

GIBRALTAR

HOUSE OF ASSEMBLY



HANSARD

19th DECEMBER 1978

REPORT OF THE PROCEEDINGS OF THE HOUSE OF ASSEMBLY

The Thirteenth Meeting of the First Session of the Third House of Assembly held in the Assembly Chambers on Tuesday the 19th December, 1978, 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 Zammit - 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 Education
The Hon I Abecasis - Minister for Tourism and Postal Services
The Hon A W Serfaty, OBE, JP - Minister for Trade and Economic Development
The Hon M K Featherstone - Minister for Public Works
The Hon Dr R G Valarino - Minister for Municipal Services
The Hon F E Pizzarello - Acting Attorney-General
The Hon A Collings - Financial and Development Secretary

The Hon J B Perez

OPPOSITION:

The Hon M Xiberras - Leader of the Opposition
The Hon Major R J Peliza
The Hon G T Restano

INDEPENDENT MEMBER:

The Hon J Bossano

ABSENT:

The Hon P J Isola, OBE

IN ATTENDANCE:

P A 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 24th October, 1978, having been previously circulated, were taken as read and confirmed.

DOCUMENTS LAID

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

- (1) The Employment Injuries Insurance (Benefit) (Amendment) Regulations, 1978.
- (2) The Employment Injuries Insurance (Claims and Payments) (Amendment) Regulations, 1978.
- (3) The Social Insurance (Benefit) (Amendment) Regulations, 1978.
- (4) The Social Insurance (Contributions) (Amendment) Regulations, 1978.
- (5) The Social Insurance (Overlapping Benefits) (Amendment) (No 2) Regulations, 1978.

Ordered to lie.

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

The Landlord and Tenant (Communal Services Tenements) (No 2) Notice, 1978.

Ordered to lie.

The Hon the Minister for Medical and Health Services laid on the table the following document:

The Milk and Dairies (Amendment) Regulations, 1978.

Ordered to lie.

The Hon the Minister for Tourism and Postal Services laid on the table the following document:

The Museum (Entry and Fees) (Amendment) (No 3) Rules, 1978.

Ordered to lie.

The Hon the Attorney-General laid on the table the following document:

The Supreme Court (Barristers and Solicitors) (Amendment) (No 2) Rules, 1978.

Ordered to lie.

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

- (1) The Special Fund (Audit and Supervision Fund) Notice, 1978.
- (2) The Audit and Supervision Fund Regulations, 1978.
- (3) Supplementary Estimates Consolidated Fund (No 3 of 1978/79).
- (4) Supplementary Estimates Improvement and Development Fund (No 3 of 1978/79).
- (5) Statement of Consolidated Fund Re-Allocation approved by the Financial and Development Secretary (No 4 of 1978/79).
- (6) Statement of Consolidated Fund Re-Allocations approved by the Financial and Development Secretary (No 5 of 1978/79).
- (7) Statement of Improvement and Development Fund Re-Allocations approved by the Financial and Development Secretary (No 2 of 1978/79).

Ordered to lie.

ANSWERS TO QUESTIONS

HON CHIEF MINISTER

Mr Speaker, when the House was summoned for this day the Honourable Mr Bossano did not expect to be here and he asked me for facilities for his questions to be taken last and I agreed and I had a message yesterday that the Hon P J Isola who was expected to be here had had his trip delayed and I have no difficulty in granting him the same facilities as I have offered as I had offered the Hon Mr Bossano and I would offer any Member with a bona fide reason not to be here for that purpose and by the looks of it and from what the Leader of the Opposition has told me this morning this might not be until Thursday. They say that there is an extra plane tomorrow but I don't know whether the Hon Mr Isola will be in it or not. May I take this opportunity of saying that we shall have as long a session as we can take and we shall sit until Thursday and any business which is not finished by Thursday will have to wait until after the Christmas holidays. If the House agrees I, certainly, would postpone the questions which are in Mr Isola's name until he gets back.

MR SPEAKER:

We will postpone Mr Isola's questions to the last and if need be we will adjourn question time until a later stage.

HON M XIBERRAS:

Mr Speaker, I am grateful to the Leader of the House for that and I am sure Mr Isola will be, also. In fact, he did consult me about Mr Bossano earlier and I agree that it was a reasonable proposition in respect of Mr Bossano and, therefore, obviously I think it is also a reasonable proposition in respect of Mr Isola.

HON CHIEF MINISTER:

I did not consult the Leader of the Opposition, I told him.

HON M XIBERRAS:

That is a question of interpretation.

MR SPEAKER:

We will now adjourn Question time and continue with the other business in the Order Paper.

THE ORDER OF THE DAY

MOTIONS

HON CHIEF MINISTER:

Mr Speaker, I have the honour to move on the terms of the motion standing in my name in two parts.

MR SPEAKER:

You are moving two motions.

HON CHIEF MINISTER:

Yes, two motions. First: "That a Select Committee be appointed, to be designated the Select Committee on Public Accounts, to examine the accounts showing the appropriation of the sums granted by the House to meet the public expenditure and such other accounts laid before the House as the Committee may think fit and to report from time to time." Mr Speaker, I do not want to say very much on this. There has been a considerable amount of debate on this matter. We did seek, as I said at the time when the original motion on the Auditor's Report was discussed here in a motion, that I had been thinking about this for a while that there were certain difficulties but that I was prepared to go forward to making the appointment of a Select Committee and that I would seek further information. Information was sought from the Clerk of the Overseas Office of the House of Commons and other sources and, unfortunately, because the rules that have been elaborated in other places refer to legislatures with many more members

than we have in this House and in this instance because the division of the House is somewhat abnormal, we had certain difficulties about the matter. I offered, and I think this was made public in some correspondence, I offered the Leader of the Opposition in order not to breach what is the normal practice in the United Kingdom and that is that no Minister should be a member of the Public Accounts Committee, I offered the Leader of the Opposition, in a gesture of goodwill, that the Committee should be composed of three members and that the Opposition should have a majority. I should start by saying that I had approached the Honourable Mr Bossano originally, too, on this matter and he declined to be a member of the Committee. I think he might have made a very good contribution to the Committee having regard to his knowledge of the Budget and so on but he said that his commitments in his trade union work prevented him from dedicating the time that was required to carry out this work. One of the guidelines in the papers we received was that the Leader of the Opposition was not normally a member of the Committee or Chairman. On this there has been reservations made by the Leader of the Opposition which I respect but which I do not share but, anyway, agreement was reached and the Opposition suggested that we should have a Minister in order that they should not carry the full responsibility, as I understood it, on this matter. In order to find agreement on this matter we finally agreed to nominate a Minister, Major Dellipiani, on the clear understanding that if the Public Accounts Committee was going to look at any department for which we had been responsible, either Municipal Services at the time when he was a Minister for Municipal Services or subsequently at any time because this Committee would be standing until the end of the life of this House, or Education or any other post that he might take between now and the end of this House, that, of course, he would opt out because it would not be proper for him to do that. The notes that we received also stated that normally the Chairman of the Committee was a member of the Opposition and I suggested that Mr Peter Isola, who is an experienced parliamentarian in this House for many years, should chair the Committee and we offered the one and only backbencher we have, the Honourable Brian Perez, and Mr Restano was accepted.

MR SPEAKER:

The Standing Orders clearly state that the appointment of the Committee must be decided and voted upon before the composition of the Committee.

HON CHIEF MINISTER:

I am sorry, I have jumped from one to the other as the matter is so inter-related. Anyhow, the fact is that following on the report of the Auditor and the comments

made, once the difficulties that I envisaged might well be found in setting up a Public Accounts Committee I had initially in the Budget last year had reacted favourably to the suggestion of a Public Accounts Committee the first time that the Honourable the Leader of the Opposition had asked me a question, and events have perhaps precipitated the appointment and I did not want any suggestion of any dilatoriness on this matter to be wrongly interpreted, in fact, I have invited the Leader of the Opposition to get the proposed Chairman of the Committee to contact the Auditor in order to be able to have preliminary discussions in anticipation of the appointment of the Select Committee in order to make progress on it because the last thing we want is long and delayed reports by the Committee. The Committee should be snappy and look at things which have caused comments in the House, to interview people who they require to interview, in other words, to carry out the job, whatever that job may be, and they will probably have to report from time to time but the sooner they have a report on the major issues have worried Members opposite the better and therefore I have the honour to move in the terms of the motion standing in my first motion that a Select Committee of the House may be appointed in the terms I have set out. As I say this will last for the period of this House, that is to say, until the end of this legislature. Sir, I commend the motion to the House.

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

HON M XIBERRAS:

Mr Speaker, of course, for Honourable Members on this side of the House seeing the Chief Minister move this motion is a matter for some gratification. As Honourable Members are aware the possibility of setting up a Public Accounts Committee by Honourable Members on this side of the House some two years ago and I am quite sure, Mr Speaker, that had it not been for the controversy over the Auditor's Report in which my Honourable Friend on my left, Mr Restano, played a distinguished part in the public interest, the Committee might very well either not have seen the light of day or, in fact, have been delayed in seeing it. Mr Speaker, I have no doubt that this is, perhaps, the most important committee which the House has set up in its whole existence because, as is known in Westminster, a Public Accounts Committee is a committee of very much authority in both intricate matters of Government and deep matters of Government, of the actual management of expenditure, and we in this House did not have the opportunity through our representatives on either side or carrying out the functions which the Public Accounts Committee did in the United Kingdom. In a constitutional sense it is also of great significance, Mr Speaker. As you

know, the Honourable the Financial and Development Secretary is not an elected Member of this House and therefore the actual control by the Controlling Officers of the various departmental votes which this House approves has been up to the moment rather remote and the public at large has been unable to get the guarantee from its elected representatives that the monies voted by them were being fairly used and therefore I consider this setting up of a Public Accounts Committee in Gibraltar to be of considerable constitutional significance. Mr Speaker, I do not intend to go into all the controversy which has led up to the setting up of the Public Accounts Committee and I only mentioned the part played by Mr Restano in this because he has been accused of being rather wild in his accusations in pursuing the points taken up by the Principal Auditor's Report a charge which I consider to be totally unfounded, totally unfair and totally against that actual facts of the matter which is that Mr Restano has done a great service to this House and to the people he represents. Mr Speaker, the motion does not set out the terms under which the Committee will operate and having glanced at Erskine May and I believe that it is not the practice in the United Kingdom on a motion to set up the Public Accounts Committee to specify the way it will work, its terms of reference and so forth. But it should be borne in mind, Mr Speaker, that the Public Accounts Committee has been in existence in the United Kingdom over a very long period of time and that therefore it would be repetitive to repeat these terms of reference every time members are appointed to a Public Accounts Committee. In our case, Sir, the situation is somewhat different because we are breaking new ground and therefore there should be an indication to the House as to what the powers of the Public Accounts Committee in Gibraltar will be. These have been discussed between Government and Opposition but not in the House. In general terms one could say, however, that those powers which are given to a Public Accounts Committee in the United Kingdom would apply to the Public Accounts Committee in Gibraltar, the right to interview Controlling Officers and so forth. Agreement having been reached after the controversy I have mentioned, our only outstanding objection is in fact that the Leader of the Opposition, ex-officio, should be debarred of the Committee. Not that it was proposed by my colleagues or by myself that I should be a member, and I will come to this in the other motion, but that we feel that in the circumstances of Gibraltar, given the distribution of seats in the House, it could be in the interests of sharing the weight of Government to have the Leader of the Opposition doing a job in the Public Accounts Committee. And since it has been agreed by the Government side that a Minister should, in the circumstances of Gibraltar again, be able to sit in the Committee, we

see no impediment to the Leader of the Opposition sitting in it. That reservation has been made to the Chief Minister in writing and the Chief Minister has remarked on it in the House. The other thing I would like to point out is our reason for not accepting the apparently generous offer of two to one membership in favour of the Opposition, is in fact that the Opposition prepared to take full part in the Public Accounts Committee but the work of this Committee need not be popular all the time and we are not prepared in fact to take a greater share of the burden than we feel that we should. So two to two is a good distribution. As regards the Chairmanship of the Committee

MR SPEAKER:

May I say that we will have an opportunity of discussing the composition of the Committee when the second motion is moved.

HON M XIBERRAS:

I am talking about the powers of the Chairman rather than the person concerned. Mr Speaker, the powers of the Chairman, as I understand it, are of great importance to the Public Accounts Committee, perhaps, to a greater extent than in other Select Committees or Standing Committees of the House of Commons and it has been agreed that the powers of the Chairman of our Public Accounts Committee will be the same as those of the Chairman of the Public Accounts Committee in the United Kingdom. This is of vital importance. I hope that we can also commit ourselves to going into the matters which will come before the Committee not in a spirit of partisanship but in a spirit of defending the privilege of both sides of this House to look into expenditure. This is a sine qua non for the success of the Committee. I hope the other side will do the same.

MR SPEAKER:

Would the mover like to reply?

HON CHIEF MINISTER:

Yes, I would like to say a few words. Mr Speaker, the last words of the Leader of the Opposition really reflect what we have said all the time, that the question of the appointment of the Public Accounts Committee was not a question of the Government, a Party question, it was a House of Assembly meeting question and this is the spirit in which we are going into this Committee on the basis that all of us are looking at the way the monies that are voted here by all of us, with objections from time to time from the Opposition, are properly spent and that therefore accounting officers, as has been very clearly stated many times particularly by the

Financial and Development Secretary, most of the structures which were raised in the Auditor's Report and were echoed by the Honourable Mr Restano emanate from Accounting Officers who have to account to the Committee for their actions and the way in which they have spent the monies that have been voted here. I referred in previous debates to the statutory result that it certainly had in the City Council when Heads of Departments were called upon by the elected Councillors and other councillors who formed part of the City Council, to account to the representatives of the people for their action, generally. I will not say anything on the composition except to answer the point made by the Honourable Mr Xiberras to say that though in England the Leader of the Opposition is not allowed ex-officio to be a member of the Public Accounts Committee, a position which he has reserved and which I respect but I do not share, but I think that it is less than fair to say that since the Minister is in the Committee the Leader of the Opposition should be, because we have a Minister at his request and as a compromise because otherwise members opposite would not agree to the composition with a majority of the Opposition because we did not want to have Ministers in the Committee and we only had one backbencher and it is rather hard to say now that if there is a Minister there is no reason why there shouldn't be the Leader of the Opposition. We were reluctant to have a Minister and it was as a compromise and as a gesture to get on with it that we agreed.

HON M XIBERRAS:

If the Honourable Member will give way, Mr Speaker. I did not say it in a spirit that because he yielded on one he should yield on another, I was not saying that at all. What I was saying is that in recognising the circumstances of Gibraltar, because the Government had only one backbencher, and in order to have a balance they had to have a Minister, that equal recognition should be taken of the distribution of numbers on this side. You may agree or you may not agree but this was, in fact, the brunt of my comments.

HON CHIEF MINISTER:

I commend the motion to the House.

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

HON CHIEF MINISTER:

Sir, following on the motion which we have just passed, I now move: "That the following members should be nominated to the Select Committee of Public Accounts;

the Honourable Major F J Dellipiani, the Honourable P J Isola, the Honourable J B Perez and the Honourable G T Restano." The Public Accounts Committee of the House of Commons consists of 35 members none of which have got any particular status in either side of the House, that is to say, that they are not drawn from the front bench, certainly not of the Government and not even from the front bench of the Opposition, but of course there are 636 members in the House and they have thirteen Committees. We are now blessed or damned by the fact that we have 10 members on this side of the House and that we can supply one backbencher otherwise the position would have been much more awkward. A Committee of four is never very good because there can be a draw and there should not be a draw in Committees and chairmen should, preferably, not have to use a casting vote if in fact the Chairman of the Public Accounts Committee has one. I don't know, I do not recall having discussed the extraordinary powers of the Chairman of the Public Accounts Committee with the Honourable the Leader of the Opposition but I am quite happy to leave it at the fact that he would exercise the same powers that the Chairman of the Public Accounts Committee, more or less, having regard to the circumstances of Gibraltar, exercises in the United Kingdom. I am not worried about that. This has been a question of compromise, like so many things have to be in the House. It has already been made clear (a) that the practice is for a member of the Opposition to be the Chairman; and (b) that the Chairman has been agreed since there are two and two. Normally it is a matter of the Committee appointing its own Chairman but since there are two and two it has been agreed between the parties that Mr Peter Isola will be the Chairman of this Committee. I commend the motion to the House.

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

HON M XIBERRAS:

Mr Speaker, I think the Chief Minister and myself have already spoken about individual members of the Committee, perhaps in the wrong place, and the Chief Minister has already paid tribute to Mr Isola as a member of long standing and great experience. I share these views, obviously, as a colleague, and I shall not go into them. There is a point arising out of this and that is the workload of the Committee. There are four members and the work is arduous, as all members know, and I think that one would have to, in the light of experience, see exactly what effort the Committee is putting into its work or what effort is required of the Committee and also what time is spent by members on a committee of this nature and from that judge exactly what the situation should be in the future. This is, undoubtedly, going to be an

onerous appointment. I am speaking with remuneration and so forth in mind because it might very well be that the Committee has to meet very regularly to produce a substantial report, I do not know, it is a matter on which to judge from experience. All four members of the Committee are busy persons and I think the House should be grateful to them for taking up the appointment. Mr Speaker, as regards the chairmanship of the Committee all I meant was that in this particular committee the Chairman has, in consultation with the Principal Auditor, certain rights of directing the business of the Committee to one area or another which is somewhat unusual as compared to other committees and this is necessary because of the wide scope of the Committees interest. The servicing of the Committee is another matter. I do not know whether there is a named Secretary for this particular Select Committee. I would imagine that there is not and, again, I repeat that we have just had a glimpse of Hansards. There is the very important function of the Auditor's Department here and in the House of Commons the Public Accounts Committee gets a great deal of help from the Principal Auditor's Department and I think that it is only fair that we should say that the Principal Auditor's Department would serve the Committee in Gibraltar, in other words, the Principal Auditor would sit in with the Committee and would help otherwise, of course, the Committee's powers would be at dead letter and it would not be able to investigate.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, could I make two points. The first point which is a very important one and has been stressed repeatedly in the House of Commons by successive Chairmen of the House of Commons Public Accounts Committee, no less a person than Sir Harold Wilson who is generally accepted as having been a good Chairman, and that is that decisions of the Committee are unanimous and he has gone so far as to say - I wish I had the Hansard version here with me - he has gone so far as to say in the Commons when presenting A Public Accounts Committee Report that some members of the Public Accounts Committee have had to as it were give way, compromise their initial feelings, in the interest of presenting a unanimous report. One trusts that that tradition of the House of Commons will be the same in Gibraltar and that reports will be unanimous and that it will never be necessary for the Chairman, in a Committee of four, to have to use a casting vote. The other point I would like to make is on the servicing of the Committee. First of all, the Committee is a Committee of this House and I think it follows logically that it would be normally the servicing of this House which services a House Committee.

MR SPEAKER:

Not in the present circumstances of the staffing of the House. If provisions are made, most certainly.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, the other point I would like to make is about the last remark of the Leader of the Opposition which was, in a word, the role of the Principal Auditor. He is, of course, perfectly correct that without the active assistance of the Principal Auditor in the Committee's work, the Committee would find itself severely handicapped and one Controller and Auditor General has put it this way; that he, the Controller and Auditor General in the United Kingdom, puts up a lot of game for the Committee to have a shot at and that is, in fact, the function of the Principal Auditor and in conjunction and prior consultation with the Chairman, between the two of them they map out those areas which the Committee will go into in depth.

HON CHIEF MINISTER:

I think it was also envisaged - I thought the Honourable the Financial and Development Secretary might have said something about this - that in England, normally, the Secretary to the Treasury is a member of the Public Accounts Committee though, according to the papers we have, he doesn't normally attend unless he is asked to but I think we have thought from the beginning in this case that certainly to start with we should have a member of the Treasury, in the person of the Finance Officer, or somebody in the Treasury who would sit with the Committee at the beginning of its session, certainly, in order to give any help on behalf of the Treasury that the Committee may require.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

If the Honourable the Chief Minister will permit me. The Secretary of the Treasury in the United Kingdom is a member of the Committee. There is no suggestion here and I know the Chief Minister means this, that the Finance Officer should participate in the Committee in an examination sense but he is quite right in saying that he would assist the Principal Auditor and help things along in the Committee.

HON CHIEF MINISTER:

He would be co-opted to help the Auditor and in that way help in servicing the Committee to some extent. The question of the Secretaryship will have to be taken elsewhere.

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

The Hon I Abecasis
The Hon J Bossano
The Hon A J Canepa
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon A P Montegriffo
The Hon Major R J Peliza
The Hon A W Serfaty
The Hon Dr R G Valarino
The Hon M Xiberras
The Hon H J Zammitt
The Hon F E Pizzarello
The Hon A Collings

The following Hon Members abstained:

The Hon Major F J Dellipiani
The Hon J B Perez
The Hon G T Restano

The following Hon Member was absent:

The Hon P J Isola

The motion was accordingly carried.

The House recessed at 5.35 p.m.

The House resumed at 6.10 p.m.

HON CHIEF MINISTER:

Mr Speaker, I have the honour to move in the terms of the motion standing in my name: "That pursuant to the provisions of Section 78 of the Constitution of Gibraltar, this House elects the Honourable H J Zammitt as Mayor of Gibraltar." I said earlier, in reply to a question, that I would explain the position with regard to this. Indeed, what I said then jokingly was very much the case. Though we had intended to have during the term of this office since you yourself, Mr Speaker, had opted out of the offer made just before the appointment was made of accepting the post of Mayor further than the seven years you had already done, that we would appoint one Mayor yearly and in fact we have really missed out on one because though I am moving now that the Honourable H J Zammitt be appointed it is still our intention to appoint the Hon A W Serfaty as Mayor on the last year of this legislature when he will be retiring from office after a long service in public life and we thought that would be a suitable way of showing our appreciation. The reason why he has not been appointed earlier, I should say, is because he has a great responsibility

with economic development and the spending of money which was the reason why he was relieved from his responsibilities for tourism. The candidate which the Council of Ministers came to the conclusion would suit best the purpose between this and the next candidate who is Mr Serfaty would be the Honourable Mr Zammitt who it will be recalled, even though he is going through a bad patch now with the problems of housing a great proportion for which he is not responsible. I am not going to exempt him from everything because we all have our faults and we all have our weaknesses but he has said many times here that he is going through a rough time and anybody who is in touch with people in housing know that that is so, there is a situation which is not of our making and, as I say, this is not the time to speak about it but he has found himself in a very difficult situation both with the problems brought about by decanting and so on and he is going through a very difficult time. On the other hand we must remember that he has been particularly successful in his efforts as Sports Minister and initially when he was also Minister for Information and this was proved at the elections by the number of votes that he obtained. He has commanded the support of the people in no uncertain manner for a newcomer and, therefore, the present incumbent, the Hon Mr Canepa, for whom I would like to take this opportunity of thanking for doing the excellent work that he has done as Mayor of Gibraltar and keeping the - I was going to say keeping the flag flying, but I don't want to be controversial, they might say, which flag? - has kept the good name of Gibraltar and has done excellent work as Mayor, has now given way for another one to take his place and I have much pleasure in moving in the terms of the motion standing in my name.

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

HON A J CANEPA:

Mr Speaker, before the House debates the motion I would like to take the opportunity of thanking the House for the honour and for the very great privilege which was bestowed upon me two years ago when I was elected Mayor of Gibraltar. I thought then, having regard to the slightly controversial circumstances in which I was elected, that perhaps, initially, I might have laboured under something of a handicap - it will be recalled that the then GDM members voted against my election - but, in fact, that did not prove to be the case at all. I have received great support and encouragement from all members of the House in the last two years in the performance of my public duties. I would also like to take this opportunity, having regard really to what have been two very wonderful years which I will always think

back on very, very fondly, I would like to take this opportunity of thanking the very many people, individuals, societies, institutions in Gibraltar, who have extended towards me very great courtesy indeed. Also, to thank the Services, the Navy, the Army and the Royal Air Force, who have also been really wonderful to me whenever I have come into contact with them in carrying out my public duties. I am most grateful to all these concerns and very aware of the very great honour which it is to be Mayor of Gibraltar and, finally, I pledge myself to give my full support advice and encouragement as I am sure that the person who is to succeed me knows that he will be able to call upon me whenever he needs any help or any advice in carrying out his functions. Thank you, Sir.

HON M XIBERRAS:

Mr Speaker, the Honourable Mr Canepa has referred to the circumstances of his appointment as Mayor and I would like to start my contribution to this precisely there. I remember at the time of Mr Canepa's appointment my name was proposed also as Mayor and I think in contributing to that particular debate I said something along the lines of what I thought about Mr Canepa. I think, if I may say so with some modesty, that it was one of my better contributions and I think that I have no reason in fact to regret, two years later, what I said then. I think Mr Canepa has served with distinction in the position of Mayor which is representative of the community as a whole and, as such, a most important position. I think he deserves the thanks of the whole House and of the people of Gibraltar for the contribution that he has made as Mayor. Mr Speaker, I wish I could support this motion but I am not going to support the motion because I do not agree with the manner in which the Government side is handling the appointment of Mayor. In saying this may I add straight away that this in no way reflects either my views or those of my colleagues of the person of the Honourable Mr Zammitt or, in fact, of the Honourable Mr Serfaty. We do not think that there is anything in either Mr Zammitt's record in this House or of Mr Serfaty which we could possibly go against but at the same time we feel that the manner in which the Government has handled this situation is not one which is satisfactory to my colleagues and myself and is not one which befits the position of Mayor. The Mayor is, Mr Speaker, something of an institution in Gibraltar and there is a need for continuity, as we see it, in the appointment of Mayor. You yourself, Mr Speaker, held this position over a period of years and I think that by the end of your term of office people associated you in your capacity as Mayor and not only because you were Speaker, as someone who was not exercising his role by virtue of a party affiliation. It was representative of both

sides of this House and representative of the people as a whole. When we go into a different situation where there is chopping and changing with Mayors where there is a stated policy of changing over after a year and this is not adhered to for reasons stated by the Chief Minister, for instance in reply to Question 299, "My Honourable Friend on my left was so good a Mayor that he overstayed his time." I think that Members of the Opposition are entitled to sit up and take notice and in fact question the reasons of the Chief Minister for not having kept to his original statement of policy, whether we agreed with it or not, that there would be a change in the Mayorship every year. I cannot accept that as a valid reason; I do not think it is a valid reason even from the point of view of the public that this should be so. Rather, I think, Mr Speaker, that it is in danger of appearing to the public that there is a certain amount of dishing out of political goodies in respect of prominence with the public, that there are a number of people who are going to be singled out or put in a position of prominence and we do not think that this adds to the dignity or the universality which the Mayorship should command. Having said this, Mr Speaker, the Hon Mr Serfaty's imminent retirement has been announced and I would like to take this opportunity on behalf of my colleagues and myself - I am sure I speak also for the Honourable Mr Isola who is a great friend of Mr Serfaty, I know that among the Members of this House we have seldom found as much personal courtesy and personal charm, if I may say so, and understanding even under extreme provocation of our criticisms which has been extreme in cases, and the House and the Members of the next House will miss a very charming, a very nice man, if I may put it that way. I believe that his contribution to the House has been one of long standing and in politics the question of time as we all know is important, and his constancy at his job whether we have agreed and we have disagreed violently with him and criticised him violently on occasions, is something which, again, the people of Gibraltar of any persuasion should be grateful for. Mr Speaker, as I say we shall be voting against the motion for the reasons expressed; I hope I have been sufficiently liberal in my praise in my opinion of the Members concerned at a personal level to assure them that there is no animosity against any of them but simply that we do not agree with the method in which the appointment of Mayor has been handled by the Government.

MR SPEAKER:

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

HON CHIEF MINISTER:

Mr Speaker, I really cannot follow the reasoning of the Leader of the Opposition because if in fact what he says is that Mayors should be more permanent and not on a yearly basis as we had intended, I don't see the point in his having asked why didn't I appoint people every year as in fact I have been wrong in doing something that I should have done. Once the Speaker refuses the offer to be Mayor the appointment has to be political whether it is from one side or from the other and therefore it has to go to a politician. Whether the Constitution was right or not in saying that the Mayor had to be a Member of this House or not is another matter. It is too late now to debate that point. It is still the fact that under the Constitution he has well defined civic duties of a non political nature and I think that you yourself of course didn't have any political alliance and certainly Mr Canepa in the time that he has acted as Mayor has differentiated completely his functions as a Minister from those of Mayor with great precision and ability, if I may say so, and I have no reason to doubt that the same will be the case with Mr Zammit. If it were not a member of the Government it might be, if there were Members of the Opposition available and there are very few these days, one might choose somebody from the Opposition who was reasonably balanced in sense of politics and not completely biased with the fear of using the appointment as a starting point for political controversy but be that as it may, we have to go by the available material and it seems to me from what the Leader of the Opposition has said that whoever would have been appointed Mayor now would have been opposed for the same reason and therefore it happens to be Mr Zammit. I have said, because I think it is only fair that it should be said now what my intention and the intention of my colleagues are for the next appointment and so far as chopping and changing, I seem to have heard in the old days many complaints about the fact that somebody else happened to be a little longer than seven years Mayor in Gibraltar even though he was elected annually first of all by the people and then by the elected Councillors. There seemed to have been complaints about that, too, and if we take the simile of the United Kingdom, the role of Mayor which the Hon Mr Canepa has described in very precise and proper terms, does fall on a Member of a Borough or Council for one year only and it is in very rare circumstances that a Mayor is appointed a second time, perhaps many years after he was first appointed if there is no one about. We are in the quandary that we have to apply the Constitution and apply common sense to it. Mr Speaker, I regret that the slimming Opposition will not vote in favour of this appointment but nevertheless I hope that they will give the Mayor, once he is appointed as the civic head for the days that may

come to him in this respect, the support that anybody who is trying to carry out a difficult job in difficult circumstances deserves. I had the courtesy to tell the Leader of the Opposition what my intention was. Last time I was, I think, accused in the course of the debate of having brought out a name without having said who it was. I thought this time I should not be subject to that accusation so I called the Leader of the Opposition and informed him of my intention. I could not do any more. I was not going to ask for his permission because he would have said "no". Therefore, it is as much as one can do in the circumstances, give advance notice to the Hon Leader of the Opposition of the intentions of the Government.

