke for all I know.

HON CHIEF MINISTER

If the Honourable Member will give way. I certainly prefer the approach of the Honourable Mr Xiberras to the indignant approach of the Honourable Major Peliza.

HON MAJOR R J PELIZA

If the Honourable Member will give way. If the

Honourable Member had stood up and explained the situation why he was not giving a reply I would have had to stand up.

MR SPEAKER

Order. The Honourable Mr Xiberras has the floor.

HON CHIEF MINISTER

Mr Speaker, having been given way by the Honourable Mr Xiberras I was saying that I preferred his approach, perhaps, of wondering why rather than the rabid and violent conclusions to which the Honourable and Gallant Member drew attention. All I would say is that each Member is responsible for the terms of the motion to which he stands. The Government is fully prepared to support the motion, but the Honourable Financial and Development Secretary is not called to make a statement until the motion is passed.

HON M XIBERRAS

Mr Speaker, for those words of wisdom we are most grateful. I am sure that my Honourable and Gallant Friend will listen with some attention after the motion has been accepted by the Government, to the Honourable the Financial and Development Secretary's explanation. The point, however, remains that perhaps my Honourable and Gallant friend's intervention which together with my own have elicited the statement would not have been necessary. But I am very glad that the Financial and Development Secretary is going to make a statement and I am very glad that the Government is going to support the motion.

HON CHIEF MINISTER

It would have been unbelievable that the Honourable Financial and Development Secretary was going to hide behind anybody in matters of such importance, that anybody should have thought that. Therefore the Financial and Development Secretary of course will make a statement when the House so decides, which is what the House is being moved to do.

HON M XIBERRAS

Mr Speaker may I say that there are two points here. One is that the Financial and Development Secretary should reply and of course we should have all known better that of course the Financial and Development Secretary will reply, conscious as he is of his responsibilities. The other point is that Honourable Members here should have been left in doubt as to whether he was going to reply and here I think it is a question of the way that the House acts and perhaps we would have fewer vehement speeches if we had a little bit more of understanding.

MR SPEAKER

If there are no other contributors to the motion I will call on the mover to reply.

HON J BOSSANO

Mr Speaker, I am sorry the Honourable the Financial and Development Secretary is going to reply after the motion has been passed and has not used the motion in order to reply. I do not know how he is going to do it, what there is next on the agenda that will allow him to make a statement because presumably once a motion is passed we will go on to the next business on the agenda, but of course when he replies if I am not satisfied with the reply I will simply table another motion criticising his reply and we can carry on extending the agenda ad infinitum if that is required. I think it would have been sensible, Mr Speaker, if the Financial and Development Secretary had used the motion in order to give an explanation notwithstanding the fact that he is not required to do so until after the motion has been passed. I look forward with eagerness to his explanation, Mr Speaker, whenever it is forthcoming.

Mr Speaker then put the question in the terms of the above motion which was resolved in the affirmative and the motion was accordingly carried.

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Speaker with the consent of the Chair and if it is the

wish of the House I am in a position to make that statement now that I have been formally called upon by a motion of the House to do so, if it is your wish, Mr Speaker, and the wish of the House.

MR SPEAKER

A Minister has the right to make a statement at any time during the proceedings of the House. If you so wish to make it now you are free to do so. May I also add, to the dismay I am sure, of Members of the Opposition that when a Minister makes a statement we cannot debate the statement and the only questions which I will allow when Ministers make statements are questions for the purposes of clarification.

HON J BOSSANO

I think I can produce sufficient questions on clarification.

MR SPEAKER

May I say that by clarification I mean something which has not been understood in the statement and needs clarification, not explanation as to why it was not done in one particular way as opposed to another way. Of course the result of the statement can be the subject matter of another debate in another motion.

HON J BOSSANO

I am sure, Mr Speaker, that it was not the Government's intention to wait until after the motion in order to inhibit me in my opportunity to question the Financial and Development Secretary.

MR SPEAKER

The Honourable the Financial and Development Secretary is free to make his statement now if he so wishes.

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Speaker, Sir, as the mover of the motion has quite

correctly stated, transfers to the Consolidated Fund of surpluses in the Government's Savings Bank, - that is its correct title - are governed by the provisions of sub-sections 2 and 3 of Section 13 of the Savings Bank Ordinance. At the risk of being repetitious I am now going to read those sub-sections. Sub-section 2: "If in any year the revenue of the Savings Bank shall be more than sufficient to defray the interest due to depositors and all expenses incurred in the execution of this Ordinance, then the Governor may direct the transfer of the surplus or any portion thereof to general revenues, provided that no such transfer shall be made unless the assets of the Savings Bank will thereafter exceed the liabilities by not less than 15% of the liabilities to depositors." Sub-section 3 reads: "If on the 31st day of March in any year the assets of the Savings Bank exceed the liabilities by more than 15% of the liabilities to depositors then the Governor, with the prior consent of the Secretary of State, may direct that the surplus over 15% or any portion thereof shall be transferred to general revenues." The point that I wish to stress in relation to both those sub sections is that they are discretionary. Neither the surpluses of revenue over expenditure nor the value of the assets in excess of the statutory reserve have, by law, to be transferred and either the one or the other or any part of either can remain with the Savings Bank. I mention this for two reasons. Firstly, I wanted to clarify the inconsistency which appears in the Hansard records of Mr Bossano's remarks in the House on this matter last year. He then said, and I quote: "Section 13 (2) of the Ordinance says that the surplus of revenue over expenditure shall be transferred provided that as a result the assets in the fund exceed by 15% the liabilities to depositors". That is the end of the quotation. He then, from the remainder of his subsequent remarks, make it quite clear that he was in fact interpreting the sub section quite correctly so that his use of the word "shall" was either misreporting or it was a slip of the tongue. But yet today we have had a slipping back of that because the general tenor of his remarks seem to me to suggest that where there was an excess of revenue over expenditure in the course of any one year there was if not a statutory obligation to do so, there was certainly an implied obligation that the Governor had to transfer them. That, Mr Speaker, is not the case, both are purely discretionary. The effect of sub-section 2 is to make possible a payment which has the character of an interim dividend, that is, it makes possible the transfer of profits to the Consolidated Fund without

reference to the Secretary of State and without therefore giving rise to any delay in the final closure of the accounts. The effect of sub section 3 is to make possible, when the final position of the Savings Bank accounts at the end of the financial year is known, the transfer of any surplus over the statutory reserve after taking account of any change in the value of assets, for example, an appreciation or a depreciation of investments. This, however, can only be done under sub section 3 with the prior approval, or consent I should say, of the Secretary of State. The amount of either dividend so transferred whether before the accounts are finally closed in relation to the year of account or afterwards is, of course, subject to the over-riding proviso that the assets of the bank must not be reduced below 115% of its liability to depositors. I would like to amplify what I said and the words which Mr Bossano quoted from the Hansard last year. Let me freely admit, quite frankly, that the language I used in the first part was, to say the least, misleading. I can only attribute it to the fact that I was new and that I did not appreciate perhaps the precision with which one should frame one's remarks and to the extent that I gave the impression that it was in relation to the context in which I used it last year relating to the accounts of the year in question was clearly wrong. I have not personally checked back, but I am advised that the Government never seems to over-availed itself of the facility which is provided by sub section 2 to transfer to the Consolidated Fund in the year of account in which it arises the estimated surplus of the Savings Bank revenue over expenditure or at least some part of it. The practice always seems to have been and I say it seems to have been, because I personally have not gone back year by year but I have been so advised, the practice always seems to have been to wait until the accounts were closed and then subsequently to put both the surplus of revenue over expenditure together with the increased asset value together, apply to the Secretary of State for permission then to transfer the aggregate sum to revenue. The amount transferred in any given year as a result has been the aggregate sum and that is undoubtedly the point which the Honourable Member was criticising and it has resulted, and again this is another area of his criticism which I now accept as valid criticism, the practice has resulted in significant payments to the Consolidated Fund or in some years it may have been considerable, not every year, but in some years they have been quite considerable, significant payments to the Consolidated Fund not being reflected in the revised estimates of revenue for the year to which such payments related. They have come in in the following year. As I have said I have not been able to discover when this practice was first adopted. I can only surmise that it stemmed from an accounting decision taken probably many years ago but over the years it has taken root to become the established practice and its continuance if ever it was queried was possibly justified on the grounds that it had always been done this way. That is surmise but it could also have been, of course, that it was considered the surest and safest way of transferring the surplus without infringing the requirement of the statutory reserve. However, I am not surmising when I say that there is no evidence that I can find that the practice was ever the result of any policy decision on the part of the Government. Honourable Members will recall that when I wound up the Budget debate last year, I did at least reserve judgement whether this practice was good or bad. One other case to using the

facility provided by sub section 2 which Mr Bossano argued last year it seemed to me at any rate designed solely to serve his own particular political ends, there are none the less dispassionate grounds on which the present practice, the one that has been followed in the past, can be regarded and considered as unsatisfactory. In future, therefore, and starting with the estimates which were laid before the House at the commencement of this meeting, the revised estimates of the surplus available for transfer from the Government's Savings Bank in any given year will be made up, firstly, the estimated surplus of revenue over expenditure likely to arise on the operations of the bank during the current year then ending after taking account as is required by law of the minimum statutory reserve, plus - we are now talking, do not forget, about the revised estimates - plus the excess of the value of assets over 115% of liabilities to depositors as determined from the final accounts of the preceding year, this particular one being subject to the prior approval of the Secretary of State. I think that as I used the words just now, quite dispassionately, the Honourable Member quite definitely had a point, in fact, he had two points, and I can only say that in the course of my Budget statement that the words I used was certainly loosely used and that frankly I did not realise the full significance of them when I said them but he was perfectly correct in describing as incorrect the fact that figures that I was using in the course of my statement in the Budget did not relate to the year and the context in which I put them.

HON J BOSSANO

Mr Speaker, I am very grateful to the Honourable Financial and Development Secretary for the information. I am sure that the Honourable Member will appreciate that in asking him to give an explanation I am not in fact attempting to embarrass him or do anything other than maintain the importance that I attach to the House being well informed if it is to take decisions that have got validity. I would just like him to accept, Mr Speaker, that in fact when he says that the transfer in any particular year was not taken on any policy decision I assume that he means that it was not taken for the motives that I have imputed but that nevertheless if the power is discretionary it requires a policy decision to be taken. It is either discretionary and then it is a matter of policy or it is a statutory and then it is mandatory. Since it is a discretionary power and since in fact for example in 1972/73 there was no transfer notwithstanding the fact that there was a surplus from 1971/72 of £139,000 in excess of 115% on liabilities, a policy decision was taken then which might have been taken for any number of reasons and which I might be free to impute even motives quite incorrectly but nevertheless a policy decision was taken not to transfer money at that particular point. I am glad of the explanation he has given me as to how this year's figures are going to be worked and I take it that the estimates that have been circulated to Members in fact reflect the explanation that he has given as to using Section 13 (2) and 13 (3), that that is already reflected in the Estimates, is that right?

HON FINANCIAL AND DEVELOPMENT SECRETARY

If the Honourable Member will give way. The figure in the Estimates for this particular item is £188,000. Of that £165,000 stems from the old practice, shall we say, but to that has been added an estimate of £23,000 which, as I shall be explaining in the course of my Budget statement, is our estimate of the surplus of revenue over expenditure for the year ending 31st March 1977.

HON J BOSSANO

£165,201 in fact.

HON FINANCIAL AND DEVELOPMENT SECRETARY

Well, we rounded it but let us say under £165,000 is the old type of transfer and up to £188,000 is the Section 13 (2). All I can assure the Honourable Member is that the question of whether to transfer under Section 13 (2) or not was, and my Honourable and Learned Chief Minister tells me, was never referred to Ministers as such. It must have therefore been probably as I said an accounting decision which became an administrative decision which then became practice and the practice was inherited and it was never questioned and it just went on.

THE HOUSE RECESSED AT 7.00 P.M.

THURSDAY THE 10TH MARCH 1977

THE HOUSE RESUMED AT 10.30 A.M.

MR SPEAKER

I understand that Members wish to proceed with the motion in the name of the Honourable Maurice Xiberras to give time to Members to consider the other motion on the Order Paper.

HON M XIBERRAS

Mr Speaker, I have the honour to move the following motion

standing in my name: "That this House is gravely concerned by the present housing situation and its possible effects over the next three years; it calls for a clear statement by Government of the supply and demand factors in respect of all Housing over this period and for a clear statement of Government policy, involving all Government Departments with an interest, with a view to co-ordinating existing resources and taking any other action, which might alleviate the problem." Mr Speaker, Honourable Members might have seen a letter which was published in the Gibraltar Chronicle on this question and might have heard a programme which was put over with the participation of the Honourable the Minister for Housing and the Honourable the Leader of the Opposition on the question of Housing over GBC. Honourable Members will also know from the number of questions that have been asked on the subject of housing that there is general concern felt about the housing situation particularly over the next 3 years or so. May I say for myself that I bring this motion to the House as indeed I wrote the letter to the Chronicle, not in a spirit of criticism until such criticism should become due, but in a constructive spirit because the housing problem is one of the most human and one of the deepest ones affecting the population over a long period of time. It is true, Mr Speaker, that in the past we have disagreed and disagreed quite violently on the provision of housing. I remember a motion by my Honourable and Learned Friend Mr Peter Isola on the subject of development, generally, a great part of it was devoted to housing and which the House considered some years ago, I believe it was 2 or 3 years ago, in which the Government was warned by Honourable Members on this side of the House that we were heading for a housing crisis. I believe that this crisis is already here and I believe that all Honourable Members should contribute ideas towards its solution. The bare facts of the matter have been made known to the House as a result of various questions to which I have contributed a fair share. But that there is concern over it I think was evident from the reply of the Honourable Mr Zammitt to previous questions tabled at the last meeting of the House in which he said that he was worried about the situation and at that time he gave no indication of new construction. He spoke merely of the houses that were going to come from Varyl Begg Estate, the 140 I believe it was, and some or 16 from modernisation, that was at the last meeting of the House. No doubt the various questions that had been asked but prompted an acceleration of Government plans in this

direction and in this meeting of the House we already had a more hopeful picture presented by Honourable Members opposite especially when the Honourable Mr Serfaty, as Minister for Development, stated that Government intended to provide 77 dwellings a year over the next 3 years. This information was not made available by the Minister for Housing at the last meeting and it is an improvement. But that there is concern I think Honourable Members opposite share this concern and so long as the House is concerned then a number of improvements might very well be possible. The Minister for Housing has not been in a position to give the House the pointages required to obtain the various types of Government housing but he has indicated by the nature of his reply that 270 which was considered perhaps the average number of points for a 4 room flat in the recent allocation was now well below the figure that was required for the present allocation of Varyl Begg flats. The figures may very well be inflated as a result of the less accurate aspects of the Government's allocation scheme. There is the question of medical certificates which had become widely used and which I am sure other Honourable Members on this side of the House would like to contribute and contribute knowledgeably about. Then there is the question of transfers. We have not got the full information from the Minister but it may be that a number of the applications at present considered as applications for re-allocation of housing may be in fact applications for transfers and this might lower the figure of applicants waiting for Government accommodation. Yet the figures are by no means encouraging, 1,600 persons on the housing waiting list, an average of 350 a year new applicants in the last 3 years and no indication one way or another whether this figure is going to rise or fall in the coming year. The Government policy in meeting this has not met with approval, I speak for myself, since the construction of Varyl Begg Estate. We have been worried that too much of the Government's effort was going into modernisation of dwellings, a policy with which we did not disagree fundamentally but which we thought should be complementary to the construction of new dwellings because modernisation of its nature presents the Government with a number of problems. There are problems of preparation of the work, and we know that we have had assistance from England, from the United Kingdom Government on this, and the provision of Clerks of Works and so on, but it still takes a long time to prepare the work. Sometimes the work may not be satisfactory once it is completed and I gather that there have been cases where dwellings that have been modernised have had to be

re-done for one reason or another, I may be wrong, and this involves delay. There are problems of decanting, the persons who are living in a given dwelling to be modernised, and I think we heard from the Minister for Housing in the course of questions that a number of the Houses which became available when people are allocated houses at Varyl Begg, the houses left vacant are in fact used for the purposes of decanting thus taking away from the pool of houses which could be allocated to other families on the housing list. Lastly, in respect of modernisation, it is I think fairly logical that when you modernise a block of flats, a patio, you end up with fewer houses than you started off with and therefore the number of tenants to be allocated houses when modernisation starts is greater than when you started off. I want to make it absolutely clear that I do not oppose the policy of modernisation but I say that it is too slow in its implementation to deal with the number of housing cases that come on the list every year. I would like to see it continue, I would have liked to have seen it done in a different way, I would have preferred the Government of Gibraltar to devote its funds to the question of modernisation whereas HMG committed itself not to specific sums of money for the purpose of new dwellings but to a specific number of dwellings as was done in the 1969 Development Programme where HMG committed itself to so many dwellings rather than to a certain amount of money. This may still be possible within the Government's plans for new construction. I refer Honourable Members to the records of the conversations that were held in December 1969 when the Varyl Begg and the Catalan Bay projects were approved. Mr Speaker, the Government has said now that they are going for area development by which I understand the concept explained in the Gibraltar City Plan which as is known is a good document specially in respect of housing. There it is said that one should concentrate on certain areas, for instance, Flat Bastion Road and next to the TGFU building in Town Range and areas of this kind and that within these areas one could demolish and build up housing complexes, 200 in one place, 250 in another and so forth. I would imagine that this is what the Government has in mind when we hear Mr Serfaty say that 77 houses are going to be provided a year for the next 3 years. I would like to have from the Government more concrete information about this as to where they intend to build, how they intend to build, whether the projects have been submitted to ODA already, whether ODA has given approval and so forth so that the House and the public are aware of what is coming. Because if the House and the public are not aware of what is coming then the pressures on the

Minister for Housing are going to become quite unbearable, I think, in the next year or two. Apart from the 77 houses we have also 30 dwellings at Rosia Dale. The 30 dwellings at Rosia Dale, hopefully, will be finished by 1979. I would say it would take somewhat longer than that. and if this is the case and the tender has been allocated already I think that the Minister is being rather optimistic in saying that we are going to have an average of 77 dwellings over the next 3 years apart from the 30 at Rosia Dale which is what I understood that he had said.

HON A W SERFATY

The 77 include the 30 at Rosia Dale.

HON M XIBERRAS

Mr Speaker, it is information of this kind and more concrete information which I would welcome from the Government bench. Mr Speaker, the Housing Department is not the only one concerned. They are the people who bear the brunt of the problem. We have, apart from this, a series of problems which eventually land on the Minister for Housing's desk. We have the state of disrepair of houses in the private sector, we have the state of disrepair of houses in the official sector and eventually a house that is not in a good state of repair will present a housing problem. I draw the attention of Honourable Members again to the analysis of the City Plan and Honourable Members will see the breakdown on page 63 dealing with Government accommodation that out of a total of 1,114, 112 Government houses are in a bad state of repair, 650 are in fair state of repair and 352 are in a good state of repair. This is not a favourable situation and we are getting problems already and these problems are increasing. Housing policy comes in for some criticism in this report as is known and indications are given as to the causes why this is so. As regards private accommodation out of a total of 2,045, 261 are in bad state of repair, 1,114 fair and 670 are in a good state of repair. Again there is a very definite indication that we have a maintenance problem which will throw up housing cases in both the Government sector and the private sector. I am talking of course of pre-war dwellings on the Government side, not dwellings of new construction. Mr Speaker, the main points made by the Gibraltar City Plan is that dwellings are not repaired because of Government housing policy. Insofar as it

affects the Government, I must say that we could do with rather more activity from the Public Works Department. I think that the Public Works Department is a very big department, an unwieldy department, it is a judgement for which I have to make myself responsible, but it is a department that has not to my mind fully met its responsibilities in the question of maintenance. It may very well be that the department is overloaded with work it cannot keep up. In other words the problem has been allowed to deteriorate for such a long time that the resources of the Public Works Department cannot cope with it. But apart from that I feel that there is an indication that the Department through direct labour was unable to keep up with the work by the very fact that the modernisation programme has been given out to tender. It was a policy which I advocated as Minister for Labour and it is a policy which I think should be continued but I feel that an even greater effort should be made by the FWD and it is the Minister for Housing's responsibility eventually as to how these problems of houses that are not maintained properly are going to come. The amount that the Government spends on maintenance is quite tremendous as Honourable Members know. We have been concerned over a period of years with deficits in our Housing Account and we have been discussing increases in rents over a period of years. The Wyles Report, for instance, gives an indication or corroboration of what I am saying. The previous Government delayed the implementation of the Wyles Report, the present Government in its last term of office put through a version of the Wyles Report but even at that time it was not in a position to deal with the problem radically. Mr Speaker, I therefore feel, and I do not know what Government will think about this, that the Minister for Housing and the Minister for Public Works and the Minister for Development should act very closely in concert over this matter. If there is not a good liaison between them then I am sure we are going to get a very rapid deterioration of the housing situation. I see, for instance, in blocks like Humphries where major works are now being undertaken, I believe it is Victoria House, major work is being undertaken there at Victoria House. Humphries, as Honourable Members are aware, is the first of our big post-war flats. I think MacFarlane House is in a bad state of repair. Now we are talking not of pre-war dwellings but of post-war dwellings and we might very well have a crisis on our hands in this respect and the expenditure of money is going to be such that it will divert funds from other work which will provide new flats for the people on the waiting list. The number of persons in the private sector who eventually are given houses in the Government sector is unknown to me but there is going to be, to my mind,

an increase in this. There is going to be substantial increase in the number of cases that the Government has to take off the hands of the private sector. Here we enter a very nebulous territory and one which should be chartered as soon as possible. I am referring to the Landlord and Tenant Ordinance, I am referring to the turning over of unfurnished rent controlled accommodation to furnished accommodation where landlords can charge as much as they like. They can put in labour from abroad, they can get quite a big yield from this but the tenant in these houses eventually becomes the responsibility of housing and with the price of a flat now at something like £20,000 this is unbearable for the Government. Therefore it is of urgent importance that this area of the law and of Government practice should be revised. I should say in the same breath and in all fairness that landlords themselves suffer under a disability because in many cases their rents are controlled and the rents which they charge are not enough to warrant major repairs to their property. Therefore they take the easy or the unscrupulous way out and they do not hire out to Gibraltarians any more, they hire out to labour from abroad. This I have first hand knowledge about in the past 1969 period when there was a great dearth of accommodation for labour from abroad and many of the housing cases were prompted by a quite big influx of moroccans and others into the houses which had been occupied by Gibraltarians over a period of years. Mr Speaker, in my short term as Housing Minister I had a number of proposals to make to Council of Ministers which my Honourable and Gallant Friend on my right will know about. It was five main points based on the Housing Act in the United Kingdom not all of them obviously but some aspects of the Housing Act in the United Kingdom, whereby rents and availability of flats and maintenance were somehow interlocked so that there was some Government influence over the tendency in private sector housing but unfortunately the people of Gibraltar made a great mistake in turning the Government out at that particular time and that was it. But, Mr Speaker, I feel that the Government now which is in for the next four years would do well to examine this area of responsibility and come up with something. I am willing to assist the Government in this respect and to give some of the ideas. They are quite substantial changes. I would say, Mr Speaker, that housing is in as great a need for a coherent policy change or policy thinking as Labour was in 1969. I feel that in the next 3 years it is going to be one of our major problems and it is a problem that goes very deep. It is a problem about which people can even feel disaffection about. They can say: "I will not

stay in Gibraltar" and other things which I will not care to mention in the House but they feel very strongly about it if they do not have, as Gibraltarians, a place to live in. In this sense and not in the party political sense, did I write in the Chronicle saying that it would become a political problem. We must provide the Housing for people who are after all under siege conditions within Gibraltar and we must not allow this to fall behind drastically as I fear might be the case unless a special effort is made. Mr Speaker, there is also the problem of over housing in Government accommodation. It is a fact, no doubt there is statistical evidence available for it, that in some cases there is gross over housing in certain areas of Government accommodation. I shall turn to the private sector in a moment. Now this is a very thorny problem as the Minister for Housing knows. It is thorny because the right of a person to occupy a house which he or she has occupied over a long period of time is almost sacrosanct and the landlord is severely hamstrung in trying to get that person to change accommodation even though the family may have dwindled over a period of time to something quite insignificant in terms of numbers to what the family originally was given. I know the Minister for Housing will have something to say about this. I urge him, however, to put this problem in perspective with other problems. I feel that this problem could start a very big and I think that persuasion is, in fact, the approach to take. I say this having been responsible in this House for the Housing (Special Powers) Bill which was called draconic, it was called a very harsh Bill, in 1971. Yet I feel that when one is dealing with these cases, these things were at balance, the right of a person to the accommodation to which he or she has been living over a period of years and also the philosophy of the Housing (Special Powers) Ordinance which is to make the best use, in a social sense, of available accommodation. We are approaching to my mind, if we are not there, very grim conditions in housing and it is for the Minister to propose and I certainly shall not shirk my duty in this respect. Mr Speaker, there is also a problem of over housing in the private sector, I think that it is well known. There are houses which are not even rented out. I do not know the figures for this and it is one of the most interesting areas of the map which I would like to see chartered. It is very important I think to know this because otherwise we might very well get into a situation where we are pressing the Government sector very hard but we are not doing enough in respect of the private sector and it would be unfair to apply one criterion to Government tenants and another criterion to the private sector.

Mr Speaker, another relevant point is the question of ownership of flats. The Government would need resources to build new flats. If it does not have the resources then it would have to depend on ODA. There have been schemes galore for selling Government flats to the sitting tenants and using this money for re-development. These schemes have come to naught, as Honourable Members are aware, because market prices for dwellings are at such a level that it would not be practical proposition for the tenant to buy his own flat. This involves again a number of chain effects and I am not going to dwell on them here but I feel that there is a chance of getting some money for re-development out of any scheme of this nature. A pilot scheme was prepared some years ago, Honourable Members carried out on yet another pilot scheme a sounding of opinion on this matter and I do not know what the results have been. I would like to hear the Government state their point of view on that. Another important aspect of this is the question of rent relief. Some years ago, in discussions with the Transport and General Workers Union, it was agreed by that Union with the then Government that it would be fairer to subsidise the tenant and not the flat. It was said that a rent rebate scheme should be introduced instead of the rent relief scheme. There are great difficulties involved not least that I would not like to surrender the right or the practice of cheaper housing in Gibraltar, and it is not getting so cheap now, without some sort of commitment from HMG to the general level of incomes in Gibraltar. I have felt all along that it has been the policy of HMG that housing should be kept inexpensive in Gibraltar so that the whole economy would be pushed on to a low level, in other words that prices would be low and wages would be low and this would certainly condition the contribution of Her Majesty's Government towards the upkeep of Gibraltar. It was my view as Housing Minister that not unless we had some sort of guarantee, such as is coming from the Scamp Report now about the general level of wages, should we in any way compare our rents with rents in the United Kingdom and that those formulae which are used to determine what is a fair rent for Council flats in England should not be applied in Gibraltar unless we have some guarantee about the general level of incomes in Gibraltar taking into account the Government of Gibraltar and UK Departments are not responsible for setting the general level of this. I urge the Minister in any changes he might be contemplating to bear this in mind, the commitment is necessary first, otherwise we will be paying very high rent for our incomes here in Gibraltar. Mr Speaker, I think I have given the House at least an out-

line of a very complex problem. I apologise to the House for not having prepared this in any detail but I feel that at Budget time we will have ample duty to be able to discuss this in relation to the expenditure for the year to come. This should be continuing debate and I hope Honourable Members on the other side, all three of them, the Minister for Housing, the Minister for Public Works and the Minister for Development will be able to set out coherently what the Government intends to do in terms of expenditure, building and policies for the betterment of the housing situation about which there is great concern.

Mr Speaker then proposed the question in the terms of the Honourable M Xiberras's motion.

HON H J ZAMMITT

Mr Speaker, Sir, I would like to thank the Honourable Mr Xiberras for what I would term a very good analysis of the situation although one does not entirely agree with everything that he has said. However, I can assure the Honourable Member and in fact all Members of the House, that Government is as concerned as Members opposite about the housing situation in Gibraltar and not only concerned at this particular stage but it has been concerned over the past 4 years and no doubt the next four years to come and many years after that. It is a problem which I think that all Members of the House sympathise with the individual who has the responsibility for the Housing ministry. It is a problem with great human ties, a difficult problem in Gibraltar and much more difficult than probably elsewhere because as I have had ample time to have seen over the last 12 months that I have been Minister for Housing, people are very quick to make comparisons because the knowledge of their neighbours and friends are quickly spread around and therefore there is always plenty of material and evidence to be able to draw some sort of conclusion. I would also like to thank the Honourable Mr Xiberras who was good enough to come and see me a few days prior to the letter appearing in the Gibraltar Chronicle and he gave me warning that he had this in mind. I think that Mr Xiberras will have to admit that since I have been Minister of Housing I have always welcomed his presence in the Housing Department and have attended him the best possible way and I now extend a further invitation to him to come along to the Housing Department whenever he likes and offer his

assistance. Mr Speaker, Sir, the Honourable Member mentioned the question of the 1,600 applications that the Housing Department has. This has to be analysed in a number of ways. I strongly refute that there are 1,600 houses required. I think it is obvious that although there are 1,600 applications it does not necessarily mean that we require 1,600 houses. In fact, Mr Speaker, the housing survey gave a number of new housing required far inferior to this figure. As I think I explained in answer to a question at the commencement of this meeting it is now established that the number of people that apply for accommodation stem from 3 different factors. There is the person who has accommodation, sometimes adequate accommodation, but who would like to move to another particular area, therefore that person applies. There is the family composition within a household where there may be as many as two or three applications from one particular dwelling purely in the hope that one particular family composition will be successful and will vacate and therefore one finds that by giving one allocation one is really killing 3 applications. Then, Mr Speaker, we have what is a problem that has arisen only in the past 3, 4 or 5 years and that is what the Honourable Member has referred to in the private sector. Mr Speaker, there are many, many good houses in the private sector where people have lived for many years, in fact many have been born there, they have never ever thought of applying for Government accommodation but it has been found that because possibly the Landlord and Tenant Ordinance has not been applied in the sense of the £60 I think net annual value, that we have allowed the landlords to collect better rents for private accommodation, they have allowed people to move in to furnished accommodation, of slightly different culture to the Gibraltarian way of life and therefore whereas there was possibly a communal toilet, the father or the husband refuses to allow his daughter or children or wife to make use of the sanitary facilities because there are possible consequences. That is one problem Mr Speaker, that has arisen only recently over the last 4 or 5 years. We find that people who have extremely good accommodation in the private sector have now further burdened the housing applications. Mr Speaker, the Honourable Member referred the idea of possible solutions. I think, Mr Speaker, that any Member of this House, any Minister for Housing or indeed any other individual in Gibraltar who can say he has a solution for housing is very welcome to my job any day because the only solution to housing would be to be able to build a tremendous

number of houses so that we would have a surplus, but we know very well that cannot be done, it is not possible. But there are ways, I agree, of alleviating the situation. Let us not forget, Mr Speaker, that the housing problem is not only relevant to Gibraltar. Britain has terrific housing problems, most of the world has housing problems. I have felt very strongly on the question of overhousing and I have referred this to the Honourable Mr Xiberras on a number of occasions that he has come to my Department. I know that some people may think that I am probably too harsh, I do not think I am quite honestly, I am probably too soft, but what I cannot bring myself to understand is that we should allow people to remain invariably, Mr Speaker, alone after we have decanted their daughter or son or son-in-law, to allow a single person to remain in a Government flat which is subsidised, but I am not going on the financial aspect because it would not be fair either, to remain in 3, 4 or 5 rooms and yet next door see 3 or 4 family compositions in 2 rooms and a kitchen is to my way of thinking most unfair. I equally accept it would be unfair to tell the single person occupying 3, 4 or 5 rooms to get out, that is equally unfair. And there are many social aspects that one has to look at, because we have had occasion, Mr Speaker, when the Honourable Member refers to persuasion. I have had occasion to talk to a particular gentleman who on his own is occupying 5 rooms, kitchen/bathroom and have asked him would he like accommodation of a smaller dimension because I require a 5 room flat for a large family who have been waiting now for many a day and the answer is, Mr Speaker; "No, I am not moving. If you want to move me you will house my son who lives somewhere, my daughter who lives somewhere else and give me 3 rooms because my other daughter who comes with the Gibraltar Group every July has to be here for 2 weeks". That is the kind of situation that I have found as regards persuasion and I feel, Mr Speaker, that Government's aim must be to provide adequate modern accommodation to be able to re-shuffle these large houses that are today not being totally used. Mr Speaker, to illustrate the attitude of some individuals. I remember a case just prior to the elections where a lady came along for an interview and she said: "I am not here for myself, I am here for you to try and assist my daughter, her husband and her young child, because we are overcrowded". I looked at the file and in fact this particular lady and her husband and her daughter, son-in-law and child were living in 4 rooms kitchen/bathroom, and I said: "Madam, although I agree that you will require an extra room you are much better off than the majority of people". And then she argued; "But we are all living in one room". I

checked, I thought I had made a mistake and looked at the file, and I said "Look, you have got 4 rooms, you cannot be living in one room". She said: "Oh yes, we can. I have 3 rooms rented." And she told me that I could do nothing about it as long as she paid her rent. When I said I would see that action was taken to evict the tenants of the rented rooms she said she would not vote for me because I did not help the poor." That is another instance that one finds of persuasion. Mr Speaker, one thing that I am grateful that the Honourable M Xiberras has seen and realises the point is the question of modernisation. Modernisation has a number of very important factors, a number of very outstanding features. For instance, Sir, I think that any person passing around Flat Bastion area can see with pride, what can be done to modernise old houses. The only problem in modernisation has been the decanting situation and again, Mr Speaker, I revert to the decanting situation because the areas that the Honourable Member was talking about, the area re-development that we have so far plunged into are Tank Ramp, Flat Bastion Road, Lime Kiln Steps and Willis's Road and I was surprised to see the amount of batchelors, spinsters, widows and widowers or single persons living in these areas. And that is what we have not got, Mr Speaker, we have not got sufficient bed-sitters which is what, as I think Members know, would be offered to a single person. By a bed-sitter I mean an adequate bedistter, a modern bedsitter with toilet bathroom, kitchen and all the modern facilities. Varyl Begg Estate has come to an end and there are no more bedsitters left. I think Flat Bastion Road will offer 3 bedsitters ultimately in that particular block but it goes back to prove that with a fair distribution of the housing stock a lot could be achieved. Although that has been a problem the Housing Department have always been ahead in decanting whatever area or building they have been asked to decant to by the Public Works Department technical staff. In addition to the modernisation we have also had a few instances of houses being in great state of disrepair and here, Mr Speaker, I think we all have to accept that pre-war accommodation has been badly neglected over the years. They are all mostly very old houses and therefore the amount of maintenance has not kept them up to a reasonable standard. What we intend to do, Mr Speaker, is to continue with a development housing programme not only in modernisation but also building new houses in par with the modernisation programme. I must refute the Honourable Mr Xiberras when he says that inevitably the decanting will return less houses than the ones that have been vacated. This is not the case. In the case of Tank Ramp, for

instance, we will recoup more houses because there is flexibility in construction within Tank Ramp where we will be able to accommodate more people than we have actually vacated. There will be areas, I agree, that it will probably work the other way. On the question of building new houses, Mr Speaker, I think I should allow my colleague the Minister for Development to enlarge on that particular aspect, but I would like to enlarge on one and that is that we are building, I think, at the moment 9 further bedsitters at Glacis. We hope to build a further 10 bedsitters in the Prince Edwards Road area opposite the old French Consulate which we hope to demolish. St Jago's site is virtually demolished and I think there is also area re-development there where we can accommodate. I am saying this Mr Speaker because I am sure that with the persuasion that one can offer and offering people probably in the Humphries area who are occupying 4 rooms kitchen/bathroom some kind of adequate accommodation in that neighbourhood it would not be the same as asking that person to move down to Varyl Begg Estate or move up to Flat Bastion Road, but something within that area where probably they have family ties within the Estate. That is my idea on the bedsitter situation.

HON M XIBERRAS

The Honourable Member mentioned St Jago's. Is this apart from the office buildings that are going up there, or does the Government intend to construct new houses there?

HON H J ZAMMITT

Government has been considering the question of having some bedsitters in the area of St Jago's. Mr Speaker, as I was saying, the delay equally has been not only the question of decanting which may I say my department is always ahead. If we are told to vacate somebody we are normally able to decant in time for the technicians and experts to go in. What we do find, Mr Speaker, and I think Honourable Member will agree, is that ODA approval takes a little longer than we would like but in all fairness I am sure that when ODA or FCO sees the price structure of what it costs to build or modernise I do not doubt that they must look at it four times before they even put it down on the table. I will say, Mr Speaker, that a simple bedsitter at Glacis where there is already a roof in the voids and already a floor turn out at something like £9,000 each. It makes you think, Mr Speaker, the kind of rent that should be charged for a

£9,000 bedsitter to make it viable or semi economical. The Honourable Member referred to the question of medical certificates. Equally, I have felt extremely strong about this. I think it is the simplest thing in the world, with respect to the medical profession, for a person to go along and make a complaint and a doctor quite rightly would issue a medical certificate. Virtually everybody on housing has the maximum points for medical certificates, because virtually everybody has dampness in Gibraltar, not only in old houses and even in modern ones so the moment they have a cold or bronchitis there is full medical points. The list of the medical categorised cases is a completely different thing to the medical points, in other words once you are categorised you jump the queue but again may I say that there are something like 64 categorized at the moment but we have not got 64 houses, so even the people who are categorized with severe ailments such as cancer, severe heart complaints and the like are becoming again far too numerous. I have tried to look at this question of the pointages very closely because one finds that a person on the waiting list who acquires 60 medical points, that is for 2 certificates, 30 points each, or 30 points per person and possibly 20 discretionary, a total of 80 points, would take something like 9 years on the waiting list to equalise, so I have given particular attention to the question of the waiting time which I think is frightfully important in Gibraltar because as I said before people can make very quick comparisons in knowing when Miss so and so got married or when Miss so and so did not get married and was given a house and what have you. I think the waiting factor should be the important factor where people can say: "Well, if she applied or he applied before me, it is only right that he or she should get it before me", excluding of course the medical category cases which one has to accept as being of utmost priority. Mr Speaker, it is estimated that something like 400 new houses would break the camel's back. This is purely an estimate but it is not as bad when one compares it as a quarter or 25% of the actual applications that we have at the moment. Mr Speaker, one other very important factor that has sprung up, not in my time, I think, my predecessor the Honourable Mr Abecasis and the Honourable Mr Xiberras had probably the same problem, was the question of social cases. I do not know why, Mr Speaker, but invariably it may have been a standing joke from time immemorial but it appears that mother-in-laws are now much worse than they were a few years ago and nobody wants to live with a mother-in-law or vice versa. Invariably one finds that the problems

are becoming more and more severe. It is open to abuse, it is open to people saying: "I have thrown my son or daughter out". One accepts this but I can assure that I have never ever accepted any case on social grounds because mummy has thrown them out or what have you. I have only accepted the cases which have been fully investigated by the Family Care Unit and invariably or very frequently there are police reports of a couple sleeping in the car, or the husband sleeping in a car with a child and his wife back with her mother and couples living apart. Now, Mr Speaker, one has to attach great importance to young couples that are living apart because it ruins a marriage and invariably some of these youngsters have married quite rapidly and they have not possibly had the time to reflect on what married life entails but one has to try and help them. What we find, Mr Speaker, is that one cannot help them because whereas in the past my predecessors were a little luckier than I have been and had a vacant room at Flat Bastion Road, at Tank Ramp or at Lime Kiln Steps, I have not got one empty room, they are all absorbed for modernisation. The moment we decant a family from one of the pre-war dwellings, the Public Works Department jump in, they want to rehabilitate, put in running water, a bath, so I have not got the odd room that could at least allow a young couple to live together. On the area re-development that the Honourable Member spoke about I have mentioned Tank Ramp and Flat Bastion Road. Lime Kiln Steps is an area which we are now decanting, in fact, there is a dwelling there already completely vacant which was going to be demolished but now we have found that we can modernise it. Willis's Road, Town Range, as the Honourable Member mentioned, St Jago's, Naval Hospital Road, Armstrong's Steps, Glacis bedsitters, Prince Edward's Road bedsitters, Willis's Passage and Rosia Dale. That is the programme that the Government has for modernisation and the new houses like the bedsitters at Rosia Dale that we have in mind. I think I have made myself quite clear on the problem that we find with the private sector which have been increasing particularly over the last couple of years. Mr Speaker, I did refer briefly about the question of the neglect of maintenance particularly in pre-war accommodation. I think it is known that Government owns something like £30m worth of Government dwellings. If one was to keep a maintenance figure, something like 10%, then we would be asking this House to vote £3m per year just for maintenance of houses so one can see that we can ill afford that particular figure at this stage anyway until we find an oil well. I can assure the Honourable Member that both the Minister for Development, my colleague Mr Serfaty, my colleague

the Honourable Mr Featherstone and myself do work in liaison, we act in concert, we do meet in the Monitoring committee and we work as best we can to solve this particular problem. I was very pleased that the Honourable Mr Xiberras brought up the question of roofs and he mentioned Coelho House in particular. Mr Speaker barely 6 weeks ago Government contracted a contractor to repair the roofs at Coelho House that were leaking. No sooner had they been repaired they were leaking again. Upon examination it was found that the tenants had gone up to the roofs, had bored holes in the roof to stick their TV aerials in. I am sorry but I have to be blunt and honest because there is a lot to blame on contractors, I am sure and architects but sometimes the tenants are responsible. I agree fully with the Landlord and Tenants Ordinance that we should have a re-appraisal of this particular one, particularly in the private sector because it is unfair to expect a private landlord on a rent controlled flat to carry out major repairs when he is probably getting £3 or £4 rent a month but that is something that I have been considering. I would say that it is all very good to say I have been considering it, the fact that I have not altered the allocation scheme has been because I think it would be unfair on those unfortunate people that have been waiting for the last phase of Varyl Begg and I think we should stick to what we have but once Varyl Begg is over and if I am, God forbid, Minister for Housing after that I think that whoever takes over - I am sure the Chief Minister has somebody in mind - there should be a re-appraisal of the whole allocation scheme, revised, re-looked at in a more modern more flexible way. Mr Speaker, one other aspect that the Honourable Member spoke about was the, and I am not trying under any pretence to compare rents with UK because I think if we did that then we are going haywire because I can equally say that a maisonette at Glacis its equivalent maisonette at Chelsea Road in Fulham is £19 a week but we forget it because I know the Honourable Members argument against that. What I would say, Mr Speaker is that I do not believe in extracting all the information from the Housing Act in England because one cannot compare a situation, because if we were to do that even if it was 10% according to Scamp we would then find that a Council Flat in England is paid for by the actual tenant but the moment any family composition moves in or lives with them then there is an increase in rent and therefore I dread to think as much as I want to make

HON M XIBERRAS

If the Honourable Member will give way. I was warning the Honourable Member against the ODA argument which is used from time to time that we should increase our rents here to a same proportion. I was just warning him against the ODA Argument, I was not asking him to follow it.

HON H J ZAMMITT

I thank the Honourable Member. He can rest assured that Government have resisted the parity of rents in Gibraltar as best we can again, needless to say not without argument from our friends in Great Britain. The last point I want to talk about, Mr Speaker, is the question of home ownership. In our manifesto in 1972, we wanted to implement home ownership which we think is a grand idea for a number of reasons. Firstly, for the Gibraltarian to own his own flat, to be able to have his flat over a period of 20 years or so, he who is more wealthy can probably get it in less. The only thing that happened, Mr Speaker, and why we could not implement it was that we attempted to put on sale a block at Varyl Begg. I think that very few people will buy flats at Varyl Begg, Mr Mr Speaker. In fact we found that the construction of Varyl Begg rendered it very difficult because there were such things as a bedistter, or 3 bedsitters in a block and there are few elderly people that would care to invest something like £9,000 for a bedsitter. However, Mr Speaker we have ideas of introducing a scheme whereby we can sell our flats, we can rid our responsibility of maintenance and other problems that we have. I know that I probably have taken up much more time than I usually take in answering but I think it is a particular motion which warrants a particular explanation. I hope I have covered as many of the aspects I think that are required but I just emphasise and reassure the Honourable Member or Members that Government is concerned and housing, Mr Speaker, is our top priority within any programme. Thank you, Sir.

HON J BOSSANO

Mr Speaker, I am not entirely sure what the purpose of the motion by the Honourable Mr Xiberras is and therefore I do not quite know what stand we should take in this matter. In fact, if it is a question of criticising the Government for

their failure to come to grips with the housing problem then I would support it but apparently that is not the object as I understood Mr Xiberras to say. I think that the problem that the Government faces in housing is a problem of its own making being in control of Gibraltar's economy for a sufficiently long time not to be able at this stage to pin the blame on anybody else and in my estimation the last significant attack that was made on the housing problem was in the conception and the planning and the initiation of the Varyl Begg Estate, a momentum that existed with the Glacis Estate, has been lost, and it has been lost because there was nothing ready to take over from Varyl Begg to maintain the pace of construction planned in sufficient time to be ready and available for when it was needed and therefore for me the problem that the Government faces, and it is difficult to judge the magnitude of the problem because it would appear that the Minister for Housing agrees that there is a crisis in housing notwithstanding the fact that he is in Government and he is in a position to do more than just agree that there is a crisis, he is in a position to do something to correct it and therefore as far as I am concerned the problem in the provision of housing and in the construction of housing is the responsibility of Government and they are the ones who have to put it right. Therefore, the second part of the motion of the Honourable Mr Xiberras which appears, if one puts one particular interpretation on it, to shift the responsibility and the work to the House is something that I cannot go along with if that is what is intended. I want to make clear that as far as I am concerned the function of the Opposition is to seek

HON M XIBERRAS

If the Honourable Member will give way. I do not know what part of the motion he is referring to.

HON J BOSSANO

Well, Mr Speaker, the amount of information and so on that the motion seeks to obtain seems to suggest that in fact it is the responsibility of the House to ensure that the housing programme gets under way and that we should be provided with the facts and so on. I want to make it quite clear that as far as that is concerned that is something I cannot go along with.

MR SPEAKER

I think the motion calls for the involvement of the different Government departments and not the House but, anyway, I am not here to judge what is intended to be achieved in a motion.

HON J BOSSANO

Well, Mr Speaker, as I say it is a question of whether I have read the motion right or not and I thought I had better give the Honourable Mover an opportunity to clear any misconception that I might have particularly after he offered his services to the Government in solving the problem. As far as I am concerned I think that it is right that the Government should occasionally be given an opportunity to explain how they see the problem and how they propose to solve it but it is not the responsibility of the House at all to come up with the solutions. The Party in power won the Election and they won the previous ones and they have been there long enough in fact to be able to come up with solutions of their own or to fail to come up and to be held responsible for failing to come up. It is I think the occasion for the Government to give fairly clearcut indications of what they propose to do in the forthcoming financial year either at this stage or in the context of perhaps the Improvement and Development Fund and I think the only latitude I think the House can have at this stage is to give them the benefit of the doubt until we have heard what they have to say but certainly on present form I think that they appear to be failing to come up with an answer that is sufficiently radical to meet the magnitude of the problem.