HON M XIBERRAS:

Mr Speaker, on this occasion the Chief Minister informed me and did not consult me on this question and on the spot I told him what my objection was.

Mr Speaker then put the question and in so doing reminded the House that under Section 78(1) of the Constitution the ex-officio Members were debarred from voting on this motion.

On a vote being taken the following Hon Members voted in favour:

The Hon I Abecasis
The Hon A J Canepa
The Hon Major F J Dellipiani
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon A P Montegriffo
The Hon J B Perez
The Hon A W Serfaty
The Hon Dr R G Valarino

The following Hon Members voted against:

The Hon Major R J Peliza
The Hon G T Restano
The Hon M Xiberras

The following Hon Member abstained:

The Hon H J Zammit

The following Hon Members were absent from the Chamber:

The Hon J Bossano
The Hon P J Isola

The Motion was accordingly carried.

MR SPEAKER:

May I as previous holder of the post, congratulate our new Mayor.

HON H J ZAMMITT:

Mr Speaker, Sir, thank you for your congratulations and I would like to thank the House for the honour they have bestowed upon me to be the Mayor for the ensuing year. I can only say, Sir, that I will attempt to imitate not only my predecessor who has done sterling work but my predecessors in the past who have equally done sterling work and if I am able to achieve that then I will feel as proud as my predecessors felt of holding the office of Mayor of Gibraltar.

HON CHIEF MINISTER:

Sir, I have the honour to move in the terms of the motion standing in my name: "That a Select Committee be appointed to consider what rules and procedures should be instituted by this House in relation to the declaration of Members' interests and to report thereon." In 1976 one of the points that were made in the report of the Constitution Committee was that there was a general agreement on both sides of the House that there should be rules of the House in order that Members' interests should be declared. As Hon Members well know, though there had always been an understanding that holding of office as a Minister carried certain responsibilities and certain incompatibilities with their private activities, it was not until 1972 when we were returned to office, that the practice of Ministers signing a declaration of interests and of taking an acceptance of the fact that when there was any conflict of interest certain things were prohibited for a Member who was in office which apparently was unknown to certain sections of the press who had been writing and still, despite that, continue to write scurrilous remarks about Ministers and their interests. It seemed to have not been well known generally and I took the opportunity arising out of an unwarranted remark in one of the papers to make public the fact that members had to make a declaration of interests and in fact keep up any changes in their interests and report both to myself and to the Governor any changes of interest that might conflict or not conflict with their responsibilities and there was a code of conduct for Ministers by which all Ministers are bound and by which Ministers abide. It is up to the Governor or to the Chief Minister if he is aware himself or he could equally be called to order so to speak by the Governor himself because he could not be judge and party in his own particular case, that the code of conduct had to be observed. But the question of declaration of interests by members, generally, has been mooted in the United Kingdom for a long time and it is not, according to my understanding, of general application, it is not compulsory in the

House of Commons simply because Mr Enoch Powell refused to abide by it and the House agreed that it had to be unanimous in order that it could be compulsory. There has been and there is a campaign generally in Gibraltar about the position of politicians and I think it is neat and proper that if members who hold office have to make a declaration of interest and maintain a code of conduct as Ministers, the declaration of interest of members, generally, should be helpful in the terms of Gibraltar for all members and one would perhaps before making allegations be able to check on people's declarations and be able to see what interests they have that could be in conflict. I would like to say that in my experience in this House since 1950 certainly from the point of view of a member who is not a Minister and sometimes it is even said of a Minister, the fact that he has an interest does not prevent him from taking part in the debate so long as he declares that he has an interest. I think we have been more than cautious here in that respect and in fact in Government because if you have an interest you do not take part in the proceedings. Sometimes, if it is not of a very direct nature you just say: "I have an interest in this but of course I am speaking generally in the interests of a team", and so long as you say that I think that is enough. But, as I say, I think that politicians should not only be honest but should appear to be honest and the best way in which that can be achieved is by having a system and rules and procedures instituted in relation to the declaration of interests of Members and accordingly, Mr Speaker, I beg to move in terms of the motion standing in my name.

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

HON M XIBERRAS:

Since 1969, I believe, I have shown a political interest in the subject which is now being discussed in the terms of the Chief Minister's motion. I remember writing about three articles in the newspaper VOX, entitled "Whose Master?, Whose Servant?", concerned with the declaration of interests of members and the matter was, in fact, discussed even before 1974 or 1975 in the Committee which eventually produced recommendations for the Minister Mr Hattersley. The need for this declaration of interests, Mr Speaker, and I say so in supporting the motion which arises out of a question put at the last meeting of the House by the Hon Mr Testa, is much more obvious and much more important in the situation of Gibraltar than in the situation of the United Kingdom because in Gibraltar we are part-time politicians and whereas in the United Kingdom a Minister is required to give up all his assets or his interests when becoming a Minister and, I might add, receive fair compensation for his work,

here in Gibraltar Ministers are allowed to keep their interests of whatever nature, financial or otherwise, and still be in a position of deciding or helping to influence decisions at the very heart of Government. This is not characteristic only of Gibraltar, it is characteristic of smaller places. Therefore, Mr Speaker, the danger of a conflict of interests and the danger of private interests influencing the information of public policy is much greater in Gibraltar than it is in the United Kingdom. I do not see how, on present salaries, it could be done that Ministers in Gibraltar should renounce all private interests because as things are there are difficulties in getting people to stand for election. This may change with the salary increases that have taken place recently, but in the past it has been so. I remember saying in the first election I stood in, in 1969, arising out of a comment subscribed by Mr Peter Isola and Mr Solomon Seruya in the Constitutional Talks of 1968 that if we offered at the then rate £2,000 which was considered an exorbitant sum, £2,000 a year, and asked people to renounce their interests before standing and becoming Ministers, we would have very few takers. Therefore, Mr Speaker, not being able to advocate in the circumstances of Gibraltar and for the present, a situation where members have to pass on their interests or dispose of their interests whilst they are Ministers, I feel that the next best thing that can be done is to have a strict code of conduct governing the declaration of any such interests. Most laws that come before the Gibraltar House of Assembly affect one or several members of this House. It is amazing the range and the extent of private interests that is represented in this House, both in this Legislature and in previous Legislatures. The activities of the Government in Gibraltar are very broad in comparison to its size and therefore, Mr Speaker, we in this House have been taking decisions for a good number of years, and our predecessors, which have affected private interests of one or more of its members and the public needs the minimum safeguards that they will know that if a member exercises either his right to speak in this House or his right to vote then the public should be able to judge as to whether he is doing this in pursuance of political conviction or private interest. This applies, if I may say so, much more to the Government of the day than to the Opposition of the day because the Government of the day takes decisions which this House does not even get to hear about sometimes and takes them in secret, in Council of Ministers or in Gibraltar Council. There are also departmental decisions which are taken which affect or may not affect private interests. I have had occasions in this House to bring up the matter myself on this and I have done so sometimes in anger at the contra distinction between the position of Ministers and Members of the

House as it is now and it was then and as contrasted with the position governing eligibility to this House on the question of civil servants and so on. It seemed to me that the position governing declaration of interests was so irregular by comparison with that of the panel of people who were eligible to this House that it was a crying injustice that a man, for instance, should be deprived from standing in this House and holding a job as a labourer in the Government service because there is a conflict of interests but a Minister who is a businessman, a lawyer or what have you would still be entitled to sit in this House and not be forced to declare an interest when dealing with the proceedings of this House. It was an injustice to people who were less well off and the position largely will remain even after the declaration of interests but less so than it is now. Therefore, Mr Speaker, I welcome this motion and we have agreed that two of our members, namely, my Hon and Gallant Friend Major Peliza who has experience in these matters as a Chief Minister when we made certain investigations linking up the point I mentioned earlier, panel of people eligible to this House, the question of remuneration and the question of declaration of interests and there are papers in file which, I am sure, the Committee could have access to and if not the views could be represented verbally by me to the Committee, if necessary. Mr Speaker, the trend towards declaration of interests has increased all over the world and in many of the smaller territories. The position of the legislator in many of these territories has come under fire. There have been accusations levied and even in the bigger territories there have been accusations. The Parliamentarian has produced articles in the declaration of members' interests. One very stringent one, I do not know whether it is applied strictly or not, is one for the Gambia, but that is one which appeared in full in "The Parliamentarian" of some months back. Therefore, in Gibraltar where the conflict of interests can be just round the door for all members, it is only fitting that we should move in this direction now. I do not want to pre-judge the work of the Committee but I do hope that what results from their deliberations is something which is effective and not something which salves our consciences but one which is not watertight enough to offer the public guarantee that the declaration of interest actually does put justifiable constraints on a member of this House. Mr Speaker, I should repeat here clearly that we on this side of the House are fully in agreement, in principle, with the declaration of interests and we intend to contribute fully to the work of this Committee. We support the Motion.

HON CHIEF MINISTER:

Mr Speaker, the question of conflict of interests of people having to exercise power and influence is inevitable and much more so in a small place. I am

particularly referring now to ministerial office to which the Hon Leader of the Opposition dealt with, I will come back to the general one in a moment, and the position is not even the question of remuneration alone, the point is that in England if a member takes office and gives up his occupation or his practice and after six or ten years he retires, he has the world available for him to go back to, he has directorships, he can go into the City, he can have all sorts of activities to which he can devote himself and not be forever deprived of earning a proper living.

HON M. XIBERRAS:

If the Hon Member will give way. It is just on a point he made before that in a bigger country a politician who retires is able to take up directorships, etc. I would ask the Hon Member to consider the position of the Hon Member on his left, here in a small situation as well.

HON CHIEF MINISTER:

As I was saying, even those who are being remunerated sometimes leave politics not because they do not want to fight any more but because they have had their time or because they feel that they have made their contribution. But here, of course, once you give up something it is very difficult to recover. As the Hon Leader of the Opposition has mentioned, my Hon Friend on my left was Deputy Headmaster of the Grammar School and if he were to leave politics and wanted to go into the Government service now he would not be able to be a headmaster, he would not be able to be assured of a post of that kind of responsibility. He could always get a job as a qualified teacher rather than have expatriates. We have been told by the GTA that we should localise as much as possible but that is not the point. What I was saying is that it is a matter of one's conscience and one's honesty. The test of one's honesty in politics is the electorate. That is the test of one's honesty because if in fact one has the privilege of being re-elected one has at least been able to convince those who favour you that you are not feathering your own nest. Take professional people, if you ask a professional man, whether he is in the Opposition or in the Government, if you say to Dr Valarino or myself or Mr Isola: "If you want to be in Parliament you have got to give up your practice." Well, the practice is not going to be there waiting for you after ten years to come back to you. Generally speaking, the point arising in England in a much wider field and very similar to ministerial office in the big local authorities that exist in England, authorities that are bigger than some nations, since the recent reform and reorganisation brought about by the Maude Report which has resulted in huge local authorities. We had

a member of Rotary speaking recently about an authority of two and a half million people with a budget of £500,000,000 and yet the councillors, taking important decisions in matters perhaps much more directly concerned with individuals and they get paid for attendances and yet they are taking part and yet they are carrying out their duties. Generally speaking, except for the odd Poulson here and there, it works that way, otherwise there would be a technocracy of people who were not really representative of electorates but just civil servants to run the country. Good as civil servants may be, certainly it is not the essence of democracy that we should be governed by civil servants, at least, not ostensibly.

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

HON CHIEF MINISTER:

Mr Speaker, I have the honour to move: "That the following Members should be nominated to the Select Committee on the declaration of Members' interests: The Hon A J Canepa, The Hon A P Montegriffo, The Hon Major F J Dellipiani, The Hon J B Perez, The Hon Major R J Peliza and The Hon G T Restano." First of all, I would like to say that whether he would have been appointed or not is neither here nor there, but I did ask from Mr Bossano whether he was interested in being a member of this Committee and he said no for the same reasons as he has declined in the other one, that is, that his time is required for his trade union activities. The composition of the Committee of course was done in consultation with the Leader of the Opposition in so far as his members are concerned and reflects the strength of the House on the bases of two to one. In so far as we are concerned, Mr Speaker, we have put two members with long experience in the House, and two members with less experience in the House all of whom, together, can make a good contribution. Therefore, Mr Speaker, I commend the Motion to the House.

Mr Speaker proposed the question in the terms of the Hon the Chief Minister's Motion.

HON A J CANEPA:

I agree with what the Hon Leader of the Opposition said in his intervention in the previous motion that the Hon Major Peliza had a valuable contribution to make to the deliberations of the Committee, for whatever reason he gave I have no doubt that that would be the case given the standing of the Hon Major Peliza and the fact that he has been Chief Minister of Gibraltar for nearly three years, but I think there are going to be problems on the mechanics side of the meetings of the Committee. My understanding is that the Hon Major Peliza normally

comes to Gibraltar at the time when meetings of the House take place and obviously when meetings of the House take place it will hardly be possible for the Committee to be sitting at the same time. I am a little bit worried about the extent to which the Hon Major Peliza will be able to make a direct contribution through attendance at the meetings of the Committee. On the other hand, I am fully aware of the fact that the Hon M Xiberras has had a very, very close interest in this subject, in fact, he mentioned the date of 1969 and I recall that he had an interest before 1969, before he entered public life, when we were both teachers in the Grammar School more than once we used to discuss this subject whenever our talk tended to become of a political nature. I know that he has continued to have a very close interest in the matter through our deliberations in the Constitution Committee in 1975 and 1976. I am somewhat disappointed that he did not decide himself to be a member of the Committee, not only because of the contribution that he could have made directly but also because of the difficulty which I have mentioned with regard to the Hon Major Peliza. Of course, he has an opportunity now to address the House after I do so, perhaps, he might like to clarify the matter but it is just a thought. I do not wish to be controversial. I would not want what I am saying to in any way make the deliberations of the Committee controversial because that is not the spirit.

HON M XIBERRAS:

Mr Speaker, the points raised by the Hon Mr Canepa, one of the nominees in this motion, have, in fact, already been taken care of in my talk on the subject with the Chief Minister when we discussed the subject in the Chief Minister's office and Mr Isola already having taken on the question of Chairmanship of the Public Accounts Committee and Mr Bossano was unable to take part in a Committee of the House, we Members on this side of the House had to share our responsibilities and I was encouraged to suggest to my Hon and Gallant Friend who does have the experience, Major Peliza, that he should be a member because the Chief Minister said that a lot of spade work had already been done in advance on this and therefore it was not envisaged that it would take continuum of meetings to arrive at the conclusion. There are a lot of patterns that can be followed and these patterns can be circulated well in advance. As a Member of this House, of course, the Hon and Gallant Member may be proposed for a Select Committee and I would hope that taking into account the work that the Committee undoubtedly has to do, his experience will be allowed to illuminate the Committee. As regards the question of the dis-appointment of the Hon Mr Canepa that I had decided not to be a member of the Committee, of course, I have certain other duties and these are pretty heavy from time to time and I thought that I should impose

on my colleagues, Mr Restano, already a member of Public Accounts Committee and on my colleague, Major Peliza, to take some of the weight off me. That is the reason. I am, of course, available to the Committee and I am prepared to give evidence to the Committee and in that way whatever experience I have of this matter, or interest I have shown in the past, can be brought to the notice of the Committee.

HON MAJOR F J DELLIPIANI:

Mr Speaker, I cannot follow the arguments of the Hon Leader of the Opposition. He is now saying that he does not have time to stand for this Committee which will be a Committee of short duration but yet he had the time and he wanted the time to be in the Public Accounts Committee which will be a far longer lasting Committee.

HON M XIBERRAS:

What I said about the Public Accounts Committee was in fact that I did not think the Leader of the Opposition, ex-officio, should be debarred and I said quite clearly that it was not my intention to be a member of the Committee.

HON MAJOR F J DELLIPIANI:

It is a technical point but the fact still remains that to me it appeared that he was very anxious to be in the Public Accounts Committee. There is a valid point that the Hon Minister for Labour has raised and this is the question of the Hon and Gallant Major Peliza. He does come just before the House commences every month or every couple of months and this is the time when we as Members of the Government are in our busiest time answering the 80 or 90 questions that the Opposition submit. If they promise to bring only 10 or 12 questions for the next House maybe we could do some work before.

MR SPEAKER:

May I be very clear on one matter. We are appointing the membership to the Select Committee en bloc. If there is objection to the appointment of any particular member then our procedure should be different and we must of necessity take a vote on each member.

HON MAJOR R J PELIZA:

I do not know how often it is envisaged this Committee is going to meet. From what I understand it may not mean so many meetings to come to some kind of a conclusion and arrive at some recommendations. It does not seem to me that because of the nature of what we are going to discuss, because apparently the spade work has already been done, there will be room

for a lot of discussion in the Committee. Proposals will probably be submitted and having discussed those proposals from whatever quarter they may be coming from, a decision probably will be taken by the Committee. That means that it may not be necessary for those attending to be here permanently. It would not be impossible for me to extend my stay here if one has knowledge of the time of the meetings. For instance, it is my intention to come here towards the second half of January. I do not know whether that will be too late for the first meeting but undoubtedly at that time if an idea is given to me as to when we are going to meet I will be more than willing to so fit my stay in Gibraltar to coincide with the meetings that we intend having. Certainly I will do my utmost to attend those meetings as many times as possible and in that respect I hope I can be of some use from this side of the House in arriving at a conclusion. I think, perhaps, I should add that again one can contribute in writing which is probably even more important for the nature of the work that we are going to do. Certainly, in the United Kingdom I can seek advice from people in Parliament, politicians and civil servants, who will be able to give me a lot of guidance as to how this should be tackled here in Gibraltar. In that respect I think I can offer a contribution. So, really, even if I am not going to be here all the time I think I can get some expert advice perhaps more easily than one could do from this end. I hope that if I am elected to this Committee I can be of some use.

HON CHIEF MINISTER:

I have very little to say. What my hope is that the Hon Major Peliza's enquiries in England does not complicate the work of the Committee by having too much expert advice. We have had everything we want from the House of Commons and in fairness to him I should say that I always try and give him as much advance notice of the meetings of the House of Assembly as possible in order that he can make his arrangements and I am sure that whoever takes the Chairmanship of the Committee will do the same and he can arrange his visits that way. I hope he does, at least, give me credit of giving him advance notice as soon as I make up my mind when a date is going to be fixed or likely to be fixed because sometimes there are various matters. I do give notice as a matter of courtesy because as well as to the Leader of the Opposition and I try to adjust the dates to suit as many members as possible, sometimes going out of my way for that, and I think it is my duty to do so and whoever chairs that Committee will do the same for the Hon Member.

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

The Hon I Abecasis
The Hon J Bossano
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon A W Serfaty
The Hon Dr R G Valarino
The Hon M Xiberras
The Hon H J Zammit
The Hon F E Pizzarello
The Hon A Collings

The following Hon Members abstained:

The Hon A J Canepa
The Hon Major F J Dellipiani
The Hon A P Montegriffo
The Hon Major R J Peliza
The Hon J B Perez
The Hon G T Restano

The following Hon Member was absent:

The Hon P J Isola

The motion was accordingly carried.

BILLS

FIRST AND SECOND READINGS

THE SUPPLEMENTARY APPROPRIATION (1978/79) (NO 3)
ORDINANCE, 1978

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Speaker, Sir, I have the honour to move that a Bill for an Ordinance to apply further sums of money to the service of the year ending 31st March, 1979, 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, I beg to move that the Bill be now read a second time. The purpose of the Bill is to appropriate, in accordance with Section 65(3) of the Constitution, a further sum of £256,948 out of the Consolidated Fund and to appropriate in accordance with Section 27 of the Public Finance (Control and Audit) Ordinance, a further

sum of £85,962 out of the Improvement and Development Fund. The purpose for which these further sums are required are set out in detail in the Schedule of Supplementary Expenditure which I tabled at the commencement of this meeting and which will, of course, be examined by the House when we reach the Committee Stage.

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

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

HON FINANCIAL AND DEVELOPMENT SECRETARY:

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

This was agreed to.

COMMITTEE STAGE

HON F E PIZZARELLO:

Sir, I have the honour to move that this House should resolve itself into Committee to consider the following Bills clause by clause: the Supplementary Appropriation (1978/79) (No 3) Bill, 1978; the Gibraltar Garrison Library Property (Amendment) Bill, 1978, and the Employment of Women, Young Persons and Children (Amendment) Bill, 1978. Sir, you will recall that at the last meeting I indicated that the Court of First Instance Bill would also be brought at this stage but I have decided that it should not come at this stage.

THE SUPPLEMENTARY APPROPRIATION (1978/79) (NO 3) BILL, 1978

Clause 1 was agreed to and stood part of the Bill.

Schedule

Consolidated Fund. Schedule of Supplementary Estimates No 3 of 1978/79.

Item 1 Head 10 Income Tax Office, was agreed to.

Item 2 Head 14 Law Offices, was agreed to.

Item 3 Head 15 Medical and Public Health.

HON M XIBERRAS:

Could the Minister offer some reason why he has to come for supplementary expenditure of the order of £100,000 to meet the payment of the drugs bill under the GPMS?

HON A P MONTEGRIFFO:

Yes, Mr Speaker, I explained it the last time when I asked the House to endorse the increase of contributions and I gave the reason why an increase was necessary. I gave the figures of about £350,000 instead of the £264,000 that were voted in the Appropriation Bill for 1978/79 and now I am coming to the House precisely for the money. The other element of the increase of £12,000 is to deal with drugs in the hospital, the £388,273 originally appropriated in the House was not all for drugs. £264,000 was for the GPMS and the rest, £134,000 odd, were for bandages, drugs in the hospital, X-Ray, oxygen, laboratory, etc. What I am doing now is to ask for £88,000, as I explained at the last meeting, due to the 12% increase in the price of drugs and an increase in the number of patients attending the Health Centre which amounts, roughly, to about 200 items a week. But this is not the whole story, I must warn the House. The settlement with the chemists that dates back to 5 September of which I have received notice that they have agreed to a formula I think I will have to come to the House for about another £80,000 to pay the retrospection dating from 5 September. Of course, when we come to the Estimates I shall have more to say about this in March.

HON M XIBERRAS:

What has been the increase in the number of patients, roughly?

HON A P MONTEGRIFFO:

First of all there has been an increase in the price of drugs and also more expensive drugs coming into the market like Cathinogenic drugs which are very expensive and also dietetic drugs.

HON M XIBERRAS:

My question was what has been the increase in the number of patients?

HON A P MONTEGRIFFO:

I would say about 150 more a week on an average. We are now at about 1,750 and there have been weeks of over 2,000.

HON M XIBERRAS:

Is that a year to year comparison or compared to another part of the year?

HON A P MONTEGRIFFO:

It has been a trend which started round about March this year when the whole pattern of about £5,600 rose to

£6,000 and then I warned the House on the last occasion that it was going on to £7,000 a week. The trend started round about March of last year and it has remained more or less steady and if you compare season by season with the last year you will find that there are about 150 to 200 patients more a week and there have been weeks of 2,000.

Item 3 Head 15 Medical and Public Health, was agreed to.

Item 4 Head 17 Port, was agreed to.

Item 5 Head 22 Recreation and Sport, was agreed to.

Item 6 Head 26 Treasury.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, I have, as you know, given notice of my intention to move an amendment to this Head at this stage in the proceedings. I understand the amendment has been circulated, and if it is the wish of the Chair I will read it in full. All the amendment does is to add a new item. I move that under Item 6 in Part A of the Consolidated Fund Schedule of Supplementary Estimates No 3 of 1978/79 a new sub-item be added Under Head 26, Treasury as follows:

(1) Personal Emoluments. Provision in the Estimates £284,600, Supplementary Provision already approved - Nil
Supplementary Provision now required - £1
Total Supplementary Provision - £1

Remark: Token provision to cater for the creation of the post of Economic Adviser in the Treasury, Salary Grade 6; and that the total in the Schedule be accordingly increased by £1. I think that the House will wish to know precisely the reason for this. We have had an Economic Adviser ever since I have been in Gibraltar but the officer holding that post was appointed from the United Kingdom under Technical Cooperation terms and as it is the current practice in Gibraltar technical cooperation posts filled by technical co-operation officers are not, in fact, on the approved establishment. The holder of the post of Economic Adviser left on 10 December and I don't know whether it has been gazetted yet but his successor is Mr Montado. Therefore a post is required for Mr Montado to be promoted to Economic Adviser and this is the reason why we have come to the House to ask the House to approve the creation of the post but with token provision only of £1. At this stage it is not possible to know the extent to which, if at all, the Personal Emoluments sub-head will need to be increased. It will depend entirely upon whether there is a further appointment to the post vacated by Mr Montado. If there is not then, of course, no further provision is needed and the £1 is merely the token to support the additional post. I beg to move the amendment.

Mr Speaker proposed the question in the terms of the Hon the Financial and Development Secretary's amendment.

HON CHIEF MINISTER:

I would just like to mention that one should rejoice at the fact that we are now going to have a Gibraltarian as the head of the Economic Planning Unit. A young man who has worked his way up through scholarship, who has been Statistics Officer and who has been attached to the Economic Planning Unit understudying for some time and who was present at the Economic Talks with Mrs Hart which was a very good experience for him to undertake. I think it is particularly important that a Gibraltarian should be the Economic Adviser in these matters. There have been suggestions sometimes that perhaps advice given by technical assistance officers is prejudiced because they are appointed by the United Kingdom. I am not saying that they are justified but there has been mention that it was more a case of looking after the United Kingdom interests. It is a sign of confidence on the part of ODA who were helping us so much that they should be happy with the appointment of an Economist whose advice will be of great importance in dealing with Economic Aid, that he should be a local man and that we should go on localising as much as possible the posts and that we get people to train and take their fair share of their responsibility as Gibraltarians.

HON M XIBERRAS:

Mr Speaker, the Chief Minister said that Mr Montado had been Statistics Officer. As I understood it he was Government Statistician which is a different kettle of fish. His duties as Statistician are, of course, very important. He has a great degree of independence because the Statistics Office requires this degree of independence. The Statistics Ordinance, of course, places on the Government Statistician a very special responsibility, non-divulgence of information, independence from other Government departments, etc., and it is a well-known fact, of course, that certain Governments use Statistics Officers to their own advantage. In Spain, in fact, we have had examples of all sorts of controversies about the Government Statistics being accurate or not being accurate and whether information from statistics are divulged to income tax and what the state of play generally is. I am, referring, of course, to Spain. I have not heard anything either from the Financial and Development Secretary nor from the Chief Minister to indicate that there has been in fact a merger of the Statistics Office with the Treasury but I heard something at some time in the news about this, that there was a proposal to merge the Statistics Office with the Treasury. I do not know where the story came from but I was wondering whether this particular token

vote symbolised such a merger in which case I might have to consider my view of it despite my great liking for Mr Ernest Montado.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, there was a press release some fortnight ago saying, in effect, that the Statistics Office, which has always been part of my general fief, if you like, and the Economic Planning Unit were being merged together as a single Economic Planning and Statistics Office. This was because the plans were already laid for Mr Montado to assume the duty of Economic Adviser on Mr Mc Caffrey's departure. Government Statistician is a statutory title. I was looking at the Ordinance the other day and anybody can be appointed to be Government Statistician for the purposes of the Ordinance. It does not necessarily have to be an established post within the Government similarly titled. It happens that on the list of posts which appears under Head 26 in the Estimates there is, I think, the post of Government Statistician. In my personal belief that is wrong. I believe that the post there should be its correct civil service grading and title, whatever that may be, and that the officer, it may not necessarily be that particular officer, should be appointed by the Governor as is required by the Ordinance to be the Government Statistician. However, that is to some extent theorising. In practice, however, certainly for the time being, Mr Montado will continue to be the Government Statistician for the purposes of the Ordinance and to that extent therefore there is no change. The fact that the two offices have been brought together again implies no change of policy in relation to statistics whatsoever and the assurances which have been given in this House, I believe, before my time on many occasions in relation to the preservation of secrecy in anything relating to statistics is as good today as it was when those assurances were given. Moreover, any person of whatever rank who is involved in the collation and analysis of statistics is required by the Ordinance to take an oath of secrecy. I hope that with that explanation it perhaps sets some of the incipient fears of the Leader of the Opposition at rest.

HON M XIBERRAS:

Mr Chairman, not entirely. The Financial and Development Secretary spoke about the Statistics Office being within his field and therein lies in danger. Here we will have the Government Statistician who was housed in the City Hall at a particular time, playing a bigger and bigger part in economic policy matters. One of the functions of the Statistics Office is to produce the sort of information which will lead to economic planning but I do not know whether it is a healthy situation to have as the one and only Economic Adviser the man who is responsible.....

HON A J CANEPA:

There is an Economic Planning Unit of which the Economic Adviser is the head and there are another two Economists.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

The establishment of the combined Economic and Planning Office is the Economic Adviser and there are three professional posts. Hitherto the head post has been filled by a Technical Cooperation Officer and the remaining three posts have all been filled by Gibraltarians of whom Mr Montado was filling the more senior of the three posts and was, as I have described, titled as the Government Statistician. What has happened is that those posts are now part of the Economic Planning and Statistics Office. You have four professional posts and you have the non-professional grades underneath. You have the Economic Adviser who, naturally, is a professional and you have two professional economists, one of whom has been employed on completely general economic studies, surveys, analysis, etc., and the other one has been employed solely on statistics.

HON M XIBERRAS:

The position is that Mr Montado will fill the top of these four posts?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

He is going to be the Economic Adviser in charge of the combined office.

HON M XIBERRAS:

But is there more than one person with the title of Economic Adviser?

HON FINANCIAL AND DEVELOPMENT SECRETARY:

No, there is only one Economic Adviser. The others are, according to their official titles, economists.

HON M XIBERRAS:

There is one and only Economic Adviser. Here is a man with special responsibility at the head of a Unit which also is the Government Statistician. I have known in my time situation where, for instance, in the case of a wage claim the Government Statistician has certain functions in determining by how much the cost of living had gone up and if the cost of living had gone up by X according to the cost of living formula of those days, the Government would have to disburse so much and if it went up by x+1 it would have to disburse that much more. I remember even at that time quite a conflict between

Treasury and the Statistician. There was a conflict on the question of how housing comes into the figure of the increase in the cost of living and there are a number of situations where the Statistician does need a degree of independence. I accept the assurances of the Hon Member as regards secrecy and non-divulging of information and so forth. I hope that those undertakings also extend to other things such as the objectivity of statistical information which is made available, this is of vital importance. This is another little misgiving which I had at the back of my mind and perhaps the Financial and Development Secretary can remove it.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

I think that the Leader of the Opposition is, to some extent, slightly mis-directing himself. Statistics is concerned with facts and nothing but facts. Statistical analysis is the logical extrapolation of those facts. It establishes trends, etc. The use to which those trends are put is policy and I think it is very important that we distinguish between the collection and analysis of statistics for the production of statistical data and the use or non-use, for that matter, to which that data is put. There may be two differing views on the interpretation of a particular piece of data but it will not be a statistical interpretation, the statistical interpretation would be a logical interpretation of what that figure shows relative to certain basis, etc. But you can have a value interpretation of it which implies the use that you are going to make of it. You can, for example, if you see the figures and you see that for instance the value of imports over the past twelve months has increased by, say, 15%, the Statistician will tell you that on the longer term trend over five years the average annual increase is only 11% and he therefore will predict 11% for the following year but a policy man may say; "Oh, no, it was 15% last year, there are these other considerations which are likely to arise, I am going to say that it is going to be 20%." The one is a value judgement the other will be a purely logical statistical progression of what the figures say up to the point at which they stop.

HON M XIBERRAS:

I thank the Hon Financial and Development Secretary for that little lecture, Mr Speaker, he might have spared his time as I was responsible for introducing the Statistics Bill in this House and I made a very similar one to Hon Members on this side of the House at the time. I think he is being unduly academic about the whole affair. I am talking about what happens in politics inside Government and I am talking of my own experience as having a

very close interest in the Statistics Office. Mr Speaker, I am not persuaded by the Financial and Development Secretary's lecture but I do not want, even on the scant information which is available as to how the thing would actually work, the terms of reference of the Unit, which has been the subject of controversy here before, the merging of Units, the merging of the productivity and Training Unit, the dismembering of it, etc. I am not going to oppose the token vote but we shall certainly keep an eye for any interpretation of

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, might I, on a small point of order, say that what is really before the House is the post.

Mr Speaker then put the question in the terms of the Hon Financial and Development Secretary's amendment which was resolved in the affirmative and the amendment was accordingly carried and Item 6 Head 26 Treasury, as amended, was agreed to.

HON FINANCIAL AND DEVELOPMENT SECRETARY:

May I formally move that in Part 1 of the Schedule, Head 26 Treasury, the amount shown in the column be amended to read £35,251 and the total amount therefore reads £256,949.

Mr Speaker put the question in the terms of the Hon Financial and Development Secretary's amendment which was resolved in the affirmative and the amendment was accordingly carried.

Part B Item 1 Head 21 - Public Works Annually Recurrent

HON G T RESTANO:

May I ask the price of this water that was presumably imported by tanker?

HON M K FEATHERSTONE:

Yes, Sir, the price worked out at about £3.80 per tonne.

HON G T RESTANO:

How does that compare with the price of water imported from Morocco?

HON M K FEATHERSTONE:

The current price of the water from Morocco is £1.68.

HON G T RESTANO:

Is it not possible to bring in more water from Morocco? It seems to be half the price.

HON M K FEATHERSTONE:

The reason we brought the water from the United Kingdom was a series of circumstances which were all unfortunate. The two distillers were broken down, the wells were producing less because it was the end of the year, there was no rainfall in October, there appeared to be little likelihood of rainfall in November and the ship from Morocco was also broken down.

Item 1 Head 21 - Public Works Annually Recurrent was agreed to.

Schedule of Supplementary Estimates Consolidated Fund No 3 of 1978/79 was agreed to.

Improvement and Development Fund, Schedule of Supplementary Estimates No 3 of 1978/79.

Item 1 Head 101 - Housing.

HON M XIBERRAS:

On the Glasis Estate bedsitters, what was the cost of each of those units?

HON A W SERFATY:

As far as I am aware, Mr Speaker, £12,000 each.

Item 1 Head 101 - Housing, was agreed to.

Item 2 Head 102 - Schools, was agreed to.

Item 3 Head 106 - General Service, was agreed to.

Item 4 Head 113 - Telephone Service, was agreed to.

Schedule of Supplementary Estimates Improvement and Development Fund No 3 of 1978/79, was agreed to.

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

Clause 2

HON FINANCIAL AND DEVELOPMENT SECRETARY:

Mr Chairman, may I move a consequential amendment to Clause 2 to substitute for the word "eight" appearing in the last line thereof the word "nine".

Mr Speaker put the question in the terms of the Hon Financial and Development Secretary's amendment which was resolved in the affirmative and Clause 2, as amended was agreed to and stood part of the Bill.

Clause 3 was agreed to and stood part of the Bill

Clause 4

HON FINANCIAL AND DEVELOPMENT SECRETARY:

In sub-clause (1), Mr Chairman, in line three, substitute the word "nine" for the word "eight" where it appears.

Mr Speaker put the question in the terms of the Hon Financial and Development Secretary's amendment which was resolved in the affirmative and Clause 4, as amended was agreed to and stood part of the Bill.

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

THE GIBRAITAR GARRISON LIBRARY PROPERTY (AMENDMENT) BILL, 1978.

Clause 1 was agreed to and stood part of the Bill.

Clause 2

HON ATTORNEY-GENERAL:

Mr Speaker, I beg leave to move an amendment and that is that between the close of the inverted commas in the sixth line there should be added the words "and at the best annual or improved monthly or yearly rent that can be reasonably obtained for the same" and consequential on that, amending the sixth line of the Clause by amending the word "nine" to the word "ten".

Mr Speaker proposed the question in the terms of the Hon Attorney-General's amendment.

HON CHIEF MINISTER:

Mr Speaker, when this Bill was before the House last time on Second Reading certain points were made by the Hon Mr Isola and I undertook to look further into the matter and did not proceed with the Committee Stage and Third Reading to be able to look at it more carefully since there were one or two points that had not caught my attention and if I remember rightly, the main points made by the Hon Mr Isola were that according to the Letters Patent appearing in the Ordinance these houses had been built with local Government money and were being allowed to be sold on 99-year leases. The other more controversial point was that it was feared that this money was being sought and the property was being sold in order to be able to supply money for the running of the printing works and the Gibraltar Chronicle which were in need of finance. These were two matters which I undertook to look into and I have done so and I have had an assurance from the Chairman of the Garrison Library Committee, not anybody connected with the limited company which runs the Gibraltar Chronicle, Lt-Col. Willoughby, who is at present Chairman of the Garrison

Library Committee, that they had passed a resolution prior to asking the Government to amend the legislation that the purpose of selling these longleases was in order to raise sufficient funds to be able to service the Garrison Library which required a considerable amount of expenditure and which was not being collected from the subscriptions and to maintain the Garrison Library as the main interest in the matter. That was their primary interest and since they were entitled, under the Ordinance, without reference to the House or, indeed, to the Treasury, to alienate completely, they felt that asking for long leases which would revert back to the Garrison Library in 99 years' time would be less than what they would be entitled to and would secure, as the properties became vacant or sold, would secure the monies required to fund the provision of the Garrison Library and I was told in no uncertain manner that it was not intended to raise funds for the purposes of the Printing Works or the Gibraltar Chronicle. The other point which a little research elicited was that where the Letters Patent recite that the money had been raised by the Government it was Her Majesty's Government in the United Kingdom and no local funds were provided for the building of this property. These are not like other properties which were obtained on occupation and which we claim that if they are not required for defence purposes they should be returned to the Government, they are more in the nature of Arengo's Palace which was a property belonging to the War Department which they had purchased for good and ready money and which we never claimed the Government was entitled to have its return unless you pay for it because they had paid for it themselves. It is property which they had occupied and they would continue in occupation as a result of the British presence that refers to the Lands Memorandum. Having regards to those factors and those assurances the Government has considered that there is no harm in acceding to this request. Incidentally, I have also been shown the consent of Her Majesty's Treasury which is also mentioned here to the extension of the lease should that have been required but they feel that it would be awkward to have to refer back every time to the lads of the Treasury for every property that they wish to sell. As it happens now there is only one such property for sale.

HON M XIBERRAS:

There is clarification on several of the points that were raised at the Second Reading of the Bill. Am I right in saying, and perhaps the Chief Minister will confirm, that Col. Willoughby in fact has left already?

HON CHIEF MINISTER:

He left last week for England but is coming back next week.

HON M XIBERRAS:

But he has finished his appointment?

HON CHIEF MINISTER:

I do not know.

HON M XIBERRAS:

I would ask the Chief Minister whether the information that he has obtained from the Committee, was a statement or whether it was verbally communicated to him. My reason for saying this is that even though now it appears that this House certainly has less of a case for interfering in this transaction, yet I would like to be sure that the monies which this House is passing judgment on, as it were, are not going to be used either for the Gibraltar Chronicle Printing Works or for the Gibraltar Chronicle without this House knowing about it. In other words, I would like a concrete assurance from the Garrison Library Committee in this respect. The House will remember that there were two issues that were intertwined. One was the question of any difficulties that might be being experienced by the Gibraltar Chronicle and the Printing Works and, on the other hand, the Garrison Library. One arose out of a question which I asked and the other one was out of the Bill whose Committee Stage we are now considering. Therefore, I think that the Chief Minister should inform the House as to what is the nature of the assurances that he has obtained, namely, that the money of the sale of this property would be funded and the interest of it would be used in order to keep the Garrison Library going.

HON CHIEF MINISTER:

I am sorry I cannot give the assurances in the form that the Hon the Leader of the Opposition has asked me, in all sincerity, because that was not the terms on which I got it and therefore I can only give what I received and that is that (a) that the Garrison Library Committee had passed a resolution that such houses that could be sold should be sold for the purposes of keeping the Garrison Library going. The word "funded" was not used but the way that it was put to me was; "We are not going to spend all the money we are getting from these houses in the Garrison Library now. We are going to make sure the perpetuation of the Garrison Library." One can give whatever interpretation one wants to it but the resolution has explicitly excluded the passing of any money of the sale of the house to the upkeep of the Printing Works or the Gibraltar Chronicle and I know for a fact that they are making other arrangements in respect of the problems dealing with the Gibraltar Chronicle. They are not relying on this in order

to do that but the matter was very clear. The Learned Attorney-General says that if there was a resolution there should be minutes. There were minutes of the resolution so I was told. I will ask for them and I will show a copy or send a copy or satisfy the Hon Member that there had been a resolution of the Garrison Library Committee that the money of this sale would be for the perpetuation of the Garrison Library.

HON M XIBERRAS:

It is not that I am being unduly suspicious about this but it so happens that the Garrison Library Committee also has an interest in the Chronicle and the Printing Works. The whole idea that the House should even by implication, approve a hidden subsidy to either the Gibraltar Chronicle or the Printing Works is what was being debated the last time. I take it that this money is not going to be used to pay for certain items of expenditure whilst a subsidy continues in a different way which would amount to the same thing. It is for those two reasons, in fact, Mr Speaker, that I am being a bit sticky on the question of minutes or some sort of authority.

HON CHIEF MINISTER:

I think we should not lose sight of the fact that we are not disposing of our property, that we have been asked to amend an Ordinance which gives right to dispose of property and to give leases of 21 years, to say that they are entitled to give leases of 99 years. It is not our property and we are not disposing of it. To the extent that good faith has been shown on the part of the Government in giving the powers that they have sought, equally, I have obtained in good faith the assurances that I required before we could proceed with this, as I undertook last time.

HON M XIBERRAS:

Mr Speaker, if we are asked at all about anything then I think we have a right to express an opinion about it. In any case, if the Chief Minister would be so kind as to supply the minutes or whatever it is then I would be grateful for that. The other thing is that I understood that the money itself from the sale would not be beused, that it would be the interest from this money that would be used for the upkeep of the Garrison Library. Again, the position would similarly arise that we will give our consent, if not our authority, to a sale when the money is going to be used to perpetuate what has been described in some odious words in a certain newspaper.

HON CHIEF MINISTER:

I think that was only a reasonable and natural deduction from the fact that one of the properties intended to be sold is going to be sold for £85,000 and I do not think that it was at any moment meant that they were going to spend £85,000 in the upkeep of the Garrison Library. I was told that the cost of the upkeep of the Garrison Library was increasing and it required money to keep it up. I was told that the money was not for the Chronicle or the Printing Works although the two things go together.

HON M XIBERRAS:

Is there a particular party involved in the purchase?

HON CHIEF MINISTER:

A local person proposes to purchase the property.

Mr Speaker then put the question which was resolved in the affirmative and Clause 2, as amended, was agreed to and stood part of the Bill.

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

THE EMPLOYMENT OF WOMEN, YOUNG PERSONS AND CHILDREN (AMENDMENT) BILL, 1978.

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

Clause 3

HON ATTORNEY-GENERAL:

Mr Chairman, there is a slight amendment to Clause 3 and that is that the Clause as it stands should be preceded by the letter (a) and a new sub-paragraph (b) be added as follows: "(b) Section 3(3) of the Ordinance is hereby repealed." Mr Chairman, the reason for that is that Section 3(3) reads as follows: "Nothing in this Ordinance shall prevent the employment in any industrial undertaking or ship of a child lawfully so employed at the commencement of this Ordinance." This Ordinance commenced in 1932 so one hardly expects a child to be at all affected at this stage.

Mr Speaker then put the question in the terms of the Hon the Attorney-General's amendment which was resolved in the affirmative and Clause 3, as amended, was agreed to and stood part of the Bill.

Clauses 4 and 5 were agreed to and stood part of the Bill.

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

The House resumed.

THIRD READING

HON ATTORNEY-GENERAL:

Sir, I have the honour to report that the Supplementary Appropriation (1978/79) (No 3) Bill, 1978, as amended, The Gibraltar Garrison Library Property (Amendment) Bill, 1978, as amended, and the Employment of Women, Young Persons and Children (Amendment) Bill, 1978, as amended, have been considered in Committee and agreed to and I now move that they be read a third time and passed.

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

HON CHIEF MINISTER:

Before the recess, Mr Speaker, my colleague Mr Montegriffo wants to make a correction to something he said earlier today.

HON A P MONTEGRIFFO:

Mr Speaker, when the Hon Leader of the Opposition asked me how many patients a week were being seen at the Health Centre I got mixed up with the number of items rather than with the patients. The patients at peak weeks have numbered up to 2,000 and the numbers are about 1,700 a week. Nevertheless, the numbers have increased comparing season to season by about a 100 a week and the number of items consequentially have increased by 250.

MR SPEAKER:

Before we recess I would like to let the House know that we move on to Private Members' Motions tomorrow and the first motion is the continuation of the Hon Mr Bossano's motion.

HON CHIEF MINISTER:

I am afraid it will have to be left for last because we have not made any progress on this matter.

HON M XIBERRAS:

We have not met.

HON CHIEF MINISTER:

We have made no progress because we have not met and we have not met because we could not find a time that was

suitable both to the Leader of the Opposition and to Mr Bossano. Both times were suitable to me.

The House recessed at 8.15 p.m.

WEDNESDAY THE 20TH DECEMBER, 1978

The House resumed at 10.50 a.m.

PRIVATE MEMBERS' MOTIONS

HON J BOSSANO:

Mr Speaker, I beg to move that: "This House considers that Family Allowances should be raised to £4 for the first child and £5 for the second and subsequent children with effect from April 1979." Mr Speaker, the question of the need to revise the level of Family Allowances which at one stage, in 1977, were brought to a level which was identical with the United Kingdom, was raised in the 1978 Budget and the Minister for Labour said he was conscious of the need to review the position as regards Family Allowances and that he would be prepared to take a look at the possibility of carrying out a revision later on in the course of this financial year when it was clearer what effect the salary increases were having generally on the economy in Gibraltar and on Government revenue. We have not heard anything else on the matter and the motion that I am putting forward is designed effectively to produce the same net effect in April, 1979, for a family in Gibraltar as the child benefit system does in the United Kingdom without being identical to the system in the United Kingdom. The Motion presupposes that family allowances will continue to be taxable and that child allowances under the Income Tax Ordinance would continue to be at the level that they are now. The position in the United Kingdom is that family allowances are going to be increased as from April, 1979 under a system where the allowances, now called Child Benefit, are non-taxable and the child allowance under the Income Tax Ordinance are phased out. The increase in the United Kingdom is, to some extent, offset by the disappearance of allowances under income tax and the sums proposed in my Motion would produce the same net effect for those on a standard rate of income tax on their marginal income, i.e. those paying 30% income tax. This, in addition, in my view, carries with it the benefit that for families on very low incomes who fail to reach the 30% the net position would be one where they would be slightly better off than in the United Kingdom and I think it is a more progressive system than one that gives the same gross amount to everybody non-taxable. I think it is preferable to have a higher taxable level giving, for the bulk of the population

receiving family allowances, the same net figure and for those at the very top of the income scale slightly less for those at the bottom of the income scale slightly more. The burden on the Government budget, the burden on expenditure, would be basically the same whichever system one adopted. I think that the move in the United Kingdom is not in the sort of direction we should move ourselves and therefore my motion does not seek to make these allowances tax free but to produce the same effect that a lower level of allowances, tax free, would have. I commend the motion to the House.

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

HON A J CANEPA:

Mr Speaker, I am going to speak for the Government as a whole. I doubt whether there will be any further intervention from the Government side. I will do so at some length and hope that in doing so I can anticipate any of the points which any other Hon Member opposite may have in mind. I would like to go over the position as it is in the United Kingdom. In the United Kingdom these are now known as Child Benefit and not Family Allowances. They only went up to £2.30 per child from a level of £1.50 last April. In April 1978, Child Benefit went up from £1.50 to £2.30. Prior to that, as I think the Hon Mr Bossano indicated, our allowance stood at £2 and for very nearly a year, since July 1977 to April 1978 we had been ahead of the United Kingdom. The Family Allowance here was £2 per week whereas it was £1.50 in the United Kingdom. I have checked on that very carefully.

HON J BOSSANO:

If the Hon Member will give way. Was it not the case that when we had £2 here it was taxable which made £1.40 net and in the United Kingdom it was £1.50 not taxable?

HON A J CANEPA:

Yes, we are on the same wave length. Then in November, 1978, arising from last April's budget, Child Benefit in the United Kingdom went up to £3 per child and in April 1979, again as a direct consequence of the last Budget, they are going up to £4 per child non-taxable in all cases. As the Hon Mr Bossano has said, that has been done at the expense of the tax relief which a family would otherwise receive for the children and so last April, in the United Kingdom, the tax relief for the first child was decreased from £196 to £100 and for other children from £170 down to £100. In fact, the children's relief for income tax purposes will be abolished completely in the United Kingdom

in April 1979. Let us make it clear that whereas on the one hand Child Benefit is being increased considerably, it is at the expense of Children's Tax Relief which is being abolished entirely. In the United Kingdom at the moment you have a family with three children, say, getting higher family allowances than in Gibraltar, higher Child Benefit, but £300 tax relief for the three children, whereas in Gibraltar at the moment, in spite of our low level of personal allowances, the total relief for the three children is in fact £400 and on present form it would continue to be at least £400 next April, unless between now and then the Government does something about it, whereas in the United Kingdom, I must stress, there will be no tax relief in respect of children. The real benefit under the United Kingdom system is therefore for people who do not pay any tax at all. For those families who do not pay any tax they get a real benefit because they have a definite and very real improvement in their standard of living. Families that do not pay tax here or in the United Kingdom do not care very much whether Children's Tax Relief is increased. They do not benefit from an increase in Children's Tax Relief if they do not pay tax but if instead of giving the £2 or £3 a week you give them £4 or £5 a week then the income of that family is definitely increased and their standard of living is increased. To what extent has the increase in Child Benefit in the United Kingdom been offset by the decrease and by the eventual abolition next April of tax relief altogether? I have assumed that because in the United Kingdom there is a band of £750 at 25% and the balance, or really £6,250, are then taxed at 33%, I have taken the average for a family to be, say, 30%. On that basis, if the family are paying an average of 30% tax the loss of the tax relief in respect of the first child amounts to about £60 a year whereas the increase in Child Benefit from £2.30 a week to £4 means an increase in the family income annually of £88. So the real increase as a result of all this is going to be £28 per annum or just over 50p in real terms in respect of the first child. In respect of second and subsequent children the loss of tax relief amounts to £51 a year, £1 a week, and the real increase in the Child Benefit which is £88, deduct £51 from it, £37 a year, in other words, about 70p a week. So for the first child there is a real increase as a result of all this is 50p a week for second and subsequent children about 70p a week net in gross terms. If you take into account the fact that in Gibraltar the allowance is taxable it would be more like £1 a week. So 50p and 70p in the United Kingdom translated to our set-up whereby the Allowance is taxable would be slightly higher, about £1, except for the first child in respect of whom we are not paying in Gibraltar Family Allowance. The motion of the Hon Mr Bossano, implicit in it, is the extension of our Family Allowance set up to cover the first child. I think I should inform the House what the expenditure would be in extending Family Allowances to cover the first child. In January 1976

the Hon Mr Bossano put a question in the House asking the Government precisely that. Based on the figures which we had then, and I can assure the House that it has hardly changed at all, then there were 1,600 one-child families in Gibraltar, obviously not getting any Family Allowances at all and we were also paying in the Department Family Allowances to 1,730 families which had 2+ children and so if we are going to pay Family Allowances to the first child we have to pay whatever the amount of the Allowance is, and according to the motion of the Hon Mr Bossano that is £4, we would have to pay £4 a week to 3,300 in respect of 3,300 children, which is a gross annual expenditure of nearly £700,000, gross. That can be decreased, I think, by about a third bearing in mind that it is taxable at the moment. But apart from the actual cost I want the Hon Mover and Members to think whether this is the best way to use such a large sum of money when the greater benefit, proportionally, is going to go to the smaller family. Because if we pay Child Benefit or a Family Allowance of £4 a week in respect of the first child the effect of that is that to a family with one child we are giving them £4 a week, which they do not have now, but that is all that we are doing also to families with two or more children. Forgetting about the increases to second and subsequent children, we would also be giving them another £4 a week. So £690,000 of gross expenditure would be disbursed amongst families in Gibraltar to the extent of giving them £4 a week regardless of the size of the family. Therefore the benefit, as I say, is in inverse proportion to the size of the family. The Motion also asks the Government to increase in respect of the second and subsequent children from the present level of £2 to £5 for each child now in receipt of Family Allowances and the cost of that is £3 a week by 52 weeks in the year by 1,700 children, £270,000 gross. What I am therefore saying amounts to this, that the effect of Mr Bossano's motion is a grand total gross cost of £960,000, nearly £1 million and net, if we reduce it by about a third, 640,000. That is by way of information. Is the United Kingdom approach the best approach? Is the approach of doing away with Children's Tax Relief and compensating by considerably increased family allowances or child benefit the best approach? I have no doubt that in the United Kingdom the answer is yes, that is the best approach in my mind. It is the most equitable, the most just and it has this excellent result that the lower income groups, the really poor families, are helped in a real way. But is that the best approach for Gibraltar bearing in mind that we have a very large non-EEC alien labour force who are not getting Family Allowances because their families are not residing with them in Gibraltar. This is where we have the problem. I should also underline the attitude of those who inevitably would say thank you very much, if you increase their Family Allowances from £2 to £4 a week for the first child and £5 for subsequent children, but who if you abolish the tax

relief altogether would complain that under the Income Tax system in Gibraltar they are not getting any tax relief for their children. I have no doubt, knowing Gibraltar and knowing people as well as I do, that that would happen. They would complain. They would not say thank you for one thing, without complaining in respect of the other. What are the choices that we have? I think, on the one hand, you can retain the present system and increase both slightly. You increase Family Allowances, perhaps not to the same level as the Hon Mr Bossano is asking in his motion, and you increase Children's Tax Relief slightly. Or else, another approach could be to freeze Children's Tax Relief for the time being at the present level, which is £200 for the first child and £100 for subsequent children and, having frozen Children's Tax Relief, you can therefore increase Family Allowances by a greater amount, or else another approach could be to increase Family Allowances for the second and subsequent children, continue not to pay Family Allowances to the first child but give more tax relief to the first child than what we are doing now, and there are other combinations which are possible, I have no doubt, various approaches which are possible, but they all cost money, either by way of directly increased expenditure or by way of loss of revenue collected under income tax. They are all going to cost money. I think it is clear therefore from what I have said that the motion as it stands which commits the Government to increase Family Allowances to the stipulated levels, cannot be accepted at this stage and the most that I can say is that in the context of the 1979-80 Budget, bearing in mind that the Government already has undertaken a commitment to look into the question of personal allowances under Income Tax, I can say that the whole matter, including the question of an increase in Family Allowances which is so intimately connected with Children's Tax Allowances, the whole matter has got to be considered in depth by the Government and looked at very, very carefully. I have indicated the choices which there are. It can be a mix of a number of alternatives. I have indicated to the House on a previous occasion, and I certainly did so to the Trades Council what my own personal approach is bearing in mind that we have a large alien labour force, and so I stress the most that we can do is to commit ourselves to look at it in depth because we have to. What will come of it I do not know. There are a number of choices involved and whatever is done money is involved and a great deal of money and that, Mr Speaker, is as far as we can go.

HON MAJOR R J PELIZA:

Mr Speaker, I support the motion of my Hon Friend Mr Bossano. I think the need to give more attention to the children is just as important as giving more attention to the aged. I think in England the reason

why the Child Benefit has been separated from Family Allowances is that this is a right that the child now has and is no longer dependent to what the parents decide or do not want to decide. This is really basically a Child Benefit, it goes to the child and no longer to the family. I think this is giving special emphasis to the child. The Government may think whatever they may wish to think but this is a fact otherwise they would still have carried on calling it Family Allowance and the fact that they have directed their attention to the child and the fact that they are giving it to every child including the first child, is very indicative that this is very much an emphasis on the child as such and I think it is very essential in these days that families are not so close as they used to be and therefore the child must receive that special attention which perhaps may not be received in certain quarters. Be that as it may, and this is purely technical, in the end it is what money they get, this is the essential thing eventually, the trend is to take more care of the children. Because, of course, families with lesser incomes need that more than others, I think the Hon Member here, who I am sure is showing tremendous goodwill towards the idea, and I am not trying to fight the Government on this issue, I certainly support it and I think the Minister is doing his best in this respect. I always have thought that he has and I still believe that there is a lot of goodwill in his mind about doing what he can. Of course there are obstacles and the obstacle of money has always come across progress but it is that courage in the end that people take the plunge and say it is difficult but we are going to do it, that usually finds the answer to the problem. At the moment the figures given by my Hon Friend of £4 and £5 a week seems impossible to meet but if one looks back at history and one looks at the figures then one is surprised to see that if the allowances being given today had been suggested some time back the same objection would have been raised as the Minister is raising here today. What I say is that figures alone should not be an obstacle and that there must be ways and means of finding the money. This is what the Government is there for. If they cannot do it then they must let somebody else do it for them. I remember the £5 a week to workers which I suggested and everybody said it was impossible. I am stirring it up because it is not impossible. The same objection that was made then is being made today at the suggestion of my Hon Friend.