HON A W SERFATY

Sir, I would like to, so that we get our figures right, particularly in regard to what the last speaker has said, that Government has not planned ahead with sufficient time, I would like to say that in answer to Question 107 the other day I said that over the last 4 years the rate of construction of new housing was 159 and that we expected subject to ODA approval, and I would like to stress this, subject to ODA approval, that the rate of construction per annum over the next three years would be 77 and I added, I believe at a supplementary question,

that to these 77 we could add 75 new units of modernised houses making up a total of 155, new and modernised houses in comparison to 159 over the past 4 years mainly the Varyl Begg Estate. I would like to say that the Varyl Begg Estate housing scheme was an extraordinary effort. I am not going to say this to give the impression that the construction at the Varyl Begg Estate has not been a big effort towards this solution of the housing problem. I understand, in fact, that the then Government thought that that would be the final solution to the housing problem, this is what I understood, breaking the back, and still we have 1,600 people on the waiting list. But of course the Varyl Begg Estate was a big effort and a costly one with which we have had very sad experiences and I am not blaming anybody for this of course particularly not the politicians. That is why we have an ^{average} of 159 but if we look back to pre-Varyl Begg the average rate of construction of new housing over the previous 10 years was 69. So we have from say 1963 to 1973, 69 new houses per annum, 1973 to 1977, 159 and, hopefully, and I must stress again always with ODA approval, 1977 to 1980, 77 new houses and 77 modernised houses. So I do not think it is fair to say that this Government is not pulling its weight towards a solution of the housing problem. The concept of modernisation if I may say so, is a gallant effort to do two things, to help solve the housing problem which is a paramount problem I will agree, but to do something which long term the people of Gibraltar will be very thankful for and that is the clearance of the slums of Gibraltar. This is not an easy task. One of the first difficulties we found when this Monitoring Committee was created by the Chief Minister and which I have chaired since its inception, was that we did not have the staff of professional people and it has been very difficult even now to find the right number of maintenance surveyors prepared to come to Gibraltar and to be satisfied with the house we can offer them and the salary etc., etc.

HON M XIBERRAS

If the Honourable Member will give way.

What is this monitoring Committee? The Honourable Mr Zammit also referred to it.

HON A W SERFATY

The Monitoring Committee is a committee which the Minister for Development chairs of which also the Minister for Public Works is a member and where questions of housing are concerned the Minister for Housing

MR SPEAKER

Is the Minister for Housing a member too?

HON A W SERFATY

No, Sir. The Minister for Housing comes when we discuss housing which is virtually at every meeting, the Committee monitors the expenditure of the monies available under the Aid Programme, that is what it does, and that is my responsibility. I was saying that the first problem we had was this question of finding the right number of professional people. We did not have in the Public Works Department the right number of people. One or two architects is nothing to design on a big scale the modernisation of many houses in Gibraltar. That is why of course, it took a long time - I will have to say something about the ODA later on - but that is why it took a long time to get the scheme off the ground because then we were faced too with the problems of decanting and when you start modernising a house you have got to provide alternative accommodation for the tenants because there are very few empty houses in Gibraltar. Ideally, to prepare a proper survey and make a proper project application to London as to the cost of modernising a block of flats we must start by emptying the houses. The technicians felt that they wanted to see every nook, every floor, every beam and we have given instructions, and now this is the policy that we are trying to pursue, that we must survey a house even if we do not do it so perfectly and there are variations then to the contract by the time the house is completed, that we survey the houses with the tenant inside. Out of that philosophy of modernisation emerged the philosophy of area re-development which means that a number of areas of Gibraltar have been selected - we are now dealing with 4 areas which the Minister for Housing mentioned - a number of areas have been selected which adapt themselves, particularly 3 of them, to three types of work to be done, demolition of houses which cannot be saved by modernisation and on which sites we build new houses, modernisation of buildings which are

capable of being modernised and because they are not in a position for just repairing because they require bathrooms, kitchens and possibly re-planning and the repairs of those buildings which just require re-pairing. So area re-development is a combination of repairs, modernisation and new housing and this we have been told by the FCO with whom we mainly deal on the question of the aid programme because we do not deal directly with the Overseas Development Administration except with some of their experts, we have been told that this is the kind of thing they like to see in Gibraltar. Of course it is as I said before an attempt to clear the slums of Gibraltar and it is an attempt to solve the housing problem because modernisation also solves to a certain extent the problem of people who require houses, it is an attempt to do it at a price which is economically viable because the cost of a new flat is about £20,000 today. In fact, the latest estimate we have for a block of bedsitters in Prince Edwards Road opposite the old French Consulate is £12,000 per bed sitter. At that kind of rate the Varyl Begg Estate will have cost more than £15m. This is the kind of money we are talking about and this is the kind of money we have to mention in the FCO in this day and age of a Britain which is not floating in money. Let us come now to the Foreign and Commonwealth Office. The project of modernisation of 55/57 Flat Bastion Road took 7 months after the date when we sent the project application for FCO to agree to this work being carried out. The 6th Phase of modernisation which includes Sisters' Quarters and a number of other buildings, was sent in July, 1976, and still we have not received the approval, 9 months delay, and we are only talking of a three year programme. The Rosia Dale new housing which was submitted in November, 1975, was approved in September, 1976. Even repair work which was submitted in February 1975 was not approved until August 1975. The House can imagine how frustrated the chairman of the Monitoring Committee can be because not only have we had the difficulty of getting the professional staff, a very difficult matter of getting the professional staff to get modernisation off the ground, the difficulty of decanting, but the long delays in the approval of the schemes. I am sorry but I must say this. I know that the Chief Minister has been in touch with the Governor who is now going to get in touch with the British Government so that we can get these schemes going. I am not going to mention the level of rents or the overhousing but of course as Chairman of the Monitoring Committee I would like to see people who only require a bedsitter occupying

a bed-sitter instead of a flat of 4 or 5 rooms so I must join my colleague the Minister of Housing in saying that sooner or later something will have to be done on the overhousing of people of which we understand there are several hundred. I believe the Honourable Mover wanted to know some details of the kind of programme we are considering when we say 77 new flats, 70 modernised flats and I will say though my colleague has already mentioned some of the sites, that the new flats include Rosia Dale, bedsitters in Prince Edwards Road, bedsitters at Glacis, some new housing in Town Range, Tank Ramp, Willis' Road and Flat Bastion Road. Modernised units will include some in the 3 re-development areas that we are tackling, at Tank Ramp, Willis's Road and Lime Kiln Steps Lopez's Ramp. This is what we are trying to do and the House can rest assured that we are working hard but the delays I am afraid are unavoidable as far as we are concerned.

HON MAJOR R J PELIZA

Mr Speaker, it is very likely that before I finish I will have livened up this House a bit. But before even attempting to do that I must say that I do sympathise with any Minister who is responsible for Housing. It has the effect, I think, of ageing them. I think Gibraltar as a whole should be considerate and indeed I too will be considerate although I do not believe that this should in any way inhibit the Opposition from expressing their point of view and if necessary even criticise him where criticism in our view is due. Let me say that whilst I am doing that I still have a lot of praise for whoever is prepared to assume that responsibility. I think Housing perhaps is one of those never ending problems in that you can never really fill the bucket but I think we must have a little bit of water in that bucket otherwise we are in serious trouble and I have a feeling that in Gibraltar now somehow the water level is getting lower rather than higher because as we progress it must be expected that people will also want to have a standard of housing which is equivalent to that of other western nations and we are not going to solve our problem if in trying to accommodate people instead of aiming at a standard that will be equivalent to that of the other western nations we decide to try and start a musical chair whereby it is going to start putting people from bigger houses into smaller houses. That is a very dangerous thing to do and although perhaps there is I think a lot of justice in certain circumstances

where rationing is inevitable it is I would say the last thing as a principle aim that the Government should go for, otherwise I can assure you that the standard will start decreasing. Rationing is never good except in exceptional circumstances and it has given me the impression that the Government seems to believe that we are now heading for exceptional circumstances where rationing has got to be introduced.

HON CHIEF MINISTER

If the Honourable Member will give way. It was the mover of the motion who spoke about people who were overhoused and the Minister replied to that. That is not rationing, it is a problem of overhousing.

MR SPEAKER

It has never been suggested that there should be rationing. All that has been said, I believe, is the fact that if someone who had been allocated a larger house, had a change in circumstances and he ceased to require that larger house he should be given good but smaller accommodation so that someone else on the waiting list should be allocated the larger house.

HON MAJOR R J PELIZA

That Mr Speaker, is the musical chairs which I said before - musical housing - there is not a lot of music I must say in the ears of the person who has got to move but it comes down to that, we have now got to start rationing. In other words a man who has 4 rooms will be told that the ration is one room per head or two rooms per head or whatever we may want to say, but it is a form of rationing. Whilst I am not saying that it is not proper for this to be done in certain circumstances all I am saying is that it should not be carried too far otherwise instead of aiming at raising the standard of housing in Gibraltar we are going to start levelling down, this is the danger. I am not saying by any means that there are no cases and perhaps the Minister is right in the circumstances to go the way that he is going to do but do not let us keep that as a principle aim.

HON H J ZAMMITT

Mr Speaker, if the Honourable Member gives way. I think

the Honourable Member is somewhat confused. It was the Honourable Mr Xiberras who brought up the question of overhousing by way of perseverance and Mr Xiberras, as the Honourable Member knows, is the mover of the motion. I replied to the question of the overhousing as a result of what he had said.

HON MAJOR R J PELIZA

Yes but it still is the Government's policy. What the Government does is Government policy and it does not matter who said it whether it was Mr Xiberras or whoever may say it. I still believe that one has got to be cautious in that respect, that is all. What I am saying is that we must be very careful because instead of building 160 new houses what we are going to do is start levelling down and not building 160 houses but perhaps only 60, this is what I am saying. We cannot start bringing the level of our housing down. In fact, I think the Minister said there were about 400 but I think he got his figures wrong, I think the figure is much smaller. Could the Minister perhaps say what the figure is?

MR SPEAKER

We are not going to have a ding dong.

HON MAJOR R J PELIZA

Very good, Mr Speaker. I would have liked to have heard the Government today coming out with a definite policy on housing. I think this Government have had plenty of time to have a really watertight scheme for Gibraltar. It is after all I would say perhaps one of the most important matters that the Government is tackling and I would have thought with all this amount of time that they have had they should have been in a position now to have come up with something concrete that was feasible and perhaps much more dependent on our own resources which I am afraid that in that respect we have heard very little of. How are we going to finance all these schemes. The only thing I have heard is that we hope that we will be producing 77 new houses because this sort of re-constructed, modernised houses to me is rather a slow coach but what I understood was the aim was 77 new houses, the others are going to be re-constructed and that I would say is not an extra 70

houses, it is the replacing of 70 old houses unless are we going to have the miracle of the houses whereby we have one and we are going to convert that into 10 but I do not think that is the case unless I am wrong. When we are modernising a house it means that we may be able to get one or two units more and sometimes even less, so by and large I would say that the 70 houses that are going to be modernised are not going to be new houses. What we are going to have in fact are 77 new houses, is that right?

HON A W SERFATY

I am going to have what is equivalent of new houses with modernised houses and the people, many people, I do not know how many, who are living in those houses under those present conditions are on the waiting list now and when those houses are modernised they will come out of the waiting list.

HON MAJOR R J PELIZA

The position is not very clear to me. If we are going to modernise an old house it means that we have an old house there, it is there already and someone is living inside . . .

MR SPEAKER

The Minister has said that whereas before the house was modernised that person was living in such a condition which entitled him to be an applicant for a new house by the fact that he would be put back in a modernised house even though there is no extra accommodation available, that particular person has been relieved of his application.

HON MAJOR R J PELIZA

That is alright for statistics.

MR SPEAKER

I am not going to have a ding dong.

HON MAJOR R J PELIZA

Mr Speaker, that is alright for statistics purposes in that we have a person living in an old house now going to live in a new one but that is not another house in Gibraltar, it is a house that was there already, Mr Speaker and therefore what we are going to have is 77 new houses.

MR SPEAKER

What is being said, and I think that has to be accepted, is that by the modernisation of a new house a person who was in the Housing Allocation Scheme has had his application dealt with and to that extent it is a new house. You are of course, entitled to your view.

HON MAJOR R J PELIZA

It is not an extra house, the house is there already, the man was living inside. We may say that he should have lived in better conditions, I agree, and therefore he is going to live in better conditions but it is not a new house, the house was there already. What we are going to have is 77 new houses and 77 better houses or 77 better houses but they are not new houses and this is very important. What we are going to have is 77 families accommodated not 150 families accommodated. What I would have liked to see is a concrete definite plan from the Government, yes, with plenty of concrete in it, a scheme whereby we did not hear today the Minister for Development hoping in the same manner as he was hoping to have lots of hotels when we were on the other side of the House and in fact the result has been not that not only have we not had one single new hotel.

MR SPEAKER

No, we are not going to go into that. I am not allowing it.

HON MAJOR R J PELIZA

I was trying to say, Mr Speaker, that when this particular Minister speaks of hoping I think I am very despondent because every time I have heard hoping for something that

has never materialised ever and this is the reason which makes me very concerned about it. He was expressing the great difficulties they are having to get the schemes approved in the United Kingdom by ODA and I of course have to laugh at this because he is probably under the impression that it is only this Government that has had difficulties with ODA and that when other Governments have been in power everything has been so quick and easy. Well, it has never been like that, Mr Speaker, there have always been great difficulties in getting things approved except that somehow some people can get them to move faster than others and in this case it seems that they are going extremely slow about it and whilst I am not for one moment trying to say that there is no blame on ODA I must add without any shadow of doubt that somehow the persons who are at the moment trying to get ODA to move do not seem to be all that effective and this makes me extremely worried. And if we look at the circumstances in the future and even in the present I would have thought it is going to get even more difficult to move ODA and more difficult to get loans and money from the UK to build houses. Is it not a great pity that during all those years where this problem was obviously coming ahead of us because I knew even when I was there it was going to get more difficult as time went by, that nothing had been done at this late stage to be able to say: "We have something that we can do ourselves from our own resources". We have not heard anything like that today and I am sure it could be possible even in the sphere of home ownership where nothing has been done.

HON A W SERFATY

It is a pity that the Honourable Member did not go to the Mackintosh Hall to see the City Plan and the Housing Programme.

HON MAJOR R J PELIZA

I want to hear something about it here in this House with facts and figures. We have nothing definite at all. We only hear excuses for the delay. We all know that the price of construction is going up and up all the time and we all know that the greater delay the more we are going to pay for it. I think the Minister for Development gave us the figure of £12,000 for bedsitters in Prince Edwards

Road. I believe that now at this very hour the Government could buy bedisters at £7,000 in Ocean Heights. I believe that is the price they are being sold at. Could the Government not give some thought of taking that over before people from outside Gibraltar come and buy them. That would not be a dream, that would be something tangible and I would suggest to the Minister that he should give careful thought to that because I am sure that by the time the scheme is going to go up it is going to cost much more than £12,000 so quite a big saving could be achieved if the Government were to go into my suggestion without any more delays and before the prices go up if they hear that the Government is going to have a bite at that cherry. One aspect of housing that we have not heard much about and which has always been my concern and which I think causes a lot of trouble in Gibraltar from the social cases I think that the Minister for Housing has to tackle, is the accommodation of young married people. No one ever seems to give the slightest consideration to them and I think it is something that might be the beginning of the scheme of house ownership in Gibraltar because it is precisely at that age where perhaps people working together like husband and wife in Gibraltar now possibly getting a reasonable income might be able by saving on other things such as not buying a car for a little while, of acquiring a small bedsitter to start with. Perhaps the Government could give them some kind of facility, this is another aspect that we must look into. In the long run it might save a lot of money because that is money that will be coming back into the Government's pocket to be able to build more houses. At the moment there is no cash flow, if I may put it that way, in our building schemes. The money is put into a building and it is there and we never touch that money again. The important thing in my view is to be able to get that money to come back to the Government and so with that money be able to rebuild. I know it is not as simple as that but I would have thought that something might have come up by now. I remember when I was in Government I was thinking of approaching a trust in Gibraltar - perhaps with some more influence I might have done it. I think I was not the right sort of chap to approach that particular Trust - but I am sure that that Trust could perhaps have come forward and with some money from the Trust and some money from the Government and some money from the banks and some money from the UK loans we might have been/re-elected I think perhaps today we would have seen something of that nature on the move. However, I am putting the idea forward now and it is never too late to start. I believe, therefore,

able to start a scheme, I certainly had it in mind and had I been

that it might be possible in a scheme of that nature to start with the young people in Gibraltar. They may have the money, they may have the resources and they may have the will to go into a small place to start with and as we move on it might be possible to build bigger units whereby having already paid or partly paid for a small unit that same money could be used as a deposit for the bigger flat and so we would then have a "musical housing" sort of set-up but not the other way going from bigger to smaller but from smaller to bigger which is what I was trying to say at the beginning. Mr Speaker, I think I have perhaps talked long enough, I know that I might not have said everything that the Members on the other side of the House wanted to hear but I am sure that perhaps some of the things that I said might be of some use to the Government and I hope to Gibraltar in the question of housing.

HON A P MONTEGRIFFO

Mr Speaker, I regret I havenot got the ability of talking at least in this House, at the same length as some of the Honourable Members opposite. One must take the Honourable and Gallant Member who has just spoken with a pinch of humour because if we do not do that we would have to talk in reply in a different tone. Some of the remarks have been humorous to the extent that I was wondering whether he was understanding what he was saying himself. Surely, if you go into modernisation, and I will come back later on to this particular exercise which the Government has undertaken to do, if you have got someone on the housing list whose house is going to be modernised, is going to live comfortably well and the modernisation is going to cost less than building for him a new house, it is no use saying that we are going to have a house less because the fact is that that extra house anyway will be there in the sense that that family will not be in the priority list and will be enjoying good housing conditions. But apart from that, Sir, it is necessary in the interest of Gibraltar, however long it takes, however complex and however difficult, it is important that the housing stock of Gibraltar, and we are talking of the public sector God knows how the private sector is, something must be done to avoid those houses deteriorating to the extent when we shall have to find money to house the whole of Gibraltar. I agree that parallel to that some money must be directed to build new houses but then you cannot build as many new

houses as one can build if you are also tackling the problem of modernisation but I agree that some parallel exercise must be undertaken. As regards the manifesto where we did announce a proposal for housing ownership, not only did we put in the manifesto, we carried it out. We announced the scheme, we invited applications and we did not get much joy out of it. It was a good exercise for at least testing the market but the low rent of Government dwellings was not much of an encouragement. Despite the fact that we were not going to go to any Trust, that we were not going to any banks, we were going to sell the houses at cost price and with facilities over 25 years which could not have been such a burden but rents being what they are, they were just not interested. Most of the people who applied were people who were neither in the waiting list and who were cashing in on the facilities the Government was giving and that we could not accept. So not only did we put it in the manifesto but we gave it a chance to take the scheme off the ground. I will repeat what I said about the modernisation. I know sometimes the thing is belittled from the other side of the House. I have seen reports as to the necessity of not allowing the old houses, some of them 1, 19 years old, to deteriorate further. I myself at one time was a landlord and I had to sell the house for whatever money I could get because I did not have any money for repairs and if we do not do that and if the House does not give the support to this I am afraid that the Opposition is not helping the social needs of Gibraltar if they take a negative attitude.

HON M K FEATHERSTONE

Sir, we had a most exuberant speech from the Honourable Major Peliza who, I think is trying to usurp the position of the Honourable Mr Serfaty as the world's universal optimist. I, Sir, wish to be a little bit on the other side and present a rather more gloomy picture. The Honourable Mr Zammitt gave a figure for the value of our housing. I would disagree with his figure, I think he underestimated when he said that our housing stock was worth like something £30m, I would say it is worth at least £50m, this is what my advisers tell me and possibly even more. This is our housing stock, let alone all the other Government buildings which means that the total amount of property owned by the Gibraltar Government may run easily into £100m. And it is not an unreasonable figure to say that we should spend on maintenance repairs 2% of the value per annum. This is what is considered the minimum that

is reasonable to keep property in a state of repair, that it does not deteriorate against the ravages of the weather, time, etc. I would remind the House and the Honourable Mr Xiberras that one of the pieces of property the Honourable Mr Xiberras did mention was Victoria House which is part of the Alameda Estate known as Humphreys and of course this is post war property and we tend to think of it to a great extent as a new building but it is now getting on for 30 years old, it is far from new, it has had a reasonable amount of life already and I am afraid over the years the amount spent on that property in repairs has been very small indeed. In fact, I must say it is a great credit to the builders that it has lasted so well, more so when in its early life it stood up to a rather big shock with the Bedenham explosion which may have given rise to damage which would not be apparent at the time but would have shown up after a further 5 or 10 or 15 years. The main area in the Alameda Estate which is giving rise to concern similar to many other areas in Gibraltar is the area of the roof. Anybody going down to the North Mole and having a look at Gibraltar must be struck I am sure by the number of green patches on roofs in Gibraltar where my department has had to put tarpulines to stop the rain getting in and where of course we have to try in the summer period to do what we can to repair these roofs. This as I say has been allowed to happen over a long period of time, it is nothing new, it is nothing that we can blame the present Government or even the Government of the Honourable Major Peliza. It has been I am afraid a long term policy in Gibraltar that not sufficient money was spent on repairs.

HON MAJOR R J PELIZA

Could I perhaps clear my point. Let me state categorically that I am not against modernisation of old houses and that I think that if this was in any way inferred from what I said that is not so. I certainly support the idea of modernisation.

HON M K FEATHERSTONE

I am very glad to hear that the Honourable Major Peliza is in agreement with modernisation, but this of course is not modernisation, this is pure repairs and in fact when we went to the British Government in our aid programme we got a certain amount of money from them to be spent purely on

repairs and this of course is being spent but we were told that this was a once and for all exercise. It was given to us to make up for the 20 years backlog which we had to catch up on and we could not expect ODA to assist us in this in the future, it would be our responsibility. Why is it that we have had difficulty in having the money to cover repairs? Obviously if property is costing a certain amount it is easy to calculate what is the 2%, the figure that should be spent on repairs, and as we have heard today, a flat is costing £20,000 to build. This would give us a figure of some £400 a year required to be put aside to cover this for repairs alone and our rents, I am afraid, do not reach that figure and the time may well come when we will have to have a hard and severe look at the whole rent policy. We do not need to gear it to rents in the UK for Council property, we do not need to gear it to what is paid in the private sector in the UK, we have a yardstick which we can use and that is the yardstick set by the International Labour Organisation which said that some 15% to 20% of a person's wages should go towards housing him and this would give us a reasonable yardstick which we could apply if the time came. I am sure many people know that there are a number of flats in Gibraltar in which two families live in which the total income may be anything from £0 to £100 per week, and yet the flat is paying a very low rent perhaps £3 or £4 a week. Obviously it would appear that these people are living on Government subsidy when really they have no need so to do and as I say the time may come and it may not be too far away when the whole question of rents will have to be re-appraised. Perhaps one of the needs that would be required would be to have a statutory housing authority which would try to balance its budget so that the monies coming in were somewhat comparable to the monies that had to be expended in repairs, and it is this question of the high cost of repairs as has been stated already the low rents that are required for Government property, which militates against a house ownership scheme. If you take on a flat and you are going to pay for it and at the same time you are saddled with a commitment of £300 to £400 a year for repairs, then you think twice before you take it over. I have heard it said, and there is a certain amount of merit in it, that it might almost be to Government's advantage to give their property away to the tenants, to give the property to the tenants on the condition of course that they are going to commit themselves to repair it and keep it in good condition. The Public Works Department has this year and it is planning a comprehensive scheme for house repairs, partly from the ODA

funds, partly from our own funds, and it will be as I have said in particular to try and get our roofs into reasonable condition. But there is one aspect that I would bring to the House's attention where persons themselves can assist tremendously. We have far too many cases of having to rehabilitate a house when a tenant leaves a house and goes somewhere else. In many instances the tenant has put in his own wash basin because he did not like the shape of the original wash basin or has put in a bath because he did not like the shape of the original bath and when he moves he takes that bath out, takes it to the new property and leaves the old property minus a bath or minus a wash basin, minus a water heater with just a piece of pipe hanging out of the wall and all this has to be done to rehabilitate the house all at Government expense and Government cost. It is easy to say "Prosecute them" but they have gone and you have to have the onus of proof which is not easy. We are now trying a system whereby before they leave the house, the house is inspected but it is not always easy to put into effect.

In fact, even some of the people have left Gibraltar as such and we had one case recently where the house was in such a condition we had to have it fumigated and it will cost the Public Works Department several hundred pounds to rehabilitate this house because the condition it was in was something absolutely disgraceful, and this was a post-war house in Glacis.

HON M XIBERRAS

Would the Honourable Member have any information in regard of Penney House in this respect?

HON M K FEATHERSTONE

No, I am afraid I do not have any information on that. I would try and find it out for you if you wish, if you see me afterwards and tell me if it is of real interest to you and I will look into it for you. Sir, as I say we, the Public Works who are the servants of the Housing Department, are doing our utmost to see that houses are rehabilitated as quickly as possible to see that the deterioration that houses tend to suffer should be held as much as possible in check but I will warn the House that all this costs money and when we come to the House for considerable funds to do this then I expect to have their utmost sympathy. Thank you.

MR SPEAKER

Are there any other contributors?

HON CHIEF MINISTER

Mr Speaker, I would like to say a few words. First of all I would like to commend the mover of the motion for the restraint and the general picture that he has painted in the matter of housing. There is, as he rightly pointed out of what he wrote in the paper, the political result of difficulties in housing which we want to avoid which I fully share and I think it is right and proper not only that he should express his concern but that other Members should be critical of a matter like this and I do not take this motion as in any way taking away the responsibility that the Government has for housing and throwing it on to the other Members opposite. It is constructive in a way that we should discuss all these aspects because it covers so much. Housing has been along the 250 years that we always like to mention, the biggest problem that Gibraltar has had. Housing and water are the two problems and they are still with us though of course in a much more advanced state for this modern age than they have ever been. I just want to deal with two very isolated points because I would like to say that the question of problems with ODA which I was glad to hear the Honourable Major Peliza mention are always difficult, has clearly become more difficult recently and not because I think as usual my Honourable Colleague Mr Serfaty understated the case, it is not that the matter has been taken now the matter has been taken afresh it is a continuing matter which has been taken by myself when I have been in London, it has been taken up by Mr Montegriffo, it has been taken up by the Financial and Development Secretary and by Mr Serfaty in London. It mainly stems from the fact that there was a great change in the control of the expenditure and that when one was dealing direct with the ODA it was much easier than having to deal through the FCO. It may well be that we will be able to come back to that arrangement because it looks to me that whereas at one stage the FCO were a help now they sometimes would look as a hindrance and I make no apologies for saying this, the processing through the FCO, and the difficulties are not if I may say so, in obtaining approval for projects which have been approved in principle in the aid programme, the problem we have had has been even in reimbursing cash paid in respect of approved expenditure in Varyl Begg Estate as you will hear when we come to the

budget. The reimbursing of monies that we have paid in respect of approved works which is normal that we should pay them and then we are reimbursed, the delay in that has caused the Government some element of embarrassment which Members will hear at the time of the budget. We have made our position very clear and very loud to the FCO and this perhaps is a sign of the times that stringency in expenditure in England permeates all along the line, I suppose, and perhaps a little inefficiency in some quarters but certainly not for lack of trying here. These problems have always been there but they are much bigger now I can assure you because of the stringency perhaps and other matters. The question of housing is one of course which is made more difficult by the excessive cost of building and by the fact that the building costs here are so much more in excess of cost in the United Kingdom which is something which is very difficult to convince though they know as a fact when aid is coming that it is more expensive to build in Gibraltar than to build in the UK apart from the difficulties which is occasionally found in site work and preparation. We will not be voting for the motion but we are not going to oppose it because if the Members who are not the Members of the Government want to show concern in the manner expressed in the motion we have no quarrel with that because I think it is a matter of great concern for everybody and so long as we make it clear that as far as we are concerned everything that is possible is being done in order to obviate this, we do not mind. One other aspect of the matter that I think the Honourable Major Peliza exaggerated considerably was this question of rationing. First of all by rationing you do not lower standards of housing. Western standards as I understand it in housing means the structure, the nature, the facilities provided in the housing. But if in fact as cases have happened of the family decimated by death by people departing and a person stays behind in a big flat of course it is natural and a very big social problem to say: "You have got to go to a bedsitter or 2 rooms and a kitchen".

HON MAJOR R J PELIZA

I never said that I objected to the scheme itself. What I said was that we should not make this our primary otherwise the Government would not look into the question.

HON CHIEF MINISTER

Absolutely, I entirely agree. In fact the ideal is there but the practicability of it are very difficult. There are some people who are sufficiently enlightened to realise that and in many cases by persuasion that the Minister did not mention, by persuasion, it has been possible to provide a couple who were living with a large family, a son and a daughter and a number of children, in premises which were very small for the two families but very big for the remaining family, the father and the mother have made the sacrifice to say: "Alright, we leave this flat which is adequate for the family that remains behind and give us a couple of rooms and kitchen of the same kind or possibly like that", and they have made the decision and that has been a way not of rationing but of making the best use of the available accommodation. At £20,000 a flat it is of primary importance to the community that there should be no extreme overhousing though there must be occasional overhousing because we cannot be doing this on a continuing basis. It must be an aim of policy which must be and I know the Minister is doing it in a humane manner which will not upset people. I know only too well by my contact with people what it means when a member of the family dies and one remains behind and it is suggested that that person moves into a smaller flat and they say that their furniture does not go into it. However, it is a persuasion which has to be taken in a human way and I know that the Minister ageing as he is by his 12 months in the Ministry, continues to take a very humane and very honest attitude to it. I would just like to say that with regard to the question of house ownership another attempt is going to be made since the previous one unfortunately did not respond to the intentions, another attempt is going to be made to see whether we can try and make some progress. The question for housing for young couples is a very popular one to mention but the difficulties are that for as long as there are big housing problems where there are children living in sub-standard accommodation and overcrowded accommodation, the first thing you hear is: "Why should a house be given to a young couple who are going to be married when in fact you find out from the facts that there are other reasons why the flats have also been given when we are living in such bad conditions". But I entirely agree that you take away the real bad cases of overcrowding, that everything should be done to encourage young couples to have a better chance in the housing scheme because in fact this is really the basis

and we are coming back again to the last part of the letter which the Honourable Mr Xiberras sent to the Chronicle, the basis of a happy and a continuing British Gibraltar is that people should be living in proper and decent conditions.

MR SPEAKER

I will then call on the mover to reply.

HON M XIBERRAS

Mr Speaker, there are a good number of points. I appreciate it is five past one o'clock and I will try to skip through them. The subject has attracted, I think, more of a repetition of what Honourable Members on both sides of the House have maintained over the years than any new ideas on the subject. The motion was aimed at trying to achieve some sort of clear picture of the problem of housing in anticipation of the budget debate which we will be having, I think all the elements, all the facets of the picture have been presented but we have had not much co ordination of these facets despite this. I must answer the Honourable the Leader of the Opposition straight away. The purpose of the motion is not, in fact, to pass over the responsibility for Housing to Honourable Members on this side and I was glad to hear what the Honourable the Chief Minister had to say about this in confirmation. But I think there is no possibility of misinterpretation of the terms of the motion, no more than there is when the Honourable Mr Bossano was in fact complimented by the Honourable Financial and Development Secretary earlier in these proceedings for pointing out one or two financial mistakes which had been made in the past. My offer of help to the Government stands, it has been made on another occasion to the Minister for Labour in respect of Labour and to the Minister for Housing now and that does not mean that I give up my responsibility to criticise when I think criticism is necessary. The intervention of my Honourable and Gallant friend Major Peliza certainly added a bit of vigour to the debate and I think one must accept that in every situation a contribution of this kind is good for the House. I do not think that at the present political stage in Gibraltar it is a good thing in fact to start a major political onslaught on the Government over this particular matter. This we have done from the Opposition, in fact, we have had some very strong motions on the subject. What I would warn the Government about, if I may and I do, I have that privilege, is that if there is no action even on accepted or stated plans then this side of the House, I am sure from what I have judged from the debate, is going to be highly critical. I think there is a big slip twist cup and lip on this one, I think that the Government is not dynamic enough in prosecution of its own plans and I think that they have a right to put their plans forward because they have been elected and they have a majority in this House. I do not agree entirely with the emphasis of the Government programme but my major and overriding concern is to see that there is an alleviation of the housing problem as the motion states and to this end I think certain emphasis placed by the Government on housing matters are the right ones and

new ones perhaps. I entirely agree with this question of the bedsitters and the releasing of bigger accommodation. I think the Government may very well gain the type of flats which are required, the four roomed and the 3 roomed flats, and I think that this is a good aspect of Government policy. Where I quarrel with the Government is on its vigour. I remember the Honourable Mr Canepa at one stage saying that the housing programme of the 1969 administration was over ambitious and he made quite a play on this. Well, I think that the present Government's programme is far too muted. The Government is not, to my mind, really taking this bull by the horns. It has good ideas but it is not really putting enough effort into it. I appreciate the difficulties of ODA, those are understandable, not acceptable, but understandable in the present economic circumstances and so on. It is very interesting to hear what the Honourable the Chief Minister says about the Foreign and Commonwealth Office, again understandable but not acceptable. What we cannot have to my mind is complacency. It is rather complacent when we are told that sometime or another we shall have to do something about this - I think the Honourable Mr Featherstone mentioned this about Public Works - perhaps he is understating his case as usual but it is not to my mind enough to say that at some time or another we shall have to look at this aspect or that aspect. I think the situation is much grimmer than that and therefore I do not sense the kind of energy and push which there should be from this Monitoring Committee. from which the Housing Minister is excluded apparently for all purposes except housing. I would like to see the Housing Minister, since housing is a top priority, I would like to see the Housing Minister in the Monitoring Committee. I would like to definite proposals for change in the submission of cases made out to ODA for approval since there is dissatisfaction and we have been hearing the story for a good number of months if not years from Hon Members opposite. It is not good enough in view of the concern that we all feel about the deterioration of the housing problem, it is not good enough to approach the subject with such phlegm, I might say, as some Honourable Members on the other side appear to be doing. I make no bones about it, if there is the re-organisation to be carried out at the administrative level or at any level by the Government to get this thing moving then it should be done. I am in agreement with the Honourable Mr Bossano in one aspect of it and that is that after the Varyl Begg Estate those of us who were concerned with Varyl Begg Estate thought that we would break the back of the housing problem and the

deterioration of the situation has come because as has been amply debated in this House there was nothing substantial provided to follow Varyl Begg and we have this hiatus, we have this gap and now we are in difficulty. The rate of construction which has been quoted by Ministers opposite clearly show this. I think that is quite clear and I am afraid to say that this is the root of the problem but that is water under the bridge as far as I am concerned. The Government cannot launch another Varyl Begg Estate, it is in no position to do it and therefore what we must do is to co-ordinate the resources that we do have and pursue these various ends which are available to Government in a concerted and in a dynamic manner. Therefore I shall be asking many more questions on the basis of this debate on housing and I cannot promise Honourable Members opposite that I shall be as understanding on another occasion as I have been on this. I would urge the Government to pay a lot of attention to what the Honourable and Gallant Major Peliza has said about flats for younger people. He is not talking of giving Government flats to younger people because they are younger people, he is talking about a special effort with combined resources, building society I think he mentioned, bank, Government, ODA, to provide a nucleus of dwellings for younger people who would pay for those flats. In my experience, I am still young enough to be able to mix with some of them in my experience this is a going thing with younger people who have got married. They are prepared to sacrifice themselves perhaps delay the bringing up of a family and acquire their home in this way. I happen to be connected with people who do this already and I think the Government would have a good result. Certainly one Financial and Development Secretary did not turn down the idea and we were in fact thinking of doing it on the Engineer House site. I think this would again be another resource put to good use. One of the more interesting parts of the debate as I was concerned was the analysis of the housing list which the Minister provided and I hope that when he passes on the information we shall be able to confirm what he has said. If he is right and we need only 400 new dwellings to solve the problem then all the more reason why we should get on with the things that we all agree we ought to do so that we know that there are 400 new houses only to be built.

HON CHIEF MINISTER

I think in fairness to the Minister what he said was that those applications really meant 400 real cases of housing. He did not say that that was the end of it but that it comes down to 400 hard cases.

HON M XIBERRAS

Yes, he said that 400 new houses would break the camel's back, that is what he said. He has got a point. If we can use other resources and if the housing list can be broken down in such a way that you can make use of your Government plans and so forth, then let us get on with the building of these 400 new houses quickly because by the time they are built we are going to need 800 new houses, that is the problem, that time is not with the Government and time is not with the applicant because the rate of construction has slowed down so much. I think we are going to get a deterioration of the situation and this is what I wish to avoid. I shall come back at budget time as I say and adopt whatever attitude is necessary in view of the Estimates and follow it up because I do not think that this very important social problem with possible political connotations should be allowed to be the subject of complacency or mistaken policies.

Mr Speaker then put the question in the terms of the Honourable Mr Xiberras motion and on a vote being taken the following Honourable Members voted in favour.

The Honourable J Bossano
The Honourable P J Isola
The Honourable R J Peliza
The Honourable J B Perez
The Honourable G T Restano
The Honourable M Xiberras

The following Honourable Members abstained:

The Honourable I Abecasis
The Honourable Major F J Dellipiani
The Honourable M K Featherstone
The Honourable Sir Joshua Hassan
The Honourable A P Montegriffo
The Honourable H J Zammit
The Honourable J K Havers
The Honourable A Collings

The following Honourable Members were absent from the Chamber:

The Honourable A J Canepa
The Honourable A W Serfaty
The Honourable Dr R G Valarino

The motion was accordingly passed.

HON CHIEF MINISTER

I have had indirect contact with the Leader of the Opposition about the other motion and I think there is a better chance of having a consensus if we leave it until the end of the Budget if we are still alive by then and I will therefore formally move the adjournment of the House to the 17th March at 10.30 when we are going to deal with the Budget.

This was agreed to and the House adjourned to Thursday the 17th March at 10.30 a.m.

THURSDAY THE 17TH MARCH 1977

The House resumed at 10.30 a.m.

PRESENT:

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

GOVERNMENT:

The Hon Sir Joshua Hassan, CBE, MVO, QC, JP - Chief Minister.
The Hon A J Canepa - Minister for Labour and Social Security
The Hon H J Zammitt - Minister for Housing and Sport
The Hon A P Montegriffo, OBE - Minister for Medical & Health Services
The Hon Major F J Dellipiani, ED - Minister for Municipal Services
The Hon I Abecasis - Minister for Postal Services
The Hon A W Serfaty, OBE, JP - Minister for Tourism, Trade & Economic
Development
The Hon M K Featherstone - Minister for Education & Public Works
The Hon J K Havers, OBE, QC - Attorney General
The Hon A Collings - Financial & Development Secretary

OPPOSITION:

The Hon J Bossano - Leader of the Opposition
The Hon Dr R G Valarino
The Hon J B Perez
The Hon G T Restano

INDEPENDENT MEMBERS:

The Hon M Xiberras
The Hon P J Isola, OBE
The Hon R J Peliza

IN ATTENDANCE:

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

PRAYER.

Mr Speaker recited the prayer.

SUSPENSION OF STANDING ORDERS.

The Hon the Financial and Development Secretary moved the suspension of Standing Orders Nos. 29 and 30 in respect of the Appropriation (1977-78) Ordinance, 1977.

This was agreed to.

THE APPROPRIATION (1977-78) ORDINANCE, 1977

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, Sir, I have the honour to move that a Bill for an Ordinance to appropriate an amount not exceeding £21,856,891 be read a first time.

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, I have the honour to move that the Bill be read a second time. In accordance with the new procedure which the House has adopted for dealing with its financial business, I am moving the second reading of this Bill by making the financial statement on the Government's estimates of Revenue and Expenditure for the year ending 31st March 1978.

Last year at this time I made the point that there are few, if indeed there are any countries, which can hope to insulate themselves from the economic climate prevailing in the world at large. Although Gibraltar is mainly and more directly affected by what is happening and what is likely to happen to the British economy, the latter is very much affected by the international economic climate. I shall therefore begin with a few brief words about the international scene.

The recovery of the international economy has proved less rapid and less marked than was forecast last year. There has been a reluctance on the part of some of the major industrialised countries - the USA, West Germany and Japan particularly - to reflate for fear of setting in motion again an internal inflationary spiral. There are some signs however, that the Carter Administration in the United States may be more willing to pursue policies aimed at stimulating the economy than was the previous government but there is little doubt that the unusually severe winter in the industrial north eastern states has been a set back to the economy and as a result will delay any expansion of economic activity which might otherwise have made a fairly early impact on the international economy. The huge balance of payments surpluses of the OPEC group of countries has also tended to depress demand amongst industrialised countries despite efforts by the oil producers to accelerate their own rates of economic development. The existence of these huge surplus balances has moreover, had a destabilising effect on the world monetary system as a result of the tendency on the part of the holders - one might almost say the temptation - to switch in and out of particular currencies for speculative purposes. Among countries faced with severe balance of payments difficulties, high inflation and high unemployment, there is pressure for the introduction of protectionist policies. Such policies, involving as they would do, the imposition of import controls and restrictions would almost certainly lead to retaliatory measures and would have a seriously adverse effect on the prospects for international economic recovery. It is to be hoped that these pressures will be resisted.

For Gibraltar the international scene is important because of its effects on the United Kingdom for it is of course the performance of the British economy which so directly affects us here.

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By comparison with other OECD countries British performance in 1976 has hardly been encouraging. Whereas the average rate of inflation in other OECD countries has fallen to around 8¹/₂%, inflation in Britain has been running at over 15% and ^{the} forecast is that it may remain at this level throughout 1977. Although this is an improvement on 1975 when inflation reached the alarming level of 24%, it is still much too high and must result in a continuing rise in retail prices in Gibraltar. These went up by 14% in 1976 and may well rise by more than this in 1977 as the effects of higher local wage levels fully work their way through.

The United Kingdom's balance of payments position is expected to improve, largely, but not entirely, as a result of the flow of North Sea Oil. With such an improvement, the sterling exchange rate should be more stable against other major currencies and since sterling is probably undervalued at the moment, British exports should remain competitive if the present rate can be held. But the danger is that with inflation in the United Kingdom running at a substantially higher level than in most other industrialised countries, the competitiveness of British exports will be eroded and unless the inflation rate falls, 1977 could see a further depreciation of sterling.

The key to the performance of the British economy over the next 12 months undoubtedly lies in the success or failure of the United Kingdom Government's efforts to maintain its present pay policy. Real wages in Britain have fallen and, as has been widely reported, there is mounting pressure from organised labour and from many other quarters to regain former real income levels and to restore differentials. But high wages settlements without commensurate increases in productivity would not only wreck the prospects of any reduction in the current level of inflation but could drive it back to the 1975 level and almost certainly bring in its train a further depreciation of sterling, thus forcing up import costs and driving internal prices still higher.

Gibraltar has much to gain and as much to lose from the outcome of the next stage of the United Kingdom Government's pay policy. In the meantime how did Gibraltar's own economy fare in 1976.

As I have said, retail prices rose overall by 14% but this average masks much larger increases in the prices of some commodities. Foodstuffs, as a group, rose by 18% and within that group the prices of fish and meat have gone up by 27% and the price of potatoes went up even faster - by 58%. Bread, too, rose by more than the average - by 19%. On the other hand there are two essential items which are significant in all household Budgets and which have been sheltered from the effects of inflation, not only over the past year, but over the last three years when inflation has bitten deepest. These are the traded services for water and electricity provided by the Government. As the House knows, these services, along with the telephone service, have in effect been subsidised from general revenues to the tune of some £1.5 million during the period 1970 to 1976 and are in need of a further £1.67 million to cover their operating deficits in the current financial year.

On the other side of the equation so to speak, payments in respect of supplementary benefits, retirement pensions, family allowances and elderly persons pensions increased by 27.4% in 1976/77 as compared with 1975/76 while the amounts paid in family allowances and elderly persons pensions rose by 42%. Average weekly earnings estimated at £40 in October 1976, are now almost double the level of October 1972, while in the same period prices have risen by roughly 80%. Taking account of PAYE and inflation real average take home pay in October 1976 is estimated to be about 5% more than in October 1972.

While inflation and recession were the dominant factors in world economy in 1976 the single most significant economic event in Gibraltar was the settlement of the 1974 salaries and wages review and the implementation of the recommendations of the Scamp Report.

As a result, Gibraltar's major source of export earnings - indeed virtually its only source - namely the provision of employment services to the United Kingdom Departments, has improved in real terms compared with 1972 and despite the ravages of inflation and the effect on import prices of the sinking pound, the economy is in reasonable health.

But there is no room, no room at all, for complacency; least of all let us not commit the folly of deluding ourselves that we have a captive market.

Unemployment which in 1976 approached 6% in the United Kingdom and exceeded 8% in the United States and some Western European countries is, fortunately, not a problem which seriously affects Gibraltar. But in one important area however, namely amongst female school leavers, there is a persistent pool of unemployment. While there has been some cut-back in manning levels, mainly in the distributive trade, as a result of higher wages and hence some reduction in the number of job opportunities for these young people, traditional attitudes to work appear to limit the range of possible jobs which are acceptable to young women. Traditional attitudes are notoriously slow to change but in an economy which is so heavily dependent on immigrant labour it is surely desirable in the interests of the community at large that the pace should be hastened.

It has proved difficult to arrive at any precise estimate of the total additional cash in-put into the economy in 1976 resulting from the salaries and wages settlements. In the public sector however, it has been estimated that the total of salaries and wages paid out during 1976/77 was of the order of £20.4 million.

The value of currency notes in circulation rose from £3 million in January last year to £3.726 million in December, the highest monthly figure being £3.766 million at the end of September. Commercial bank deposits rose by almost £5 million between December 1975 and December 1976 but time deposits as a proportion of total deposits fell slightly during the year reflecting perhaps the windfall nature of the back pay and the needs for cash to settle debts incurred during the period prior to the salaries and wages settlements. Loans and advances by the commercial banks rose by £1.8 million to £10.8 million at the end of December 1976, an increase of 20% as compared with a year earlier. This was substantially less than the increase between December 1974 and December 1975.

In spite of an increase of nearly £95,000 in deposits between 1 April 1976 and 24 February 1977 the performance of the Post Office Savings Bank continues to be disappointing. By the end of last year the level of deposits had been overtaken by the savings account deposits of the commercial banks. Over the four year period 1972 to 1976 these have risen by almost 97% in money terms while deposits with the Post Office Savings Bank in the same period have fallen by 10%. In real terms the value of deposits with the Savings Bank has been halved between the beginning of 1972 and the end of 1976 while the value of savings account deposits with the commercial banks has slightly increased. In the same period the commercial banks have increased their time deposits by over 185% in money terms and by 45% in real terms.

The economic recession in the United Kingdom with its high level of unemployment and the fall in value of real wages has had serious implications for Gibraltar's tourist trade. During 1976 the total number of guest nights sold by hotels fell by over 20% and while there was an increase in the length of the average stay by tourists from 6.5 days in 1975 to 7.4 days in 1976, this did not compensate for the fall of 27.3% in tourist arrivals. Tourist spending per head per day rose by about 14% in line with inflation, and spending by visitors overall in 1976 is estimated to be £5 million - the same in real terms as in 1975. That the real level of spending by visitors has been maintained despite the substantial fall in the number of guest nights sold by hotels can be attributed to rise in yacht arrivals and the increase in the number of cruise passengers and sightseers and shoppers from Tangier.

Visiting yachts continue to be a significant and growing source of income. Not only was there an increase last year in the numbers calling - 2750 which was 16% up on 1975 - but visitors arriving by yacht tend to spend almost twice as much per day as package holiday tourists. It is therefore, disappointing that the development of the planned marina appears to be so slow moving.

The number of calls by cruise liners was 74, an increase of 2 compared with the previous year and the number of cruise passengers landing went up by 8% from 49,001 to 53,016. There is unfortunately likely to be a drop in the number of cruise ships calling this year since it is understood that one cruise operator intends to concentrate on Eastern Mediterranean itineraries.

There has been a significant increase in the number of day shoppers and sightseers from Morocco and they are proving to be the highest spenders of any visitors to Gibraltar. It is to be hoped that the number of such visitors will continue to grow in the coming year and provide a welcome stimulus for tourist earnings in a year in which the reduced number of scheduled flights from London and the possibility of continued wage restraint in the United Kingdom must cast a somewhat sombre shadow over the prospects for tourism.