HON A J CANEPA:

If the Hon Member will give way. Did I at any stage say it was impossible? I said that you had a number of choices and that in the United Kingdom one thing had been done at the expense of another and that the real increase was only 70p in one case and 50 p a week in the other because the Government in the United Kingdom,

the Exchequer, has saved money and a great deal of revenue has been collected because Children's Tax Relief has been done away with.

HON MAJOR R J PELIZA:

I am not going to go into the question of figures now because I have another motion under my name in which the question of allowances come in and then I shall have to go into figures and perhaps prove the effect particularly in Gibraltar as against the position in England today for certain income levels. I am purely speaking on the principle with which I agree. A child allowance has got to be raised. How it is raised of course is up to the Government but I think this is a call on the part of my Hon Friend here, a call for the need to increase child allowances in Gibraltar and to extend that to every child, not just the second child, and although there is always an argument that the money can be spent possibly wiser some other way one has to decide and this is where I started by saying whether this is going to be for the child and whether the child is going to take a special place in our minds regardless of other effects. This is the big decision. This is why I started emphasising the question of child allowances. Are you going to decide that the child, as such, has got a right and that you are going to see, regardless of class, that each child is going to get so much. Having decided that, then whatever money is left over you can decide how you are going to spend it. But if in your mind there is the fact, as my Hon Friend was trying to say, that one child families are going to benefit perhaps more than they should when there are other children in other families which deserve a bit more, if you start arguing on those lines then I am afraid the principle which I said at the beginning is the essential thing, are we going to help the child in his own right? I believe that that is a good suggestion. I believe that this is a good principle which this Government should take up. I therefore fully support the motion of my Hon Friend. How the Government goes about it, that is up to them. To what extent they can meet the £4 and £5, again it is up to the Government but a gesture in that direction would be very welcome and would move with the new idea that we can see in Britain emerging and which I hope, as usual, we shall follow.

HON M XIBERRAS:

Mr Speaker, I am very glad to see that in the considerations both of the Hon Mover and the Minister for Labour and Social Security the idea is implicit of a comparison with the United Kingdom. Believing as we do in equivalence of living standards, and I refer to Hon Friends in my Party, we cannot but support the general tenor of the remarks of the Hon Mr Bossano.

We are aware that the Government has a number of choices to make, not only in respect of Family Allowances but as we shall see when my Hon and Gallant Friend Major Peliza moves his motion on comparisons in taxation between Gibraltar and the United Kingdom we shall see even more clearly how the issues of taxation and Family Allowances and the comparison of both with the United Kingdom counterpart is relevant to our situation. The Minister has put forward a good case, a skilful case in which he has tried to present a good number of alternatives and throw in a good number of considerations which, valid as they may be, have the net effect of delaying the implementation of suggestions by my Hon Friend Mr Bossano. They are valid considerations, especially that of the non-EEC members of our society here. They are valid considerations, but I do not think his overall argument is necessarily a good reason for Hon Members on this side of the House to either abstain or vote against the motion because as Hon Members opposite are aware we have been pressing the Government both on the question of taxation, personal allowances, and supporting such moves as that made by the Hon Mr Bossano over a considerable period of time and the Government has said at most stages, and certainly in respect of taxation, that it needs time to consider. We cannot accept that argument ad infinitum and the choices must be made, as my Hon and Gallant Friend has said, by the Government. They must be made soon because implicit in our wage relationship with Britain is the idea of equivalence of living standards and because of this, decisions which are now quite promptly taken in respect of wages and salaries should equally promptly be taken in respect of Family Allowances, other benefits, taxation and so forth. In voting in favour of Mr Bossano's motion we do not wish to circumscribe the options of the Government to the particular ones that Mr Bossano is raising. We favour, generally, this approach of Mr Bossano but we do not consider it to be the only one in the circumstances of Gibraltar. It is, if I may produce a generalisation, our view that it is more important to reach equivalence of living standards with the United Kingdom than slavish imitations. It has been our view, in fact, respect of a good many things including wages and salaries. But the general philosophy which my Hon and Gallant Friend Major Peliza has referred to and it is unquestionably emphasised now in Britain, whatever Hon Members on the other side may say, of signalling out the purpose of the Child Benefit as it is now called, is as was the case with the phrase "Senior Citizens", is a way of emphasising the purpose of the allowance and the changes that have taken place in the United Kingdom income tax legislation are similarly orientated. Therefore, Mr Speaker, we shall support the motion on the terms which both my Hon and Gallant Friend Major Peliza and I have outlined.

HON CHIEF MINISTER:

Mr Speaker, I want to say just a few words to add to what

my Hon Colleague has said. In the first place, it may highlight the fact that the benefit is for the children but obviously the benefit goes to the mother who uses it for the benefit of the child. The purpose of the Government is to use whatever monies are available for the purpose of the greatest effect to the greatest benefit of the community and as the Leader of the Opposition has said to what extent that is done is a matter of judgement. The question of delay. There is no question at all of delay, the question is that these matters cannot be anticipated or finalised in anticipation of the overall result of the study of the Budget both in expenditure and in income and it is in connection with next year's Budget that these matters will be decided as, in fact, two other motions in the Order Paper, however well inclined one could be, could not commit the Government at this stage to what is sought there without having consideration to all aspects of the matter. It is right and proper for the Opposition to bring these matters to highlight what they are thinking about and perhaps to help the Government in formalising their thoughts having regard to their own thinking, to the money available and to the thoughts of Members opposite. But, of course, no decision can be taken on any matter which affects the balancing of the Budget until the whole aspect of the Budget is looked at as otherwise we would find ourselves in a completely distorted situation in which we were committed to £2/3d. easily before we knew where they were going to come from.

HON J BOSSANO:

Mr Speaker, part of the implicit obligation in the motion has not been accurately perceived by Members of the House. As I said in introducing the motion, the rates that are included in the motion for introduction in April 1979 have the specific effect of giving a family in Gibraltar the same net income as a family in the United Kingdom without changing the existing level of allowances under the Income tax Ordinance and without changing the practice of taxing Family Allowances. That is the most obvious and practical way to bring our benefits back to what they used to be. In fact, they were not as good as the Hon Member for Labour and Social Security thought they were, they were not above the United Kingdom in 1977 but they were practically on par with the United Kingdom in 1977. When we had a net income per child of £1.40 and the United Kingdom had a gross income non-taxable, of £1.50. What happened, of course, is that in the United Kingdom there has been a series of increases which were made public in last year's Budget, as the Hon Minister for Labour and Social Security has said, and therefore I would submit to Members of the House that if these increases were known in last year's Budget in the United Kingdom and were known to us in Gibraltar when we were having our Budget session here, then the need for us to do something about it was so obvious then that we should

by now have carried out the study that it required and by now be in a position to legislate so that in April this year we shall be coming into line once again with the United Kingdom like we used to be in 1977. The question of Child Benefit Allowances, and indeed of other welfare benefits in a modern western system, forms an intrinsic part of what is known as the social wage and therefore the standard of living of the community is made up partly from income from employment and partly from benefits provided by the state which effectively augment that income and produce a level that the state considers to be a level below which people should not fall. Therefore, we cannot really divorce the question of Family Allowances from the question of income tax or the question of wages and salaries. Given that, the point about the one child family is something that it is difficult really to justify. It would be difficult if we had a situation where virtually half of the people who might be eligible for Family Allowances are in the category of one child family it would be difficult to say: "You are going to be less well off" in this respect than your counterpart in the United Kingdom in order to allow the other half to be better off than in the United Kingdom because I imagine that when the Minister for Labour was saying that it was possible to produce a different combination I imagine that he was thinking that instead of giving £4 to the first one and £5 to the second one, giving £9 to the second one and nothing to the first one. It would certainly be, as far as I am concerned, a question not of giving nothing to the first one and less than £5 to the second one, anything less for the first would have to be on top of the five that the second one would be getting under my motion, if we are going to produce a situation in Gibraltar where the net income of the family is the same as in the United Kingdom which I think we should aim to do. I know that the figures look very large, particularly when compared to the existing expenditure provided for in this year's Budget of £283,000, we are talking about a 400% increase, but this is because at one stage we were at the same level as in the United Kingdom and there has been quite dramatic increases in the United Kingdom in the last 12 months, partly accompanied by the reduction, as the Hon Member has said, of allowances under the Income Tax Ordinance but allowances under the Income Tax Ordinance which were also higher than ours. Even after the reductions that there have been so far they are still above ours and my motion does not suggest that we should follow the United Kingdom practice all the way because it is a question that requires a lot of thought whether the allowances under the Income Tax Ordinance should be increased or not, it is certainly totally impractical to even consider the possibility of abolishing them because that would be taking away a benefit from people who already enjoy that benefit. It is a question for the Government to decide whether they want to increase the benefit that this particular

group gets but I do not think that it is even a possibility that that benefit should be taken away without all sorts of repercussions and reactions. The effect of giving the first child £4 gross would be, Mr Speaker, that the family would get £145.60 net on 30% income tax which is what 95% of the working population is paying. Since they have a £200 tax allowance which reduces their tax bill by £60 the total benefit that they get would be £205 as opposed to £208 in the United Kingdom. We are talking about the £4 giving in fact the average family with one child a benefit from the State which would be £3 less a year than in the United Kingdom which is insignificant, basically it gives the same benefit. In the case of the second child the figures in Gibraltar, suggested in my motion would produce £4 a year more in the United Kingdom made up as to £30 through a reduction in the tax bill by virtue of the £100 allowance and up to £182 through the net benefit of the family allowance after payment of income tax giving a total of £212 in Gibraltar, net, as opposed to £208 in the United Kingdom net which in the United Kingdom represents a gross benefit of £310 on 33% income tax. The Government must aim for these figures even if it is not able at this moment to commit itself to doing so. It must aim to these figures because we were on parity with the United Kingdom on family allowances when we were not on parity on anything else. I think it is a retrograde step that when we have made progress on that front in almost every other sphere we should be falling behind on this very important one which, as I say, particularly for the lower paid worker in the United Kingdom this is an intrinsic part of the social wage of the lower paid worker which achieves a standard of living for him which the wages in the United Kingdom which are the wages we have in Gibraltar, reflect. The take-home pay in UK is one which is made up for the family man by this income that the State provides and the State has provided this level of income taking into account what the wages were at the time of the last Budget. We have got an obligation to follow down that road, Mr Speaker.

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

The Hon J Bossano
The Hon Major R J Peliza
The Hon G T Restano
The Hon M Xiberras

The following Hon Members voted against:

The Hon I Abecasis
The Hon A J Canepa
The Hon Major F J Dellipiani
The Hon M K Featherstone
The Hon Sir Joshua Hassan
The Hon J B Perez
The Hon Dr R G Valarino
The Hon H J Zammitt
The Hon F E Pizzarello
The Hon A Collings

The following Hon. Members were absent from the Chamber:

The Hon P J Isola
The Hon A P Montegriffo
The Hon A W Serfaty

The motion was accordingly defeated.

HON J BOSSANO:

Mr Speaker, I beg to move that: "This House considers that the proposed 100% increase in general and brackish water rates is unjustified and calls upon Government to alter the system of rating properties so that it is not linked to rents". Mr Speaker, the rate increases have been produced automatically as a result of the increases in rents that were brought into effect in July 1978 and announced by the Government at the Budget. The position as regards rates is a particularly unsatisfactory one especially given the declared policy of the Government in respect of the Housing Account and the fact that the Government has made clear during question time yesterday when I asked Government to commit itself not to raise rents in 1979, it was made clear that rents are going to be increased in 1979 which means, of course, that if the rating system is perpetuated rates are going to be increased the following year. The Government, in respect of rates, is acting contrary to the philosophy that it has adopted in respect of the break-up of the municipal accounts, generally. The position initially was that we used to have notional accounts as an Appendix to the Estimates and we had income from telephones, electricity, water and rates and an attempt to balance the whole of the municipal services with, possibly, the income from the rates subsidising a shortfall of the income on the water side but in the notional accounts, basically, when Government came to the House at Budget time the level of charges that were introduced across-the-board in the municipal services was a level based on an expectation of the outcome at the end of the financial year and it was an attempt to balance the whole of the municipal services rather than to balance each individual account, if Members will recall. Because of the unsatisfactory nature of these notional accounts, the fact that the accounting process did not produce a balance sheet at the end of the year or a carry-forward on a profit and loss basis which meant that one was looking at the whole of the municipal services on a once off basis every year without knowing what the outcome of the previous year was, the Government reconstructed the accounts for the portable water supply, for the electricity, for the telephones and, last year, for housing which means that we no longer know what happens to the income from the rates or where it goes. We are no longer identifying the income produced by rates or identifying what that income is being used for. It now goes into the whole of Government income, it forms

just part of the total Government revenue and is used to finance the whole of the Government expenditure and, therefore, to a certain extent, the treatment the rates at present in the construction of our Budget is essentially as if it were one more tax. One must question if we are going to have one more tax whether that one more tax should be directly linked up with the rents that people pay because effectively the more unfortunate you have a tenant in having to pay a very high rent the more you tax him for being so unfortunate as to have a very high rent which is a unique principle of taxation which I have not come across before in any other fiscal system, Mr Speaker. It would seem to me that there is a need if we are going to continue to raise money through rates, to identify more specifically what the money is intended to be used for, what are the services that rate-payers are being provided for, and that therefore the level of rates at any one time should be fixed in order to finance the services that are being provided, rather than to have a situation where there is an automatic increase in rates, whether it is an automatic increase in revenue for this source and we really do not know whether the rates are adequately covering the services that are being provided, perhaps like refuse collection etc. or whether there is a shortfall and it is being subsidised from general revenue or whether, alternately, there is a surplus and in fact the rates income is subsidising the rest of Government services. From the point of view also of the householder, the United Kingdom system where people have got a fairly accurate idea of exactly what they are getting for their money is one which makes at least, if not less palatable having to pay rates, it makes it more understandable, that there are specific things being provided in exchange for the money that is being paid. I think it would be consistent with the philosophy that the Government has adopted of identifying the service provided by the Generating Station, the service provided by the Telephones and the charges that go to pay for those services. The position at the moment is that the increase that is coming in now is simply going to produce additional income for the Government in part of this financial year and for most of the next financial year. I do not expect the Government to rescind the decision at this stage in the day but I hope that my motion will persuade them that before the next round of rent increases comes in and triggers off another increase in rates the system needs to be completely reviewed and, in my view, changed quite drastically.

Mr Speaker proposed the question in the terms of the Hon J Bossano's Motion.

HON CHIEF MINISTER:

Mr Speaker, the Hon Mover has raised interesting points which has been the subject of discussion amongst us for

a long time but these do not arise as a result of anything that has happened in the United Kingdom or anything at all. This has happened as a result of the historical development of the constitutional set-up in Gibraltar and that is the City Council, which was the rating authority, had to raise rates to give certain services to the public and those services were easily identified and run specially for them, refuse collection, street lighting, etc. It arose as a result of a number of inconsistencies that the law had to be changed in 1959 in respect of the rating of dwellings and it is not a question of whether one agrees with the motion or not, one takes very good note of the things that have been said and I hope I will say something that may be of help in the thinking about this matter. First of all let me say that the Government has not raised the rates 100% as alleged by the Mover, the law has done so, it is not an executive act, it is a legislative act. The act is the Valuation Officer, in pursuance of the law which was passed in 1959 which, in the present revolutionary development of events in connection with wages and incomes and salaries etc, may well be out of date, that is another matter, but the Valuation Officer has a duty and nobody has told him; "Look here, it is in our interest that you should put up the rates 100% or 50%." In fact, the Valuation Officer is a quasi judicial officer who has certain statutory duties one of which is to publish the list of intended valuations with time to raise objections and if in fact he goes wrong from the law he is subject to appeal to himself and if he overrules the appeal there is an appeal to the Supreme Court and now, if necessary, to the Court of Appeal. Section 310 of the Public Health Ordinance which is the Ordinance that empowered the old City Council to raise rates in order to carry out their duties to the public as a local authority says: "For the purpose of making or altering valuation lists under this part the rateable value of a hereditament shall be ascertained in accordance with the provisions of this Section. In the case of a hereditament other than a dwelling house there shall be estimated the rent at which the hereditament might reasonably be expected to be let from year to year if the tenant undertook to pay all usual tenant rates and taxes and to bear the cost of the repairs and insurance and other expenses, if any, necessary to maintain the hereditament in a state to command that rent and the annual rent so estimated shall be the net annual value of the hereditament." The net annual value then, of course, has got certain reliefs in order that the repairs can be carried out and normally it is ten times the rent. Rates are relieved on two months' rent in order that the rent that you do not pay in respect of those two months are devoted towards repairs. I quote again: "In the case of a hereditament being a dwelling house there shall be estimated by comparison with the rent at which dwelling houses owned by the Government and

let to members of the general public on short tenancy the amount of the annual rent at which the hereditament would be let if the tenant undertook to pay all usual tenant rates and taxes and to bear the cost of insurance and other expenses, if any, necessary to maintain the hereditament in a state to command that rent and the amount so estimated shall be net annual value of the hereditament." This particular section which arose out of circumstances which I really have been trying to remember - the records of the Council are not that easily found - but we did have a problem at the time because I would like to say that this particular section is peculiar to Gibraltar and does not follow the normal English rating law. I remember there were good reasons for the amendment in 1953 but I have been trying to rack my brains about what the particular circumstances were. I think it had something to do with the Schomberg Housing Estate, the rent of which at the time was supposed to be the highest and there was a great hullabaloo about them. As I am speaking I am remembering more than I did before and that the tenants made a general petition, they did not want to pay rates because the rents were much higher and then we said let us have a standard rent at which Government normally levies rates and that is what made this section law to provide for a particular and general situation which now, of course, events have shown to be completely out of date. The increase of rates, though it is a 100% of what they are paying, it is not 100% of the rent. Already part of the rates that was included in the rent have the provision of relief for some repairs etc and was not on the total value of the rent. Anyhow, that is the law and that is why the rates have gone up certainly if it is being done on a basis of £5 a week flat, whatever the rates may have been having regard to all the relief to which the ratepayer is entitled, if he is going to pay £10 it has got to be doubled because already it carries those reliefs. Therefore, the increases are automatic in the sense of the following year and I am glad the way the Hon Member put it that if there are any increases in this coming Budget they will not suffer the increase of the rent for this increase they will only suffer the increase of the rent for the last one so really we have just under a year in which to make up our minds on a matter of substance because unlike the other services which have been identified and which have been the subject of the funded services, electricity, water, etc., and like those which can be fully identified, whilst the City Council was carrying out the rate services, they could be identified. Now that the Public Works Department and the old City Engineer's Department is one, they cannot be so identified as rate service themselves as clearly as they could be before because the Administration is merged in that respect, it took a long time to do so and although you could identify the heading of street lighting,

refuse collection, street sweeping and other services like that, you could not identify them as accurately as you can the others which is the provision of electricity, of water, etc. Even if that were so, one should say that still the other funded services which can be so identified, that is to say, the fear that more money is being produced by rates, which is not likely, that more money could be produced by the rate increases arising out of the rent increases, more money was there than really the rate services warrant, you could always say as a palliative that much less money is being produced in respect of the services which are funded and which, as Members know, are being heavily subsidised from the general body of taxpayers and taxpayers, of course, are ratepayers as well because rates are a tax. Whether it is a fair tax or not in the way which it has developed now is a different matter but rates are taxes and have always been taxes of a particular nature for a particular kind. The point made by the Hon Mover that there would be a need to identify more specifically what are the services that the ratepayers are paying for might not even help him because it might be found that if in fact they could be identified equally as all the other services have gone up out of proportion to the amount of the tariff that has been paid you could also find the situation where the Rates Account itself no longer notional could be said to be not sufficient in certain circumstances for the rate services. We could use that argument to defend the position but in fact it would not lead us anywhere because I do not think that we should go along that path in respect of rates. What we have to do is to consider what are the alternatives to a rating system which, whilst preserving the advantages of the system, would reflect more accurately the intrinsic land values in the assessment of taxable hereditaments. That, of course, would mean perhaps a property tax more than a rates tax which would be based on the occupation of property because they will continue to be serviced and they will continue to require the payment of tax and the rents would continue to have a bearing on it but they would not have the direct bearing that it has now because it is specifically linked by the Public Health Ordinance. On the question of a possibility of a property tax I am going to leave it to the Financial Secretary to go a little further into that because he has done a little more research than I have done into that matter. I have certainly taken very much into account the position which we find ourselves in now because of the historical development of the constitutional set-up of the old City Council and the Gibraltar Government and is one which has been occupying our minds because it cannot go on indefinitely like that and because the rate services cannot be as identified as would make a particular rate for particular rating purposes as accurate as one would like.

HON FINANCIAL AND DEVELOPMENT SECRETARY

Mr Speaker, as the Honourable Mover has quite correctly pointed out the philosophy behind a rating system is to produce money to finance a range of urban or local county services. I speak from memory but I think that in the United Kingdom the statute which empowered a Local Authority to rate the residents in its area dates back to the 1600's and it has, of course, since been extended as a general principle for Local Authorities. To the best of my knowledge, there is no such thing as rating by a central government. One can argue that the rating section of the Public Health Ordinance which, as the Chief Minister has explained, was the charter for the City Council to finance the range of services which, as a City Council, as a local authority, it was required to carry out, that, one can argue, should have been changed when the City Council was merged with the central government. The effect of that merger, as we all know, has been that the Government has taken on the responsibilities for all public services within Gibraltar. Much more recently and, I think, largely perhaps, although not entirely, I will take some credit for it, but certainly with considerable verbal assistance from the Honourable Mover of this Motion, we got away from the notional accounts for the principal funded services as we now call them, electricity, water, telephones and housing, in order that those services could be presented financially in a way which would enable, not only this House but members of the public as well, to see exactly what they were costing and how much was being contributed from the general revenues available to the Government to balance those services. There was at that time a considerable amount of discussion inside Government as to whether it was possible to do the same kind of exercise for the residual services which, under the City Council, had been financed direct. We came to the conclusion for the reasons which the Honourable and Learned Chief Minister has already made plain, that they were so interwoven now with the Public Works Department with its tremendous range of duties, that it was going to be very, very difficult and probably not terribly realistic to try and unravel them. We are stuck, for the moment, with the levy of a rate which, from all historical points of view, does not make any sense. We have been considering what alternative can be done. One alternative, I suppose, could be to continue with the rates notwithstanding that they have no real basis, certainly not in historical fact as say that whatever shall be collected under the rates will be the balancing grant for the various funded services which now operate at a deficit. I personally do not think that that is a particularly forward-looking move and, therefore, what the Government is proposing to do is to consider whether or not there is some more logical alternative to raising revenue from property by means of a tax the effect of which would be broadly the same as the

rates produced. There is one big problem that faces anybody in abolishing a rating system and introducing in its place some other system the basis of which is property or land and that is: how do you assess for the purpose of a tax the value of the land which you are taxing? Essentially, there are only two bases that you can use. One is capital value and this, indeed, is the basis for property taxes in a good many countries, the United States, Canada, Denmark, West Germany. If that is to be a rational approach then it should have some bearing on the broad system of tenure which is applicable in the country in which the tax is raised and that is the case in those countries that I have mentioned. Other countries, however, approach it from the point of view of annual rental values and we come back to this one. The countries which I know of are the smaller countries in the West Indies and in Europe, France, and up to now, I think it is used in Britain although I gather that there are moves in Britain to change it. In the course of the Government's consideration of this matter we are going to have to face the fact that a choice will have to be made in Gibraltar as to which avenue we follow. Do we follow capital values or do we follow annual rental values? We could, for example, follow annual rental values where the bulk of the property which will be affected by any measures which we introduce are held, generally speaking, on some form of leasehold tenure or are rented. We could, in respect of other properties, use capital value. That might have considerable advantages in Gibraltar. As Honourable Members will undoubtedly be realising, if one uses the system of capital value there are a lot of properties in Gibraltar which might be quite interestingly affected by such an approach which are not affected at the present moment, at least not properly affected at the present moment, by the annual rental value. What I would like to emphasise is that first of all, we are thinking about this. It is, as I am quite certain the Honourable Mover fully recognises quite a complex matter, there are a lot of factors to be considered and, secondly, that the choice of approach is limited and that it is going to be in Gibraltar, I think, quite difficult to get away entirely from annual rental values where so much property is, in fact, rented or leased and nothing certainly can be done in the course of this coming Budget but once again even if Government rents are to be raised in the course of the next 12 months then we still have, as the Chief Minister has said, 15 months in which to come to the House with alternative proposals.

HON M XIBERRAS

Mr Speaker, broadly speaking, the subject matter of this motion was also the subject matter of a communique issued by the Democratic Party of British Gibraltar before the motion

reached Members and in that communique which was replied to by a Government communique, the general feeling was (a) that we were opposed to the increase in rents and therefore we agreed with the terms of the motion, that the increase in rents is unjustified or the motion agrees with the communique. I see the Chief Minister laughing. Well, the Chief Minister's excellent contribution to this debate included the increasing of his majority by one, the inclusion of the law on his side as well as legislating. It was not the Government, he said, who had increased the rates, it was the law. In any case, Mr Speaker, the brunt of this communique issued by the Democratic Party of British Gibraltar was that these rents were unjustified on the grounds that service was not being provided and this was the reason why we opposed the increase in rents at the time of the Budget. It is consequent on that increase in rents that the increase in rates has come about now. However, I think there is a great deal of truth which the Honourable and Learned the Chief Minister perhaps was not quite aware of himself in what he had to say, that it was the law that had thought about the increase, because in putting it this way he emphasised that the concomitant political responsibility of increasing the rates which is to provide an adequate service for those rates does not have to be faced by the Government quite as squarely as if rents and rates were quite independent. The Financial and Development Secretary went into a number of considerations that were in his mind as to changing the system or rates and we broadly feel that the system of rating should be changed but he also excluded the consideration of service because whatever one pays rents for, in the United Kingdom it is to the Local Authority that one pays rates and it is the Local Authority that provides certain services and people do not pay in order to increase the supply of money in the Government's coffers, they pay for a service and the localisation of this particular tax above all emphasises the need of that Local Authority, that local area, to provide a service distinct from the central government. The Chief Minister said that unlike electricity and some of the other funded services it was not easy to see what was being provided for the public from the rates money, not easily definable. Of course, in the days of the City Council, it was quite different. In the days of the City Council the law did not legislate because the Honourable and Learned the Chief Minister knows that in a certain report of the affairs of the City Council his administration was deemed to have acted contrary to law on a good number of cases. Sight should not be lost of that a service should be provided for the rates and there is a feeling in Gibraltar that a service is not being provided to the satisfaction of ratepayers and there is a feeling, too, that certain ratepayers are going to pay exorbitant sums even with this system, that increases are going to be very large in the case of certain ratepayers and certainly they are going to be generalised and 100% increase

in rates is nothing to be sneezed at. I agree that rates have to go up at a particular time and that any Government would have to put up rates or any Local Authority has to put up rates from time to time but, equally, any opposition demands service for monies paid by ratepayers and therefore there must be resistance on the part of the Opposition to increases in rates if the Government is not seen to be doing as much as it could to provide adequate service. Mr Speaker, I will turn to another point to emphasise the one I have just made and that is that in the communique of the Democratic Party of British Gibraltar there was a mistake in respect of Varyl Begg and this in fact emphasises the argument because Varyl Begg Estate was apparently excluded because a service was not being provided, I would imagine. The Honourable Member has had many years on that side of the House to see that no water was provided at Varyl Begg but he has done very little and, according to what we have heard in this House, he is not doing very much even now. This emphasises the point and the stand of the Democratic Party of British Gibraltar on this which is that whatever changes take place in the system of rating, the Government must be aware that it cannot just tax ratepayers ad lib whenever it feels like it or consequent on increases in rents without justifying in their performance, in the management of the services of the Government, that these increases are reasonable. For instance, if the Financial and Development Secretary at one particular time tells us that we must be cost conscious and we got an increase of 15% to 20% in the number of people employed by the Government then, of course, there must be a reaction from Honourable Members on this side of this House, at least from some of them, to say: "Well, are you really performing or are you just getting more money as you need it without being really cost conscious, without being aware that a service, and a good service, needs to be provided." So, Mr Speaker, we look forward to the proposals that might be made by the Government, it is a complicated matter we agree, it is not the first time that it has come to the House, the Government thinks of implementing proposals in about 15 months' time, we shall have to live, I suppose, with the increase in rates but this does not mean that the Opposition has to vote in favour of increases in rents or increases in rates. So, Mr Speaker, because of those reasons we shall vote in favour of the motion and we call upon the Government to honour its other obligations to the public not only to balance its budget but to provide service for the money collected.

MR SPEAKER

Does the mover wish to reply?

HON J BOSSANO

Mr Speaker, I am grateful to the Honourable Member for supporting the motion although as he says, he is not quite sure whether he is supporting the motion or I am supporting the communique, but I am certainly not supporting the sentiments because in fact the motion has got nothing to do with the provision or the non-provision of a service, in fact, what the motion is saying is that the system of rates is out of date, not because the services are not being provided.

HON M XIBERRAS

If the Honourable Member will give way. The Honourable Member put down in his motion: "That the House considers that the proposed 100% increase in the general and brackish water rates is unjustified", and one can adduce reasons for that being unjustified whatever he feels about his own motion and our reason is that service is not being provided.

HON J BOSSANO

Perhaps, Mr Speaker, I can go a little bit over the ground in order that the Honourable the Leader of the Opposition can see why the question of justification has got nothing to do with the provision of the service because in fact the Government had come along and said: "I need to increase rates by 100% because the cost of providing refuse collection, looking after the beaches, the fire service, the public health, the highways and the gardens and open spaces and the sewers, which are the things that are listed in the notional accounts a few years ago, because all those things are going to cost me 100% more", then the justification for the 100% increase would have been the extra cost of the services and then my reaction might as well have been that you are not justified in charging us 100% more for services that you are not improving. But, in fact, the Government has not just justified that they need to increase 100% and therefore what my motion is saying is, why should the rates go up by 100% just because there happens to be an automatic link with rents which goes back to the year dot when the Government may not need to increase rates by 100% and would not perhaps increase it by 100% if they had to take a policy decision on it. There is no justification because nobody has attempted to justify that the money is needed. In fact, the increase in the general rates from 1972 to 1973 to 1978 - 79, in the approved estimates in both cases, has been one of 100% in six years so that the income provided by the general rates six years ago was roughly, half of the income provided in this year's estimates and we have seen the revenue from the rates growing

up gradually by something in the range of 10% - 15%. The sudden jump that this year's increase provides is a total break from what has happened in the past. Over the last six years we have had on a slightly rising curve the general rate income and we have not got a really clear idea as I said in the beginning, ever since the disappearance of the notional accounts, whether this income was covering the services that was being provided and producing a surplus or requiring subsidisation or breaking even. In the notional accounts going back to 1973, for example, the notional accounts estimated a surplus of £60,000, when the general rates provided an income of £600,000. So, basically, the general rates in 1972 - 73 as far as the notional accounts were concerned, covered the cost of the services and made a profit of 10%. We do not know since the disappearance of the notional accounts what has happened to that side of the municipal services because we have had the others separated and produced on a different accounting basis. We do know one thing, that the increase in this year's rates are going to produce a jump in the general rates income which is without precedent and certainly it is far higher than what it has been in the last six years.

HON CHIEF MINISTER

If the Honourable Member will give way. There are two aspects of it in the possible increase in the rates; one is the one that he has referred to in the motion which is that if there are increases in rents there are automatically increases in rates, then it so happens that this year is the fifth year and in respect of commercial properties there is a revaluation every five years. That is done by all valuation authorities to see whether the rating value is equitably distributed. That does not mean the rates themselves because the net annual value could go up 100% and the rates themselves in the pound could go down a little. What you see on the estimates is on the present rate of 60p in the pound, what the upping up of the net annual value of the total properties of Gibraltar will produce. In respect of the rents for dwellings, these of course are tied up by the law. Now the other one follows very much the precise wording of the Landlord and Tenant (Miscellaneous Provisions) Ordinance for the review of rents of business premises when a lease has come to an end and there is no decision what the new rent would be and then it goes to the Court and the Court decides what the rent should be, because it says: "In the case of a hereditament other than a dwelling, there shall be estimated at the rent at which the hereditament might reasonably be expected to be let from year to year if the tenant undertook to pay all usual tenants rates", which envisages what empty premises would reach in the open market. That is the value for the net annual value purposes, the rateable value of the property.

That is then translated into rates per pound having regard to the total net annual value. I am not giving any hope but if it were noticed that the amount of rates that was going to come in on the basis of the revaluation was such that it was unfair having regard to the increase, the Government could say: "Well, the rates will not be 60p but 55p or 50p, and then there would be a decrease in the produce from the rates of a certain amount or, as happened in the City Council and as has happened here before when the notional accounts were being prepared, on the rateable value we could not produce at 50p what was wanted and they were increased to 60p.

HON J BOSSANO

Mr Speaker, I am grateful for that contribution from the Honourable and Learned the Chief Minister because if I have understood him rightly then, in fact, what he is saying is that we can avoid the 100% increase in rates by reducing the rate in the pound. In fact, if the Government had chosen what they could have done was that when rents went up by 100% they could have decreased the rate in the pound by 50% and that would have produced no change in the rates.

HON CHIEF MINISTER

That could not have been done alone because there is a direct relation. You would have had to alter the law because there is a direct relation in sub-section (3) of the section that it is bound by the rents at which Government properties are made. For that purpose the net annual value has to go up and, of course, the rates are applicable everywhere, it is not applicable only to dwellings. You would have had to reduce the rates of the business premises.

HON J BOSSANO

I accept that, Mr Speaker. In fact, a reduction in the poundage as a result of an increase in the net annual value would effectively have been a shifting of the burden of rates, and business premises would have suffered a net reduction to domestic premises who would have suffered an increase, albeit a smaller increase than they are going to have now. I think the important thing, surely, is that the automatic nature of the increase is not so automatic that it was unavoidable, that the Government had the opportunity since the last budget, to come along and say: "In view of the fact that the rents of Government properties have gone up by 100%, which under the law is going to increase the net annual value and produce an increase in the rates payable of so much, we can now reduce the poundage".

MR SPEAKER

In fairness to the Chief Minister I think what he has said is that if as a result of the application of the law it is found that an excessive rate is collected then the poundage could be brought down.

HON CHIEF MINISTER

And in any case the timing is not out in the sense that these rates to which the Honourable Member is referring are only payable as from 1 April so that if we wanted, I do not know that we are going to do it because it is one of the things that one would have to look at because one is looking for areas of more money not for areas of less money, so that in fact it would be possible and the Council used to do it and now it is done by resolution, by just keeping the same rate or reducing the rate. It can be done in time before the rateable value and then the net annual value will be the same but you will not be paying 60p in the pound, you will be paying 55p or 50p or 30p, but, of course, it has to be done equitably because of the effect it has on the non-domestic premises.

HON J BOSSANO

It is a very valuable contribution because, if my understanding of the situation is correct, the battle is not completely lost, Mr Speaker.

HON CHIEF MINISTER

We can take the responsibility of maintaining the rates at 60p in the pound despite whatever objections there may be but I have a duty to tell the House what the situation is.

HON J BOSSANO

I am grateful for that, Mr Speaker, because if it is accepted that the fact that the rates have been increased or are in the process of being increased as a result of a linkage with rents which Government has accepted as a somewhat anomalous situation in the position of Gibraltar in 1979 as opposed to what it was like in 1953 and if we look at the figures which shows a doubling of the revenue from general rates in six years as opposed to a doubling in one year, then the figures which this increase would produce without really knowing what the breakdown is between commercial and domestic rates

but given that in this year's Estimates the estimated figure for 1978/79 is £1,150,000, I imagine that if half of that is from domestic rates then we are talking about something like £500,000 in a full financial year. That is a lot of money, in my submission, to increase rates by in one year and it is certainly totally out of tune with what we have experienced since 1970 to 1973 where the increased yield from the general rates every year have been of the order of £100,000 or £150,000. I commend the motion to the House.

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

The Honourable J Bossano
The Honourable Major R J Peliza
The Honourable G T Restano

The following Honourable Members voted against:

The Honourable I Abecasis
The Honourable A J Caneva
The Honourable Major F J Dellipiani
The Honourable M K Featherstone
The Honourable Sir Joshua Hassan
The Honourable J B Perez
The Honourable A W Serfaty
The Honourable Dr R G Valarino
The Honourable H J Zammit
The Honourable F E Pizzarello
The Honourable A Collings

The following Honourable Members were absent from the Chamber:

The Honourable P J Isola
The Honourable A P Montegriffo
The Honourable M Xiberras

The Motion was accordingly defeated.

HON J BOSSANO

Mr Speaker, I have the Honour to move that: "This House calls upon the Government to take immediate steps to include part-time civil servants, such as part-time nurses, in the Government pension scheme". Mr Speaker, the situation as regards part-time non-industrial civil servants is an unsatisfactory one. There is a distinction in the treatment of part-time Government employees as between industrials and non-industrials. In the case of industrial workers the part-

timer enjoys exactly the same gratuity and pension rights as a full-timer. In the case of the non-industrial the position is not the same in the case of the Gibraltar Government. The United Kingdom Departments have a scheme in Gibraltar at the moment regarding pensionability which is a relic of the old establishment scheme which was discontinued in 1972. At the moment they are in the process of negotiating a new comprehensive pension scheme which will apply to everybody on exactly the same terms, industrial and non-industrial, full-timer and part-timer and which is retrospective to 1972. This would mean that in the public sector the part-time non-industrial worker in the employment of the Government of Gibraltar would be left out on a limb with inferior conditions to anybody else. The situation is an unsatisfactory one because it has been under, I hesitate to say under negotiation, it has been brought up with the relevant Government Department through the Union machinery for the last four or five years without any progress at all being made. Mr Speaker, I am bringing the matter to the notice of the House precisely because the people concerned in this position in Government employment having failed to make any headway at all through the negotiating machinery, approached me and asked me to bring this to the attention of the House because I feel sure that if members are aware of the facts of the situation the motion is likely to gain support and the situation will stand a chance of being put right more speedily than the rate at which it has been non-progressing for the last four years, because there has been absolutely no progress at all of any description, except that there has been from the Official Side sympathetic noises throughout saying that this was recognised as an anomaly that had to be put right but no indication of when or how or why it could not be put right in a fairly short space of time. The seriousness, of course, of any time lapse in a thing like pensionability is that the longer this takes to be introduced the more you tend to penalise the public servants who have been longest in Government service and who are closest to retiring age and there have been quite a number of retirements recently in this category where I was pressing very hard through the negotiating machinery to see if I could speed it up in time and it just did not materialise. When we are talking about pensions one of the things that must have an overriding consideration in the question of the time it takes to do things is that age does not wait for us to take decisions, people will still get to pensionable age whilst we are thinking about what to do and when to take the step. I would commend the motion to the House and urge members in the Government, in particular, to realise that the urgency is one which is related to depriving people of an opportunity to retire after giving faithful service in the Government with something to fall back on which at the moment they have not got.

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

HON M XIBERRAS

I hope the mover of the Motion does not quibble with my grounds and my reasons for supporting this motion as he did on the other. The problem was brought to my attention by a member of the Union Committee involved in this and I think it is a reasonable point to make and I am surprised that it has taken so long to come to an agreement about this. Kind you, I am not fully aware of any implications of agreeing to this but the proposition as it stands appears to us to be reasonable and therefore we have no hesitation in supporting the motion. Where my information differs slightly from the Honourable Mover's is that I understood that progress had been made and that there was a formula which the Official Side was about to produce. This is my information, it may not be accurate and the Honourable Member is in a better position to know about this than I am but I am surprised that in a proposition that at first glance appears to be a reasonable one, no movement should have been experienced in the past four years. Therefore whilst being pre-disposed to supporting the motion certainly we are willing to listen to any further implications of this which the Honourable Mr Canepa brings to the House.

HON A J CANEPA

Mr Speaker, I did not intend to speak now because the question of pensions for Government employees is not a defined domestic matter, it is the responsibility of the Secretary of State and therefore it is not a Minister who should have the responsibility for dealing with the matter. As Minister for Social Security, because I do have direct responsibility for old age pensions under the Social Security Scheme, in the minds of the public I am also very closely associated with the pensions of Government employees and in fact I do, in practice, take a very close interest in the matter and very often take up matters on behalf of former Government employees but the Financial and Development Secretary has a considered reply to make on this subject about which I have been fully consulted. I have decided to intervene before he does so because we have been told by the Honourable Mr Bossano that a claim dates back some four or five years and that is not my information. I was very careful to make enquiries and to obtain copies of minutes etc. The claim was originally tabled by the ACTSS on 16 August 1977. That is the information which I have which is a fairly long time, fifteen months' ago. It is not four or five years but it is fifteen months' ago. I would

like at this stage, therefore, to clarify that and to put the record straight and also to explain why there has not been as much move in these fifteen months as we would have liked to have seen. The matter was being dealt with by the Industrial Relations Officer and about this time last year he came to see me on this matter to discuss it with me and I expressed sympathy and support to him about the issue but being aware that there were a few minor amendments on other matters that were required to the Pensions Ordinance, I suggested to him that a Council of Ministers paper should be prepared which would deal not just with the issue of pensions for part-timers but would also deal with these other minor matters. If an amendment to the Pensions Ordinance had to be brought to the House for one thing then why not deal with other matters of a relatively minor nature which were also outstanding. The Industrial Relations Officer informs me that he has started to prepare the draft but he was then caught up in the throes of industrial unrest of one sort or another and lost sight of these other amendments that I had referred to which were required to be done to the Pensions Ordinance. He tells me that his office at the time was in the situation where some things were going by the Board completely and this was more so during the first half of 1978 when very intensive pay review negotiations were being undertaken. Matters were being dealt with on a day-to-day and ad hoc basis because they were pressing at the time. I have no doubt that the ACTSS during the first half of 1978 were in a similar position because I notice from the minutes that they were not pressing as hard on this particular issue as what they were on other issues. I just want to put the record straight on that. It is a matter which I am personally sympathetic to and I think the attitude which the Honourable Financial and Development Secretary will adopt in his intervention I hope will be seen as a positive and helpful attitude.

HON FINANCIAL AND DEVELOPMENT SECRETARY

As the Honourable Minister for Labour and Social Security has hinted, to count part-time service as reckonable is, of course, only one of a number of aspects where the Gibraltar Pensions legislation differs from the corresponding legislation in the United Kingdom. It is of course, as the Honourable Mover has said, a fact that local legislation specifically excludes part-time service whereas the more recent United Kingdom legislation now makes provision under certain procedures for part-time service to be counted for pension purposes. The Government is as a whole, I am sure I speak on behalf of all my colleagues, sympathetic to the objective which has lead the Honourable Mover to bring this motion to the House and I can tell the House that the Government is, in fact, considering carrying out a general

review of the Pensions legislation; not only in relation to part-time service but there are also other matters which would fall to be considered in a general review of the legislation and the staff side, of course, will be kept fully informed on this matter. As a first step we hope to obtain expert advice from the United Kingdom in relation to the Widows and Orphans Pension Scheme, and when that expert arrives we shall make it our business to raise with him the general question of a review of the pensions legislation as a whole. So the Government, Mr Speaker, accepts that urgent consideration should be given to the question of counting part-time service for the award of a pension and undertakes that this will be done within the general review which is likely to be carried out. Furthermore, if that general review should for any reason be delayed, or if it would appear that the general review is going to take a very long time to carry out, the question of part-time service will be considered as a separate issue although as I have made clear, and my Honourable Friend made clear, it is clearly desirable that rather than bring amendments to the pensions legislation to the House piecemeal one should deal with as far as possible all the outstanding issues. We shall, however, have a little difficulty on this side of the House in accepting the motion as it stands and, therefore, I beg to move, Mr Speaker, and I hope that the Honourable Mover of the substantive motion will find himself able to agree with an amendment, or at least an amended form of words. The amendment is this, Mr Speaker: the deletion of all the words after "this House" and the substitution therefor of the following words: "resolves that urgent consideration should be given to the question of counting part-time service for the award of a pension within the general review of pensions which is likely to be carried out and that, should a general review for any reason be delayed, the question of part-time service should be considered separately." Mr Speaker, I beg to move that amendment.

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

HON J BOSSANO

Mr Speaker, the position has been, generally, in the negotiations although as I say there has really been no negotiation because the process of negotiation is normally that one puts forward a proposal and gets a counter proposal and there has not been a counter proposal. The only reply we have had has been that it could not be dealt with in isolation which is in fact what the motion says about dealing with it in the context of the pensions. Certainly the

impression has been created that the answer would not be "no" but the answer has not been "yes". I think the Honourable Member will find, in fact, that the claim dates from before that because it has been resuscitated at various pay reviews and the last formal claim which is the one I have been directly involved in recently from 1977 is the aftermath of the last stages of the Scamp Review, that is when the thing was brought to light again. The insecure position of part-time workers, in fact, the lack of definition of exactly what they were has been a perennial thing which has been raised on a number of occasions although perhaps not in the sort of formal negotiations that one has when one puts in a claim for a specific thing because part of the problem has been that people were not quite sure what they were or what their letters of appointment said they were or whether they were civil servants or they were not civil servants or how they fitted into the structure. I imagine that although the biggest group in this category are the part-time nurses, I imagine that there are other part-time workers who could be equally affected. The amendment put forward by the Financial and Development Secretary is acceptable to the extent that if the Government feels it so important to do this in conjunction with the general review then, obviously, one has to accept that as the Government view on the matter and with the safeguard at least that if the general review is going to take a long time which I imagine it will, then the part-time workers involved should get immediate consideration of their position in the scheme. I want to stress, Mr Speaker, the importance that delay actually excludes people who, as a result of finishing their services, find themselves being left out and I also want to stress, Mr Speaker, that we have in fact had a number of amending Bills to include specific individuals in the Pensions Ordinance and if we have done it for specific individuals I think we can equally do it for a small group of individuals, and they are a small group, I do not think we are talking about more than, perhaps, twenty individuals, really. The thing that I like least about the amendment, Mr Speaker, is the fact that it says "consideration should be given" which again leaves it open as to whether the answer is going to be "yes" or "no", whereas my motion effectively was seeking to commit the Government to be saying in the House; "Yes, we are going to include the part-timers" and, obviously, I would have preferred if the motion is going to be amended that the motion should be one that says that they are going to be included but it is going to take a bit of time to do it rather than we are going to think of including them which leaves them in the same uncertain position they have been up to now of being reassured that the answer is going to be "yes", but not having a definite commitment that it is going to be "yes".

HON CHIEF MINISTER

One of the reasons, I understand, why we could not say "favourable consideration" is because the matter must be the subject of reference back to the Secretary of State but the tendency is that favourable consideration will be given as far as we are concerned.

HON M XIBERRAS

Mr Speaker, I think the general spirit and approach of the amendment is commendable and supportable, put it that way. It should be supported because of the consideration that has just been raised, that the matter does not lie within the powers of defined domestic matters. If I may say so the amendments hedges quite a bit, perhaps because of this reason, and I can see Mr Bossano's hesitation in accepting because if one is talking about urgent consideration and then qualifying that by saying that it can only take place within the review and then going on to say that if a general review should not materialise or should be delayed, the question of part-time service should be considered separately. The time limits imposed revolve around the general review of pensions. I do not know how soon one could know when the general review of pensions will be completed but I would have liked to have seen indication of Government's sense of urgency on this by putting the word "urgent" in the second half of the amendment, that is, "should be urgently considered separately" or something on those lines. I do not propose a formal amendment but if any Honourable Member opposite signifies that this is, in fact, the Government's intention then we would have no difficulty in accepting the amendment.

HON A J CANEPA

Mr Speaker, the need to carry out a general review of the Pension Scheme is increasingly becoming evident and if there is a general review it will not just involve itself with some of the minor matters that I referred to earlier and which we wanted to bring to the House, it will be a fairly substantial review. There is a possibility that the general review could take time and there is the difficulty that one is aware, in fact, from my reading of the minutes I was aware that the ACTSS had made representations to the Industrial Relations Officer to the effect that people were anxious because they were approaching retirement age and they wanted to know how they stood. The approach that the Government could take is that if it becomes evident that a general review is likely to be delayed, I think it would be possible for the Government, perhaps, to give separate indication of what it proposes to do on the question of part-time nurses even if

the legislation implementing that were to be delayed because the Government could make a declaration of intent as to what it proposes to do, it could make a statement of policy on the matter which I think would allay the fears of those involved. I hope I am not saying anything indiscreet because the matter, as I say, ultimately is the responsibility of the Secretary of State but I think that I am not doing the wrong thing if I indicate how Gibraltar Ministers feel on this matter. It should not be impossible even when legislating to arrange for the section of the law appertaining to this issue to be implemented retrospectively - that is a kind of thing which we have done, for instance, I remember on one occasion doing it with Injury Benefits, with benefits paid under the Employment Injuries Ordinance when the particular section was deemed to have come into effect on a retrospective date, so bearing in mind that normally when negotiations take place on wages and salaries at least you pay retrospection up to the date when the claim has definitely been tabled, in the spirit of that I do not think that it ought to be impossible to make similar provisions. I do not want to say any more but I think it is enough to indicate to Members opposite that we are very sympathetic on this matter and we will do our very best to produce the right results.

Mr Speaker put the question in the terms of the Honourable the Financial and Development Secretary's amendment which was resolved in the affirmative and the amendment was accordingly carried.

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

The House recessed at 1.00 p.m.

The House resumed at 3.20 p.m.

HON M XIBERRAS

I have the honour to move, Mr Speaker; "That this House, bearing in mind especially the acceptance of the Ministry of Defence of parity of wages and salaries with the United Kingdom in respect of all their other employees in Gibraltar, urges the Ministry of Defence to implement the same principle in respect of the Officers and Men of the permanent Cadre of the Gibraltar Regiment and, by extension, in respect of the territorial and Volunteer Reserve element of the Regiment."

Mr Speaker, the absence of a full House I am sure is no indication of interest of Members in this motion since on many occasions the House has expressed a very definite interest, a very proper interest, in the affairs of the Regiment which this House had an important part to play in setting up. The motion obviously does not intend to be controversial, it simply offers an opportunity to the House to express its concern that parity of wages with the United Kingdom has not been implemented and if there are no grounds for concern that the House should hear the views of its Members on progress, if any, made in the question of the wages or the pay negotiations in respect of the permanent cadre of the Regiment. I need not go into the acceptance of the Ministry of Defence of the principle of parity of wages between Gibraltar and the United Kingdom except to remind the House that the Ministry of Defence at a particular stage on the protracted negotiations and debate on the principle of parity took a very leading part in the establishing of parity of wages and the efforts of Mr Frank Judd in Gibraltar and also of Ministry of Defence officials who contributed greatly to the establishment of the principle of parity. Therefore, Mr Speaker, there must be other reasons than a reluctance to accept the principle which has prevented the Ministry of Defence from accepting it in respect of the Gibraltar Regiment which must surely be one of the major points of interest of Ministry of Defence in Gibraltar. On occasion, Mr Speaker, the Chief Minister and myself have agreed on the need to do this or other about the Regiment, and on occasions we have disagreed. On these occasions I have pressed the Chief Minister to accept that there was a certain amount of discontent in the Regiment and the Chief Minister has again on occasion said that to his knowledge there was no discontent. I therefore welcome particularly his intention, as stated earlier in the meeting, to make a statement on which he has consulted relevant parties and even if only to hear the prepared statement of the Chief Minister this motion would have been worthwhile. I do not pretend to be an expert on pay negotiations, I know that they are complicated, I know that there is a question of standards and a question of obligation which members of the Gibraltar Regiment have to undertake and others which they are not required to undertake and I agree it is a delicate subject but the House will, no doubt, agree that it has been patient in its expectancy of a settlement of this issue and that it knows if only on the grape vine, that the Deputy Fortress Commander and others, I understand, have been in contact with the relevant authorities in the United Kingdom and that we have had visits of Ministry of Defence Officials to Gibraltar and therefore this is no hasty motion, it is not even a motion prompted by the hospitality of the Regiment, if I may say so, Mr Speaker, when all the Members of the House visited the Regiment some little while ago. Mr Speaker, it is

prompted out of the consideration of equity that people who are serving in Her Majesty's Forces should not be treated differently when civilian employees of Gibraltar are now, thankfully, treated on the same financial basis as United Kingdom employees. I have been told, Mr Speaker, that one of the difficulties of the immediate acceptance of parity is that not everybody in the permanent cadre would benefit from the immediate implementation of parity. I have been told also that there is a question of standards to be observed. On the first, certainly it is not my intention to act to the detriment of any Member of the permanent cadre in a financial sense because I do not think that they deserve it, I think that by and large the Regiment have done a good job and achieved the transition from a conscripted force to a voluntary force admirably, the complement is full, the Force is effective and therefore nothing I say should be interpreted as trying to blockbuster through any objections which might exist to the detriment of particular parts of the Regiment. I understand that the average level of pay in the Regiment varies from 72% to 78% of parity, but my further information reveals that some, may be according to this particular source, already at the level of parity or even, perhaps, above it. I would seek confirmation of the Chief Minister from his inquiries about this. Mr Speaker, on the question of standards I am sure that all Honourable Members will agree that the implementation of the principle of parity should not require all stages in the Regiment to undergo tests in order to get a 100% of parity at this late stage. I think that in the circumstance of Gibraltar, all the circumstances of Gibraltar, it would be unfair as unfair as in other areas of employment to require this of the people in the permanent cadre and I would not be in favour of the implementation of parity if people had to be screened to see if they were worthwhile soldiers or not at this late stage. I would not be against screening for admittance into the Regiment after the implementation of parity because if people accept the job for a going rate then they should be worthy of the pay and they should be able to discharge their duties properly. And, thirdly, Mr Speaker, on the question of obligation, again one must stress that the obligations of the Gibraltar Regiment on which the House does have a say, should be commensurate with the role that they have played both in the past and are likely to play in the future. I would not like new obligations used as a stick, as it were, to enforce some sort of pay settlement which the United Kingdom side might desire or even to force acceptance from the Gibraltar side of such a settlement. Mr Speaker, this is really all I have to say because I want to listen to the contribution of the Chief Minister which I emphasise is a prepared and consulted one and after that if circumstances allow I would not, in fact, press the House even to a vote on this, being satisfied or hopefully being satisfied that the statement of the Chief Minister

and indeed the motion itself will have drawn enough attention to the problem to warrant this course of action on my part but, of course, if there is not a satisfactory resolution I would press for a vote on this and, indeed, raise the matter in a subsequent meeting.

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

HON CHIEF MINISTER

Mr Speaker, I was hoping that the Honourable and Gallant Major Peliza would have something to say before I spoke because of his experience in the Regiment.

HON MAJOR R J PELIZA

Mr Speaker, I am waiting to hear the Chief Minister first and, perhaps, there will be no need for me to speak.

HON CHIEF MINISTER

Not if I know the Honourable and Gallant Member well. I am sorry that the Honourable Leader of the Opposition has put so many pre-conditions to the kind of status that he is seeking and I do not know whether what I have to say will satisfy him or not. It is not what I wish but it is the result of representations and study which has gone on very intensively for some time. I would like to start by saying that as Honourable Members know we try as far as possible not to involve the House in such matters relating to pay as we believe that, generally speaking, these are best left to those directly concerned. I would say that in respect of industrial matters, how much more I think this applies particularly to the Gibraltar Regiment where as in the case of all branches of the Armed Services, the processes of arriving at pay increases are different from those of civilian employees. Nevertheless, I would like to go on to say that this House, and rightly so, has always shown a great interest in the affairs of the Regiment and to that extent I welcome the motion as being an expression of this interest and of our concern to have an efficient and contented permanent cadre and volunteer reserve. I want to make the point also in order that there should be no misunderstanding of the Government's position in this matter, that it is not for the Government to attempt to justify any attitude or policy that might be adopted by the Ministry of Defence; this is not our function and therefore if something is said which is not true it goes back to the Ministry of

Defence as the Government is not responsible for this defence of Gibraltar. At the same time it was right that the House should be informed of the present situation in regard to the pay of the Regiment and I have accordingly sought information from the Deputy Fortress Commander and I think the position is as follows: "The Gibraltar Regiment have been informed of the pay award to all ranks effective from the 1st of July, 1978 and details of the new rates of pay averaging an increase of 20% are being communicated to those concerned. It is the intention of the Ministry of Defence to directly link the pay of the Regiment to that of the UK regular Army by April, 1980. The possibility of implementing this analogue before 1980 is not ruled out but the process to achieve it is a lengthy one. The first necessary step in this process is a visit to the Regiment of a job evaluation team. This team cannot be made available until about April or May next year due to the long standing commitments to other major projects that they have. The same principle will therefore be applied to the Gibraltar Regiment as has been applied by the Gibraltar Government and, indeed, by the Services Departments for example to its own employees. First, it is established through staff inspection, that is, the job evaluation team, that the duties and responsibilities of the job in Gibraltar are the same as those receiving a certain grading and rate of pay in the United Kingdom and then the United Kingdom rate is introduced for Gibraltar. At the end of this process the Gibraltar Regiment, it is hoped, will be receiving approximately the same pay as their equivalent in the United Kingdom Army less the X-factor. This is added to the basic rates for the British Army and it is intended to compensate the United Kingdom serviceman unlimited liability which he accepts on joining and this liability includes (a) Service anywhere, worldwide, at any time and for any length of time; (b) Turbulence which involves frequent moves and long periods of separation from families; (c) Overstretch due to undermanning now a prominent feature of service life whereby it is not unusual for servicemen to work up to a ninety-hour-week in some army commands, the British Army of the Rhine, Belize and Northern Ireland in particular and (d) working unsocial hours which seldom are to be compensated by granting time off from daily duties. Because these factors are not applicable to any appreciable degree in the case of the Gibraltar Regiment it seems unlikely that members of the Regiment will receive exactly the same rates of pay as members of the Regular Army with unlimited liability to service but the principle of implementing parity after the full and detailed comparison of duties and responsibilities and making such adjustments as may be necessary following such a comparison will be maintained". So long as it is understood that the principle of parity in this particular case would be applied in the manner I have described, we are prepared to go along with the motion.