Despite the generally depressed state of the world economy the Commercial Port has had a modestly successful year and last year's advertising campaign appears to have paid dividends. 2,553 merchant ships, of which 1,892 were deep-sea vessels, entered the Port during 1976 an increase over the previous year of 4.9% and 5.9% respectively. More ships called to make crew changes and there were more calls for medical assistance. In both respects Gibraltar offers service superior to other ports in this part of the Mediterranean. The number of ships calling for repairs also increased: for this purpose the increase is a substantial 20% - from 113 to 135 - compared with 1975.

The direct benefits of a thriving port are not always immediately obvious and Gibraltar, with no hinterland and limited scope for entrepôt trade, clearly has problems in competing with other ports in many aspects of port activity. Even so it is estimated that the Port's contribution to the economy, excluding the spending by visiting yachts, amounts to 50% - 60% of that of tourism. Gibraltar's Commercial Port has a well deserved reputation for efficient and trouble-free service and this reputation should be capitalised. Unfortunately two areas where improvements are needed - telecommunications and potable water supplies to shipping - are not susceptible to easy solutions. In the case of telecommunications we are not in a position to be able to 'go it alone'. In the case of potable water it is obvious that resources do not always permit an unrestricted supply to shipping but the importance of the Port to the economy requires that we should ensure that shipping is adequately provided for.

The total value of imports in 1976 was £32.4 million, a rise of 20% on the 1975 figure of £27 million. Excluding petroleum products, the figures are £21.1 million for 1976 and £18.4 million for 1975, an increase of 14.7%. The value of food imports rose by 13.4%. As a proportion of total non-fuel imports the value of food imported has fallen by more than three percentage points over the past two years - from 39.3% in 1974 to 36% last year. The decline in the consumption of food as a proportion of total consumption points to higher living standards as additional disposable incomes become available for spending on less essential items such as consumer durables and on recreational and vacation purposes. It is estimated, for example, that some 3,300 colour television sets were imported in 1975 and 1976. Imports of motor vehicles also rose in 1976 - by more than 8% compared with 1975 - but the number was still far below the peak year of 1974.

The total value of exports in 1976 rose sharply to £13.7 million, an increase of nearly 28%, and the particularly encouraging feature was the increase in both the volume and value of fuel oil and petroleum products exported. These rose by 11% and 27% respectively compared with 1975.

There was a deficit of £18.7 million on the balance of visible trade and if fuel oil and petroleum products are taken out of the account, the deficit balance was £19.3 million. There is insufficient data from which to calculate the value of invisible earnings and also invisible exports, such as remittances by Moroccans and spending by Gibraltarians in UK, but from such data as is available, for example development aid spending, port revenues and tourist spending, it is fairly safe to assume that invisible earnings exceeded this deficit and that there was in fact a surplus.

Now for the Government's financial position starting with the out-turn for the financial year which ended on 31st March 1976.

The Financial Statement accompanying the Estimates presented in the House at this time last year predicted that there would be a working surplus of £1,638,344 on the year. The final result was a surplus of £1,484,108. With an additional £8,804 accruing from the management of the Consolidated Fund investment portfolio, the Consolidated Fund balance carried forward on 31st March 1976 was £2,930,813. The projected figure shown in the Financial Statement was £3,076,245. The shortfall of £154,236 in the projected working surplus for the year was produced by an underestimate of some £110,000 on the expenditure side and an over-estimate of some £40,000 of revenue.

Speaking as an Independent Member in the debate on the Government's estimates last year, the Leader of the Opposition devoted much of his speech to an attempt to show that the figures of revenue were inaccurate, that it was deliberate Government policy to under-estimate revenue and that the estimates as a whole were - and I quote from the Hansard - "being conditioned by a political desire to present a particular financial picture" (end of quotation). The out-turn figures for 1975/76 rebut absolutely that allegation and speak for themselves.

It is, of course, easy to point to certain individual items of revenue which yielded more than the revised estimate; it is equally easy to point to others which yielded less just as on the expenditure side there are subheads which exceeded the revised estimate and subheads which were over-estimated. It is simply not possible to achieve complete accuracy of estimation in respect of every single item, as I think Mr Bossano recognised

last year, and some pluses and minuses of this kind are inevitable by the nature of estimation. It is a fair criticism if these are consistently excessive or if there is a persistent trend towards over-cautiousness or over-optimism in the Government's estimations and it is right that forward estimates of expenditure and revenue should be probed. But neither over-cautiousness nor over-optimism justify the allegation that the estimates are being, or have been deliberately, and with the calculated connivance of all concerned, manipulated for purely political ends. The Government flatly rejects that allegation.

For the current financial year the revised estimated surplus is put at £498,004. The surplus projected by the original estimates was £492,530. Since Scamp settlements paid out during 1976 and the new treatment of the financial operations of the Electricity, Potable Water and Telephone Services have resulted in the revised estimates of both revenue and expenditure being increased, by more than 50% by comparison with the original estimates for the year, the closeness of the revised estimated surplus and the original projection is clearly a coincidence.

With certain salaries adjustments still in course of payment and final figures for increased wage payments in some departments still awaited, the total addition to the Government's salaries and wages bill in 1976-77 is estimated to be £5 million. I shall say more about this figure in a moment. The figure includes of course, the payment of retrospection to 1st October 1974 and also the estimated cost of the recently agreed efficiency bonus for industrial employees. The consequential rise in income tax receipts is expected to be £1.8 million and the total yield to revenue from this source is now put at £5,050,000.

The Funds for the financial operations of the Electricity, Potable Water and Telephone Services were established on 1st April 1976 with a debit balance in each case; the actual opening balances or deficits are shown at Appendices A, B and C and are the net results of the financial operations of the three undertakings over the years 1st January 1970 to 31st March 1976. As part of the accounting adjustments which were carried out at the time, the Consolidated Fund recovered the actual deficits it had absorbed during the same period - these amounted to £2,005,024 which figure is shown in the column "Revised Estimate, 1976-77" on the Revenue Summary on page 5 of the Estimates.

As I explained in the House at the last meeting, the financial operations of each of the three municipal services have been funded and the method of accounting for these operations involves the recovery in full of the expenditure incurred in providing the services, including the repayment of capital charges and interest and an appropriate amount in respect of management costs. The consequential adjustment in respect of operations during the current financial year is the revenue credit of £3,031,175 shown under Head 8 Items 9, 10 and 11 plus the interest charges of £167,558 shown under Head 7 Item 3. The total revenue credit is therefore £3,198,733 plus the £2,005,024 previously mentioned making an aggregate of £5,203,757. Against this must be set the amount of £1,570,050 which is the original estimate of the revenue which would have been credited to the Consolidated Fund but which now accrues directly to the new Special Funds.

The revised estimate of total revenue for the current financial year is put at £18,207,859, an increase of £6,418,559 over the original estimate. After allowing for the additional income tax revenue of £1.8 million and

the net increment from the Special Fund adjustments (£3,633,707) it is estimated that there will be a further improvement, in round figures, of £985,000. The more important variations from the original estimates which make up this amount are, firstly, an additional £350,000 from indirect taxation. Given the massive injection of cash into the economy as a result of the Scamp settlements this was only to be expected. Secondly the estimated surplus from the Government Savings Bank is now put at £188,000, an increase of £108,000, about which I shall have more to say, and an unexpected windfall increase from philatelic sales amounting to £192,000. This is entirely due to the unexpected but encouraging success of two commemorative stamp issues - the American Bicentenary and the Silver Jubilee. Thirdly, the revised estimate of revenue from the Currency Note Income Account is now expected to be £390,000 as against the original estimate of £268,900. As with the yield from indirect taxation, a substantial increase here was also to be expected as a result of the rise of nearly three quarters of a million pounds in the value of notes in circulation during the year. In addition there is a small surplus of £44,000 in the Note Security Fund itself. The fourth substantial increase is one of an estimated £191,000 from the Admiralty in respect of its share of the cost of the Police Force. Again the Scamp settlements are responsible for this. Finally, the increased postal charges introduced at the beginning of this year are estimated to yield an additional £25,000. But the pendulum is expected to swing the other way on a number of items. In particular, it is anticipated that the yield from rates will not exceed £871,000, a drop of £124,000. Sales from the Gibraltar gold coin issue have continued to be disappointing and a reduction of £63,000 has been made in the revised figure of revenue for this item.

The original estimates for 1976-77 made no provision on either side of the ledger for the Scamp settlements. Therefore, for the purpose of comparison with the original revenue estimates, the increases directly attributable to those settlements should be discounted. Thus in addition to the increased yield from income tax and of course the effect of the adjustments in respect of the municipal services' Special Funds, the increase in customs duty and the higher Admiralty contribution towards the cost of the Police Force should also be ignored. When this is done, the estimated total increase becomes in round figures, £444,000 or 3.76% on an original estimate of £11,789,300.

It seems appropriate at this juncture and before dealing further with the revised estimates of expenditure for 1976-77 to refer to the transactions between the Government Savings Bank and the Consolidated Fund. In his speech in the general debate on the estimates last year Mr Bossano had much to say about the Government's failure in the past to make use of the facility provided by Section 13(2) of the Savings Bank Ordinance to transfer to the Consolidated Fund, subject to the proviso in respect of the statutory minimum ratio between assets and liabilities, the surplus of revenue over expenditure in the year of account in which any such surplus arises. Earlier in this meeting I made a statement on the subject in which I said that starting with the presentation of the estimates for 1977-78, the revised estimate of the surplus available for transfer from the Government Savings Bank in any given year would be made up of (1) the excess of the value of assets over 115% of liabilities to depositors as determined from the final accounts of the preceding year - this being subject to obtaining the prior approval of a Secretary of State - plus (2) the estimated surplus of revenue over expenditure likely to arise on the operations of the Bank during the year then ending, after taking account of the minimum reserve requirement.

The original estimate of the amount to be transferred was £80,000. This figure was based on the previous practice; that is, it represented the sum of the combined amounts estimated to become available for transfer from the operating surplus and from the excess of assets over liabilities in respect of the year ending on 31st March 1976. This figure is now known to be £165,000. To this there has been added the estimated excess of income over expenditure which is likely to arise during the current financial year after taking account of the minimum reserve requirement. The amount is £23,000. The steps showing how this figure is arrived at are set out in the Table which will be found attached to the circulated text of this statement. Thus the total revised estimate of the surplus for 1976-77 is £188,000.

Although it will be anticipating it will be convenient to deal now with the estimate for 1977-78. A revaluation of the Savings Bank Investments as at 31st January showed an appreciation of £9,279. The final computation of the excess of the Bank's assets over 115% of its liabilities to depositors can only be made when the position as at 31st March 1977 is established. For the purposes of the 1977-78 estimates it has been assumed that the appreciation revealed by the revaluation as at 31st January will not be eroded and a rounded amount of £10,000 has therefore been entered. The amount might be more or it might be less depending on the actual out-turn of operations between February 24th and 31st March and changes in the valuation of the investment between January 31st and the end of the year. The revised estimates for 1977-78 when they come to be made will of course reflect the actual amount and to this will be added the estimated surplus of revenue over expenditure likely to arise on the operations of the Bank in 1977-78.

Turning to expenditure in the current year, the revised estimate is £17,709,855. The original "un-Scamped" estimate, if it can be so described, was £11,066,770. The increase is, therefore, £6,643,085 and of this the Government estimates that the gross cost of implementing the 1974-75 Scamp settlements will amount to about £5 million. This is not a refined estimate because there are, as I said earlier, certain adjustments still in course of computation and payment and final figures for increased wage payments in respect of at least one department are still awaited.

Last year the then Leader of the Opposition insisted on making an issue of the Government's decision to bring to the House the estimates of revenue and expenditure for the current year without attempting to reflect therein, not merely in aggregate terms but Head by Head, what it thought would be the cost of the salaries and wages settlements the negotiations on which were still in their preliminary stages. The futility of that insistence must now be as obvious to the Other Side as it was to the Government at the time. With great reluctance and solely in order not to delay the debate on a supply to enable the Government's services to be continued at their then existing costs, the Government gave a view on the probable order of magnitude of the cost of possible eventual settlements and of their effect on revenue. I wish to repeat in part what I said then in putting that view - and here I quote - "any statement on the lines that the Hon the Leader of the Opposition is seeking must be in the nature of a hunch. It cannot be an estimate because an estimate is based on a computation or calculation from known facts and their implications, and as I explained this morning in relation to the costs of the on-going Scamp award this is simply not possible" (end of quote) I went on to give a figure for the gross cost of £2.7 million in these words - again I am quoting "in gross terms, including those elements of retrospection and including what it is likely to cost the Government in 1976, our hunch as to orders of magnitude is that the gross cost might be of the order of £2.7 million." (unquote). As to revenue, the figure given was of the order of

£1.3 million making the net cost in the region of £1.4 million.

It should surprise no one that the figures have proved to be such a long way out: it would have been astonishing if they had been otherwise and I think the Hon Mr Xiberras may perhaps recognise now that to have done things his way would indeed have produced a set of utterly misleading estimates. As it was, the original estimates were not misleading at all: they set out - and this was made clear and was reiterated time and again - the supply estimated to be needed to run the services of the Government on the basis of the costs ruling at the time the estimates were presented.

Apart from the cost of the Scamp settlements there was the budgetary contribution to the Improvement and Development Fund amounting to £230,000 for which no actual provision was made in the estimates as presented although the intention to make a contribution of this sum was shown in the Financial Statement. The third major factor in the expenditure increase of £6.64 million is of course the subsidies voted during the course of the year to write out of the accounts the accumulated deficits on the three municipal services Special Funds. Together, the capital contribution and the subsidies amount to £1.76 million. The total of these three items is of course more than the overall increase in expenditure and the difference is accounted for by the aggregation of "overs" and "unders", generally of relatively small amounts, on a number of services.

There will be further substantial deficits for the year now ending in respect of the electricity, potable water and telephone services - £650,132 for electricity, £796,248 for water and £224,110 for telephones, a total of £1,670,490. The details are given in Appendices A, B, and C. These deficits are the estimated debit balances in the three Special Funds which will be carried forward to 1977-78 and represent cash due to the Consolidated Fund. In a situation where the municipal services are operating at a deficit the Consolidated Fund is also "owed" the total amount of the bills due for collection at any given time. This is likely to be a more or less constant amount and will be approximately £500,000.

In real terms therefore, the value of the estimated Consolidated Fund Balance on the 31st March this year must accordingly be reduced from the £3,428,817 as shown on the Financial Statement on page 4 of the estimates by the extent of the deficits carried forward on the municipal services Special Funds plus the value of bills due for collection; that is, it must be reduced by £2,170,490 and the real value of the Consolidated Fund balance at the end of the current financial year thus becomes £1,258,327.

Without the re-structuring of the municipal services accounts and the separate funding of their financial operations, the revised estimated surplus for 1976-77 would have been transformed into a deficit of £1.828 million thus reducing the Consolidated Fund balance to £1.6 million. The relevant figures would have been:-

	£ millions
Revised estimated surplus	0.498
<u>Add:</u>	
(1) revised revenue from electricity, potable water and telephone bills	1.345

(2) deficits written-off	1.532
	<hr/>
	3.375

Deduct:

(1) deficits recovered	2.005	
(2) expenditure on behalf of the three services	3.198	5.203
		<hr/>
		1.828

This then is the financial position of the Government as it goes into 1977-78 and before saying anything else about the outlook for the coming financial year it will be as well to complete the picture on the position of the three municipal services Special Funds and confirm what the House must surely be expecting.

Each of the Funds will start 1977-78 with a deficit carried forward from this year and the Government accepts that there is no sensible or equitable alternative to writing-off these deficits by further budgetary contributions. Provision has accordingly been included under Head 29 as follows:- electricity £650,132; potable water £796,248; telephones £224,110. But it is obvious from the estimates of each of these Special Funds for 1977-78 which appear at Appendices A, B and C that income from charges raised at the current tariff rates will fall a long way short of expenditure. Taking the estimate for the Electricity Undertaking Special Fund at Appendix A to demonstrate that statement, income in respect of electricity supplied and billed at the current tariff rates would not produce significantly more than the amount which it is estimated will be received from this source in the current year, namely £1,050,440. Other receipts might be expected to yield about the same as this year. So against estimated uncovered expenditure of some £1.7 million the income of the Fund could not reasonably be expected to be more than about £1.06 million leaving a deficit of around £640,000. To meet this deficit in full would have required tariff increases of the order of 60%. The Government has therefore, decided to continue to subsidise the electricity supply but not to the full extent necessary to cover the estimated deficit. There will be increases in the electricity tariff designed to produce an increase of approximately 30% overall on the existing yield from this source. Similarly in the case of potable water the Government has decided to continue subsidising the supply but intends to restructure the existing tariff in order to produce approximately a 50% increase overall on the existing yield from charges. While the Government accepts that electricity and potable water supplies must continue to be subsidised by the general taxpayer, it does not consider that there are any grounds for continuing to do so at the taxpayer's expense in the case of telephones. Tariff charges will therefore be increased to the extent necessary to achieve a balance on the Fund. Overall the yield from increased tariff charges will go up by about 60%. The amounts shown under the heading "Bills Issued" in the 1977-78 estimates for each of the three Funds at Appendices A, B and C include the additional receipts which it is expected that the respective tariff increases will produce. Full details of the proposed new tariffs for electricity, potable water and telephones will appear in the Finance Bill which, in conformity with the new procedure adopted by the House, will be introduced after the passing of this Bill.

The total provision sought under Head 29 Subheads 1 and 2 in respect of the Electricity Undertaking and Potable Water Service Funds reflects the estimated cost of the 1977-78 subsidies to these services.

Before dealing with the remainder of the Estimates for 1977-78 there are a number of things to be said about the format in which they are presented.

The House will recall that in the Budget Statement last year I said that I did not regard the format adopted in the past as a satisfactory one and that I proposed to perform what I termed some cosmetic surgery on those for 1977-78. The nature of that surgery has been foreshadowed in Sections 26 and 39 of the Public Finance (Control and Audit) Ordinance which the House passed earlier in this meeting.

The main changes concern the presentation of the expenditure estimates and are self-obvious from a glance at the first page of each Head. This sets out the information required by Section 39 of the Ordinance. In Section A there is a statement of the purposes for which a supply is sought. This is the ambit of the vote. In the same section the total amount estimated to be required in the financial year for those purposes is also stated. Section B designates the officer appointed to control and to be accountable for the expenditure of the money voted for those purposes and section C lists the established posts in the department or in respect of the service to which the estimate relates, each with its relevant salary scale. There is of course no section C in the estimates for the Improvement and Development Fund.

With two differences the details of each estimate are set out as in previous years.

The first of these differences relates to the Personal Emoluments subheads. Block provision is now made for salaries in place of the past practice of showing an amount against each separate post or group of posts in the establishment. Except in the case of posts attracting fixed salaries this practice was meaningless for two reasons. Firstly, all Personal Emoluments expenditure is brought to account as a single subhead: secondly, and this is particularly relevant to departments with large establishments, it is impossible to predict in relation to many scaled posts the staff movements which may occur during the year as a result of transfers and promotions and hence whether incoming officers to fill vacancies thus created will be on higher or lower points on the salary scales than those whose transfer or promotion created the vacancies. To estimate to the last pound the cost of an establishment, of, say, ten clerical officers, as has been done in the past, is therefore totally unrealistic. Finally, a block provision greatly facilitates the making of an appropriate reduction of the total sought by departments under the various Heads for Personal Emoluments to take account of unfilled vacancies and the inevitable staff changes which occur in almost every department in the course of a financial year. Full advantage has been taken of this facility during the scrutiny of departments' draft estimates in my Office and considerable reductions have been made in the amounts sought for Personal Emoluments by all the major spenders. Most other departmental estimates have been similarly dealt with but because of the substantially smaller establishments concerned the reductions made have been on a correspondingly smaller scale.

The second difference relates to the details of the estimates of expenditure from the Improvement and Development Fund. These now conform to the requirements of Section 26(2) of the Public Finance (Control and Audit) Ordinance and as a result are more concise, and hopefully, easier to follow than in previous years while providing all the necessary information.

The format of the Revenue Estimates is unchanged but the various subheads have been substantially reclassified on a more logical basis. In conformity with Section 15 of the Ordinance, the estimates show in respect of each item the officer designated as the Receiver of Revenue for that item.

Three Heads of Revenue have disappeared. Receipts from the Municipal Services, previously shown as Head 11, no longer accrue to the Consolidated Fund but are credited directly to the appropriate Special Fund. Post Office revenue, previously given its own Head, is now treated as a departmental earning and appears under Head 6. The items of Miscellaneous Revenue previously shown as Head 10 are also treated as departmental earnings and appear as appropriate under Sections F, G and I of Head 6.

One other change needs to be mentioned. Historically and because Colonial Regulations so prescribed, the annual recurrent estimates of all dependent territories contained an expenditure Head described as Public Works Non-Recurrent under which provision was made for (and I quote) "all works not annually recurrent." In other words capital works. Clearly therefore, when the Improvement and Development Fund was set up the Public Works Non-Recurrent head should have been discontinued and the provision for the kind of works hitherto made under that Head should have been made either under Public Works Annually Recurrent or from the Improvement and Development Fund according to whether they were of a recurrent or of a capital nature. With the exception of seven items this has now been done in the 1977-78 estimates. The seven exceptions comprise relatively minor works all but two of which are on-going and of the two which are not, one is clearly of a recurrent nature while the other can scarcely be considered a capital investment. For reasons of accounting convenience it has been decided not to transfer this year the provision for the re-voted expenditure on these items to Head 21 or to the Improvement and Development Fund. But financial provision for all new works which hitherto would have been shown under Head 22 now appear in the capital estimates and Head 22 will in future disappear.

The estimates for 1977-78 do not make any provision on either the revenue or expenditure sides for the Scamp Stage III. The negotiations on this stage have yet to commence and that being so the Government hopes that the House will recognise the futility of attempting to predict the cost and other financial effects of something which is no more than a gleam in the negotiators' eyes. The recurrent estimates of expenditure as presented therefore, make provision for the estimated supply needed to maintain the on-going services of the Government at the currently prevailing levels of costs, salaries and wages. The aggregate cost of the latter, that is salaries and estimated recurrent expenditure. Similarly the estimates of recurrent revenue are based on the level of existing rates of taxes, duties and, with one exception which I shall mention, fees; and in the case of income tax are based on the levels of salaries and wages currently in payment.

wages, is estimated to be £7.1 million or nearly 7% of total

Total estimated recurrent revenue for 1977-78 is put at £16,373,000 and total estimated recurrent expenditure at £14,648,200. The estimated surplus of revenue over expenditure is therefore £1,724,800.

For the purposes of comparison it is more useful to consider the revised estimates of both revenue and expenditure for the current year and the corresponding estimates for next year rather than the original estimates for 1976-77. Even so adjustments must be made on both sides. In the case of revenue, the revised estimate for this year includes the £2,005,024 "recovered" by the Consolidated Fund in respect of the accumulated deficits from 1970 on the three municipal services accounts. This was a one-off adjustment which distorts the revised estimate for the year and should be excluded. The adjusted figure for revenue in 1976-77 is therefore £16,202,835 compared with an estimated £16,373,00 next year. On the expenditure side it is necessary to exclude from the figures for both 1976-77 and 1977-78 the contributions to the Improvement and Development Fund and to the three municipal services Special Funds and set out the figures as has been done in the Financial Statement on page 4. This shows that total estimated recurrent expenditure next year at £14.65 million will be £1.3 million less than this year. The reason is of course that the Scamp settlements which have been paid out this year included arrears for 15 months in addition to the higher salaries and wages levels for 1976-77 itself.

Now for some remarks on the principal heads of revenue.

First income tax. The revised estimate of receipts this year is based on actual collections to the end of January and takes account of certain arrears which are expected to be collected and brought to account by 31st March. Barring any unexpected windfall receipts such as occurred last year, the Commissioner is confident that the final actual figure will be very close to the £5,050,000 which has been estimated. The estimate for next year is slightly less - £5 million. This is based on the current rate of collection from PAYE plus an estimate of collections from direct assessments. The Income Tax (Amendment) Bill, 1977, which was given its Second Reading earlier in this meeting, confers upon the Commissioner power to make provisional assessments and requires tax to be paid on the basis of those assessments within the year. The Bill, when passed, will provide a much needed improvement in the tax collection machinery which should ensure the more certain and regular receipt of tax from non-PAYE taxpayers. Looking at the figures for the revised estimate for this year and those for next year, the House may wonder, because the difference is so small, whether there might be some error in the one or the other. The explanation is that the estimate for 1977-78 takes account of the wages settlements in the private sector which have already been made and of the higher levels of wages which are now being paid.

I noted earlier that as a proportion of total non-fuel imports the value of food imported had fallen by more than 3% over the past two years suggesting that a greater proportion of disposable income was being spent on consumer durables and other non-essential items. In estimating the yield from import duties in 1977-78 it has been assumed that this trend will continue and that the Revenue will benefit from the higher ad valorem duties payable on non-foodstuffs, subjected as of course they will be unfortunately, to the effects of inflation on landed costs. The estimate has been put at £150,000 more than the revised estimate for the current year.

The decrease under Revenue Head 3 is due entirely to the funding of the financial operations of the three municipal services in consequence of which the receipts from electricity, potable water and telephone charges are now taken directly into the respective Special Funds. The most important item within this Revenue Head now is the General Rate the yield from which is estimated at £1 million for 1977-78. This takes account of increases in the net annual value of numerous properties and includes the yield in respect of certain properties at Europa which are rated for the first time.

With the exception of Item 8, revenue from licensing has remained virtually unchanged over the three financial years for which the figures are shown in the Estimates, suggesting that a review of the respective fees may be necessary. The non-receipt of any revenue in 1975-76 and again this year from sporting club licences is due to a dispute between the Government and the major licensee. Legal action has been taken to recover the full amount due and the estimate for 1977-78 under Head 8 assumes that it will be received in the course of the year.

Revenue from Government property is expected to show an increase of some £68,000 next year due mainly to a higher yield from house rents and accommodation charges for imported labour.

Tonnage and Berthing charges which will be increased with effect from 1st April are together estimated to yield £182,000 next year, £47,000 more than the revised estimate for 1976-77 the increase in which is due to receipts in respect of the tanker "Ottawa" which has been berthed at the detached mole since October 1975. The estimate for item 2 for 1977-78 does not make any assumption about how much longer the vessel will stay: any berthing charges arising from her continued presence will be brought into the revised estimates in due time.

Post Office revenue is expected to increase next year partly as a result of increased postal charges, partly from increased receipts from the conveyance of mails and more substantially from philatelic sales.

The value of currency notes in circulation at the end of January this year was £3,676,345. Discounting the usual Christmas peak the trend is slightly downwards. The estimated revenue accruing to the Currency Note Income Account in 1977-78 has been put at £320,000. It will be noted from Appendix F that provision is being made next year for the replacement of the present currency notes by notes of a new design. The new notes will include not only replacement £1 and £5 notes but also new £10 and £20 notes. The new notes will be somewhat smaller than the present ones, of more modern design and will of course be in distinctive colours. The cost of the new design and the printing of an adequate initial supply will be £67,000.

The collection of currency notes issued by central banks and other currency authorities throughout the world is a fairly recent but rapidly growing interest. The designers and printers of the new Gibraltar notes, Thomas De La Rue and Company - and incidentally they are the appointed printers of currency notes to more than seventy issuing Authorities throughout the world - in association with the Franklin Mint of America believe that this growing demand can be met by the concept of the Specimen Bank note and they are in the process of launching a World Banknote Collection Series. This will be a very strictly limited de-luxe series which will contain sets of the notes of 24 issuing Authorities. The series will be unique in that each note will bear the same serial number and although marked "Specimen" it will otherwise be a fully authenticated bank note. Gibraltar's

new notes will be included in this World Collection Series - at no cost to the Government be it added - and the album containing the new notes will attract a royalty of US \$1.75. It is not possible at this stage to estimate how much this is likely to produce nor to say when the Gibraltar album will appear, but considering the enormous marketing resources of the Franklin Mint - its sales in 1975 totalled over US \$250,000,000 - and the unique character of the World Collection Series, Gibraltar's participation should eventually produce a useful sum.

The nominal value of Consolidated Fund investments as at 31st March 1976 was £1,075,825 and based on the actual interest credited up to the end of December last year, the revised estimate of revenue from this source in 1976/77 is expected to be £210,000 a significant increase over the original estimate due to switching during the year to take advantage of the peak in interest rates during the latter half of the year. Towards the end of last calendar year however, the Government began to experience severe liquidity difficulties and these became acute at the turn of the year and in early January. To meet current payments the Government was obliged to realise investments and the position as at mid-February was that nominal value of the Consolidated Fund investment portfolio had been reduced to £363,700. The major cause of these liquidity difficulties was the delay in the approval of supplementary development aid reimbursement of some £800,000 in respect of the Varyl Begg project. This sum was eligible for reimbursement in the financial year 1975-76 and since it is in respect of moneys actually paid out by the Government on the project, the delay in making reimbursement was bound sooner or later to give rise to liquidity difficulties. At the moment of speaking reimbursement has still not been made and in spite of repeated and urgent representations the Government has not been able to obtain from the Foreign and Commonwealth Office more than a verbal statement that an assurance of payment before March 31st will be forthcoming.

The Government's balance in the Joint Consolidated Fund with the Crown Agents was £630,000 at the middle of last month. This balance fluctuates widely from month to month. Although interest is paid on the balance in the Joint Consolidated Fund the amount likely to be received in the course of any one year is, for obvious reasons, almost impossible to estimate twelve months in advance.

The Government liquidity position has improved since February but it is still far from easy. At this stage and particularly in the absence of a firm assurance that the £800,000 of aid reimbursement will be forthcoming before the end of the financial year an estimate in excess of £100,000 from interest on Consolidated Fund investments would not be justified. The revised estimates for the year, when they come to be made, will of course adjust this figure to reflect the up-to-date position.

Finally the estimates of revenue for 1977-78 include the recovery of expenditure in respect of the municipal services Special Funds. In aggregate this totals £2,990,480 made up of electricity services £1,672,090; potable water supplies £967,320 and telephone services £351,070. To reconcile these amounts with the expenditure shown in the estimates of each Special Fund at Appendices A, B and C it should be noted that interest on capital charges has been brought into the Revenue separately under the appropriate Head of credit - Head 7; the deficits brought forward from 1976-77 must of course also be excluded as must the small estimated surpluses on each account.

The estimates of recurrent expenditure for next year will be fully dealt with at the Committee Stage but the House may find it useful if I reconcile the expenditure which the House is being asked to vote for the municipal services under Heads 5, 20, 21, and 25 with the estimates for each of the three related Special Funds. But first perhaps I might remind the House that when I announced the establishment of the municipal services Special Funds and described the financial arrangements for their operation I stated that expenditure on these services would remain subject to appropriation by this Assembly and to that end it would continue to be shown in the body of the annual Estimates. The expenditure under Head 5 - Electricity Undertaking - is made up of £129,180 for Personal Emoluments; £1,330,310 on Other Charges and £43,150 for Special Expenditure. There is no difficulty about reconciling the amount for Personal Emoluments: the same figure appears under that heading in the 1977-78 estimate for the relevant Special Fund set out in Appendix A. The amount for Other Charges however, has to be adjusted by deducting from the Head 5 provision of £1,330,310 the amounts provided for the following items:- Items 27 and 28 Public Lighting and Flood lighting; and Item 29, Operation of King's Bastion Distiller. The first two items are a proper charge on the general revenues; the costs of operating the King's Bastion Distiller, although by a long-standing arrangement, I gather, administered by the City Electrical Engineer, is clearly a proper charge to the Potable Water Service. Having made these deductions which come to £42,240 it is necessary to add the Special Expenditure. The resulting figure is £1,331,220 which is the figure shown as Other Charges in the Fund Estimates. In the case of Potable Water Service Special Fund, the provision shown in the Fund's estimates at Appendix B for Personal Emoluments is embraced in the total provision under Head 20 for the corresponding item. Other Charges expenditure on the Water Service is shown separately in Head 21 as £720,100. The corresponding item in the Fund estimates is £728,100, the additional £8,000 being the cost of operating the King's Bastion Distiller. Finally the Telephone Service. The provision to be voted is under Head 25 and the amounts for Personal Emoluments and Other Charges appear without adjustment in the Fund estimates at Appendix C.

The Financial Statement of the Improvement and Development Fund will be found on page 4A of the Estimates.

A small surplus of £24,562 was projected for the financial year ending on 31st March 1976. In the event this became a deficit of £1,134,226. Two things were responsible. The first I have already referred to in connection with the Government's liquidity difficulties at the end of last year, namely the delay in obtaining reimbursement of the expenditure incurred and disbursed on the Varyl Begg project £800,000 of which was reimbursable in the financial year 1975-76. The second reason was that the intended loan of £500,000 was not raised before the end of the financial year. It has since been fully taken up and is reflected in the revised estimate of receipts into the Fund in 1976-77.

Subscriptions to a further Debenture loan of £400,000 were invited on 1st March and the lists will be open until March 21st. There has been an encouraging response already and I have good reason to believe that the loan may be, if not fully subscribed, then very substantially subscribed by the time the lists close.

This new loan plus the subscribed loan of £500,000 just referred to and the budgetary contribution of £230,000 together with the small amount of £3,768 in

respect of reimbursements make up the Fund's revised estimate of local income in 1976-77. The revised estimate of development aid receipts takes account of the information the Government has received in respect of the Varyl Begg reimbursement and assumes that payment will in fact be made before the 31st March. Revised estimated expenditure from the Fund is £1,775,906 so that provided the Varyl Begg project is reimbursed before 31st March, the fund is expected to carry forward a surplus of £67,266.

The capital programme for 1977-78 will involve a total estimated expenditure of £5,776,561. The programme comprises development aided projects estimated to cost £4,820,000 and projects amounting to £956,000 for which local funds will have to be found. Some explanation is therefore necessary to show the reconciliation between this figure and the £660,000 shown on page 98 of the Estimates as the total of local funds receipts. The House will note that the total estimated receipts from development aid grants shown on the same page exceed the total estimated cost of the projects to be financed from this source in 1977-78. The excess is £160,950. This will accrue from the payment in 1977-78 of claims for reimbursement of local funds actually expended on aided projects towards the close of the current financial year but too late for the necessary claims to be submitted and approved for payment before March 31st. Thus the £160,950, when paid, can be counted as local funds which when added to the estimated surplus brought forward and the receipts from contributions and reimbursements will make up the difference and leave £5,605 as the estimated balance at the end of 1977-78.

As I have said earlier in this statement provision for all new projects of a capital and non-recurrent nature for which the Government will have to use its own funds are now provided for in the estimates of the Improvement and Development Fund. Although these have not been identified as such in the body of the Estimates they are readily discernable: they are all those for which there is no GIB number and those in respect of which the financial provision is not reserved. The majority of these locally financed projects will be found under Head 106 - General Services; Head 107 - Government Offices and Buildings and as capital works on account of the Potable Water Service Fund under Head 112. To finance these projects it is estimated that £302,166 will be available as previously explained leaving a balance of £654,395 to be found. The Government proposes therefore to provide in the recurrent estimates a budgetary contribution of £330,000 and to issue a further debenture loan during 1977-78 for a similar amount.

I must now come back to the Financial Summary on page 4. The surplus of estimated recurrent revenue over estimated recurrent expenditure is £1,724,800 but the Government's proposed expenditure on contributions and subsidies to the electricity, potable water and telephone services and the contribution to the Improvement and Development Fund will transform this surplus into a deficit of £1,145,690. The estimated Consolidated Fund Balance as at 31st March 1978 is thus £2,283,127.

That balance is essentially the Government's cash reserve against an unexpected, unforeseen or untoward turn of events and is a measure of the Government's ability to withstand a liquidity squeeze. The adequacy or otherwise of the reserve is a matter for the Government's judgement: there are many factors which have to be taken into account, but three must weigh heavily against the sufficiency of £2.28 million.

The first is the fact that of the £2.28 million, rather more than £500,000 is represented by the value of electricity, potable water and telephone bills due for collection at any one time. The actual value of these bills as at the end of February was £574,877 excluding an amount of £54,730 for trunk calls. Effectively therefore the Revised Estimated

Consolidated Fund Balance at the end of this year is £2.854 million and the projected Reserve balance for 1977-78 will be only about £1.7 million.

Second, the level of the reserve must be related to the Government's cash flow requirement and this in turn is related to the total of all estimated expenditure during the year. Adjusting for the proposed contribution to the Improvement and Development Fund and for the anticipated loan revenue, and excluding development aid receipts, the total of all estimated expenditure is £17.6 million. Of this the estimated annual salaries and wages bill alone is only slightly less than the total estimated yield from direct and indirect taxation.

The third factor is related to the second because development aid expenditure cannot be entirely ignored in considering the Government's cash flow requirement. Under the rules governing development aid grants, expenditure on projects approved for aid financing has to be met initially from local funds and while the procedure for claiming reimbursement quarterly in advance on the basis of estimated expenditure provides, in theory and quite often in fact in practice, the speedy replenishment of local funds, development aid moneys can never be brought into revenue in advance of the actual expenditure to which they relate. Thus there is a local cash requirement for the implementation of every aided project and where, as has happened on the Varyl Begg scheme, there are delays in approving claims for reimbursement, the lack of an adequate reserve must result in a severe liquidity squeeze and possibly the realisation of investments with of course a reduction in earned interest.

In the Government's judgement the estimated reserve for 1977-78 is dangerously low. The Government therefore intends to bring to the House measures aimed at increasing the Consolidated Fund Balance at the end of next year to £2.53 million. These proposals will be contained in the Finance Bill to be introduced at the end of this meeting.

Finally, Mr Speaker, I should express my own and the Government's appreciation of the concerted and sustained handwork and effort which so many civil servants of all grades and especially those in my own office and the treasury have put into the preparation and compilation of the estimates. It is only right that this should be publicly recognised. Mr Speaker, Sir, I beg to move.

MR SPEAKER

On a procedural matter I should invite Members to speak on the general principles and merits of the Bill before I give the Chief Minister the right to speak first, or should the Chief Minister speak first and then I invite members to speak. It really makes no difference. What one is trying to achieve is the right of the Chief Minister to speak on matters of policy before anyone else.

HON CHIEF MINISTER

Mr Speaker, as I understand it the new Standing Order provides that "the Second Reading of the Bill shall be moved by the Financial and Development Secretary. Immediately after the Financial and Development Secretary has spoken to the Bill, the Chief Minister shall speak to the Bill."

MR SPEAKER:

That is not in question at all. All I am asking is whether I should invite Members first to speak on the general principles and merits of the Bill or whether the Chief Minister has the right to speak first before I open the question to the House.

HON CHIEF MINISTER:

I think it was intended that I should speak following on the Financial and Development Secretary.

HON M XIBERRAS:

I think Standing Order now make it quite clear that the Chief Minister should be invited to speak on this occasion exceptionally. According to the new Standing Order this is the only occasion on which you are entitled to ask the Chief Minister to speak ahead of Members.

HON CHIEF MINISTER:

I am afraid, Mr Speaker, that I am not following you

MR SPEAKER:

normal
The procedure on the Second Reading of a Bill is that the mover moves the second reading and then the Speaker invites Members to speak on the general principles and merits of the Bill. As the Standing Orders have now been amended the Chief Minister has the right under Standing Orders to speak after the Financial and Development Secretary and before any other Member of the House speaks. The only thing which is purely procedural and would not affect the rights of any one is, should the Chief Minister have the right to speak before I invite Members to speak or after, that is all I am asking. It is purely procedural and nothing else.

HON M XIBERRAS:

I would say that Standing Orders, as amended now, make it clear that the Chief Minister should now be invited to speak.

MR SPEAKER:

My estimation of the position is that the Chief Minister should now speak as of right and then I should invite other Members to do so as unless I did this I would be taking upon myself the right to debar the Chief Minister to speak unless I invite him to do so. I think the right thing to do is to call on the Chief Minister to make his statement.

HON THE CHIEF MINISTER:

Thank you, Mr Speaker. In the first place I think that when we welcomed the tribute paid by the Financial and Development Secretary to the staff who helped him in the preparation of the estimates, I think that the House will equally be grateful to the Financial Secretary for his very lucid and very complete and very exhaustive statement of the affairs of Gibraltar as seen by him. Whether one agrees with what he says or not

is neither here nor there, but I think we are having changes now in the financial presentation of the estimates that are clearly intended to make matters for Members easier and more understandable, I hope, and that the manner of representation of the statement of affairs of the finances of the Government have been particularly and singularly clearly stated in a way for which we ought to congratulate the Financial and Development Secretary. After such a masterly exposition of the detailed affairs of the territory, anything that I say now will certainly pale into insignificance because he has made a very wide ranging and excellent account of the state of our finances against the background of the bigger spectrum of the world situation and in particular of the economic situation in the United Kingdom. It now falls upon me to state, certainly not at such length, because in any case the subject is much more limited, the extent of our objectives and our political approach to the economy of Gibraltar, in the light of our realities and of the situation surrounding us.

A most important aspect of our Estimates of Expenditure which requires mention is that for the first time since the new Constitution came into effect in 1969 and the old City Council came to an end, proper accounts of the Public Utility Undertakings are available and not just notional accounts as has been the case up to 1976. We now know exactly the extent of the cost of providing these essential services.

At the last meeting of the House of Assembly the Financial and Development Secretary explained the situation as he found it and how he was able to achieve the objective we had set ourselves to revert to real accounts in these Undertakings. We are in a better position now to know exactly the cost of these services and the extent to which they have been subsidised from taxpayers' contribution from 1970 to 1975. The adjustment for this period was in fact a book-keeping transaction since the monies had actually been spent but we did not know the extent of that subsidy, we did not know the cost of rendering the services in question. There is a proposal before the House to wipe out the deficit up to the end of the present financial year in order to be able to start from scratch knowing exactly, as was the case before 1969, the cost of rendering these services to the public and knowing also at the same time how much of it is fair, as a matter of policy, that consumers should pay for and how much, having regard to the general context of our economic policy and the realities of life, should be subsidised by other taxes. There is nothing extraordinary about this. It is just a matter of realising what the situation is. In the United Kingdom large sums of money from central funds, that is money paid by taxpayers, are contributed annually to local authorities in order to help them in carrying out the services for which they are responsible and in order to ensure that the burden of rendering these services is shared as between the rate payers and the beneficiaries of the particular services and the general body of taxpayers. It is true that, under the present policy in the United Kingdom, grants to local authorities have been severely cut in order to implement the Government's policy of austerity but contributions do continue. As Hon Members know the extent of which these contributions should be cut is a matter of great debate in the United Kingdom. There are of course in this context other

other services which the Government here have always rendered directly which are rendered by local authorities in the United Kingdom, such as road repairs, schools, police and others in which the question of subsidy does not arise. However this is a cardinal point and in this respect Honourable Members will have seen that we have made provision for a contribution of £227,000 in respect of the increased cost of electricity which will make the cost to consumers that much less, apart from the manner in which these rates are fixed, as well as a sum of £643,000 in respect of water, where again the result will be that the consumers will have to bear less burden for this essential commodity than would otherwise have been the case. The manner in which the increases which will still be necessary will be made will be revealed at a later stage and we hope Honourable Members will find that we are putting matters on a more rational and realistic basis than has been the case in the past.

I should remind the House that in reply to a question during the earlier part of this meeting, I said that I would be making an announcement on the question of appointing a committee to look into the question of water losses.

The Committee will be composed of members from both sides of the House. It will consist of the Minister for Public Works as Chairman, the Minister for Municipal Services, the Hon P J Isola and the Hon G Restano. I believe that the terms of reference of the committee should be as wide as possible in order not to restrict the committee's field of enquiry in any way. The committee is accordingly being asked "to inquire into the reasons for losses of potable water, to report and to make recommendations." The Committee will report to the House.

In so far as the general economic policy of Gibraltar is concerned, it is essential that we should continue to make this viable, realising that we are making a contribution to maintain a reasonably healthy economy in a world devastated by inflation and that, after 13 years of restrictions, we have been able to hold our own, improve our services and improve our standard of living.

The policy in respect of the various departments for which Ministers are responsible will be explained by them in a realistic manner so that Members opposite might have a clearer picture of the whole spectrum of social spending and spending on services on which they can comment. It would be idle of me to attempt to develop the various aspects of our departmental policies without Ministers incurring repetition when they come to speak about them. Our record in the improvement of social services, particularly in the field of social security pensions and concern for the young and the aged, are too well known to require repetition and we propose to maintain the impetus we have given in this respect. With regard to housing, which is one of our most important priorities, it is Government's objective to formulate a new coherent and realisable housing policy. Though this policy is not fully formulated, it is already clear that some of the traditional views on housing may have to be adjusted. The Minister will be making a statement on this matter himself. On the Development Programme a projection was given at the earlier meeting of the Minister's proposed objectives, including the crash programme, and I think it is clear that our priorities are housing, education, area development, public utilities, health and recreation. We should aim at finalising the broad content of the next programme in late April/May and we should hope to have discussions with Her Majesty's Government as soon as possible thereafter convenient to both parties.

As regards Public Utilities, Ministers have studied a very detailed report of Consultants and its recommendations and these will involve proposing installation of additional distillation and generating plant, the gross estimate cost of which is now in the region of over £6m. This money would have to be raised by borrowing, and possible sources of borrowing are the European Investments Bank, Merchant and Development Banks and increased local savings. Deep drilling for water, which is now under close study, if successful, might affect the need for new distillation plant and would certainly call for a reappraisal of the size and the cost of any new distillation plant.

As I have stated Ministers will be dealing with their own departments but there is one aspect which has been raised many times and which is fully admitted to be most important for the development of Gibraltar's economic potential in the private sector investment field. I am referring to the question of telecommunications. We admit that the present facilities offset many of the attractions to come here. But there is a limit to what the Government can do. Unfortunately the lack of progress lies elsewhere and this has meant that the additional circuits which the Government has agreed to put in have not yet been brought into operation. We shall continue to do our utmost to see that this is done at the earliest possible time.

There are two other aspects which affect our economy greatly. One is the mobilisation of savings. There is a need to stimulate savings by every possible means, by all classes of savers, companies and financial institutions as well as individuals. Far too much money goes out of Gibraltar, British gilt-edge, UK National Savings, repatriation of profits. We must consider, in fact we are giving serious consideration to, the introduction of Gibraltar's own national savings or development bonds, married to the premium bond idea, as well as the possible imposition of some reasonable degree of control over the repatriation of bank profits and insurance premia. Many countries require insurance companies, for example, to retain for local investment some proportion of the premium income which they collect.

The other aspect which is always the subject of considerable criticism by the public in general and of which Governments are always aware, is the thought that public money is lavishly spent in too much administration and too much bureaucracy. In Gibraltar's case export earnings, which in other countries more favourably endowed with natural resources would be derived from the production and processing of primary products, arise from the provision of wage services. In respect of the Government's own administration in this context, quality equates to productivity.

I can assure the House that all Ministers are conscious of the need to avoid unnecessary expenditure. The Estimates have been considered in great detail and we have pruned as much as possible, short of affecting the efficiency of the services we provide. I feel, however, that there is no room for complacency and we must seek to continue the improvement of the administration of every department with the clear aim of improving productivity. We must make the best possible use of computerisation and this is being examined.

Now more than ever, with the adverse effects of inflation, we must be continuously cost-conscious if we are to make the best use possible of the monies that we control. Having said this I must now look at the broader aspects of our budget. The question of productivity, as we all know, is a most difficult one - but also a vital one. There are various ways of looking at this. One can try and encourage greater productivity by paying higher wages but, unfortunately, the desired result is not achieved in this way to any great extent. Or one can try to increase a sense of discipline and improve supervision - and we must continue to try to do this. But, basically, in the public sector perhaps more so than in the private sector, productivity depends on the will of all employees, at whatever level of earnings or responsibility. Exhortations to greater effort are, however, also unlikely to achieve much, unless there is also a general realisation and understanding of the dangers of not responding to this essential need.

In so far as the Gibraltar Government itself is concerned, lack of productivity can only mean waste of taxpayers' money - the people's money, not the Government's money - and the consequential need to raise more revenue. It also leads to the failure to provide the efficient service which the people, who are paying for it, are entitled to receive.

In so far as the United Kingdom Departments are concerned, the employment services which Gibraltar provides are virtually the only source of export earnings that we have and they must continue to remain competitive. We are all aware of the seriousness of the economic situation in Britain and of the substantial cuts that have been made and will continue to be made in public expenditure. These cuts include defence spending and this is something which we must bear very carefully in mind at all times.

There are, we know, special circumstances surrounding Gibraltar and we shall always keep these also very much in mind, but I have no doubt that it is the duty of my Government to spell out very clearly the serious dangers that could arise for us all if the cost of our services rises too much and if the service rendered is not sufficiently high in terms of productivity. Our approach on this issue will be as stated in our manifesto - "The wages link with the United Kingdom established by the Scamp Report.....will continue to be applied progressively as far as our local economy and resources permit and ever mindful of the effect on Britain's continued defence spending in Gibraltar."

Of the wisdom of this policy of sensible approach, for the time being at least, the Government is in no doubt and we trust that the House will endorse this policy and thus provide the leadership which is necessary in the community as a whole.

There is a lot of talk now about the prospects of economic cooperation with Spain. In normal circumstances, in the world we live in, economic ties would easily have been developed in the interest of all inhabitants of Gibraltar and its vicinity. However, the way Spain has chosen to put the squeeze on Gibraltar makes it absolutely necessary for us to continue to make our economy viable, as we have indeed proved we have been able to do. I think the people have very clear views on this matter. The people

want good neighbourly, economic, family and friendly relations with the neighbouring districts, but not at the expense of giving up what we hold to be of the utmost importance to us and that is the continued British connection and the support and presence of Britain in Gibraltar. Let no one think that there are easy solutions to this problem. The simpler it is attempted to be presented to you the more dangerous it becomes. It is therefore absolutely necessary that we should continue to better the common effort that was made and to which people rallied at the beginning of the restrictions, by having a sense of duty not only in the course of earning our living, each one in his own way, but at the same time in rendering value for money if we are to survive the continuing restrictions until the time comes when our neighbours realise that it is only in friendly relationship and mutual respect that it will be possible to cooperate in a way that is bound to benefit all concerned.

In the meantime we must go through with it with Britain in the development of our economy, so that when the time comes when better counsels prevail and our neighbours realise that the people of Gibraltar wish to maintain their way of life with whatever sacrifices this entails, a better understanding and a happier future await all the people of this region.

The House recessed at 12.40 p.m.

The House resumed at 3.20 p.m.

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

MR SPEAKER:

I do realise that the new procedure has been worked out for the purpose of improving the manner in which we consider the budget. I cannot on my experience believe that there is no Member who wishes to speak on the general merits and principles of the Bill. I may, perhaps, in fairness to everyone say that of course the general rules of debate will apply to this debate and that each Member will have one opportunity to speak and then of course in accordance with the new practice the Chief Minister will reply followed by the reply to be given by the mover of the Second Reading of the Bill.

HON THE CHIEF MINISTER:

In order to help in this new procedure which I hope will not fail for tactical reasons, since we haven't got a coherent opposition in the sense of one opposition with 7 Members who shadow particular departments and there are some who shadow none, as far as we know, and some who shadow a lot, we don't mind by arrangement if a Member who has particular views and wants to hear what the policy of one department is concerned to do that to start off the debate, but we are not prepared to have speech after speech from this side and Members opposite waiting until the last moment. If anybody want to wait and probe one particular department because he shadows that department, we are prepared to play it that way, but not otherwise.

MR SPEAKER:

May I in turn say that since this is a new procedure, and in fairness to the Opposition they will want to know the trend of thought and the way Ministers intend to proceed with their ministries, in so far as the Estimates of Expenditure are concerned, I will not be averse to allowing Ministers to give way when they are speaking. It is of course first and foremost for the person holding the floor to decide whether he wants to give way, it is ultimately my decision whether a person should or should not give way. Whilst I will not allow an abuse of the rules, in fairness to everyone I will say that I will be reasonably tolerant if the circumstances warrant it, in that respect. I say this so that no one should be inhibited now of starting the debate in the belief that he will have his say and that he will not be able to have a chance to clear any particular matter of principle which is involved in the general debate.

HON MAJOR R J PELIZA:

Mr Speaker, following on what the Chief Minister has just said, perhaps, if the Minister for Tourism and Development could give us his policy I would be prepared to stand up and break the ice after that.

HON CHIEF MINISTER:

What we cannot do is be here at the beck of Hon Members deciding which Minister will speak. I appreciate the effort of the Hon and Gallant Member, I appreciate that, but even if one were to do that what I don't want it to be thought is that the next time somebody else will come and say that he wants so and so to speak and then it will not be the Speaker who will be presiding over the debate, but Members opposite.

MR SPEAKER:

May I say that I have been tolerant until now because this is the first year that this procedure is being implemented but I am not going to have a debate now as to who should open the debate and who should follow whom.

HON CHIEF MINISTER:

I certainly don't mind if we take it that way now, but from here onwards let it be quite clear as far as my Party is concerned and this side of the House is concerned that we will follow a speaker of the other side and no more.

HON A W SERFATY:

Mr Speaker, I am going to mention, so that I don't speak for too long, the highlights of the different departments for which I am responsible, Port, Tourism and Development as they are reflected in the Estimates of Revenue and Expenditure. As to Port, this year we are increasing Port dues, as you may have heard this morning, and berthing charges, to bring them into line with the higher expenditure in the Department.

The amount to be raised for these two items in the next financial year will be £182,000 instead of this year's £95,500. This has been our decision. But as to the manner in which the monies will be raised we have taken advice from the Gibraltar Shipping Association. The question of the supply of water to shipping has been a bone of contention for some time but less so since we increased its price with the tacit approval of the buyer's representatives from 77p to £1.50 per tonne after the first 200 tonnes - this has been going on now for quite some time - because I fail to see why the Gibraltarian taxpayer should subsidise the cost of water to shipping since so long as the price is not prohibitive this matter does not make any difference to the shipping that calls at Gibraltar. All in all, the cost of a call at Gibraltar is still lower than at other mediterranean ports. Hon Members will be pleased to learn, if they do not know already, that the tonnage of shipping calling at Gibraltar has increased from 14.7 million tonnes in 1975 to 19.1 million tonnes in 1976, an all time record. As you have heard already this morning, 2,433 called in 1975 and 2,553 in 1976 and additionally we had 2,384 yachts in 1975, and 2,758 in 1976. Now as to the main items of the future. Containerisation at the Port is virtually catching up with us and the question of space for containers becomes an urgent problem. Already in November, 1974, the reclamation of the area between Jetties Nos 1 and 2 was included in the 1975/78 Aid Programme but unfortunately in spite of our insistence and after sending an application in December, 1975, we did not obtain authority until September 1976 and this only to appoint consultants without any commitment as to the final acceptance of the project. In the meantime we are negotiating with the Ministry of Defence so that they may release most of the area which they are now using on the main pier between Jetties Nos 2 and 5 and the operators are quite happy to use this site as an interim solution. I have no doubt that the reclamation of the area between Jetties Nos 1 and 2 is a project which should be carried out with urgency and I hope that the FCO and the ODA will honour their commitment of 1974. Containerisation in the Port will in the long run mean the end of the use of lighters, the use of which is already on the decline, and will enable Government to do away with the Queen's Stores the site of which should become available in a few years time for other purposes. The new siting of the Customs Office in the present Port Office at the entrance of the Port and Customs free areas will nevertheless be a permanent feature as will the siting of the Port Department opposite No 1 Jetty right in the centre of the area for the operation of which it is responsible. The present yacht marina which caters for about 100 yachts has pioneered the Marina business in Gibraltar and have contributed its full share to our economy and we must give credit to the operators for their pioneering work. Its capacity, however, is not sufficient to meet the Government's plans to encourage an increase in the number of high spending visitors to Gibraltar. Work has commenced therefore on reclamation at Bayside and I hope that in the next few months we shall see the commencement of the construction of the new Marina pier which is designed to accommodate 250 yachts. To finalise on the port, this matter of whether to purchase new launches or fit new engines to the existing launches is something which will not put out of a job any of the men now employed in the Department and may I just mention a matter which has been worrying us and the men and the union and that is the condition of the present Signal Station, an old Ministry of Defence building which came into operation when the Varyl Begg Estate was built and obstructed the view from the old Signal Station on top of the Port Office. Provision is being made in the estimates for a new Signal Station. Now, let me refer, Mr Speaker, to the Tourist Office. Everybody knows that with inflation and the economic recess in Europe and the UK, our main market particularly, the tourist industry has suffered a bad blow and tourist arrivals in the Mediterranean resort,

generally speaking, were down in 1976 by about 20%. Gibraltar could not be an exception and our visitor arrivals were down from 129,643 in 1975 to 125,219 in 1976, a drop of 3.4%. The Hotels fared worse, however, and guest night sold to tourists - I am not including the figures of other arrivals - which reached an all high record of 260,271 in 1975 were down to 215,572 in 1976, a drop of 17.2%. It is still too early to say how the hotels will fare in 1977 which according to the experts is not going to be a good year. The advance information which we have from the tour operators, however, is optimistic but we shall have to await developments. The fact that we are in the sterling area should help us both in the United Kingdom and outside the United Kingdom but nevertheless as the Hon Financial and Development Secretary said this morning, the expenditure of tourists in Gibraltar last year was around the £5m figure. Last year we had 700 holidaymakers from the Republic of Ireland and information which I have obtained during my visit to Ireland last month leads us to believe that we shall double that number this year. We shall also be breaking new ground in Sweden this year where a tour operator in Stockholm is offering package holidays to Gibraltar in the summer. The offers have been well received and would have been more successful if these holidaymakers did not have to make an overnight stay in London, and we shall have a number of groups of 15 throughout the period April to September flying on the scheduled flights London/Gibraltar for a week's stay. This has only been an experiment which may spur the operators on to bigger things and by this I mean charter flights to Gibraltar. We have discussed questions of promotion and advertising in Scandinavia with the interested parties and are pursuing the matter with diligence because this question of going into the Continent of Europe is of paramount importance. The provision of a sufficient number of low priced air line seats from our markets to Gibraltar is fundamental to the economic viability of our tourist industry and its future development. In 1976 the first ever charter flight apart from the Gibraltar Group and Ministry of Defence charters, arrived here by Air Lingus from Dublin. This year Danair will operate a weekly charter flight from April to September for Exchange Travel and after a lot of discussion in which an Opposition representative took part, British Airways who are not so optimistic as the tour operators, finally agreed to put on one more flight per week in addition to the six planned in combination with Gibraltar Airways from 6th June to 19th September at the price of our agreement to a 5% increase which they required anyway on fares from the 1st April, 1977. What I have just said will mean that during the summer months about 520 low priced seats should be available for holidaymakers from and to the United Kingdom in the peak summer months. This is not in my opinion a high figure, though in the considered opinion of British Airways it is unduly high in relation to the forecast demand. The Government, however, welcomes this first ever official negotiations which took place in Gibraltar on the 18th Jan, 1977, between a number of top officials of the airlines, Gibraltar Government representatives and the Hon Brian Perez of the Opposition. The Hon Peter Isola was also invited to take part but was unable to be present because of his unavoidable absence from Gibraltar. In the last few weeks 3 airlines, DanAir Services, Monarch Airlines and Britannia Airways have applied to the Civil Aviation Authority for blanket licences which will enable them to operate charter flights from the United Kingdom to Gibraltar if they so wish. This does not mean that they have at present any definite plans to operate such charters but it is a good thing that these applications should be granted and the Government of Gibraltar is supporting them. The Government has not yet thought it necessary that it should become involved in charter operation, though I have discussed this matter in depth with interested parties. The additional flight put on by British

Airways during the peak summer months did not encourage the interested parties to proceed with the matter for this coming summer but we have this question of charters very much in mind not only in relation to United Kingdom/Gibraltar flights but also in relation to continental points of departure. One important thing that must not be overlooked, however, is that we must strike a reasonable balance in relation to the United Kingdom between scheduled flights and charter traffic. Air communications is too important a factor in our political social and economic life to be a subject of party politics and I am sure that we all welcome a joint operation of both sides of this House in all that concerns air communications to Gibraltar. I sincerely hope that the Foreign and Commonwealth Office will make up its mind soon on the establishment in Gibraltar of an Air Communications Advisory Board as recommended by the Select Committee of this House and made known to them on the 14th July, 1976, 9 months ago. Before I leave the Tourist Office Estimates, I would like to mention that we have not included for the organisation of a fair. Some people will start crying "shame." We have not included it for the simple reason that virtually all the roundabouts that the local firms had purchased over the years have been sold and exported and this I can well understand as the purchase of expensive equipment for its exploitation, if I may use that word, during a period of 8 days in the year is not a viable proposition. We have tried to attract "feriantes" from Morocco and Portugal but here again this does not work, in spite of subsidies because of the time lost in getting here and date availability. Every time we have depended on promises from abroad we have been left in the lurch. Coupled to this the impasse between Government who do not agree with the paper ticket system of tombolas, and the tombola operators who do not agree with the roulette system and very little remains to set up a decent fair, except bars. We must be careful with the expenditure of public money but if third parties are prepared to organise recreational facilities or fairs for that matter for the people and particularly for the children, I am sure the Government will always be only too ready to give a helping hand. Now, Mr Speaker, I come to the Economic and Development Fund. Some of the things which I should now say in relation to housing I have already said last Friday in the debate on the motion of the Housing situation of the Hon Mr Xiberras. Let me add, however, on the £820,000 included in the 1977/78 Estimates, page 99 Item 4, for area redevelopment, that this money in the opinion of the experts and my own can be spent if we are not too unlucky in the further recruitment of technical staff, and I don't think we will be, but particularly if the Foreign and Commonwealth Office and Overseas Development Administration do not take more than 3 months to approve project applications. They can do it, because they have done it before when they have wanted to and I know that further pressures are already being applied and they have been applied before not always with the same measure of success but we are in their hands in this matter. The same applies to Item 5 and 6 - Housing Repairs and Modernisation, where not all the monies shown for expenditure in 1977/78 have been approved so far. Let me come to Item 1 on page 102, £200,000 on the Public Works Garage and Workshop.....

HON J BOSSANO:

Could I ask the Hon Member about the £820,000, whether this is in fact part of the new Development Programme or part of the existing Development Programme?

HON A W SERFATY:

It is an extension of the existing Development Programme which has now developed, if I might call it that, from modernisation into area re-development because of less problems of decanting.

HON J BOSSANO:

Is the £4¹/₂m included for the total cost of the area redevelopment part of the existing development programme or the new Development Programme?

HON A W SERFATY:

This money is included in the amount of money which was included originally for Housing. Let me come to item 1 on page 102 - £200,000 on to the Public Works Department Garage and Workshop. This expenditure has not yet been approved. The first application was sent in 1975 and then after all the discussions about the size and the Union not wanting it near the incinerator etc., was followed by another in April 1976 which is still pending despite personal pressures by myself and others at the Foreign and Commonwealth Office. The truth of the matter is that if we are not snappy about the construction of the garage and workshop in the financial year - we cannot start until we get approval, gentlemen - in the financial year which is now starting, we will not be able to start the construction of the Girls Comprehensive School in the following year, assuming as we must that it will be included in spite of its cost in the 1978/81 Aid Programme. On the winning of sand in the Upper Catchment Area, the forerunner of the Talus projects, we have included £189,791 - Item 2 Page 102 - the last project application was sent to the Foreign and Commonwealth Office on the 3rd November 1976 and I sincerely hope that it will soon be approved because I should explain that we sent a project application, then there are questions about certain details about supplementary costs, then we sent another project application and then we get another letter asking questions on many occasions, then we have to send another project application. For the project of the reclamation between Jetties Nos 1 and 2 which I have mentioned before we have only included £60,000 in respect of fees for the consultants on the assumption that the work will not be carried out in 1977/78 but I hope this project can start either before March 1978, if we get approval, even if it is not included in the Improvement and Development Fund, after all the money comes from outside, or soon after the beginning of the next Aid Programme. Two new projects have found their way into the fund which were not included originally - I must say this in all fairness to the Foreign and Commonwealth Office and the Overseas Development Administration - the partial reconstruction of the sewerage system funds for which to the extent of £165,000 have been approved by the Foreign and Commonwealth Office. The other, £80,000 mentioned this morning, for deep drilling for water in North Front for which Aid funds are being sought and which in any case whether the drilling is successful or not is a gallant effort to find potable water deep under our soil, and I am not referring now to the Hon The Leader of the Opposition's pending motion. May I finish with one last word on aid programmes and development, generally. I have never, never been able to reconcile myself with the fact that the duration of aid programmes is only 3 years when any project of large size takes well over a year to design and several months for the tendering procedures. By the time the first shovel of earth is removed,

half the available period is gone for good. The next aid programme will not suffer this great disadvantage to the extent that the present and previous ones did because many of the projects which are bound to form part of the next programme are already being designed and priced. The completion of the Gibraltar City Plan and the statistical information which we now have on Housing all help our experts to formulate more sensible plans for the future.

HON MAJOR R J PELIZA:

Mr Speaker, it was not my intention to speak so early in the debate because I was hoping to be able to take into account when I made my contribution the views and policies of other ministers, since I am afraid that the Chief Minister did not give a very comprehensive policy on the part of the Government side. Perhaps if he had other people other people might have jumped up to their feet to answer what he had to say. So, really, to some extent all this problem of having a new standing Order Procedure to see if we would speed up the debate on Estimates has been defeated by the very man who was trying to introduce a procedure that would speed things up, hence the silence on this side of the House. The Minister for Labour may not like that but that is an opinion that I can express and I can see that there are nods of agreement from other Members of this House, but of course he is free to disagree. Having said that, too, I can add that things were said by the Financial and Development Secretary and also by the Chief Minister and sometimes I thought it was I who was speaking and not them, since it was in fact the very basis of the policy of the Government that I had the honour to lead in 1969 and which I am afraid time has had to prove that I was right. I hope that perhaps they will pay some attention on this occasion to suggestions that I may have to make as I go on since that in fact may prove to be the right policy for the future of any Government in Gibraltar. It will be seen in Hansard time and again that I concentrated on the importance of the income derived from the services given to United Kingdom employers in Gibraltar, that that in fact was the most secure income for Gibraltar. Now this has been proved, but perhaps we are going too far now, if I may say so. I remember when I was being pressed by the present Minister for Development, the Hon Serfaty, that we should give all priority to tourism. Everything had to be dedicated to tourism, nothing else really mattered but tourism, more hotels everywhere, he said, hundreds of them, that is what we want, thousands of planes flying into Gibraltar, bringing tourists. Every time he stood up he used to press me for that. And I used to say, yes, if that were possible, but we must take a realistic view of tourism and I am glad to say that that was the outlook of my Government at the time but I am afraid to say that this doesn't seem to be the outlook of the Government now. It seems to have swung far too much to the other side and they are not paying enough attention to that very important source which I always thought it important which is tourism. Whatever the Hon Minister may have to say today all he can add to whatever he has said is that he has failed to increase the traffic of tourism in Gibraltar. This is the reality, that he has failed and no one can dispute that. I am sorry to see that he has failed. I am sorry to see that a hotel which I started in my time, instead of operating today has been sold out as flats. That, to me, is a great pity, a great pity because that could have a few hundred people more a week in Gibraltar spending money which we have lost you might say for ever. The man who was going to see hotels springing everywhere was incapable of finding an operator for one hotel that we built. Whoever may have added the name to the stone at the top I don't know, but the fact is that that hotel was

built by us. We managed to get the money for it with great difficulty and today unfortunately it is not being occupied by tourists. So while in the short time of 2½ years it was possible to build two hotels, in the long time of 6 years after that we have lost 1 of them. That is the position today whatever the Minister may attribute it to that is a fact and no one can deny that fact. What are we doing about tourism now? What is the problem of tourism? The problem with tourism is that we do not have enough aircraft seats to bring them to Gibraltar, this is problem No 1. What has been the position since then? Have we got more flights? No. The number of flights have been reduced considerably and what do we hear today, exactly the same thing we have been hearing all the time, we are going to do this, we are going to do that, we have got now so many different outlines like Britannia applying for charters to Gibraltar, the Government supports it and we may get it, we don't know but we may get it - again dreaming, dreaming of a future but again I hope that next year if unfortunately Gibraltar still has the same Government, that next year the Minister will be able to stand up and say this is happening and I would be the first one to applaud him. I think the Ministers on the other side will agree that if I think praise is deserved I do give the praise. When I am speaking now I am speaking not against any particular person in this House but really trying to thrash out a policy which is in the interest of the whole of Gibraltar. Now, looking at the air communications at the moment. It so happens

that between now and June, I believe, and I stand to be corrected, but I think I am right, the weekend offer where return is on Monday is not possible because there is no flight on Monday, so I believe that there we lose. I can check on that if the House can put up with me because I think I have got notes of that. That's right, it is on the ITY flight where I believe that it is possible to book from Friday to Monday provided the tourist stays here on the Saturday night but it so happens that as there is no Monday flight it is impossible to make use of that particular offer. That I think is something that surely the Government should have been able to overcome by ensuring that there was a plane on the Monday. So straight away we are losing tourist from coming to Gibraltar. Then I also understand that it is possible to have any three days of the week in Spain as a three-day tour but this is not possible in Gibraltar. There again I think we are missing the type of visitor who perhaps is the most welcome, someone who is coming to Gibraltar for a short stay and therefore possibly spending more money on the Rock than the person who can only come as a minimum for seven days. This is another point that I think something should have been done about. So that to use the Minister's ideas on this, that it is better to have a short stay of a tourist in Gibraltar than a long one, here we have an opportunity then of generating more traffic on the assumption that those who come for a short time usually spend more per head than those who come here for a longer time. Now I think obviously we are missing there and it is a pity, I stand to be corrected but I think that this is the case, it is a pity that this has not been pursued by the Government. Thirdly, I have been told by someone who is in the hotel trade in Gibraltar, that this year it is difficult to find publicity material at point of sales at the agencies. This is what I have been told. I have also been told that one particular operator is doing fairly well or better than others because they offer a commission

is
to the person who sells Gibraltar at the counter. That to me/perhaps the best publicity one can have in that the individual who is selling Gibraltar is getting something for himself out of the deal. This is all above board, of course, apparently, this is done. We all know a good salesman will sell you anything but naturally he is not going to do it for love, he is going to do it for money and perhaps the Government should give thought to this kind of publicity if they don't do it themselves, perhaps, to encourage operators to do it. Even if the cost of the tour to Gibraltar is an extra £1 it is very likely that that tour will be sold for that extra pound if the chap behind the counter who is selling the tour is going to put it into his pocket, it is worth knowing that. One more point. The plane leaving early in the morning is I think an obstacle for people who are not in London in the sense that it is very difficult for someone who is out of London to arrive in time to catch the plane. It is certainly most uncomfortable to have to travel the night before and possibly sleeping at the railway station or somewhere else to catch the plane the following day so possibly what he or she has got to do is to come a day before and spend the night in a hotel which is of course an extra cost. I know the Minister says "yes" but we can't accept those things. This is the where the man fails or succeeds. We all know the obstacles are there, we all know, but it is the skill and the ability of the man who is representing that particular Department of being able to overcome those difficulties because it is very natural that British Airways if they can get more money for their flights starting at 8 o'clock in the morning rather than starting later are going to try very hard to keep it at those times of the day. It depends on the person who is responsible for tourism in Gibraltar to see that that doesn't happen. That is another reason in my view why it is more difficult to get people to come to Gibraltar. Turning now to other areas from where we may be able to be getting more tourism from. We heard today that traffic is increasing from visitors to Morocco. Quite honestly I was expecting the Minister today to come out with a scheme which would encourage those people to come over more frequently, but we did not hear a word on that. Success has got to be reinforced immediately before somebody else gets wise on this and starts cashing in. We have heard nothing about more frequent services between here and Morocco, some special thing to encourage them to come over. For instance, I have said this in this House and I am going to say it here again, I believe that for purchases made in town above a certain sum it should be possible to refund the import duty so that then that is more encouraging, I know it is difficult from the civil service but it has got to be overcome. It is no good making faces and frowning because everything is difficult, good things are difficult, it is the only way we can overcome it. In fact I am now going to make a very radical suggestion here which the Financial Secretary is not going to like one little bit and that is that we should do away with import duty and we should introduce VAT. This would result in prices coming down because whilst now the importer has got to add whether he likes it or not the element of 10% profit on the element of 10% because obviously that is costing him that 10% extra and he is investing 10% more of that money, whether he likes it or not he has got to put at least an extra 50% or a 30% on those 10% to be able to make it viable. Whilst on the other hand if it is done through VAT there is no need for that because he is not paying for the money in advance. The money is being paid by the client when he pays it and therefore the client will get that amount all that cheaper. It is going to be difficult, of course

it is going to be difficult, but we are going to have cheaper prices and therefore in Gibraltar it will be much more interesting for people who come from abroad to come and buy particularly if again some arrangement can be made where that VAT can be refunded as is done in many other places. It is certainly done in England and in Europe, generally. This is the sort of thing that I was expecting from the Government, something new and imaginative. Gentlemen, what have we got today? The same old story, if anything, just copying from the previous administration. There may be laughter, but I have said it before and I say it again, there were certain things said in both speeches with which I completely associate myself with because in fact as I know they are the policy of this Government except that they have swung too far to the other side and I am sorry to say that on tourism it has been a great failure. Once I am talking on tourism I must necessarily touch on the question of the Gibraltar Tourist Office. I think that the staff there is doing great work. It is not what I have observed because I never want to interfere with that office I never go anywhere near. The last thing I want to be told is that I am interfering with it. If I am asked for anything, as the Minister knows on certain occasions, from Gibraltarians in England, I certainly try and help if I can but I don't believe I have been there at all deliberately. However, as soon as I hear anybody mentioning Gibraltar who talks to me I ring up the tourist office and ask them to send them some leaflets in case I have managed to get another tourist to come to Gibraltar. It has happened a number of times and I am very glad to say that the response has been immediate. I compliment the members of that office for the work that they are doing but in my view that office could be used much more effectively in other directions. Tourism is an important function. A very important function also is a place where Gibraltarians can call for any needs that they may have and I was trying to explain here the other day one particular case which is a very unfortunate one where I am afraid the best he could get from there was a personal loan from any of the members of the tourist office which I thought was undignified to say the least and certainly most unfair to the Gibraltarian. I understand that in instances of that nature the Authority that looks after the Gibraltarians are the Crown Agents. The Chief Minister can make enquiries and perhaps he can let me know before the end of this debate whether this is so or not. But I think it is very humiliating for a Gibraltarian to have to go to the Crown Agents if he is in difficulties when we have an office of our own. Surely there should be a system whereby a Gibraltarian if he is in difficulty should go to either to the Gibraltar Office or the Foreign and Commonwealth Office, one or the other, but let us know where he should go. If it is the Foreign and Commonwealth Office that is responsible for Gibraltar in the UK it must be the Foreign and Commonwealth Office and not as this leaflet printed in England says, the Gibraltar Tourist Office. And if we are going to have a Tourist Office representing Gibraltar then we should have a Gibraltar Government Office there representing Gibraltar, that is what we should have. Hong Kong has it, the Hong Kong Government Office. So if Hong Kong can have it I really don't see why Gibraltar should not be able to have it and if anyone is impeding Gibraltar then we should fight very hard. I think we should have a Gibraltar Government office of which the Tourist Department should be part and I don't propose that it should be enlarged as I think it should be possible to carry on working from where we are.

Also a place more on the trading side. At the moment it is just a Tourist Office. At the moment anyone interested in investing in Gibraltar or trading in Gibraltar or doing trade with Gibraltar goes to the Gibraltar Tourist Office but it shouldn't be called the Gibraltar Tourist Office, it is more than just a tourist office. It is therefore time to revise the position of the Tourist Office and give it the functions that I think are necessary. One other very important function is that of projecting the political image of Gibraltar in the United Kingdom which we do not have now at all. I think it vital that people should know exactly what is happening today in Gibraltar. We do not know what lies in the future for us and we should be prepared in that way, a place where correspondents can call for information and get it immediately and from where, if necessary, politicians from Gibraltar could go out and express the views and opinions of the Gibraltarians. It is a great pity that that office is idle in that respect and I do hope that the Government will take note of that and be able to do something about it. If these changes, or the intention to effect these changes could be decided before we end this meeting I think something worthwhile will have been achieved. Going now to another aspect of Gibraltar that is proving successful recently, the Port. I am very glad to see that that is catching up because obviously it is another source of income for Gibraltar which should be exploited to a maximum. But what do we find straightaway? Port dues are going up, berthing charges are going up. I would have at least for the time being avoided that. How much more are we going to get out of this? I haven't looked at the figure but could it be £50,000, £60,000, £100,000? Are we going to kill the goose before it starts laying the golden egg? Is that a good idea? Sir Harold Wilson in England recently attributed all the trouble to telephones because they are charging too much for installations and too much for the fees and this is his argument. If you make them cheaper more people will use them and therefore Plessey will not have to close down. I heard him say that on television, that is what he said. He is a man to be respected for what he says. Maybe he changes his mind too often like other politicians. And here we have the Port which is now showing signs of reviving and instead of supplying the Port with more oxygen what do we do? We try to strangle it straight away. I think it is a pity. I know I am exaggerating, I know it is perhaps overstated but I think it is necessary to overstate cases so people understand it otherwise if there is an increase in any source of income and we go straight away to try and make capital out of it immediately, the risk is that we may snip it in the bud and this is what we don't want to do. This is precisely what we want to avoid. Leave it time to take and grow and then perhaps you can squeeze it a bit but not straight at the beginning. One great source of income in Gibraltar always has been and I hope it will continue to be for many years, the Services. Very little is being done about it. I should say that hand in hand with tourism the Services are one of the elements in Gibraltar that should be encouraged to have a pleasant and happy time during their stay and the Government should go out of its way to do this through different functions. In my time, for instance, we gave the Freedom of the City to the Royal Engineers. There must be many occasions when that sort of thing can be brought out into the public. We are not only making friends of people who are here to protect us and have protected us in the past, but we shall be making friends with the United Kingdom all over the place and instinctively the Englishman,

Scotman, Welshman will appreciate that very deeply, to their families to people who have served in Regiments before and also it is a way of selling Gibraltar. Lots of people who come to Gibraltar are people who served here during the time they were in the Army or the Navy or the Royal Air Force and because of that they like returning to Gibraltar. So the happier we make their stay here the more they will come and if we can get some of them to marry our local girls then they come here for good. So I think it is again a great pity that nothing outstanding has been done in that respect and I do hope that the Government will bear this in mind for this coming year.

HON CHIEF MINISTER:

We have one in the pipe-line.

HON MAJOR R J PELIZA:

Good. I am very glad that it was in the pipe line even before I spoke but there might be others that you might put in the pipe-line now that I have spoken. The question of good relationship between the UK Employers and the Unions in Gibraltar and of course the Gibraltar Government is very important. It is in my view extremely important that all the UK employers and the Government as an employer should move together and not out of step. [We know that Gibraltar is viable today and we have been able to meet inflation as we have very successfully simply for one thing and that it has been possible to get the UK Employers to come forward and increase salaries and wages to meet the extra cost and sometimes even go beyond that to improve the standard of living. That has been the basis of the economic success of Gibraltar under the previous Government which is the one that started this.] It is in spite of this Government, if I may say so,

HON CHIEF MINISTER:

May I interrupt the Hon Member and ask him whether he was instrumental in bringing the Services to Gibraltar in the first place in 1704?

HON MAJOR R J PELIZA:

No, but I was trying very hard to commemorate the great part that General Eliot played in the siege of Gibraltar and unfortunately that has been dropped since we left the Government. That was another link that I was trying very hard to establish and this I am afraid has been completely forgotten. It is extremely important, I think, that whilst the right of the Gibraltarian, the right to earn a fair wage has got to be defended by everybody, we mustn't lose sight that we must not do anything that may in any way finish up by compelling UK Employers to start reducing their requirements in Gibraltar for one reason or another. If we do that then we are in trouble. The other thing therefore is that the Government of Gibraltar must move hand in hand with them since if we pay more than they pay we shall finish up by not having the money with which to pay our own employees, let alone find the money to cover the social requirements of Gibraltar. The Unions of course must also play a leading part in this and whilst again they must defend the interests of their members, they must never lose sight of the consequences if they go beyond the point of reasonableness. In my view that is important, too. The Government particularly who is after all responsible overall for Gibraltar, must use its good offices to bring about understanding and cooperation amongst

all concerned and again it is no use saying that it is the Unions who don't behave or it is the UK employers who don't behave, the quality of the Government will be seen if they have the ability to achieve it or not. It is as simple as that. The same as any other person responsible for any task, whether he be a politician a General, a Managing Director, will expose himself to be sacked, not because he said it was difficult to do this or it was not difficult to do that but whether he succeeded in doing it or he did not succeed in doing it. That is the measure of success or failure and therefore it is useless to try and find excuses when things go wrong. Whoever is responsible in Government must carry the can and he must accept responsibility and not try and pass the baby to anybody else. This is vital for Gibraltar and therefore it is the Government of Gibraltar which must do its utmost in every respect to ensure this harmony and good understanding between all concerned in Gibraltar. One more point which I think is vital Mr Speaker.....

MR SPEAKER:

It is not a question of being vital, it is a question of being relevant.

HON MAJOR R J PELIZA:

It is relevant, too. Housing and comprehensive schools. I am very concerned about housing and I have got to mention it again. When in 1969 we tried to get as many houses as possible built, after much deliberation and advice it was considered that the only way in which we could get a reasonable number of houses built in a given time was by going for the Viaduct site. It was flat there, no retaining walls, it was the place where one could more or less, proportionate to Gibraltar, mass produce houses. But how long has it taken to build those houses? It was first of all in December 1969, that we started asking for aid, a few months after we came into Government. It is now 1977 and there are quite a number of those houses still unoccupied.

MR SPEAKER:

Order. I am not going to have every single comment being questioned because otherwise we will never finish.

HON MAJOR R J PELIZA:

Mr Speaker, whether it was October 1972 or May 1972 that I think we started digging the holes which is in fact when I think it started but anyway that is neither here or there, it is a matter of months. All I am saying is that it takes a long time from the moment you start asking for aid till the moment that you complete the project and what I am saying is that if it takes all that long and we still have got nothing now to go on with, how long is it going to be before we start getting houses coming out of the pipeline Mr Speaker? This is what worries me because I know that the Minister is very keen and enthusiastic and he thinks he is going to produce 77 houses a year. I have my doubt that he will be able to do that. I have great doubts because of the time it takes to build them. How he can see 77 houses going up a year soon I just don't know. I don't believe this is going to be possible and I believe that Gibraltar is going to be in serious difficulties on the housing side unless something very drastic is done as from now. As to the Comprehensive School, I am now more convinced than ever that if we had not taken the plunge ourselves and gone for comprehensive, Gibraltar today would have no comprehensive at all and again I wonder when we are going to have the Girls Comprehensive School ready. It seems again that we are in for a very long wait before that happens. I must come, Mr Speaker, to the figures of

the estimates itself. A few questions that perhaps the Hon Financial and Development Secretary can answer later on in the debate. There are a few things that I would like to clear up and this is to do with the question of the reserves which is always the final bone of contention, you might say. Some people think that the Government is hiding money away and others think that there is no money left at all and so we come now to the final words of the Hon Financial and Development Secretary where we are left with a lot of shifting of figures up and down which is very mystifying and this is what I would like, clarification on as to where the money goes because it seems to come and go, disappears again and then you don't see it any more and then 2 years later it reappears. We are told that the estimated Consolidated Fund balance as at 31st March 1978 is £2,283,000 plus. Forget the hundreds we will stick to the thousands, at the rate we are going we will be talking in millions and nothing else. From that we have to take £500,000 due for collections and so we come down to £1.7 million and then we are told that we should have a reserve of £2.53 million and therefore presumably the difference is something that is going to be collected in taxes to build it up some other way. But as I see it now, I may be wrong in my assumption, what I gather is that he believes we should have a reserve of £2.53 million. Is that correct?

MR SPEAKER:

Let us not start confirming figures.

HON MAJOR R J PELIZA:

I saw someone laughing there and perhaps I was saying the wrong thing. It appears I am right so it means that we have got to find £800,000 or so if we want to balance the Budget. Assuming that we have to find that money one of the reasons is that £500,000 although we have it is not really in the bank account, obviously that is money that is coming in. You find that the Income Tax would tax you for those £500,000 as if you had them if it was a profit because if it is due for collection it is a profit whether you have it or not but when the Government is making up their account they see it in a different way and so we have £500,000 which we have but we haven't got it in cash, that is what it means, and for that reason we come down to £1.73m.

MR SPEAKER:

Are you referring to the Public Utilities Accounts?

HON MAJOR R J PELIZA:

Yes, I am coming to that.

MR SPEAKER:

The £500,000, if I understood the Hon the Financial and Development Secretary correctly, is the normal amount which is uncollected at any given moment from bills.

HON MAJOR R J PELIZA:

I am coming to that because now we are differentiating one account from the other, we are starting a new account of the utilities undertakings, and we are saying that this is going to have nothing to do with the reserves, this is an account which we are going to keep separately but then in the second breath we say that the three Public Utility accounts are going to be funds of their own, they are going to balance their own accounts, they are going to have their own cash, let us put it like that, they are not going to draw at all from the reserves of the Consolidated Fund. They must find their own money and if they don't it is going to be budgetary contribution. But there are going to be no loans or anything like that coming from consolidated accounts, that is the way I understood it. If I haven't understood it right this is why I am asking for an explanation. If that is so, we cannot submit.....

MR SPEAKER:

We might perhaps save a lot of time if the Hon the Financial and Development Secretary explains what he meant.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, Sir, the Hon and Gallant Major would be perfectly correct if each of the three public utilities had been established as a separate, autonomous corporation and had no direct connection whatsoever with the Government. Then, indeed, they would have no claim of any kind on the Consolidated Fund reserves unless and until the Government as an act of policy agreed to make a direct contribution to those separate authorities. But we haven't gone as far as that, all we have done is to set up within the Government accounting system, three funds. The money still remains the Government's money notwithstanding that it is accounted for in the Government accounts as separate funds. Hence, therefore, the position of those funds being Government funds certainly does have implications for the overall level of the Government's reserves.

HON MAJOR R J PELIZA:

I see the point. What I was trying to get at and this point has not been cleared yet, is that therefore when we look at the three Public Utilities Accounts and we allocate them a certain amount of money which now we have tried to balance, I think, by taking it out of the consolidated funds, am I right in that?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I think the Hon and Gallant Major is in danger of sinking without a trace. The Consolidated Fund reserve as shown on page 4 of the Estimates is £2.283 million. I said at the end that the Government proposed to introduce into the House measures aimed at increasing this balance by the end of next year, to £2.53 million. The use in my statement of the amount which at any one time is of uncollected bills was purely one of the factors, one of the factors which I mentioned, which obviously must weigh with the Government in deciding whether £2.283 is sufficient and I said that because it represented the total value of bills outstanding ie, which the funds were owed but which in the meantime the funds have got to go on spending money and the only way they got that money is through the totality of the Government's account, if you are thinking in terms of liquidity which I clearly was there, you have got to take that into account but the Consolidated Fund balance is as shown on page 4 of your Estimates and the Government's intention, which is in the very last paragraph of my statement, is that it intends to introduce measures to increase that figure of £2.28 million to £2.53 million and naturally the £2.53 million will include the floating £500,000 or thereabouts of unpaid or uncollected bills at any one time.

HON MAJOR R J PELIZA:

I misunderstood you, I thought that you had to find that amount of money as well. I am very thankful to you for clearing that point, I obviously misunderstood you. What is still not clear in my mind is that although we obviously allocate a certain amount of money to one particular fund in this case, this is perhaps where, as I am not an accountant I don't quite understand but I think it is my duty to try and understand because I think if I understand it the ordinary people of Gibraltar will also understand it and I think that it is important that they should, so I hope that the Hon the Financial and Development Secretary will bear with me because what I am trying to do is behaving like a layman who is trying to find out where his money is going since he is the fellow who will have to pay tax later on, so I hope he puts up with me a bit longer. As I see it we have the three Public Utility accounts of which we are allocating for the year or, say, they are going to spend all that amount of money. Obviously they are not going to spend all that amount of money at once and therefore am I right in believing that for some time during the year those accounts can be well up in the blue, if that is not so the adjustment that we have made in no way changes the tax situation in those different accounts. I tell you why I question that and that is because whilst we find ourselves with a reserve of £3.4 million before we make the adjustment, by the end of all those adjustments we find that we are down by

£1.2m in our reserves and what I find difficulty in understanding is how, through internal adjustments, we lose sight of £1.2m. This is the difficulty for me and I think that may well be the difficulty for anybody who is not an accountant. What I am saying is how is it that through these adjustments we find that we are down from the year before? I hope the Financial and Development Secretary can subsequently explain. Whether I am making myself clear I don't know. I know it is very difficult to understand but if he can explain if, in fact, we never had £3.24m, if it was just purely a figure transaction and we never had £3.4 million at all, that in fact what we always had in money terms was £2.283 which is what we will have at the end of the year. This is what I find difficulty in understanding and perhaps the Hon Minister will be able to explain. Mr Speaker, there are of course a number of points that I will raise individually as we go through the estimates on the different figures,

MR SPEAKER:

The way the procedure has been changed now, when we go into committee we will be considering the Schedule of the Bill and we will be talking on the items and not on the general principles involved in the general expenditure of each Department. I say this so that Members will not lose their opportunity of saying something now when they are in a position to do so.

HON MAJOR R J PELIZA:

Mr Speaker, I have a small point like the one on the Mackintosh Hall which I think is something that I will tackle when we come to that point and I don't want to go through all these items otherwise we will never finish. I shall try and be of course as brief as possible because we are all interested in getting through this without unnecessary delay and confusion. As far as I am concerned, Mr Speaker, I can assure you that I will stick to my point and certainly I will avoid repetition by all means. Coming then to the finality of my contribution, I am glad to see that notwithstanding all the pressures that we have had, Gibraltar today is not a sinking ship by any means, far from it, I should say. We are well above the waterline and I think it is very gratifying to be able to stand up and be critical as one is, not afraid that we are going down but rather trying to improve the situation even better than it is. I am extremely happy that this is the situation in Gibraltar and I think it will probably encourage people who are not in Gibraltar to come more round to our way of thinking with regard to our problem, seeing that their measures have failed and failed completely. What I would like to add to this is that Departments of the British Government such as ODA should, I think, be more considerate and not delay in providing aid and also accepting the plans put forward as they are doing now. One point on this is that I do not believe that this Government should take full account of the money that we have to pay out in development projects for which we are waiting the return of the money from the UK

and drawing too much attention or taking too much account of how that will affect our liquidity because if then we have too much liquidity it is precisely one of the reasons why ODA will not be all that anxious in paying the money. I think we shall be in a much better position to build a strong case for that money to be paid out than if we have funds of our own, plentiful funds of our own, to meet them. I know that the Chief Minister doesn't believe so, I do, and what I am saying is that if we have money available and we can put it to good use, let us not be too cautious and put too much into reserves because remember that whatever we may be paying now for whatever we may need for Gibraltar we shall be paying much more in the future and it is possibly the best way of getting most value for our money and therefore I would not be too cautious. I would think very carefully before taxing Gibraltar further for the sake of increasing our reserves because then I am afraid that what is happening is that we are giving the impression of being even better off than we are and that is not going to be helpful to us in obtaining aid from the UK. So I would say, be very careful in that respect. Mr Speaker, I will of course, as I told you before, raise the odd point at the Committee Stage and I do hope that some of the points that I have raised can be of some use to the Government.

HON H J ZAMMITT:

Mr Speaker, Sir, I will try and be a little more precise than the Hon Major Peliza in outlining the policy of the two ministries for which I have responsibility and, equally, one which I have some responsibility for, namely, traffic. I will commence with the traffic situation first and that is that I think Members may have seen in the estimates on page 111 item 3, in the Improvement and Development Fund, that there has been some money set aside for the provision of car parks. It is a matter of policy and therefore I think it holds special merit in as much as we are not spending money, broadly speaking, over Gibraltar in the provision of car parks which has been the policy in the past years but to concentrate in particular areas where the traffic situation is much more highlighted because of its seriousness than in others and I refer, Mr Speaker, to Flat Bastion Road. It is an area which is narrow, very narrow roads, very congested, it is equally an area which has been mooted on many occasions for many years, that required particular consideration. Recently, as is known, Gardiner's Road was opened and therefore Flat Bastion Road is a one way area which tended to alleviate the situation slightly but nevertheless the traffic situation for the parking of cars was becoming and is extremely bad. Because of this we were very pleased to have a survey carried out by the Royal Engineers and they have estimated, as Members will see, a provision of some £30,000 which will cater for the parking of about 80 odd cars. I would venture to say roughly

100 cars will be able to park inside the Air Raid Shelter which has been lying dormant since the last World War. So it is, I think, a particular breath of fresh air that the residents of that particular area will be able to see within this coming year. There are, of course, a number of minor alterations to be carried out there but it is, I think, a matter that required very special attention and Government has now agreed and, as I say, it will be seen during the coming year that the Air Raid Shelter will be put to good public use. Likewise, Mr Speaker, dependent upon the success of this particular Air Raid Shelter, there is absolutely no reason why Government should, in the future, not look at other Air Raid Shelters that could offer equivalent facilities. Mr Speaker, I would like to talk about recreation and sport which is another one of my Ministries and responsibilities and I think, Sir, that with the completion of the Victoria Stadium, I think it is right to say the success that that establishment has produced and the many hours of entertainment to many thousands who visit the Stadium. I would like to say, en passant, Mr Speaker, that we have established that some 7,000 people per week go to the Stadium, and I think it is a very good figure. I am of course including ^{school} children that use it in the morning but there are 7,000 people making use of that. It is open for 15½ hours per day and I think that Members opposite may, when looking at the Estimates, see that the cost of running the Stadium is of some concern. I think it is something like nearly £19,000 per annum, but with Unions being what they are, Shift Allowances being what they are, we have to provide that kind of establishment to carry out this public function. Now, Mr Speaker, I think in particular the Hon Mr Xiberras will be pleased to hear that within the Committee set up for the consideration of grants to cultural and sporting activities we have now divorced the cultural activities from the sports activities and I think that some £4,500 have been put aside specially for culture and it will be controlled by my colleague the Minister for Education as we think it is as furtherance of education that culture should come under. However, I would like to strike a note of caution and that is that there is a difference in my mind and certainly in the mind of the Committee that I have been Chairing for the last five years, between culture and hobbies and there are some hobbies that are not considered, at least were not considered by my Committee, as being culture. I will not go into them because I think it would not be right. This would mean, Mr Speaker, that the provision in the Stadium estimates has been increased to the found figure of £10,000 which will be dedicated purely to sporting associations and although the figure may seem somewhat vast, particularly to those who are uninitiated in the field of sport, may I say it certainly isn't and we will have to look after our pennies very, very carefully, particularly so that we now find that Gibraltar is in the international field, particularly in the sport of hockey and we will have to make provision, no doubt, I hope, so that if we are to be represented as Gibraltar in the World Cup or in Europe that we are well

represented. It will mean, Mr Speaker, and my policy on this particular aspect is that we will have to consider very carefully one of the matters that was raised in the House in previous meetings, that of a membership scheme for the Stadium. The running costs, as I say, are running along £19,000 but I want to make it quite clear here and now that whatever money is collected it does not mean that it will be put back into the general revenue of Gibraltar. I think that what money is received through the membership scheme should be returned by additional facilities which are very much needed and the continuation and the betterment of sport. I am not prepared to say what percentage of this, because of course it is a matter purely of finer detail but my aim.....

HON M XIBERRAS:

If the Hon Member will give way. I think the Hon Member has given a statement to the House that nothing would be decided on without the Hon Member bringing the thing to the House and I don't think it is a matter of finer detail, I think it is something which has to do with the Budget before us.