HON MAJOR R J PELIZA

Mr Speaker, I welcome the information provided by the Chief Minister. I think it is very salutary that now there very strong indications that a certain percentage related to United Kingdom based service people is going to be established with regard to the Gibraltar Regiment. It used to be like that once upon a time and the great benefit of that was that whenever there was an increase in pay in the Army in the United Kingdom automatically the Gibraltar Regiment used to benefit from it. When that relevance was discontinued there were long periods in which the question of the pay of the Gibraltar Regiment was under study over a long time, the decision came and it was usually too little and too late and that used to create considerable demoralisation in the Force itself. That, I think, is the present situation today whereby not only have there been increases in the British Army but also here in Gibraltar there have been great changes in the pay structures and therefore it is only natural that there should be discontent in the Force not knowing what was going to happen to them with regard to pay and, worse still, when. As I see from what the Chief Minister has said there will be a sort of interim award of 20% almost immediately. I think he did not mention any retrospection on that.

HON CHIEF MINISTER

Yes, from the 1st of July, 1978.

HON MAJOR R J PELIZA

So there is retrospection as from the 1st of July 1978. I do not know how the Chief Minister thinks that compares with the retrospection of other employees in Gibraltar and whether that is fair, taking into consideration the retrospection of other employees in Gibraltar. Obviously, that is something I think, that needs more technical analysis which I think the Government should be able to look into and compare and perhaps the Chief Minister, if he feels that this is not quite fair, he could take the matter up on behalf of the Regiment. I say on behalf of the Regiment because, unlike other employees, they have not got a Union which can defend them. I hear someone say: "Thank God" and I agree from the discipline point of view but I think from the progress we have seen in Gibraltar in many other respects thank God that we have had Unions otherwise, perhaps, our economy would be dead and finished. I think that whoever uttered that remark should give a little bit more consideration to his statement. Be that as it may, undoubtedly the Gibraltar Regiment is the baby of Gibraltar and very much the baby of the Government. The difference between that baby and others is that it is fed not

by the Gibraltar Government but by the Ministry of Defence and in that respect, of course, there is not very much we can do other than make sure that the baby gets its bottle at the right time and I think the Chief Minister perhaps should be the godmother in that respect. I honestly believe that it is very much the responsibility of the Government silently perhaps, to see that the Regiment is properly cared for. I think the Regiment has done good work in Gibraltar right through the war. I think the Regiment today is there because it has a role to play. I doubt whether the Ministry of Defence would have the Gibraltar Regiment if it were not playing a part in the defence of Gibraltar and, perhaps, in the general strategy of the British Army. If this is not so then of course they are redundant and finished and I think no one wants to see an unnecessary Force being maintained but if it is being maintained then we have got to see that those who operate it get a fair deal and this is what we are asking here in the House today - for a fair deal. I know from my own personal experience that the commanders in Gibraltar responsible for the Force always do their best, have always done their best in my recollection and I know this from experience, to get a fair deal for the Regiment, but like other commanders in other forces I suppose they do come across the difficulty of the Treasury or the vote within the Ministry of Defence, more than the politicians, perhaps, the civil servants who have got to slice up the cake and have got to decide who is going to get what slice of the cake. I think we the politicians here and particularly the Government, have got a responsibility to see that this Force gets a fair deal. They cannot speak for themselves, that is essential in a disciplined body so they cannot speak for themselves and I think it is important since it is a Gibraltar force that the Government, although as the Chief Minister stated before it is not strictly our direct responsibility, I think still we have a moral responsibility and a political responsibility to see that they get a fair deal. If one looks at the estimates of the Ministry of Defence in England which I think runs to about £6,000,000,000, a slight increase in pay can do no dent to that budget in respect of the Gibraltar Regiment which numbers, at most, about 300 men. Therefore one wonders how much it costs to arrive at this pay in comparison with what they are getting. I have a feeling that perhaps the working out of the increase costs more than the increase that is given to the Force. Therefore I think that this Government has a very strong case for the Gibraltar Regiment but what we have got to do is push the case forward, push it hard. I am sure that we have all the responsible people for the pay in Gibraltar on our side - certainly they have always been. I am not in contact now so I do not know but I have a feeling that they have it now and therefore I think that a joint effort, with the Gibraltar Government and the commanders responsible for the Force in Gibraltar should produce the answer. I am

very glad to see that obviously it is beginning to work. We now have a time and date by which we hope the final decision of the pay is going to be decided. The important thing now is the percentage related to parity and this is the crucial figure now because once it is established it is going to remain there and I think the Government must pay considerable attention to this and must leave no stone unturned to make sure that they get a fair deal. I am glad that the Chief Minister obviously is taking considerable interest in this I am glad, too, that the Leader of the Opposition has urged this House to look into the matter again. What I think the Opposition must do is to make sure that the Government does not forget the promises that they make here in the House and that once, hopefully, we pass this motion, that the Government will keep us informed as to the progress that is being made. We must not allow things to happen and then it is too late to put it right. The crucial point is the percentage that they are going to get.

MR SPEAKER

Are there any other contributors to the debate? If not I will call on the Mover to reply.

HON M XIBERRAS

Mr Speaker, the statement by the Chief Minister that the Government would find no difficulty in supporting the motion is welcome not only by Honourable Members on this side of the House and that includes the Honourable Mr Bossano with whom I said I consulted before and he supported the motion, that the motion could be if not in physical terms unanimous certainly, morally speaking, I think all Members of the House do support it including my Honourable and Learned Friend, Mr Peter Isola who is not present today. Therefore, as an expression of the desires of this House I think it is strong. The statement made by the Chief Minister as regards the terms of the offer to the Gibraltar Regiment are also welcome and sufficient, I should say, for this side of the House not to press the matter further at this particular stage. I think it would be wrong for us to press any further in view of the various conditions or various stagings which the offer is subject and therefore we are quite willing and happy to leave the motion at that with an affirmative vote of the House. On the point of retrospection, Mr Speaker, I know it is an issue in the Regiment and quite rightly so as my Honourable and Gallant Friend Major Peliza has said, by comparison to other employees retrospection should be judged and as regards to job evaluation this is also acceptable to me personally so long

as it is not an evaluation of the individuals' ability to form a part of the British Army but rather a job evaluation of the post which he is occupying.

HON MAJOR F J DELLIPIANI

If the Honourable Member will give way. On the question of evaluating the soldier there might be some who might not come up to the standard of the UK but I can assure you that the majority of them hold far higher qualifications than their United Kingdom counterparts and that I can speak from experience.

HON M XIBERRAS

I am glad to hear that. Certainly to my in-expert eye, Mr Speaker, this seemed to be the case about two weeks ago but I think that even the test would be something of an unfairness and indignity for people who have served in the Regiment for a very long time at that basic level. As regards job evaluation, certainly, I think it is a fair condition because most employees in Gibraltar have been subject to this in connection with the parity implementation. These conditions are obviously for the Regiment to deal with themselves. As an offer, in fact, it is up to the Regiment to decide this for itself and we can only spur on and create goodwill between negotiating parties. In respect of conditions of service I think the House has got an interest and more than an interest, certainly a political responsibility, I am not quite sure whether it has some sort of legal responsibility as well. I think that certainly we have an interest in expressing a view as to how the Gibraltar Regiment, which is localised at the present moment, is to be used in the future. The matter can therefore rest as it is, I do not express a view on the offer I am simply glad that an offer of this nature has been produced and I commend the motion to the House and thank Honourable Members for their support.

MR SPEAKER

Do I take it that you do not wish a vote to be taken on the motion?

HON M XIBERRAS

Mr Speaker, since it is a unanimous matter, apparently, I think that a vote should be taken.

HON CHIEF MINISTER

I did say that it was on the understanding that the conditions which I have set out were reasonable that we would support the motion.

Mr Speaker then put the question in the terms of the Honourable M Xiberras' motion which was resolved in the affirmative and the motion was accordingly passed.

HON MAJOR R J PELIZA

Mr Speaker, I have the honour to move: "That this House calls upon the Government to accept that as a result of substantially lower personal allowances in income tax applicable in Gibraltar, as compared to the United Kingdom, the nett income of many Gibraltarians is substantially less than it would be in the United Kingdom, and in view of the relationship between Gibraltar and United Kingdom wages and salaries, now accepted, and as a relief measure desirable in itself, this House calls upon the Government to enter into a commitment to improve the position by not later than the next budget". Mr Speaker, there has been as we all know a great fight in Gibraltar over the years, and I am pleased to say that the idea originated with our Party, about parity of wages in Gibraltar. This, as I said earlier, was attained through the efforts of the unions in Gibraltar, and the benefits are very obvious. Any businessman will tell you that there is considerable commercial activity in Gibraltar due to that and we heard from the Honourable Financial Secretary earlier in this meeting that the import duty has gone up quite considerably - I think I will not read the figures but taking October and November together by about £200,000 in revenue coming in. If that trend continues I think the Government will find itself at the end of the year with about an extra million pounds to spend. I make that remark deliberately because obviously what I am going to ask for is going to require more money from the Government, and as usual they are going to say: "But where is this going to come from?" and the answer is that money is already coming in and therefore it might be there by the time it is needed. The other thing is that I do hope that the Government does not look at my suggestions with gloom because I think there is no need to be gloomy about this, there is a very good silver lining in the cloud over the hill, I believe it is bright sunshine myself even if it is raining today. I should start by analysing the motion and pointing out that it is a fact that the allowances in income tax given in England are much higher than those in Gibraltar. It is also a fact that the child benefit or family allowance in Gibraltar is much lower in Gibraltar than it is in England but where the

problem arises as to whether one gets more for the same income in Gibraltar as regards to the United Kingdom, lies in the rate of taxation. I think it is essentially a matter of proving the point by producing figures but before producing figures one should acquaint the House with the relevant factors, in figures, that obviously will produce the final amount of money in difference between an equivalent person earning so much in Gibraltar and in the UK and finding out who is better off and by how much and when that total sum is arrived at then it is a mathematically clear conclusion that certainly in certain incomes the individual or the family in Gibraltar is worse off than he is in the United Kingdom and therefore the whole aspect of parity is destroyed if this matter is not put right and this matter can be put right because it lies very much within the hands of the Gibraltar Government to do so and unlike other instances where they are not responsible in this case I think the Government cannot shirk responsibility. I think I will start by giving you the figures and then if my arithmetic is right my point should be proved. Let us first look at single allowances in Gibraltar and in the United Kingdom. In Gibraltar it is £550; in the United Kingdom £985. A husband in Gibraltar gets £550, his wife gets £550 making a total of £1,100 in Gibraltar for a married man with his wife. In the United Kingdom a married man with a wife not working it is £1,535, so there is a bit of a difference there. If the wife is working then he gets an added £985 for his wife and of course as in Gibraltar I think the assessment can be made separately for wife and husband and therefore they get the advantage of the lower grade in every case, therefore that applies to Gibraltar as well as it applies to United Kingdom. As regards rates in Gibraltar for the first £500 of taxable income it is 10%, for the next £2,000 it is 30%, for the next £2,000 it is 35% and after that it is 40%, I am not going to go into the higher brackets because I think these are people who can really look after themselves, let us put it that way. I am very much concerned with those who may be finding difficulty and which, I think, applies to the vast majority. In fact, the higher bracket are better off in the United Kingdom than they are here but as I say I do not want to get involved in that, it will only cloud the issue and the main issue as I see it and I am thinking mostly of the man in the street, the average working man in Gibraltar with two children and I am going to stick to two children as otherwise we will never finish with figures and I do not believe quite honestly that this is the appropriate place to go into details of figures. What I am trying to produce is very much a general case and prove that, basically, something can be done and all I am going to try is to convince the Government that there is a case to be looked into and hopefully that they agree that there is a case and hopefully produce something for the next budget. Whether they can go the whole way or not that is up to them but if there is some movement in that direction I for one will be

satisfied and I am sure that once there is some momentum it will be very difficult to stop it because the popularity of the move itself will carry it forward. I mentioned the Gibraltar rates and I would like now to mention the United Kingdom rates. The United Kingdom rates are up to £750 - 25%, from £6,000 to £7,000 - 34% and after that from £7,000 to £8,000 - 40% but again, as I say, I am not interested in getting involved in those high figures. In the United Kingdom today the allowance for a child under eleven years old is £100, over 11 and not over 16 it is £135, and over 16 but not 18 it is £165 and after that if the child is still under full time education and has not got an income, it is £165. The last thing now is the actual child benefit which we all know is £2 in Gibraltar for the second child and it is £3 in England for every child. I will try and compare one with the other and I will arrive at the total figures. If this is questionable then, perhaps, the Government can look into it but I think there might be a slight error one way or another in my arithmetic but I think that basically my figures are right. I would like to start by taking a husband and a wife, both working, the husband earning about £50 a week, the wife earning £25 a week with two children. If this is taken into account and the child allowance is taken in, in the United Kingdom the family is better off by £350. That is a lot of money and it knocks out parity from underneath its feet straight away. Let me take another example: A husband earning £100 a week, a wife earning £30 a week with two children. Again in the UK they are better off by £280 and a few pence. Therefore if we look at those things I think that there is a clear case for the Government not to completely ignore the suggestion. I hope they do not. I think that there is a very genuine case to be looked into. I do not believe that the Government wishes to see this disparity having agreed to parity and that they will do their best to honour their commitment to parity. The Honourable Minister for Labour this morning made it quite clear that there might be difficulties with the case of child benefit being given direct to the child in Gibraltar as it is done in England. I accept that, I accept that there might be a different way of implementing it here, there might be an emphasis given to other income groups other than the one I have mentioned, but I think the Government must accept that the difference does exist and that if they are really sincere in their belief that a man in Gibraltar doing the same kind of work should get the same benefit as his equivalent of the United Kingdom, then I think they must look into the question of the allowances otherwise they are only giving lip service to that principle and I do not believe that they are. The next problem is, where are we going to get the money from? That may be, perhaps, a more difficult question to answer. I have pointed out already that obviously there is going to be

a higher income from the import duty for the Government; more revenue coming in. There might be other ways of adjusting our scales here to provide more benefits for some and less for others. That, I think, can also be done. Finally, I think, and this is perhaps where the Government must concentrate, cutting down unnecessary expenses in the Government. This is vital, higher productivity - there are departments in Government which we all know are not really paying their way; the Government must do something about it. It might be unpopular, it might cost the Government votes at the next elections but an honest politician does not mind about the votes, he is there to do the work, and he has got to have the courage to do it. I know there are smiles from the Government, I have been on that side too and I am saying here today what I used to say on the other side and if I had remained I think I would have done it.

HON CHIEF MINISTER

While you are there.

HON MAJOR R J PELIZA

Because I was sincere and honest.

MR SPEAKER

Order.

HON MAJOR R J PELIZA

The fact remains that at least I have the satisfaction, Mr Speaker, of having done what I thought was proper of a politician in Gibraltar who wants to carry a policy which he believes is in the interests of Gibraltar. Perhaps the mathematician on the other side of the House, Mr Speaker, who I have seen working very hard, may produce certain differences, I do not know. But I think basically, Mr Speaker, the figures are right and if they are not I apologise for it, I have done my best, I am not a mathematician myself. I think that basically the figures are right although there might be a slight difference here or there. I think I have proved the point, Mr Speaker, I do hope that what I have said has not fallen on deaf ears, I do hope that the Government sees the sincerity behind my words. It is, I think, an effort to try and get the Government to look into this matter and if they feel that they can, I hope they will support the motion.

Mr Speaker proposed the question in the terms of the Honourable Major R J Pelizas' motion.

HON A J CANEPA

Mr Speaker, I am sorry that the Government cannot support the motion because we are being asked now to enter into a definite commitment to improve the position, the position referring to the extent to which people are paying tax and that, of course, the Government cannot do in December when it has, immediately in the new year, to really get down to the business of producing a Budget in March. However, I do welcome the spirit in which the Honourable Major Peliza has moved the motion. Unfortunately, this motion must be set not just against the background of very considerable increases in wages and salaries in Gibraltar and, indeed, in social benefits, it must also be seen in the context of what the Government is being asked either to do in this meeting of the House or to commit itself not to do and all these things taken together have very considerable repercussions. The Government has been called upon in this meeting of the House to enter into a commitment not to increase rents in 1979. At the same time we are being asked to look into the possibility of changing the whole system by which rates are assessed, no doubt because the present system is hitting too sharply and people are feeling the pinch of the increase in rates and therefore no doubt the Government has been asked to have a closer look at this in the expectation that a new system or a different system of rates assessment will produce lower rates and less revenue to the Government. The Government has also been asked this morning to increase family allowances very considerably and I gave the House very accurate figures as to what was entailed, over £900,000 of gross expenditure and over £600,000 of nett expenditure. Now the Government is being asked to increase the personal allowances under the income tax system to bring them into line with the United Kingdom.

HON MAJOR R J PELIZA

If the Honourable Member will give way. It was not my intention at all. I think that perhaps I did not make myself clear. What I said was that you had to arrive at equivalence and this can be done either by changes in the allowances or increasing the child benefits and, therefore, what I am trying to say is that it is not incompatible what was asked for this morning and what I am asking now. There is no question of more money, it is the same amount of money.

MR SPEAKER

Order. I would remind the Honourable Mover that he will have the right to reply.

HON MAJOR R J PELIZA

I just wanted to clear the point so that he would not get the wrong impression.

HON A J CANEPA

I do accept that the Government can either collect less money, and therefore leave people with more money to taxing them less, or actually give them the money by, for instance, increasing family allowances. The Government does have these choices but that in one way or another, either through a plus or through a minus you have got to find money, there is no doubt about it. For instance, in increasing allowances under income tax by a mere £100, if you increase the personal allowance of the husband from £550 to £650, every £100 increase in personal allowance means a giveaway in revenue and the Government would collect half a million pounds less revenue. I say that to give the Honourable Member some indication of how much more therefore you are giving away if we go as far as in the United Kingdom which means on the figures that he gave somewhere in the region of £400 for a married couple that we need to increase personal allowances by. That is the background against which we have to look at this motion and it cannot all be give. The money must come from somewhere and a lot of money has come into Government coffers as a result of parity but let us not lose sight of the fact that a lot of money is being given away by way of vastly increased salaries, to teachers, to policemen, to nurses and so on; and the Government is not collecting back as much as it is paying out. In any case, we shall see when we bring the Budget to the House what the actual position is like in March. We also have to be careful when we compare net income in the United Kingdom - I will not say the tax paid - but net income, precisely when we compare net income, that we are comparing like with like. The Honourable Member mentioned one or two cases where people are better off in the United Kingdom. He mentioned a husband earning £50 a week, a wife earning £25 a week; and there are very many other cases and there is no point in going into them. But are we always certain when we draw these comparisons that we are comparing a person in the same circumstances in the United Kingdom as in Gibraltar? For instance, I maintain that the elderly persons aged 65 are better off in Gibraltar, and yet if you were to compare

the tax paid by a married couple aged over 65 with a taxable income in the United Kingdom, say, of £3,000 with a taxable income in Gibraltar of £3,000, you will probably find that the couple in Gibraltar are paying more tax but you are not comparing like with like because the couple in Gibraltar aged over 65 who have a taxable income of £3,000, in fact have an assessable income of closer to £5,000 because if they are in receipt of an Old Age Pension at the rate, next January, of £30 a week, they have £1,560 of income per year which is not taxed whereas in the United Kingdom it would be. You have to be very careful either to add the £1,560 to the real income of the Gibraltar couple or else you must discount pensions completely, pensions payable in Gibraltar under the Social Insurance Scheme or in the United Kingdom under the National Insurance which I must say are taxable in the United Kingdom. What about the young people? Undoubtedly, a young single person in Gibraltar employed as a clerk, perhaps not a clerk because lower down they do not earn a great deal and perhaps they do not go vastly beyond the initial £500 of tax at 10%, but a young labourer aged 18 earning in Gibraltar a labourer's pay of £45 a week, pays more tax in Gibraltar than in the United Kingdom for the simple reason that his allowance is lower. But is that such a bad thing bearing in mind the circumstances in Gibraltar? This young labourer is probably living with his parents. Young people in Gibraltar are not independent to the same extent as they are in the United Kingdom. They do not tend to set themselves up in flats and therefore their commitments are very much less so should you treat them as well as they are treated in the United Kingdom in the knowledge that the likelihood is if they pay less tax and they have more spending money, that spending money is not necessarily going to go towards improving the situation in that household because probably the young man or the young woman will not through having more take home, knowing the Gibraltarian parents as well as we do, will not necessarily contribute more towards his own upkeep and towards the upkeep of that household. He would just have more spending money to be spent on bigger and flashier cars, perhaps, or motorcycles. It is a consideration that you have to bear in mind. Is that such a good thing? On the basis of the figures, yes, if you look into it a little bit more closely, perhaps not. First of all, of course, the suggestion that the Government must look into this I think we accept. The Government already has a commitment to do this to the extent that we have entered into a commitment with the Trades Council on this matter, we have had a meeting with the Trades Council to discuss income tax. But I do not think that it is just good enough to consider this matter through a comparison of where people in the United Kingdom are better off than here. The wealthy, who are a very small group here, are far better off because the ceiling here is

40% and there is hardly any point in doing a great deal about it from the point of view of collection of revenue in increasing that. If you increase it from 40% to 50% I think you get, overall, for people with incomes in excess of £10,000 you would collect another £100,000 which is a flea bite, but, on the other hand, there may be those who feel that as a matter of principle perhaps that rate of tax at 40% needs to be looked at again. I say as a matter of principle because I, for one, feel very, very strongly that the burden in Gibraltar is increasingly being placed either on middle income bracket or on the lower middle income brackets and if you are not going to collect any more money from the wealthy and you are going to improve the lot of the lower income group by rehashing rates and allowances, we have to be very careful that it is not once again the lower middle income groups and the middle income group that continue to bear the burden of direct taxation in Gibraltar. These are considerations, I think, that have to be taken into account in looking into this complex matter of income tax. As I say the Government will be doing that and I hope that miracles are not expected. The Honourable Member talks of cuts in expenditure but there are limitations as to the extent to which Government can cut expenditure. It cannot cut expenditure on education, it cannot cut expenditure on medical services, it cannot cut expenditure on social benefits. You cannot cut expenditure on social services in Gibraltar if you wish to be progressive and improved productivity is aimed at one department, perhaps, the biggest spender. But, have a close look at the estimate of expenditure and you will see how much we are spending on social services. With all the best will in the world there is a limit to what you can cut, on the administration. You cannot say on the one hand "Localise posts, let us have an Economic Adviser", you have got to pay that Economic Adviser £9,000 or £10,000 out of Government revenue whereas if it is done under technical assistance the United Kingdom Government is paying. There are limitations to the extent that you can pretend that you can prune the services which the Government is providing. Having said that, as I say we shall be looking at this in the overall context of the Budget over the next few weeks.

HON J BOSSANO

Mr Speaker, I am going to support the motion. I agree that the allowances in Gibraltar, the personal allowances, are substantially below the United Kingdom. I do not think, in fact, the amount of tax paid by most people on average earnings is substantially above, it is above, but it is not substantially above. I think that although the allowances are substantially below the amount of tax paid by most people on average earnings is not substantially higher than in the United Kingdom, it is higher than in the United

Kingdom but it is marginally higher than in the United Kingdom. But, in fact, it is important to realise and I think we should realise it in the House even if we cannot get everybody to understand it outside the House because tax in itself is a complex field, that the allowances are one part of an element and as we say in relation to my earlier motion, on family benefits in the United Kingdom the question of child benefits and tax allowances are so intrinsically tied together that one is being altered apace with the changes that are taking place in the other and that we have a rate of income tax in Gibraltar on the first £500 which is 10% whereas the starting rate in the United Kingdom is 25% on £750. Therefore, I support the motion because I think the burden of direct taxation needs to be reduced. I think in reducing the burden of direct taxation it might well be that the most effective way of doing it might be by doing something on the lower tax band which would give the same benefit to everybody rather than doing something on personal allowances which will give most benefit to people on the highest marginal rate of income tax. For example, if one were to raise personal allowances by £100 then, in fact, the person paying 10% would get £10 out of it, the person paying 30% would get £30 out of it and the person paying 40% would get £40 out of it whereas if you give an increase of, say, £200 in the 10% tax band then everybody would gain £40 because they would come down from 30% to 10%. You can reduce the burden of direct taxation but the most equitable way of doing it might well be to look at the area of the tax band rather than the area of the personal allowances. I also think it is important to look at the question of fiscal policy in the context of the job that the Government has got to do and I think it is relatively easy really for me to stand up here and make proposals on, say, family allowances, picking on one element, without having the responsibility to look at all the other elements that make up the Budget. I certainly think that the economy of Gibraltar, if we look at the state of the Consolidated Fund balance postulated in the Estimates of this year of £1.6m in the context of a level of expenditure of almost £25m, is not the same solid position that we found in 1972/73 when we had a recurrent expenditure of £5m, 1/5th, and a Consolidated Fund balance of almost £13m. We have seen the reserves go up in the last six years by £100,000 which represented less than 10% over the period, and we have seen the annual expenditure of the Government go up 500%. It is a situation which is not a desirable one, I think, from the point of view of the Government to have that level. I remember the debates we used to have at the time when I was arguing that the level was then too high and when the argument was being put that you needed to have three months reserves and we are well on the way towards three days. I think if we are serious about the responsibility for running a sound economy in Gibraltar which is in all our interests,

then we must look towards a fiscal policy that is based on sound egalitarian principles and that prides and shares the burden of revenue raising to meet the cost of Government services equitably. We have, as part and parcel of that, my colleagues in the Opposition, have on a number of occasions in fact, raised the point that we have to look towards the efficient running of Government services which is of course the other side of the coin. I believe that Gibraltar lacks and has lacked for many years a sound economic policy. We have in fact a development programme which essentially consists of simply our attempt, not very successful attempt, at spending the money that we get from OLM. That essentially is what the development programme is all about, spending a certain quantity of money and trying to get it spent on time so that we do not find at the end of the period that we have failed to do it. But I think the economy of Gibraltar requires planning and I accept that it is much more difficult to draw up an economic plan for an economy the size of Gibraltar although it also has some advantages. The complexity of planning a national economy on the scale of the United Kingdom is basically that there are so many variables that any unexpected outcome in any one of those variables throws the economic model completely out of gear and we have seen that happen again and again in the economics of different western European countries. We have an advantage in that in our size use of statistics and information flowing through the Government, the Government should be in a better position to have its finger on the pulse of the economy than it would have in a bigger place. In fact, many of the questions that I ask of Government seeking information on money supply, on tax yield, on indirect taxation are precisely to enable me to exercise a rational judgement on which way the economy is going so that if the economy is going well then I can get some of the goodies distributed in the direction that I would like them to go. But I think the Government itself should give serious thought to not simply formulating fiscal policies in terms of treating the Budget of Gibraltar and the economy of Gibraltar which again is a point I have made in the past, as a domestic house keeping budget, but of having a fiscal policy that forms part and parcel of an overall economic policy. I would remind the House that in the past - I am not sure whether in fact the present Financial Secretary has made that sort of point but I certainly remember his predecessor making the point - that when we were talking about the Budget of Gibraltar who were simply talking about fiscal policy in order to make ends meet, saying we have got to do this and therefore we have got to raise the money somewhere. I think there is something more that needs to be done and in that context the role that has to be played by particular measures have got to be looked at not only from the point of view of ensuring that the burden of taxation whether we are talking about rates or we are talking about charges for services or we are talking about income tax,

that the burden of taxation is equitably distributed, but also that in doing so the repercussions of what we do and their economic impact on the development and the growth of our economy are worked out in a manner which is consistent with the direction we want our economy to develop. I think this motion is an important motion if one goes to the heart of what it all implies. I do not think we can take this motion in isolation any more than the other two that I put forward and I accept, Mr Speaker, that from this side of the House it is a relatively easy thing to pick on one thing that clearly needs putting right like I have done myself today and on other occasions and get the Government to admit that something needs to be put right there but I think it is good for us as members of the House and in our discharge of our responsibilities to the community as a whole, to look at the whole of the economy of Gibraltar and in the direction we want it to go. As I say, I support the motion and I shall certainly vote in favour.

MR SPEAKER

Are there any other contributors? I will then call on the mover to reply.