HON H J ZAMMITT:

With respect, Mr Speaker, Sir, it is purely a matter of policy. The matter of detail of course will have to be thrashed out in the House as we have committed ourselves to do. My policy on the aspect is that we should introduce a membership scheme. Whatever charge may be levied I am not prepared to say that at this stage here, Sir. It will require a lot of discussion, I am sure, with my colleagues and no doubt with the House subsequently. Mr Speaker, one other aspect which the Committee has put forward in the past and which, I think, we have by sheer coincidence been able to implement, has been that this Committee should try or attempt to assist youngsters of particular standard that can go away and obtain some further education in a particular sport. In this line I would like to inform the House, I am sure many may have read in the press, we have been able to send a young boy just turned 15 to Lincoln City Football Club for a trial. He is there for two weeks, expenses have been paid for by Lincoln City for his stay there and we have paid a Student's air passage. We do this obviously in the hope that this youngster may succeed but it does not mean and I do not want to give the impression, it is basically only for football. If we find that any youngster has a particular gift, the Committee will consider giving this person a break to try his luck for a short spell in the United Kingdom.

Now, Mr Speaker, I now come to the hot line which is housing.

The objective of Government, Mr Speaker, is to formulate a coherent and viable housing policy. I said the other day, when the Hon Mr Xiberras brought the Motion in, that it required flexibility and it is time that we should look at a changing of the whole spectrum of the Housing Allocation list. There are many instances that leave a lot to be desired but I did say that I thought it would be unwise to change a policy particularly before the Varyl Begg allocation was over as it would be unfair for those unfortunate people that should have received allocations way back last September to now introduce a scheme which would affect them, so I thought it would be preferable to leave it lying until the Varyl Begg Phase VI and Block 18 were allocated. On that particular aspect, Mr Speaker, I can assure the House that Government is as active today as it was or has been since last September when we were unable to accept the four remaining blocks because of defects. I think I can say that one thing that has been achieved is that the contractors and consultants have agreed that there is disagreement and therefore we are hoping that it is rectified as quickly as possible.

Sir, referring to the new policy, it is to be noted that such a policy is not yet fully formulated but it is already clear that some of the traditional views on housing may have to be adjusted. The vicious circle created by low rent revenues and inadequate maintenance by Government will have to be broken. There is absolutely no doubt, Mr Speaker, that we will have to take some line in this particular field. There will be a need to move away from rented accommodation to the owner-occupied. This is in continuation of our Manifesto, our successful Manifesto of 1972....

HON J BOSSANO:

Is this going to happen in 1977/78, or is it projected in the results of the Budget of next year?

HON H J ZAMMITT:

Mr Speaker, I can assure the Hon Member that on the question of owner-occupied houses a Committee has already been set up on this and we are working on trying to sell some of the Government-owned houses. It will, of course, mean, Mr Speaker, that we cannot be complacent. We will have to continue building new houses at the same time as we continue with our modernisation programme and at the same time as we can sell the houses. It will mean that we will be able to, I hope, obtain more money by the sale of houses which will allow us a further expansion in using our own money for the building of those houses.

One thing which is very important, Mr Speaker, is that it will involve the acceptance by owner/occupiers of the obligation to maintain their own properties, the encouragement of home ownership and more realistic rents in both public and private sectors. Ideally it should be as expensive or, perhaps, more expensive to rent than to pay off a mortgage. Possibly, Government could perhaps subsidise interest rates as a form of encouragement. Rent subsidies and rent control arrangements will need to be reviewed. Investment by the private sector, Mr Speaker, will also need to be actively encouraged. Improvement grants are a possibility so are rent adjustments. What I would like to make quite clear is that we should try and make the private sector or facilitate, as far as possible, the private sector to construct and build houses. Here I would like to pause because I feel that it should be a matter of policy likewise that it is wrong in my mind that an individual or person can obtain a plot of land, build a house, ask for a Government flat and sub-let the flat, or the house that we have given out. I think it is high time that this should be looked at. Sir, accepting that housing is overwhelmingly the most critical social and political problem facing Gibraltar, it is impossible to contemplate second thoughts about the school. I refer to the Girls' Comprehensive School both on the grounds of cost and on the grounds of the space it will occupy. Now, Mr Speaker, it has been said that

HON M XIBERRAS:

If the Hon Member will give way. Did he say that it would be impossible to consider, or reconsider?

HON. H J ZAMMITT:

I am saying, Mr Speaker, that we cannot be inflexible on this. Government cannot just close its eyes and go ahead if we find that it would be possible, instead of spending the £5m or £6m or £8m on the Girls' Comprehensive School, particularly on the site of New Camp, that if we could spend a million or a million and a half or two million pounds in re-habilitating one of our own schools we could possibly build some further 250 flats at the area which is at present earmarked for the school. All I am saying here, Mr Speaker, is that we cannot be rigid about this and we must be flexible. I am not saying it is going to be done, I am saying we cannot just close our eyes and likewise, Mr Speaker, it would depend entirely on how things go on financial constraints. Mr Speaker, if we could spend a million or so in rehabilitating a school, it would mean that our Education programme would continue without drastic consequences but further it would also mean that we could possibly build a further 250 flats on that site. I am saying....

HON M XIBERRAS:

Is the Hon Member speaking for the Government on this?

HON H J ZAMMITT:

I am speaking as Housing Minister, I am not speaking for the Government. I am saying that we cannot be rigid on this particular thing. I obviously look towards the housing situation. My colleagues may consider or may not consider it to be viable but it is a matter I have to raise.

HON CHIEF MINISTER:

All the Minister is doing is being hypothetical about it. There is no policy decision on this.

HON H J ZAMMITT:

Mr Speaker, returning to the situation which is the subject of the policy for 1977/78. I think Members may have noticed that we have increased the sum of £10,000 for the maintenance of the Government properties and this is done with the idea, hopefully, in my own housing accounts to be able to increase the maintenance gang for the rehabilitation of housing. The warden structure has proved, as I said in answer to a question, to be a great success and I think there are many areas in Gibraltar which show signs of particular clean up, particularly round the estates, as a result of the excellent work of the Warden structure. I think we have to look towards this because the Public Works Department cannot cater with their commitments the need for the rehabilitation and I think it is important that we as a Housing unit will be able to project our priorities and reap the benefits as required within our own priorities. The possibility, Mr Speaker, regrettably, of having to rethink about the transit centres cannot be dismissed. Regrettably there are more and more social cases, more and more youngsters being thrown out by their in-laws and it is on the increase so very much that there is absolutely nothing we can do other than possibly by providing a roof at the transit centre. The matter will require very serious consideration certainly within the next few months. The other question which I think I should refer to is, Mr Speaker, the programme for which my colleague the Minister for Development spoke about and that is the modernisation programme, the problems of the modernisation programme which I think I explained equally in the motion brought by the Hon Mr M Xiberras at the previous meeting. There are problems, there are many houses not only required to be vacated for modernisation but houses which our own Public Health Department are finding difficult to accept or to allow people to live in. They have been badly neglected over the years and therefore it is a further burden on the housing pool which is already more than overtaxed. Mr Speaker I certainly hope that between 1977 and 1978 we will be able to allocate the 140 vacant flats of Phase 6 at Varyl

Begg together with the rehabilitation of a further number of vacant flats at Varyl Begg which it is not possible to allocate, that is, from the past phases, and I hope, Mr Speaker, that with the return of No.55/57 Flat Bastion Road, which should be ready possibly by July, I think that should be the stepping stone to some alleviation within the crisis of housing that has occurred particularly since September to date. Let it not go unnoticed, Mr Speaker, that it has been bad luck, it is not lack of foresight, it has been sheer bad luck. It is not our fault, Mr Speaker, that we find ourselves with houses that we cannot allocate through no fault of ours and also the delay, as my colleague mentioned, in CDA giving us approval. Mr Speaker, Tank Ramp will be commencing I hope very shortly and this is an area which will offer some good return. Lime Kiln Steps will likewise be commencing within the year and I hope Mr Speaker.....

HON M XIBERRAS:

How many flats is it intended to be built at Tank Ramp?

HON H J ZAMMITT:

Mr Speaker, I am sorry but I don't know the exact figure of what we will recoup but I can assure the Hon Member, as I mentioned in my reply to his motion last week, that we will be recouping more flats than we have decanted and we will be rehousing more people than we have brought out. That is what I would call a golden area where our return is greater than what we took out. So, Mr Speaker, broadly speaking, I think it would be timely if I could just say a word of thanks particularly to my Housing Department, to the allocation Committee and to the Advisory Committee. I have never yet seen a bouquet of flowers arriving at the Housing Department, Mr Speaker, all I do see is insult after insult, offence after offence and very little gratitude to a staff that do tremendous work, are very tolerant and invariably are always at the receiving end of criticisms that are levelled, sometimes with possible justification but without full knowledge of the facts. So, Mr Speaker, broadly speaking, that is the policy which I intend to carry out in my sporting and housing ministries and my traffic responsibilities. Thank you, Sir.

The House recessed at 5.15 p.m.

The House resumed at 6.00 p.m.

HON G T RESTANO:

Mr Speaker, this morning the Hon the Financial and Development Secretary highlighted the problem of unemployment in young female school leavers and stressed the traditional areas where these are employed, and that is the retail trade. I am very glad that the Hon Member chose to highlight this particular problem but I feel that he has fallen short in not giving his views at least on the reasons for such unemployment and the solution to the problem. I think he might have thought it political not to have mentioned the reasons, not to have gone to the root of the problem, so I think I will do it for him. There are jobs available in the retail trade in Gibraltar to prevent any pool of unemployment but the reason that we have this unemployment is because we have fairly vast numbers of alien workers taking the jobs which Gibraltarians should have at their disposal and I would point especially to shop assistants and managers from Asia. In last year's Budget the Minister for Labour made a statement which I may, Mr Speaker, I would just like to quote from. He said: "Other measures that I am responsible for are the instructions that I issued at the beginning of 1975 that no new work permits were to be issued for unskilled labour and more recently at the beginning of 1976 I issued instructions that there were to be no renewal of work permits for workers who had been in Gibraltar less than a year unless these were cleared specifically by me". He said also that with regard to the retail trade which is specifically the area where the problem has manifested itself, the policy is one of gradual wastage and if, in fact, this policy had been carried out it would have been very welcome. But over the last two meetings we have asked the Minister for Labour for figures of those employees in the retail and distributive trades who have given up their employment and we were given the figures since March 1976 at 41, and when we ask how many new work permits have been issued to replace the 41 we were told 47, 6 more. So, in fact, it is not wastage it is the contrary and this, I think, is a great pity and that is one of the reasons why there is a pool of unemployed Gibraltarian workers. It has got to be realised that it may well be that these foreign workers may be subject to different conditions of employment than Gibraltarian workers and, of course, this allows the employers perhaps to use unfair competition if they are paying less overtime or are paying less wages or are paying in lieu payments which do not come up to the same specifications of Gibraltarian paid employees. I would give a warning to this House and to Gibraltar as a whole that commerce in Gibraltar is being allowed to be taken over by alien traders and we only have to walk up Main Street to see what the position is and there is infiltration into other areas of commerce outside Main Street and this can be very dangerous for the future of Gibraltar and something must be done to stop this current trend. The Government this morning indicated three areas where they intend to raise further revenue. They have said that they would be putting up the charges for water, the charges for electricity and telephone charges, I find it

very difficult to understand how the Government can at this stage propose to increase the water charges when two months ago they agreed to an inquiry on losses in water. Surely, they should have waited for that inquiry to take place in case those losses could be stopped and then decide to put up the charges. The Hon Financial and Development Secretary also mentioned that the supply of water to shipping was an inadequate service because the resources, he said, do not always permit an unrestricted supply to shipping. I think it is very necessary to see whether in fact the position is that the distillation plant that we have are not producing what they should be producing and that, in fact, we do not have enough water at some months in the year to distribute to shipping because the distillation plants are not efficiently run and I would say that it is essential to provide shipping with as much water as possible because it is very easy to turn away any customers that we may have in the shipping world but it is extremely difficult to attract them back again and therefore it is absolutely essential that the production of those distillation plants should be looked into very carefully. The same really applies to the Electricity Department. We don't really know whether efficiency is at an optimum level. One realises, of course, that the increases in fuel have increased the overheads in that department, but the efficiency of that department should be looked into very carefully and this leads me to just make a slight aside that it is a great pity that the gasworks were removed by the present administration some time ago. Perhaps if the gasworks had not been removed Gibraltar could have a cheaper supply of energy and to make amends, perhaps, it might be looked into by the Government as to whether it is possible to have sufficient butane being imported into Gibraltar to allow householders to cook and to have heating and so on at a lower price. As far as the Telephone Account is concerned, it is not very clear to me why, in fact, a loss is being incurred and perhaps in the same way as there is an inquiry for the water situation there might also be an inquiry for the telephone predicament. It is obviously the Government's intention, Mr Speaker, to put up the telephone charges but I think that if they do put them up and when they do put them up they should make absolutely sure that the service that is given is 100% good service and not the sort of service that we are getting at the moment and I raised this matter in the House last week that there is a tremendous amount of cross lines, of interruptions within local telephone calls, and that is wrong. If we are to pay more we must at least ensure that we have a good service and, of course, at the same time we should also ensure that our telecommunications with the outside world are of a much better quality. Both the Financial and Development Secretary and the Chief Minister have made reference to this and they have both said the same thing, that in their view there is not much we can do about it.

HON CHIEF MINISTER:

If the Hon Member will give way. What I said was that having done what we have been able to do that we cannot go it alone, that other people are dependent on that, but the Hon Member may be pleased to hear good news later on when the Minister for Municipal Services speaks about this matter because certain communications have just come in since we started.

HON G T RESTANO:

In fact it wasn't the Chief Minister who said that we couldn't go it alone, it was the Financial and Development Secretary. The Chief Minister said something else. The Chief Minister said that unfortunately there was a limit to what Government could do. I don't think personally that Government is doing enough. I think there was an assurance in this House a few months ago that requests would be made through the Foreign and Commonwealth Office. I don't know whether it has been done but if they have been done, well, it is a pity they weren't done a long time ago. I welcome the Financial and Development Secretary's criticism at the slow rate of development of the new planned Marina and I think the Minister for Economic Development stands condemned on this matter and he must answer to the House and give explanations as to why these delays have arisen. Since yachts are of such vital importance to our economy, since it is a growth factor, then we should look into it and we should be absolutely sure that we are giving the facilities that are required. I would also like to know why it is that cruise liners are expected to come in fewer numbers this year. I wonder whether the Minister responsible for Tourism and the Port has had meetings with the shipping companies, because, if as the Financial and Development Secretary has said, these cruises are going to the eastern mediterranean, they must surely pass through the Straits of Gibraltar and if they are going to pass through the Straits of Gibraltar I would have expected the Minister for Tourism to have taken adequate steps. Mr Speaker, in the revenue measures that we have in the Budget I think that not enough emphasis has been given by the Government to attract extra external investment to Gibraltar. This, I think is what we should be aiming for, to attract money from abroad to Gibraltar and not always to tax the Gibraltar community. The Financial Secretary has referred to the Carter administration which he thought might be pursuing policies to stimulate economy but there is nothing in this Budget that I can see that the Gibraltar Government is doing to stimulate the Gibraltar economy and especially the private sector which is a sector where there is a good deal of real growth. The only

measures that I can see that have been put forward to attract possible investment from abroad is philately where, of course, one has to see much more clearly whether in fact the revenue is going to be well above the added expenditure that the new department is incurring. There is also the World Banknote collection series. From what I can see this doesn't seem to come from the initiative of Government, this seems to be coming from the initiative of the Americans, so whatever money does come in it will be very good but certainly no initiative seems to have come from the other side. We have no quarrel with the control over the repatriation of bank profits and insurance premiums. We have no quarrel with that as I would have no quarrel with any measures which are implemented with a possible view of attracting money. In that respect I am very surprised to see that there is no provision in the Estimates for any increase from taxes of the Taxation and Concessions Ordinance. There seems to be absolutely no increase of any significance. From £80,000 we only go up to £85,000. When we consider that the tax haven facilities, for example, of the Channel Islands and of the Isle of Man, are now virtually the mainstay of the economies of those islands, I think we are doing very little to attract the sort of companies that could be investing into Gibraltar many, many hundreds of thousands of pounds. We were given a couple of weeks ago, I think, an abject lesson by Mr Ernest Wistrich when he came over when he made his speech at the John Mackintosh Hall. He said that Gibraltar had many friends, but he said that Gibraltar needed to stand up on its own two feet. He said that Gibraltar had to do the ground work and I don't think we are really doing that. Why is it not possible now that we are in the Common Market to export. I think we had quite a few comments this morning about our only possible exportation of any significance which was the services that we provided to the UK Departments, but I think that we could very easily export our lottery, our Government lottery. Why should we not export our Government lottery? After all with the freedom of movement, freedom of trade in the Common Market why should we not be allowed to export our lottery to the United Kingdom? If the Government in Gibraltar, where there are 25,000 people, can make half a million pounds, how much more would be the revenue for Gibraltar if we had the scope of the whole of the Community? Even the United Kingdom alone would provide a very considerable amount of money.

HON ATTORNEY GENERAL:

If the Hon Member will give way. I think the short answer to that is that it would be illegal for anybody in the United Kingdom to deal in the Gibraltar lottery.

HON G T RESTANO:

Well, Mr Speaker, there is of course a very significant phrase in our Constitution which has been repeated time and again by Ministers of HM Government, and that is to support and sustain Gibraltar, and if in fact Gibraltar is in financial difficulties then, surely, the law in England could be changed. The Hon Members on the other side may laugh

but if they don't do anything about it, if they just sit down in the House of Assembly and laugh, of course, we will never get anywhere. Going further on the EEC, the Financial Secretary quoted this morning the amount by which foodstuffs in Gibraltar has gone up and I wonder how much of the 14% that he quoted is in respect of EEC levies which aren't paid in other countries, in fact, they are subsidies, but in Gibraltar we have to pay for those levies and these levies of course apply to very basic commodities like sugar and flour and various types of meat and so on. And when we see that there are Common Market mountains in butter and beef and that these mountains are being sold off to Iron Curtain countries, I think, possibly, one could make investigations at any rate to see whether some of those advantages could not be passed on to Gibraltar. Mention was made this morning of a crash programme and I hope it is not a crash programme because there have been no programmes before but it has just been done at the last minute because the Budget is here and some sort of development has to be put to the House. The Chief Minister also spoke this morning about economic cooperation with Spain and he said that this was something which people in Gibraltar would be happy to have. But I would just say one thing on this one and that is that if we have any type of economic cooperation with our neighbour one aspect must be very, very clearly outlined and that is that it must be no economic cooperation which in any way would place Gibraltar in a position of economic dependence on Spain. We have all probably read the Iberplan Report and let us make absolutely sure that if at any time in the near future there is economic cooperation it will not go any further than just cooperation and that there is no dependency at all involved.

HON CHIEF MINISTER:

If the Hon Member will give way. If that is the way he thinks, he should have welcomed what I said about it and not criticise or substitute because I made it very, very clear that a lot of talk was being done by other people about economic cooperation and this was not the time to do it unless things changed in Spain.

HON G T RESTANO:

I was not criticising, Mr Speaker, what I was saying is that the Chief Minister had said that the people want good neighbourly economic, family and friendly relations with the neighbouring district and I am not quarrelling with that. What I am saying is that any type of economic cooperation has to be very, very strictly looked into. That is all I have to say on that because I think it is extremely important and it is a trap that we should not let ourselves fall into.

HON A J CANEPA:

Mr Speaker, I was otherwise engaged at 3.15 p.m. when the House resumed and therefore I missed what apparently was very nearly the collapse of the debate because no one seemed to be willing to speak. In a way I think it was a pity that the debate didn't collapse as we might have been spared much of the radical nonsense that we have heard from two speakers from the opposite side, particularly the latter speaker who, in the words of a phrase commonly used in Gibraltar, seems to think that he is just discovering the moon. Major Peliza said that the Chief Minister, who had been responsible for the new procedure in this year's Budget, very nearly pre-empted the success of that because in his speech he didn't range widely over departmental policies. The Chief Minister limited himself to certain basic issues that he thought as leader of the government he should cover and made it clear that the outlining of departmental policies was a matter, naturally, for the Ministers. Or was it, Mr Speaker, that the Chief Minister was supposed to hog the show, deal with everything and make us totally redundant, leave us nothing very much to say, so that once again of course he would be laying himself open to the accusation which is very often levelled at him and which I needn't repeat. Major Peliza says that unfortunately Gibraltar might find itself with the same government next year. I don't think that that is such a bad thing. What is the alternative government? Is there an alternative government? At least we are a united government, we don't even have a united Opposition, how are we going to have a united alternative government? I don't think that that is a bad thing. We certainly cannot have a government of independents and as for a GDM government or a coalition of the two, I don't know, they don't seem to see very much eye to eye on basic issues so let us make it clear, Mr Speaker, that members opposite are in no position to govern and therefore, on the contrary, I think Gibraltar is fortunate to find itself today with the experienced, united, able Government that it has.

MR SPEAKER:

I would remind the Hon Member that there is still three and a half years before the election so there is no need to electioneer.

HON A J CANEPA:

I can assure you, Mr Speaker, that unlike the Honourable Major Peliza we have no intention of dissolving the House at this stage. Major Peliza had something to say on housing which my Hon Friend on my right, I think, forgot to take him up on, and that was the question of the date when building actually started in Varyl Begg. My Hon Friend on my left, the Minister for Trade, Tourism and Economic Development reminds me that we actually took possession of the Varyl Begg site in October, 1972,

but I do remember Major Peliza saying something about digging holes in May. I agree. In his day they were digging their own graves in May when they asked for a dissolution of the House and went to the polls in June. I was expecting the Hon Mr Restano to bring up the question of unemployment. Of course, one knew that his questions in previous meetings of the House were leading to something and it is true that we do have in a certain area some problem of unemployment. There are at the moment 42 young girls unemployed. Not all of them want to be shop assistants, mind you. Not all of them, by a long chalk. Maybe a half or even less than a half. And he said that the problem could be solved by, in short, getting rid of shop assistants and shop managers from Asia. In last year's Budget I said that no new work permits were being issued and I think that in answer to a supplementary question at an earlier meeting of the House, I explained what was understood in my department by a new work permit, namely, not a renewal and not a replacement but a case of giving an employer who previously had, say, three work permits an additional work permit in his place of business. More latterly, the matter has been put beyond any shadow of doubt as a result of the Government accepting the recommendations of the Manpower Planning Committee which I have been chairing since the beginning of the year. I also, naturally, expected him to raise the question of the six work permits, 47 as against 41, additional work permits that appear to have been given and privately in the Chamber at the earlier session of this meeting, I spoke to him about this and I spoke to him about my perplexity in trying to reconcile these figures and I gave him a reason why, perhaps, I myself and the Director of Labour could not, at this present juncture, get to the bottom of the apparent inconsistency in those figures. But let me make one thing clear, Mr Speaker, that if six extra work permits have in fact been issued under the quota for the retail and distributive trade, I think the breakdown for Asians which I also gave him show that nine of them were Managers and I don't know that any of the young girls that are now unemployed could fill these vacancies. It was seven or nine, I think the two added together made sixteen. But you do have a substantial number of shop managers and I don't think that our young girls even with some modicum of training are going to be able to take over and fill those particular posts. Part of the reason has been given for the problem of unemployment, yes. We do have 100-odd Asians employed in the retail and distributive trade, not all of them require work permits because some of them have dual nationality, some of them in fact, are only British subjects, they don't even have dual nationality, in fact, I gave an interview to one of them yesterday morning, a person who has been here over twenty years and only has a British passport.

HON G T RESTANO:

If the Hon Member will give way. If they are British subjects they would not be included in the quota.

HON A J CANEPA:

The quota includes the retail and the distributive trade. In so far as work permits are concerned the number is less. The number may be half of that, may be 60 or 70. That I said was not the sole reason and I am sure the Hon Mr Restano himself knows something about the other reason for their being unemployment in this particular area. The other reason is, of course, the very, very high wages that were negotiated by the Chamber of Commerce and the TGWU, not this last occasion but the year before - he himself was very closely involved in those negotiations - and which gave shop assistants in Gibraltar pretty well the same wages as in the United Kingdom. No Scamp policy there, no 72%, 76% or 80%, practically 100% of wages in the United Kingdom. As a result of that there has been very definite retrenchment in this sector. People who previously were employing young shop assistants are not doing so. The latest trend is for married women to be employed on a part-time basis, one of them in the morning and another one in the evening, because, for some reason or other, very many employers prefer to employ more mature, married women who, perhaps, I say only perhaps, they find more reliable. But there is no doubt in my mind, Mr Speaker, that part of the problem of unemployment certainly in this sector, has been to my mind, and I have no qualms about saying it, the unnecessarily high wages that we have been paying to some shop assistants. I say some because I am well aware that there are some being paid more, in fact, than under the current agreement which I think gives £29 to a shop assistant aged 21, some are being paid a great deal more than that and I don't doubt that they are worth it.

HON M XIBERRAS:

Is the Hon Member talking about statutory controlled wages?

HON A J CANEPA:

No, not statutory, I am not talking about statutory. The statutory wage needs to be revised and steps are being taken to do something about that. I had a meeting with the Chamber of Commerce only last week about this.

HON G T RESTANO:

If the Hon Member will give way. He may not be aware that in fact,

it has always been the policy in the private sector to pay higher wages than the public sector that is why the private sector was able to get a better quality of employee.

HON A J CANEPA:

I don't know about that, Mr Speaker. I know that in the time when the Hon Mr Xiberras was Minister of Labour, as a result of his having to intervene because there was a dispute with the then Shop Assistant Association, a certain equation was established and it seemed to work fairly successfully up until recently. I have no doubt in my mind, Mr Speaker, we are suffering from that problem and the Government is taking active steps and we have opened up alternative avenues of employment for young girls, apprenticeships, female revenue assistants. We are constantly on the look out and we have in the last year or 18 months opened up new avenues of employment but as the Hon Financial and Development Secretary said it will take time to change attitudes and I have had personal experience of that in the last fortnight or so when I have made suggestions to young girls about alternative employment and they have looked askance at me. Mr Speaker, I mentioned a moment ago that I had taken over the chairmanship of the Manpower Planning Committee and I am sure that Hon Members who have some experience of labour matters will agree that it is necessary that the reins of the Manpower Planning Committee should be in the hands of the Minister of Labour and I am sure that we shall be able to coordinate matters rather better from now on and deal much more radically with this problem because it is something that we mustn't let out of hand. My department is now coming under enormous pressure in respect of work permits and we are going to resist that pressure and definite steps are going to be taken. Now, Sir, I want to turn to rather more positive aspects and these are the Estimates of Expenditure of the Department for which I am responsible. The Estimates continue to reflect the very significant rate of increase which has arisen from the general improvement in social and welfare services, especially in the level of cash benefits, generally, which have been implemented over the last few years and which it is intended should continue to be developed over the next 12 months. Financial provision is therefore being made in a number of items to take account of the general review of social benefits which is earmarked for January 1978. We have just had one last January and we already have definite plans and we know which way we are going for next year. I hope to be in a position, in fact, to bring legislation to the House at the next meeting amending the Social Insurance Ordinance, in particular, in order to establish the formula for linking old age pensions to average earnings as I committed myself to do at the general election. This formula will set the old age pension for a couple at not less than 50% of the average weekly earnings for male adult industrial employees as

shown in the figures of the last available employment survey. As a result I can anticipate that there will be a very substantial further increase in the level of the social security pensions and a consequent increase in contributions. Earlier this morning the Financial and Development Secretary mentioned a figure of £40 as being the average weekly earnings for October 1976 and therefore on the basis of that formula we may anticipate at least a level of pension of £20 for a married couple in January 1978, at least £20, definitely over £20, we will have to see how much over £20 it is. The figure that I hope to utilise for this purpose will be that obtainable from the April 1977 Employment Survey and I hope to have those figures available in the summer and therefore be in a position to bring to the House by Resolution this time, proposals in respect of the various rates of pensions for January 1978. The retirement pensions which are payable to a very special category of rather elderly persons, all of whom are well over 70, out of general revenue, provision has been made in respect of these in the estimates of my department to reflect what we generally anticipate to be the level of old age pensions in January next year. Retirement pensions are closely linked to old age pensions, they are not being paid out of the Social Insurance Fund they are being paid out of general revenue and we are making some provision because of the order of the increase that we anticipate. The numbers are dwindling, I think they are down to about 70 or so and eventually this benefit will be extinguished completely and that is why the impact of the increase, I think Hon Members may find that the increase is only of the order of about £4000 out of £31,000 which is the total amount, the impact of the increase is less because the numbers are dropping but we are thinking in terms of having to meet a 40% increase in those retirement pensions. Now, Mr Speaker, elderly persons pensions are also more loosely linked to the review and we are making provision for an increase, as far as the Elderly Persons are concerned of the order of 30% and as far as supplementary benefits are concerned there is provision there for a 25% increase in these benefits in respect of couples living on their own. The non-householders we hope to give them a little bit more in line with Elderly Persons pension of about a 30% increase. A comparison of the provision that is being made for 1977/78 compared to 1976/77 doesn't give a clear indication of the extent of the improvement in Supplementary Benefits because the number of people on Supplementary Benefits continues to fall with the general improvements that have been unfolding over the years in other social benefits and in fact in other pensions as well. People who now have higher MOD pensions who previously were depending on Supplementary Benefits to reach a bare subsistence level, now with the yearly improvement in superannuation pensions their degree of dependence on Supplementary Benefits is very much less and in some cases not at all. I want to turn, Mr Speaker, to the question of Family Allowances. It is not easy, Mr Speaker, to make provision

for Family Allowances in anticipation of the Budget. We prepare the Draft Estimates in the Department in November or December and until the overall picture of the Budget is clear one is not able to make provision. Family Allowances we have also in the last couple of years been linking them closely with income tax in order to achieve a certain purpose and therefore it isn't until the whole budgetary picture becomes clear that we are able to take a decision with regard to Family Allowances and I can announce now that the Government proposes to increase Family Allowances in July by a further 50p for each entitled child and this will bring the Family Allowance from £1.50 to £2.00 for each entitled child and the provision that there is in the Estimates before the House do not cover that increase. We estimate that Supplementary provision of about £50,000 will have to be made in the current financial year since only a period of 9 months is going to be involved, and £70,000 in a full year. I want to turn now, Mr Speaker, to the provision for Sponsored Patients. The maximum maintenance allowance which we are paying to patients or accompanying relatives now stands at £35 per week. That, coupled with the vast increase that there has been in the number of patients going to the United Kingdom, in fact, in some cases they are going more than once in a financial year, they are being asked to return after 3 or 6 months, so there has been a vast increase in these numbers, the increase in the maintenance allowance and also the ever increasing air fares account for the huge increase in this item from the approved figure for last year which, as in the past was very much more of a token nature and now we are estimating on a much more realistic basis and hence the vast increase to £35,000. Assistance continues to be given to relatives of patients who have died in the UK, partly by way of a direct grant over and above the expenses which the family would normally have incurred in Gibraltar and also partly by way of an advance and in the last year three families have been assisted in this manner. Child Care: With the Bishop Healy home for Girls now fully operational with 6 children, though we can cater for up to 12, there is an increase of nearly £7,000 or 50% in this item and Hon Members may have noticed from the statement of virements that as a result of savings in other items which we were able to realise in the current financial year, we have been able to vire nearly £4,000 recently in order to purchase two estate vans for the use of these Homes to take the children to school and also on outings and for the use of the Homes generally. The subvention to the John Mackintosh Homes, Mount Alvernia in particular, is this year being shown as an item in my departmental estimates. On the advice of the Director of Labour and Social Security the subvention of the Government to the Homes is now broadly based on a formula that takes account of what the Government would be paying the residents in the Homes by way of Supplementary Benefits if they were living on their own over and above whatever we are now paying them or by way of Elderly Persons Pension.

The House will have noted that the revised figure for 1976/77 is £35,000 and that is higher than the draft figure for 1977/78 of £22,000. The reason for this, Sir, is that in fact two payments were made last year, one of £20,000 fairly early by way of an emergency and which was specifically mentioned, I think, by the Financial and Development Secretary in his Budget Statement last year, and another payment of £15,000 consequent on the introduction of the formula and following a request from the Governors that its stage of implementation should be brought forward retrospectively from April 1977 to April 1976. In return the Director of Labour and Social Security will be participating in a committee in order to keep a watchful eye on behalf of Government and also to ensure that as far as possible the procedure for admitting residents to the Homes is in conformity with what the Government would like to see. The provision under accommodation of labour includes some £5,000 to meet the payment of an efficiency bonus of £2 per week to all industrials. This has been recently negotiated in JIC arising from the Scamp recommendations and it therefore covers the whole of the public sector. I think it will mean an injection of about a £4m a year into the economy in return for greater efficiency and improved productivity and within Government itself the Productivity and Training Unit assisted the Industrial Relations Officer and were very closely involved in the negotiations I think I should also mention that in the Improvement and Development Fund we have provision under the provision for Hostel accommodation, I think the figure is £60,000, that is earmarked for we are hoping to purchase from the MOD, for a nominal figure, hopefully, what I would term the Filipino Hostel at Europa. It is an excellent hostel and it will be a very good asset, I think, to the accommodation which the Department is able to provide. The Public Works Department, with the help of my Department, is also endeavouring to recruit some of the Filipino workers who are happy to stay in Gibraltar beyond the duration of the contract of the Europa project. There are not very many of them, unfortunately, there are only a few who are interested in staying but we are endeavouring to do this and there are no problems of an international nature on this occasion to bedevil the matter as happened when the Filipinos originally came here. Last year, Mr Speaker, I had something to say, generally, about the question of staff training. I think members may recall that I stressed the importance which the Government attached to staff training generally, and to the provision of courses of training in the United Kingdom for Government employees. If the various items of staff training or training courses in the United Kingdom under the various departmental heads were to be added up, I think the House would find that the provision in this connection is being increased by about 50% this year, from about £22,000 that we spent last year and that was really a somewhat astronomic increase in one year, we upped it I think it was from as little as £5,000 to about £22,000 last year, well, that is going up to over £33,000 this year and it is a reflection of a continuing expansion of this training programme. Insofar as another ministerial responsibility that I have in another capacity, the Prison, ...

HON J BOSSANO:

On the training programme, Mr Speaker. Is there provision here to cater for the estimated cost of the craft training which the Hon Member made reference to earlier?

HON A J CANEPA:

Mr Speaker, I am grateful for that question. No provision has been made because the report which the Productivity and Training Unit prepared was being considered by the other Official Employers. I knew that some amendments were envisaged, I got the amended copy last week and we debated in Council of Ministers whether we should make a token provision of say £10,000 for this purpose or whether we should come to the House for supplementary appropriation once Council of Ministers has, in fact, considered all the implications of the report. I have a copy but it hasn't gone to Council of Ministers so there will have to be provision for that specific purpose. I am grateful for that question. Insofar as the Prison is concerned, Mr Speaker, not only do we propose to send officers to the United Kingdom for general training but one of them, in fact, will, in addition, undergo tuition in the construction trade with a view to his being able to instruct prisoners in the basics of plumbing, carpentry, painting, bricklaying and so on. I think that this should improve considerably the rehabilitative programme which we have for prisoners. To end, Mr Speaker, I want to say a word about the Consumer Protection Unit. There is in the estimates, together with a re-vote from last year, there is further provision being made for the purchase of weights and measures equipment. The new Consumer Protection Officer has already drafted some Weights and Measures legislation, it is now in the hands of my Hon Friend the Attorney General and we hope to be in a position to bring new Weights and Measures legislation before the summer recess.

HON DR R G VALARINO:

Mr Speaker, though I may be pre-empting the issue and I will not be able to answer Members on the other side, I feel it is time that one of us should get up and talk. Two methods, in order to reduce inflation and recession in Gibraltar are: (1) to attract money to Gibraltar and (2) to reduce public expenditure in certain areas. The initial one has already been broached by my Friend, the Hon Mr Restano, the second one is the one that I want to talk about. Before that I would like to remind Government or rather warn them that the crash course that they are intending to take does not become another Poseidon adventure - we all know what happened to Poseidon. The cuts in public expenditure which I am going to refer to will be in two main areas, (1) the electricity department and (2) Medical and

Social Services. We will not talk about power cuts as I notice that the Police are buying a generator. The cuts at the Electricity Department is mainly in fuel and fuel sundries. They estimate that next year they will use something like £856,000 in fuel and fuel sundries. This year the estimate was £736,824 and therefore it is unrealistic to say that the figure of £856,000 will occur in the following year. This figure will obviously be another £100,000 at least more than the one they have suggested. There are two different oils used in the Electricity Generating Station, one is a heavy fuel and one is a light fuel. The heavy fuel is at least 3 times as cheap as the light fuel but yet due to mismanagement, from the 7th to the 11th of March, 5 days, only light fuel was used at the Generating Station costing at least another £20,000 to the taxpayers. If this mismanagement carries on I hate to think what the next budget will be like. There is provision of £8,000 for the operation of the King's Bastion Distiller which last year, according to the estimates, already cost £21,000. As far as I know, six months ago a consultant came from the United Kingdom and told us to scrap that distiller, so that is another £8,000 gone to waste. There is provision of £6,000 for the overhaul of No.13 Engine. Five days before No.13 engine packed up, management were informed that there was something wrong with that engine, nothing happened, No.13 engine subsequently had great difficulties and this is what it is going to cost us to repair it. There is provision for a fuel reservoir inside the power station which is going to cost Government something like £2,250. This work took 3 months to complete. This fuel reservoir is of no use, (a) because it leaks and (b) because it is inside the power station and it is dangerous to have a fuel reservoir inside the power station. Whoever advised the Electricity Department to have a fuel reservoir inside the power station obviously was not a very informed person. The other reservoirs are outside the power station. All these facts, in my opinion, point to poor management and unless you improve management you cannot cut public expenditure in this direction. Government also said that they were looking into the question of adding an hour on during the month of summer. That hour would certainly cut down on the amount of fuel and fuel sundries necessary. This is what has been done somewhere quite near to us and unless we want to continue to burden the taxpayer with increased rates for electricity it is something we should seriously think about. Turning to the Medical and Social Services, the highest cost in the agenda is the one for drugs, dressings and pharmaceutical sundries. Let me add here that the Estimates for this Department in 1975/76 was £1,191,000 in 1976/77 it was £1,779,000 and next year it is proposed to have £1¹/₂m, a smaller figure. To my mind this figure is completely erroneous as everything is going up, including drugs, and the figure will be well over £2m. The revised estimate in 1976/77 is £302,000, these are drugs

which are used by the hospital and drugs prescribed at the Health Centre. It is wonderful that there is such a plentiful supply of drugs everywhere in Gibraltar but one must be realistic and since this is a Government issue and a Government Department let me quote to you drugs which come as proprietary and pharmaceutical preparations. Take Trofanil which is for depression - I hope none of the Members of Government are on this drug - a thousand tablets of Trofanil cost £14.55. A thousand tablets of Imipramine BP, which is the pharmaceutical product, cost £1.55, a difference of £13.00 for one thousand tablets. This is something which I would like Government to look into. Two hundred and fifty tablets of Aldomet cost £6.50 as against Mythalidopa BP the same drug, which costs £10.25. Now, if you go down this list you will find that all the proprietary preparations are much, much cheaper than the pharmaceutical names and Government will save if not a third probably something in that region by encouraging Doctors at the Health Centre to prescribe the pharmaceutical preparation as much as possible. There are certain drugs where there is no equivalent of the other type but with at least 50% of the drugs used in Gibraltar and in the United Kingdom you can get the cheaper equivalent which is exactly the same and half to a third of the price. If drugs are costing and have cost £302,000 it is only sensible to try to cut down the amount of money that they have cost. This can be done in two ways. The way it is done in England and the way it was done when I was in hospital was that doctors were issued with a complete set of figures showing how much each drug cost so that doctors realised what a drug cost and try to go for the cheaper item. It is not always possible to encourage doctors to prescribe what Government want them to prescribe as doctors are always rather hard to get on with but the difference between the Government and the National Health is that it is the Government system and Government has the power to be able to tell them what to prescribe, being the identical preparation, and in that way Government would save £30,000 to £40,000 in that item alone. The money thus saved could be used for other purposes which are much needed in Gibraltar. If we did this may be we could even reduce the contributions at present being paid or we could maintain them at the same level. The same applies as regards the Electricity Department. By trying to minimise costs one can certainly avoid increasing the continual burden on the tax payers because after all it is the taxpayers who usually suffer and electricity, water and telephone reflect directly on taxpayers. I welcome the inquiry into the water situation. Somebody, I think it was the Hon Mr Restano, mentioned that there should be an inquiry on the Telephone Service. May be we ought to enquire into the whole state of the municipal services. I would like to end by echoing Mr Canepa's remark that we are learning fast. Thank you.

HON A P MONTEGRIFFO:

Mr Speaker, before I go into my own field, I won't say speciality not having reached the stage of a consultant yet, I would like to deal very briefly with one or two points raised by the Hon Mr Restano. He reminded me when he was talking about the lottery, the levies and the butter mountain or the words that were spoken by the Hon Mr Isola when we were discussing the original legislation we brought to the House about the Common Market. He told us with a touch of humour; "Don't worry, we are not going to have millions of Common Market nationals coming into Gibraltar, so don't worry about restrictions." Well, in that particular case it was a case of Mohammed coming to the mountain. In this particular case it appears that what Mr Restano wanted to do was for the mountain to go to Mohammed so that we would be able to sell the lottery but I am afraid that neither shall we be able to sell the lottery to the people of the Common Market and far less to Britain, because that was tried in 1964 and I think Mr Isola remembers that quite well. We wanted to sell it not even direct to the UK but to the then pirate radio ship that was stationed away from Britain and that was not allowed either. Of course the policy of sustain and support doesn't mean that the British Parliament is going to dance to our tune and if we carry on pursuing that particular policy we may carry on dancing in circles ourselves. As regards the question of levies, it was a matter that was hotly debated in this House, all sides of the House joined forces, I think I am right in saying, the matter was taken to the highest level and for reasons better known to the people in Brussels, they wouldn't do anything about levies and we got a very polite no, they said that it just couldn't be done. As to the butter mountain, I am afraid that the capitalist Common Market has a softer spot for the comrades in Russia and have decided to give the cheap butter to the Russian people rather than for us to enjoy at a cheaper price. I was very pleased to hear the Hon Dr Valarino saying what the Government should tell the doctors what to prescribe. I have been thinking on those terms for the last 3 or 4 years, because every week I get the return of medicines from the GPMS my blood pressure goes up. I am very glad that it should have been a professional that has come out with this idea. I have been trying to impress on the doctors, both in the Health Centre and in the hospital, to do just that and it has been a physical impossibility. There is a reason for that, a traditional one. It is, perhaps, too early at this stage of socialised medicine, to impose on people drugs that they have not been used to take though, in fact, I agree entirely with the Hon Member that they have the same effect and they cost cheaper, but the very fact that they cost cheaper psychologically they feel that they are getting a worse deal..

HON DR R G VALARINO:

They do not know as they are not paying for it, they only pay 10p per item.

HON A P MONTEGRIFFO:

You would be surprised how much they know but, nevertheless, a committee has been set up similar to the Family Contractors Committee in Britain to try and look into the question of trying to reduce the cost of running that particular service. I might say that in Britain they have tried and failed. There is a department in the Ministry of Health dealing precisely with this particular problem of producing generic names which are cheaper and as good as the proprietary names. There are about 100 people employed in this particular department and I am sorry to say no doctor takes any notice and instead they go for the trade journal. They prefer to be fined now and again and to carry on doing whatever they like. However, I will use the words of the Hon Member and in fact if that is the feeling of the House all the better because otherwise the only alternative is to put up contributions. Sir, the year's estimates have been given a new look and some of the items under Other Charges are not in their customary place but I hope members will have no difficulty in finding their way about and when we come to the Committee Stage they can probably question me on them and I will give as much information as I possibly can. The Hon Dr Valarino mentioned that our estimates had gone down, well, they haven't. If you look at Other Charges they have gone up even over the revised estimates, special expenditure again has gone up even over the revised estimates, personal Emoluments have gone down only because we paid over 18 months wages in 1976/77. It is not my intention, therefore, to relate Revised Estimates for 1976/77 to the Approved Estimates for that particular year, neither to compare it with those for 1977/78 as the inclusion of the 18 months of biennial review money makes it impossible to make a reasonable comparison. Nevertheless we are now spending in the Medical Department nearly £1.5m in round figures and whilst no one begrudges money being spent on the health of any community, it is indeed, as has already been expressed by the Hon Member, a matter of concern for Medical Authorities throughout the world that they have to face this tremendous expenditure which is a mounting one. The problem is one that is being debated in every country, in every professional review and there is a feeling that the cost is boosted up unnecessarily by either over prescribing and by the pressures that commercial

concerns place on doctors and the public to use new and more expensive drugs which are probably no better than the ones in current use, and this is what we have been talking about. There is another problem, that of keeping old people alive with tubes stuck all over the place to extend their lives, perhaps, for a few more months or a couple of years, keeping them in a sort of suspended animation when, perhaps, it would have been much more humane to allow them to die peacefully and with dignity rather than making them into cabbages. Let me say quite clearly that I am not advocating euthanasia. I am against it because of my own religious convictions and on moral grounds. I am totally against it but I am simply posing problems to the House which are really very much in the minds of medical authorities throughout the world and which, as I said before, are now being hotly debated. Now let me go back to more earthly matters. This year we are spending a large sum of money in replacing equipment etc, which is a continuous process and under new equipment we are also spending nearly £36,000 which will provide, apart from other things, an X-Ray image intensifier which will improve substantially the diagnostic facilities in our X-Ray Department. I am referring, of course, to Items 80 and 81. You will notice that under Item 22, which is a new Item, we have been given £14,000 for minor works which will now be under our own control and which I think is a good move towards having things done quicker by departments. Under Item 19, we have, following the recommendations of the Productivity and Training Unit, upgraded our labourers and skilled labourers to Health Operatives in addition to employing 2 more, thus, with one already in post we have now got 5 running this service which will enable us to have a more energetic and concentrated programme for the anti-rodent campaign which was getting a little bit out of hand. A vote to which I would like to call the attention of Members of the House is that which refers to Item 9, the one that we have been talking about at the beginning. We are spending £45,000 in drugs for the Hospital where it is much easier to do the sort of exercise, and we do it in part, that the Hon Dr Valarino has suggested, but drugs has suffered a severe increase in prices, in some cases over 50%. Another £66,000 has been spent in oxygen, X-Ray materials and bandages amongst other things. Again these items have suffered in some cases increases of 100% and, lastly, we come to the GPMS scheme where we have provided £216,872, which is over £40,000 more than last year. But let me say that since this particular item 9 was prepared round about December, we now have had notice very recently that the price of drugs are on the increase to the tune of about 25%. I hope this doesn't give a heart attack to the Hon the Financial and Development Secretary. The GPMS is suffering great

problems and difficulties as it is being grossly abused by the public specially as regards house calls and, if I may say so, even attendances at surgery. In both instances calls are made which are really unnecessary and I would not be surprised if one day we found ourselves without any doctors. The estimated total cost of running the Health Centre is now roughly over £270,000 and we are collecting about £220,000 in contributions plus the people who are voluntary contributors, or rather including the money from voluntary contributors. In addition we have still got a claim from the chemists to be negotiated before June of this year. Though Government does not intend that this fund should be balanced to the last penny every year, nevertheless, we do not want the same thing to happen as it did happen with the Public Utility Undertakings and that is why I mentioned before a Committee has been studying the whole problem. The suggestion being made by the Hon Member which I have also been suggesting to the committee will now gather greater force if the House also supports them but unless we can do something in this respect inevitably we shall have to increase contributions but we will wait as there is no immediate hurry, I would like once more to warn the public that unless they are more cooperative in running the service which is their service, they run the risk, and a very real one, of having no service at all. I would like to mention at this stage that the Government's pledge to improve facilities for geriatric patients have been implemented. The Geriatric Ward is, perhaps, the pride of the hospital and is fully equipped for the first time with geriatric equipment. Thanks to the Chamber of Commerce we shall in the immediate future equip another ward for geriatrics with equipment that has been paid for by this organisation to perpetuate the memory of the late Mr Louis Stagnetto and the Government is of course very grateful for this. Modernisation is going according to plan. Practically all our wards have now been renovated and it is our intention sometime this year to move our offices elsewhere and for the first time have a proper reference library within the hospital with books which has been provided by the British Council at a cost of about £3,500 and of course those which we already have and which we shall carry on buying ourselves. Part of this work we also hope will be paid for by Barclays Bank International who have offered to pay the expenses for the library and again we are very grateful to them. A more energetic policy of training is slowly but gradually bearing fruit. We already have one Public Health Inspector who has completed his course and taken up his duties, another one who we hope will complete his training towards the end of this year and 3 who are well on their way towards completing their course. In the Physiotherapy Department we hope to send one trainee in October and we have one speech therapist who commenced his studies last October. We will also send another speech therapist trainee this October in order that we shall be able to give help to the Handicapped Children School. In our X-Ray Department I am proud and happy to say we now have a full complement of staff and they are

all trained local people. We have this year provided for 5 nurses training courses and 6 further courses of different types some of which are being paid for from Technical Assistance to the tune of £6,000 and we are sending one of our Physicians, a Consultant, for a course in paediatrics. In other parts of the Estimates we have also been allotted £20,000 for the painting programme of the Mackintosh Wing which is now due for renovation and decoration and we have been given £6,000 for the Public Health Department to do certain works but particularly to provide better kennel facilities and in this respect, since we talk so much about dogs, I would like to say that whatever criticism we might get now and again, the Public Health Department is fully aware of the dog problem and it is doing its utmost in a difficult situation to cope with it. Nearly 600 dogs and 600 cats have been disposed of humanely this year and there have been 31 convictions, 25 summonses are waiting to be heard and there have been fines totalling £200. But, of course, our concern is not only with dogs and the Hon Dr Valarinc will know that the BCE Vaccines are on the way and we shall use them for selective groups and also measles which will be available to all those who want to use this vaccine voluntarily. Going back to modernisation, it is hoped to convert the Sisters Quarters into flatlets which is more in keeping with modern trends in housing this staff and already the project approval has come from the United Kingdom, only in the past few days. The Markets will also receive a general and, I hope, overhaul in depth at a cost of £30,000 which are included in the Improvement and Development Fund. Under Personal Emoluments we are spending £812,560 and nearly £27,000 under item 15 - Wages Staff. It is worthwhile noting with respect to this vote that whereas last year we were spending £68,000 in overtime and allowances together, this year we are spending on these two items, separately; Overtime £45,000, Allowances £94,760, a total of £139,760. This, of course, is the result of Scamp. I would not like to end without mentioning the side problems that Scamp has brought within the Department and which are well known to Members of the House, particularly amongst the nursing staff which I hope will be satisfactorily solved and that people will appreciate that Scamp has to be given a chance rather than making an attempt to wreck it after all the trouble we all had to face at the time. We have also started a campaign for blood donors which has proved very effective and for which we must thank the BMA for their great cooperation. This particular section of the Hospital needed strengthening and this is now being done and I think we also ought to thank the people who have come up in great numbers to become blood donors. Finally, I would like to thank, too, the League of Friends who are doing so much excellent work in so many spheres of our Department, both in terms of physical and financial help, and also to those kind people who have given us donations some of which have been substantial

including that given by Mr A Benatar, the Chamber of Commerce, the Ferrary Trust, etc. To conclude I must also end by thanking both the members of the staff whose work is not always fully appreciated in Gibraltar, and also the Board of Management for their advice. I appreciate that we are a big spending Department but as Benjamin Disraeli once stated; "The health of the people is really the foundation upon which all the happiness and all the power of the state depends." Thank you.

The House recessed at 7.30 p.m.

FRIDAY, THE 18TH MARCH, 1977.

The House resumed at 10.40 a.m.

MR SPEAKER:

Members will recall that the last speaker yesterday was the Minister for Medical and Health Services and we now resume the debate on the Appropriation Bill.

HON J B PEREZ:

Mr Speaker, I would like to begin first of all by expressing my appreciation to the Financial and Development Secretary for giving such a clear view and forecast for this coming year on Gibraltar's tourist trade and I would like to take the opportunity of taking two quotations from the statement which he made yesterday, the first one being where he says; "that the economic recession in the United Kingdom with its high level of unemployment and the fall in value of real wages has had serious implications for Gibraltar's tourist trade." The second quotation from his statement is where after referring to the sightseers we are getting from Morocco, he goes on to say: "It is hoped that the number of such visitors will continue to grow in the coming year and provide a welcome stimulus for tourist earnings in a year in which the reduced number of scheduled flights from London and the possibility of continued wage restraint in the United Kingdom must cast a somewhat sombre shadow over the prospects for tourism in Gibraltar." Mr Speaker, bearing in mind that tourism is of paramount importance to our economy, I would urge the Government to consider what measures they intend to take to ameliorate the situation in the light of this forecast and statement by the Hon the Financial and Development Secretary. I think, Mr Speaker, we are all agreed on the principal desire and aim which is to bring a lot of tourists to Gibraltar, but not only to bring the tourist here but to have them staying in Gibraltar for longer periods and for them to spend more money here in Gibraltar. Having said this, Mr Speaker, one must consider the avenues or the travel facilities which are available to people to come and stay in Gibraltar. The bulk of our tourism tends to come by air via London, either through British Airways or Gibraltar Airways. We also have

people coming via Morocco by the "Mons Calpe", or by the Viscount and by the Hydrofoil. We also have cruise liners coming in to Gibraltar where the Financial and Development Secretary said there is an expected decrease this year and, finally, the yachts which, thank God, seem to be on the increase this year. Mr Speaker, the first question that Members must ask themselves is; how are we here in Gibraltar facilitating travel arrangements to Gibraltar? I would like to comment on the British Airways aspect from which the bulk of our tourism come to Gibraltar because, Mr Speaker, in the last two years British Airways have decreased the scheduled flights from London to Gibraltar from 10 flights a week to 7, and from 7 flights a week to 4 flights a week and from 4 flights a week to 3 flights a week and not only have they decreased the number of flights but air fares have gone up and if I may say, Mr Speaker, not in the same connection as air fares to other places like Malaga have been going up. At the meeting which the Hon Minister for Tourism mentioned, which I myself was a party to, in which the outcome of the meeting was that it was agreed that we had a further 5% increase on air fares, British Airways were prepared to put on an extra flight a week leaving 4 flights a week but only for the peak season which is for the summer months. I ask the Hon Minister for Tourism, the Hon Mr Serfaty, to take into account what is going to happen after the peak season is over because as I see it, Mr Speaker, we are going to have 3 flights a week from British Airways instead of the 4 flights and the 5% increase will remain. There was no provision for the price of fares to decrease, on the contrary, after the peak season we are going to get one less flight per week and still with the 5% increase.

HON A W SERFATY:

If the Hon Member will allow me. I would like to say that that was the agreement I reached with British Airways with the full agreement of the Hon Member.

HON J B PEREZ:

I am not disputing that, Mr Speaker. If the Hon Member will allow me to continue I will come to this now. You see, Mr Speaker, what the Hon Member failed to say in his statement yesterday was that we had absolutely no choice in the matter. We felt that 3 flights per week by British Airways would have a disastrous effect on our tourist trade and our economy and that is why we agreed to the 5% increase, because there wasn't anything else we could do. I am sure the Hon Member would agree with me that we were in a desperate situation, we had to accept the 5%. In fact the initiative came from us, because we knew they were only to have 3 flights and in all probability we would have had 2 flights. Mr Speaker, I think that here in Gibraltar we need a minimum of 7 flights per week, that is, at least 4 flights a week provided by British Airways and 3 flights a week which are at present provided by

Gibraltar Airways and that is because under their licence they have to provide 3 flights a week. But we need a minimum of 7 flights per week, not only for our tourists to come to Gibraltar but due to our restrictions with our neighbours, for newspapers, for post and for communications in general. We must have a minimum of 7 flights a week and not only in peak seasons, may I say, but throughout the year and we must insist on that. I am not here simply to oppose or to criticise, Mr Speaker, I intend to put two suggestions to the Government, to the Hon Mr Serfaty, because I have made the suggestions to him on prior occasions and I would say so now publicly. My suggestion is, Mr Speaker, that we must accept the reality of the situation, we must accept the British economy in the way it is, the wage restraints and the fact that the English tourist is no longer all that interested in coming to Gibraltar. One of the contributing aspects of this is because they can go to Malaga or to anywhere in Spain at 50% less cost than coming to Gibraltar. My first suggestion is that I would urge Government to consider to attract tourists from other parts of Europe. I know that the Hon Member is at present having talks with tour operators but I would urge him to take stronger steps. This would have a dual effect and advantage to the Gibraltarians, Mr Speaker. The first would be that if we could arrange for example, a direct charter flight from Gibraltar to France, consider how much cheaper it would be to Gibraltarians who wish to travel to France and who at present have to go from Gibraltar to London and from London to France when in this situation they would go direct to France at at least 50% less cost. But it would have a much better facility for us because we could attract Frenchmen, I am just taking France as an example, to come over to Gibraltar. I think this ought to be considered by the Government because I think we could attract not only the English tourists who are at present not coming to Gibraltar as they used to come before, whether it is due to less flights or increase in fares, but it would attract other people and other people would come to Gibraltar and spend their money here which is what we want, Mr Speaker. My second suggestion to the Government is to consider, if necessary, their own involvement in running this charter flights. One has to invest, Mr Speaker, in order to get a return but we just cannot sit back and hope for the best and, like the Hon and Gallant Major Peliza said, dream away. We must get involved in this and ensure that our tourism trade is increased and not decreasing as it is at present and according to the forecast of the Hon the Financial and Development Secretary, I would also ask Government to pay a bit more emphasis on advertising and projecting Gibraltar abroad. I know last year we had the Tourist Office bringing out the slogan: "Come to Gibraltar where a £ is worth a £", I think this is good, Mr Speaker, but I think this must be encouraged. Our answer to our tourist trade does not in my opinion just depend on getting the

tourists here in Gibraltar. What we have to aim at is not only to bring the tourists here but to ensure that we have good facilities and good amenities for them so that they will come again and when they come again they will bring further people to Gibraltar. That is another aspect which must be looked into, Mr Speaker. We must make Gibraltar more attractive to tourists and I think the number one priority should be to tidy up and clean up Gibraltar, because Gibraltar is at the moment in a very filthy state. Our streets and our beaches are full of litter and one has only to read the daily paper in Gibraltar to find complaints galore from visitors coming to Gibraltar and remarking on how dirty our streets are. I would also call on the Police to enforce the laws on dropping litter more rigidly than they have been doing. I would also ask the Hon Members on the other side to take a visit to the Port where our cruise liners come, where people from the Mons Calpe come. It is these sightseers from Morocco which would provide a stimulus to our tourist trade, let us take our minds to the port area where the cruise liners come. What is the very first thing they see? Filth, trash, lorries by the Revenue Station, oil all over the place, what an awful sight for a tourist on his first visit to Gibraltar who gets off a cruise liner, comes towards Waterport in the direction of Revenue and sees all these lorries all over the place. That must also be put right, Mr Speaker. We must make Gibraltar a nicer place to look at because this would help them to plan their holidays for the forthcoming year and to come to Gibraltar, but we must do something about it. Let us also consider the present Marina. Once again one has to read the daily newspaper in Gibraltar, or the weekly newspapers and find the complaints from people using the present Marina. They complain about inadequate facilities, they complain about the way that water is not given to them at whatever time they wish. I know the new Marina is at present under construction and I would urge Government to ensure at this stage, when they can do so, that this new Marina would have adequate facilities and one in which the Government can have control over and I would once again remark on the comments of the Hon the Financial and Development Secretary in which he says that it is disappointing that the development of the planned Marina appears to be so slow moving. Mr Speaker, another suggestion was made, one which I welcome very much, by the Hon Mr Zammitt in connection with Gibraltar's participation in international sports and events and he did remark on the visit by a team from Switzerland who will be playing in Gibraltar. I think, Mr Speaker, this is one aspect which we all ought to encourage. We must encourage international participation because this also has an effect on our tourist trade. We will have teams coming to Gibraltar, they will be spending money in

Gibraltar, they will be filling up our hotels and this, in fact, would have hoteliers who will be getting a better return for their investment, it will encourage them to expand and provide better amenities for tourism in general in Gibraltar and I do in fact welcome the suggestions by the Hon Member Mr Zammit in this connection and ask Government to encourage international participation even further than they are doing at present. There is another aspect of the facilities available in Gibraltar which I would like to comment on. In our tourist brochure we say that Gibraltar can offer water skiing facilities, sub-aqua facilities etc, etc. Where are these facilities, Mr Speaker? They are, in fact non existant in Gibraltar and I would ask the Hon Mr Serfaty to consider the matter seriously because I feel that tourism is of paramount importance to Gibraltar and bearing in mind and in the light of the forecast by the Hon the Financial and Development Secretary yesterday, I ask him to take certain steps towards ameliorating the present situation because I believe if we don't do it now later on it will be much more difficult to take any effective action.

HON I ABECASIS:

Mr Speaker, although my Department is a fairly large one, I want to believe that it is less controversial than the Public Works or Tourism, Trade and Economic Development. As he has seen from the draft Estimates the new innovation in this year's estimates is to separate the Post Office proper which deals with the normal postal operations from that of the Philatelic Bureau which deals with the sale of stamps to collectors. This innovation will allow the Government to identify and quantify. I think that is a word that Mr Xiberras loves, to quantify the profit made by the Philatelic Bureau. Ever since I became responsible for the Postal Services, it has been my pet subject to divide both this Philatelic Bureau from the Post Office proper. It is not my intention to build two empires, as a matter of fact it is a small empire because the head of the Department is the Postmaster whereas in other departments they have the Director of Public Works, the Director of Medical Services, the Director of Labour and Social Security, the Director of Tourism. Mine is only the Postmaster so it is not my intention to create a big empire. My intention is to create two efficient departments. Yesterday the Hon Mr Restano was wondering whether the Philatelic Bureau was self-supporting or whether it was making money.

HON G T RESTANO:

If the Hon Member will give way. I said to what extent it was making money and that I hoped that the overheads would not increase to reduce the earnings.

HON I ABECASIS:

To what extent they make money is clearly indicated in the draft Estimates. We say that the cost of the Philatelic Bureau will be in the region of £118,500 and the expected revenue will be in the region of £360,000 in the coming year.

HON J BOSSANO:

Mr Speaker, I think what needs to be compared in order to see the progress that is being made in the Philatelic Bureau is the net profit, shall we say, now and the net profit before the separation. I think, in fact, the improvement is not as significant as one might, for example, jump to the conclusion to by looking at, say, the income of £300,000 in this year's Estimates with the income on last year's Estimates of £168,000. That is, that there hasn't been a doubling of income, there has been a doubling of sales but the net income has gone up by something like perhaps 30%. Is that correct?

HON I ABECASIS:

If we divide the two departments we shall know in future exactly what each department costs and what each department produces. The Government policy as far as the proper running of the Post Office is concerned, is governed to a great extent by international Conventions. We have to go by the book of what is decided either in Tokyo, Ottawa or wherever a Convention is held and our main job, as everybody knows, is to despatch and deliver mail to and from all parts of the world and this, of course, include Spain which after all is the only telecommunication link we have with Spain other than the shouting over the frontier gates. The efficiency of the postal services is to a very large extent dependent on the frequency of flights which have just been mentioned by my Hon Friend opposite, the Hon Brian Perez. At the meeting which he mentioned with British Airways, I was present. I listened to Mr Serfaty and I am surprised to hear that someone on the opposite side said that the Hon Mr Serfaty was dreaming. Surely, that cannot be the view of the Hon Mr Brian Perez who was present there.

HON J B PEREZ:

If the Hon Member will give way. I did not say that Mr Serfaty was dreaming at the actual meeting. I referred to the comment made by the Hon Major Peliza that he was dreaming because he was talking about tour operators who are at present applying for licences to come to Gibraltar, whether they may come or they may not. This is what I was referring to, not to the actual meeting.

HON I ABECASIS:

I misunderstood you but all I am trying to say is that the Hon Mr Serfaty made a jolly good case for the Gibraltar Government and for Gibraltar as a whole.

HON J B PEREZ:

If the Hon Member will give way. I was not in fact criticising Mr Serfaty. What I tried to say was that we had no choice in the matter, that is what I meant.

HON I ABECASIS:

The point I wanted to make was that I was very impressed at the way he handled the situation both on the tourist side and on the Post Office side because he also spoke about the cargo and the delivery of mail to Gibraltar which, as the Hon Mr Brian Perez said, is going to be affected further as from 1 April when there will be no flight to London on a Monday. That will bring more difficulties to the Post Office to run it efficiently. As the House is aware, last January there was an increase in postal charges, an increase which I explained at the time I was compelled to take. It was absolutely necessary to increase the postal charges for the reasons I mentioned then and which I repeat now in order to meet the Scamp award, the devaluation of the sterling and also to follow the minimum charges and rates stipulated by the international convention. I said then, and I repeat it now, that if everything goes well we hope not to increase the postal charges further for the next 18 or 24 months. The Hon Members opposite will want to know what are we going to get in exchange. I am sure Mr Isola will want to know what are we getting in exchange for that. First of all we intend to improve to the best of our ability the services of the Post Office and we are considering and studying the possibility of introducing a Saturday delivery. This is not an easy one but we are seriously considering it. The Postmaster has already met the postmen to see whether there is need, because we are

not going to introduce a delivery so that postmen get better earnings. We shall introduce a service on a Saturday if it is in the interests of the community as a whole. I must make that point very clear. We are also, as you will see from the Estimates, making provision for new vans. Our vans are now dilapidated and broken down. We are also making provision for new stamp vending machines which are also in a very bad state of disrepair. These new machines will produce booklets containing stamps which will be appropriate to the present postal charges. We also have appointed several stamp vendors in Gibraltar so that they can meet the demand of the public whenever the Post Office is closed. On the philatelic side you will see that there is an item of expenditure for £14,000 for marketing and advertising. I consider this absolutely essential if we want to attract more and more collectors, more and more customers to our own Philatelic Bureau. The increase in the sales of postage stamps to the philatelists has been increasing steadily over the years. We increased the commission to the Crown Agents from 15% to 25% and I am happy to say that it has paid dividends. The Crown Agents are now far more efficient and they do sell far more stamps than they did when they were only getting 15%. Likewise, our agents in the western hemisphere, our agents in New York who are responsible for our sales in America from top to bottom and also Japan, are selling very, very well and we are very happy. As you see from the anticipated sales we said that we would sell £168,000, now we believe the actual sales are £360,000 on philately alone. That does not take into account stamps which may be sold at the Post Office proper but which may be used for philatelic purposes. If someone goes to the counter and buys stamps we assume that he wants the stamps for postage but this may not be the case. He may go to the Post Office to buy stamps for collection, so the figure is increased further. One of the things about which I am not very happy and I like to say it, is the fact that we have not complete autonomy in the Post Office, because of historical events, perhaps. We would like to have more autonomy in the production and the sales of stamps. Under the existing system we have to submit the stamps to the FCO for approval before these are put on sale. Now, I have absolutely no objection to sending the stamps to Her Majesty the Queen for her perusal because, after all, she appears in every stamp and it is only proper that she should approve the stamps before they come into the market, but I am not very sure of the necessity of having to go through the FCO which brings delays and sometimes alteration to our programme. I have already informed the Chief Minister of my views on this matter and I am sure we will do something in the future to expedite matters and to have a bit more of freedom of movement in that sphere because, in my submission, this is a completely defined domestic matter and we should have full control of the production and

sales of stamps. The financial year which now comes to an end as far as philatelic sales is concerned, was a very good one. We were very lucky that the Americans were celebrating their bi-centennial anniversary of their Independence and that was a boom. We sold a considerable number of stamps and we also were very lucky that Her Majesty celebrated her Silver Jubilee so we are also grateful to Her Majesty for having chosen this year to celebrate her Jubilee because these stamps proved extremely popular and they were not stamps of low value it was a stamp of £1 and another one of 6p and may I say that the souvenir sheet of £1 and 6p were sold within a few days. Absolutely sold out. I don't know whether the coming year will be as good as the last one. We hope that through our marketing and advertising we shall try to keep the same pace but we are producing, on 1 April, our new definitive issue. This will consist of sixteen stamps ranging from 1p to £2 and it will depict flowers, butterflies, fish and birds peculiar to Gibraltar. Our next special issue will have a European flavour. Now that we are talking about the European Movement.....

HON J BOSSANO:

May I ask the Hon Member on the cost of the new definitive issue how is this to be divided between the philatelic and the postal side. I imagine that it costs more money to produce a new definitive issue than it would have done to carry on printing the old one. The additional cost is attributed to what? Does it all go to the Philatelic side?

HON I ABECASIS:

No, Sir. The existing issue came in 1971 and we have now had the definitive issue for six years so it is customary to renew the definitive issue every four or five years. The printing of the actual stamps will be proportionately divided between the Post Office proper and the Philatelic Bureau when it comes but this is on 1 April and then we will produce figures to show how much money the Post Office pays and how much money the Philatelic Bureau pays on the actual cost of the printing of the stamps. I will bring those figures to the House whenever they become available.

HON J BOSSANO:

I don't think the Hon Member has understood my question, Mr Speaker. I accept that if they sell £300,000 worth of stamps to stamp collectors then the cost of printing those stamps will be a cost attributed to the Philatelic Bureau but that is not my question. I

am assuming that if the Hon Member is now concerned to produce stamps for collectors the reason for a new definitive issue is to attract sales from collectors because as a user of the postal services, as far as I am concerned the design on the stamp is immaterial. I stick a stamp on it to show that I have paid the required letter rate and whether it is a stamp or a piece of paper is immaterial to me as a letter sender. Consequently, the only justification for a new definitive issue is additional sales to collectors. There will not be additional sales to letter writers. I am asking the Hon Member whether the cost of a new definitive issue, as opposed to the continued printing of the existing one, is going to be attributed to the Philatelic side or whether any of it is going to be put as a cost to the postal side.

HON I ABECASIS:

No, Sir. The stamps that we produce for the collectors are the commemorative issues. Those are the stamps that we produce for collectors but the definitive issue is one which we keep on sale for four or five or six years. It would be as expensive to reprint the ones that are now dying out than to print a new one and therefore although to him it doesn't make any difference whether there is a fly or a bird or a hammer, to us it makes a difference because there are collectors who prefer nice thematics in the stamps. As I was saying we are producing this definitive issue on 1 April and the next one will have a European flavour. This will consist of three stamps which we call a stamp on stamp, in other words it is a stamp that has already been produced in Gibraltar before which will be reproduced in another stamp, and when I say a European flavour we are going to use three of the stamps that have already been issued in the past, one depicting Our Lady of Europa, which was extremely popular, they were sold within two days at the time, another one depicting the Europa Lighthouse and a third one depicting when we commemorated our entry into the Common Market. These stamps will be released some time in May and it will be done in conjunction with Amphilex which is to be held in Amsterdam and where we intend to attend. We intend to have a stall in Amsterdam to sell our stamps, to propagate them further in Europe and to keep the good name that Gibraltar stamps enjoy. We must bring our sales to the level of the Channel Islands and to the level of the Isle of Man and we see no reason why this should not be achieved. As I said earlier on,

we want to have as much independence as possible and when we are there we shall try and find out the possibilities of appointing agents in Europe, especially in Germany, who are one of our best customers. Our policy of keeping the commemorative issues to a minimum of three or four will be maintained. My only exception will be if the MPLG ever comes out to the surface, we know who they are, on their inaugural meeting I promise to consider a special issue to commemorate the coming into being of another party which perhaps died before they were born but there is an undertaking for you to consider, not to print, but to consider the possibility of printing a stamp with those four letters. I am even prepared to pay it from my own money because I seem to be now so rich that I do not have to work any more. In the wider aspects of the postal services we are at present engaging the services of a consultancy agency of the British Post Office and I am sure and hopeful that with their expertise we will improve the services of the Post Office further and further not only to the general public, to the community, but also to the staff. And, finally, Sir, I will be only too pleased and willing to answer any questions on my department whenever the time comes. Thank you, Mr Speaker.

HON P J ISOLA:

Mr Speaker, I think the new method of presenting the Estimates in their form and the procedure we are following, is a big improvement from what we used to have because I think it enables members, or forces members, I think is the right word, to talk in much more general terms on the general picture that the budget presents than before when we had all these detailed debates and all the individual heads and if there was a big row about a particular issue that is what came out in the general debate even though such a particular issue was really of not very much moment in terms of the Budget of Gibraltar and in terms of the position of Gibraltar. I think it is a good start to the new government as far as procedure is concerned and I certainly would like to congratulate the Financial Secretary for the very clear exposition he has given us of the state of the nation in financial terms. One thing, Mr Speaker, that I think comes out very significantly in his address to the House is the increasing dependence of the economy on Ministry of Defence spending. Not just continued dependence but it seems to me increasing dependence on Ministry of Defence spending on the economy and I think that when we are talking of the position of Gibraltar although the picture revealed by the Estimates, I think, is a reasonably healthy one, I will not accuse the Financial Secretary of having any money hidden

in any particular Vote, I am sure there must be a little here and there but one must be careful what one says because otherwise one lays oneself open to the danger of having a reply given next year at the Budget session so I shall not say anything on that. But it seems to me the economy is reasonably healthy. Of course, there are some very, very heavy increases in expenditure mostly in salaries and increased wages and, obviously, people will look to improvement in their standards of living, quite rightly so, and people will not lightly take to a diminution in those standards and, accordingly, it is very important to see that the economy is able to maintain the expenditure which has been submitted to us in this House which is roughly, I think, of the order of £5m or £6m more than last year. But coming back to the question of revenue which I think is all important I think that one of the lessons where we must learn is that because there is increasing dependence or seems to be an increase in dependence on Ministry of Defence spending we must keep a fairly watchful eye on what happens in that spending. Against the background of United Kingdom cuts in expenditure, against the background of more cost-consciousness, I think, on the part of the United Kingdom departments, I think in this House we must be realistic about it and assess the situation. It seems to me that whether rightly or wrongly, as time goes on and as the trade unions become rather more militant, there is more and more of a danger of confrontation between trade unions and Ministry of Defence departments and therefore there is a danger, we have to be realistic about this, I am not saying they shouldn't have the confrontation, I am not saying they should have the confrontation, I will not say they are right or wrong but as far as we are concerned that is a situation that we must assess realistically and a situation which we must assess could bring a lessening of Ministry of Defence expenditure in Gibraltar one way or another, redundancies, or earlier retirements than they do at the moment, all sorts of things can result, I think, from a position of confrontation. Accordingly, I think it is important that we should try, I know it is difficult, but we should try and see less dependence on Ministry of Defence spending as far as the economy as a whole is concerned. I think as far as the Government is concerned they must continue to urge the position that the pledge of sustain and support Gibraltar must inevitably include a reasonable Ministry of Defence presence in Gibraltar. In fact, it is necessary and it must be reasonable. On the other hand I don't think the Gibraltar Government with all the best will of the world cannot expect to get a blank cheque from the Ministry of Defence especially in present circumstances in the United Kingdom. Perhaps

in three or four years' time when my friend the Hon Leader of the Opposition goes to an election with one party or another, by then the oil may be flowing so fast in the United Kingdom that he would be presented with a blank cheque to write out the cheques every week for the Ministry of Defence in Gibraltar and we will all be very happy and the economy will be prosperous. I am afraid at the moment until that time comes, if it comes, we must try and increase the dependence of the economy on the private sector and it seems to me that from the picture that is presented, that the best opportunity of increasing the revenues of the colony appear to be in the Port and I think this is something that the Government should give its close attention to.

From the figures given by the Financial Secretary it does appear that shipping is on the up and up, it does appear that the Port does give a good service and I would recommend to Government that it doesn't try and take too much out of it. I think one heard something about increased berthing charges coming up and increased tonnage charges coming up. I do hope that whatever increases are thought or are recommended will not in any way dampen the enthusiasm of shipping to come to Gibraltar because there is no question about it that that is an important factor in our economy. The other important factor which I would have thought the Minister for Tourism should give his very close attention to, the other important factor is Morocco, I think. As the Financial Secretary quite rightly said, people who come over from Morocco for the day do seem to spend a lot of money in Gibraltar. I think that is something that could be reasonably developed by the Government with a little encouragement and a little nudging certain people who operate the cross Channel ferry and the people who operate the hydrofoil and the people who operate the air service. I think there is a need to improve our services and encourage inter communication between Morocco and Gibraltar. I know there is a problem here of customs mainly, I should imagine, because of the drug position and so forth but I think improved methods of getting people across into Gibraltar, passport clearance and so forth, should be considered so that people can find it very easy to come to Gibraltar from Tangier. I think that it is a very important factor. I think Ministers of Tourism in the past, including the late member of this House when he was Minister for Tourism, they turned their eyes completely on air tourism, as it were, the package holiday makers and so forth and although it is very nice to have them and although you've got to keep them coming and you've got to keep encouraging them, it is quite clear that on the economy they are not the most

important factor in economic terms. Then, Mr Speaker, talking about revenue, of course, I don't think we can ever have a debate without talking about air communications and the effect on the economy of the reasonably poor service that we have from the airlines as far as Gibraltar is concerned. There is no doubt about it at all, that the air service to Gibraltar is inadequate. There is no doubt about it that the British Airways and Gibraltar Airways have no case at all for having less than seven flights to Gibraltar a week. Any Member of the House or any member of the public can go tomorrow to the travel agents in February or in March when the airlines are meant to be having very low load factors to just go in and say; "I want a ticket next Tuesday" and they will say; "We are sorry, we are fully booked." You get this, I had people who came yesterday from England and they had to come on Thursday because they couldn't get a seat on Tuesday. So there is no question about it, that the airlines are not giving the public a proper scheduled service. But having said that, Mr Speaker, it is equally obvious that there is very little that the Gibraltar Government can do about it in present circumstances and it is a very long struggle. I think the first step has been taken and that is to get the airlines to recognise that they must consult with the Gibraltar Government and the recent consultations they have had at least has resulted in having an extra flight as from 15 June 1977, during the summer months. This is still totally inadequate but it is a step in the right direction. I think the other very important factor, that is absolutely essential for an improved air service, is to establish our own Civil Aviation Authority, Advisory Board, call it what you will. But the reason why you must have that is because you must have a body in Gibraltar to which people can come if they want to fly to Gibraltar. As soon as you've got that situation I think a lot of the problems of consultation then taper off because an airline, once it is an Authority, cannot rely entirely on London, it has to come to Gibraltar and you say; "Well, we've got an application from Britannia Airways and we are going to accept it" and the airlines then becomes far more sensitive about the situation than it has been until now. But I am afraid that until we can solve the problem of air communications there is a constraint on the economy, there is a constraint in the development of the private sector, the hotels cannot do well, and if the hotels don't do well I suppose people will not build new hotels. So you just cannot develop that side of the economy and that is why air communication is absolutely vital to the expansion of the economy and therefore, as I said, if you are thinking in terms of improving the revenues of Gibraltar as you must do

without increasing income tax, hopefully, some people think income tax should be increased, I think a lot of people now don't think it should, it is a matter of opinion, but if you are going to avoid increasing taxation then you've got to increase the revenues of the Government through receipts of taxes and so forth from a development of the private sector of the economy. For that, as far as Gibraltar is concerned, till such time as we have elections in Spain and a beautiful democratic Government comes in and swears allegiance to the principles of the European Community and opens our frontier and gives us boom conditions, until such time we can hope for no improvement unless we can improve the port, the income through the port and the income through the air terminal building. For that we need ships and we need aeroplanes and I think that if one is going to think in terms of improving the revenues of Gibraltar it is in that direction that our thoughts and our efforts must be primarily directed.

Mr Speaker, there have been other revenue earning suggestions made and I think that, perhaps, where the Government is failing most as far as revenue is concerned, as far as encouraging the private sector, as far as building up the dependence of the economy on the private sector, where it is failing, I am afraid, and this is a failing that has occurred progressively in the last five years, is in its development programme.

The situation there, Mr Speaker, is very, very bad and I don't have to go around the town and see where they have built and where they have not built, I just have to look at the expenditure figures. I notice that as far as the Improvement and Development Fund is concerned the expenditure from 1 March 1976 to 31 March 1977 is only £1,775,000 odd. That is a very, very serious drop on the estimated expenditure for that year of, I think, £3¹/₄m. It is also a drop, Mr Speaker, on the previous year's Estimates in which the Government was going to spend £3,600,000 in 1975/76 and it didn't, in fact, it spent £2.9m. The previous year, in 1974/75, the Government was meant to spend £3¹/₂m and in fact it did spend £3.4m. but if you go back to 1971/72, I don't want to keep going back, the Government of the day spent something like £4m. on that year in development.

Now, when you consider the ravages of inflation about which we hear so much and when you consider the way materials have gone up in cost over the years you see that the Government's programme for development must be coming almost to a halt, Mr Speaker, because £1,775,000 in one year is a disaster because the private sector which gives the services for the development through the sale of materials, through employment, through building and so forth, is just not getting the money.

The money is not being pumped into the economy and this is the tragedy of the situation as far as revenue is concerned when the Government itself which has the money for the development doesn't use it and doesn't have it done. I just couldn't believe my ears when I heard the Minister for Economic Development tell us that he wants more technical staff. Mr Speaker, I don't know, the Public Works Department is due to spend something like £2¹/₂m. in 1977/78 and yet we have only had £1.775m. spent on development. What are all these people doing? I am not being critical, well, I am I suppose, but what are they doing, what is happening? Let me just go through that expenditure which to me is incredible. I am sure when the Minister was saying that he wanted more technical staff, I am sure, of course, he doesn't want any more than the ones he has already provided for, for next year. I hope he is not thinking of more aid I presume he means that he hopes to get these. For the Public Works Department, Mr Speaker, there is an increase of something like 32 bodies for next year, so from 108 they go up to 136. In the Medical Department which is about 350 bodies, they go up only by about two. But a Department that keeps increasing every year its technical staff, its supervisory staff, produces less and less every year. This is something that must be of concern for the House, and I don't think we're interested, well, we are interested in hearing explanations and excuses but I think the facts speak for themselves here. In 1971/72 they did £4m. worth of work in that year with many less bodies. In 1974/75 they did £3¹/₂m. worth of work with very many less bodies and this year they have only done £1.7m. that is very serious, Mr Speaker, and of course throws seriously into doubt and calls seriously into question the proposal that my friend Mr Serfaty has given us of spending something like £5.3m in development in the year 1977/78. I just don't believe it. I cannot believe it. He was telling us last year what they were going to do this year. I think the Minister always speaks with great enthusiasm, optimism and I don't think dreaming is the right word, I think he is convinced of what he says. The only trouble is that we cannot believe him, Mr Speaker, as the work is not being done. As a result, of course, when we are talking of more dependence on the private sector then here is an area in which I believe we can put things right by our own efforts, by our own productivity and I think this is something that the Government should consider very seriously in the coming year to get things done in the Development Programme. I appreciate, Mr Speaker, that you need a certain amount of cooperation from the Ministry of Overseas Development and the Foreign and Commonwealth Office and on what the Minister has told us and on what we have heard about in the House, specially that we haven't been paid something that we should have been paid in 1975, I would have thought that with the present Development Programme as it is, I would have thought there was a need to have a Ministerial delegation to England to say; "Look, we are

seriously concerned about our present development programme. What is happening. Do you not have the money? Are you not going to give us the money?" Because it is impossible to conceive that, for example, the transfer of the Public Works Garage, it is inconceivable that they should have had this for something like twelve months and they still cannot approve what I would have thought was a very simple operation. Even allowing for all the red tape in the world and all the bureaucracy of the Foreign and Commonwealth Office, I think it is straining that bureaucracy a little far to say that they need more than a year or whatever it is.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Inconceivable, Mr Speaker, but regrettably true.

HON P J ISOLA:

I am glad I have confirmation. That is why I think there is a need for pushing at a very high level. I think there is a need because it is an impossible situation, Mr Speaker, I did not say confrontation, there are ways and ways. There is political confrontation and trade union confrontation. They are very different, the trade union confrontation is usually supported with arms and equipment and so forth. It doesn't always succeed but it does succeed in a confined atmosphere against a limited opposition but when that opposition is 40 million people it is not so successful or might not be so successful. Political confrontation, Mr Speaker, is always done I would think so much better. I think in the long run rather more effectively but that is a matter of opinion. I think, Mr Speaker, there is a need to get these things put right and I was very worried when I heard the Minister for Housing start speaking in terms of possibly changing the plans and not having a Comprehensive School there. I don't agree with it but whether I did or I didn't, Mr Speaker, one thing is certain that if you had your Comprehensive School planned there for a year and you now start indicating that you might want to put houses there, well, forget your Comprehensive School and forget the houses because then they will say; "A very good idea, send me the plans for the housing," and you'll get those plans out in six months and they'll take a year and a half, Mr Speaker, and I don't know which Government will build it because a lot of us here may be gone, I would urge experience to be the guiding hand here. Having committed yourself to a Comprehensive School in that site after a lot of people have been sitting in a committee and considering the form education should take in the future, and you have submitted plans and you have brought advisers and you have brought architects and so forth, Mr Speaker, don't change

now because then you are in trouble. You won't get it, you won't get anything, you won't get the houses, you won't get the school. But, Mr Speaker, talking about the Comprehensive School; I would like to say that I do not believe and I cannot accept that you can build 250 houses for £3m. but you need £5 or £6m. to build a school. I just cannot see it, Mr Speaker, it just doesn't make sense to me. Therefore I think the Government should look at those figures. I mean, look at all these people in the Public Works Department, I don't know whether all their salaries are thrown in in which case we would be in real trouble but I would suggest that with the number of Quantity Surveyors, Graduate Quantity Surveyors, Maintenance Surveyors and so forth that we have, I would say that there is somebody there surely who can tell us that it is nonsense to think that it is going to cost you £5m to build a school. To me it doesn't make sense, Mr Speaker. I don't know much about development, I am connected with developments in Gibraltar, private enterprise, and I see their figures and I see what it costs them. I have seen roughly what the Marina is going to cost, what the development there is going to cost. I see what the Ocean Heights cost. That was very costly, Mr Speaker, they built it one way and then they built it another and that cost a lot of money but none of them, Mr Speaker, none comes within talking distance of the estimate for the comprehensive school. All I would ask is, on whose side were the architects who advised the Government? I must ask these questions because it just doesn't make sense to me and I think it would not be beyond the bounds of possibility to have a good, simple, new school building, purpose built, perhaps not all the frillings that some people would like, perhaps, I don't know and have it built. I think it is important from the point of view, Mr Speaker, of making a success of comprehensive education in Gibraltar and I know a lot of people have different ideas as to whether this is the right answer or not, there are a lot of queries still today about it, but if you are going to do it you must give it a chance of success and it seems to me that one of the main needs when you are introducing a new system of education, specially comprehensive education, is to have new buildings. I think to adapt old schools built in a selective system of education and try and adapt them for the comprehensive system is not giving a fair chance to comprehensive education. We haven't heard the end of comprehensive and we haven't heard the end of any sort of education since everything is changing all the time but I think that to give it a fair chance I think you want new buildings.

I would suggest to the Government, still talking of revenue, to seriously scotch that one quickly because otherwise there will be no development in that field and there will be no money spent and there will be no encouragement of the private sector of the economy. I know people will say that the Boys' school was built as a modern school but space was left to convert into comprehensive. I don't know what problems they have had about it but it should have been alright. Whether it was or it wasn't I don't know but it was done with that idea and I think the girls are worthy of nothing less and especially after we have had this committee sitting, people giving a lot of time, a lot of thought to the matter, I think their recommendation should be implemented and we should not be drawn off by any suggestions which will mean inevitable delays for housing, for schools and for everything else. Having made up our minds, let us go on with it. Mr Speaker, on other points of revenue as affecting the revenue side, I notice and I am glad to hear that the Government is now considering ways of improving revenue especially with monies on deposits and so forth. I think this had to be done. We want the banks to make as much money as they can but they have an absolute monopoly in Gibraltar on this and in England it is shared between the Government funds and the bank. Here it is all the banks. I don't know what is the right vehicle to do this, it is obvious that the public now are more aware of investment opportunities as far as the banks are concerned and, therefore, that explains the drift away from the Post Office Savings Bank. But I don't know whether the Government can run almost a banking business, not quite, with the Post Office by having people on immediate withdrawal you give them 5% but people who leave their money with the Post Office at 6 month's notice or 9 month's notice or a year's notice, I don't know whether they could not be given a higher rate of interest which the Government can then give the odd extra per cent. I think that is worth considering because there seems to be a lot of money in Gibraltar now, especially from all the friends and colleagues of my friend the Leader of the Opposition. I don't think they have, Mr Speaker, hundreds of thousands of pounds to invest, I am not saying that at all, but I think they have a bit of money which they don't want to go through the trouble of having it in London when they could have it with the Government, say, at six months' notice, a thousand, two thousand, at a better rate of interest. I think this must help the economy and I am very glad to hear the Chief Minister speaking on these lines on that general principle.

I think that is important, that is a good source of revenue for Gibraltar and I hope the Government pursues this vigorously. The other point I have to have a word on is the Minister for Post Office and his Philatelic Bureau. An excellent idea, Mr Speaker, but I must ask how it is that the Bureau was run by a Supervisory Officer and a Senior Clerical Officer in 1976/77 and in 1977/78 we are going to have, well, twelve have been put down instead of two, that is ten more but it is going to be in fact seven more. I agree this is a revenue-earning exercise but there may be a danger of a small empire being built - from two to twelve does sort of give suggestions of this - and I think it has to be watched very carefully even though as far as the Post Office is concerned my own feeling with that is that everything you spend there as long as it is reasonable is well justified because it is one of our big revenue earners and I think it has to be put right. I hope the Minister is doing the right thing here. I hope we are not going to a stage where the Philatelic Bureau, in order to justify itself, is gradually going to push the Government into becoming a cheap philatelic centre because then revenues go up and then they come right down and then we'll be in trouble because then we will have a staff of 12 who will have to be kept working. On the expenditure side, generally, I would merely like to say that there is a need and I think it has been already repeated and I think all members are conscious of it, that as salaries go up and we have, I have got to be very careful what I say on these occasions, you cannot say we have a satisfactory level of salaries because then my friend Mr Bossano will say; "Oh, no what about the review of 1977?", so I cannot say these things, but I think we can say now that we have a reasonable level of salaries subject to re-negotiation over the years, it is quite clear that the bill is very high as far as the tax payer is concerned and I think that it is not unreasonable for Members of this House to ask for cost effectiveness as far as departmental spending is concerned because every single body working in the department is a costly affair as far as the tax payer is concerned. The person concerned may not think it that costly but as far as the tax payer is concerned it is a very costly matter and I think it is important to ask questions about increases of staff and I notice, and it is one of the things that the new picture presented gives you quite a big insight. For example, Mr Speaker, I notice that the Secretariat and the Treasury Departments maintain their establishment. The Treasury is now responsible for a much bigger workload than it was a few years ago. The income it gets is enormous now but it is doing it with the same staff, full marks. We look at the Income Tax Office

which is now again a very good bringer of revenue to us, again no changes of staff except one clerk or two that we cannot begrudge, again minimal since PAYE. This is excellent, Mr Speaker, and this is why I put a query on the Philatelic Bureau. They suddenly produce ten more people to produce £132,000 more. If, for example, the Treasury were to take that view we would be landed with 30 or 40 more in the Treasury and in the Secretariat and everywhere else. We are glad they don't take that view. I agree that a new department perhaps needs to be built up, fair enough. Then we have got the Medical and Health Department which I notice have a staff of about 350, I will not say 350 too many, Mr Speaker, but here, again, only a couple more. The Department of Labour and Social Security, only a couple, I think it is excellent because they are handling more responsibility and they are obviously making an effort, they are obviously cost-conscious. The thing that hits you right across the middle of the eye, Mr Speaker, is the Public Works Department. I am glad the Minister hasn't spoken yet because I am hoping he is going to explain it all. This is a department which I agree has increased responsibilities, is a much bigger spending department, we have a whole range of new people in. I welcome the introduction of supervisors in the department but I ask the Minister, are they going to supervise? Because it is no question shutting our eyes to it, Mr Speaker, that department costs us £2½m. The total of income tax raised by PAYE is £5m. so that 50p on every pound paid in tax goes to the Public Works Department. We are all only too conscious of the fact how in some areas of this Department productivity is slightly below the desirable level, put it that way. I think it is no good the Minister coming to the House and asking for more supervisors and asking for more Quantity Surveyors and so forth, very costly people to the tax payer, if these people are not going to ensure that the taxpayer gets a reasonable deal. That is all the tax payer wants, a reasonable deal from the money that they are spending in that department. On the expenditure side this is the glaring thing that comes out, the Public Works Department. People have talked about the Electricity Department and about other departments. They cost a lot of money but it doesn't strike me so much there, it strikes me in that particular department. I think the Budget year's resolution I would commend to the Government on our expenditure side is that they should be very much more cost conscious now and that they should watch very, very carefully the Public Works Department. Mr Speaker, as I said when I started off, our

dependence on Ministry of Defence spending is high, that dependence, I believe, the Ministry of Defence will continue in Gibraltar but we cannot expect it to subsidise Gibraltar ad lib and therefore we have to be much more cost-conscious, I think, in the Government departments and we have to look for new avenues of revenue in the private sector and in encouraging the private sector to develop. I think, Mr Speaker, that is all I have to say, generally, on the Budget Estimates for the year and I hope that the Financial and Development Secretary when he comes back again next year can make an equally reasonable and confident stand about the state of the finances.

HON M K FEATHERSTONE:

Mr Speaker, Sir, as the House is well aware I control two Departments which, I would claim, are basically service departments, the word service of course being with a small s. The Education Department is there to serve our children and our youth and the Public Works Department is there to serve the whole of the town in many ways and under many facets. Between these two departments I am quite willing to admit, one quarter of our total Budget is spent and, for the Hon Peter Isola, if you take income tax at £5m then I have control of 80% of the income tax that comes in. I would like to start, Sir, on the question of education.