HON MAJOR R J PELIZA

I am not completely happy, Mr Speaker, in that the government does not go the whole way. I do not see what the serious commitment is really in an attempt to try and ensure that we have parity of income in Gibraltar with the United Kingdom. I have used all these arguments before and therefore certainly, Mr Speaker, I am not going to go into it again but there is a point, however, which, perhaps requires a little more clarification and that is that whilst the actual tax paid in Gibraltar and in the United Kingdom for these cases which I have brought forward are very much the same and the difference is very small, where the difference increases is because of the child benefit and this is perhaps where the motion introduced by my Honourable Friend earlier today and mine, coincide. If the Minister responsible were to look into this point he will discover in fact that it is either by increasing the family allowance or by increasing the income tax allowance for the married people that will give the answer to the problem that I am presenting to the House today. In that respect, therefore, whilst he was going into figures which I think were very high figures, earlier today he mentioned the figure of £600,000. I believe that was the figure that the Honourable Minister mentioned earlier today, to meet this problem. I immediately pointed out that from the figures that the Honourable the Financial Secretary had given of an income on two months of £200,000, it would look to me that the trend

will be that next year if that trend of spending continues and I do not see why it should not because people when they get their money they want to spend it, and therefore the likelihood is that the spending pattern that we have seen so far will continue, if that continues the revenue from the imports will be there and the £600,000 could, in my view, easily be met. Therefore I would not feel so despondent about the whole thing as the Minister himself feels. I think in tackling problems like this you have got to be optimistic. Time and again progress has come across people who have said they cannot do it. Whenever there has been any social progress the answer of those who are against it, for very good, responsible reasons is that they cannot do it and invariably it is when people take the plunge that the answer is given. It is like a businessman who starts a business. If he does not take the plunge the likelihood is that he will not be all that successful. This is the situation that I am trying to put the Government in today. It is not really a question of burning your boats because I have already said the indication is that we are going to have the money, so if the indication is that we are going to have the money and there is no commitment to any figure, because the motion does not set down any figure, the motion is really for the Government to make a serious attempt at meeting this, I do not quite understand the reluctance to go with it, particularly when the spirit is there. The Minister has said we have about three months ahead of us and that during that period they will be in a better position to decide. I would like this House voting in favour of this motion because I feel that this is the spirit which the people of Gibraltar have entered into now. The whole object of parity was not just to avoid industrial dispute, that was of course a very important element, the decision does not put an end to industrial struggle and that, I think, one should reasonably expect has been achieved. I personally would say openly, and I have always supported the unions, that it would be very irresponsible for any union in Gibraltar to undermine the stable position that has been achieved through parity and I would stand up at any forum and say the same thing that I am saying today at any time, that it has been a great achievement for Gibraltar. But the spirit is the next thing, to make that work, so that there is absolutely no excuse whatsoever to start the cycle of disputes again. This is why I am bringing this motion to the House. It is not just simply to establish a fair deal for all the workers of Gibraltar but maintaining the peace that this change was supposed to introduce into our society. I hope the Minister for Labour can see the point in that light because if he does I am sure he will put more effort into it because, after all, he is not only responsible for the social services and the social welfare of the people of Gibraltar but he is also very responsible for the industrial stability that we want here. I do hope that the Minister will give it some thought and if at the end of the day he finds he cannot vote

in favour of the motion, if he finds when I finish my final attempt at convincing him, he still finds that the Government cannot vote in favour of the motion, that at least he will give his full attention to the points that I have raised and that he will try and introduce this parity of net incomes in Gibraltar which I think is going to be fundamental not only for industrial peace but to bring about the changes that I think the whole objective of parity meant. He was introducing another element which of course may be a next step and this is equivalence. Of course, equivalence is even better than parity, I would have thought, but equivalence is even a more difficult thing to achieve as I think the Minister will accept because it is very difficult to compare one with the other and this is where I think one has to have a little bit of rough justice for the sake of having something that is practical and workable because, obviously, if one introduces the question of equivalence, if we are going to see what a senior citizen is getting in London, what he is getting in Edinburgh or somewhere else and what he is getting in Gibraltar, it would be a very difficult task. I know that equivalence is our policy and as I said perhaps that will be the next stage but let us get the one that we have now on a firm footing. This is possible, this is achievable now. There is no doubt whatsoever in my mind that this is achievable. Let us not allow any matter that will disturb the achievement already accomplished and I do sincerely hope the Minister will look into the matter with all his energy and effort.

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

The Honourable J Bossano
The Honourable Major R J Peliza
The Honourable G T Restano
The Honourable M Xiberras

The following Honourable Members voted against:

The Honourable I Abecasis
The Honourable A J Canepa
The Honourable Major F J Dellipiani
The Honourable M K Featherstone
The Honourable Sir Joshua Hassan
The Honourable J B Perez
The Honourable A W Serfaty
The Honourable Dr R G Valarino
The Honourable H J Zammit
The Honourable F E Pizzarello
The Honourable A Collings

The following Honourable Members were absent from the Chamber:

The Honourable P J Isola
The Honourable A P Montegriffo

The motion was accordingly defeated.

HON M XIBERRAS

Mr Speaker, I have the honour to move: "That this House, being sympathetic to the claims of excluded senior citizens to enter the social insurance scheme, requests the Minister for Labour and Social Security to supply to members and the Public, generally, detailed information as to the expected cost of bringing the different categories of such citizens within the scheme". This motion, Mr Speaker, has been processed by lengthy, sometimes sharp, sometimes acrimonious debate between the Minister for Labour and Social Security and myself in the local press media.

MR SPEAKER

May I say that this motion has been preceded by previous motions in this House in the meeting of the 26th of June, 1978. I know exactly what was debated, I know exactly what was decided and how the vote went at the last motion and I know exactly what this motion attempts to do. It attempts to seek from Government the cost of bringing the different categories within the scheme and the debate, I am sure, will be directly to that aim. The question as to whether they should be brought in or not I think has been decided by this House on a motion brought by the Honourable Mr Bossano which I will read to you if you want to. The Honourable Mr Bossano moved at the meeting of the 26 of June 1978: "This House urges the Government to review the position of senior citizens who were precluded from joining the Social Insurance Scheme by paying arrears on account of their age on the operative date with a view to providing them with an improved income". What I am saying is that I do not think there is any doubt that the motions could overlap in so far as the arguments to be used not as to your entitlement to move the motion that you are. No, Mr Speaker, I do not follow what you are trying to say because I only said that this motion was preceded by a public debate between the Minister for Labour and Social Security and myself.

MR SPEAKER

That is accepted. Perhaps you may have misunderstood me and

if you have perhaps I have not made myself clear. What I am trying to do is to voice a word of warning as to the motion that is now before the House so that we know what we are talking about. I beg your pardon if I have interrupted you and if you have misunderstood me but my interruption was just a word of warning as to what the House has already decided and what this motion seeks to do. What it seeks to do is to obtain from the Government the cost of bringing certain categories of senior citizens within the Scheme.

HON M XIBERRAS

Mr Speaker, I am most grateful for your guidance and I am grateful that you were able to pick up what I might have done from my opening statement which was, in fact, merely that the motion was preceded by debate in the media which is a fact which, Mr Speaker, you would not wish me to deny, I am sure, because that is a point of fact. I am sure, Mr Speaker, in opening your Chronicle in the morning you noticed from time to time the lengthy letters of the Honourable Mr Canepa and myself on the subject.

MR SPEAKER

Some were longer than others.

HON M XIBERRAS

Yes, some were longer than others, some in the front page and some in the middle page. Mr Speaker, if the House expected from the tone of my opening clause, I should not say sentence, of my opening clause, that I intended to present this in a tone of acrimony and so forth, the House can rest assured that this is not my purpose, nor is it the intention of the motion to go into the full merits of the issue. It is my intention in fact to follow up a suggestion I made in my contribution, the final episode of my part of this in which I said that facts and figures might produce more rational debate and I was quite prepared to modify my position if there were serious financial obstacles to the implementation of what we, on this side, at least and I suppose Mr Bossano welcomes the motion you have quoted was moved by him, if the financial obstacles, or rather what we on this side of the House would like to see done. It is in trying to establish the sympathy of this House, where that lies, of all members of the House, the phrase "being sympathetic to the claim of excluded senior citizens to enter the social insurance scheme" and, secondly, to try to elicit detailed information on which Honourable Members can judge whether the matter can reasonably be pursued and if so in respect of what category of excluded senior citizens. Mr Speaker, in a sense the last episode produced by the Minister of Labour and Social

Security in fact pre-empts this motion to a large degree. I am sorry I did not receive the Minister's letter when the motion was drafted where he said at page 2 of the letter published in the press I do not know when but dated to me on the 13th of December, 1978, on the second page, third from last paragraph he said "If you read over my statement carefully you will see that the arguments which I advanced in support of the Government's contention that the consequences of allowing persons over pensionable age to come at this stage would be 'that the whole social insurance scheme would effectively be destroyed' are not of a financial nature and I cannot understand your reference to considerable wastage of public funds". So in a sense, Mr Speaker, the Minister's judgement must have been made already as regards the financial considerations. I do not know whether I am right in inferring from that that there is no financial obstacle to the inclusion of certain groups or excluded senior citizens in the scheme but I would not think that that is an unfair deduction to make. Mr Speaker, I am not even satisfied with that, if I may say so, even though it tends to point to a more favourable passage to the idea as regards financial considerations. I think that the public should know whether it is financially possible to include at least certain categories of excluded senior citizens within the scheme and I hope the Minister in his contribution clarifies this point. Perhaps, there is a little bit of loose phrasing here, I do not know. In any case, the kind of information which I am seeking is something which Honourable Members should have at their disposal already analysed and processed, as it were, by the Department because it does require a considerable amount of working out and one does not want to proceed without being on a firm basis of correct figures and evaluation. I should say, Mr Speaker, that what is wanted here is not the global cost or even the global projection of the inclusion of all those excluded within the scheme. Throughout the correspondence it was pointed out, certainly by me, that there are different claims from different groups of excluded citizens. For instance, there is the person who was not allowed by law to make the contributions and was over age when he could have made it. That is one kind, the person who did not have the opportunity of paying arrears and did not pay the arrears. There are other groups. For instance, Mr Bossano referred to one, which I call the half pensioners, in the course of this meeting. People who have not made all the contributions that are necessary for a full pension and who are on a half pension and I advocated bringing them more closely in line to the full pension. All these different groups have different moral arguments to support their case and they are not equally valid or invalid, I would submit. There are people, for instance, those excluded by legislation or the lack of legislation of this House by various governments from making a contribution now and they have, in fact been the subject of most attention in this

correspondence and perhaps, they have made the strongest representations. Here, Mr Speaker, I certainly think that there is a very strong case for the sympathy of this House that they should be allowed, in the present circumstances of Gibraltar, to enter the scheme and I ask for the sympathy of this House, I ask for the sympathy of Honourable Members opposite for this particular case. It is now, Mr Speaker, an age where we have settled many of our problems, when Gibraltar has somehow struck a fair standard of living for the majority of its population. It is an age where we have tried to bring a fair deal on the basis of parity of standards with Britain or parity of wages with Britain, to much of our population. Surely, Mr Speaker, the people who have been excluded are entitled at least to the sympathy of this House and on that score the motion should not be opposed by the Government. Surely, they deserve that. Through no fault of their own these people were excluded. There might be less sympathy for the person who did not pay their arrears of contributions, opted not to, but they had the chance to do so. The case which I have made out for these and certainly I make no bones about it, their moral force is much less than that of the excluded people. But they still have a case, I think, which has been argued in questions in this House when Honourable Members on this side have asked the Minister to extend the limit so that the people were able to pay up their arrears. And, indeed, the limit was extended. There is a case now, to my mind, for saying: "There is going to be a general review of the excluded senior citizens. We are going to look at this, we are going to look at the cost, we are going to distinguish between claims and we are going to put a tag, both a moral tag, put it that way, and a financial tag on the claims of each of the different groups". Surely, it is opportune to have such a general review of the pensions of the social insurance scheme at this stage when there has been a tremendous review of the salaries position, when the whole of this House and the whole of Gibraltar has been set on its ear in order to achieve a standard of living worthy of the people of Gibraltar, surely there should not be an exclusion at this particular stage of the possibility of a general review of the Social Insurance Scheme provisions as they apply or do not apply to the excluded citizens. But I do not ask for that in this motion, I merely ask for the sympathy of this House and Honourable Members opposite, to the claims of these people at this particular time. It is an appeal to sentiment in favour of the third age as it has been called, those excluded in the third age when their contemporaries have received a very fair deal from the Minister, those who are full pensioners. Surely, if points must be stretched, this is the time to stretch them. If lines have to be drawn this is the time to draw them. And yet, Mr Speaker, I ask only for the sympathy of the House. I do so with much more strength and

conviction if the Minister said that his objections to this are not of a financial nature. What could they be then, Mr Speaker? Certainly, they could not be of a moral nature. We have in a neighbouring country, Mr Speaker, pensions being accorded to people who in a different age lost their pensions or did not get one. We have a review of moral considerations all over the world. Surely, Mr Speaker, we are not going to be less and we are not going to raise moral objections purely on the grounds that people live out of their time, out of a favourable time, anyway. Mr Speaker, nor am I asking for terribly accurate information about these matters. If the considerations are moral considerations, well, let us have them out, let us discuss the different moral claims of the different groups. If the Minister feels, for instance, that the group who had a chance of paying arrears and did not pay them is not worthy even of sympathy let him say so, let him say that this is the case. Let us analyse our own feelings towards the different groups because it is easy, Mr Speaker, to lump everybody together, all 900 of them, and say there is no difference between them and the line has been drawn as reasonably as possible. Mr Speaker, obviously the matter will not rest here. This is an interim motion, it is a motion simply seeking information. For instance, if we could dispose of the financial arguments by this motion we might go into other considerations after this with a clearer mind and more balance mind. If the Minister is worried about the principles of the Social Insurance Scheme, namely, that if he makes an exception, say, for the over 65 to pay arrears then other groups would have a chance in the future of making a case, then let us debate that. I am afraid the Minister will get little solace from it because the job of managing, of being in Government, is in fact the job of drawing lines and you can never draw such a line that never ever will there be a need to draw another one. The Minister should know this from his own experience because when the taxi drivers some years ago according to his letter, made representations as self-employed people to come into the scheme on the payment of arrears, the Minister conceded the point. It is not exactly the same point as allowing the over 65's, no, Mr speaker, but it is a case, for instance, for allowing a second bite at the cherry of those who did not exercise their option to pay because here, as the Minister said in his letter, there was a substantial group making representations. Surely, Mr Speaker, the Minister was bending somewhat the rules, quite rightly, to allow this group of people to come into the scheme. They were below 65, but what is the magic, what is the magic, Mr Speaker, of the figure 65 if we are arguing

MR SPEAKER

Now we are now going into the matters that we dealt with in

the other motion.

HON M XIBERRAS

We are going into the merits of it, Mr Speaker, and you are quite right in saying that but if I may finish this. These people in chronological age today are over 65. I would put it to the Minister that as far as the moral situation is concerned these people have stopped, have not gone beyond the 65 years. These people, in fact, were excluded by the legislation and therefore it is unfair that this particular line should be more hard and fast than other lines which the Minister has drawn or has broken. Mr Speaker, the Minister knows that I shall pursue the matter further, I hope that the arguments can be sensible, I hope that the arguments can be on the basis of facts, I hope we can be discriminating in the logical sense in our view of the different groups and their moral claims, I hope we can be dispassionate, I hope we can be courageous about it. In other words, that we can say this group may have a better claim than another group. It is the business of Government and the business of this House and I hope, Mr Speaker, that the Minister will welcome the motion as an attempt to get the discussion on to a sensible and rational claim and I hope and I know that the Minister will have no difficulty in expressing sympathy for, if not all, at least many of these people who are excluded. I commend the motion to the House.

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

The House recessed at 5.10 p.m.

The House resumed at 5.40 p.m.

MR SPEAKER

The motion has now been proposed and the floor is open to any contributor.

HON A J CANEPA

Mr Speaker, the motion asks the House to express sympathy to those concerned and Mr Xiberras has spoken at length and asked the House to express sympathy. I hope it is clear that the expression of sympathy does not carry with it, hand in hand, agreement to what people want. It is easy to say that you are sympathetic and do nothing about it but, on the

other hand, you might be sympathetic and you genuinely and sincerely cannot do anything about the problem and this is the way that I look at this problem. The Honourable Mr Xiberras near the end of his speech said that if the problem were not of a financial nature, if the difficulties were not of a financial nature, well, then let us debate what the other considerations are. But that, Mr Speaker, is precisely what we did in this House on the 26th of June. And it was very convenient I think that the Hansard of that meeting of the House was circulated when it was because I was able to read over it carefully and that is precisely what we did. We discussed the other considerations as to why these people continue to be excluded and in the statement which I made at the last meeting of the House I think that I made it abundantly clear that the problem was not of a financial nature, the paramount considerations were otherwise. I am not going to go into the merits of the matter because really they do not come within the ambit of the motion but just to quote very briefly the relevant paragraph. I said: "The financial implications to the Social Insurance Fund and to present contributors who would have to bear the brunt are very considerable indeed, but even so they are not in Government's view, paramount". I do not think anyone will deny that they are considerable because we are talking of about 1,300 people becoming entitled to an old age pension but I said that even so this was not the paramount consideration and I went on to list and to explain what the overriding difficulty was and what the main reasons were for the Government's objections. The matter has been debated already, it can be debated again, I do not doubt it probably will be debated again. The Honourable Mr Xiberras said that he intends to pursue the matter, fair enough, but I hope he does not imagine that because he is going to pursue the matter further that for the sake of peace and quiet I am going to accede to this request that the excluded people should be brought in because that is not going to be the consideration. The fact that life for me politically is going to be more comfortable is not what is going to decide me to advise the Government differently. In the Government, generally, both within the Department and at Council of Ministers, we have been now devoting over six months of thought and discussion to this matter and if political action or what have you is to be taken to convince me that I should change my mind, let it be taken, it is not going to make me change my mind because I regret that I sincerely consider that the grounds on which I am basing my refusal are completely and utterly watertight. When I received a copy of the motion of the Honourable Mr Xiberras I read carefully over two sentences in his letter of the 29th of November to me which I remembered made reference to what is the real meat of the motion, namely, that information as to the expected cost of bringing the different categories of such citizens within the scheme should be provided, that information should be supplied to Honourable Members and to the public. In his letter of the 29th, in

the second paragraph thereof, Mr Xiberras and I quote, said: "I say this without prejudice to the claims of any particular group but analysis of the categories involved would further rational debate and I trust your department can provide the information". Then later on in the last paragraph but one, he said: "I would welcome information as to the estimated cost to the taxpayer per group although I am not persuaded against the background of considerable wastage of public funds of your appeal for consideration to the taxpayer's position on this issue. You admit to having supplied some information about these matters to a group of pensioners which found its way to the Gibraltar Chronicle. A more detailed breakdown would be a reasonable request so that a judgement can be made between moral and social claims and priorities." Incidentally may I explain, Mr Speaker, that the information which I provided to this group of pensioners was solely in respect of persons in receipt of Elderly Persons Pension and who thereby by implication are excluded from the scheme. It was information in respect of over 500 elderly persons pensioners and I provided it because the people who came to see me were elderly persons pensioners. They are not the only group of excluded persons. The information was based on the assumption that all the over 900 pensioners would pay the lump sum of £250 which persons who in 1975 were allowed to come into the scheme paid if they had never paid insurance at all. If they had paid some insurance then the amount of arrears was reduced by the amount of contributions previously paid. In fact, the figures that were given were really of a gross order because, obviously, the amount which people are receiving in elderly persons pension is a factor that has to be taken into account because there would be a saving to the taxpayer in respect of the level of that pension. But all along, Mr Speaker, we have never said anything in this House or in correspondence or elsewhere about another group of people, people on supplementary benefits and there are over 400 persons in receipt of supplementary benefits who are over pensionable age. By and large, these are women and therefore by over pensionable age in this case I mean over 60 - there are only a handful of men - and we have never discussed about them for the very simple reason that one cannot conceive how people on supplementary benefits can afford to pay a lump sum of £250 in order to be brought back into the scheme. But, presumably, something would have to be done for them. Either somebody would have to give them the £250, the Government, or else you leave them as they are on supplementary benefits but you increase the level of supplementary benefits exactly to that of the old age pension payable under the scheme. Because I read over the two sentences that I have quoted in his letter very carefully, I was able to anticipate exactly what was the information that he was after because there could be some doubt, Mr Speaker. If Mr Xiberras in his letter speaks about groups of category of persons what are we referring to? Are we referring to the group of elderly

persons pensioners or to the group of the people on supplementary benefits, and as I said there are 900 of one and about 400 of the other, or are we referring to the groups and the categories into which those who are excluded from the scheme should be fitted into on the basis of the reason why they were excluded and I think it is the second one that he was after.

HON M XIBERRAS

If the Honourable Member will give way. It is, in fact, precisely this that I want, the classification on the basis of reasons why they were excluded and the financial implications so that we can judge on moral considerations and on financial considerations for each of the groups.

HON A J CANEPA

I interpreted the matter correctly and therefore I was able to hold the meeting with those concerned in the Department, those who are most intimately concerned with social insurance, in order to try and see what the position was as regards this information. And I regret, and I shall explain why, we are not able to provide either the information which he is seeking in his letter or which he has clearly underlined now that he is after. In the Department, Mr Speaker, we have some information about persons who have been insured, either who have been insured in the past and are now getting a pension or who are currently insured, but we do not have information about people who have never been insured and we do not have information because they do not appear anywhere in insurance records and if they are receiving elderly persons pension the qualification to receive elderly persons pension is that you are over 65 and that you must have been resident in Gibraltar for 10 out of the previous 20 years but that does not provide any information as to the past, as to what that person was doing, say, in 1955 when the Social Insurance Scheme started. That would not tell us whether he was self employed, unemployed, industrial or non-industrial, it would not provide us with that information. Likewise with people on supplementary benefits. You assess whether a person is entitled to supplementary benefits now on the basis of his income today regardless of where that income comes from. You assess him on his family circumstances and his income at present, you carry out a means test, you do not have information as to the past and so you have the situation where the person who is now addressing the House, Adolfo Canepa, if you were to go to the Department of Labour and Social Security and ask them for information as to what category he fits into, the Department would be able to tell you what he fits into because they happen to know who he is, I am sufficiently

prominent and well known in the Department for people there to say: "Oh, yes, he is now non-employed and when he started working in Gibraltar in 1963 he was not contributing because he was earning over £500". But when Adolfo Canepa, please God, reaches the age of 65, if somebody wants to take up the cudgels on his behalf so that he can get an old age pension and he goes to the Department of Labour and Social Security and by then he is an obscure citizen, whoever may be the Social Insurance Officer there will not be able to provide him with any information other than his name and date of birth because that is all that there is in the records of the Labour and Social Security Department about this person - nothing else. In other words, Mr Speaker, I stress that we have got information in the Department about people who have paid some insurance at any time but since we are dealing with individuals who, by and large, have never been insured, they simply do not appear in our books. They do not appear in our insurance books. We therefore do not know whether they did not pay insurance because they were - and I will go through all categories that I can think of - because they were self-employed before 1955 and between 1955 and 1975, because they were non-employed, because they were earning over £500, because they were not even in Gibraltar at all or because they are now widows of husbands who fell into any one of these four categories. That is, Mr Speaker, the situation and, as I say, I have been able because I anticipated what Mr Xiberras was after, I can assure the House that I have been able to probe very deeply on this matter and I am satisfied that we cannot obtain the information. There is one way that some information can be obtained, we can interview 1,300 persons concerned, call them all into the Department and ask them: "What were you doing in 1965? Were you self employed? Were you earning over £500?" That is the only thing that can be done. But that would mean going on the basis of what they tell you and not what happens to be the facts and people's memories on the question of social insurance is notoriously bad. I always find that people tell me that they did not carry on as voluntary contributors when they reached over £500 because they were not told anything about it even though I remember, when I was a teacher, that I used to see slips being put into people's pay packets informing them that because they had reached the salary of £500 they were no longer liable to pay insurance but they could pay on a voluntary basis. But even so, if some information could be provided the fact is that it is irrelevant because it is not the financial considerations that have led the Government to decide that those excluded should not come back into the scheme. When I have said that the scheme will be destroyed, I have not said that it will be destroyed because of what it will cost the contributor, because of what it will cost the fund or because of what it will cost the taxpayer. None of those things will destroy the fund. The fund is £5m and the cost might be £1m, £1.2m, £1.3m. It will not destroy the

Fund. It might mean that contributions would have to go up next year again and instead of going up by 50p they might have to go up by £1 or £1.25p but that is not an insurmountable obstacle. If the Honourable Members will read carefully over paragraphs 3, 4 and 5 of the statement which I made here in the House last October, if they will read carefully over the speech which I made and which is recorded on pages 188 and 189 of the Hansard of the 26th of June, the arguments are based on the serious undermining of the whole contributory principle on which the scheme is based. I have explained these, I am not going to repeat them and in any case they do not come within the ambit of the motion but I am sure that the Honourable the Leader of the Opposition is aware of these arguments. But it is much more difficult for someone trying to convince me or the Government to accede to what he wants on this basis, it is much more difficult to argue on the basis of principle than to argue on the basis of cost and that is why I think that the Honourable the Leader of the Opposition is attempting to, perhaps, sidetrack me or to divert the debate onto a plane which will be purely financial. We can grapple with figures, we can grapple with costs but with principles of insurance which not everybody understands, you cannot grapple. But I am grappling with them and I think it would be irresponsible of me, having been involved, having been presiding as the political head of the Department which is responsible for running the Social Insurance Scheme for six and a half years, to allow for the sake of popularity, for the sake of a more comfortable political existence, to allow something to be done which I described as a Pandora's Box. Heaven help whoever would follow me because I do not know what arguments he would be able to advance against future claims once people aged over 65 are allowed to wreck all the contributory principles on which the scheme is founded. I am sorry that I cannot allow myself to be diverted in the debate even if I could take it any further. The Honourable Member is welcome to pursue the matter further but I have no doubt, Mr Speaker, as I have said time and time again, the more I think about this matter the more convinced I am that we cannot do this. It would be comfortable to say "all that is involved is £1m", the Honourable the Leader of the Opposition has alleged wastage of public funds, well, if the Government trims that bit, what is £1m? That is not the consideration, the consideration is much more serious. You will not be able to run in Gibraltar in the future a Social Insurance Scheme, in fact, you will not be able even to call it a Social Insurance Scheme because it will not be that, there will be no contributory principles worth speaking of, people will not be getting anywhere near what we put into the scheme. It becomes a free for all and this I do not think should be allowed to happen.

HON J BOSSANO

Mr Speaker, I think I understand part of the argument that the Honourable Mr Canepa has been trying to get across about the implications of allowing somebody who is 65 to pay £250 and

HON A J CANEPA

If the Honourable Member will give way. There is a point I forgot. We always talk about £250. It would be £250 if we decide that people should pay the total amount of contributions between 1965 and 1975 but if you decide that people should only pay up to the time when they reach the age of 65 then you could have someone who actually reached the age of 65, say, in 1960 and then, logically, he should only pay from 1955 to 1960, 5 years, at 1 shilling and 5 pence a week. We always talk of £250 but depending on how it was done it may not be £250, it could be very much less for a whole lot of people.