Two years ago I mentioned in this House a policy for the number of teachers we should have and I stated that we should try and aim at certain teacher/pupil ratios. I am very happy to say that we have now practically got to those ratios and the situation throughout the last year has been that for practically the whole of the year we have had an adequate teaching force, we have not had big gaps as was the occurrence in the previous year. The pupil/teacher ratio, I would add, is one which is generous by UK standards. We are 1 to 25 in our primaries, the UK is 1 to 30. We are 1 to 22 in the middle schools, in the UK it is about 1 to 27 and in our Secondary schools it is 1 to 20 and 1 to 10 in the sixth form, again generous by UK standards which is around 1 to 20 and 1 to 12 in the Sixth form. So that I do not think anybody can say that the teacher policy that we put into operation two years' ago has not paid good results. This year, if you look at the establishment, you will see that there are eight extra teachers. These are mainly because the number of children attending our schools have had an increase, not because of any bulge in the birth rate some years ago but mainly with the advent that the Christian Brothers school is closing down and with the higher cost of primary education for the paying schools more people

are coming to Government schools which have had approximately some 200 extra children to cater for. Also part of the increased establishment in teachers is in the Gibraltar and Dockyard Technical College where the process of Gibraltarianisation is going on apace and we have five more local Lecturers there which I think is something the House will be pleased to realise. Now, Sir, there has been over the past year one difficulty in the teacher field which I am sure the House is reasonably aware and this was that with the Scamp policy the Teachers' Association and the teachers in general wished to be associated with what is known in Britain as the Burnham Scale and the Burnham system. This, of course, meant that teachers who in the past in Gibraltar had been in three different categories, the Qualified Teacher, the Experienced Teacher and the Unqualified Teacher, were regraded into two categories, these two categories being the Qualified Teacher and the Unqualified Teacher. This meant a virtual demotion for many of the experienced teachers down to the purely unqualified grade. Although some allowance was made for their experience this was not considered by them to be satisfactory and they made strong claims that the situation when it had been similar in Britain had had certain methods of solution and that these solutions should be applied to Gibraltar, not taking the UK dates as the yardstick but the UK system as the yardstick and Gibraltarianisation of the dates being made. The Gibraltar Teachers' Association took a rather strong position against this and stated that it should be the UK dates which were to be the criterion and there has been a lot of research into the effective dates of the UK and we have still not yet come to a full solution but it is hoped that a fair and just solution will be possible within the next 2/3 months and we will have this problem of the Unqualified Teachers properly solved. One of the answers that could be put forward is being very strongly investigated because it appears that there was a much later date in the UK which might be considered as reasonable to apply to Gibraltar. The increase in staff that I mentioned before has one other aspect where there has been an increase and this will be with our new special school which we are hoping will open this time in early April. I am afraid the date of opening has been pushed back for month after month partly because many of the special items of equipment have to come from the UK and have been delayed. But the opening of the new special school which everybody tells me is an excellent building in itself, very well equipped and comparable to any first class special school in England, will, of course, require three extra teachers. Now, Sir, to come to the salient points in the actual Estimates of Expenditure, this year we are looking at the question of books and equipment with a much more careful eye. We have had four years of increasing the amount spent on books and equipment. Increasing, not simply to allow

for inflation, but to give a greater percentage spent on this item year after year it has been the suggestion by Mr Brown when he came here that we should do it for three years, we actually did it for four and we feel that this year we have attained a position where the quantity of books and equipment supplied to the schools is adequate, to say the least. We have had no complaints from any Head Teacher that they are in short supply of anything and therefore this year the increase we are making is simply to allow partly for inflation and partly for the extra 200 students that we have got. On the question of scholarships, as everybody will know, last year we gave some 20 scholarships and a plan is to do more or less the same this year. But I would warn the House that we must have a more careful look at the persons we are sending and that standards will have to be toughened to some extent. We have been giving scholarships sometimes to people very close to the borderline and we are going to inform everybody that unless they have got to a certain standard there is no possibility of their even being considered. We are coming round to the view to some extent, I am sure the Hon Mr Xiberras will be happy to hear this, that scholarships have to be given as an extension of the education system for itself rather than solely to satisfy the needs of Gibraltar. This is partly because with the large numbers of persons we are sending we cannot in all possibilities guarantee a job for them back in Gibraltar afterwards. Although in all cases at the moment we still ask persons to sign a guarantee that they will come back and serve in Gibraltar for a minimum of 2, 3 or 4 years, we are finding it in several instances necessary to release them from that commitment. I am sure the House will also be pleased to learn that as far as all present persons on scholarship awards are concerned we intend to increase from April the maintenance and other allowances by 20% so that they will be able to meet with the difficulties that they are experiencing with the UK inflation.

HON M XIBERRAS:

Will this include the lost generation from 1973?

HON M K FEATHERSTONE:

Yes, I think it will include them. I think there is only one or two of those people left. Teacher training: This is a vote which is asking for a considerable amount of more money, mainly due to circumstances out of our control. As I am sure everybody in the

House has read in the UK press, the cost of teacher training colleges has gone up tremendously and the cost to overseas students has been, in many instances, more than doubled. Of course, our teacher training does include in-service training, sending some of our present teachers for further courses and one thing that we will take out of this vote will be the cost in due course of some inspectors to visit our schools in Gibraltar, give us the benefit of their experience and tell us how we are doing and how we can better the situation. The cost of these people visiting Gibraltar will be borne out of this vote. Continuation and adult education is being increased this year to some extent and we are running a fair number of courses, not least 'O' level and 'A' level courses, so that anybody who has left school but wishes to continue with his studies in these fields may be able to do so.

Curricular development has been going on extremely well. As I think I said last year we have had a gentleman out here on Technical Assistance who was looking into Curricular Development and he has given us a great measure of advice and we are putting into effect many of the ideas that he has brought. One point that this year we wish to make a special expenditure under the curricular development head is to purchase a cassette video recorder. This, in the long run, will be a saving because, firstly, films are becoming far too expensive and, secondly, we have, as the House already knows, a link with Essex, already Essex has the privilege of recording educational films from the BBC television and they are applying that they may record for Gibraltar so that we would then have the benefit of the most up-to-date BBC television films coming to Gibraltar almost fresh from the press. Aid to youth: this is put in the Estimates as a considerable increase but not all the increase will be aid to youth, although there is an increase in the youth vote. This figure put down includes an amount of some £4,500 for cultural activities which is now being taken under the wing of the Education Department and I think it will be easier to coordinate that way than as we have had it before.

HON M XIBERRAS:

If the Hon Member will give way. Is there a Committee for this?

HON M K FEATHERSTONE:

I am quite willing to consider setting up a Committee to look into this. We haven't actually discussed the machinery yet. Educational visits: there is a slight increase. I think it is a little more than the air fare increase and, of course, we have and are continuing the policy where children need to visit the United Kingdom for purely educational purposes as part of their curriculum,

then Government should pay the full amount. The House will remember that in the past a certain amount used to be paid for by the student and a certain amount by Government but at the moment the idea is that the Government pays the whole amount.

Industrial training awards are increased a certain amount, some 60%, so that we can keep this going satisfactorily in cooperation with the Department of Labour. I think, Sir, those are the salient points on the Education Vote which has, of course, gone up very considerably but like most departments the main increase is of course in salaries and wages and this is something which is a direct result of Scamp and which, of course, has to be faced. While talking on Education I would mention the other small facet of the Education Department which I look after, which is the John Mackintosh Hall, which is going from strength to strength, in particular the library there is being used more and more by the general public and we have got to the stage where the library is more than full and we are approaching the Trustees of the John Mackintosh Hall to see if they will allow us to knock a wall down and take over the room which is beyond that wall, which at the moment is the library of the section of the Girls Comprehensive School in that building. We need to do this because we have had a book presentation from the British Council of some £5,000 and I am happy to say that the cost of knocking down the wall, if we get the permission, the cost of the new shelving that will be required and all other incidental costs are also being paid for by the British Council, so that this will enhance the library very considerably at no cost to Gibraltar. Now, Sir, turning to the Public Works Department. There is, I accept, to some extent, an increase in staff but this is offset in two ways. Firstly, the Works Supervisors who have been pointed out by the Hon Peter Isola. These were all Leading Hands and under an agreement they have been regraded and have gone from the industrial side into the salaried staff, so that it does not really mean such a tremendous increase to the Public Works Department in general, they were industrials before now they are on the salaried staff but are still members of the same body. The other factor is that although we have of necessity increased our Drawing Office and technical staff, we are now able in our Development Programme where we use this staff to do general work for the development programme, to put against the ODA the fees of this staff so that whereas we might have been paying architects outside to do the work, these fees will now accrue to the Government as such. The big increase in the Public Works vote is again the result of Scamp, it is mainly wages. If you look through the vote one by one I would inform the House that the majority of the expenditure, in some cases 80%, in

some cases 90%, and in some cases as high as 98%, the amount of money being asked for is to pay particularly into wages. Since the PWD is so labour intensive there is, I think, need to give a certain word of warning. Overtime has become almost a way of life. We are running in certain departments of the PWD overtime at a very high level indeed and overtime for overtime sake is something which cannot really be countenanced. I hear many people who comment to me; "Why is it that you start repairing a road on Friday afternoon and then people have to work through Saturday and Sunday at high rates? Is it so urgent that this repair of the road is done over a weekend at high overtime rates, could it not be done during normal working days?" I hear people say to me; "What is the first tool that at least a certain section of the workmen seem to look for when they go out to a job? Is it the transistor radio? They often see some of our friends from the other side of the Straits doing a job in the street but the transistor radio seems to be the most important weapon that they use. Although I agree in Britain they got extra results, or so they said, during the war time by music while you work, I am not sure whether it is absolutely the same in the present instance.

HON ATTORNEY GENERAL:

If the Hon Member will give way. It is true that cows give more milk when there is music going in the lyre.

HON M K FEATHERSTONE:

We hope that with the improvement in position of these gentlemen who were Leading Hands into the salaried staff as Works Supervisors we will get a better supervision over many of these people so that we do find that the quality of work and the output tends to increase. It would be a slow process. I know it is not going to be easy. I know that in many instances abuses have crept in but we are hoping to be able to get something done to improve this situation. Sir, as I said the Public Works Department is mainly serving the general public and the first of the items that we have to look at are our beaches and the Montagu Bathing Pavilion. I would comment one little thing about our beaches. If anybody has been down to Eastern Beach recently they will find that the wall has been breached in a certain place so that there is now direct access to a certain bar and although this means a little less room for people to sit on I am sure its other benefits will be appreciated. The Hon Mr Perez made much of the beaches being full of litter. This may be so, Sir, but I can assure the Hon Mr Perez that at the beginning of the bathing season the beaches are clean and the PWD staff spend a lot of time and

effort trying to keep them clean. I would ask this House and from the House it should emanate to the general public that keeping the beaches clean is not simply a job which should devolve on the PWD but should be a matter of pride of everybody who uses the beach. There are plenty of litter bins, they are emptied regularly. There is no need to say that the litter bin cannot be used because it is full but if people persist in burying the melon rind under the sand then, of course, the beaches become not quite as pleasant as one would like to have them. It is up to the general public to keep the beaches clean and help the PWD in their efforts so to do. We cannot go round to each and every person with a little litter bin. It only means walking 20 or 30 or 40 yards and I am sure that if people want clean beaches, sanitary beaches, they can easily do this little effort. The same would apply, Sir, to the section of the PWD which looks after the highways including road sweeping. Once again, if you care to stand in Main Street, you can watch the road sweeper go along, leave a clean section of gutter and five minutes later it is full again of sweet papers, ice cream papers, cigarette cartons and what have you. You cannot obviously keep a street clean if the public do not wish to cooperate. I sometimes wonder, when we see the advert on Gibraltar television "Help Keep Gibraltar Tidy," whether it is falling on blind eyes or deaf ears because, as the Hon Mr Perez has said, Gibraltar is not as clean as it should be but again much of this falls to the general public who can again assist by using the litter receptacles which are placed at many strategic places and which it is not a great difficulty to use. We have not got in Gibraltar, as they have in the UK, a system under which you can be fined, I think that in the UK, up to £20 for throwing litter, but I wonder whether this might not be something that we might have to consider in the future if we are really going to make a strong effort to keep Gibraltar clean. One of the items of expenditure of the Public Works, which is to some extent a token vote, is put down as Rock safety. As everybody is well aware the strength of the sea at times can be almost unprecedented and we have areas where it hammers our coastline very strongly and undercuts so that we have to do a considerable amount of prevention work to stop rocks falling down into the sea. It is partly the erosion caused by the sea and it is partly that in certain places pieces of rock can fall down. One example is at Little Bay and Camp Bay where odd stones fall down and we wish to build a certain area, make it like a little garden so that if a rock falls down it falls on the garden rather than on somebody camping there. As I say, the main point in this vote is the erosion of the sea and this year the two places we need to look at in particular are Catalan Bay and the Lido. I now come, Sir, to one point which is to a lot of people a rather touchy subject

and this is the question of the potable water supply. I do accept, Sir, that there are losses in the water supply but I would like without pre-empting the work of the committee that we are going to have, to put forward that there is another name that should be used for the majority of water which is claimed is lost, and this is unaccountable water and which I would suggest is water which in the majority of instances goes through the meters and is not billed. We have done, as has been said, I think, already in this House yesterday, tests. The PWD is far from sleeping on this. In fact they are awake in the middle of the night when other people are asleep doing these tests and they found in one area that the water going through the main meter compared to the water going through the small meters in the houses showed a difference of 28%, which meant that 28% of the water supplied was being used by consumers but was not being billed. However, Sir, even if all the unaccountable water were billed we would get, on present estimates, something about one third more at the most in revenue. This might be some £120 to £140,000 but the deficit in the water account is some £640,000 so we would still need to subsidise to the tune of about £2¹/₂m. We have heavy capital investment in distillers, apparatus which themselves are expensive to run, they have an expensive labour content, the fuel is expensive and we must, unless we are going to be very realistic, appreciate that potable water will be an item which in many instances will have to be subsidised. Although this year we hope to increase the total money obtained from the potable water account by some 50%, I would reiterate that this is not going to fall to a 50% increase on the domestic consumer. The domestic consumer is the person who pays rates, etc, and who, we feel, is the person who basically should have the majority of any subsidy. I accept the viewpoint of the Hon Major Peliza and the Hon Peter Isola that we should do as much as possible to assist our shipping and over the last six weeks we have been giving shipping all the water they require. However, the House will accept that if we have extra water, and we have extra water at the moment because we are importing on a regular basis from Tangier, if this water is costing us a certain figure, then it is not unfair that we should pass it on to shipping at the same figure. At the moment we have been subsidising shipping to a very high extent and if we are going to increase supply to them it is only reasonable that they should pay an economic price. The Hon Peter Isola has made some comments on the spending of the Improvement and Development Fund, how is it with all these many people running round in the PWD we only managed to spend £1.7m. last year. If he looks at the Improvement and Development Fund in the actual estimates, he will note that the estimated expenditure for the coming year is nearly £6m. This seems or, I should imagine, should seem a little odd to anybody that one year you can only manage to spend £1.7m. and the following year you are going to triple that and spend nearly £6m.

If he turns the page to page 106 I think that he will see much of the answer because it is put down there that we estimate to spend in 1977/78 more than £1¹/₂m. on the Varyl Begg Estate. Anybody, I am sure, will appreciate that to all intents and purposes, discounting of course the question of the roofs, work at Varyl Begg has finished so that it is not really possible to spend on actual work £1¹/₂m. The position of course is a paper transaction, there are many bills still outstanding which will have to be paid next year, had they been paid already, then, I think, the bills in one instance run to £900,000, they would have gone on to this year's spending and next year's would have been proportionately reduced, so that it might be more reasonable to say that the expenditure on the Improvement and Development over two years is some £7.7m. or some £3.8m. per year. On the question of the Girls Comprehensive School, the Hon Mr Zammitt of his own bat and from his own thinking brought forward an idea or two. This idea has not been discussed in Council of Ministers who I am sure when they do discuss it will come back to the already agreed viewpoint that what we must have as part of our programme on the Montagu Site is the Girls Comprehensive School. I agree that the figure of £5m, it is not yet £5m., people start adding the millions on. Once we used to talk in hundreds of thousands but nowadays with inflation people start talking very glibly in millions. It may be £5m by the time the FCO pull their finger out and decide to accept the project because at the rate they are going it seems to be another 4 or 5 months at least before it's going through the Projects Committee, but the reason that the cost is so high is partly that it is a very purpose built school. If the Hon Peter Isola's suggestion that a cheaper school is made, then I am sure he will be the first one to confront the GTA and fight it out with them that they are not getting everything that they would like to see. In the Improvement and Development Fund we have a fair number of local projects which I think would be of interest to the House. The first one is a rather small project but something which I am sure everybody will feel is very necessary, we hope to build some new toilets at Eastern Beach, these have been requested for some considerable time and it will be something that is done. While on beaches I would put forward that one of the things we intend to do, it is not in the Improvement and Development Fund as we haven't classed it as a capital project, but we intend raising the level of the toddlers pool. The Housewives represented to me that it was too deep for toddlers and we are going to raise it to a level which they have suggested to me and which should make it much more satisfactory. As the Hon Mr Zammitt has said, we hope to build a car park at Flat Bastion Road using the old air raid shelters. Another small but I hope very welcome item will be improvement to the salt water supply in the Tower Blocks where very often they have considerable trouble. A big job which I understand is going to exercise a certain amount of ingenuity will be repairing the sewer on

putting a new sewer right along the length of Main Street and we do hope that this digging up will not interfere with any possible parades for the Queen's Jubilee Celebrations. Another small but welcome item will be replacement of several manhole covers. I think you can walk round town and trip over nearly every manhole that we have got. A manhole cover at the moment is costing £100 so as you can see it is not an economic item but it is something we shall have to do. The Public Markets, as the Hon Mr Montegriffo has said, are going to be remodelled and the biggest item on the local expenditure is the conversion of what is left of St Jago's School into further offices for the Secretariat and other Government Departments.

HON M XIBERRAS:

Does the Minister know what departments are going there?

HON M K FEATHERSTONE:

Yes, I think the Education Department, the Consumer Protection Unit. Those are two that are going there definitely. I think the Income Tax Department is also likely to move there.

HON M XIBERRAS:

What will happen to the present Education Department offices?

HON M K FEATHERSTONE:

Well, there are several options out for it. One is that the Income Tax might go there, one is that the Statistics Department may go there, one is that the Audit Department may go there. It is not absolutely definite who is going where yet, we shall have to wait, I think, till the time comes. Two other items of expenditure which are continuing programmes are the rationalisation of the waterworks. The idea is to make it more automated and to be able to control most of the functions of the waterworks from central office and the rationalisation of the North Front Wells. The last item I would mention has already been mentioned is a calculated gamble that the Government is going to take but one which I feel is really worthwhile and this is to do a deep drilling somewhere in the North Front area. We hope we are going to strike water, if we strike oil it will be even better, we will be able to buy all the water we want. This will be a well going down, or at least a borehole going down to some 700 to 800 feet and we have had reports that there are good possibilities of finding water. If we do

find this it will, of course, alter the whole position very considerably. So as I say, Sir, the PWD is a service department. It is carrying on every day, day and night, serving the public of Gibraltar quietly and in the majority of instances, Sir, since the town is not falling to pieces, efficiently. We hope to improve that efficiency and we hope that our efforts will be appreciated as they reasonably should be. Thank you.

HON M XIBERRAS:

Well, Mr Speaker, once again it is budget time and a very new format has been adopted for this session. I would like to say a few words about that by way of introduction. I had great misgivings at the beginning, I thought this might not work at all, but as Hon Members have been contributing to the debate I have thought that the exercise might after all prove a success insofar as in a general debate the main issues can be identified and we may find at the Committee Stage of the Bill before the House that the questions will not be as repetitive as they have been in the past. Despite my cautiousness about this matter, I think that the omens are not bad. My next point is that I would like to congratulate the Financial and Development Secretary, he has had bouquets showered over him and I think they are well deserved. I think on presentation the Estimates are in my short experience in the House the best that I have seen by way of presentation. That doesn't mean that we agree with everything that he says. I think Mr Peter Isola has mentioned this and much of what I have said, Mr Speaker, will necessarily have been said before, has remarked that one of the main advantages of the present system adopted is that the Personal Emoluments stand out very clearly and I think the attention of the House has been drawn to these because of the size of the increases and also assisted by the presentation of the Financial and Development Secretary and I shall have more to say about this in a minute. Having praised the Financial and Development Secretary may I now take a little bit of issue with him on his annual, he has only been here two years but let me recap of what has been said on the last occasion we met for this same purpose. I pressed him last year on this business of an estimate of the cost of a particular stage of Scamp, or stages of Scamp, and he said that I would now realise the futility of having adopted a figure of breaking down by departments. Yes, certainly it wasn't really what I was driving at. I am aware of the difficulties of estimating what the result is going to be at the end of negotiations as protracted as the ones we have had in respect of Scamp. My main substantial point was that the budget seemed to be almost a shadow budget, that is, there was one real budget, I now use a word which the Financial and Development Secretary has used the "effective" budget. He used it in respect of the effective expenditure for the coming year and Hon Members are in, perhaps, not as bad a position as they were last year but still on rather difficult ground when we have on-going negotiations

of the type that have been going and these are not reflected in estimates of expenditure or income, and the figures are so substantial that whatever claim the Financial and Development Secretary can make to guessing or to estimating the difference between eventual expenditure and income, he must I think admit that this eventual estimate has been arrived at a level much higher than Hon Members of the House were expected to believe would be the case when they saw the Estimates for the first time. In other words, the Estimates of Expenditure and the Estimates of income have met but way above what was originally put before the House in the Estimates of Expenditure and Revenue in the previous year and therefore I give him full marks for dealing with what one might call the shadow budget in this way and we don't have too much money left over nor are we short at much but, again, Hon Members did not know last year, when they were considering the Estimates of Expenditure, what likely picture would be thrown up by the document now before the House. The picture is substantially different in respect of Personal Emoluments and I fear that this will also be the case this year. I am worried about the control that the House has over expenditure in these circumstances since Personal Emoluments are what have concerned Hon Members on this side of the House most and obviously Hon Members on that side of the House and when we are approving a series of estimates in different Heads did we know that the Police vote was going to be that size, yes, we had a rough indication of this but, my word, what a size and did we know that the PWD vote was going to be so high, or did we know that the Medical Department was going to be so high. I do not at all begrudge people, especially on the Scamp philosophy which as Hon Members know I have supported almost unconditionally, but I am talking about control of the House over expenditure. Most of these agreements have taken place subsequent to the presentation of the estimates last year and the picture has altered quite drastically by the agreements that have been reached. I am going to ask the Financial and Development Secretary to indulge in the same practice once again. We in this House realise that this is a difficult operation, the hunch as to how much the next wave of negotiations is going to cost, but I think we are entitled to this and we are entitled to ask about this. They are difficult but are we making provision, where are we making provision, how we are making provision for increases in salary which may be very substantial and if it was his intention to block a further petition, to nip in the bud as it were, a further petition of this kind this year by answering me as he does on page 9 of his statement in respect of last year, then I must tell him that I am not satisfied with that and I think that this House is entitled to know the order of costs of the next wave of negotiations. That is one question and the other question is what are we going to pay this money from? We have been given a very good indication which I also welcome by the Financial and Development Secretary as to what he is going to go for, how much money he intends to

raise in this budget, £4m. or so apart from the Municipal Services. Where do we meet the next stage of Scamp from which is already since October 1976 payable? I think from the point of view of financial control it is important that the House should debate this otherwise the Budget as presented to us on paper and the real budget, the real financial situation of Gibraltar, will not tally. I do not agree that it is a futile exercise at all. Having said that, Mr Speaker, may I say that I was, I won't say bored, but nostalgic about many of the things that have been said around the floor. These debates which we have been having, and I refer for instance to the excellently delivered contribution of the Hon Mr Perez. I thought of metamorphosis, I thought it was Mr William Isola speaking at the time, on many of his points. There were contributions from Mr Restano who apart from one or two new ideas were matters that had been going on in the House for seven years. My feeling about this particular Budget is not just that it has all been said before but that the Budget now contains, as my Honourable and Gallant Friend Major Peliza has said, at least embryonically, all the basic ideas that had been put by one side or another in this House in the last seven years. It is the post-1969 Budget, a post withdrawal of labour Budget now consolidated in form and I find that my criticisms on things such as water expenditure or whether the Government had to take its finger out or on things of this type, questions of performance rather than principle. We have had long discussions on the question of air communications. Who has not heard in this House the same thing over and over again on this matter? We have seen basically the same apportionment of money, excluding Scamp, over a good period of years now. 1969 was the dividing line to my mind not just because there was a new Government but because there was a new situation as well and that situation conditioned the expenditure and the revenue of Gibraltar. Therefore, Mr Speaker, taking the words of the Financial Secretary once again, I think that we must guard against complacency in this. I was glad to see one or two what I think are good ideas produced by the Chief Minister on the question of savings, the premium bonds and the keeping of money in Gibraltar and the return of money to Gibraltar and so on. I think these are worthy of support. I think that they do break new ground to an extent. But at the same time the old bogeys are still with us, the Municipal Services which were debated in the House in connection with the Tisdale Report which the City Council had been dealing with for a long period of years and now they raise their ugly head again, these deficits, and I ask myself, have we advanced that much in this respect over a period of seven years or even longer? Mr Speaker, so much of the effort of Government goes into the question of wages and salaries. So much of the Treasury's time, of

Establishment, of the Productivity and Training Unit, of the Statistician, of so many of the people we pay now better than before goes into the basic issue, the fundamental issue of wages and salaries. I appreciate that these are bound to be important under any conditions but I wonder whether Hon Members have lost sight of the idea of Scamp which was to do away with these problems, to reduce the effort and the strain on Government resources by producing a formula which would allow negotiation, or rather almost do away over a period of time with the main burden of negotiation. We find that in fact this has not been the case up to now. I have been a supporter of a type of Scamp, of a relativity with the UK. I hope that Hon Members continue to adhere to the idea that we must have some kind of settlement which allows the Government and the people of Gibraltar to turn their minds to something else besides. I think that a lot of the effort that has gone into creating this basic philosophy of Scamp, and Hon Members know that I have been very critical of them for their having opposed the concept of a wages link with the UK, but now that it is accepted, now that it is accepted - the Chief Minister says, no - but I notice he even put in a qualification when he spoke about Scamp, he said something like "for the time being".

HON CHIEF MINISTER:

If the Hon Member will give way. What I said was I was looking beyond 1977 and 1978. I was looking beyond that. Let me assure him that in so far as Scamp is concerned we are now in a position to settle tomorrow if all Unions will accept Scamp in full as it was recommended.

HON M XIBERRAS:

Well, Mr Speaker, I might be talking about wishful thinking. I am not going to accept that it is the fault of the Unions alone. I am not saying this. I am saying it was a difficult problem. As soon as the GTC, or the Unions, took up the stand that Scamp was negotiable we knew that we would have many teething troubles. What I am asking Hon Members to do is to pursue and to hurry up the process, if at all possible, of the implementation of Scamp and not to lose sight of the notion of which they were not too much enamoured themselves at the beginning, that this could divert or take off a lot of the burden of Government and we could be doing things which would be more productive to the economy of Gibraltar if this were settled. Mr Speaker, the Hon Members opposite used to refer to this kind of economy which my Hon and Learned Friend Mr Peter Isola described as being increasingly dependent on MOD spending. Hon Members opposite described that as the Dockyard economy and they were very critical of the Dockyard economy. We now have acceptance in this House and in our

Estimates of this kind of economy and I do not think it has served the people of Gibraltar badly. I think, since 1969, we have not collapsed and we are not in danger of collapsing now and therefore the prime aim, to my mind, of our budget must be to reinforce Gibraltar politically to the extent that we do not succumb to the threat we have been putting up with for so long. I am willing to put any other consideration short of obviously inhumanity and things like that, below that. I think that is the basic consideration that we must have. I think it is a consideration that most people in Gibraltar would share. I do not believe that the people of Gibraltar are just soaking in the money. Of course they will soak in the money like any other community but I do not believe that they would put, by and large, unreasonable demands before their awareness that Gibraltar should continue as if we had decided that it should. It is in this line that I exhort and appeal to both parties in the Scamp negotiations to bear in mind that after so much struggle surely we must have consideration for the community as a whole that there is every possibility of agreeing on a fair wage, a UK-related wage, at this point and that the sooner we get this out of the way the sooner all Members of this House or of a future House would be able to devote themselves to the things that the Hon Dr Reggie Valarino was talking about, for instance, the question of looking at our costs. The Hon Mr Restano mentioned tax haven, I don't necessarily agree with tax havens but it is an avenue to be explored. Hon Members know that I have criticised the Hon Mr Serfaty over and over again for dreaming or for wanting to have 27 hotels built at one time. To eliminate any increases in taxation in one year we worked out that we would need 27 hotels all fully built almost overnight when the increase in the Budget came to something like £900,000 only but I see that the time has come in which we should avoid complacency and think of a careful expansion, a Government-motivated expansion of the economy. To do this it is important to have an equitable settlement in the public sector because the Government will not be able to promote any initiative within the private sector unless there is a general acceptance that conditions have been achieved in the public sector which are fair and which are going to be enduring. A lot has been done in this direction in the UK, perhaps too much in the UK. We in Gibraltar need to push our private sector development because we already have the tell-tale signs of the possibility, even the probability, of saturation point being reached in employment in the public sector. I know, and I have been Minister for Labour, that we import a lot of labour from abroad but this is not what we are talking about. I thought the answer of the Hon Mr Canepa was

very good on the question of Mr Restano on this. We are looking for not only any job for Gibraltarians, we are looking for jobs that will fulfil the expectation of Gibraltarians, the reasonable expectations of Gibraltarians and therefore we cannot say, having spent so much in our education, having had so many scholarships given out, having geared ourselves so well, if I may say so, over a period of years, we cannot say to people; "Right, here is your education, now we have to export you." We have to create the openings. I know personally a number of people who are already in the position the Hon Mr Featherstone was describing of not having work when they came back after studies. He obviously knows about this. What are we going to do with them if they wish, as most of them wish, to stay in Gibraltar? There is no exodus to my mind, most of them would like to stay in Gibraltar and work at some stage or other. Mr Speaker, I might develop this idea at some future meeting because there is no provision in the Estimates to which I can tag on this general idea but I feel that it is time that the House started thinking as from now of a controlled expansion. In this respect we must gear the expansion to our available resources or those that we can recruit. I am glad to see that the Minister for Labour is paying much more attention to the question of labour. Again I have chided him on occasions for, in my opinion, not attending to this matter enough. I feel that he is now, especially now when he chairs the Manpower Planning Committee, which is a step which I was not able to take in my time for FCO reasons, he will be aware of the situation. We do need that expansion and in connection with this we do need expansion of our communications, a betterment of our communications with the outside world. I know it has been put much more ably than I can do by Hon Members who have attended this meeting and so forth but I will pass the comment, however, I do get the impression of powerlessness on our part, that we are powerless before the airlines and Hon Members are really incensed about this. I think some of the sharpest exchanges we have had in this House have been between Members who get along very well together, Mr Serfaty and Mr Peter Isola, and yet we have had very sharp exchanges even though they both claim that they believe in the same thing and this frustration, I think, is a very serious matter. I don't know to what extent it is worthwhile advertising for tourism, what the returns are for our advertising if we cannot get a breakthrough in the question of air communications and other communications. Whilst on the subject, Mr Speaker, it is something which I have suspected for a long time but I think we have had confirmation of it today, it is not the

people we are advertising to, or advertising for, who are bringing the money into Gibraltar, it is the people who have, what I might call a real connection with Gibraltar who are leaving the money in Gibraltar. It may be the case that these people do not need to be reminded of the existence of Gibraltar through advertising but, on the other hand, are we doing too much in the other direction? The Minister will go to other places in Europe now, he tells us. If what the Hon Mr Perez was saying is correct that they can go to the Costa del Sol for 50% less than, Mr Speaker, is it not time we started reconsidering, not seriously, perhaps, but started thinking a bit more clearly in what direction we might expand our economy for as long as we are subject to the conditions that we are subject to. Should we not be able to do something else besides? We have a City Plan which makes one or two suggestions. I don't think it is quite clear how one goes about those things, it needs decisions of Government policy, but are we really going to have a breakthrough in tourism, a source of income which must have a very, very big turnover if it is going to be a real provider. I think in the melting pot must go things like tax haven, things like light industries, the port has been mentioned, and we must start thinking as to how we might break away from the mould of tourism to the extent that we have been conditioned up to now. We in Gibraltar have thought that only tourism provided the means of economic expansion. We have been conditioned that way and I say so not very seriously but as food for thought, should we not think in the coming year of other ways of expanding. Before this can happen, Mr Speaker, it is essential that we get our public sector settled otherwise no one will have the energy to look around. Now that we have, Mr Speaker, some sort of general parameter for our public sector in the shape of Scamp when it is established, is it not also time, Mr Speaker, as the social ends are accepted by all in Gibraltar as a fair wage is gradually identified in Gibraltar which was always the problem, is it not time we started looking as Hon Members on this side of the House who are by no means conservative, who have always advocated progress, should we not in these days of universal taxation, should we not start looking at the cost of our services in a real way. The phrase "cost consciousness" I think is a very appropriate one and it is not only management that must be cost conscious it is everybody that must be cost conscious because income tax, pay as you earn, takes a big chunk out of the pay packets of every single individual unless he is below the subsistence line, as it were. Everybody is paying for this and everybody is going to pay increasingly for this. Our budgets have been expanding at a tremendous rate, and it is from the people of Gibraltar that the money is going to come, people of all classes, and even though exhortation, as the Chief Minister has said,

might not be good enough, now I think it could begin to be of some use. I think that if the House is generally agreed that cost consciousness is important, that every penny that the Government spends is going to come from somebody's pocket, then, perhaps, we will get a new awareness. I remember many years ago fatuously calling, I think it was 1971, productivity year. We tried to do a lot about it, the Productivity and Training Unit was established, we had lectures, seminars and so forth, productivity agreements were put to the Unions and so forth. All that has been overtaken by events. If there was some virtue in any kind of social contract in connection with the Scamp recommendations, some sort of general statement of determination by all concerned about costs and so forth, that chance has disappeared, disappeared in the various confrontations that we have had, not with the United Kingdom Government, but amongst ourselves. I do not think there is much chance of reviving the social contract kind of thinking at this stage because the aims have been achieved now, the link with Britain has been achieved, and it is difficult even to get all the Unions on the same footing asking for the same thing at the same time now and we have had a fragmentation of the negotiating position of the Unions. But I put it again as food for thought that we cannot under any circumstances afford to pay out wages of the kind we are paying out, keep up with increases in the United Kingdom, unless we are cost conscious and effort conscious. Mr Speaker, I thought that it was a wee bit irresponsible of the Chief Minister to accept Scamp before a permanent economic relationship with Britain was established.

MR SPEAKER:

I think this is an opportune time to recess for lunch.

The House recessed at 1.15 p.m.

The House resumed at 3.50 p.m.

MR SPEAKER:

Mr Xiberras, you had the floor.

HON M XIBERRAS:

Mr Speaker, I made some general remarks before lunch and I would like to continue in that vein a while longer. The Hon Financial and Development Secretary had something to say about the rate of inflation

which he put at 14%. I remember when the fuel crisis hit us there was a communique issued at the time talking about paper hats in the rain, not a very complimentary comment on the likely effect that was seen by the IWBP at the time as resulting from the measures taken by the Government. I would say that even though we have reached the giddy heights of inflation at one time, of hyper-inflation, 14% is a not unacceptable level of inflation at this time and although one should not obviously let things stop there, one should aim for single figures, one is at the same time conscious of the fact that our rate of inflation is linked with the rate of inflation in the United Kingdom. I thought the Financial and Development Secretary was a bit pessimistic about the income of things there and the House can only trust that he was wrong in this. He also spoke about the effect of the wages settlement working their way through the economy. He has not given the forecast of what the proposed increases in the municipal charges is likely to produce in the cost of living index but I would have thought that it was in our interest, generally, not to exacerbate a situation which could be potentially dangerous and which might set us back in the coming year. The Government has no doubt decided upon a level of these increases already but, perhaps, the House will be more convinced of their practicability and desirability if it knew what the inflationary effect of these measures was likely to be and I would suggest that in electricity particularly this is likely to have some effect as also in telephones. Mr Speaker, much water under the bridge and still more water to come, I am afraid. The Minister for Public Works gave us a figure of £140,000 as a possible saving had we, in fact, collected money on what has been produced by way of water. I have a fairly detailed set of figures here which have been produced for me but which I take to be fairly reliable and that puts the saving given an acceptable loss of 15% at £296,000. There is a big difference between the figures and Hon Members are welcome to have this information which might be passed on to the Committee. Coming to the Committee obviously one must support that decision taken by the Government to appoint the committee and we are sure that the composition of the committee is such that it will delve into this problem. I am not at all in agreement with the Hon Mr Featherstone when he suggested a certain possibility as being the main factor in all these deficits, I feel that there are other important considerations to be borne in mind, no doubt the committee will look into them. I do not think, however, that the appointment of this committee at this particular time is sufficiently compelling a reason for Hon Members on this side of the House to vote in favour

of the proposed increases in water. I think that the Government has had ample opportunity of taking measures to reduce this deficit and has failed dismally to do it. These matters were brought to the House at least three years ago and the then Minister for Public Works was assailed from every quarter of this House and was told that the situation was intolerable and he refused to give way and his colleagues in the Government bench apparently could not prevail against his set views and we have had this disastrous situation continuing over a long period of time. I remember the Hon and Gallant Colonel Hoare, as he was then, saying that the 35% loss in water was tolerable. His colleagues tried to defend the position and I blame them quite honestly as much as I blame him because he should have been prevailed upon and the appointment of this committee at budget time particularly could hardly be called a stitch in time even in political terms. Therefore I for one intend as a sign of protest and so that the House will perhaps pay attention to points made by Hon Members on this side of the House, to vote against the proposed increases when they are suggested. On the question of water to shipping, I think that the size of the deficit is such that all other considerations pale into insignificance. What are we talking about in terms of subsidy? How can we talk about the unfairness of subsidising water to shipping when we are talking about tremendous losses in water which the taxpayer will have to pay in one form or another and in line with what I said earlier about the desirability of looking at possibilities of expansion in the economy, surely this area of the Port is a most alluring one and one where the Government cannot afford to put a foot wrong. The Government should not be measly about it, the Government should encourage the attraction of shipping amongst other reasons because we are in terms of land, in terms of resources of Gibraltar, this kind of business does not take up much space or much effort whereas in other cases even in the construction programme we have difficulties over lorries in Waterport, the allocation of sites, use of our land resources and so forth. In this area I am sure that we are under-using our resources and that therefore the Government should push by all means to attract shipping and it should not be, as I say, measly about these considerations. After all we might be giving profit to some people but, generally, the effect on the economy is going to be a very beneficial one and anything that is done, the reclamation between jetties and so forth, all that, is to the good. I have criticised the Minister in the conduct of the Port and I wish to repeat this criticism perhaps in more muted terms today. The Port must be an outward looking part of the Government, the administration is not there to keep things tidy in the Port, surely, it is there to attract business to develop at this particular stage when we need it and even though the very reduced area which is available there for loading and unloading does require order and does require discipline in the management

of it, yet we cannot afford this important resource to go begging and not be developed. I wonder how much we put into that? I wonder how much advertising goes into tourism as compared to advertising for ships? I know that the Captain of the Port or the Minister has, in fact, started advertising in particular journals and it is a step in the right direction but I would like to see much more of that because more money will come that way to my mind than marginally on our expenditure on tourism. Mr Speaker, on electricity the Hon Dr Reggie Valarino has made a very pertinent point and I am sure we are going to get an answer to it. I am talking about the tank, not the think tank this time but the fuel tank. Things like that do require an explanation from both points of view, the point of view of the cost of the electricity service and also from the point of view of the general desire of Members on this side of the House to see a containment of abuse or undue expenditure in our estimates. The electricity service, I do not know whether there are any alternatives to it, some have been suggested. I do not know much about it, I do not know whether butane is a possibility or is not a possibility but since it has been moved in the House by the Hon Member on my left, Mr Restano, then one should have an answer to this and the answer should not be in terms solely of; "well, we cannot afford to put our eggs into two baskets," it should be in terms of value for money as well as that consideration. We know that we have an interest in keeping up the viability of the electricity undertaking but we also have a duty to provide electricity as cheaply as possible. The staffing of the power station to my mind is quite adequate, to use an understatement. There have been agreements in that area which are reflected in the estimates and I would not like to see an escalation of those even if these are considered to be justified by the Government. The House is indebted to the Hon the Leader of the Opposition, as the Financial and Development Secretary has recognised, for the new refunding of the accounts of the three services. It is also obviously indebted to the Financial and Development Secretary for carrying this out. I am somewhat perplexed by the fact that over a period of time we have spent some £2m if I may say so almost without our knowing what we were doing. Over a period of between 1970 I think it was and 1976 we spent just over £2m and the House has not really voted that money knowing what it was doing. I think this is a very sad state of affairs and perhaps Hon Members on the other side will bear with our colleagues here on this side of the House when we ask questions about Scamp and so forth. We do want to know what is happening, we do want to know approximate costs, we do want to know what we are voting for and this, I think, is a good example. I do not fully understand this adjustment that took place I believe in March 1976, I take the Financial and Development Secretary's word for it since we don't have to vote any new monies in

respect of subsidies for that period 1970/76. Perhaps I do understand the Financial and Development Secretary was very generous in his help of my colleague here on my left and myself and for this we are grateful. I do not know whether the Government has reached the right kind of mix in the subsidy contribution element for this, I ask the Government to consider that even though by the size of some increases in past budgets the increases which are being proposed in this budget may be considered perhaps not trivial but less, yet they are going to have an effect at a time when politically and economically it is very much in Gibraltar's interest to be strong. Therefore I would apply in consideration of the size of the deficits over these years, I would apply the thinking of the Hon and Learned the Chief Minister on a similar occasion some years ago. We are in no danger now of contravening laws but it is quite clear that these increases should be introduced gradually, in other words, the deficits should be wiped out gradually and that we should not go into an immediate or almost immediate liquidation of the deficits outstanding. In the case of water the deficits are such that I really don't know, perhaps other considerations apply, have the Government handled things properly at the proper time. Mr Speaker, speaking of unemployment very briefly, I urge the Minister for Labour to keep a very tight control of immigrant labour. I remember that when we were spending £4m on the Development Programme, a figure that was quoted this morning by my Hon and Learned Friend Mr Isola, we had 2,997 workers from abroad here, the figure is 3,600 or thereabouts now with a vastly reduced development programme. I think that we need to provide the kind of vacuum into which would be drawn the school leavers with whom we are going to have trouble in placing despite the Youth and Careers Officer that appears in the Estimate, the Assistant Youth and Careers Officer and so forth, despite the expansion of the Labour Department, despite their services, we are going to have trouble in placing young people in the future and it has been the philosophy since Beeching which is now accepted by all Members of the House that there should be some sort of vacuum created into which would be drawn the school leaving population. If we don't do that we are never going to have of course 6% unemployment or anything like that, but we are going to have serious problems which are demoralising in a society which is really short of its own labour and therefore I urge the Minister and the Minister for Education, if the Youth and Careers Officer comes under him, and all concerned in the Manpower Planning Committee to read again the Beeching Report and remember that this is accepted policy now by both sides of the House. If we don't we are going to get situations which are not widespread, which are of limited importance but nonetheless very worrying such as the area mentioned by the Hon Member on my left, Mr Restano. Mr Restano's arguments apply to my

mind to all labour from abroad irrespective of category and that is the philosophy that we took up in 1970 with the Control of Employment Ordinance and I have been after the Minister 6 years, I think, on this point. Now I am glad to see that other people feel the same way and perhaps the Minister now in his new post in the Manpower Planning Committee will be able to do something effective about it. Similarly, dealing with Manpower Planning and unemployment, it is essential to accelerate the opening up of jobs for females. This is important, it was started sometime ago and Hon Members opposite were perhaps critical of this. There was talk about the two-job society, about children being left on their own and so forth, but a measure of success was achieved then and then there was a great lull until the question of female apprentices came up and the question of the gardeners also was brought up and it is vitally important to allow young girls who are leaving school an opportunity, a career opportunity, so that the level of economic activity in the community is going to rise. The Minister has the census, has plenty of information on this, and all that is needed is a few firm measures of directives in order to bring this about, I do not think there is any great danger in upsetting men's work in this, I think we shall be reducing our dependence on labour from abroad. Mr Speaker, I would like to say a few words about education, mostly complimentary, in fact, almost totally complimentary. I think the Minister has done well in this department over the last year. I think the Minister has taken a lot of stick from the Opposition in the past. One project which I congratulate him on achieving is the link-up with BBC and the video machine. The Minister will be interested to know that I proposed this as teacher when Lord Shepherd was here in 1968 and I failed because BBC would not allow this to happen for copyright reasons and now it has come about. It is of tremendous cultural importance, for the 6th form particularly, where there isn't a 6th form atmosphere in the colleges, to be attuned to other levels of thinking, otherwise provincialism in the 6th form is perhaps the greatest threat to education here. We can go through the 1st forms quite easily in secondary education, apart from the bilingual difficulties in early education but we get to the 6th form and there is this isolation to contend with and this measure of the Minister is most welcome. The staffing situation, I am glad to see an improvement of that especially since the Minister had to put up people at Both Worlds. It appears that there is going to be an improvement of the situation, the teacher/pupil ratio is going to improve, I think this is all very much to the good. The teaching profession, to my mind, is an important part of the community, perhaps I have a bias here but it is an important part of the community and they should be listened to because education is important. Of course, like all professions, it tends to think itself

the only profession but nonetheless I think that the Gibraltar education is so important for our future that there should be no giving up on this and I congratulate the Minister on his efforts in this direction. The Minister is doing well also with books, the £5000 grant from the British Council is most welcome. Again I am thinking in general cultural terms, I think it is very important for Gibraltar this business of culture. Whilst on the subject I thank the Government very much for in such a short period of time, I thought it would take two years, paying some attention to what I had to say about cultural development. I hope the use of these funds will be dynamic, that is why I asked the Minister what sort of machinery he intended to use. We have been a cultural desert for a very long time. This is recognised if you read your books, it has been recognised by a lot of people and I would say that money in this direction properly spent, we don't want it on hobbies but we do want it on any manifestation of culture in Gibraltar, can only be a good leaven for Gibraltar, something that will inspire people in a city that has not had much time for culture, perhaps it has been too busy with politics and with other things and perhaps we can now develop in culture what has been developed again through the efforts of many in sport. I would recommend to the Minister, as a first step, that he should institute a hefty literary prize in Gibraltar. In the neighbouring country there is a proliferation of prizes and I think they have too many there but, on the other hand, we mustn't sneer at them to the extent that we don't have a single literary prize here and I think that this is vitally important to encourage creativity in the community. As regards sport there is a lot to be said. One hints, as one involved, as I have heard the Hon Mr Perez mention on more than one occasion, is the question of coaching. I think it is vitally important in some areas to provide money for coaching, extended courses of let us say, three months. I have seen it done in athletics and the result has been quite direct and immediate and I think that this could be done now with profit in some sports. No doubt the money will have to be found but if the Minister is going to get some money in some way or another after consultation with the House, then this is a very good use to which the money can be put. The Public Works Department; my Hon and Learned Friend has already said a great deal about it. It is the albatross of the Government, undoubtedly. It is a hefty bird which has somehow to be moved and it is something which successive Governments have failed to do. The Hon Member who is now Minister is overburdened with responsibilities. He told us today that 80% of our income tax goes in expenditure on his Department and at least the Hon Member's efforts if he is to keep the department should be recognised by an increase in salary to my mind.

It is far too much work to expect one man to do. They are two very big spending departments and if he is at it full time, then I seriously propose to the Chief Minister that this should be done. Then I would say to the Minister, I know he is efficient, that he should not be afraid to take decisions in consultation always with the interested parties but decisions that can stick. His department is very big, it has got past the unwieldly stage, it is now lumbering, I think an example of this is the promotion of these Supervisors. I do not know in accordance with those criterion these Supervisors have been made, but certainly it was not the philosophy that promotion for the sake of promotion, or non-industrial status for the sake of non-industrial status, was, in fact, the policy of the Government and I would like some member of the Government if possible, to give an explanation. There are 14 posts involved, I know some of the people concerned, my guess is as good as anybody's, but we do have in the construction field a place where people can be graded and we have not heard what extra responsibilities they will have to perform. This could apply of course to other areas of the Government. In respect of the Public Works Department I would make again my proposal for a Public Accounts Committee. We have been concerned with expenditure and I thought I saw the Chief Minister rather more enthusiastic about the idea when I first moved it in the House than I saw him or heard him to be on this occasion. The Public Works Department is the obvious area. Perhaps we can do one department at a time, but there there must be great savings to be achieved without detriment to output. I am absolutely convinced the workers inside the Public Works Department know this. They say it, and talk to the workers in the private sector and they will tell you, talk to the Moroccan labourer who has worked in the private sector and moves to the Public Works Department and he is in for a cushy time and he says it and admits this openly and everybody in Gibraltar knows this. And yet we have our paraphernalia of Supervisors, more Supervisors and so forth. I know that successive Governments have failed to move this particular department but I ask for a big effort to be made in this direction, £2¹/₂m worth and then responsibility for a lot of money in the Development Programme. Mr Speaker, in applying this one should not discriminate, one should not go either for the bosses or for the workers. It must be something which is equitable which is fair but which is firm, otherwise we are going, as I say, to suffer greatly with this department. We have there a new man, I think, as Director and perhaps in his term of office we can have new broom sweeps clean, perhaps, we can have some movement then. I think a Public Accounts Committee or a hybrid of a Public Accounts and Estimates Committee is eminently desirable for this huge department. We are paying for it, the taxpayers, I don't pay much tax but taxpayers do pay for this and they are the people who get the services, the Government flats, the windows that have to be fixed, etc.