HON J BOSSANO

I think, in fact, the amount that is paid is totally irrelevant because if we want to give somebody a pension which from the 1st of January is going to be £30 for a married couple a week, then paying £250 is so out of context with a pension of £30 a week that there is no question of his actually contributing to that pension. The contributory principle plays really no part in it at all. I think what concerns most of us is that we have, I believe, a good old age pension under the Social Insurance Scheme, one that compares favourably not only with the United Kingdom but with what is to be found in most other places in Western Europe, for the people who are getting the full pension. The people who are getting the full pension are a proportion of the total number of people in that age group and what we are concerned about, and if the House will recall what my last motion asked the Government to do in reviewing the position, was to see how they could improve the position of those who were not getting the full pension. If the way to improve it is not by making them contribute after the age of 65 and I can see, in trying to draft any fair means of doing this, I can see that there are arguments on both sides, that one can say: "Well, if I can wait until I am 65 then that is alright because, in fact, I am getting the benefit of insurance without having to take the risk that is implicit in an insurance because I can be paying insurance till I am 64 and 364 days and having paid everything I die a day before I am 65 and I get nothing out of the kitty so it is far better to wait until I am 65 and one day and if I actually survive my 65th birth-

day, pay for all my working life in one lump sum. Obviously, the principles of insurance are based on people contributing and the risk being spread in a fund and there are winners and losers in the fund and the actuarial principle spaced on the probabilities of life expectation. One can see that if one allows, as a matter of principle, people to wait until they are 65 before they made up their minds, then one would say, well, everybody will then want to have that opportunity and nobody will want to be paying throughout their working life. But I do not think we are concerned about that, really. If it was just decided that because of political pressure or because of any other type of pressure the Government were to change the basic rules of funding a social insurance scheme today for one group then, certainly, I would agree with the Minister that he was taking the lid off the Pandora's Box because tomorrow another group would try the same trick in the hope of success. But I think what needs to be done is to try and put right as far as it is possible what is wrong in a historical situation that has grown up out of a scheme that started relatively late in Gibraltar compared to other places, that has made magnificent progress in recent times and taken vast strides forward in raising the level of pensions for the people who were able to come into the category of becoming entitled to a full pension but, nevertheless, has left behind an oasis of people who have been left stranded. If we talk about the people who are now without any pension at all then we have also got to talk about the 580 that the Honourable Member mentioned in answer to my question who are getting a reduced pension, because if they are going to give the people who have got no pension an opportunity to get a full pension then, presumably, you have to give the half pensioners also an opportunity to get the other half. Basically, the concern of most of us is for those people who are living on a lower standard of living because for one reason or another they were left out of the scheme. I also think it is important, and it is a point I made earlier in the meeting of this House, Mr Speaker, if we are talking about not being able to contribute after you are 65, it is important to realise that it is not just those who are over 65 who cannot contribute, that as was shown in answer to a question earlier on that people who are under 65 and who missed for one reason or another the opportunity to contribute, notwithstanding the fact that there does not appear to be the same fundamental class of social insurance principles involved, they cannot contribute either and therefore when they get to 65 the problem is still going to be there. It is not simply a problem that is going to disappear in time, it is a problem that is still with us and that is going to be with us for very many years because there are people today under pensionable age with a deficient contribution record and with no way of making that record up. If people are going to make a contribution, for example, in the case of those under pensionable age who may be in a better

position to make a contribution because they are still in employment, I think it would probably be fair to expect them to make a contribution that is related to the cost of insurance today given the benefits that we have today and given the linking with other earnings that we have in our scheme which will ensure them a very good pension in the future rather than the one shilling and five pence that they might have paid ten years' ago because if one is going to ask people to pay one shilling and five pence today we might just as well let them join the scheme free. I think it is important that the cost of providing a full pension to those who are not getting a full pension should be known, that is part of what the motion seeks to obtain, and how that cost can be met and who is going to meet it and whether meeting it in a particular way as opposed to another way is fair I think is something that requires serious thought because certainly if the money that is in that fund is the money that is being contributed by the people who have been paying insurance then if people were to join late and make a much smaller contribution and exhaust the fund it would be very unfair on the people who have made the major contribution to that fund. It might well be that it is something that the community as a whole should pay and not the other insured persons. Unless we start from the point of the cost and unless we look at the hardship of those who are excluded, I do not think we can analyse the problem rationally. I therefore support the motion because I believe that that is the spirit in which it is being put forward.

HON MAJOR R J PELIZA

Mr Speaker, I, too, support the motion and I really welcome very much the last contribution from the Honourable Mr Bossano which has clarified lots of points in my mind. It is not my intention to repeat what has been said or to even add more arguments to those already put in favour because they are very convincing. What I would like to find out is why the Minister finds himself so bogged down in any progress in redeeming the unredeemable by lack of information. I would have thought that in a small place like Gibraltar it should be very easy to find this information if the burden of providing the information is placed on the applicant. There must be various ways of doing this. Surely, it is not so difficult for the applicant to be able to give a historical account of his employment or non-employment and for this to be supported by evidence from employers or by other form of evidence which is acceptable to the Department concerned. I would have thought that in a small place like Gibraltar it should be fairly simple to check where there is doubt that the evidence provided is not right and I would have thought that this problem should not be all that difficult to overcome, certainly not as difficult as the Minister has made it seem

to be. I do ask the Minister to use some imagination in this respect because I do not believe that his argument in that respect, at least, is sufficient ground to prevent the scheme that is being suggested from this side of the House.

MR SPEAKER

I will then call on the House to reply.

HON M XIBERRAS

Mr Speaker, this subject, even though it has been debated quite fully today, perhaps more fully than the terms of reference of the motion might allow, despite the fact that it has been ventilated in the press, despite the fact that the Honourable Mr Bossano brought a motion on it to this House only recently, despite the fact that questions have been asked at various stages, still presents a largely uncharted waste ground. It is amazing how many angles there are to the situation and how many different classifications and problems do come out the more the matter is aired in the House and the greater the claims of one side or the other of one or the other of these groups appears to be. It was not my attempt to divert the Honourable Member away from the moral arguments at all in bringing this motion. The moral argument has been the basis of all my letters in the press. This is precisely the fundamental reason for taking up the issue in the first place. I like very much the phrase used by the Honourable Mr Bossano in respect of one particular group, "it is a historical situation". I find an echo of the problem in many of the matters that come before the House. For instance, the one referred to by the Honourable Mr Bossano earlier quite unconnected apparently with this, the question of entitling people by a special Ordinance of this House to a pension where we do redeem the situation of a particular person. Perhaps with less taste, Mr Speaker, I referred to events across the way in a neighbouring country where there do exist historical situations which we have to face and if we do not, for one reason or another, then we might be failing in our obligations to these people. I agree that it would be absolutely stupid to wreck a scheme that has done so much good but I cannot in all honesty be persuaded myself that the Honourable Mr Canepa is seeing the moral point of the argument as it is being presented. I cannot in all honesty see that not because he does not want to or because he is unsympathetic but because in his mind, as I see it, the need to protect the Fund just weighs more heavily. After, perhaps, a number of changes he has brought about in the scheme he feels that enough changes have been brought forward and perhaps he does not feel that he can entertain a further change. I do not know

what the particular psychology of it is.

HON A J CANEPA

I can tell you in one sentence. The drawing of the line at the age of 65. That is where the integrity of the scheme collapses.

HON M XIBERRAS

When Mr Canepa made his earlier contribution he almost made it seem as if I were advocating an almost blanket provision that people should be able to contribute when they were over 65. If we try to redeem something that happened in the past you do so for good reason and you must stand by that reason and it is a stronger man who is able to draw a new line and say: "I should stand by that", rather than saying; "I am afraid of giving full weight to any special consideration in respect of a group because if I do this I shall not have the strength to resist other claims". In respect of the over 65 who were excluded by law, who were employed, who were clericals in the Dockyard or elsewhere, mainly in the Dockyard, these people who were excluded by law, there were very specific considerations which apply and may not apply to others. I say that this should be considered without prejudice to other claims because it is an uncharted waste at the moment and we have not properly evaluated the claims of different groups. The Honourable Mr Bossano has just brought another one up, the people who no way can make up their contributions even though they are under 65. There is another area which had escaped me but I can see the general problem, I can see that there are areas in the growing up of the scheme, in the increase in benefits that has taken place, there are areas which have been accentuated, underlined, because now there is something to be gained from a pension and therefore there is a moral judgement which affects people financially. So, Mr Speaker, I can see the matter will go on. Let me reply on the question of information which my Honourable and Gallant Friend has already spoken about. The Government sent out some 2,000 forms to householders asking them for views on this. There is a Statistics Office still in existence, there are resources available to the Government and Gibraltar is a small place. I do not want information man by man and woman by woman. What I want is a rough consideration because as Mr Bossano has rightly said, if we can say the fund will take it and money is a powerful argument in any case, then we can look a bit more dispassionately, a bit more coolly at the different moral arguments. But if it just on the question of the over 65, Mr Speaker, if it is 500 or 600 in this context, fairly well representing, fairly vocal, able to help the Government in the provision of information, at least in this particular area, Mr Speaker, we

should have that information available. But Mr Canepa has used a general argument that he cannot provide any information and I would like to see the information not across the floor of the House but in a document. I would like to see it clearly before me so I know I am not putting my foot into it when I advocate this or that on financial grounds. As regards the moral considerations, Mr Speaker, on this over 65 I ask the Minister to sleep on this one as an example. The argument is quite clear, it is a moral consideration, it would not destroy the scheme if this House were to put it in the Ordinance for this particular reason the House deems that this people should be entitled and I do not care, within reason, what the lump sum to be paid should be. I do not believe that they should get it for 10p or £100, it should be a reasonable sum, but these people are not asking that they should get it on the cheap, they are certainly not asking that they should get it any cheaper than taxi drivers and the other self-employed people. I am sure this is the case. Perhaps I am sticking my neck out but I do not think they are even saying: "Let us have the full whack", as the taxi-drivers and other self-employed people like my father got on payment of £250, something like two years insurance, and they are now with a full pension. A new moral ground was broken then and I think it was made compulsory for the self-employed to contribute. If the Minister was then able to circumscribe this exception to the scheme and is able to stand by

HON A J CANEPA

If the Honourable Member would give way. What would the Honourable Member have said about a taxi-driver aged 62, say, who was brought into the scheme compulsorily in 1975 because this House legislated for self-employed persons to become insurable, and who was not given an opportunity to pay arrears but who was made to pay for three years contributions without getting anything in return? He would have been taken for a ride. The moment that the decision was taken to widen the ambit of the scheme to include the self-employed who were brought in compulsorily, you had to allow them to pay arrears so that they could achieve a satisfactory contributory record that would enable them to get something out of the scheme for the remaining years that they would be contributing.

HON M XIBERRAS

Agreed, Mr Speaker. The problem is there, I am not saying that the problem is not there and the problem arises out of giving the right to certain self-employed people to contribute, and excluding others. But a decision was taken

and, perhaps, it is necessary to draw the line at a particular stage. There are problems in respect of Supplementary Benefits, I agree, there are considerations in mind but I am not satisfied that we have really tabulated the moral arguments, tabulated the financial considerations and said: "At this particular stage in time we should draw the line here or there". I do not think that this is the case. A situation has built up in such a way that people are not thinking clearly and I include myself in that. I cannot accept the Minister's decision on this as final, as he knows, and the matter will be brought again. Perhaps I am not aware of the full implications of it but, surely, the Minister should help if there is sympathy there at least sympathy demands that the Minister should help in drawing a new line. There cannot be sympathy without some sort of intimation that there is a need to draw the line anew, that there is a need for a review of the Social Insurance Scheme as there is going to be a review of pensions.

HON A J CANEPA

If the Honourable Member would give way. Would not the Honourable Member accept a different approach. Cannot the people be left out of the scheme, and yet you provide for them a reasonable non-contributory pension and you provide an adequate level of supplementary benefits and leave them out. What is so sacrosanct about getting £30 out of the Social Insurance Fund? Why cannot something commensurate with that, because he said they do not expect to get the full amount; well, we are now giving a couple £16 a week on Elderly Persons Pension so if they do not expect £30 they expect something in between and we are paying people on Supplementary Benefits something comparable because they get other fringe benefits. Why is that approach the wrong approach? It would be the wrong approach for people who already have a pension, say, from their employer of £3,000 and who cannot get Supplementary Benefits or who see that somebody else has a pension from their employer of £3,000 and they do not like the fact that they are also getting £30 a week tax free. I can tell the Honourable Member one thing, this is being rubbed in the noses of a whole lot of people in certain clubs in Gibraltar. Human beings are like that, they say: "Look, I am getting £30 a week", and the others do not like it and that is human and that is also at the root of the matter. But then there is the other approach, preserve the integrity of the scheme and see what the Gibraltar economy can afford for people on Supplementary Benefits who missed out and for people on Elderly Persons Pension who also missed out but who perhaps are not as badly off as those who are getting supplementary benefits because they also have an occupational pension.

HON M XIBERRAS

Mr Speaker, the answer to that argument is that the people, for instance, taking the people who were excluded because they were making more than the princely sum of £500, is that these people not only want the money but also want the right which they feel has been denied to them and that is why in the course of the correspondence I mentioned that the Minister appeared to me to be prejudiced, that he was applying a consideration of need. If you implemented the idea the Minister has put forward to the exclusion of the other, it would mean that a person who had an income of more than the level of supplementary benefits would have nothing. He would be, to use a bad word, on "welfare" and this is not what they want, this is not what they feel they are entitled to.

HON A J CANEPA

They cannot be on "welfare" because they are better off than people on "welfare" and in 1955 when the scheme started nobody wanted the sacred right of contributing, it was a pittance, but in January 1979 it is £30 a week and they want £30 a week. In 1955 it was £1.10p a week and 1s 5d. contribution and the sooner that they got out of the scheme the happier that they were.

HON M XIBERRAS

That is absolutely so but why is the Minister so surprised that this is the case? This has happened in the Widows and Orphans Pension Scheme and in every type of scheme. When the scheme is not worthwhile contributing one weighs up the contributions and when the scheme is worthwhile contributing to you want to contribute. It is a natural thing. He must not get angry with people over this, this is quite a natural thing, it would happen to him. He would not even buy a ticket in the lottery, I would imagine, if the prize was not worthwhile. But if the prize is worthwhile you want the right to be able to buy a ticket in the lottery. One must judge whether there is a moral right to this, if there is a moral argument. Not what the attitudes are, not whether people are in need or not. The Minister did not look at this particular fact when he entitled taxi drivers. I do not know whether the taxi drivers are well off or not. I do not know whether some of the self-employed people who were given the opportunity at that particular time and need was not a consideration then in the Minister's view. I know one particular man who is very well off and got that right and that man does not need the money, did he even expect that he would be given the right but need was not a consideration

because it is not a consideration of the Social Insurance Scheme and therefore I cannot be satisfied that increase in supplementary benefits meet the problem of some of this category of people, I am not saying all. Mr Speaker, the Minister has said that he is convinced that his argument is completely and utterly watertight. Mr Speaker, I cannot say the same for myself. I do not think that my arguments, certainly not in respect of every category, is complete and utterly watertight. I am open to conviction, I am open, as I said in my letter, to moderate my position certainly in respect of some of the groups I have not even identified. I cannot prejudice the claim, however, of these until I know what the information is but what I find very surprising is that the Minister is not forthcoming with the information on financial grounds or at least with an approximation of that information. We had the same argument about the quantification of parity, about a number of issues, we had this argument over and over, and I do not think that he is being entirely fair on Honourable Members on this side of the House or on the public by saying: "It is difficult and, therefore, I cannot give you the information". At least let him put forward as much information as he has and an approximation on other areas which he does not have full information on and let us try to charter this waste ground. I think it would be a step forward in rational debate on the issue. What worries me is that some of these people, certainly the over 65, are getting older and older. Mr Speaker, I was hoping that the Honourable Member would be able to support the motion. It appears that he is unable to support the motion. I shall return to the fray in the not too distant future and for the time being I commend the motion to the House.

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

The Honourable J Bossano
The Honourable Major R J Peliza
The Honourable G T Restano
The Honourable M Xiberras

The following Honourable Members voted against:

The Honourable I Abecasis
The Honourable A J Canepa
The Honourable Major F J Dellipiani
The Honourable M K Featherstone
The Honourable Sir Joshua Hassan
The Honourable J B Perez
The Honourable A W Serfaty
The Honourable Dr R G Valarino

The Honourable H J Zammitt
The Honourable F E Pizzarello
The Honourable A Collings

The following Honourable Members were absent from the Chamber:

The Honourable P J Isola
The Honourable A P Montegriffo

The motion was accordingly defeated.

HON M XIBERRAS

I beg to move: "That this House, whilst recognising the Union Jack as the symbol of British sovereignty over Gibraltar, requests that steps should be taken to establish constitutionally the design and status of the flag of the City of Gibraltar". Mr Speaker, there has been on account of one or two events that have taken place in recent times, an interest in the matter of flags which rightly can be flown in Gibraltar. The purpose of this motion is not, in fact, to obtain from Honourable Members a view as to any specific flag that should be flown or should not be flown but simply an acceptance that there is a Union Jack which symbolises British sovereignty over Gibraltar and, secondly, that there is a flag of the City of Gibraltar and an acceptance that there is also some controversy about these matters and that in view of the controversy and in view of the importance of flags, generally, that steps should be taken to define the position. It does not seek a definition today in this House of what the position should be but I would imagine Honourable Members are free to express views on the matter. Mr Speaker, I do not put it forward with any kind of deep political significance but simply to establish the position so that we do not reach a situation where the flags do become associated with deep political feelings. I think it is a timely thing that there should be a definition. I think that a definition could be arrived at, in fact, which expresses a consensus, a general view, a public view about the situation and simply that work should be done on this with a view to establishing the position constitutionally. I should say, of course, that the words: "Whilst recognising the Union Jack as the symbol of British sovereignty over Gibraltar", is a statement of fact. This is the position today and I do not think Honourable Members would query that. I do not think the public at large would query that proposition. On the second proposition, that there is a flag of the City of Gibraltar, I think this is accepted. There was controversy over this at one time but it is accepted that Gibraltar, as a City, should have a flag. The controversy here comes in when one tried to distinguish between what some people call the proper flag, the blue ensign with the Gibraltar Arms, and the red

and white flag with the Coat of Arms in the second. I have exhibits here which I shall not put out but Honourable Members know what I am referring to. Honourable Members also know the history of these two flags. I do not want to enter into this but I do ask Honourable Members to consider that there are certain connotations in the case of either of these two City of Gibraltar flags. That I ask in the Motion is that there should be discussion so that we can establish this constitutionally because our Constitution does not, in fact, define what the position is. Once we have established which should be the official flag of Gibraltar then we should move over to the status of the Gibraltar flag and by the status of the Gibraltar flag I mean how and when it should be flown and in the representation of what and that this should be defined also constitutionally. That, simply, is the import of the Motion.

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

HON CHIEF MINISTER

Mr Speaker, it is very difficult to understand what is meant by the constitutional status of the flag unless, of course, and I am sure that this is not the intention behind the Mover's motion unless, of course, we were deciding to go completely independent and therefore we ought to design a flag for our independence as so many countries have been doing recently, that it becomes certainly for young people, the most difficult part of their instruction to be able to know which is the flag of which because there are so many of them and so varied and so difficult to distinguish. The legal position is, for what it is worth, and I have done a little research on this over the years, that there is no law about flags on land at all. The Union Jack is the flag of the United Kingdom and the British Isles and, of course, Gibraltar and in so far as the City flag is concerned there is slight conflict, but very slight, because it only affects the use of what is called the blue ensign with a kind of castle and key defaced completely and it is obvious that the castle and key concept in the blue ensign was picked up from the castle and key concept of the original grant of Ferdinand and Isabella in 1502 to the City of Gibraltar. The national flag of Great Britain and the Colonies is the Union Jack, and this is from the Admiralty Book of Reference, a standard authority on flags. The Union Jack is the national flag of Great Britain and the Colonies and as such it is also the national flag of Gibraltar and flies in certain prominent places in the Rock. The civic flag, this is the familiar red and white flag with the castle emblem was conferred on the City of Gibraltar in 1502 by King Ferdinand and Queen Isabella. Those who have seen the reproduction of the grant

of these Arms, a rather fading one of a photocopy taken in 1931 in San Roque which lies in my office, will see that the grant only designs the Coat of Arms as it is depicted in the one hanging over the Speaker's Chair and only a Coat of Arms, but the grant itself says: "The said Arms which we grant you may and shall place on the standards and flags of the City", i.e. I give you the arms which you can make into a flag. There is a grant of a flag, an indirect grant, if you like, because the Arms are designed but not the flag. The Arms themselves are designed as two-thirds in white and one-third in red and the design is exactly like the one over the Speaker's Chair. The flag appeared at one time to have no sanction from the British authorities except that it had been regularly used in Gibraltar and it has been used for many years and it has flown from the City Hall and the Legislative Council, etc. As I say the standard Colonial flag for all territories is the blue ensign with whatever arms of the city may be in existence. That is only compulsory for flying in ships of the territory to which they belong. The flag that flies in the Port launches etc., is what is called the blue ensign defaced with the arms of the City which are not the same arms but are obviously picked up and the design is completely different as was shown in an interesting article by a gentleman called MacAvilla in "Panorama" some weeks ago. There are three round towers and then there is no faces of it but just a round semi-circle behind. The value of Arms and flags, of course, is the recognition of it by the College of Arms and in 1930 the Garter King-of-Arms agreed in a letter dated 10 October 1931 which is in one of the files at the Secretariat, that the original grant of Arms to Gibraltar by Ferdinand and Isabella in 1502 could properly be regarded as the correct arms of Gibraltar and requested a facsimile of the grant so that it could be recorded at the College of Arms. The plate prepared at the College of Arms as a result of the Garter King-of-Arms's decision, however, is incorrect in that it omits the gold border which is clearly shown on the original Spanish flag and which is properly drawn in that Coat of Arms. They may have been short of gold at the time they were designing it and that was left out but, in fact, the grant does say that the facsimile could properly be regarded as the correct Arms of Gibraltar. I am sure it was not a deliberate omission not to put the gold round the Arms which is obvious from the original grant of Ferdinand and Isabella, i.e., the gold around the whole edge of it. Therefore, the form of the Arms of Gibraltar as at present registered at the College of Arms must, in the opinion of people who are well versed in this matter, be accepted as the official Arms unless and until they are altered. The badge of Gibraltar which I mentioned before which is currently used to deface the Blue Ensign and is illustrated in the official publication of Flags, Badges and Arms, published by HMSO, however, is certainly not the same as the Arms of Gibraltar. It differs from the original grant in that it is

now on a shield but on a panel, it omits the white two-thirds of the background and has a differently shaped castle. Its appearance in this publication signifies that its use on flags has been approved by the Admiralty and by the Crown for the flying of flags on ships in the harbour. There is only one legal obligation in so far as flags are concerned and that is that flags of ships registered in Gibraltar and belonging to the Government, you cannot use the red ensign like everybody else does but a blue ensign defaced with the new kind of arms. In my view flags represent what the people want them to represent and no law, unless as I say it was to be a national flag on the declaration of independence, if ever that comes, unless it were that, the flag has the symbol and the importance that the people attach to it and there can be no doubt that the symbol is the Union Jack which is our flag and there is no doubt in my mind and in the minds of many people that since the difficulties with Spain and since the identity of the people of Gibraltar has had to be projected as having a personality of its own without attempting to have a nationality of its own, that the flag that the Honourable Member used to fly when he was Chief Minister and which I have the honour to fly in my car and which the Mayor does and which the Speaker does, that that is the flag of the City of Gibraltar and I have no doubt in my mind that that is recognised certainly by the College of Arms and certainly by something which is much more important than that and that is the acceptance of it and the symbol of it as used by people. There have been a variety of them, I have here by chance a book which I brought this morning which has a different kind of flag and that has the words "Montis Insignia Calpe" which means absolutely nothing and for which there is no authority whatsoever to put behind anything, but there it is, it has it and it is an official document and it was so done. That I think is just to show how many varieties there are. The Gibraltar Regiment has another one which says "Nulli expugnabilis hosti". There is also a reason for that one but that goes very far back. It started with the Volunteer Regiment of the first World War and this was followed up by the Gibraltar Defence Force and then the Gibraltar Regiment, took up the Arms very similar to those and that is an acceptance. What can we do with the motion as has been presented by the Honourable Leader of the Opposition? He says that we should find the position of recognising it constitutionally. That envisages an amendment to the 1959 Order-in-Council and I do not see any possibility at this moment of any change in the Constitution for that purpose. It could be for other purposes, we hope the ones we want and not the ones that other people want. Perhaps we could find a consensus. I cannot see any form of having it accepted or projected as the flag of Gibraltar than by a subsequent, I do not propose to do it in this way because the Honourable Leader of the Opposition has presented it for discussion and

I accepted it in that spirit but a possible way of doing it constitutionally, emanating from the people, and what better constitution than that that emanates from the people and not from Buckingham Palace or an Order-in-Council, by agreeing after consultations of what the flag is, and passing a resolution that that is the flag of Gibraltar and it shall be used for all time. That, I think, is the most that one could do after consultation and after verification of the facts which I have put forward today and which are not authoritative except on the little research that I have made and some research that has been made by the Archivist in the course of his work on the matter which could be made available to all members, perhaps informally. I am quite happy to do that and I think it would be a good thing once and for all to know and not to say that there were two Union Jacks and one Gibraltar flag and therefore they are much more pro-British than the ones that flew two Gibraltar flags and one Union Jack. If you have it as City flag then it cannot be identified with anybody in particular but it must be identified as the flag of the City of Gibraltar. If that is the intention of the Honourable Member then I entirely agree that consultations should be held and agree on what is going to be presented on a completely consensus basis and nobody can say he is flying any flag that represents any more than what we say it is because that is nothing more than what we say it is.

HON MAJOR F J DELLIPIANI

I would just like to say that the badge of the Gibraltar Regiment is an officially approved Regimental Badge by the Ministry of Defence and also that the Gibraltar Grammar School had the Castle and Key motif incorporated in their badge.

HON M XIBERRAS

Mr Speaker, the contribution of the Chief Minister puts into explicit words things which I thought I should not make explicit in order to keep the presentation of the motion as light as possible because I do not think there are really wide divisions about these matters, nor do I want to start any myself. The Chief Minister has in fact alluded to many of the things, not in the details which the Government Archivist has been able to provide but generally speaking there are many considerations that I might have expressed that have been expressed in greater detail by the Chief Minister. May I therefore go very quickly through one or two of the points. The origins of the Gibraltar flag as generally accepted, the red and white in its various varieties are now obvious and made explicit to the House by the Honourable Member. This was one of my considerations when I

said that there were no deeprooted feelings but they might lead to deeprooted feelings at a later date if the situation was not defined. Therefore, we are entirely ad idem on that point. As regards the word "status" I simply mean how, when, in what manner, the flag should be flown and not exactly where, in every place, but in what type of occasion and representing what, a general definition of this kind. Again we are entirely ad idem on this. On the word "constitutionally" I purposely did not use the words "in the Constitution" but I wanted to distinguish between a situation whether there was recognition by one body or another body of the authenticity of the Gibraltar flag. As the Chief Minister has pointed out there is a conflict between various bodies and therefore "constitutionally" here means having constitutional weight, in other words, defining for a constitutional purpose but not necessarily an amendment to the Order-in-Council. There are laws in Gibraltar which have a constitutional import. For instance, in the Constitution it is said there shall be legislation on this or that and the manner in which this or that may be done. There is in the Constitution, of course, the use of the phrase "the City of Gibraltar". Therefore a reference to the constitution in law would, as far as I am concerned, satisfy the word "constitutionally" or constitutional import. I am not asking for an amendment of an Order-in-Council. Again, we are ad idem on this. So, Mr Speaker, I welcome the reaction that the motion has produced from the Chief Minister and I trust that on that understanding that we are at idem on these points that the Motion will carry the unanimous support of the House.

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

MR SPEAKER

The next motion in the Order Paper is that which the Honourable P J Isolakad given notice but he is not in the House and therefore it cannot be taken. I have no doubt, perhaps, that he will move it at the next meeting.

HON M XIBERRAS

This is so, Mr Speaker. I should explain that Mr Isola anticipated that he would be able to come on Tuesday or at least be here for the morning session on Wednesday but he has been delayed in London and has therefore been unable to attend the meeting.

MR SPEAKER

We are therefore left with the first motion which is the one that was commenced at the last meeting of the House and was adjourned to this meeting.

HON CHIEF MINISTER

As I understand it, Mr Speaker, we were in the process of discussing an amendment moved by the Honourable Mr P J Isola at the time. I have had a word with the Leader of the Opposition and the mover of the motion, Mr Bossano, and in view of the fact that for a number of reasons, particularly that Mr Bossano has been away for a greater part of the time between the last few days before the last meeting, there was no possibility of discussion or the possibility of a consensus. I therefore propose that the motion stand adjourned as it is at this stage and that the continuation of the debate be resumed at the next meeting at the point at which it was left at the last meeting.

MR SPEAKER

Since the Honourable Mr Bossano is not here could we, perhaps, take a vote on the adjournment of this particular motion so that there will be no doubt. I shall put the question to the House which is that the motion moved by the Honourable Mr Bossano at the last meeting on the question that the territory and people of Gibraltar are an inseparable unit should be adjourned, as it stood at the last meeting, to the next meeting of the House.

The question was resolved in the affirmative.

HON CHIEF MINISTER

I was about to say that under Rule 16(2) if at the time of the taking of the adjournment any oral question remains unanswered a written reply will be given to the Honourable Questioner who can then decide if he wishes to publish the question or not. I now move that this House do adjourn sine die.

HON M XIBERRAS

I wish to confirm that we have got in touch with Mr Isola and he would like written replies.

MR SPEAKER

The rule says that we have to wait for three days to see whether Mr Isola requests that the questions should be adjourned to the next meeting. If no such request is received then, of course, he is given written answers.

HON CHIEF MINISTER

I do not think we have ever sat so near the Christmas season and I want to wish you, Mr Speaker, and all Members, a very Happy Christmas. I now formally move that the House do adjourn sine die.

HON M XIBERRAS

Mr Speaker, may I say that on behalf of members on this side of the House we wish both yourself and the rest of our colleagues a very happy Christmas and a prosperous New Year.

MR SPEAKER

Before I put the question may I heartily reciprocate in wishing all Members and Members of our staff a very Happy Christmas and a prosperous New Year.

Mr Speaker then put the question which was resolved in the affirmative and the House adjourned sine die.

The adjournment of the House sine die was taken at 7.15 p.m. on Wednesday the 20th December, 1978.