They are the people who are getting the service and if the service is not there then there are going to be complaints and I would not like to see a Government department dispirited in any way. I would like to hear from the Minister how many industrials he has employed in the Department, what the procedure is for employing those industrials, what our dependence on labour from abroad is in his department, how many jobs are done by the maintenance section per day? That is how one measures output to my mind, whether any improvements have been suggested for this. In my days it used to be as little as two and a half jobs a day done, very minor ones, and there was the problem in getting in early into a house and starting work early and so forth. All these things need to be tackled, they need to be monitored, they need to be improved and if I sound rather hot under the collar about this it is because it is a very large spending department and I think that there must be somebody to take this particular problem in hand. The Minister for Health Services made a remark which I shall not repeat but which I would ask Hon Members to construct in terms other than the ones he apparently intended. It was concerning the usefulness of treatment in particular cases. I think the less said about that the better. I am sure that what he had to say about the Geriatric Ward and so on comforted members after his previous statement. The area there which I would like to touch upon is the Public Health Department for which the Minister is responsible. I don't know whether the law has changed on the Public Health Department being able to sue the Government for breach of the public health Ordinances but the complaint was raised in this House and I have not seen much improvement in the situation. I think Government, which after all owns a great part of the buildings of Gibraltar, is not subject to the same considerations and is not had up in court as other people in the private sector are and I think it is unfair and discriminatory that this should continue to be so. I think it is not the fault of the Public Health Department, it is a fact that Government departments are not faced with court actions as the private sector is and if we are talking about tidying up Gibraltar and so forth, then the Public Health Department should be able in some way to put pressure on the Government itself, it is the biggest landlord in Gibraltar and so forth and the Government should set the example in these matters. I am very interested, Mr Speaker, in the drugs and dressings controversy. The Minister for Health Services usually sees reason but he takes a long time in getting there. He sees it is a good argument that the Hon Dr Valarino was putting forward but I would like to see some progress in that direction. There must be if not in all the proprietary drugs used, there must be at least in some, some flexibility for the doctors which the doctors might not be so averse to exercising. The suggestion that circulars should be put out to the doctors is a good one and should be pursued to my mind. The bill is mounting and I know that the Minister has already been in negotiations with the chemists

and the result is again perhaps not as unflattering to the Minister as it might have been but certainly serious for the Estimates and there is another area of control and monitoring which should be explored by the House. Mr Speaker, the general level of benefits. Again Hon Members have been critical of the Government in the past. I think that the Government is to be complimented on the Social Insurance improvements, both those it has carried out already and the ones that it is going to carry out. I think this is very good indeed, I would have liked to see some sort of linking of the benefits when acceptable levels are achieved. One can always break from established patterns but to set up a pattern I think where one raises a particular benefit one also raises another, avoids delays and injustice. The reverse of that is that there should be an examination at some time of who is getting all this money. Are we giving more to one sector of the community, various handouts from various areas or from various funds, various votes, and benefitting a reduced number, or are we really spreading out the money which we pay generally in social services amongst all who need it? There might be duplication in some cases, there mightn't be enough in others. I don't know whether such an exercise is being carried out but I think it is important to do it if we are talking about cost consciousness and social justice. Mr Speaker, Housing and the Improvement and Development Fund. A lot has been said already. I think the motion which I brought to the House earlier was very useful in this respect but I am glad to see that the Hon Mr Zammitt, who no doubt made his statement out of concern for the housing situation, the House will remember of course that he called it "a crisis in September, in Housing" but he was not prepared to use that word a couple of days ago. I have no doubt that the Hon Mr Zammitt acted out of generous impulse when he said that perhaps the Government might change its mind on the school. I am glad to see that statement corrected for the reasons that the Hon Mr Isola has already mentioned that we would certainly fall between two stools if the Government tried to change at this particular time. But, Mr Speaker, the crisis continues and is there and I did not see much hope in what the Minister had to say. Admittedly, the Chief Minister said that policy was not completely formulated yet but it was a mere re-ordering and numbering of the points which were raised in the motion on housing and this is not what I am talking about, I am not talking about slogans, I am talking about effective action in this field. I would like to see the Government bring concrete proposals before the House as to what it is going to do and when it is going to do it to alleviate this. We have a very big crisis on our hands with housing and the more you look at the Improvement and Development Fund the bigger the problem feels. It almost has departed from any plane of realism now, the Improvement and Development Fund. Here we have this expenditure for this year which the Minister said in part was going

to be for Varyl Begg, then we have the non-reimbursements by ODA, then we have plans and money for buildings that are manifestly are not going to get off the ground by that date. Here we have a chopping away of the modernisation programme and a change to area development as yet unspecified, perhaps unplanned. The Improvement and Development Fund is at sixes and sevens, it is a complete mess if I may say so, and the programme of development of the Government is in tatters. There is no two ways about it in my view. It has now fallen back very much behind the momentum which was acquired with Varyl Begg and the £4m that were spent over a particular period of time before. We have slowed down at a time when we could ill afford it. It is telling on business, it is telling on our finances, it would be much better if we had a bigger injection of funds and it is going to get worse. There is going to be a trough now where things will get worse so I ask the Government to get this building under way, immediately, to push might and mien in these conversations of May which I asked the Chief Minister about at the previous meeting. I asked him to get the building actually under way otherwise the cost would be so steep that a lot of people are going to drown in it. The proposals for housing I shall leave for another time and give the Minister some time to consider all these matters, but even if we can't start on the housing let us start on the school. It is money coming in to Gibraltar, it is movement on the economy, let us start on something because if we don't start getting something under way we are going to end this development programme without spending even what it was allotted at the time and when we go for more money we are going to be told we still have not savoured even the one that we were given before. Despite all these considerations, Mr Speaker, despite the criticism, despite the nudgings, let us also count our blessings. In neighbouring countries they are going through upheavals which we were going through not very long ago, with strikes, with this, that and the other thing. I hope that we are over the worse in this respect and that we have the parameters needed to continue a more peaceful and productive life. I feel that we are approaching a very important situation politically for Gibraltar. There have been changes round about us and fresh challenges might very well come our way. When these challenges come they should meet a Gibraltar which is firm economically and quite firm politically, a public sector that can hold its own and a private sector, and this is the important area, a private sector that would be able to stand up to any challenges that come its way because with any possible relaxation will come dangers as well and therefore it is in the Government's interest and in Gibraltar's interest that there should not be a collapse. I will go further, that there is no infiltration now of our economic life in such a way that our institutions, our commercial institutions or commercial firms or set-up are going to be in a weak position to resist

the challenge when it does come. When it does come then I am sure, if the Government does its work and we all do our work, then we will meet the challenge successfully. So, Mr Speaker, with the possible exception of the water situation, I end up by summarising. It is a question of some bouquets for the Government, some brickbats for the Government and a lot of exhortation that they should get on with the job. We are not differing so much on policies, we are differing on performance and this it is our duty to quicken as much as we possibly can.

HON MAJOR F J DELLIPIANI:

Mr Speaker, one is grateful to Members of the Opposition when they bring to the House items of interest to the general public which will improve the standard of living of Gibraltar by introducing new methods of advertising, efficiencies in the generating station, suggestions for the Telephone Department etc., etc., but it is one thing to bring this kind of information and another thing is to bring half-truths into the matter by getting this information through the back door. It is obvious that in the Electrical Department we have our own little "deep throats", our mini-Watergate, but instead of the Government having to do the bugging, the bugging is being done by the Opposition. The Honourable, Dr Valarino mentioned a few items in respect of the Electrical Department, the fuel of the reservoir, the distiller, Generator No.13 and a suggestion with regard to Greenwich mean time and the advancing of this by 2 hours. I will deal with these questions one at a time. On the question of the fuel reservoir, it so happened that in the past our fuel suppliers had two fuel lighters. This was replaced by a more modern lighter with a greater capacity but less operational flexibility because we only have one lighter at the moment. It was envisaged that a situation could arise where this fuel lighter, either because it had to deal with shipping or because it had a pump failure, the situation could arise where the fuel suppliers would not supply us with the fuel precisely as and when required by the Department. With some foresight the management decided that we should have an extra reservoir within the Department in case a situation like this arose. This reservoir was meant for the heavy fuel, that is the more economical, the cheaper fuel. This reservoir is no different to four other existing reservoirs in the Generating Station. Given the location of the south engine room vis-a-vis the intended new reservoir the Chief Fire Officer was consulted, the site was inspected by the Deputy Chief Fire Officer and approval was granted to go ahead with the planning of this reservoir, so there is minimum danger of

anything happening because there is a reservoir there. First of all there are four other reservoirs, now there is an extra one. Specifications were drawn up by a Civil Engineer of the Public Works Department and the work was given out to tender at a very good price. The work of the contractor was supervised by the Public Works Department throughout. However, when completed, the tank was tested with brackish water, not with fuel, and it was found to leak. Remedial work was taken and many of the leaks were corrected. Unfortunately the problem has not been fully solved and investigations to provide a special lining are in hand and it is hoped that the problem will be solved. There was no fuel loss involved due to any leak. Doctors bury their mistakes, Architects and Civil Engineers have to live with them and solve the problems. Nevertheless, the difficulty foreseen by the change of two old lighters by a new lighter did occur on or about the 10th of March of this year and this was due to a breakdown precisely in the lighter pump of the supplier. As soon as this was known the stock of heavy fuel, that is, the cheaper oil, was reserved for the No.13 Generator which being the biggest unit in size, is used to generate the bulk of the supply and the lighter fuel, the more expensive fuel, was reserved for the three other generators available and which normally uses heavy fuel. Supply of heavy fuel was delayed by 3 days during this period. 54.22 tonnes of light fuel had to be used as against the same amount of heavy fuel, the extra cost of this was £1,046, not £20,000. However, it is gratifying to hear the Hon Doctor being so concerned with expenses of fuel in my department. When the union blacked heavy fuel in 1974 between the 18th of October and the 2nd December, 1974, the cost to Government of this action was £26,430. I wonder if the Hon Doctor can use his influence with his Leader of the Opposition so that this situation does not occur again. Likewise, management has tried to introduce a new shift system to provide better manning levels and a more efficient use of plant. This is in keeping with Scamp requirements. The Union agreed, in principle, on the 1st April 1976....

MR SPEAKER:

You may say it has not been implemented because it has not been acceptable by the Union but let us not go into reasons because otherwise we are going to debate here things which are not relevant.

HON MAJOR F J DELLIPIANI:

However, due to non-acceptance by the Union we have not been able to benefit from this new proposed system and it would have saved Government every year something like £10,000 at present costs. Distillers; we spent £8,000 last year, and the Hon Doctor is worried because we had consultants saying that it was absolutely useless and we are still going to spend £25,000. Let me fully inform the Hon Doctor that he has got his facts completely wrong. His "deep throat" hasn't been very reliable. In seven months during 1976, production was 4,410,000 gallons at a cost as shown in the estimates of £8,000 which represents a cost of 40p per tonne which compares more than favourably with the cost of water from other sources at £1.50 per tonne. The distiller was inspected in November, 1976, at a cost of £750. The chief designer from the firm visited the plant at no extra cost to Government. The report on the plant is quite favourable and first indications are that the plant can be restored to give a satisfactory output and reliable operation. Quotations for equipment and modifications which they consider necessary have now been received and the cost is being worked out. This is why there is a PC sum of £25,000. For the benefit of the Hon Doctor PC means a provisional cost. If once the total cost of reconditioning the plant it is considered that the expenditure can be offset in the saving in the distillation and supply of water from this plant over a predictable period of time, then the exercise will be justified. Sight should not be lost that this plant does not use any fuel and depends on waste heat recovery from the main generating plant. The operation of this distiller in the past has been the deciding factor in supply of water to shipping which, on the admission of the Opposition, as the Hon Mr Xiberras has just mentioned, is of such importance to the general economy of Gibraltar. The question of going to Greenwich mean time plus 2 hours and the likely advantages to which the Hon Doctor referred has to be viewed in the very special circumstances of Gibraltar. Spain might have a foreign exchange problem, we have not. Given the size of the territory, any savings in electrical energy being limited to lighting, strangely as it may seem in the particular case of Gibraltar the more units we sell the cheaper the unit costs when it is appreciated that the production cost per unit are run at about 3.5 per unit of which 1.5 constitutes the fuel element that the Hon Doctor was trying to save. The balance would still have to be met with reference to the No.13 generator. The Hon Doctor has again been wrongly informed as to the reason of the special expenditure in the year 1975/76 of £6000. I was not a Minister then but I do not shirk my responsibilities and I accept anything that was done wrong in the past and I will intend to put things right. But, again, there is

nothing to be put right. The £6,000 allegedly required for major repairs of a breakdown which arose because management ignored so-called warnings of its possible occurrence, this was nothing of the kind. The expenditure was purely concerned with the first major overhaul, top and bottom, after 6,000 hours of running of its newest engine. We spent £6,000 overhauling an engine after 6,000 hours. This engine at today's costs would cost in the region of £4³/₄m. The overhaul was complicated by the need to carry out special modification and component testing on the advice of the manufacturers. Departmental personnel who assisted in the installation and erection of this generator and had therefore benefitted from the experience, had by then left the department. It was decided therefore to engage the service of a service engineer from the manufacturers, a practice which is carried out by most operators to ensure that the work would be carried out by an experienced and qualified man who at the same time could train the present maintenance staff so that this kind of expenditure does not occur again. I cannot but emphasise that certainly in the Electrical Department management is more than aware of problems it has and it has the foresight to try and tackle them. Management at the moment is faced with a considerable problem of trying to maintain plant maintenance schedules once they have been disrupted by problems of industrial action in the station, more so when the disputes are sometimes not even remotely connected with the Electrical Department. I turn now to the Telephone Department. I have endeavoured to go back as many years as possible to discover if there have been complaints brought to the House of frequent crossed lines in the Telephone Department. I have seen nothing. I would like Hon Members when they have complaints of any of my Departments to come straight to me and I will take them to my Department and I will help them to get any information they want. I have no secrets in any of my Departments. I think the purpose that we are here sitting down is to work for the good of Gibraltar, not to score debating points against each other. I offer this sincerely. My three Departments are open to all Members of the Opposition, just give me an hour's notice and I will do it.

HON M XIBERRAS:

I am grateful for this gesture of the Minister in saying this. I am sure he will understand that there are certain jobs that have to be done according to the rules of the game and that certain things of course are brought to the House and it is not in any way an insult to the Minister or lack of confidence in the Minister that these things are done, it is part of the rules of the game.

HON MAJOR F J DELLIPIANI:

I am quite aware of that, Mr Speaker. My intentions are not to hide anything within my Department but there are little details which could be solved on the basis of the shadow member of the Opposition and myself and we could avoid spending time discussing this in the House and go on to more valuable discussions. When we talk about frequent crossed lines we must talk of averages, average number of calls and the average times that this is supposed to happen and the Hon Member, Mr Restano, has mentioned it once before at the last meeting and he mentioned it again today, but he hasn't given me any details of averages or any complaints, so it is too ambiguous to talk about that.

MR SPEAKER:

I think I must say in fairness that any Member is entitled to bring any matter up which he considers to be sufficiently important to bring to the House.

HON MAJOR F J DELLIPIANI:

I am not questioning that, Sir. I am also aware of the need to stimulate the private sector and the way the economy of Gibraltar can be helped and it is quite right that the Hon Mr Restano is anxious that communications with the outside world should be improved and I am happy to say that things are moving fairly quickly this month and in the very near future we will be having semi-automatic communications with the whole of Europe. I know that Mr Restano is anxious that we should introduce a fully automatic system but he must realise that before we do this we must make sure first that the semi-automatic system will work and then we can start thinking of going fully automatic. However, we are already making investigations to see if we can bring to Gibraltar a system where we have a limited number of subscribers who will have direct calling facilities to the whole of Europe but first of all we want to make sure that the semi-automatic system works. Talking on the policy of one of my departments, the Fire Service, we have, at the instigation of the previous Minister, been sending our officers and men to the United Kingdom on advanced courses which will no doubt result in an even more efficient service than we have at present and we hope to continue with these courses in the future and we are endeavouring to really organising ourselves in Gibraltar so that the benefits derived by the officers in the United Kingdom can be passed on locally. Sir Joshua in his speech

mentioned the words "to better the common effort by having a sense of duty not only in the course of earning our living, each one in his own way, but at the same time in realising value for money if we are to survive the continuing restrictions". The Honourable Chief Minister has put this wording so delicately that their meaning might escape some people but I am as yet not a politician and what this means is that we are not working enough, is that we/ we have to work more in Gibraltar, that we can only survive by working harder. We need in Gibraltar a mood of general cooperation between the unions and Government and the unions must not be manipulated for other

MR SPEAKER:

I am afraid we are digressing. The matter before the House are the Estimates.

HON MAJOR F J DELLIPANI:

Mr Speaker, I see relevance myself because if we are talking of estimates, we are talking about costs and costs is reflected with industrial relations.

MR SPEAKER:

I have not stopped you on that. You are now trying to debate how unions should behave in Gibraltar and that was what I was calling your attention to, not the fact that we should work more so that our economy can stand up to the stresses and strains of the present circumstances.

HON J BOSSANO:

I think if the Hon Member has got any facts, of course, I am sure the House would be interested to hear them but if it is speculation or theorising on his part I think you are quite right to say that we call all indulge in that sort of thing.

MR SPEAKER:

It is a question of relevancy and not a question of justification.

HON MAJOR F J DELLIPANI:

To sum up, Mr Speaker, when we go into the Committee Stage we will be discussing the different departments and their expenditure and I hope that I will be in a position to answer the Hon Members of the Opposition as fully and as clearly as possible.

The House recessed at 5.00 p.m.

The House resumed at 5.30 p.m.

MR SPEAKER:

Well, Mr Bossano, I reckon that your time has come.

HON J BOSSANO:

I know, Mr Speaker, that the Hon and Learned the Chief Minister has been waiting impatiently for this moment and I won't keep him in agony any longer. Mr Speaker, the statement by the Hon the Financial and Development Secretary is very substantial and I think it merits an answer at least as lengthy. I would like first of all to give some consideration to the words of wisdom of the Hon the Financial and Development Secretary on the international economy which were praised, in fact, by the Hon and Learned the Chief Minister. This is an innovation in the context of our debate at Budget time which was introduced last year and I take it that it is a reflection of the viewpoint of this particular Financial Secretary that we should consider the international background against which our own economy is developing. Last year I myself had something to say about the world economy because I felt that although whatever we say in Gibraltar is not going to alter in any way whatever the movement of the world economy or even the European economy or the British economy for that matter, I don't think in any forum where particular economic policies or philosophies are put forward, this should simply be accepted without anybody challenging them if in fact they are not universally accepted. I think last year the Hon the Financial and Development Secretary reflected the prevailing climate outside Gibraltar by stressing the need for monetary policies in his statement and I think this year again he is reflecting the prevalent view now as to the relationship between wages inflation and unemployment. But, of course, not everybody agrees with his views and although I myself am not absolutely convinced of the arguments one way or the other, I think the House should be aware that there are other arguments and that, in fact, the policies adopted by HMG in the United Kingdom in dealing with the United Kingdom economic problems, in particular the working of the social contract, has been accompanied by a devaluation, a depreciation of sterling which is without precedent in Britain's history. So that if pay restraint were the answer to a strong pound, then in the year where pay restraint has been most rigidly implemented, in the year which started in August 1976 when in the United Kingdom the trade union movement accepted a limit of 5% on wage increases, in that year also the pound experienced its biggest decline so that it would seem, if anything, an inverse relationship between pay restraint and the strength of sterling if one goes by the experience of 1976. I don't think anybody has claimed that such a relationship exists but

certainly a lot of people have pointed to the fact that the results do not warrant the hopes that many people were putting on pay restraints as a solution to Britain's economic problems and I think it is important to appreciate that in case anyone should be thinking of importing that particular philosophy into the Gibraltarian economy. I think in Gibraltar in particular we have to understand, taking up the analysis of the Financial and Development Secretary as regards our method of earning foreign exchange which for us is sterling which we use to buy our imports, the importance there of the level of wages and the effect that this has on the whole economy. It would appear that the Financial and Development Secretary was suggesting that it is important for Gibraltar that the United Kingdom's pay policy should enter into a further stage. I don't know whether I have interpreted him right. The phrase that he used was: "Gibraltar has much to gain and as much to lose from the outcome of the next stage of the United Kingdom's pay policy. In the meantime how did Gibraltar's own economy fare in 1976." Well, I will deal with the second part in a moment but I think if what he was indicating was that a further year of pay restraint in the United Kingdom would be beneficial for the United Kingdom economy and also beneficial to the Gibraltar economy, I think we have to understand that what is good for the UK economy is not necessarily good for the Gibraltar economy and that in any case not everybody is in agreement that another year of pay restraint in UK would be a good thing. Of course, we are all aware from recent events at British Leyland that the policy of pay restraint is getting very frayed at the edges. I think his analysis, if I understood him right, was that should there be a change in policy in the United Kingdom, the inevitable consequences would be a diminution of the competitiveness of output in UK leading to a depreciation of sterling which I have just pointed out is not necessarily avoided by pay restraints since we have had depreciation without precedent at the same time as the pay policy without precedent, but even if it were true he is saying that the failure of the pay policy is likely to lead to a falling £ and that presumably the continuance of the pay policy would maintain the present value of sterling. In fact, Gibraltar is affected by a falling £ to the extent that it imports from countries other than the United Kingdom. Obviously our imports from the United Kingdom should not be affected by the depreciation of sterling unless we are treated by British exporters as if we were purchasing British goods in foreign currency. If British exporters invoice local firms in dollars, for example, then, obviously, if sterling falls it affects even our imports from UK. I don't know whether this is the case or not but if it is not the case then the whole of our imports

are not affected by a falling exchange rate and to the extent that we ourselves charge for the services that we render to others in sterling then, in fact, our services become more competitive, so it isn't an unmitigated evil. We have also as we see occasionally from the estimates, protection against the effect of the depreciation of sterling on our investments in the UK gilt-edged market through the Sterling Guarantee agreement. In the case of our own services, for example, to ships calling at Gibraltar, to tourists coming to Gibraltar other than from the United Kingdom, the fact that we sell our goods in sterling makes them appear more favourably priced when the value of sterling falls so that there is to that extent a compensating factor. But I think an even more important factor, as far as Gibraltar is concerned given our present link with United Kingdom wages, is the effect of wages in UK on wages in Gibraltar. The policy in the public sector in Gibraltar and consequently in the private sector, is determined at the moment by the level of wage increases in the United Kingdom public sector. As far as industrial workers are concerned it is determined by pay increases in the Ministry of Defence in the United Kingdom and therefore the value of what the Hon Financial and Development Secretary has described as the provision of employment services to the United Kingdom Departments which he says is not only our major source of export earning but virtually our only source, the value of that will be determined to a very large extent from now on by the wages policy in the United Kingdom, because since the Trade Union movement has accepted in Gibraltar the link with UK wages for better and for worse, it means of course that if in future United Kingdom public sector wages are limited, that limit will have an impact on wages increases in Gibraltar whether this achieves 100% of the UK rate or whether they are expressed as a percentage of the UK rate, either way the pay restraint will be transmitted to Gibraltar and consequently the most important source of income for Gibraltar will be limited in that way. This is quite right, it is quite right that this should be so because the fallacy in the past, and I think it is a fallacy that we need to clear up at this stage in case it is rearing its ugly head again, is the one about the competitive nature of the services we render to the UK Departments and the need to limit wages and salaries in these departments in order to maintain them in a competitive state. I would certainly ask the Hon the Financial and Development Secretary perhaps in his reply to expand on what he meant by not deluding ourselves that we have a captive market. I shall myself make some comments about and perhaps he can clear up my mind on whether I have understood him right or not. But if we are looking at the Gibraltar Dockyard, for example, and the work that it does and comparing it with the home dockyards, then the level of wages in the

home dockyards are two important factors in the total cost element and no one has ever in fact attempted to show in the past that the logical consequence of the argument that has been used by United Kingdom Departments whenever a pay review came up under the old system that if one went beyond a certain figure one was making the local dockyard uncompetitive, the logical answer to that view was of course that if in the United Kingdom at a given point in time a worker was earning, for example, £40 and in Gibraltar he was earning £30 and then in the United Kingdom a wage increase was granted of £6, then the only occasion when the argument would be valid when the worker in Gibraltar got £7 instead of £6 because presumably then the cost in Gibraltar would have arisen by a £1 more than the cost in the UK. But the argument has been used in the past, year after year, when workers in the home dockyards were getting wage increases which were several times larger than those which were being granted by the official employers in Gibraltar, so that if anything if there ever ^{was} such a relationship, that relationship should have been moving theoretically to our advantage, that is, that the Gibraltar Dockyard should have been becoming consistently more competitive the further we fell behind on the wages front. It is well known that the total work load in the Dockyard has not all served over a number of years regardless of how the wages in Gibraltar compared with the wages in the United Kingdom. It has not increased when wages were falling behind and it has not decreased when wages were catching up. At the moment, of course, the gap between a craftsman in the Gibraltar Dockyard and a craftsman in the home dockyard or for that matter a UK-based craftsman coming to Gibraltar, the gap is of the order of £20 per week, that is the difference that there is between a UK Craftsman forgetting, Mr Speaker, the fact that he gets £20 per week foreign service allowance which of course is quite right because he has to leave his home and has extra expenses of maintaining his family in the United Kingdom and living here in Gibraltar. The fact that they get £20 per week Foreign Service Allowance is something that I am discounting. As regards his wages, there is a £20 difference at the moment between a UK craftsman and a Gibraltar craftsman. It is very difficult to accept that the competitiveness of the dockyard requires a differential of that magnitude when that differential hasn't always existed. That would suggest that we were on a trend of declining productivity in the Dockyard which had to be made up by declining relative wages and nobody has suggested that, in fact, my experience of meeting in a trade union capacity visitors from UK concerned with dockyard work in Gibraltar and in UK has been that they have always stated that they are very satisfied with the quality of the work done in Gibraltar for example on advanced technology such as Leander class refits. The dockyard does refit two frigates consistently a year and the size of the dockyard is such that this keeps it more or less fully occupied. Our dockyard of course has got the capacity to cope with a greater volume of work. If anything is wrong with the management of the Dockyard it is that we are under utilising that capacity and this is a very important factor

and one which I think, if we are talking in terms of economic management in Gibraltar, are not simply house keeping and I think we should accept more responsibility at the level of the House of Assembly for economic management and not simply for balancing the books, then we need to look at our assets in Gibraltar and at maximising the return that we get from those assets so that to use a colloquial phrase we increase the size of the cake and then of course in my other hat I shall try and get the biggest chunk of it. I think in the case of the Dockyard it is recognised by those professionally engaged in its running that with the present labour force which I think is in the region of 1,500 the dockyard is operating at its minimum operational capacity, that is, that it would be difficult to keep the Dockyard going with a smaller labour force. It is being kept ticking over and this of necessity makes the Dockyard appear to the uninitiated uncompetitive because the Dockyard has got tremendous overheads and if it were dealing with a greater volume of work then the cost per unit would be lower, very much the same as the Hon Minister for Municipal Services was saying in the case of electricity, the more units we generate the lower the cost per unit. But it is very much the case in the Dockyard that the more work we could feed into the Dockyard the cheaper the Dockyard would appear on paper. This is of course known by the people who run the dockyard, it is known in Gibraltar and it is known in the United Kingdom and it is important that it should be stated openly in case anybody takes it into their head to start propagating the idea that the dockyard is for some reason or other no longer competitive because if there is one way to make it competitive it is to give it more work and giving it more work is something that perhaps is out of our hands but it is certainly not out of the hands of the United Kingdom Departments who are the major employers and who are the operators, not to say the owners, of the Dockyard in Gibraltar. Of course if they were concerned at the cost of running the Dockyard they could always investigate the possibilities of providing more facilities in the Dockyard and being more cooperative in making those facilities available to visiting ships and to local firms engaged in ship repair whom I understand always have great difficulty in getting through the red tape of dealing with the Admiralty, and I think if the Financial and Development Secretary has had anything whispered in his ear about anybody trying to consider the Dockyard as a captive market, then he might well put back into that nearly the thoughts that I am now putting forward in the House, Mr Speaker. I don't think many people in Gibraltar would be so naive as to think that the balance of power, shall we say, between the Government of Gibraltar and Her Majesty's Government is such that we are the tail that wags the dog and that we have a captive market that we can squeeze to our satisfaction without any retaliatory measures being taken. I would have thought, in fact, that most Gibraltarians and I would have thought certainly all Members of the House

would be fully aware of the fact that it is very much the other way round, if anything, that if there is a captive market we are the captive market because we happen to be in a situation where we want to be with Britain apparently more fervently than Britain wants to be with us and that is hardly the situation in which one can lay down terms to anybody else. One could talk about the UK Departments in a sense of there being a captive market if we had a long queue of suitors after us all of whom were acceptable to us, but unfortunately we only have one and that one none of us want so we are not in a position in fact to consider, I don't think, Mr Speaker, that anybody is holding either the British Government to ransom or the UK Departments to ransom, quite the contrary I would have thought, and I think the power of the Ministry of Defence in Gibraltar has been abundantly demonstrated by the lock-out that is now in its 21st week. As an employer they are in many respects virtually invulnerable because they are strategically placed to look after themselves in a way no other employer in Gibraltar is. I think when we consider the value of the provision of services to the United Kingdom Departments there are two facets. There is the value to Gibraltar which is, as the Financial and Development Secretary has recognised perhaps more openly than has ever been done previously in Gibraltar, the most important pillar of Gibraltar's economy, there is that value, and that value of course as he has said is directly related to the level of wages and as he has said it is as a result of the increase in the value of those services to Gibraltar, as a result of the increases in wages and salaries between 1972 and 1976, that the average wage in Gibraltar, the standard of living of the average working person in Gibraltar, has increased in real terms by 5% between 1972 and 1976. Of course, for that we have to thank the Trade Union movement and no one else because it has increased by 5% in spite of all the obstacles that were put in the way of that achievement and it is, when one thinks of it, a very meagre achievement really. When one thinks of a 5% improvement in 4 years one can well imagine what would have been the drop if the initial offers in the 1972 pay review and the 1974 pay review had been accepted by the Trade Union movement the effect would have been felt throughout Gibraltar, they would have been felt in the private sector, there certainly would not have been 3000 television sets sold now, the Government, notwithstanding PAYE, would not be collecting £5m and of course the Government itself would have benefitted to the extent that they would have a lower wages and salaries bill. But I am sure the Government recognises that the benefit to them as an employer would have been more than outweighed by the damage to everyone else in Gibraltar. The losers, undoubtedly, have been the UK Departments who had the wage increases over the last 4 years not been as large, would now be getting the same services cheaper. If, in fact, the provision of cheaper services was producing more

investment from the UK Department's, then one might have an argument looking at Gibraltar's economy and at the needs of Gibraltar's economy exclusively, one might have an argument for saying that it is important to limit the pay increases in any particular year because if, for example, Mr Speaker, in 1972 the Trade Union Movement in Gibraltar had accepted the philosophy of the official employers that there was no ground for increasing pay beyond the rate of inflation, then that would have produced a lower level of wages and if as a result of that lower level of wages the UK Departments had expanded because they were getting things cheaper, then one might be talking in a commercial sense where you can in fact increase your volume by lowering your price and, perhaps, have a bigger return. But that is not the situation, the situation is that the UK Department's employment in Gibraltar is not dictated to any large extent by the level of wages in Gibraltar, it is dictated by policy decisions of Her Majesty's Government where the sums of money involved are so large that the decision whether to build another aircraft or not to build it would keep Gibraltar going for 10 years. We have to appreciate the magnitude of the sums involved when debate takes place in the House of Commons on Defence expenditure to appreciate that, for example, in Gibraltar we are talking at a completely different level. It has to be understood that this does not appear to penetrate into the minds of the people whose responsibility it is to negotiate in Gibraltar. Last year, Mr Speaker, I brought to the attention of the House the difficulties that were being experienced in the pay negotiations that were then taking place and I am glad to say that things took a dramatic turn for the better after that particular debate. I think it should be understood, particularly since my Hon Friend Mr Xiberras has expressed a hope that industrial relations are now going to enter a quieter phase, that in fact we are on the verge of industrial relations entering anything but a quiet phase. It would seem inconceivable perhaps to Members that it should be possible in JIC to spend $\frac{3}{4}$ of an hour arguing as to whether a particular allowance which is at present paid at 2 $\frac{1}{2}$ p an hour and which is in UK paid at 4p an hour and which in UK has not changed since 1972 being 4p an hour all the time, whether that allowance should be increased to 4p, as the trade unions want, or whether it should be increased to 3p as the Official Employers want that that should take up $\frac{3}{4}$ of an hour which probably in the salaries of those present in the negotiations would pay for the O.C. money for a couple of years. It is not something that is paid constantly, it is paid, for example, in the Generating Station when people have to

work knee deep in water or inside a generating set that has been dismantled, it is paid under special conditions. That an argument over a difference of a penny should take up so much time must of necessity create a barrier to the progress of business in pay negotiations in Gibraltar in a manner which is conducive to good industrial relations, however much we may hope in the House of Assembly that it should be otherwise. It isn't simply a question of goodwill. It must be understood, Mr Speaker, that if one applies the notions of economic analysis to the problems of industrial relations, the manner in which these are conducted provides people with an incentive to take industrial action. If it takes six months of negotiations to get as far as arguing about a penny difference and it takes one week of industrial action to produce a satisfactory conclusion, then every incentive is being given to people to achieve results by industrial action rather than by negotiation and unless that is accepted we will always fall into the facile trap of wanting to put down industrial disputes to the sinister machinations of individuals who manipulate the trade union movement and I know, of course, that I am a prime candidate in many people's mind for that particular label. I think the Members of the House should appreciate that it is not all that easy to manipulate people and that when it comes to money people are not very easily manipulated, they seem to know just precisely which side their bread is buttered on regardless of what anybody may say and however much influence one may carry in any particular circle. I think this applies at all level and certainly when the process of negotiation is frustrated then it is considerably easier for those who believe in industrial action to put forward convincing arguments for taking that particular road in order to achieve success. I believe that the industrial disputes that we have had in the past have inflicted damage on Gibraltar's economy. I think the Minister for Municipal Services was pointing to some of the costs of past disputes and I think it is completely erroneous on his part to suggest that I as an employee of the trade union movement should seek to restrain people from taking action to vindicate their claims in order to enable him to come to the House of Assembly and say that he hasn't lost £20,000 in having to use light fuel. I can assure him that this is not my role in the Trade Union movement. But I think that he has a responsibility and the Government has got a responsibility to try and keep a very close eye on the way pay negotiations are developing so that.....

MR SPEAKER:

I must bring you down to earth. I did stop Major Dellipiani when he went into that for the very reason that I did not want to give you an opening to do what you are doing now. I deprived Major Dellipiani from saying what he wanted to say and I must stop you too.

HON J BOSSANO:

I was trying to persuade you not to stop him, Mr Speaker. I think the point that I would like to make, Mr Speaker, which is not directly related to what he said is that in the past we have had industrial dispute. I think the present state of the economy which has been described as a reasonably healthy one is undoubtedly at a particular level notwithstanding the harmful effects of previous disputes and that if those disputes had not taken place then the economy would logically be even healthier otherwise there would have been no cost. I think that even though the decisions are taken by the official employers jointly and there the Government is one party, I think there is another role to Government as Government, that is, not as an employer but as the Government of Gibraltar, because any dispute affecting any employer has got an impact on Gibraltar's economy, the Government has got an interest in it. Even, in fact, if it is a dispute in the private sector. Even if there is a dispute in the private sector where the Government is not involved at all as an employer the Government cannot be indifferent, it cannot be indifferent because, presumably, all the estimates of the Hon the Financial and Development Secretary have been made on the assumption that we are going to have a year of industrial peace and I am sure the Hon the Financial and Development Secretary will accept that if we do not have a year of industrial peace then his projections could be thrown out and he might get the satisfaction of saying next year that he under-estimated in every head if we have a general strike running for three months. I don't know whether he would prefer to be able to score a point by saying that he underestimated or he would prefer not to have a general strike and be able to come up with glowing over-provisions on all revenue heads. I think this is something that happens in the United Kingdom or in any other economy. A particular dispute in one particular sector will have an economic impact which sets off a chain reaction throughout the economy. The only thing is of course that in Gibraltar it happens with even greater rapidity because the impact of one sector on another in an economy as small as ours is almost immediate. Whereas in UK there is a lag, factories are able to keep going, for example, even though Leyland is stopped and store materials and then of course eventually they have to start laying people off, here in Gibraltar, for example, if we have a dispute in the construction industry it affects ODA funds, it affects income tax receipts it affects the sales of the builders merchants, it affects a wide spectrum of our economy and consequently the Government has an important role in its obligation to carry out economic management, it has an important role in participating in the maintenance of good industrial relations. I think in this respect, for example, the Hon Mr Xiberras as Minister for Labour was much more conscious of this and took a much greater interest in this than the Hon Mr Canepa. I think the Hon Mr Canepa feels that he should not interfere if he is not wanted, if nobody calls him in. I think although this might be perhaps very much a matter of judgement, he should at

least monitor what is going on and certainly if nobody calls him in when he feels that what is happening is beginning to affect more people than just the two parties involved in the dispute then he should in fact take the initiative whether he is wanted or not wanted and see what he can do.

HON A J CANEPA:

If the Hon Member would give way. I would just like to say clearly that I would consider that when the overall public interest demands it because Gibraltar is being affected, generally, then it is the duty of the Minister of Labour to step in.

HON J BOSSANO:

I would urge him to keep that very much in mind because I think, in terms of economic policy, the maintenance of good industrial relations can do as much in fact to promote economic activity and economic expansion as anything else we may wish to do in other directions to improve output and productivity and it may appear strange that this should be coming from someone who used to be more involved in industrial disputes than anything else, but I still think that this is a fact, Mr Speaker, and that the recognition of the fact in no way deprives any of us from still having what we have to do if there is no other way of getting what one considers to be satisfactory results.

HON M XIBERRAS:

My interest abides in these matters. Could I ask the Hon Member since he is speaking about the trade union movement why it is that claims have not been put forward yet for the next Pay Review?

MR SPEAKER:

I am afraid that we will be diverting from the subject matter.

HON J BOSSANO:

Yes, Mr Speaker, I don't mind making the information that I have available to Members of the House, I think it is a very important factor. The Hon the Financial and Development Secretary mentioned that it is estimated that in 1976/77 £20m were paid out in the public sector and of course, although a lot of that £20m must have gone to pay accumulated debts by the time it was paid, a lot of it has also been spent and it has given, I think, an impetus to the economy which I accept the non-settlement of the 1976 award in the public sector has had the

opposite effect. Had the public sector settled its 1976 review there would be more money in the economy now and I think the estimates, for example, for import duty and the estimates for income tax would be higher. I accept that entirely. I cannot in fact speak with any knowledge as to why other unions have not done anything about it except perhaps that they haven't done it because the Transport and General Workers Union hasn't done it. But I can certainly explain to the Hon Member why the TGWU has not.....

MR SPEAKER:

No, the reason why it has not been settled is a matter which is not relevant to this debate.

HON J BOSSANO:

Well, I don't mind giving an explanation but if you rule that I can't then I won't, Mr Speaker. But I accept that if the wages had been settled, certainly, there would have been an impact on the economy.

MR SPEAKER:

That is relevant.

HON J BOSSANO:

I think, Mr Speaker, that as soon as the negotiations proceed to a satisfactory conclusion then we will see an improvement in the economy as a result of new money coming in from the UK Departments which we all accept now is of primary importance to the economy and I think of course the Government will have taken account of this in their estimates which they have not brought forward at this stage of whether there will be any shortfall in meeting in the forthcoming year their own payments to their own employees. Given, of course, that this year we are affected by the £6 pay policy in the UK, it is quite obvious that the lump sum element in any settlement would be higher than it would have been last year because in fact in UK all workers obtained a flat rate £6 which was unconsolidated into basic wages and in that sort of situation of course the Gibraltar Government stands to gain, I think, because the composition of its own labour force is that it tends to employ more higher paid civil servants than the UK Departments so that, if at a particular level the UK Departments employs UK based workers and consequently the highest paid jobs in the UK departments are not effected by local pay settlements and

do not contribute a great deal to the local economy because they are subject to UK tax and not to local tax. So that in fact a percentage increase in the public sector would tend to cost the Gibraltar Government more net than it would cost the UK Departments because the gain in relation to the outgoings would be lower from the payments made by the UK departments. I think in this year's negotiations the fact that there has been a flat rate payment in UK would make the proportion recovered through income tax higher than it would otherwise be in relation to the amount that is being paid out. I don't know of course whether it is the Government's view that in implementing the Third Stage of Scamp, given that certain jobs were covered by Morgan and not by Scamp, in implementing the Third Stage of Scamp they proposed to take account of the fact that in the UK those earning above, I think it was £8,250 did not obtain any pay increase at all and that presumably a percentage of that wage as at October, 1975, would produce virtually the same amount of money when increased from 72% to 76% in accordance with Scamp for October 1976. The Government of course has given no indication of its own policies in this respect except to say that they would be prepared to settle straight away based on the recommendation of Sir Jack Scamp that the wage review in October 1976 should be based on 76% of the UK rate. It follows from their original statement that they accepted the Scamp Report as it stood, that they should be prepared to do this, obviously, and they will obviously be prepared to settle straightaway at 80% for October 1977, whatever October 1977 may be, but, of course, it is also equally well known that the Scamp Report has not been accepted by the Unions. I think it would be useful to know as well how the Government feels about those grades in Gibraltar who are getting now 72% of the salary in UK which was I think, £8,250 and which in October 1976 did not go up, whether the Government thinks that they should get 76% of the same salary in view of the fact that they did not get the £6 or whether they think that in Gibraltar the £6 should be applied to them notwithstanding the fact that it wasn't applied in UK.

HON CHIEF MINISTER:

If the Hon Member would give way. I am not prepared to give any categorical answer to that one but my own inclination is that we have to follow the pattern of the United Kingdom on the £6 and give whatever proportion of it is agreed to here, either the 76% or the 80% is negotiated in view of the Union's claim, that whatever that proportion is should not apply to the people who have a salary equivalent to the £8,500, because they would get the equivalent percentage increase, or they would not get the equivalent percentage, but that is my own view of it.

HON A J CANEPA:

May I interrupt. The problem is also that we are dealing with a very small number of people, we are only dealing with about 30 who are organised as a trade union in their own right for the first time and who in 1974 and 1975, because of Morgan, were not given an opportunity to them to negotiate directly. I would hope that they would get such an opportunity to negotiate directly and that the door wouldn't just be slammed in their faces because of what has happened in UK with this ceiling of £8,500. It is a matter I think that ought to be allowed to see how the thing unfolds generally with other and bigger trade unions before we come to consider this very small group. There are going to be problems as there were with COLA which had a cut-off point, there is going to be problems of differentials.

MR SPEAKER:

I think the Hon the Financial and Development Secretary stated that no provision had been made in the Estimates for any future increase in wages.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

That is quite correct, Sir.

MR SPEAKER:

Then everything that has been said now is completely and utterly irrelevant to the debate.

HON J BOSSANO:

Mr Speaker I don't think it is completely and utterly irrelevant. It is regrettable that there isn't, perhaps, a vote that one could claim to be talking about. The point is of course that when we are, for example, voting Personal Emoluments at a particular level, we are going to get at this stage a freedom to question and express views on the subject which we are not likely to enjoy when we are simply presented with a supplementary estimate for what has already been agreed and I think it is appropriate and this occasion has always been used to perhaps give an indication of the policy that is going to be followed which is going to affect the estimates even if there is no provision there.

MR SPEAKER:

May I say in fairness to the Chair that I said this after I had given you three quarters of an hour latitude of speaking on a matter that I have said now that due to the reasons which I have stated is, perhaps, not all that relevant.

HON J BOSSANO:

Thank you, Mr Speaker. I think, Mr Speaker, that the Government has so far in this budget given no indication that they approach the new mandate they have been given the people of Gibraltar with the intentions of adopting a more aggressive approach to the management of Gibraltar's economy and they still seem to me to be concerned with what I think has been the traditional approach in Gibraltar of simply carrying out a balancing of the books exercise and I think, perhaps, this was reflected in some of the interventions of the Hon and Learned the Chief Minister. I think it was in the First Session of the House when, for example, he said: "Well, if we cut here we have to increase somewhere else". It isn't simply I don't think a question of robbing Peter to pay Paul. I think the Government, particularly having just obtained a resounding victory at the polls as they have done, perhaps hopefully for the last time. Well, Mr Speaker, I am not as great an optimist as the Hon Mr Serfaty, but I have my hopes.

HON CHIEF MINISTER:

Mr Speaker, if the Hon Member will give way. I don't know what he was quoting from about if you rob Peter to pay Paul. I think my recollection in respect of concessions in the tax structure was that if you wanted, I think this is very simple economics, if you wanted to maintain at least the same yield of tax and you wanted to make concessions that cost money, you had to get it from other bodies of the same element of tax payers. I wasn't saying that we weren't moving anywhere, what I was saying is that it is all very easy to say, to give for example, concessions that have been mooted by some people with all justification about giving the same tax relief to the people over 60 as we have given to the people over 65, well, that has been costed and we know that that would cost more than £ $\frac{1}{2}$ m. Well, if we have that £ $\frac{1}{2}$ m less it has to come out of other tax payers or in other respects in direct taxation or out of the rates of taxation in that same head. That is all I meant, on that basis, it isn't that we are not moving, except that concessions in one thing needs more money is another, and that I think is a very simple argument that cannot be rebutted. Whether you apply it or not is a matter of judgement.

HON J BOSSANO:

I accept, Mr Speaker, that it is easier to make demands than to meet them and I can understand that particular side of the argument, but the point that I would like to impress upon the Hon and Learned the Chief Minister so that Gibraltar, hopefully, does not have to wait until the GDM Government takes over, what I am hoping to impress on him is that

although it might appear easier simply to extract more revenue from the existing level of economic activity, in fact it isn't really as easy as it seems. This may appear to be the easiest course of action but what the Government should be trying to do is to increase revenue yield by generating economic activity rather than by simply increasing the burden on the existing level of activity and the reason is because of course if we have got either a stagnant economy or a decreasing one, the analogy with the example given by the Hon and Learned the Chief Minister applies, that if you increase, for example, the level of charges for electricity, unless people have got more money they will cut down on something else in order to pay the electricity and if the Hon the Financial and Development Secretary is budgeting for, say, £2³/₄m. from import duty, then part of the money that is paid over in electricity may well come from a reduction of purchases which will reduce imports, which will reduce a yield from import duty. So that in fact in a stagnant economy there is a limit to how fast you can go, there is a limited taxable capacity, I think, in any community and I don't know how near we are to reaching it. I believe the Hon the Financial and Development Secretary may have had the benefit of the advice of Professor Clayton on this matter or perhaps his predecessor did. I believe that this was a subject that was being studied a couple of years ago although we never heard anything concrete about the results of that study. I believe, Mr Speaker, that Professor Clayton.....

HON CHIEF MINISTER:

Not Professor Clayton. He is the economic adviser of the Government on the Development Programme.

HON J BOSSANO:

Well, perhaps, Mr Speaker, now that I have been pointed in the direction of the Development Programme, I will now touch on the Development Programme. I think the Development Programme is, apart from the provision of wage services to the UK Departments, the most important element in the economy at present in a number of ways. The expenditure of money is the mainstay of the construction industry and I find it incredible that the Government should be seriously expecting the House to believe that they will be able to spend £5³/₄m. in 1977/78 when they failed to spend £3¹/₄m. in the current year. I take it that the difference of course represents an increased physical volume of work and not simply an increase in prices between these 2 years. If it is an increased physical volume of work then I would certainly wish to have an explanation, for example, as to how the £1¹/₂m. on Blocks 1 to 17 are going to be spent in the Varyl Begg Estate. If we look to the expenditure estimates page 106 under Head 101 - Housing Improvement and Development Fund....